THE ROLE OF CUSTOMER PERCEIVED EMPLOYEE EMOTIONAL COMPETENCE IN SERVICE ENCOUNTERS

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1 INTRODUCTION

In this chapter, we briefly introduce and describe the context to which this dissertation is related. Next, we discuss the originality of the dissertation, the motivation that drives this dissertation, and the specific objectives of the individual studies. We conclude this chapter with an outline of the remainder of the dissertation.

1.1   Context

1.1.1   Service sector

Nowadays, services dominate Western economies (Lovelock and Gummesson, 2004). Since companies operate in highly competitive, complex, and turbulent environments, they have to (a) look for new ways to differentiate their services and (b) implement cost-effective customer retention strategies (DeWitt and Brady, 2003). Professionalizing the service encounter, or the 'moment of truth' (Normann, 1983) can achieve both objectives (DeWitt and Brady, 2003). For many customers, their primary experiences with firms are service encounters with customer-contact employees (Bitner, Brown, and Meuter, 2000). A service encounter "occurs whenever the customer interacts directly with any contact person" (Crosby, Evans, and Cowles, 1990, p. 68) and is defined for the purposes of this dissertation as a face-to-face interaction between an employee and a customer in a service setting.

1.1.2   Critical service encounters

Since millions of service encounters occur every day across service industries, since each service encounter is crucial in determining customer evaluations (van Dolen, de Ruyter, and Lemmink, 2004), and since service encounters affect important customer outcomes (e.g., satisfaction and loyalty), it is imperative to understand how to best manage them (Bitner et al., 2000). Despite the recognition of the importance of service encounters, "there is still much to be learned about service encounters and how to satisfy customers during these interactions" (Bitner et al., 2000, p. 138). More recently, Bitner and colleagues still suggest that "developing a deeper understanding of the way customers experience and evaluate service processes is but one of many challenges faced by firms that undertake the design, delivery, and documentation of a service offering." (Bitner, Ostrom, and Morgan, 2008, p. 69).

The service encounter is a difficult and worthy topic to study given its central position in the service offering and its variable nature (Solomon, Surprenant, Czepiel, and Gutman, 1985). Some service encounters can be highly critical for customers because of their intimate nature, their affective charge, and their extended duration (Brown and Kirmani, 1999; Grace, 2007; Price, Arnould, and Deibler, 1995a). Examples of those critical service encounters include (a) emotionally charged service encounters (e.g., service recovery encounters, encounters during which bad news is delivered by the employee…), and (b) high-contact encounters (e.g., customer-hairdresser encounters, patient-physician encounters…).

Not only are those encounters critical for customers but they are also critical for service organizations. If the customer is satisfied with the way the employee manages the service encounter, this may generate higher customer satisfaction and loyalty (Liao, 2007; Schoefer and Diamantopoulos, 2008b). In contrast, if the customer is not satisfied, it may lead to negative word-of-mouth and to switching behavior (McColl-Kennedy, Patterson, Smith, and Brady, 2009; Schoefer and Diamantopoulos, 2008b). As noted by Raymond P. Fisk (cited in Ostrom, Bitner, Brown, Burkhard, Goul, Smith-Daniels, Demirkan, and Rabinovich, 2010, p. 19), "designing services that fully respond to human needs, especially emotional needs, is very challenging."

1.1.3   *Services types concerned by critical service encounters*

Since critical service encounters are examined, we are more likely to focus on certain types of services than others. Indeed, critical encounters are more likely to occur in services (a) which are difficult for customers to evaluate even after consumption (i.e., credence services versus experience or search services) (Iacobucci, 1992; Iacobucci and Ostrom, 1996), (b) which involve high employee-customer contact (Bowen, 1990; Grove and Fisk, 1983; Lovelock, 1984), (c) where the interpersonal aspect is more important than the core service

(Silvestro et al. 1992), (d) which are people-focused (versus equipment-focused) (Silvestro, Fitzgerald, Johnston, and Voss, 1992), (e) which involve high customer participation and high customization (Bowen, 1990; Schmenner, 1986), and, to a larger extent, (f) which are highly intangible, risky, and complex (Bowen, 1990; Iacobucci, 1992; Iacobucci and Ostrom, 1996; Lovelock, 1984). However, even if critical encounters are more likely to occur in those types of service, all types of services are concerned by critical encounters. Indeed, critical encounters such as service recovery encounters can occur in all service types.

1.1.4   The primary role of the employee in critical service encounters

In critical service encounters, the customer often pays more attention to the *process of the service delivery* (i.e., how the employee handles the situation and responds to the customer) to the detriment of the *outcome of the service delivery* (i.e., what is delivered by the employee) (Parasuraman, 2010). How an employee handles a critical service situation is likely to have a larger impact on customer evaluations of a service firm than a non critical situation (Parasuraman, 1987). Indeed, during non critical service encounters, customers may not pay as much attention to the employee. However, if something goes wrong or is unusual, customers may pay considerable attention to the service process and more specifically to employee behaviors (Parasuraman, 2010). Since the employee is the primary—if not sole—contact point for the customer during the service encounter, employee behaviors are crucial in critical service encounters (Crosby et al., 1990; Solomon et al., 1985). Despite this emphasis on the crucial role of employees, they are not always able and trained well enough to build relationships and to understand customers' emotional needs (Bitner, Booms, and Tetreault, 1990; Menon and Dubé, 2000).

Furthermore, encounters can be highly critical for customers but not for employees (Price, Arnould, and Tierney, 1995b). This fact can create asymmetry in feelings and expectations between the customer and the employee, as the following example from medical services illustrates (Todd, 1989, p. 16):

"An important factor in the doctor-patient relationship is that patients are usually sick and doctors are usually healthy. Illness is always anxiety-provoking and emotionally difficult. The patient is a stranger in a strange land, where only a small minority understand the gadgets, procedures, and options; for doctors the territory is familiar. If time constraints and economic considerations are added, the result is a relationship that begins in struggle".

1.1.5 *Employee emotional competence*

It has been suggested that employee emotional competence (EEC) could be valuable in service encounters (Cartwright and Pappas, 2008; Verbeke, Belschak, Bakker, and Dietz, 2008). EEC—that is, "skills that are concerned with the processing, regulation, and utilization of emotions at the workplace" (Giardini and Frese, 2008, p. 155)—has the potential to enhance customer attitudes and behaviors (Verbeke et al., 2008). Indeed, customers experience emotions during service encounters (Gabbott, Tsarenko, and Mok, 2011; Hennig-Thurau, Groth, Paul, and Gremler, 2006; Pugh, 2001)—especially in critical service encounters (Menon and Dubé, 2004). Customer emotions provide employees with information about customer needs and about how to customize the service offering (Mattila and Enz, 2002). By being emotionally competent (i.e., by perceiving, understanding, and regulating customer emotions), employees are more likely to understand the information on customers' needs conveyed by their emotions and thus, to satisfy customers.

1.2 Originality of the dissertation

We contend that if the concept of EEC is to be of use in predicting customer outcomes of interest to service managers during service encounters, there is a need to shift from an *internal perspective* to a *customer perspective*. The internal perspective focuses on EEC to predict organizational outcomes and is interested in the potential an employee has to demonstrate emotionally competent behaviors (i.e., what the literature refers to as *emotional intelligence*) (e.g., Joseph and Newman, 2010; Liu, Prati, Perrewé, and Ferris, 2008). In this perspective, EEC can be (a) self-reported by the employee, or (b) non self-reported—i.e. when peers and supervisors report their perceptions of EEC based on their observations of the employee in a work-related context (e.g., Law, Wong, and Song, 2004; Wong and Law, 2002). In contrast, researchers who adopt a customer perspective are interested in the actual demonstration of emotionally competent behaviors by the employee (i.e., what the literature refers to as *emotional competence*). From this perspective, these behaviors are observable by and matter to customers and, therefore, can be used to predict key customer outcomes. Measuring customer perceptions is indispensable when managers want to diagnose customer experiences in service encounters (Bitner, 1990; van Dun, Bloemer, and Henseler, 2010). For instance, Mattila and Enz (2002) found that customers' evaluations of the service encounter and employees' own assessments of their performance in the service encounter are negatively correlated. This suggests that customers and employees are using different cues and criteria to evaluate the performance of the employee. Accordingly, we contend that—from a service marketing point of view—it makes most sense that customers report on their view of EEC during service encounters. In Table 1-1 we summarize the characteristics of the internal and customer perspectives.

Table 1-1: Two Differing Perspectives on Employee Emotional Competence

	Internal perspective of EEC	**Customer perspective of EEC**
Object of measurement	The potential one employee has to behave in an emotionally competent way (i.e., *employee emotional intelligence*)	The actual display of emotionally competent behaviors by employees (i.e., *employee emotional competence*)
Informant	Employee-reported Manager and peer-reported	Customer-reported
Context	Work-related relationships	Service encounter
Outcomes to predict	Organizational outcomes (e.g., employee job satisfaction and performance)	Customer outcomes (e.g., customer satisfaction and loyalty)

Note: The grey cells are the focus of our research.

1.3 Motivations

1.3.1 Academic motivation

The academic motivations are threefold. First, while non critical service encounters have received much research attention, there is much to be learned regarding critical ones (e.g., high-contact service encounters and emotionally charged service encounters) (Price et al., 1995b). Second, while employees are not always well trained to understand customer emotional needs (Bitner et al., 1990; Menon and Dubé, 2000), service managers need to know how to best manage their employees to ensure that their behaviors are conducive of favorable customer perceptions and evaluations of critical service encounters (Hartline and Ferrell, 1996). Third, in spite of the increased attention EEC has received in recent years from social psychologists and human resources managers, an effective diagnosis and management of EEC in service encounters is hampered by the absence of (1) an adequate conceptualization of EEC, (2) a short, valid, and reliable measurement of EEC suitable for use in discrete service encounters, (3) an evaluation of the influence of EEC on customer perceptions of the encounter, (4) an adequate understanding of the mechanism through which EEC can influence key customer variables such as customer satisfaction and loyalty, and (5) an evaluation of the role of EEC compared to other key employee competencies such as employee technical competence (ETC) on customer evaluations of the service encounter.

1.3.2   Managerial motivation

Employees working in critical service encounters are not always trained well enough to understand customers needs (Bitner et al., 1990; Menon and Dubé, 2000) and customer emotions (Lemmink and Mattsson, 2002). Also, employees are not aware of their performance during service encounters: compared to customer perceptions, incompetent employees might overestimate it while competent employees might underestimate it (Mattila and Enz, 2002). In this respect, service managers are actively trying to raise the EC of their employees as a means of enhancing customer experience in service encounters (Cartwright and Pappas, 2008). Service managers devote time, effort and money to training programs of EEC. In fact, four out of five companies promote EC in their employees through training activities (American Society for Training and Development, 1997). While several studies have demonstrated that EEC leads to favorable outcomes (e.g., job performance and job satisfaction), little is known about the role and importance of EEC on customer evaluations in service encounters. The managerial gaps are threefold:

- First, managers need to know to what extent EEC influences customer cognitive and behavioral responses to service encounters.

- Second, managers need an adequate instrument to diagnose EEC during service encounters which is short, valid, and reliable.

- Third, service managers need to better understand to which extent two key competencies (EEC and employee technical competence) are likely to (a) temper negative customer emotions in critical service encounters (such as encounters when bad news is delivered), and to (b) enhance customer perceptions evaluations of critical service encounters.

1.4   Objectives

The overall aim of this dissertation is to uncover *the effect of customer perceptions of employee emotional competence on their evaluations of critical service encounters*. Critical service encounters are a particularly suitable setting for testing the contribution of EEC because affective processes are particularly central (e.g., McColl-Kennedy et al., 2009). To gain in-depth insight into customer perceptions of EEC, and to address this overall objective effectively from a variety of perspectives, we develop more specific aims for the different chapters along our general objective.

1.4.1   Objectives Chapter 2

Given the potential importance of EEC to service managers, we examine this construct in service encounters in high-contact services. Since customer perceptions of employee behaviors during service encounters are crucial in predicting customer satisfaction and loyalty (Bitner, 1990) and since customers are a valuable source of information for service quality improvement (Berry, Parasuraman, and Zeithaml, 1994), we focus on customer perceptions of EEC and examine how they influence customer satisfaction and loyalty. Also, we examine the mediating role of rapport in the relationship between EEC and customer outcomes (i.e., customer satisfaction and loyalty). The research questions guiding this study are:

- *What is the effect of customer perceptions of EEC on customer satisfaction and loyalty?*

- *What is the mechanism through which customer perceptions of EEC influences customer satisfaction and loyalty?*

1.4.2 Objectives Chapter 3

In this chapter, we aim to (1) develop an adequate conceptualization of EEC; (2) develop a short, valid, reliable customer-based measurement of EEC suitable for use in discrete service encounters; and (3) evaluate the influence of this new measure of EEC on customer perceptions of the encounter. The research questions guiding this study are:

- *How to conceptualize and operationalize EEC in a service encounter context from a customer's perspective?*

- *What is the impact of EEC on customer evaluations of the service encounter?*

1.4.3 Objectives Chapter 4

In this chapter, we aim to extend marketing theory by developing a model that enables us to test the main and interaction effects of two facets of employee competencies—*employee emotional competence* (EEC) and *employee technical competence* (ETC)—on negative customer emotions in emotionally charged service encounters during which bad news is delivered to customers. We also examine the impact of these two employee competencies on key customer evaluations of service encounters of interest to service managers, including their impact on rapport and customer encounter satisfaction—constructs which are seldom examined in emotionally charged service encounters. This study is driven by the following research question:

- *What are the main and interaction effects of EEC and ETC on key customer outcomes of the service encounter?*

1.5   Intended contributions

1.5.1   *Academic contribution*

The study from chapter 2 builds a first bridge between social and organizational psychology and service literatures. This study contributes to the service literature in two ways. First, in contrast with existing studies examining EEC in a service encounter context (Giardini and Frese, 2008; Weng, 2008), we measure customer perceptions of EEC—rather than employee perceptions of their EC. This provides scholars and practitioners with a new perspective for measuring EEC in service encounters. Second, we examine to which extent EEC has an effect on customer satisfaction and loyalty. Third, we investigate through which mechanism EEC can influence customer satisfaction and loyalty by examining the potential mediating role of rapport. This allows a better understanding of how EEC can translate into higher customer satisfaction and loyalty.

The study from chapter 3 builds an extra bridge between social and organizational psychology and service literatures. Service researchers - interested in predicting customer outcomes - thus far have had to rely on definitions and scales developed by psychologists, all of which use an internal perspective. Our conceptualization and measure contributes to service literature by providing a means to define and measure EEC specifically in service encounters. Our scale also offers a potential independent variable for researchers interested in predicting customers' emotional, cognitive, and behavioral responses to service encounters. By enabling researchers to examine the effects of EEC in service encounters, we provide a deeper understanding of the employee behaviors that are more likely to elicit favorable customer evaluations.

The study from chapter 4 extends marketing theory by developing (a) an experimental research design to assess more precisely the cause-effect nature of two key facets of employee competencies—*employee emotional competence* (EEC) and *employee technical competence*

(ETC)—on negative customer emotions and on key customer evaluations of service encounters of interest to service managers as well as (b) a model to test the main and interaction effects of these two competencies.

1.5.2   *Managerial contribution*

Chapter 2 should help service managers of high-contact services to enhance customer satisfaction and loyalty. Service managers of high-contact services should encourage and train their employees to develop their emotional competence (EC). In addition, managers could monitor rapport (i.e., a construct capturing relationship quality), which seems to be an important mechanism regulating the effect of EEC on customer satisfaction and loyalty.

Chapter 3 provides service managers with a new scale to measure EEC during service encounters from a customer perspective. This allows service managers to know which emotionally competent behaviors are considered relevant by customers and how their employees' emotional competence is perceived by their customers. Also, this new measure could be employed by managers to improve the customer experience during service encounters thanks to a better diagnosis of EEC.

Chapter 4 provides a better understanding of the extent to which two influential and frequently mentioned employee competencies (i.e., employee technical and emotional competencies) are likely to positively affect the customer experience when bad news is delivered. This study will help service managers to improve the management of service encounters thanks to a better assessment of employee competencies that matter to customers.

1.6   Outline

This doctoral dissertation explores various theoretical issues, contributes to different research streams, combines different theoretical frameworks, and employs diverse research designs. At the same time, all chapters are organized around the same key construct: employee emotional competence. Although the three papers explore different issues, they are linked as well.

In Chapter 2, based on the theories of affect infusion and norm of reciprocity, we develop a model of the impact of EEC on customer satisfaction and loyalty. Also, based on the theory of affect-as-information, the potential mediating role of rapport is investigated. With respect to the method employed, we realize a field study in a high-contact service and used partial least squares to test the conceptual model.

In Chapter 3, we strictly follow a scale development procedure. Both a qualitative study based on the critical incident technique and an empirical study are conducted in emotionally charged service encounters. We use Lisrel to test the validity of the scale.

In Chapter 4, we conduct an experiment using a 2x2 between-subjects full factorial design. The setting of the experiment is an emotionally charged service encounter when bad news has to be delivered to customers. ANCOVA analyses are realized to test the hypotheses.

Finally, Chapter 5 presents a summary of the main conclusions, managerial implications and suggestions for further research. Table 1-2 offers a summary of the outline of the three studies of this dissertation.

Table 1-2: Outline of the Dissertation

Chapter	Research questions	Theories	Methods	Research design	Research setting
2	• What is the effect of EEC on customer satisfaction and loyalty? • What is the mechanism through which EEC influences customer satisfaction and loyalty?	• Affect-as-information • Affect infusion model • Norm of reciprocity	• PLS	• Field study • 247 customers of hairstylists	High-contact service encounters (hairstylist services)
3	• How to conceptualize and operationalize EEC in a service encounter context from a customer's perspective? • What is the impact of EEC on customer evaluations of the service encounter?	[Since it concerns the development of a scale, no service theory is used since no hypothesis is developed]	• CIT • LISREL	• Scale development • Qualitative study with 13 respondents and quantitative study with 247 respondents	Emotionally charged service encounters (encounters from various services)
4	• What are the main and interaction effects of EEC and ETC on key customer outcomes of the service encounter?	• Affect-as-information • In-role and extra-role behaviors	• ANCOVA	• Experiment: 2x2 between-subjects full factorial design • 223 respondents	Emotionally charged service encounters (encounter during which a check-in agent has to deliver bad news to a traveler)

Notes: EEC = Employee emotional competence; ETC = Employee technical competence; PLS = Partial Least Squares; ANCOVA = Analysis of covariance, CIT = Critical Incident Technique

2 HOW EMPLOYEE EMOTIONAL COMPETENCE INFLUENCES CUSTOMER SATISFACTION AND LOYALTY: THE MEDIATING ROLE OF RAPPORT

Abstract

During service encounters, employees must maintain a positive affective climate to build rapport with customers. Such rapport helps create customer satisfaction and loyalty. Emotionally competent employees are more likely to succeed in this task; we investigate how and to what extent employee emotional competence (EEC) affects both customer satisfaction and loyalty. We also examine the potential mediating role of rapport as a key concept for capturing employee–customer relationship quality. Drawing on affect-as-information theory (i.e., emotions serve as sources of information), we develop a causal model and test it with a sample of 247 customers in a personal service setting. Customer perceptions of EEC influence directly customer satisfaction and loyalty. The impact of EEC on customer satisfaction and loyalty is partially mediated by rapport. To improve the satisfaction and loyalty of their customers and build rapport between employees and customers, managers of high-contact services should encourage and train employees to develop emotional competence. Several authors have proposed that emotionally competent employees can better develop social interactions and enhance customer satisfaction and loyalty. Previous studies have measured EEC using employee self-reports or supervisor reports. This study is the first to examine EEC from the perspective of the customer and investigate its effects on customer satisfaction and loyalty.

Keywords: Perceived employee emotional competence, rapport, customer satisfaction and loyalty, service encounter

2.1 Introduction

2.1.1 Context

Services vary in the extent to which customers interact directly with service employees (Chase, 1978); high-contact services are characterized by high levels of emotional intensity, intimacy, content-rich information, and interaction time (Kellogg and Chase, 1995; Parasuraman, Zeithaml, and Berry, 1985). Thus for high-contact services, the importance of employees who can create satisfied and loyal customers—which then leads to a competitive advantage for the service firm—is well established (e.g., Gremler, Gwinner, and Brown, 2001). A competitive advantage gained through enhanced customer experiences underlies the service-dominant logic, which considers customers and service employees collaborative partners in the processes for developing innovation, organizational knowledge, and value (Lusch, Vargo, and O'Brien, 2007; Vargo and Lusch, 2004). This service-centered view further recommends helping employees "in this process of competence augmentation through internally and externally supported training and educational programs" (Lusch et al., 2007, p. 15). Customers move to the center of value creation and participate in relationships that feature service coproduction opportunities and resources consistent with the customer's desired level of involvement. In turn, by learning from and collaborating with customers, employees can meet their needs better (Vargo and Lusch, 2004).

2.1.2 Managerial motivation

Despite this emphasis on the crucial role of service employees in customer value creation, employees are not always able or sufficiently trained to build relationships with and understand customers (Bitner et al., 1990; Menon and Dubé, 2000). Managers in high-contact service settings must ensure appropriate employee competencies (Hartline and Ferrell, 1996)—particularly emotional competence (EC; Cartwright and Pappas, 2008), which has

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potentially powerful effects on customer perceptions and evaluations of the service encounter (Härtel, Barker, and Baker, 1999). Mayer and Salovey (1997, p. 10) define EC as "the ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth." Thus to develop employees' emotional competence (EEC), many service managers devote time, effort, and money to training programs, in the hope of improving service customers' experience (Cartwright and Pappas, 2008).

2.1.3 Problem statement

Thus EEC deserves specific research attention. First, it may explain variables of great interest to managers in high-contact service settings (Härtel et al., 1999). Employees who display emotionally competent behaviors tend to be more successful in social interactions, because they create a positive affective climate, which leads to favorable customer outcomes (Giardini and Frese, 2008). This relationship should be particularly acute in high-contact services, in which context customers often look for directly observable cues, such as employee behaviors, to assess the service (Lin and Lin, 2011; Parasuraman et al., 1985). Employees with higher EC should be better able to satisfy customers, due to their better understanding of customers' needs, conveyed by the customers' emotions. Second, employees in high-contact services can experience strong emotions as a result of the stress of their job (Grandey, Dickter, and Hock-Peng, 2004). When dealing with difficult customers for example, employees must perceive, use, understand, and regulate not only the customers' emotions but also their own. Employees with higher EC should be better able to face such emotional challenges.

2.1.4   Academic motivation

Despite a widespread assumption that EEC influences customer satisfaction and loyalty during service encounters (Härtel et al., 1999), we consider these relationships inadequately investigated as of yet, mainly because of the conflicting results in the few empirical studies that investigate them. Therefore, to examine the impact of customer perceptions of EEC on customer satisfaction and loyalty in a service encounter context, we consider a potential mediator and its effects. We address rapport[1] between employees and customers as a potential mediator because it captures the interpersonal aspect of service quality, which is a key determinant of customer satisfaction and loyalty (Gremler and Gwinner, 2000; Han, Kwortnik, and Wang, 2008). Moreover, we already know that customer evaluations of the encounter (e.g., service quality, rapport) mediate the relationship between customer perceptions of employee behaviors and customer attitudes (e.g., satisfaction) and behaviors (e.g., loyalty) (Bitner, 1990; Bitner et al., 1990; Hennig-Thurau et al., 2006; Macintosh, 2009; Olsen, 2002).

Our consideration of EEC also reflects our realization that it appears in research into work-related relationships by organizational psychologists and management scholars; they find that EEC can predict organizational outcomes such as job performance and job satisfaction (e.g., Joseph and Newman, 2010; Law et al., 2004; Wong and Law, 2002). However, EEC in service encounters has prompted little research, even as scholars find that employees with higher EC can benefit the firm (Verbeke et al., 2008), because these employees develop better relationships with customers (Giardini and Frese, 2008; Kidwell, Hardesty, Murtha, and Sheng, 2011) and generate higher levels of customer satisfaction and loyalty (Härtel et al., 1999). The empirical evidence remains scarce. Three studies that investigate the role of EEC on customer outcomes in service encounters offer inconclusive

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[1] For a complete definition of the construct of rapport but also other related constructs to EEC, see appendix A

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results: Giardini and Frese (2008) find a negative but insignificant relationship between EEC and customer satisfaction; Weng (2008) shows a positive, significant, but weak relationship between EEC and customer trust; and Kernbach and Schutte (2005) experimentally reveal a positive relationship between EEC and customer satisfaction. The mechanisms through which EEC influences customer satisfaction and loyalty remain unexamined though.

2.1.5   Contribution

In addressing these points, our study provides three main contributions. First, we offer a new perspective on measuring EEC in service encounters. Unlike existing studies that rely on employees' perceptions of their own EC (Giardini and Frese, 2008) or supervisor perceptions of EEC (Weng, 2008), we measure customer perceptions of EEC, because the customers' perceptions are the most crucial predictors of customer satisfaction and loyalty (Bitner, 1990). Customers also are valuable sources of ideas about service quality improvements (Berry et al., 1994). Second, we provide a better understanding of the impact of EEC on customer satisfaction and loyalty—two key variables related to company profitability (Anderson, Fornell, and Lehmann, 1994). We thus shed some light on contradictory findings in previous studies (Giardini and Frese, 2008; Kernbach and Schutte, 2005; Weng, 2008). Third, we offer a better understanding of the mechanism by which EEC influences customer satisfaction and loyalty by investigating rapport as a mediator.

2.1.6   Approach

The rest of this article is structured as follows: First, we analyze EC as defined in psychology literature and examine EEC in service encounters, including its effect on customer satisfaction and loyalty. We also discuss the possible mediating role of rapport in the relationship between EEC and customer satisfaction and loyalty. Second, from our literature

review, we develop our hypotheses and conceptual model. Third, we detail the design of the empirical research we conducted to test our hypotheses. Fourth, we present and discuss the results of our empirical investigation, before concluding with the main implications of our findings, limitations, and suggestions for further research.

2.2 Employee emotional competence and its outcomes in service encounters

2.2.1 *Emotional competence*

Emotional competence (EC) is the manifestation of observable, emotionally competent behaviors, which reflect emotional intelligence (EI) (Boyatzis, Goleman, and Rhee, 2000; Giardini and Frese, 2008). Scholars describing EI note that "individuals differ in the extent to which they attend to, process, and utilize affect-laden information of an intrapersonal (e.g., managing one's own emotions) or interpersonal (e.g., managing others' emotions) nature" (Petrides and Furnham, 2003, p. 39). Thus whereas EI determines a person's potential and propensity to display emotionally competent behaviors, the level of EC displayed shows how much of that potential she or he has actually realized (Zeidner, Matthews, and Roberts, 2004). Being emotionally intelligent does not guarantee that people actually display emotionally competent behaviors. Customers and managers consider the display of emotionally competent behaviors by employees (i.e., EC) more important than the potential of that employee to behave in an emotionally competent way (i.e., EI). Thus, we focus on EC rather than EI. The display of emotionally competent behaviors implies some degree of emotional intelligence (Giardini and Frese, 2008; Kim, Cable, Kim, and Wang, 2009), so our conceptual understanding relies on both EI and EC literature.

The roots of EC stem from the concept of social intelligence, first identified by Thorndike (1920, p. 228) as "the ability to understand and manage men and women, boys and girls—to act wisely in human relations." It becomes manifest as the concurrence of four

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behaviors, so conceptualizations of EC usually comprise four dimensions of emotionally competent behaviors (Mayer and Salovey, 1997).

(1) The ability to *perceive emotions* refers to the accuracy with which people identify emotions in themselves and in other people (Mayer and Salovey, 1997).

(2) The ability to *use emotions* means that people can employ their emotions to facilitate thought and assist reasoning by directing their emotions toward constructive activities.

(3) An ability to *understand emotions* implies a competence for understanding one's own emotions and the emotions of other people, how emotions evolve over time, how emotions differ, and which emotion is most appropriate in a given context.

(4) The ability to *regulate emotions* is the competence to manage one's own and others' moods and emotions (Mayer and Salovey, 1997; Salovey and Mayer, 1990).

Using Mayer and Salovey's (1997) definition, several available scales attempt to measure people's EC (e.g., Wong and Law, 2002), using both self-reported and non-self-reported items. Because self-reported measures of EC are subject to social desirability, faking, and response distortion (Day and Carroll, 2008), researchers prefer measures reported by others (Law et al., 2004; Wong and Law, 2002). We measure customer perceptions of EEC and thus help provide a solution to the drawbacks of self-reported measures.

2.2.2 *Employee emotional competence in service encounters*

Despite its importance in service encounters as a means to build relationships with customers (Giardini and Frese, 2008; Verbeke et al., 2008), few studies have examined EEC in relation to customer–employee interactions in service encounters (Giardini and Frese, 2008; Härtel et al., 1999; Kernbach and Schutte, 2005; Weng, 2008), and those that do suffer some drawbacks. Härtel, Barker, and Baker (1999) offer a conceptual model of the influence of EEC on customer attitudes, intentions, and behaviors but do not empirically test their

hypothesized relationships. Kernbach and Schutte (2005) find that higher EEC leads to greater customer satisfaction, but their experimental design sacrifices external validity in favor of greater internal validity. Nor do these authors provide information about their EEC manipulation checks, which makes it difficult to evaluate experimental success.

Giardini and Frese (2008) conducted a field study to predict customer evaluations of the service encounter and ultimately customer satisfaction, but the self-reported EC scales they use are subject to social desirability, faking, and response biases (Day and Carroll, 2008). People tend to hold overly favorable views of their own abilities and have difficulty recognizing their own incompetence (Kruger and Dunning, 1999). Furthermore, Giardini and Frese (2008) find a negative relationship between self-reported EEC and customer satisfaction, which implies that these employees are not aware of their incompetence (Kruger and Dunning, 1999). Mattila and Enz (2002) suggest that customers and employees use different criteria to evaluate service employee performance; customers' evaluations of the service encounter and employee assessments of their performance correlate negatively (but not significantly). Although Weng (2008) uses supervisors' perceptions of EEC to examine its influence on customer trust in a field study, supervisors' evaluations also may be biased, whether by excessive strictness or excessive leniency (Prendergast and Topel, 1993). Weng (2008) finds a weak but significant and positive relationship between EEC and customer trust.

2.2.3 *Effects of EEC on customer satisfaction*

Customer satisfaction is a central construct in marketing research (Luo and Homburg, 2007), widely studied in services marketing (e.g., Noone, Kimes, Mattila, and Wirtz, 2009). Satisfaction is "an outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase in relation to the anticipated consequences" (Churchill and Surprenant, 1982, p. 493). Because a better appraisal and regulation of customer emotions can

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help an employee customize the service offering to address customer needs (Mattila and Enz, 2002), EEC should relate positively to customer satisfaction. An adequate appraisal of customer needs allows the employee to meet customer expectations regarding service performance and thus increase or maintain customer satisfaction (Churchill and Surprenant, 1982). Interpersonal behaviors (e.g., familiarity, care, friendship, rapport, warmth, commercial friendship, listening behavior, customer orientation) by the employee also affect customer satisfaction (Dagger, Sweeney, and Johnson, 2007; de Ruyter and Wetzels, 2000; Dean, 2007; Gremler and Brown, 1998; Lemmink and Mattsson, 2002; Palmatier, Jarvis, Bechkoff, and Kardes, 2009; Price and Arnould, 1999). As a key component of employee interpersonal behaviors, EEC should have a direct effect on customer satisfaction.

The theory of affect infusion further supports this claim (Forgas, 1995). According to the theory, a person's affective state influences his or her judgments. When in a positive affective state, people tend to be less critical than if they were in a negative state (Forgas, 1995). Because employees with higher EC can better enhance customer emotions, customers should experience a positive affective state during their service encounter and thus be less critical. Satisfaction is a result of customer judgments about service delivery, so those who perceive an employee as emotionally competent should develop a positive affective state, express less criticism, and thus be more satisfied. Accordingly, we posit:

H_1: There is a positive relationship between perceived EEC and customer satisfaction.

2.2.4   Effects of EEC on customer loyalty

According to Zeithaml, Berry, and Parasuraman (1996), loyalty manifests itself in several behaviors: (1) saying positive things about the company, (2) recommending the company to someone who seeks advice, (3) encouraging friends and relatives to do business with the company, (4) considering the company the first choice from which to buy services,

and (5) doing more business with the company in the next few years. The first three behaviors pertain to customer intentions to engage in positive word-of-mouth communications; the last two pertain to customer purchase intentions. Word-of-mouth communication refers to "informal communications between private parties concerning evaluations of goods and services" (Anderson, 1998, p. 6). Repurchase intentions can be defined as "a customer's belief that he or she would purchase from the same service firm at some future date" (Schoefer and Diamantopoulos, 2008b, p. 93).

There are several reasons to expect an effect of EEC on customer loyalty. First, Gremler and Brown (1996) suggest that interpersonal bonds are strong predictors of service loyalty. Customer perceptions of employee interpersonal behaviors, such as the display of respect, efforts to address customers' problems (e.g., Schoefer and Diamantopoulos, 2008b), or a customer focus (Dean, 2007), help build customer loyalty. Gwinner, Gremler, and Bitner (1998) also establish that customer perceptions of relational benefits (i.e., customer benefits associated with long-term relationships, beyond the core service performance) strongly influence customer loyalty. Second, we expect a relationship between EEC and loyalty based on the norm of reciprocity (Gouldner, 1960), which posits that human exchanges reflect the use of a subjective cost–benefit analysis and comparisons of alternatives. Robinson, Kraatz, and Rousseau (1994, p. 139) state that because of the norm of reciprocity, "one party's receipt of a benefit obligates another party to pay a cost," so that they can reach a balance between inducements offered and inducement received (Blau, 1964). When an employee demonstrates high EC toward the customer by perceiving, understanding, and regulating emotions, the customer likely recognizes a benefit and thus feels indebted to the employee. To feel less indebted, the customer may adopt behaviors that restore the balance, such as exhibiting more loyalty to the service provider. Accordingly, we expect:

H_2: There is a positive relationship between perceived EEC and customer loyalty.

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2.2.5 *The mediating role of rapport*

Rapport is "a customer's perception of having an enjoyable interaction with a service provider employee, characterized by a personal connection between the two interactants" (Gremler and Gwinner, 2000, p. 92)[2]. Various scholars have examined this concept because of its salience in service businesses that are characterized by interpersonal interactions (e.g., Gremler and Gwinner, 2000, 2008; Hennig-Thurau et al., 2006). It also is a key construct for capturing the interpersonal aspect of service quality and a key determinant of customer satisfaction and loyalty (Gremler and Gwinner, 2000). Previous research shows that customer evaluations of an encounter mediate the relationship between their perceptions of employee behaviors and customer attitudes (e.g., satisfaction) and behaviors (e.g., loyalty) (Bitner, 1990; Bitner et al., 1990; Hennig-Thurau et al., 2006; Macintosh, 2009; Olsen, 2002). We posit in particular that rapport mediates the relationship between EEC and customer attitudes and behaviors, because employees with higher levels of EC perceive and understand customer emotions, which helps them customize the service offering to address customer needs and build rapport. Customer evaluations of rapport then should translate into higher levels of customer satisfaction and loyalty.

Affect-as-information theory provides a useful framework for understanding how employees with higher levels of EC establish rapport with customers. It holds that people often make judgments by asking themselves (implicitly), "How do I feel about it?" (Schwarz and Clore, 1983). People thus use their emotions as information that influences their judgments. Affect plays an important role, especially in employee–customer interactions (Grandey, Fisk, Mattila, Jansen, and Sideman, 2005), such that when employees interact with customers, they investigate and draw on current emotional states. When customers display emotions, employees who perceive and understand them take the necessary steps to achieve a

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[2] For a comparison between EEC construct and other related constructs such as rapport, see appendix A

positive climate and smooth interaction; in this sense, they use customer emotions as important and useful information to manage the interaction (Mattila and Enz, 2002). Employees with higher levels of EC then should be better able to establish rapport with customers.

Existing service literature contains accumulating evidence of the influence of rapport on customer satisfaction and loyalty (DeWitt and Brady, 2003; Gremler and Gwinner, 2000; Macintosh, 2009). In linking this evidence with our two first hypotheses, we predict a mediating role of rapport in the EEC–satisfaction and EEC–loyalty relationships. That is, EEC affects rapport, which in turn affects customer satisfaction and loyalty.

H3: Rapport mediates the relationship between perceived EEC and customer satisfaction.

H4: Rapport mediates the relationship between perceived EEC and customer loyalty.

Figure 2-1 provides a graphical representation of our conceptual framework and our hypotheses.

Figure 2-1: An Integrative Model
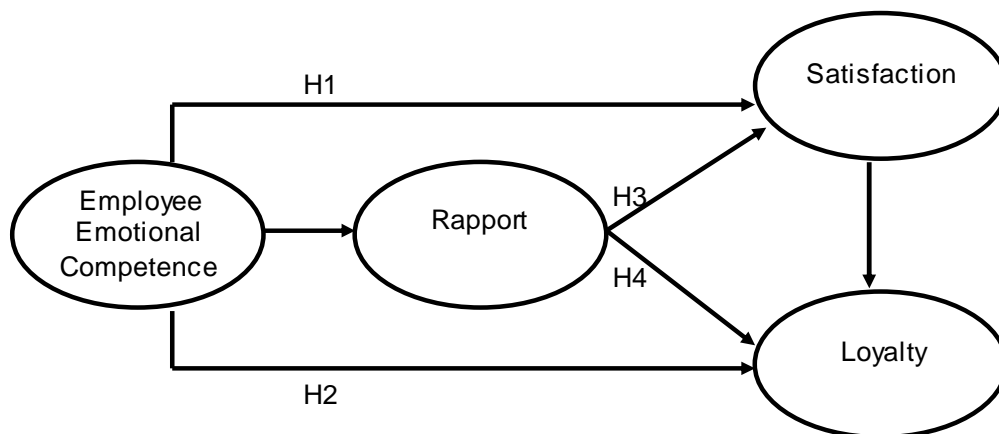
Note: The link between satisfaction and loyalty is not hypothesized in the literature review but is tested and reported in the results section

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2.3   Methodology

2.3.1   *Research setting and sampling*

Hairstyling services are an important competitive and growing industry (Van der Rijken and Schmidt, 2008). We chose hairstylists as the service context for this study, because they provide high-contact, customized, personalized services (Bowen, 1990). Also, hairstylists services require providers to be in very close proximity to customers and are affectively charged (Bloemer, Odekerken-Schröder, and Kestens, 2003; Price et al., 1995b). The highly interactive service also requires inputs from both hairstylist and customer (Bloemer et al., 2003), such that they collaborate to coproduce value (Lusch et al., 2007; Vargo and Lusch, 2004). To meet customer needs, hairstylists must learn to collaborate with customers (Vargo and Lusch, 2004), and the conversation with a hairstylist may be as important as the haircut itself (Hightower, Brady, and Baker 2002). Thus the quality of the interaction can even outweigh the importance of the service. Because good hairstylist–customer interactions are key to successful relationships, we expect the hairstylist's EC to be an influential factor in determining customer evaluations and behavior. This setting provides a fruitful environment for studying the influence of EEC on customers' perceptions of rapport, satisfaction, and loyalty, because hairstylists must learn from customer emotions and collaborate with customers to identify solutions that meet their needs.

Students' perceptions, behaviors, and expectations regarding the performance of their hairstylists should not differ significantly from those of a random sample of customers, so we tested our model with a student sample: Students registered for a marketing course evaluated the relationship with their hairstylist. The use of student samples is sometimes considered a limitation in marketing research, but they also have been used successfully in a variety of studies (e.g., Grandey, Rafaeli, Ravid, Wirtz, and Steiner, 2010; Hennig-Thurau et al., 2006). We collected 323 questionnaires but excluded 76 because students had not visited their

hairstylist recently or more than once, which might limit their recollection of the extent to which the hairstylist demonstrated emotionally competent behaviors, or because of missing values. The final data set thus included 247 observations, 61% involving male respondents. In addition, 84% of the respondents had visited their hairstylist in the past year, and 47% went at least five times per year. Thus they should have sufficient knowledge of their hairstylists.

2.3.2   *Research approach and questionnaire design*

We distributed a questionnaire to the respondents, designed to measure their perceptions and attitudes toward their hairstylists. All variables were measured on seven-point Likert scales (1 = "totally disagree"; 7 = "totally agree"). Respondents completed the survey in reference to their last encounter with their hairstylists when answering the questions.

Employee Emotional Competence. To measure EEC, we relied on a scale developed and validated by Wong and Law (2002), based on Mayer and Salovey's (1997) definition. It consists of four dimensions with four items each. Self-emotion appraisal (SEA) relates to an employee's ability to understand and express emotions (e.g., "This employee has a good sense of why he has certain feelings"), whereas others' emotion appraisal (OEA) relates to an employee's ability to perceive and understand the emotions of others (e.g., "He always knows customers' emotions from their behavior"). The third dimension, regulation of emotion (ROE), relates to an employee's ability to regulate their own emotions (e.g., "He is able to control his temper and handles difficulties rationally"), and the use of emotion (UOE) refers to his ability to make use of their own emotions (e.g., "He would always encourage himself to try his best"). The Cronbach's alpha coefficients for SEA (.76), OEA (.81), ROE (.74), and UOE (.87) are considered good.

Confirmatory factor analyses in previous studies indicate reasonably good fit for a second-order model in which the four dimensions load on an underlying EC latent factor

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(Law et al., 2004; Wong and Law, 2002). In line with Sy, Tram, and O'Hara (2006) and our interest in the overall EC construct (rather than individual dimensions), we combine the four dimensions into a single measure of EEC with reflective first-order constructs and a formative second-order construct (Diamantopoulos, Riefler, and Roth, 2008). When the construct is complex (as it is the case with EEC), researchers should use higher-order models because such models treat each dimension as an important component of the construct (Podsakoff, Shen, and Podsakoff, 2006).

Rapport. To measure rapport, we used the scale developed by Gremler and Gwinner (2000). Because its two dimensions (i.e., personal connection and enjoyable interaction) tend to be highly correlated (between .81 and .83 in Gremler and Gwinner's [2000] study), we combined the scales (see DeWitt and Brady, 2003).

Customer Satisfaction. The customer satisfaction measure used a five-item scale developed by Gremler and Gwinner (2000), based on work by Oliver (1980).

Customer Loyalty. Finally, we measured customer loyalty using the five loyalty items in the scale developed by Zeithaml, Berry, and Parasuraman (1996).

The reliability and validity of these scales have been tested in previous research. We made relevant modifications to ensure the scales were suitable for our study setting (the measures, scale sources, items, and descriptive statistics are in the Appendix B).

We used a single informant (i.e., the customer) to measure both independent and dependent variables and therefore controlled for common method variance bias using a range of procedures (Campbell and Fiske, 1959). First, we formulated the items as clearly, concisely, and specifically as possible and based them on previously validated scales. Second, we used computer-administered questionnaires, which should reduce social desirability biases (Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). In addition, the questionnaire introduction indicated that there were no right or wrong answers and that we were interested

in perceptions of the service encounter experience. Third, the design of our web-based survey instrument made it impossible for respondents to retrieve their answers to earlier questions. Therefore, it was more difficult for them to maintain artificial consistency between answers or search for patterns in the questions, which helped control both for the consistency motif and social desirability biases (Podsakoff et al., 2003). Fourth, we tested for common method bias using Harman's one-factor test (Podsakoff and Organ, 1986). A principal component factor analysis of the dependent and independent variables yielded eight factors with Eigenvalues higher than 1.0, and the first factor explained less than 35% of the total variance. The test showed the absence of one major factor (Podsakoff and Organ, 1986); thus common method bias is not a serious problem in our data.

2.4   Results

2.4.1   *Measurement model evaluation*

We apply partial least squares (PLS) structural equation modeling to estimate our theoretical model using the software application SmartPLS (Ringle, Wende, and Will, 2005). As a distribution-independent method, PLS has fewer constraints and statistical conditions than covariance-based techniques such as LISREL (Hennig-Thurau et al., 2006). The use of PLS path modeling is recommended in early stages of theoretical development to test and validate exploratory models (Henseler, Ringle, and Sinkovics, 2009).

In Table 2-1, we report the descriptive statistics and correlations of our central constructs. The Cronbach's alpha values of the model constructs range from .86 to .95. The PLS model estimation reveals that all constructs exhibit satisfactory internal consistency. Composite reliability values range from .88 to .96, and the square roots of average variance extracted (AVE) estimates range from .57 to .92. In addition, we test for the discriminant validity of the four latent variables in the PLS model using Fornell and Larcker's (1981)

criterion: A latent variable should share more variance with its assigned indicators than with any other latent variable (Henseler et al., 2009). In statistical terms, the square root of the AVE of each latent variable should be greater than the latent variable's highest correlation with any other latent variable. As we show in Table 2-1, we find acceptable reliability and discriminant validity for our measures. Having established the soundness of our measures, we use them to test the hypothesized relationships.

Table 2-1: Descriptive Statistics and Correlations

	Number of items	Mean	S.D.	α	CR	1	2	3	4
1 EEC	16	4.38	.45	.86	.88	*.57*			
2 Rapport	10	4.68	.93	.93	.94	.48	*.78*		
3 Customer Satisfaction	5	5.72	.78	.95	.96	.55	.58	*.92*	
4 Loyalty	4	5.02	1.12	.90	.93	.55	.54	.65	*.88*

Notes: All correlations are significant at p < .001
N.B.: Square Root of Average Variance Extracted is on the diagonal to test for discriminant validity.
EEC = Employee Emotional Competence; CR= Composite Reliability; α = Cronbach's alpha

2.4.2 Hypothesis testing

The explained variance (R^2 values) for rapport, satisfaction, and loyalty are 23.7, 44.3, and 51.8, respectively. We apply a bootstrapping procedure (200 subsamples; 247 cases) to evaluate the significance of the path coefficients (Henseler et al., 2009); the measurement model for EEC (as a second-order construct) appears in Figure 2-2, with the path estimates and relative t-values of the structural model in Figure 2-3. We use the path coefficients to test our hypotheses. In support of Hypothesis 1, we find a significant, positive relationship between EEC and satisfaction (standardized path coefficient = .347; t-value = 6.060). We also find support for Hypothesis 2, because there is a significant, positive relationship between EEC and loyalty (standardized path coefficient = .226; t-value = 3.913). In addition, we find a positive and significant relationship between rapport and satisfaction (standardized path coefficient = .424; t-value = 8.223) and between rapport and loyalty (standardized path

coefficient = .186; t-value = 3.014). Finally, satisfaction relates strongly to customer loyalty

(standardized path coefficient = .434; t-value = 6.084).

Figure 2-2: Results of the EEC Measurement Model
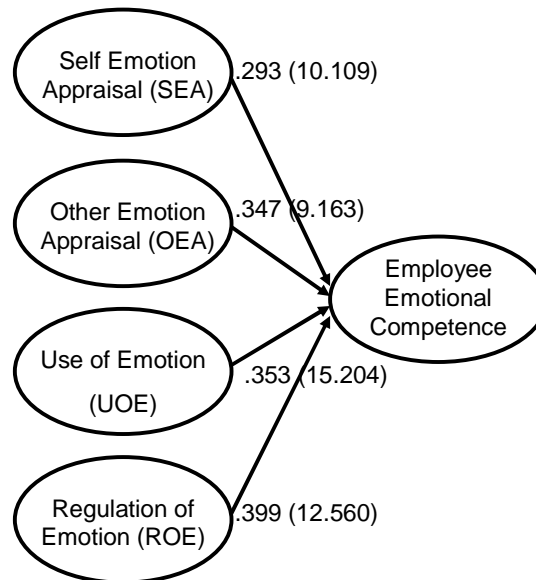
Notes: Path coefficients and t-values (between brackets) are reported.

Figure 2-3: Results of Structural Equation Modeling
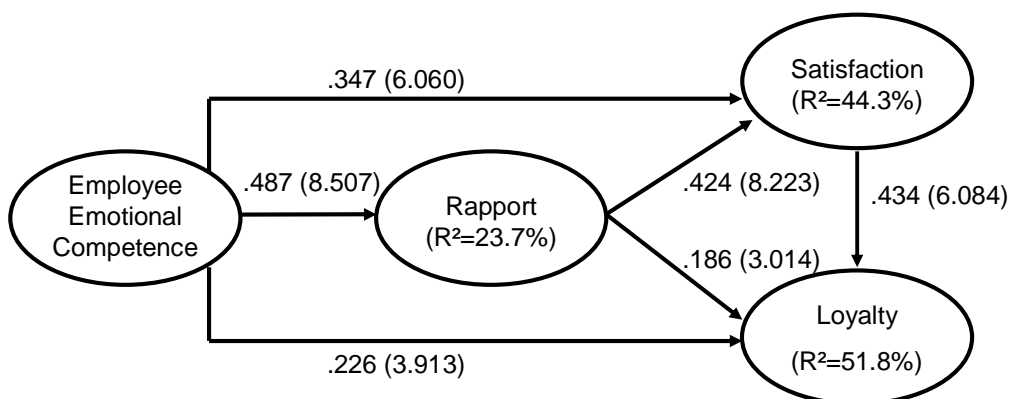
Notes:
Path coefficients and t-values (between brackets) are reported
Percentages are coefficients of determination (R^2)

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2.4.3 Mediation testing

As suggested by Baron and Kenny (1986), we consider four conditions to test for the mediation effect: (1) The independent variable (IV) should relate to the dependent variable (DV) (Relationship c in Table 2-2); (2) the IV should relate to the mediator variable (MV) (Relationship a in Table 2-2); (3) the mediator should relate to the DV (Relationship b in Table 2-2); and (4) when the mediator is added, the original relationship between the IV and the DV should become insignificant for full mediation or significantly smaller for partial mediation (Relationship c' in Table 2-2). Once the mediation is detected, we can calculate its significance by bootstrapping the product of the IV → MV and MV → DV effects (Shrout and Bolger 2002). If the direct effect between the IV and DV becomes insignificant, there is full mediation; if all effects remain significant, there is partial mediation. We test for the significance of the mediating effect of rapport between EEC and satisfaction and between EEC and loyalty by applying a nonparametric bootstrapping procedure (Preacher and Hayes, 2008; Shrout and Bolger, 2002). The results in Table 2-2 show that rapport partially mediates both effects of EEC: The relationships between EEC and customer satisfaction or customer loyalty decrease significantly when we control for rapport. That is, rapport partially mediates the relationship between EEC and customer satisfaction (Hypothesis 3) and between EEC and customer loyalty (Hypothesis 4). Accordingly, rapport is one mechanism by which EEC translates into customer satisfaction and loyalty.

Table 2-2: Mediation Tests

Hypotheses	Dependent variable (DV)	a (EEC → Rapport)	b (Rapport → DV)	c (EEC → DV)	c' (EEC→ DV; mediator controlled)
3	Satisfaction	.487*	.424*	.554*	.347*
4	Loyalty	.487*	.186*	.269*	.226*

Notes: All paths are beta coefficients.
$* p < .001$.

2.5 Discussion

The purpose of this research has been to assess the extent to which customer-perceived EEC influences customer satisfaction and loyalty, as well as the mediating role of rapport. By identifying the relationships among EEC, rapport, satisfaction, and loyalty, we contribute to a better understanding of the benefits that customer-perceived EEC may bring to service companies. In particular, service companies should improve the customer experience by approaching customers and service employees as collaborative partners, with the customer in the center of any value creation efforts (Lusch et al., 2007; Vargo and Lusch, 2004). This service-centered view, or service-dominant logic, implies the need for building relationships with customers, because by learning from, collaborating with, and developing relationships with customers, employees can better meet customers' individual and dynamic needs (Vargo and Lusch, 2004). We contend that EEC is a crucial competence that helps this process because it facilitates employee perception and understanding of customer emotions and needs that can produce satisfaction and, thus, loyalty. Our results confirm a link from EEC to customer satisfaction and loyalty, as well as show how rapport partially mediates these effects of EEC on satisfaction and loyalty. Thus scholars and practitioners gain a better understanding of the role of EEC in service encounters, with implications for both theory and practice.

2.5.1 Theoretical implications

Our study provides a direct response to the call for further research on the role of EEC in service encounters (e.g., Verbeke et al., 2008) by extending research into the outcomes of EEC in service encounters (e.g., Giardini and Frese, 2008). We undertake the first attempt to explore customer perceptions of EEC in service encounters and its consequences. Our results show that customer perceptions of EEC are adequate predictors of customer outcomes, such

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as customer satisfaction and loyalty. Customer perceptions of employees during service encounters can predict customer satisfaction and loyalty (Bitner, 1990); we contend that customer perceptions of EEC are of the utmost importance. By measuring customer perceptions of EEC, instead of employee or supervisor perceptions, we build an initial bridge between social and organizational psychology and service literature streams.

Our results also emphasize rapport as an important mediator of the relationship between EEC and customer outcomes that can help explain why previous studies indicate weak or insignificant effects between EEC and customer outcomes (Giardini and Frese, 2008; Weng, 2008). Research that ignores rapport may have excluded a key mechanism by which EEC improves customer outcomes. This mediating role of rapport is important for two main reasons. First, it extends EEC literature by uncovering a previously ignored outcome. Prior work has noted that EEC should affect various kinds of consumer responses, including rapport (e.g., Kidwell et al., 2011), so previous studies examined rapport explicitly as such. Second, this assessment extends research on rapport (Gremler and Gwinner, 2000, 2008) by uncovering a potential antecedent (i.e., EEC). Overall, the links from EEC to rapport to customer satisfaction and loyalty suggest that building rapport offers an underlying pathway by which EEC can exert its influence.

In finding that rapport *partially* mediates the relationship between EEC and customer satisfaction and loyalty, we identify just one route by which EEC influences these outcomes. That is, other routes exist for EEC to exert its influence. For example, customer trust depends on employee interpersonal behaviors, such as self-disclosure (Macintosh, 2009) and benevolence (Sirdeshmukh, Singh, and Sabol, 2002), and it influences key outcome variables, such as customer satisfaction and loyalty (Crosby et al., 1990; Sirdeshmukh et al., 2002). Perhaps EEC also influences customer satisfaction and loyalty through customer trust.

2.5.2   Managerial implications

Our findings that customer perceptions of EEC increase rapport, which in turn leads to customer satisfaction and loyalty, may improve managers' understanding of why EEC matters. First, in contrast with previous studies that examine employees' perceptions of their EC in service encounters (e.g., Giardini and Frese, 2008), we consider customer perceptions of EEC. Service managers should realize that self-reported measures of EC are subject to faking and distortion; they should try to use customers' perceptions of EEC instead. Customers and employees even use different criteria to evaluate employee performance, so employee and customer perceptions might be negatively correlated (Mattila and Enz, 2002). If managers want to measure the demonstration of emotionally competent behaviors by employees during service encounters in an objective way, they should gather customer perceptions of EEC.

Second, service managers may know that EEC has effects on general well-being (Kotsou, Grégoire, Nelis, and Mikolajczak, 2011), job satisfaction (Sy et al., 2006), job performance (Joseph and Newman, 2010), and sales (Kidwell et al., 2011). Our results add another effect: EEC influences directly customer satisfaction and loyalty but also rapport, which ultimately leads to higher customer satisfaction and loyalty. For managers, building rapport between customers and employees is an important intermediate step for converting EEC into customer satisfaction and loyalty. By encouraging employees to display emotionally competent behaviors, service managers can improve rapport as well as satisfaction and loyalty.

Third, the service-centered view or service-dominant logic requires that employees improve their competence through training programs to build effective relationships with customers (Lusch et al., 2007). To augment EEC, service managers should stimulate the display of emotionally competent behaviors. Psychology research demonstrates that EC can

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be taught, learned, and improved with training (e.g., Kotsou et al., 2011; Nelis, Quoidbach, Mikolajczak, and Hansenne, 2009); service managers who want to improve the EC of their employees should turn to scientifically validated training programs (e.g., Kotsou et al., 2011) to improve the quality of their rapport with customers and thus customer satisfaction and loyalty.

2.5.3   *Limitations and suggestions for future research*

Although this study provides useful insights into the role of EEC in building customer satisfaction and loyalty and the mediating role of rapport, it also has some limitations. We used cross-sectional data and a nonexperimental design, so technically we cannot derive any causal inferences from our study results. We surveyed students about their own hairstylists, which implies potential generalizability restrictions. This setting involves a high-contact, personalized, face-to-face service—that is, group 1 (i.e., customized, high-contact services) of Bowen's (1990) taxonomy of services. We cannot confirm whether our findings might generalize to other services (e.g., semi-standardized and standardized services, or groups 2 and 3 in Bowen's taxonomy). For other service types, EEC may not play an equally important role; accordingly, further studies should replicate this study to test our model with other service types.

Finally, we relied on an existing measure of EC, developed in organizational psychology research, and adapted it for use in a service context (Wong and Law, 2002). Although the original measure is short, shows good psychometric properties, and was developed to be either self-reported by the employee or used by peers and supervisors, it could suffer three problems when applied to customers of service encounters. First, customers may have difficulty assessing the scale dimensions, such as the employee's ability to appraise or use his or her own emotions (e.g., "the hairstylist really understands what he/she feels" or

"the hairstylist always tells himself he is a competent person"). Second, this measure was developed to be used in a general context, not in a specific context such as a service encounter. To allow customers to evaluate the emotional competence of employees, we need a measure with items related to observable emotionally competent behaviors, which an employee might display to service customers. Third, some relevant dimensions of EC are not included in our measure, such as the ability to regulate others' emotions, which represents a key EC ability. Research has devoted much attention to measuring an ability to regulate one's own emotions, but no scale measures the ability of one person to regulate others' emotions. Scholars and practitioners would benefit from a more specific measure of customer-perceived EEC; we thus recommend that researchers develop a concise, valid, reliable scale of customer perceptions of EEC during service encounters. The next chapter is devoted to the development and validation of such a measure.

3 EMPLOYEE EMOTIONAL COMPETENCE: CONSTRUCT CONCEPTUALIZATION AND VALIDATION OF A CUSTOMER-BASED MEASURE

Abstract

Customers experience intense emotions during various types of service encounters. Customer perceptions of how well employees perceive, understand, and regulate these emotions—that is, the extent to which employees display emotional competence (EC)—affect service evaluations and loyalty intentions. This paper examines employee emotional competence (EEC) from a customer perspective in a service encounter context. Using this specific conceptualization of the topic, as well as a comprehensive literature review and data gathered from in-depth interviews, we develop and validate a short, valid, reliable measure of EEC that consists of customer perceptions of employee ability in terms of (1) perceiving, (2) understanding, and (3) regulating customer emotions. This study offers empirical support for the proposed scale's reliability and convergent, discriminant, and predictive validity. The measure also is strongly correlated with customer evaluations of the service encounter. Therefore, researchers might use the scale to explore the role of EEC in service contexts; managers could employ it to improve the customer experience during service encounters.

Keywords: Customer perceived employee emotional competence, scale development, customer experience, emotionally charged service encounter

3.1　Introduction

3.1.1　Context

Attitudes that customers develop toward a firm often depend on how they evaluate their service encounters (Bitner, 1990) in the "period of time during which a consumer directly interacts with a service" (Shostack, 1985, p. 243). The complex and dynamic nature of many service encounters (Brown and Kirmani, 1999; Dallimore, Sparks, and Butcher, 2007; Grace, 2007; Price et al., 1995a) implies that intense emotions are not uncommon among customers (e.g., Gabbott et al., 2011). In emotionally charged service encounters (i.e., service encounters characterized by intense customer emotions), customers likely expect employees to address their emotional needs (Menon and Dubé, 2000) and become particularly attentive to the service process (i.e., how the service provider handles the situation and responds to customer needs; Parasuraman 2010). Employees' ability to respond adequately to customer emotions thus affects customers' evaluations of the encounter and their behavioral intentions (Bagozzi, Gopinath, and Nyer, 1999; Menon and Dubé, 2000).

3.1.2　Managerial motivation

In this context, employee emotional competence (EEC)—defined as "skills that are concerned with the processing, regulation, and utilization of emotions at the workplace" (Giardini and Frese, 2008, p. 155)—has the potential to enhance customer attitudes and behaviors (Verbeke et al., 2008). Four of five companies attempt to develop EEC through training (American Society for Training and Development, 1997), and service managers devote significant time, attention, and money to efforts to enhance EEC (Cartwright and Pappas, 2008). However, managers lack an adequate instrument to diagnose EEC during service encounters, because most studies of EEC reflect organizational psychologists' attempt to predict work-related outcomes, such as job satisfaction and performance for a meta-

analysis, see Joseph and Newman, 2010. Recent studies of EEC by marketing and human resources scholars also attempt to predict sales performance (Kidwell et al., 2011) and overall customer satisfaction (Giardini and Frese, 2008).

3.1.3 *Academic motivation*

Despite this increased attention in the concept of emotional competence (EC) (e.g., Gabbott et al., 2011), and in EEC in particular (e.g., Giardini and Frese, 2008; Joseph and Newman, 2010), service literature still lacks (1) an adequate conceptualization of EEC; (2) a short, valid, reliable measurement of EEC suitable for use in discrete service encounters; and (3) an evaluation of the influence of EEC on customer perceptions of the encounter. If the concept of EEC is to be useful for predicting customer outcomes that are of interest to service managers, we need to shift from an *internal* to a *customer* perspective. An internal perspective focuses on EEC as a means to predict organizational outcomes, such that it might be self-reported by the employee or else evaluated by peers and supervisors, who observe the employee in a work-related context. In contrast, the customer perspective focuses on employees' emotionally competent behaviors that are observable by and matter to customers; therefore, these evaluations can predict key customer outcomes. Measuring customer perceptions of EEC is indispensable if managers hope to diagnose customer experiences in service encounters. Accordingly, we contend that from a service marketing point of view, it makes sense that customers report on EEC during service encounters.

Several measures of EEC that adopt an internal perspective (e.g., Bar-On, 1997; Boyatzis et al., 2000; Wong and Law, 2002) do not transfer easily to a service encounter context. Prior research suggests that general, non–encounter-specific assessments of EC assume that people's emotional competence is the same across situations. In line with Kidwell and colleagues (2011), we argue instead that to encourage the development of the EC

construct in particular, we need measures that are specific to a domain (e.g., services marketing) and situation (e.g., service encounter) rather than general ones.

In addition, existing measures of EEC are difficult for customers to report, for two main reasons. First, most measures (e.g., Schutte, Malouff, Hall, Haggerty, Cooper, Golden, and Dornheim, 1998; Wong and Law, 2002) emphasize the *intrapersonal* EC of an employee (i.e., ability to perceive, understand, and regulate his or her own emotions), largely ignoring *interpersonal* EC (i.e., ability to perceive, understand, and regulate others' emotions). The former may be important for enabling employees to manage, say, their own stress while dealing with aggressive or difficult customers (Grandey et al., 2004). However, interpersonal EEC arguably is more important to customers, because employees' ability to perceive their emotions (e.g., anger) is a visible and therefore seemingly more important factor than employees' unseen ability to perceive their own emotions, which should not directly influence consumers. Second, services marketing scholars and practitioners need relatively concise measures (Drolet and Morrison, 2001), because EEC scales often appear in combination with other scales during data collections. However, existing EEC measures often feature large numbers of items (between 72 and 153).

3.1.4 *Problem statement*

We contend that when EEC is studied in the context of service encounters, one should focus on customer perceptions. Because existing measures of EC are inadequate for a service context, we (1) conceptualize EEC by adopting a customer perspective and (2) develop and validate a concise, customer-based measure of EEC to be used in discrete service encounters.

3.1.5   Approach

In the next section, we develop a new theoretical perspective on EEC by adopting the viewpoint of the customer, followed by a customer-based measure of EEC based on a comprehensive scale development procedure. We then provide evidence of its discriminant and convergent validity. To ensure predictive validity, we examine how our measure relates to customer evaluations and perceptions of the service encounter. We conclude by discussing the academic and managerial implications of our findings and directions for further research.

3.2   Conceptualizing EEC in service encounters

Emotional competence (EC) is the manifestation of observable, emotionally competent behaviors, which reflect emotional intelligence (EI) (Boyatzis et al., 2000; Giardini and Frese, 2008). Scholars describe EI by recognizing that "individuals differ in the extent to which they attend to, process, and utilize affect-laden information of an intrapersonal (e.g., managing one's own emotions) or interpersonal (e.g., managing others' emotions) nature" (Petrides and Furnham, 2003, p. 39). Although EI determines a person's potential and propensity to display emotionally competent behaviors, the level of EC displayed shows how much of that potential actually has been realized (Zeidner et al., 2004). Accordingly, being emotionally intelligent does not guarantee that people display emotionally competent behaviors.

During service encounters, customers consider employees' display of emotionally competent behaviors (i.e., EC) more important than their potential to behave in emotionally competent ways (i.e., EI). Because we thus are interested in the display of emotionally competent behaviors, we focus on EC rather than EI. Furthermore, displaying emotionally competent behaviors assumes some degree of emotional intelligence (Giardini and Frese, 2008; Kim et al., 2009), so our conceptual understanding reflects both EI and EC research.

Salovey and Mayer (1990, p. 189) define EC as "the subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions." The notion has its roots in the concept of social intelligence, first defined by Thorndike 1920, p. 228) as "the ability to understand and manage men and women, boys and girls—to act wisely in human relations."

Social psychology researchers assert that EC generally manifests itself as the concurrence of behaviors, such that it represents a second-order factor that comprises four first-order emotionally competent behaviors (Mayer and Salovey, 1997). We describe these four dimensions of EC both as they are defined—from an internal perspective—in social psychology literature and as they pertain to customer perceptions of EEC during service encounters. To detail customer perceptions of EEC, we focus on observable emotionally competent behaviors that matter to customers—that is, interpersonal EC. In Table 3-1, we summarize the dimensions of EC and their respective definitions from internal and customer perspectives.

Table 3-1: Definitions of EC and EEC Dimensions

	Internal perspective [a]		Customer perspective [b]
	Intrapersonal EC	*Interpersonal EC*	*Interpersonal EEC*
Perceive emotions	Accurately identify emotions in oneself	Accurately identify emotions in other people	Employee's competence to accurately observe customer emotions
Use emotions	Use one's own emotions to facilitate thought and assist reasoning by directing emotions toward constructive activities	This dimension does not appear in Mayer and Salovey's (1997) definition and operationalization of EC	[Employee's competence to use customer emotions to facilitate his/her thought and assist reasoning by directing his/her emotions toward constructive activities][c]
Understand emotions	Understand one's own emotions	Understand the emotions of other people	Employee's competence to understand customer emotions
Regulate emotions	Manage one's own moods and emotions	Manage others' moods and emotions	Employee's competence to manage moods and emotions in customers

Notes:
[a] The definitions from the internal perspective come from Mayer and Salovey (1997).
[b] The definitions from the customer perspective are adapted from Mayer and Salovey (1997).
[c] This is a speculative definition of customer perceptions of employee competence to use customer emotions.

First, the ability to *perceive* emotions refers to the accuracy with which people identify emotions in themselves and others (Mayer and Salovey, 1997). In service encounters, it implies the competence of employees to discern customer emotions according to their language, appearance, and behavior. For example, if a customer is upset because an airline check-in agent announces that his flight is cancelled, that customer may consider it important that she observe and perceive that he is upset. The customer might recognize this employee ability if the check-in agent says, "I perceive that you are upset by the situation."

Second, the ability to *use* emotions means people can employ their emotions to facilitate thought and assist reasoning, such that they direct their emotions toward constructive activities. Thus they create certain kinds of emotions in themselves and encourage themselves to do better. They also direct their emotions in positive and productive directions (Mayer and Salovey, 1997; Wong and Law, 2002).[3] For example, they might imagine a good outcome for the tasks they take on and adopt a good mood so that they can persist in the face of obstacles (Law et al., 2004; Schutte et al., 1998; Wong and Law, 2002). In our service encounter example, the airline customer might find it crucial that the check-in agent uses customer emotions to encourage certain emotions and moods in him that will help him face the obstacle (e.g., "Once we board, the flight attendants will help you with anything you need"). In this example, the employee elicits pleasant emotions to keep the customer optimistic about overcoming the frustrating situation.

Third, with the ability to *understand* emotions, people understand both their own and others' emotions, how these emotions shift over time, how they differ, and which emotion is most appropriate in any given context (Mayer and Salovey, 1997; Salovey and Mayer, 1990). In service encounters, employees should be able to recognize customer emotions and interpret

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[3] This dimension appears most relevant for intrapersonal EC (i.e., ability to use one's own emotions). However, it may be less applicable in a service encounter context, because the customer may not see or attend to the employee's ability to use his or her own emotions constructively. We examine this question in our data analysis to determine its relevance in service encounters.

their causes. Thus our airline customer might consider it important that the check-in agent indicates something like, "I totally understand why you feel anxious about getting to the destination in time."

Fourth, an ability to *regulate* emotions refers to managing one's own and others' moods and emotions. In service encounters, employees should manage customers' emotions by moderating their negative emotions and enhancing their pleasant ones, without repressing or exaggerating the information that these emotions may convey. Thus the airline customer might value the techniques a check-in agent uses to regulate his emotions, such as reassuring him ("I know this situation is frustrating, but I promise everything will be okay soon").

3.3 Review and assessment of existing EC measures

In Table 3-2 we provide an overview of several instruments designed to measure EC and its dimensions, which fall into two categories: performance tests and scales. Performance tests measure EC by asking the person to solve problems (e.g., identify the emotion in another's face), for which only one unique (correct) solution exists (e.g., Kidwell et al., 2011; Rode, Mooney, Arthaud-Day, Near, Baldwin, Rubin, and Bommer, 2007). In the performance test developed by Kidwell and colleagues (2001), respondents consider a situation (e.g., "Matthew works best when his supervisor lets him do things the way he believes is best"), then respond to a question (e.g., "How did Matthew feel when his supervisor began to micromanage his activities?") according to five preselected answers (e.g., pleased, disappointed, relaxed, frustrated, and guilty). There is one best answer: frustrated. Performance tests do not measure actual behavior but rather the potential a respondent has to display emotionally competent behaviors.

Scales instead assess EC using a list of questions, to which the respondent agrees to varying degrees. These scales might be self-reported or not. Self-reported EC scales actually

ask employees to provide their perceptions of their emotional self-efficacy across all life situations (Petrides, Pérez-González, and Furnham, 2007). Such scales have two further drawbacks: (1) They are subject to social desirability, faking, and response distortion (Day and Carroll, 2008), and (2) people tend to hold overly favorable views of their own abilities, such that they may have difficulty recognizing their own incompetence (Kruger and Dunning, 1999). Law, Wong, and Song (2004, p. 494) call for the "development of scales that do not rely on self-reports," such as those that ask peers or supervisors to report on others' EEC (e.g., Law et al., 2004; Wong and Law, 2002), often on a general level according to the totality of their work-related interactions. However, these peer and supervisor evaluations of EEC also may be biased, whether by excessive strictness or excessive leniency. For instance, when supervisors evaluate subordinates' performance to determine how to allocate rewards, they may manipulate the appraisal system (Prendergast and Topel, 1993). If peers and supervisors do not actually observe employees during service interactions, they cannot determine if they demonstrate emotionally competent behaviors. Furthermore, self- and other reports yield different information and low correlations (Law et al., 2004). The correlation between supervisor and employee evaluations of the EEC might be as low as .38 (Law et al., 2004). Because we are interested in the display of emotionally competent behaviors during discrete service encounters, we believe the customer is the best evaluator of the presence (or absence) of emotionally competent behaviors.

Table 3-2: Summary of Extant Measures of Emotional Competence

	ECI (Boyatzis et al., 2000)	EQ-i (Bar-On, 1997)	TEIque (Petrides and Furnham, 2003)	WLEIS (Wong and Law, 2002)	SSRI (Schutte et al., 1998)	EIME (Kidwell et al., 2011)	MSCEIT (Mayer, Salovey, Caruso, and Sitarenios, 2003)
Measure and Authors	ECI (Boyatzis et al., 2000)	EQ-i (Bar-On, 1997)	TEIque (Petrides and Furnham, 2003)	WLEIS (Wong and Law, 2002)	SSRI (Schutte et al., 1998)	EIME (Kidwell et al., 2011)	MSCEIT (Mayer, Salovey, Caruso, and Sitarenios, 2003)
Definition Used to Construct the Measure	"Emotional intelligence is observed when a person demonstrates the competencies that constitute self-awareness, self-management, social awareness, and social skills at appropriate times and ways in sufficient frequency to be effective in the situation." (Boyatzis et al., 2000, p. 344)	"Emotional intelligence is an array of noncognitive capabilities, competencies, and skills that influence one's ability to succeed in coping with environmental demands and pressures." (Bar-On, 1997, p. 14)	"Emotional intelligence posits that individuals differ in the extent to which they attend to, process, and utilize affect-laden information of an intrapersonal (e.g. managing one's own emotions) or interpersonal (e.g. managing others' emotions) nature." (Petrides and Furnham, 2003, p. 39)	"The ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth." (Mayer and Salovey, 1997, p. 10)	"The subset of social intelligence that involves the ability to monitor one's own and others' feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions." (Salovey and Mayer, 1990, p. 189)	"Marketers' ability to use emotions to facilitate interactions with customers." (Kidwell et al., 2011, p. 78) Note: The theoretical background and measure development are based on Mayer and Salovey's (1997) definition.	"The ability to perceive accurately, appraise, and express emotion; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotion and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth." (Mayer and Salovey, 1997, p. 10)
Number of Items, Subscales, Dimensions	72 items, 18 subscales, 4 dimensions	133 items, 15 subscales, 5 dimensions	153 items, 15 subscales, 4 dimensions	16 items, 4 dimensions	33 items, 1, 3, or 4 dimensions (unclear)	15 items, 4 dimensions	141 items, 8 subscales, 4 dimensions
Domain	Organizations	General (i.e., corporate, educational, clinical, and medical settings)	General	General and organizations	General	Marketing exchanges (i.e., buyer–seller relationships)	General
Response Format	Scale -Self-report -Manager and peer report	Scale -Self-report	Scale -Self-report	Scale -Self-report -Manager and peer report	Scale -Self-report	Performance test for salespeople	Performance test for individual

Table 3-2: Summary of Extant Measures of Emotional Competence
(*continued*)

Scale Name and Authors	ECI (Boyatzis et al., 2000)	EQ-i (Bar-On, 1997)	TEIque (Petrides and Furnham, 2003)	WLEIS (Wong and Law, 2002)	SSRI (Schutte et al., 1998)	EIME (Kidwell et al., 2011)	MSCEIT (Mayer et al., 2003)
Dimensions and Subscales	**Self-Awareness** 1. Emotional awareness 2. Accurate self-assessment 3. Self-confidence **Self-Management** 4. Emotional self-control 5. Transparency 6. Adaptability 7. Achievement 8. Initiative 9. Optimism **Social Awareness** 10. Empathy 11. Organizational awareness 12. Service orientation **Relationship Management** 13. Developing others 14. Inspirational leadership 15. Change catalyst 16. Influence 17. Conflict management 18. Teamwork and collaboration	**Intrapersonal** 1. Emotional self-awareness 2. Assertiveness 3. Self-regard 4. Self-actualization 5. Independence **Interpersonal** 6. Empathy 7. Social responsibility 8. Inter-personal relationships **Adaptability** 9. Reality-testing 10. Flexibility 11. Problem solving **Stress management** 12. Stress tolerance 13. Impulse control **General mood** 14. Optimism 15. Happiness	**Well-Being** 1. Self-esteem 2. Happiness 3. Optimism **Self-Control** 4. Emotion regulation 5. Stress management 6. Impulsiveness (low) **Emotionality** 7. Emotion perception 8. Emotion expression 9. Relationship skills 10. Empathy **Sociability** 11. Social competence 12. Emotion management 13. Assertiveness [*The following subscales do not belong to any particular factor and are directly included in the total score.*] 14. Adaptability 15. Self-motivation	**Self-Emotion Appraisal** **Other-Emotion Appraisal** **Use of Emotion** **Regulation of Emotion**	**Mood Regulation** **Appraisal of Emotions** **Social Skills** **Utilization of Emotions**	**Perception of Emotion** **Emotional Facilitation** **Understanding Emotion** **Managing Emotion**	**Perception of Emotion** 1. Emotional perception in faces 2. Emotional perception in pictures **Emotional Facilitation** 3. Using emotions in synaesthesia (=translating feelings) 4. Using emotions in facilitating thought **Understanding Emotion** 5. Understanding emotional changes across time 6. Understanding emotional changes across blends **Managing Emotion** 7. Managing emotions in oneself 8. Managing emotions in relationships

Although customer evaluations of employee behaviors clearly are key determinants of customer evaluations of the service encounter (Parasuraman, 2010), we are not aware of any studies that have asked customers to report on EEC. The lack of such studies may be in large part due to the existing conceptualization of EEC from an internal perspective. We consider several existing EC scales next, which demonstrates that they are difficult to apply when capturing customer evaluations of EEC in service encounters.

The first three scales in Table 3-2 (i.e., ECI, EQ-i, TEIque) include many items (between 72 and 153) and do not feature a well-accepted definition of EC. Bar-On's (1997) EQ-i scale provides an overall EC score and scores for five EC dimensions, with 15 subscales. Despite its widespread use, it is not clear how each of the dimensions in this scale relates conceptually to EC. Furthermore, EQ-i includes several unrelated subscales (e.g., reality testing) and neglects some relevant dimensions (e.g., emotion perception) that appear in Mayer and Salovey's (1997) definition of EC. Because the EQ-i measure encompasses a broad conceptualization, it does not appear particularly helpful in diagnosing employee behaviors in service encounters. The ECI, developed by Boyatzis, Goleman, and Rhee (2000), is popular in human resources management literature but lacks scientific validity; for proprietary reasons, its developers have not allowed other researchers to evaluate the ECI. Thus, few independent, peer-reviewed assessments of its reliability and validity have been undertaken or published (Conte, 2005).

Two other scales of EC suffer limitations in terms of their use in service encounters. The SSRI measure, developed by Schutte and colleagues (1998), measures EC in general in people's private lives (e.g., "emotions are one of the things that make my life worth living"). Therefore, the items cannot demonstrate employees' EC in discrete service encounter contexts. In addition, we have no clear information about the dimensionality of this scale. The WLEIS measure (Wong and Law, 2002) is short, exhibits good psychometric properties, and

relies on self-reports by the employee. Adaptations of the WLEIS allow its use by peers and supervisors, by modifying the wording (e.g., replacing "I really understand what I feel" with "The employee really understands what he/she feels"). Even with these advantages though, the use of WLEIS to assess EEC during customer-employee interactions can be problematic for two reasons. First, customers may have difficulties in assessing several dimensions of this measure, such as the employee's ability to appraise his or her own emotions (e.g., "the contact employee really understands what he/she feels"). Second, the measure excludes some relevant dimensions of EC. For example, the ability to regulate others' emotions is a key element of EC but does not appear in the WLEIS measure.

In summary, a review of leading instruments used to measure EC suggests a need for a short, reliable, and valid customer-based measure of EEC that applies to discrete service encounters. We therefore attempt to develop such a measure.

3.4   Developing a customer-based measure of EEC

To develop a reliable, valid, customer-based measure of EEC, we adopt the scale development process recommended by Netemeyer, Bearden, and Sharma (2003), which consists of five stages: (1) specification of the construct domain through a literature review and qualitative study, (2) item generation and verification of content validity, (3) questionnaire development and data collection, (4) scale purification, and (5) assessment of scale reliability and validity.

3.4.1   Stage 1: Specifying the construct domain

To develop a customer-based measure of EEC, we examined commonly cited definitions and measures of EC in social and organizational psychology literature (see Table 3-2). As a starting point, we used Mayer and Salovey's (1997) definition of EC. Recall that

their conceptualization, which we have adapted to capture the customer perspective on employee behaviors in service encounters, includes four dimensions: *perception*, *use*, *understanding*, and *regulation* of customer emotions.

In a qualitative study, we then pursued four objectives: Explore which aspects of EEC are salient for customers during service encounters, investigate whether there is support for the four-dimensional structure of EC applied to contact employees, identify potential new dimensions that do not emerge from the literature review but that may be salient in service encounter contexts, and generate items for each dimension (Churchill, 1979). We conducted in-depth interviews with 13 respondents, recruited through a network of acquaintances, which is more than the recommended minimum of eight to ten respondents (Calder, 1977). Care was taken to select respondents who varied in their gender, age, and education level and who displayed relative heterogeneity in their use of service types and providers. Each interview lasted 60–90 minutes, and all interviews were recorded and transcribed. Respondents described employee behaviors during one or two different service encounters in which they had experienced negative emotions, such that we gathered detailed descriptions of 18 encounters. These emotionally charged service encounters were our focus because they are more likely to (1) elicit specific emotional needs that require the attention of employees (Price et al., 1995a), (2) be memorable for the customer (Price et al., 1995b), and (3) influence important outcomes, such as overall satisfaction (Grace, 2007). In addition, when something goes wrong during an emotionally charged service encounter, the customer often pays considerable attention to the employee and the service process (i.e., how the employee handles the situation and responds; Parasuraman 2010).

After describing the service encounter in which they had experienced negative emotions, respondents explained their emotional state before, during, and after the encounter, as well as why they experienced these emotions. Then we asked the respondents to evaluate if

and to what extent the employee displayed emotionally competent behaviors and the impact of the presence or absence of these behaviors on the service encounter experience. The reported encounters occurred any time from a few months prior to the interview to more than 20 years prior. Most of the services cited were highly intangible and complex and involved high consumer stress (e.g., medical services).

To analyze the interview data, we used a two-stage content analysis. First, we read and examined the transcripts several times, highlighting any key phrases. The goal was to identify recurring thoughts, ideas, and perceptions that each respondent had when discussing EEC or related concepts (Dagger et al., 2007; Gremler and Gwinner, 2000). Second, we identified key responses related to the dimensionality of EEC and its relationship with customer outcomes, such as satisfaction and behavioral intentions.

In the content analysis of the transcripts, we found support for a three-dimensional structure of EEC, as the statements in Table 3-3 indicate. The respondents were aware of and considered important the abilities of employees to perceive (e.g., "She recognized [by] the tone of my voice that something wrong was going on"), understand (e.g., "It was important to me that the doctor … understood why I was so anxious"), and regulate (e.g., "She really tried to manage the nervousness among the passengers") their emotions. The respondents also could distinguish among these three dimensions; some even reported employee competence on one dimension (e.g., "The secretary has without doubt perceived my emotions") but incompetence on others (e.g., "The secretary failed to understand my emotions … and to make me feel better").

Table 3-3: Illustrative Comments Regarding Employee Emotional Competence from In-Depth Interviews

Ability to perceive customer emotions

I didn't have the impression that this specialist perceived the extent to which I needed to be reassured. (Woman of 60, discussing a hematologist)

This architect didn't notice the way I was behaving [*which should have indicated*] that I was not at all in favor of his project. (Woman of 31, discussing an architect)

She recognized by the tone of my voice that something wrong was going on. (Man of 46, discussing a dentist)

For, me, it was important that my dentist perceived my emotions. When he saw that I was worried, he explained me what he would do to solve the problem to reassure me (Woman of 47, discussing a dentist)

Ability to understand customer emotions

It was important to me that the doctor fully listened to my story to understand why I was so anxious. He could have had all the medical information needed just by looking at the blood analyses. However, by looking at the blood analyses, he could not have perceived that I was anxious nor understood why I was so anxious. (Woman of 60, discussing a hematologist)

I had the impression that the call centre operator was attentive to my emotions. Besides, he told me that his colleague who will take care of my case was a mother and that she could perfectly understand what a mother can feel when her child is sick. (Woman of 49, discussing a call centre operator in an insurance company)

I need to feel understood by my doctor, to feel at ease because it is a relationship based on trust. I need to feel that I can tell her what I feel, think, and experience because she can listen to and understand it (Woman of 42, discussing a doctor)

Ability to regulate customer emotions

She really tried to manage the nervousness among the passengers of the airplane as much as she could. (Woman of 35, discussing an air flight attendant)

It's really important that the dermatologist is able to reassure me. (Man of 30, discussing a dermatologist)

He looked severe and austere. He didn't reassure me. He asked me to lie down on the table but he didn't ask me [*any*] questions at all! At that moment, I thought: he doesn't fit me at all; it is not what I expect from an osteopath. A good osteopath has to have the capacity to guess my emotions, to feel my emotions, and to demonstrate empathy. (Man of 50, discussing an osteopath)

I was totally panicked because my flight was cancelled and there was no flight left. The check-in agent tried to make me forgetting my panic. She reassured me by demonstrating compassion. I was really relieved to meet her because I was unhopeful. (Woman of 22, discussing a check-in agent)

We did not find support for the fourth dimension, namely, the use of emotions. The original definition of this dimension refers to intrapersonal EC (see Table 3-1), so perhaps it should not be surprising that it did not emerge in our study. Customers are more likely to observe and value interpersonal EC than intrapersonal EC. This dimension also is conceptually redundant with the three other dimensions (Joseph and Newman, 2010), particularly the regulation dimension, and lacks empirical support for its existence as a separate dimension (Giardini and Frese, 2006; Gignac, 2005; Palmer, Gignac, Manocha, and Stough, 2005; Rossen, Kranzler, and Algina, 2008).

Our analysis of the qualitative data, as summarized in Table 3-3, provides support for a three-dimensional structure of EEC: (1) perception of emotions, (2) understanding of emotions, and (3) regulation of emotions. Guided by our review of the EC literature and its relation to employee behaviors in service encounters, as well as the findings of our qualitative study, we therefore define EEC as customer perceptions of employees' abilities to perceive, understand, and regulate customer emotions in a service encounter to ensure harmonious encounters. In the next stage, we develop items for a customer-based EEC measure that uses this definition.

3.4.2 *Stage 2: Generating scale items and establishing content validity*

From our literature review and qualitative study, we generated a list of items that might capture the three dimensions of EEC from the customer's perspective. In particular, we identified existing measures of EC and selected and adapted them to refer to employees' ability to perceive, understand, or regulate other people's emotions. We also asked the respondents from the qualitative study to identify employee behaviors that were observable and demonstrated an employee's ability to perceive, understand, or regulate customer emotions.

In total, we generated a list of 80 items, which we then examined for content validity, or "the degree to which elements of a measurement are relevant to and representative of the targeted construct for a particular assessment purpose" (Netemeyer et al., 2003, p. 86). To accomplish this task, we provided 11 scholars (i.e., doctoral candidates and professors from psychology and marketing departments) with our definition of EEC and its three dimensions and instructed them to rate the conciseness, representativeness, specificity, and clarity of each item (DeVellis, 2003; Netemeyer et al., 2003). The use of experts to assess the adequacy of a scale's domain is common practice in marketing (e.g., Sweeney and Soutar, 2001); traditionally, at least ten experts should evaluate the content validity of a new scale (e.g., Spake, Beatty, Brockman, and Crutchfield, 2003). Our experts qualitatively (i.e., written reports of the conciseness, specificity, and clarity of each item) and quantitatively (i.e., evaluation of the representativeness of each item on a five-point Likert scale) assessed the items (Netemeyer et al., 2003). Thus we identified items that needed to be deleted or refined. Items deemed unrepresentative by two or more experts and/or called lengthy, nonspecific, or unclear by at least one expert in the written report were deleted. Thus we deleted 33 items, leaving a refined item pool of 47 items.

3.4.3   *Stage 3: Developing the questionnaire and collecting data*

To assess the adequacy of the remaining items, we constructed a questionnaire that asked respondents to think about an emotionally charged service encounter they had experienced and respond to questionnaire items about that specific encounter. All information was collected anonymously, to encourage respondents to share personal or intimate situations (e.g., service encounter with a physician). We adopted the common practice of using convenience samples (Bougie, Pieters, and Zeelenberg, 2003; Menon and Dubé, 2004; Schoefer and Diamantopoulos, 2009). With two different samples, we collected 144

questionnaires from college students and 167 from staff members of a business school. After removing unusable questionnaires (i.e., more than 10% missing values, (Hair, Black, Babin, Anderson, and Tatham, 2006)), we retained 112 usable questionnaires from the students and 135 from the staff members (n = 247). The mean age of the respondents was 34 years, and 66% were women. On average, the reported incident happened 1.5 years prior, lasted some 30 minutes, and featured a male service employee in 56% of cases. Six sectors accounted for 75% of the reported critical incidents: medical services (29%), retailing (16%), public services (10%), home repair services (8%), hotels/restaurants (7%), and banking/insurance services (5%). Finally, face-to-face interactions were the most frequent type of communication represented (82%), compared with voice-to-voice (17%) or e-mail (1%) interactions.

The data collection relied on an online questionnaire with the set of 47 EEC items that remained after Stage 2. The instrument aimed to measure the three identified dimensions of EEC. To support assessments of discriminant and predictive validity of the construct, the respondents also responded to a series of additional items.

Specifically, to assess discriminant validity, we included measures of two dimensions of employee interpersonal abilities—employee empathy and employee assurance—from the SERVQUAL scale (Parasuraman, Berry, and Zeithaml, 1991). We also included measures of customer perceptions of the ability of employees to establish rapport (Gremler and Gwinner, 2000) and employee positive and negative affectivity (Watson, Clark, and Tellegen, 1988); each of these constructs relates to but is conceptually distinct from EEC.

To evaluate predictive validity, we included components of the service encounter experience, operationalized as "the service encounter and/or service process that creates the customer's cognitive, emotional and behavioral responses which result in a mental mark, a memory" (Edvardsson, 2005, p. 129). These components include measures of encounter

satisfaction (van Dolen et al., 2004), positive and negative emotions (van Dolen et al., 2004), and loyalty intentions toward the company (Zeithaml et al., 1996). We also included measures of affective commitment (Gruen, Summers, and Acito, 2000; Verhoef, 2003) and loyalty intentions toward the employee, adapting measures from Patterson and Smith (2003) and Zeithaml, Berry, and Parasuraman (1996). This final set of items enabled us to capture situations in which respondents might have differential loyalty to the company versus toward the employee. We used seven-point Likert scales for the discriminant and predictive validity measures (see Appendix C). For each measure, we selected at least three items but excluded reverse coded items, for length and validity reasons. The descriptive analyses show that skewness and kurtosis are limited and for most items are less than |2|, in support of the normality of our data.

3.4.4   *Stage 4: Purifying the scale with exploratory and confirmatory factor analyses*

Before conducting an exploratory factor analysis, we tested for invariance in the measurement model across the two samples (students and employees) with a multigroup analysis Byrne, 1998 in LISREL (Jöreskog and Sörbom, 1993). This analysis enables us to determine if the measurement model depends on respondent characteristics (i.e., student versus employee). To establish a baseline, we used a model with all measurement parameters constrained to invariance; then we relaxed the constraint for each indicator, one at a time, to determine if doing so resulted in a significant increase in the model's chi-square value. However, we observed no significant chi-square value increase. Therefore, the samples can be aggregated, because the measurement model does not differ significantly between them. An inspection of interitem correlations resulted in the removal of eight items with correlations below .40. In total, we retained 39 items after this analysis.

We conducted an exploratory factor analysis in SPSS with these 39 EEC items to explore the dimensionality of the scale and reduce the number of items in the scale further, such that the remaining items would maximize explained variance and the scale's reliability (Netemeyer et al., 2003). Because a principal components analysis mixes common, specific, and random error variances, we used principal axis factoring instead (Netemeyer et al., 2003).

To identify the number of factors, we relied on the scree plot test and determined the amount of variance explained. Both the scree plot test and the amount of variance explained suggested a three-factor structure, accounting for 60.7% of the variance. To facilitate the interpretation of the factors and ensure the item retention and deletion decisions were meaningful, we rotated the factors. The goal of an exploratory factor analysis for scale development is to determine the degree to which multiple dimensions correlate, so we used an oblique rotation method (direct oblimin) (Netemeyer et al., 2003).

After undertaking a three-dimensional principal axis factor analysis with the 39 EEC items and oblique rotation, we perceived a three-factor pattern. In line with the procedure suggested by Netemeyer, Bearden, and Sharma (2003), we undertook an iterative deletion of 23 items that had low loadings (<.50) and/or low communalities (<.50) (Hair et al., 2006). Thus 16 items remained. A final exploratory principal components analysis of the reduced set of 16 items revealed a clear three-factor pattern that explained 74.4% of the variance (see Table 3-4).

Table 3-4: Exploratory and Confirmatory Factor Analyses

	Exploratory Factor Analysis			Confirmatory Factor Analysis	
	Factor 1 PCE	Factor 2 UCE	Factor 3 RCE	Loading	t-Value
Perception of Customer Emotions (PCE)					
The employee was altogether capable of recognizing that I was upset.	.90			.92	18.20
The employee was altogether capable of perceiving how I was feeling.	.90			.91	17.79
The employee was altogether capable of identifying the emotional state I was in.	.88			.87	16.62
The employee was fully aware of my emotional state.	.74			.73	12.86
The employee perfectly interpreted my emotions.	.67			.72	12.55
Understanding of Customer Emotions (UCE)					
The employee perfectly understood the reasons why I was upset.		.84		.89	16.94
The employee perfectly understood the reasons for my feelings.		.84		.87	16.39
The employee perfectly understood why I was bothered.		.81		.85	15.56
Regulation of Customer Emotions (RCE)					
The employee had a very positive influence on me.			.90	.88	16.92
The employee did everything to make me feel well.			.86	.87	16.63
The employee behaved tactfully to make me feel better.			.86	.85	16.12
I felt completely supported by the employee.			.83	.83	15.46
The employee positively influenced the way I was feeling.			.82	.80	14.44
By his behavior, the employee calmed me down.			.76	.79	14.30
I felt that the employee listened and understood me.			.75	.76	13.42
The employee understood that the kind of emotions I was experiencing were normal.			.56	.63	10.48
Eigenvalue	7.5	3.1	1.3		
% of variance explained	46.9	19.1	8.4		
% of cumulative variance	46.9	66.1	74.4		
Cronbach's alpha	.91	.91	.93		
Composite reliability	.94	.94	.94		

Note: Loadings of less than .25 are not shown to improve readability.

With this 16-item EEC measure, we used the data set to compare a series of alternative models in LISREL (Jöreskog and Sörbom, 1993), employing confirmatory factor analyses, which are commonly accepted methods to test and confirm scale dimensionality (Netemeyer et al., 2003). Specifically, we compared:

- A one-factor model;

- A two-factor model that combines perception and understanding of customer emotions into a single dimension (i.e., appraisal of customer emotions) and adds regulation of customer emotions, noting that emotion appraisal may encompass the ability to both perceive and understand other people's emotions (Law et al., 2004); and

- A three-factor model.

The results of this comparison, as we detail in Table 3-5, support the proposed three-factor solution of employee perception, understanding, and regulation of customer emotions. Not only does this model have the lowest χ^2 (234.21), highest goodness-of-fit index (GFI = .89), highest normed fit index (NFI = .92), and highest confirmatory fit index (CFI = .95), it also has a good root mean square error of approximation (RMSEA = .075). The results of the confirmatory analysis for the three-dimensional structure in Table 3-4 show that all items load at least at .63 on their respective constructs, with a minimum t-value of 10.48. For newly developed scales, factor loadings greater than .45 are generally considered reasonable (Netemeyer et al., 2003), and loadings above .70 are required for well-established scales.

Table 3-5: Comparative Analysis of Alternative Models

Model	χ^2	Degrees of Freedom	Goodness-of-Fit Index	Root Mean Square Error of Approximation	Normed Fit Index	Comparative Fit Index
One-factor	2176.33	104	.46	.292	.54	.56
Two-factor	602.77	103	.76	.144	.82	.85
Three-factor	234.21	101	.89	.075	.92	.95

3.4.5 Stage 5: Assessing reliability and validity

We find strong support for the reliability of our EEC scale. Composite reliability is .94 for each of the three EEC dimensions, and the Cronbach's alphas for perception, understanding, and regulation of customer emotions are .91, .91, and .93, respectively (see Table 3-4). Construct validity, which refers to "how well a measure actually measures the construct it is intended to measure" (Netemeyer et al., 2003, p. 11), comprises three important components: convergent, discriminant, and predictive validity.

Convergent validity is "the extent to which independent measures of the same construct converge, or are highly correlated" (Netemeyer et al., 2003, p. 86). As we show in Table 3-6, our EEC measure attains convergent validity, because the average variance extracted (AVE) clearly exceeds .50 for all dimensions, ranging from .83 to .92 (Fornell and Larcker, 1981). We further test for the convergent validity of the three dimensions by examining their correlations, which range from .38 to .57 (see Table 3-6). This analysis supports the convergent validity of the scale, because the dimensions share a moderate proportion of variance.

Table 3-6: Correlation Matrix

	M	SD	CR	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
1. Perception of customer emotions	3.53	1.54	.94	**.86**														
2. Understanding of customer emotions	3.78	1.76	.94	.57***	**.92**													
3. Regulation of customer emotions	1.96	1.11	.94	.38***	.39***	**.83**												
4. Empathy	2.95	1.50	.89	.30***	.38***	.57***	**.81**											
5. Assurance	2.52	1.45	.94	.23***	.21**	.63***	.54***	**.94**										
6. Negative affectivity	3.82	1.91	.81	-.01	-.12	-.42***	-.36***	-.45***	**.92**									
7. Positive affectivity	3.70	1.40	.92	.23***	.20**	.42***	.51***	.33***	-.19**	**.78**								
8. Rapport—enjoyable interaction	2.10	1.25	.90	.26***	.25***	.72***	.57***	.66***	-.45***	.43***	**.86**							
9. Rapport—personal connection	1.70	1.05	.91	.31***	.30***	.68***	.58***	.48***	-.32***	.39***	.66***	**.88**						
10. Positive emotions after the encounter	1.99	1.24	.86	.15*	.12	.44***	.32***	.43***	-.17*	.29***	.39***	.30***	**.87**					
11. Negative emotions after the encounter	3.09	1.46	.73	.09	-.10	-.17**	-.11	-.22**	.25**	.02	-.17**	-.09	-.05	**.66**				
12. Affective commitment to the employee	1.86	1.25	.95	.26***	.19**	.66***	.46***	.60***	-.34***	.39***	.62***	.58***	.45***	-.11	**.94**			
13. Service encounter satisfaction	1.63	1.12	.95	.30***	.28***	.72***	.52***	.58***	-.32***	.41***	.68***	.65***	.56***	-.19**	.72***	**.92**		
14. Loyalty intentions toward the company	2.98	1.64	.95	.07	.08	.27***	.27***	.35***	-.17**	.23***	.25***	.27***	.34***	-.10	.52***	.43***	**.90**	
15. Loyalty intentions toward the employee	2.16	1.52	.97	.21**	.17*	.58***	.42***	.59***	-.29***	.39***	.55***	.53***	.47***	-.13	.82***	.67***	.53***	**.93**

Notes: M = Mean; SD = Standard deviation; CR = Composite reliability.

Square root of average variance extracted (AVE) is in bold on the diagonal.

The first three variables represent the construct of employee emotional competence.

Constructs 4–9 test for discriminant validity. Constructs 10–15 test for predictive validity.

*** Correlation is significant at the .001 level.

** Correlation is significant at the .01 level.

* Correlation is significant at the .05 level.

Discriminant validity refers to "the extent to which measures diverge from other operationalizations from which the construct is conceptually distinct" (Netemeyer et al., 2003, p. 86), and we assess it in two ways. First, we assess the discriminant validity among the three dimensions of EEC. For each pair, we check that the square root of the AVE of each dimension is greater than the correlation between any two dimensions. This requirement is met for all pairs of dimensions, and the square root of the AVE ranges from .83 to .92, which consistently exceeds the correlation values (maximum correlation = .57, see Table 3-6). Second, respondents reported their perceptions of employee assurance and empathy (Parasuraman et al., 1991), rapport (Gremler and Gwinner, 2000), and employee positive and negative affectivity (i.e., extent to which a person feels enthusiastic versus sad) (Watson et al., 1988), and we used these responses to evaluate the discriminant validity of EEC with other related constructs[4]. Again in terms of Fornell and Larcker's (1981) criterion, we find that for all pairs of constructs (i.e., between each dimension of EEC and all other related constructs used to test discriminant validity), the square root of the AVE exceeds the correlations, ranging from .78 to .94. Thus we have good evidence of discriminant validity (Hair et al., 2006).

The predictive validity of a measure is defined as its "ability to effectively predict some subsequent and temporally ordered criterion" (Netemeyer et al., 2003, p. 86). Therefore, we estimated a model in LISREL in which the independent variable was EEC and the dependent variables were positive and negative customer emotions after the encounter (Hennig-Thurau et al., 2006; Schoefer and Diamantopoulos, 2008b), affective commitment to the employee (Moorman, Zaltman, and Deshpande, 1992), service encounter satisfaction (van Dolen et al., 2004), and customer loyalty toward the company and employee (Oliver, 1999; Zeithaml et al., 1996) (see Figure 3-1). We chose these dependent variables to represent key

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[4] For a comparison between EEC and other related constructs, see appendix A

components of the service encounter experience; these variables also are influenced by customer perceptions of employee behaviors (e.g., Gremler and Gwinner, 2000).

Figure 3-1: Structural Equation Modeling Results
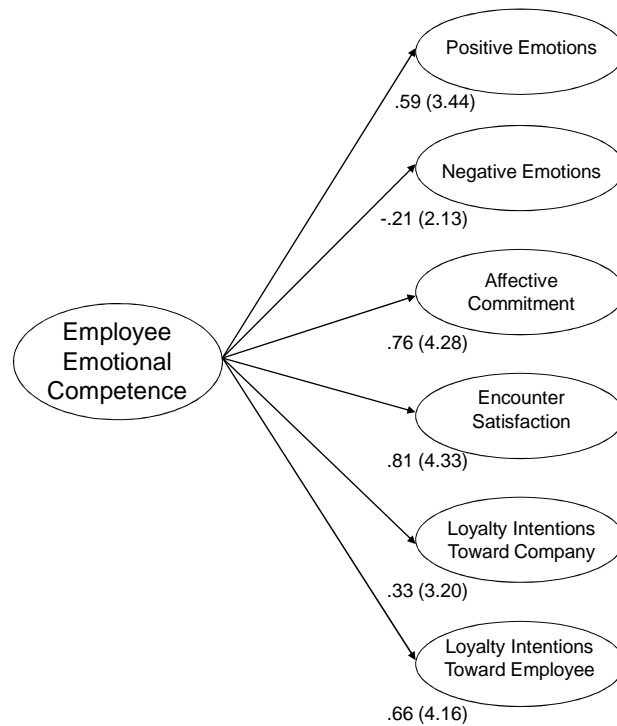
Notes: The numbers are path coefficients, and the t-values are in brackets.

All the dependent variables relate positively and significantly to EEC (path coefficients range from .33 to .81), with the exception of negative emotions after the encounter, which is negatively predicted by EEC (path coefficient = –.21). Therefore, our EEC measure meets the requirements for predictive validity, because EEC correlates strongly with customer emotional responses, affective commitment, service encounter satisfaction, and loyalty intentions toward the employee and company.

3.5 Discussion

The role of customer emotions in service encounters has received greater attention in recent service literature (Mattila and Enz, 2002), yet little attention has focused on understanding which employee behaviors and attitudes might enhance customer emotions and evaluations during service encounters. We focus on employee emotional competence, a construct that thus far has remained underexplored in service literature.

Despite recognition that EEC can be important in service encounters, the effective diagnosis and management of service encounters has been hampered by the absence of (1) a conceptualization of EEC that is appropriate for service encounters; (2) a concise, customer-based measure of EEC; and (3) an evaluation of the impact of EEC on customer perceptions during service encounters. Customer perceptions of employees during service encounters largely determine customer satisfaction and loyalty (Bitner, 1990), so we contend that customer perceptions of EEC are of utmost importance. In contrast with previous EEC studies with an internal perspective, we espouse a customer perspective of EEC and develop and validate a customer-based measure that predicts variables of great interest to service managers.

We define EEC as customers' perceptions of employees' abilities to perceive, understand, and regulate customer emotions in a service encounter to ensure harmonious encounters. With the measure we propose, customers can assess EEC in service encounters; this measure achieves discriminant, convergent, and predictive validity. Thus, customers evaluate EEC on three conceptually and empirically distinct dimensions that refer to employees' abilities to perceive, understand, and regulate customer emotions. Perception of customer emotions reflects whether customers believe the employee can identify emotions in these customers, based on the language they use, their appearance, and their behavior. This ability is crucial, because the emotions customers express convey information about their

needs (Schwarz and Clore, 1983). The second dimension, understanding of customer emotions, refers to an employee's ability to recognize and interpret the causes of customers' emotions. That is, employees must not only perceive emotions but also understand their meaning. Finally, regulation of customer emotions refers to the employee's ability to manage emotions by mitigating negative feelings and enhancing pleasant ones among customers.

We do not find support for the use of emotions dimension, which social psychology literature defines as the ability to use emotions to facilitate thought and assist reasoning, as well as direct emotions toward constructive activities. We consider two reasons we failed to find support for this dimension. First, unlike the other three dimensions of EC, which include both intra- and interpersonal perspectives, the use of emotions only relates to intrapersonal EC. Thus its application to a service encounter may be difficult, because an encounter inherently assumes some interpersonal component, from the customer perspective. Second, this dimension may be redundant with the other dimensions, particularly the regulation of emotions (Giardini and Frese, 2006; Gignac, 2005; Palmer et al., 2005; Rossen et al., 2008). In previous studies, use of emotions may be simply a strategy to regulate emotions.

In addition, our study shows that EEC influences key variables of interest of service managers, such as affective commitment to an employee, service encounter satisfaction, and loyalty to the employee and company. These variables are key outcomes for a service encounter, and the service encounter is key in creating overall customer perceptions of the service firm Bitner, 1990. Therefore, customer perceptions of EEC during service encounters should merit additional attention from both researchers and practitioners.

3.5.1   *Research implications*

By conceptualizing and measuring customer perceptions of EEC in a service encounter context, this study builds a bridge between social and organizational psychology

and service literature. Service researchers thus far have had to rely on definitions and scales developed by psychologists, all of which use an internal perspective, to predict organizational outcomes. Our conceptualization and measure contributes to service literature by providing a means to define and measure EEC specifically in service encounters. Our scale also offers a potential independent variable for researchers interested in predicting customers' emotional, cognitive, and behavioral responses to service encounters. By enabling researchers to examine the effects of EEC in service encounters, we provide a deeper understanding of the employee behaviors that are more likely to elicit favorable customer evaluations. Further studies should continue to deepen our understanding of the role of EEC in service encounters, such as by investigating the outcomes and drivers of EEC.

Although EC and technical competence are often compared (e.g., "this physician is technically competent and highly intelligent but he does not have any emotional sensibility"), there is limited understanding of how these two types of competencies interact. Does EC need to be combined with other specific abilities, such as technical competence, to enhance customer perceptions of the service encounter experience? What happens if an employee has high (versus low) technical competence but low (versus high) EC? What impact do the two types of competence have on a customer's service encounter experience? Answers to such questions would provide service managers with practical advice for managing encounters. A design that manipulates employee competencies could be particularly useful for gaining a better understanding of employee behaviors that affect customer perceptions during service encounters.

Further research also could investigate the specific behaviors employees might demonstrate so that they ensure they are perceived as emotionally competent by customers. In turn, managers can better train their employees to display these behaviors, which then should improve the customer experience in service encounters.

3.5.2 *Managerial implications*

Because employees that perceive, understand, and regulate customer emotions are more likely to fulfill customers' emotional needs during service encounters, our measure of EEC contributes to managerial practice in at least three ways. A measure of EEC enables managers to (1) observe and assess EEC in service encounters, (2) determine the correlation of EEC with outcomes of interest, and (3) use EEC in recruitment and training processes.

Studies in organizational psychology have demonstrated that EC can be taught, learned, and improved through training (e.g., Kotsou et al., 2011; Nelis et al., 2009). We further show that EEC can be observed and assessed in service encounters. Managers who want to improve the EC of their employees thus can rely on scientifically validated training programs (e.g., Kotsou et al., 2011). Our measure outlines EEC at the dimensional level, such that service managers can measure employee strengths and weaknesses more precisely and use this knowledge to design training to overcome EEC weaknesses. For example, if an employee earns a low score on her perception of customer emotions, she should undergo role playing exercises and observations of the physiological signs of emotions to improve her capabilities on this dimension. Service managers can also use our scale to track EEC over time and across employees. By tracking EEC over time for example, service managers gain insight into the returns on training, according to a customer perspective.

Because our findings demonstrate that EEC correlates with crucial customer outcomes, such as customer satisfaction and loyalty, service managers need to encourage employees to identify emotions on the basis of customers' language, appearance, and behavior (i.e., perception); recognize those emotions and interpret their causes (i.e., understanding); and manage customer emotions by moderating negative ones and enhancing pleasant ones (i.e., regulation). In so doing, they can improve interactions with customers and customer evaluations, such as affective commitment and service encounter satisfaction.

Finally, EEC should be considered during employee recruitment. A meta-analysis of employee selection methods suggests that the best procedures combine cognitive tests with work sample or personality tests (Hunter and Schmidt, 1998), but no existing scale has been available to determine a job applicant's ability to perceive, understand, and regulate customer emotions during service encounters. Service managers might assess candidates' EEC through role playing, such that the applicant must assume the role of an employee serving a customer who is experiencing negative emotions. At the end of the role play, both the person playing the customer and observers should complete the EEC scale, which should reveal the applicant's ability to perceive, understand, and regulate customer emotions.

3.5.3 *Limitations and further research*

As does any study, this research contains several limitations that suggest potential avenues for research. As recommended by Netemeyer, Bearden, and Sharma (2003), additional studies should confirm the validity of our proposed EEC instrument. Our understanding of EEC implies that it has the potential to affect customer evaluations of the service encounter experience in various service encounters. However, caution should be taken with regard to causality. We used cross-sectional data and a nonexperimental design, so we cannot make causal inferences from the results of this study.

Similarly, inferences of generalizability demand caution. We do not know if our findings generalize to all service encounters. Our study refers to emotionally charged service encounters; additional research therefore could investigate the role of EEC in more "traditional" service encounters (i.e., weakly or unemotionally charged service encounters) and/or hedonic service settings (e.g., visit to a wellness center). In the emotionally charged service encounters we studied, our respondents experienced negative emotions. The drivers and outcomes of negative emotions clearly differ from those of positive emotions, so we call

for research that focuses on the role of EEC in service encounters when customers experience intense positive emotions.

To overcome the limitations of the present study and to further investigate the role of EEC, the next chapter investigates in an experimental study the role of EEC compared to employee technical competence in emotionally charged service encounters when bad news is delivered.

4 DELIVERING BAD NEWS TO CUSTOMERS: THE ROLE OF EMPLOYEE EMOTIONAL AND TECHNICAL COMPETENCIES IN EMOTIONALLY CHARGED SERVICE ENCOUNTERS

Abstract

Service encounters can be emotionally charged for customers for example when retail employees have to deliver bad news to them. Little is known about which and to what extent employee competencies are valued by customers under those circumstances. This study examines main and interaction effects of two influential and frequently cited competencies—employee emotional competence (EEC) and employee technical competence (ETC)—on negative customer emotions, rapport, and encounter satisfaction. The results of an experiment suggest that EEC moderates the effect of ETC on customer outcomes such as negative emotions, rapport, and encounter satisfaction. Our results suggest managers should provide their employees with training to improve their emotional competence since it strengthens the impact of ETC on customer experience in emotionally charged service encounters; managers could also screen new employees on these competencies to help in hiring better qualified staff.

Keywords: Emotional competence, technical competence, negative customer emotions, emotionally charged service encounters, rapport, service encounter satisfaction

4.1 Introduction

4.1.1 Context

Creating a superior customer experience is one of the main objectives in today's business environments (Grewal, Levy, and Kumar, 2009; Mathwick, Malhotra, and Rigdon, 2001; Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros, and Schlesinger, 2009): it builds competitive advantage, and thus contributes to firm performance (Lusch et al., 2007). Customer experience could be improved by better managing critical service encounters (Parasuraman, 2010), particularly interactions during which customers feel negative emotions (Du, Fan, and Feng, 2011; Grace, 2007; McColl-Kennedy et al., 2009). Indeed, many contact employees (e.g., retail employees, airline hostesses, and call center customer service representatives) have to deal with negative customer emotions, especially when they have to announce bad news to customers (e.g., a product is sold out, not available, or not produced anymore; a flight has been cancelled; a defective product is no longer under warranty) (Berry and Bendapudi, 2007). Such interactions—which are often unavoidable and sometimes critical—are quite likely to be emotionally charged for customers and to produce harmful effects on the customer's experience.

4.1.2 Managerial motivation

Customers value appropriate employee responses to their negative emotions, which in turn can translate into higher customer satisfaction. Accordingly, retail businesses need to be concerned with the management of those emotions (Menon and Dubé, 2000, 2004). To compete through service, retail managers need to better understand which employee competencies are more likely to (a) temper negative customer emotions in emotionally charged service encounters (e.g., when bad news is delivered) and (b) enhance customer-employee rapport (Gremler and Gwinner, 2000) and service encounter satisfaction.

4.1.3   *Academic motivation*

Several studies have examined the relationship between employee attitudes, behaviors, and competencies and customer evaluations of the service encounter (e.g., Bettencourt, Brown, and Mackenzie, 2005; Brown and Lam, 2008; Menon and Dubé, 2000; van Dolen, Lemmink, de Ruyter, and de Jong, 2002). Unfortunately, employee competencies in dealing with emotionally charged service encounters have received limited attention (e.g., Brown and Kirmani, 1999; Grace, 2007). This is surprising since these encounters are more likely to (a) elicit specific customer emotional needs that require the attention of employees (Price et al., 1995a), (b) be memorable for the customer (Baumeister, Bratslavsky, Finkenauer, and Vohs, 2001), and (c) influence important outcomes of interest to the firm such as customer satisfaction (Grace, 2007). In emotionally charged service encounters, customers often watch employee behaviors closely because "customers want recognition of the uniqueness of their personal experience…[*and for*] providers to interact with them on the basis of their emotional state, rather than according to a standardized script" (Price et al., 1995b, p. 87).

Empirical research about the role of employee competencies in responding adequately to customer emotions (Menon and Dubé, 2000) and, ultimately, in affecting a customer's experience has emerged only recently (e.g., Du et al., 2011; Giardini and Frese, 2008; Hennig-Thurau et al., 2006; van Dolen et al., 2004). Hennig-Thurau et al. (2006) call for further research on the role of employees in dealing with negative customer emotions. In our study, employee competencies refer to "the degree to which one possesses the technical and interpersonal skills required for a job" (Kim, Dirks, Cooper, and Ferrin, 2006, p. 51). Accordingly, an employee can create a positive impression in customers by appearing both *interpersonally* and *technically* competent (Tedeschi and Norman, 1985). Prior research suggests both *employee emotional competence* (EEC)—a key component of employee interpersonal competence—and *employee technical competence* (ETC) are critical in dealing

with customer evaluations of service encounters (Berry and Bendapudi, 2007; Giardini and Frese, 2008; Grandey et al., 2005; Price et al., 1995b). However, little is known about how these competencies interact. More specifically, we investigate the potential moderating role of EEC (Baron and Kenny, 1986) on the relationship between ETC and customer outcomes. We thus investigate to what extent the presence of EEC influences the strength of the effect of ETC on customer evaluations of emotionally charged service encounters to help service managers to better manage them. In this study, we consider that employees can be perceived as emotionally competent to the extent that they are able to perceive, understand and regulate customer emotions (see Chapter 3) and as technically competent to the extent that they are able to be efficient, accurate, and knowledgeable (Parasuraman et al., 1991).

4.1.4 Contribution

We contribute to the retailing literature by developing a model that represents the effect of EEC and ETC on customer outcomes such as negative customer emotions, rapport, and customer satisfaction. These key constructs have rarely been included in research examining critical interactions such as emotionally charged service encounters. The use of an experimental research design enables us to investigate the cause-effect nature between employee competencies and various customer outcomes. This understanding will help retail managers to engineer effective employee responses in emotionally charged service encounters.

4.1.5 Approach

We first examine the central concepts of our study—namely, EEC and ETC—and discuss customer outcomes of employee competencies in service encounters: negative customer emotions, rapport, and service encounter satisfaction. A theoretical framework—in-

role and extra-role behaviors (Katz, 1964)—is used to develop hypotheses. Next, we describe the experimental design used. A two-way independent analysis of covariance (ANCOVA) tests the relationships of the conceptual model. Finally, we present the findings and their implications.

4.2   The role of employee competencies in service encounters

4.2.1   *Employee Emotional Competence*

A variety of interpersonal behaviors and competencies of contact employees have been identified in the literature, including listening behavior, communication skills, customer orientation, negotiation, adaptive selling, and conflict management (de Ruyter and Wetzels, 2000; Dean, 2007; Gwinner, Bitner, Brown, and Kumar, 2005; Mumford, Campion, and Morgeson, 2007), as well as emotional competence (Mayer and Salovey, 1997). Emotional competence is a key component of employee interpersonal competence—i.e., the ability to build and maintain relationships and to influence others (Hogan and Kaiser 2005; Mumford et al. 2007). Emotional competence refers to a set of emotional abilities (Mayer and Salovey, 1997) which result in observable emotionally competent behaviors (Giardini and Frese, 2008). We define employee emotional competence (EEC) as employee abilities to perceive, understand, and regulate customer emotions during service encounters to ensure harmonious interactions (see Chapter 3).

We have chosen to focus on EEC for three main reasons. First, EEC plays a key role in the development and maintenance of social relationships (Lopes, Salovey, Coté, and Beers, 2005) and a protective role during conflicts with others (Lenaghan, Buda, and Eisner, 2007). These direct consequences of EEC are key in building customer satisfaction and loyalty (Gremler and Gwinner, 2000; Schoefer, 2008). Moreover, social relationships established with customers serve as a switching barrier: customers may fear the loss of social bonds with

the employee if they were to change providers (Patterson and Smith, 2003). Also, employees (i.e., salespeople) with higher levels of EEC have been found to be more effective at customer-oriented selling, and are more likely to influence customer decisions and generate higher sales (Kidwell et al., 2011).

Second, customers can experience intense emotions during interactions with employees (Du et al., 2011; Hennig-Thurau et al., 2006)—especially in encounters during which bad news is delivered (Berry and Bendapudi, 2007). In such emotionally charged encounters, tempering negative customer emotions is important because research suggests that these emotions influence (a) customer evaluations of the encounter (Bagozzi et al., 1999; Mattila and Enz, 2002) and (b) how customers interact with employees (Puccinelli, Goodstein, Grewal, Price, Raghubir, and Stewart, 2009). Customers in a good mood are more likely to evaluate their service experience more favorably whereas a bad mood prompts them to evaluate the experience more negatively (Puccinelli et al., 2009). Customer emotions provide employees with crucial information about their emotional needs (Mattila and Enz, 2002). It is suggested that employee behaviors—such as positive emotional displays—are crucial in tempering negative customer emotions (Du et al., 2011). Therefore, employees with higher levels of EEC should be better able to perceive, understand, and regulate negative customer emotions and ultimately to influence customer evaluations of the encounter.

Third, EEC has elicited interest among social psychology scholars and human resources practitioners. However, EEC has received limited attention by retail scholars even though emotionally charged encounters require employees to engage in emotionally competent behaviors to adequately address customer emotions and emotional needs (Price et al., 1995b). Accordingly, EEC—being one particularly salient type of interpersonal competence for developing social relationships and influencing others (Verbeke, 1997)— should become an important aspect of the employee's performance.

4.2.2   *Employee Technical Competence*

Employee technical competence has been described as employees' abilities "to complete the tasks in their areas of expertise successfully" (Madhavan and Grover, 1998, p. 6). Employees influence customer perceptions of technical competence by being efficient, accurate, and knowledgeable (Parasuraman et al., 1991; Parasuraman et al., 1985). For example, employees are perceived as technically competent when they are methodically organized (van Dolen et al., 2004). When customers experience problems during the service process, they frequently count on the employee to provide advice and information requiring the "technical competence" (Madhavan and Grover, 1998; Moorman, Deshpandé, and Zaltman, 1993) that they lack to solve their problems (Johnson and Zinkhan, 1991).[5]

4.3   Customer outcomes of employee competencies

Some service encounters are highly emotionally charged for customers (Grace, 2007; Price et al., 1995a), such as for example service recovery encounters (Schoefer, 2008), encounters with an obstetrician (Price et al., 1995a), encounters with employees from an insurance company after an accident, or encounters during which bad news is delivered to customers (Berry and Bendapudi, 2007). When employees have to announce bad news to customers, this action can elicit intense negative emotions which, in turn, can influence the customer's experience. When the employee announces bad news, we contend that employee behaviors can make a significant difference. For instance, in healthcare, several scholars report that patients have significantly more negative (vs. positive) feelings toward medical staff when an employee delivers bad news in an inappropriate (vs. appropriate) manner (e.g., Girgis and Sanson-Fisher, 1998; Ptacek and Eberhardt, 1996). In the following section, we

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[5] While we use the term *technical competence* (Madhavan and Grover 1998; Moorman, Deshpandé, and Zaltman 1993) to contrast it with emotional competence, the literature often refers to the concept as simply 'competence' (e.g., van Dolen, de Ruyter, and Lemmink 2004) or 'technical skills' (e.g., Berry and Bendapudi 2007; Hennig-Thurau 2004).

focus on three major variables that have been shown to be key in influencing customer loyalty: negative customer emotions (Mano, 1999; Menon and Dubé, 2000), rapport (Gremler and Gwinner, 2000, 2008), and service encounter satisfaction (van Dolen et al., 2004; van Dolen et al., 2002).

4.3.1 Negative customer emotions

Emotion is "a mental state of readiness that arises from appraisals of events…[*and that*] may result in specific actions to affirm or cope with the emotion" (Bagozzi et al., 1999, p. 184). In this study we focus on negative customer emotions because they are often present in service encounters (McColl-Kennedy et al., 2009; Menon and Dubé, 2000) and because of their potential harmful impact such as customer dissatisfaction, negative word-of-mouth communication, and boycott of the firm (Grace, 2007; McColl-Kennedy et al., 2009). While it is recognized that employees can play a major role in tempering negative customer emotions (Menon and Dubé, 2000, 2004), little is known about which customer-perceived employee competencies might temper negative customer emotions. Also, we focus on negative emotions because of their dominance on individuals, called 'negativity bias' (Cacioppo and Berntson, 1994, p. 413). Indeed, in most situations, negative emotions are more salient, potent, and dominant than positive ones (Rozin and Royzman, 2001). Individuals have the propensity to attend to, learn from, and use negative information far more than positive information (Vaish, Woodward, and Grossmann, 2008). Scholars suggest negative emotions have more impact than positive ones, bad news is processed more thoroughly than good news, and negative impressions are quicker to form and more resistant to change than positive ones (Baumeister et al., 2001).

4.3.2   Rapport

Employees are often expected to have a smooth interaction and cultivate rapport with their customers to positively influence customer judgments about the encounter (Giardini and Frese, 2008; Gremler and Gwinner, 2000, 2008). People experience rapport when "they 'click' with each other or [feel] the good interaction to be due to 'chemistry'" (Tickle-Degnen and Rosenthal, 1990, p. 286). Gremler and Gwinner (2000, p. 90) describe rapport as "a customer's perception of having an enjoyable interaction with a service provider employee, characterized by a personal connection between the two interactants." We examine rapport because building rapport with customers (a) is a salient issue in many service encounters and (b) exerts a strong influence on customer satisfaction and loyalty (DeWitt and Brady, 2003; Gremler and Gwinner, 2000).

4.3.3   Service encounter satisfaction

Service encounter satisfaction is described as the customer's judgment about a discrete interaction with an employee that results from the evaluation of the events and behaviors occurring during that definable period of time (adapted from van Dolen, de Ruyter, and Streukens, 2008). Customer satisfaction is the result of a cognitive assessment of a customer's emotional experience, where customers consider whether product, service, and process needs are addressed (Hennig-Thurau et al., 2006; van Dolen et al., 2004). We examine service encounter satisfaction because of its influence on key outcomes such as word-of-mouth communication and repurchase intentions (Hennig-Thurau et al., 2006).

4.4   A conceptual model of the impact of employee competencies on customers

4.4.1   Impact of EEC on customer emotions

Customers have normative expectations with regard to employee responses to their emotions (Menon and Dubé, 2000). For instance, when a customer feels anxious, he/she expects employees to provide comfort and reassurance. In contrast, when a customer feels angry, he/she expects an immediate solution to the problem (Tracey, 1994). Employees with higher EEC should be better at perceiving and understanding customer emotions as well as at anticipating what to do to temper negative customer emotions and enhance positive ones (Giardini and Frese, 2008). These arguments suggest that, in emotionally charged service encounters, employees high in EEC should be able to create a positive atmosphere having an impact on tempering negative customer emotions during the encounter, leading us to formulate the following hypothesis:

H₁: In emotionally charged service encounters, a high level of EEC is negatively related to the intensity of negative customer emotions.

4.4.2   Impact of EEC on rapport

The theory of affect-as-information provides a useful framework to understand how employees with higher levels of EEC are better capable of establishing rapport with customers. The theory of affect-as-information holds that people often make judgments by asking themselves (implicitly), "How do I feel about it?" (Schwarz and Clore, 2003). According to this theory, individuals frequently use their emotions at the time of judgment as information. Affect plays an important role in social interactions and more specifically in service encounters (Grandey et al., 2005). In particular, when employees are interacting with a customer, employees draw on their current emotional state and ask themselves such questions as "How do I feel about it?" Consequently, when customers display emotions in service

encounters, employees who perceive and understand these take the necessary steps to ensure a positive climate and to ensure a smooth interaction—because customer emotions provide employees with important and useful information to successfully manage the interaction with the customer (Mattila and Enz, 2002). Therefore, in emotionally charged service encounters employees with higher levels of EEC should be better able to ensure a positive climate and establish rapport with customers. Accordingly, we expect the following:

H₂: In emotionally charged service encounters, a high level of EEC leads to greater customer perceived rapport than low EEC.

4.4.3   Impact of EEC on service encounter satisfaction

Employee interpersonal competence and behaviors (e.g., care, gratitude, warmth, listening behavior, and customer orientation) have been found to be related to customer satisfaction (Dagger et al., 2007; de Ruyter and Wetzels, 2000; Dean, 2007; Lemmink and Mattsson, 2002; Palmatier et al., 2009). We believe that EEC should be positively related to customer satisfaction in emotionally charged service encounters because an adequate appraisal and regulation of customer emotions can enable an employee to customize the service offering to better meet customer needs (Mattila and Enz, 2002; Puccinelli, Motyka, and Grewal, 2010). An appropriate appraisal of customer needs can help the employee to meet customer expectations in terms of service performance and, in turn, create customer satisfaction (Churchill and Surprenant, 1982). Accordingly, we contend that EEC—as a key component of employee interpersonal behaviors—should have an effect on service encounter satisfaction.

H₃: In emotionally charged service encounters, a high level of EEC leads to greater service encounter satisfaction than low EEC.

4.4.4 Impact of ETC on customer emotions, rapport, and service encounter satisfaction

ETC is important in meeting customer expectations because it enables a firm to deliver the core solution customers buy (Berry, Wall, and Carbone, 2006). Studies have shown that ETC exerts an influence on customer emotions (e.g., Price et al., 1995b), customer satisfaction with the relationship (van Dolen et al., 2004), customer commitment (Hennig-Thurau, 2004), service quality (Johnston, 1995), and overall customer satisfaction (Hennig-Thurau, 2004; van Dolen et al., 2004). Also, more specifically, in emotionally charged-service encounters, ETC has been found to have an impact on customer satisfaction (Arnould and Price, 1993; Price et al., 1995b). In line with those studies, we expect that:

H$_4$: In emotionally charged service encounters, a high level of ETC is negatively related to the intensity of negative customer emotions.

H$_5$: In emotionally charged service encounters, a high level of ETC leads to greater customer perceived rapport than low ETC.

H$_6$: In emotionally charged service encounters, a high level of ETC leads to greater service encounter satisfaction than low ETC.

4.4.5 Interaction effects between EEC and ETC: EEC as a moderator

The previous set of research hypotheses focused on the main effects of each type of competence. However, we also expect the two competencies to interact with each other; in particular, we anticipate the relationship between ETC and customer evaluations of emotionally charged service encounters may be moderated by EEC. Studies (Grandey et al., 2005; Nguyen and Leclerc, 2011) suggest that by investigating the interplay between technical competencies (i.e., ETC in our case) and interpersonal competencies (i.e., EEC in our case), we can have a better understanding of the processes affecting the customer experience. While it well established that ETC has an effect on customer experience (e.g., Moorman et al., 1993), the interpersonal behaviors of employees (such as EEC) appear to be a

condition of meeting customer expectations for labor-intensive, interactive services, because a favorable treatment of the customer is central to these service experiences (Berry et al., 2006). In emotionally charged-service encounters, ETC alone is not sufficient to meet customer expectations: the engineering of customer emotions by the employee (i.e., EEC) is also critical in meeting customer needs (Arnould and Price, 1993; Price et al., 1995b). For instance, when asked to describe their best and worst experiences with their doctors, many patients are more immediately concerned with the physician's "bedside manner" than with the physician's technical competence (Berry and Bendapudi, 2007). Even if patients meet a highly competent physician, they could likely be highly dissatisfied if the physician lacks emotional competence. In contrast, if the physician is not only technically competent but also emotionally competent, patients can be highly satisfied.

The theoretical framework of in-role versus extra-role behaviors (Katz, 1964) is useful to understand the potential interaction effect between EEC and ETC. In a service encounter context, *in-role behaviors* concern the task performance of an employee's formal job requirements in interacting with a customer while *extra-role behaviors* involve employee activities that aid the customer and the organization but are not explicitly required of employees (Maxham and Netemeyer, 2003). Based on these definitions, we believe that ETC may be considered as a facilitator of in-role behaviors and EEC as facilitator of extra-role of extra-role behaviors. Research has demonstrated that in-role behaviors have the greatest effect on customer evaluations of employee's performance when the employee performs extra-role tasks effectively (such as benevolence and employee smile authenticity) (e.g., Grandey et al., 2005; Nguyen and Leclerc, 2011).

To the light of these studies, we expect EEC to moderate the relationship between ETC and customer outcomes in emotionally charged service encounters. We hypothesize that,

in emotionally charged service encounters, EEC enhances the relationship between ETC and

customer emotions, rapport, and satisfaction.

H_7: In emotionally charged service encounters, when EEC is high, ETC has a stronger effect

on customer outcomes in the form of...

    H_{7a} less negative customer emotions,

    H_{7b} greater perceived rapport,

    H_{7c} greater service encounter satisfaction.

Our hypotheses are summarized graphically in the conceptual model depicted in Figure 4-1.

Figure 4-1: A Conceptual Model of Employee Competencies and Customer Outcomes
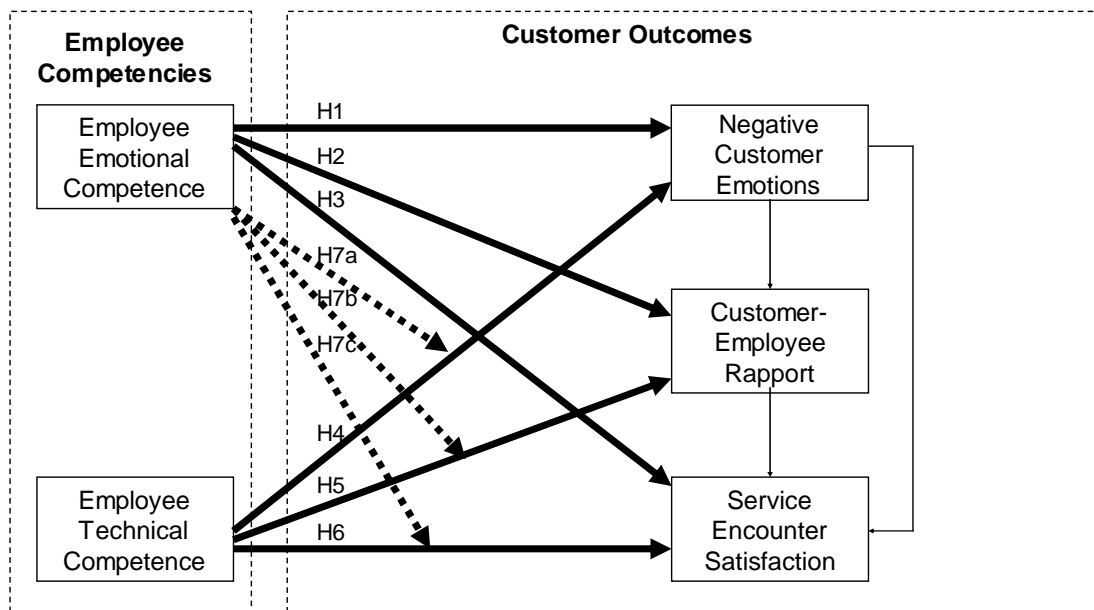
Notes: Since the paths depicted by the thick arrows (each with an associated hypothesis number)
are the ones of primary interest in this study, only the analyses of these relationships will be
reported. The relationships depicted by the thin arrows have been hypothesized and tested in the
model developed by Hennig-Thurau et al. (2006).

4.5   Research design

4.5.1   *Method*

To investigate the relationships between EEC, ETC, and the various outcomes mentioned earlier, we used a 2 x 2 between-subjects full factorial design in which simulated service encounters were videotaped to represent four conditions. We manipulated the degree of EEC (high versus low) and ETC (high versus low) and randomly assigned participants to one of the four experimental conditions: high EEC/high ETC (n = 51), high EEC/low ETC (n = 54), low EEC/high ETC (n = 60), and low EEC/low ETC (n = 58).

Researchers have discussed the merits of using experimental designs to establish causal relationships (Spencer, Zanna, and Fong, 2005). Also, some researchers have argued for the external validity of laboratory experiments (Anderson, Lindsay, and Bushman, 1999), particularly when a realistic scenario is used (Grandey et al., 2005). Understanding the dynamics of the customer's experience presents a methodological dilemma for researchers (Grandey et al., 2005). Service encounters in real settings are difficult to investigate because it is impossible to standardize the service experience—thus, it is very complex to control for potential confounding variables and their effects on the dependent variables (Bateson and Hui, 1992). While such methods as written scenarios, photographs, and field observations have their advantages, videotaped vignettes can provide more realistic, dynamic emotional cues, and control for confounding variables (Grandey et al., 2005). Furthermore, video simulations induce similar psychological and behavioral effects similar to those observed in real settings (Bateson and Hui, 1992) and, in this case, prevent subjects from having to directly experience the consequences of emotionally charged service encounters. Videos are appropriate and realistic when researchers want to (a) manipulate a limited number of factors, and (b) investigate psychological and behavioral reactions in short service encounters (Bateson and Hui, 1992).

4.5.2 Stimuli development

An airport check-in scenario represented the service encounter under investigation. The airline setting was selected for three reasons: (1) the airline industry is a service where customers often experience extreme emotions (Folkes, Koletsky, and Graham, 1987), (2) the airline industry is frequently subject to service failures which require employees to announce bad news—thus creating an emotionally charged service encounter (Tax, Brown, and Chandrashekaran, 1998), and (3) employees' interpersonal skills are particularly important in the airline industry (Bitner et al., 1990).

Recording of the four simulated service encounters took place at a check-in desk of an international airport, during working hours, in a location that did not interfere with the airport's functioning. Having the scenarios filmed in a real airport provided authentic background noises, thereby increasing ecological validity—which is "the applicability of the results of laboratory analogues to non-laboratory, real-life settings" McKechnie (1977, p. 169). In addition, the actor playing the employee wore an appropriate uniform (i.e., a white collared shirt and a red tie) to enhance realism (Grandey et al., 2005).

In all scenes, the following events took place as part of the script: the employee greets the customer, asks for proper identification, and finds the reservation in the computer system. (See Appendix D for the detailed script.) Then, the employee announces bad news to the customer: the flight has been postponed indefinitely because of bad climatic conditions and no further information about the rescheduling of the flight is available. Such a scenario often leads to an emotionally charged service encounter experience. The customer asks questions about the next steps and the employee answers them. Then the customer is asked to wait in a nearby lounge for additional information. In all four conditions, the outcome is the same (i.e., the flight is delayed and the customer has to wait for additional information), but the process of receiving this outcome varies as a result of different demonstrations of EEC and ETC.

In constructing the video clips, efforts were made to minimize the potential for procedural confounds. Two professional actors—one playing the role of the employee and the other playing the role of the customer—were used in all four scenes. The dialogue used and the length of the video clips for all conditions were kept as similar as possible. In line with Grandey et al.'s (2005) recommendations, two actions were taken to minimize the influence of the on-screen customer on the participants: (1) the customer's facial expressions were not shown—only one shoulder and the back of his head were visible, and (2) the customer's script was minimal to limit vocal cues and was kept similar across the four conditions.

4.5.3   *Competence manipulations*

Before filming each scene, the actor playing the employee was given guidelines pertaining to the behaviors to display for each of the four conditions. For the high EEC conditions, the actor was asked to think of the situation as a chance to help someone in deep trouble and who would likely be very upset with the delivery of this bad news; he was then charged with making the customer feel better (i.e., regulating the customer's emotions). He was asked to explicitly show that he perceived and understood the customer's emotions. For the low EEC conditions, the actor was told to do nothing to make the customer feel better after the bad news was communicated, to ignore the customer's emotions, and to put no effort into perceiving, understanding, or regulating these emotions.

In the high ETC conditions, the employee was to appear organized and efficient in finding the customer's reservation and to provide the customer with precise answers to his questions so as to be perceived as knowledgeable and competent. In the low ETC condition, the employee was to appear unorganized, to be slow in finding the reservation, and to provide the customer with vague answers to his questions. Scenes were re-filmed until they were performed smoothly.

4.5.4 Participants and procedures

Participants in the experiment were 223 students from the business school of a medium-sized European university enrolled in a marketing class; they did not receive any credit or gift in return for their participation. Although the use of student samples is sometimes considered as a limitation in marketing research, drawing on student samples in experimental designs is considered acceptable for examining causal relationships (e.g., DeWitt and Brady, 2003; Grandey et al., 2005; Hennig-Thurau et al., 2006). For the present experiment, students are an appropriate sample, as the mean number of round trips by airplane made by the respondents during the previous year was 2.5 (ranging from 0 to 10) and 82% of them had traveled by airplane over the previous 12 months, suggesting they have sufficient experience with airline companies. The average age of the respondents was 22 (ranging from 20 to 30), and 50% of the participants were female.

Students were randomly assigned to one of the four treatment conditions and viewed the videos in groups of about 30. In each group, participants were seated such as to minimize eye contact or interactions (Grandey et al., 2005). They were then told that the study was on customer-employee interactions, and they would watch a video simulating an airline check-in encounter. They were instructed to observe the encounter from the perspective of the customer in the scene. To set the scene and keep service expectations constant, they were told: "You just arrived at the airport to begin your travel for the holidays." This was a realistic situation for these participants, many of whom had travelled regularly. To evaluate the perceived realism of the videos, respondents were asked to respond to the item "I believe that such an incident can happen in real life" by using a seven-point scale (1 = "strongly disagree" and 7 = "strongly agree") (Schoefer and Ennew, 2005). A mean score of 5.97 on the realism scale suggests that respondents perceived the scenarios to be highly realistic.

4.5.5   *Measures*

After watching the video, respondents received a questionnaire that included measures of (a) employee competencies (EEC and ETC) to check the manipulations, (b) customer emotions right after the encounter, rapport, and customer satisfaction with the encounter, and (c) demographic (e.g., gender) and behavioral variables (e.g., the frequency of airline services usage within the last twelve months).

To measure *employee emotional competence*, respondents were asked to report their agreement with 16 items regarding their perceptions of the performance of the employee actor using the customer-based scale of EEC developed in Chapter 3 of this dissertation. This three-dimensional measure of EEC includes customer perceptions of employees' abilities to perceive, understand, and regulate customer emotions[6]. We measure *employee technical competence* with the three-item scale of technical competence developed by Price et al. (1995) that captures the extent to which the employee is perceived as (1) efficient, (2) capable, and (3) organized during the encounter. Originally, this scale consisted of four items but we deleted the item "thorough" due to its potential overlap with the concept of EEC. Four items measuring anger, from Schoefer and Diamantopoulos (2008a) and van Dolen et al. (2004) were used to capture the *negative emotions* of the participants. We selected anger because it is a frequent emotion experienced by customers during service consumption (McColl-Kennedy et al., 2009; Menon and Dubé, 2004)—especially in emotionally charged service encounters such as when an airline delays a flight indefinitely (Folkes et al., 1987). To measure *rapport*, we used the scale developed by Gremler and Gwinner (2000). However, we only used five items related to their enjoyable interaction dimension; the items related to the

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[6] We combined the three dimensions into a single measure of EEC with reflective first-order constructs and a formative second-order construct (Diamantopoulos, Riefler, and Roth, 2008) for three reasons. First, we relied on the confirmatory factor analyses realized in the study in the previous chapter which indicated reasonably good fit for a second-order model with the three dimensions loading on an underlying EEC latent factor. Second, in this study, we are interested in the overall EEC construct - rather than the individual dimensions. Third, most authors using multidimensional measures of EEC rely on a second-order construct rather than on the first-order dimensions (e.g., Giardini and Frese (2008) and Sy et al. (2006).

personal connection dimension were of little relevance in our context since the check-in agent in the video segment did not attempt to make any personal connection with the customer. Also, the enjoyable interaction item pertaining to humor ("This employee has a good sense of humor") was not included because of its irrelevance in our context. To measure *service encounter satisfaction*, we used four items from the work of Tax et al., (1998) and Schoefer (2008). We measured all items using seven-point Likert scales (1 = "strongly disagree" and 7 = "strongly agree"; for a complete list of the items, see Appendix E).

4.5.6   Pretest

Before the actual data collection, we conducted a pretest with 68 customers to assess the adequacy of the study design and to ensure that the videos manipulated employee emotional and technical competencies in the intended way. As expected, we find significant differences between high EEC and low EEC ($M_{high\ EEC}$ = 3.64; $M_{low\ EEC}$ = 2.48; $F(1,64)$ = 21.408, $p < .001$, $\eta^2 = .251$)[7]. We also find significant differences between high ETC and low ETC ($M_{high\ ETC}$ = 5.01; $M_{low\ ETC}$ = 2.15; $F(1,64)$ = 99.412, $p < .001$, $\eta^2 = .608$). In addition, we included a check to determine if the announcement of the indefinite postponement of the flight by the employee was actually perceived as bad news by the respondent. Specifically, we asked the respondents to report on a semantic scale the extent to which the announcement by the check-in agent that the flight was delayed was very bad news (=1) or very good news (=7). The mean evaluation was 2.10, suggesting that the respondents consider the announcement of a flight delay by the employee to be bad news indeed.

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[7] While the difference in means is significant, customer perceptions of EEC are not very high even in the high emotional competence condition. This can be explained by the fact that when customers receive bad news, they are in a negative affective state—making them very critical toward employee behaviors (Forgas 1995). Even if the employee demonstrates high EEC and high ETC, customers are affected by the bad news which influences negatively their perceptions and evaluations.

4.6 Findings

4.6.1 Manipulation checks

Employee Emotional Competence. We tested whether the manipulation of EEC was successful. The ANOVA results show that the manipulation of EEC has a significant effect on customer perceptions of EEC ($M_{\text{high EEC}}$ = 3.66; $M_{\text{low EEC}}$ = 2.22) [$F(1, 219)$ = 129.57, $p < .001$, η^2 = .372]. Also, we had to check that the manipulation of ETC had no effect on customer perceptions of EEC. The main effect of the ETC manipulation on customer perceptions of EEC ($M_{\text{high ETC}}$ = 3.30; $M_{\text{low ETC}}$ = 2.50) [$F(1, 219)$ = 47.12, $p < .001$, η^2 = .177] and the interaction effect between the manipulations EEC and ETC [$F(1, 219)$ = 33.26, $p < .001$, η^2 = .132] have also significant effects, suggesting a potential confounding of the manipulations. This is not uncommon in experimental designs of this nature (see Grandey et al., 2005; Hennig-Thurau et al., 2006). Following the practice of previous scholars, we examined the effect sizes. According to Perdue and Summers (1986, p. 323), when effect sizes for the unintended variable (i.e., ETC) are much smaller than the intended variable (i.e., EEC), there should be no concern for the unintended effect. In our case, the EEC manipulation had a much larger effect (η^2 = .372) on customer perceptions of EEC than the ETC manipulation (η^2 = .177) or the interaction effect (η^2 = .132), thus providing support for the validity of our experimental manipulation of EEC.

Employee Technical Competence. We tested whether the manipulation of ETC was successful. The ANOVA results show that the manipulation of ETC has a significant effect on customer perceptions of ETC ($M_{\text{high ETC}}$ = 4.53; $M_{\text{low ETC}}$ = 1.77) [$F(1, 219)$ = 369.52, $p < .001$, η^2 = .628]. Also, we had to check that the manipulation of EEC had no effect on customer perceptions of ETC. The main effect of the EEC manipulation on customer perceptions of ETC ($M_{\text{high EEC}}$ = 3.41; $M_{\text{low EEC}}$ = 2.91) [$F(1, 219)$ = 15.18, $p < .001$, η^2 = .065] and the

interaction effect between the manipulations of EEC and ETC [$F(1, 219) = 25.24$, $p < .001$, η^2 = .103] are also significant, once again suggesting a potential confounding of the manipulations. However, the ETC manipulation had a much larger effect ($\eta^2 = .628$) on customer perceptions of ETC than the EEC manipulation ($\eta^2 = .065$) or the interaction effect ($\eta^2 = .103$), thus providing support for the validity of our experimental manipulation of ETC.

4.6.2 *Reliability and validity assessment*

Means, standard deviations, composite reliability, Cronbach's alpha coefficients, correlations, and square root of average variances extracted (AVE) of all variables are reported in Table 4-1. All alpha scores are good (minimum of .88) to very good (maximum of .96). The composite reliability coefficients are all greater than .92. We also find support for convergent validity because the t-values for all constructs are significant at $p < .01$ (Anderson and Gerbing 1988). Similarly, we find support for discriminant validity; the correlations between each pair of constructs are smaller than the square root of average variance explained of the respective constructs (Fornell and Larcker, 1981). In addition, we conducted a confirmatory factor analysis (Jöreskog and Sörbom, 1993) on all dependent variables (i.e., negative emotions, rapport, satisfaction). Overall fit statistics for the three-factor model indicate that the model fits the data well: $\chi^2(51, N = 223) = 120.28$, $p < .001$; CFI = .97; IFI = .97; and RMSEA = .078. Thus, these results indicate that our measures are reliable and possess convergent validity and discriminant validity.

Table 4-1: Descriptive Statistics, Reliability, and Correlations

	Number of items	Mean	SD	CR	α	1.	2.	3.
1. Negative emotions	4	5.15	2.38	.92	.88	**.86**		
2. Rapport	5	2.40	1.58	.96	.95	-.57	**.91**	
3. Satisfaction	4	2.38	1.57	.96	.95	-.63	.86	**.93**

Notes: CR=Composite Reliability; α=Cronbach's alpha
Square Root of Average Variance Extracted is on the diagonal in **bold**.
All correlations are significant at the .001 level.

4.6.3 *Two-way independent ANCOVA*

To test hypotheses H_1 through H_{7c}, we conduct a two-way independent ANCOVA to examine the effects of the levels of EEC and ETC on negative customer emotions, rapport, and service encounter satisfaction. Gender and respondent familiarity with the service were included as covariates since these variables might influence respondents' perceptions of the encounter (Grandey et al., 2005). Gender has a small significant effect on negative emotions [$F(1, 216) = 3.955$, $p < .05$, $\eta^2 = .018$]. Women were more likely than men to experience negative emotions ($M_{women}=5.40$ versus $M_{men}=4.90$). Respondent familiarity with the service has no impact on the dependent variables. As Table 4-2 shows, both EEC and ETC have a significant main effect on all three variables. Also, the interaction effect between EEC and ETC is significant for all variables. The effects are in the expected direction: employees who display both EEC and ETC favorably affect customer emotions, evaluations of rapport, and service encounter satisfaction more than do those employees who display poor emotional and technical competencies. Next, we discuss the results in detail for each of the three dependent variables.

Table 4-2: Descriptive Statistics and ANCOVA Results

	High ETC Means	Low ETC Means	ANCOVA (F)		
			EEC	ETC	EEC x ETC
Negative emotions			48.98	25.96	22.06
Low EEC	5.97	6.11			
High EEC	2.83	5.38			
Rapport			259.40	131.19	111.95
Low EEC	1.57	1.45			
High EEC	4.76	2.13			
Satisfaction			108.19	174.03	83.12
Low EEC	2.01	1.46			
High EEC	4.60	1.67			

Notes: All F-values from ANCOVA are significant at $p < .001$

Negative emotions. EEC has a strong effect on negative emotions [$F(1,216) = 48.98$, $p < .001$, $\eta^2 = .185$]. In particular, customers experience less negative emotions when the employee displays high EEC than low EEC ($M_{high\ EEC} = 4.15$; $M_{low\ EEC} = 6.04$, $p < .001$), supporting H_1. The level of ETC has also the hypothesized effect on negative customer emotions [$F(1, 216) = 25.96$, $p < .001$, $\eta^2 = .107$] such that high ETC reduces negative customer emotions than low ETC ($M_{high\ ETC} = 4.53$; $M_{low\ ETC} = 5.76$, $p < .001$) in support of H_4. The interaction effect between EEC and ETC on negative emotions is significant [$F(1, 216) = 22.06$, $p < .001$, $\eta^2 = .093$]. This interaction is visualized in Figure 4-2. The favorable influence of ETC on negative customer emotions is the strongest when EEC is high ($M_{high\ ETC\text{-}high\ EEC} = 2.83$; $M_{low\ ETC\text{-}high\ EEC} = 5.38$, $p < .001$) supporting H_{7a}. However, ETC does not have an impact on negative emotions when EEC is low ($M_{high\ ETC\text{-}low\ EEC} = 5.97$, $M_{low\ ETC\text{-}low\ EEC} = 6.11$, $p > .05$). Univariate ANCOVAs show that ETC significantly reduces negative emotions when EEC is high [$F(1, 100 = 48.31$, $p < .001$, $\eta^2 = .326$] but not when EEC is low [$F(1, 114) = .10$, $p > .10$, $\eta^2 = .001$]. Thus, H_1, H_4, and H_{7a} are supported. We conclude that employee emotional and technical competencies affect negative customer emotions, but that the influence of ETC on negative customer emotions is enhanced by EEC. When EEC is low, the influence of ETC on customer emotions is non significant.

Figure 4-2: Two-Way Interaction between EEC and ETC on Customer Emotions
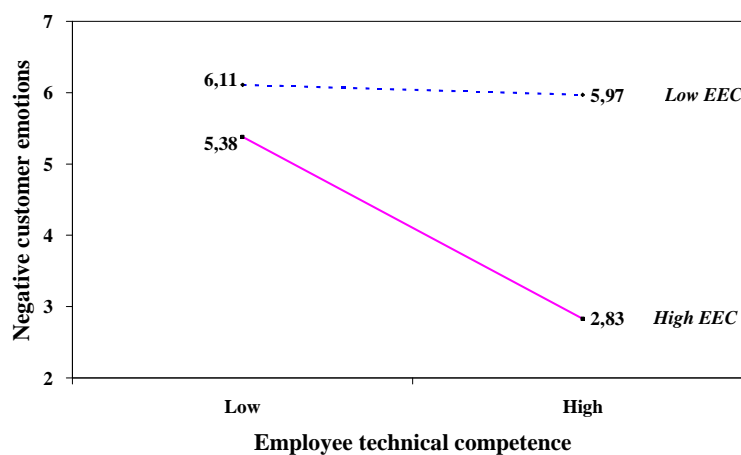
Rapport. EEC has a strong significant main effect on rapport [$F(1,216) = 259.40$, $p < .001$, $\eta^2 = .546$]. Rapport is significantly greater when the employee displays high EEC than low EEC ($M_{high\ EEC} = 3.41$; $M_{low\ EEC} = 1.51$, $p < .001$), supporting H_2. The level of ETC also has a significant effect on rapport [$F(1, 216) = 131.19$, $p < .001$, $\eta^2 = .378$] such that high ETC elicits significantly greater rapport than low ETC ($M_{high\ ETC} = 3.03$; $M_{low\ ETC} = 1.78$, $p < .001$) in support of H_5. As with customer emotions, we find the interaction effect between EEC and EEC on rapport to be significant [$F(1, 216) = 111.95$, $p < .001$, $\eta^2 = .341$], supporting H_{7b}. The interaction can be seen in graphic form in Figure 4-3. The favorable influence of ETC on rapport is the strongest when EEC is high ($M_{high\ ETC\text{-}high\ EEC} = 4.76$; $M_{low\ ETC\text{-}high\ EEC} = 2.13$, $p < .001$) supporting H_{7b}. However, ETC does not have an impact on rapport when EEC is low ($M_{high\ ETC\text{-}low\ EEC} = 1.57$, $M_{low\ ETC\text{-}low\ EEC} = 1.45$, $p > .10$). Univariate ANCOVAs show that ETC has a significant effect on rapport when EEC is high [$F(1, 100) = 142.70$, $p < .001$, $\eta^2 = .588$] but not when EEC is low [$F(1, 114) = .62$, $p > .10$, $\eta^2 = .005$]. Thus, we find support for H_2, H_5, and H_{7b}. We conclude that employee emotional and technical competencies affect rapport, but that the influence of ETC on rapport is enhanced by EEC. When EEC is low, the influence of ETC on rapport is non significant.

Figure 4-3: Two-Way Interaction between EEC and ETC on Rapport
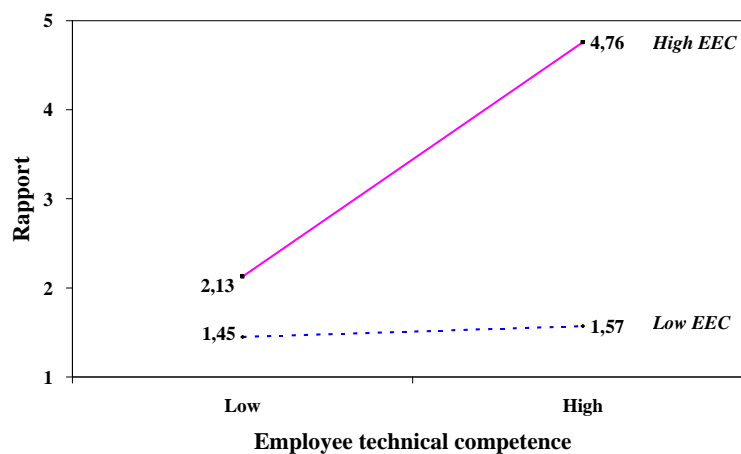
Service encounter satisfaction. EEC also has a significant main effect on customer satisfaction with the encounter [$F(1,216) = 108.19$, $p < .001$, $\eta^2 = .334$]. Satisfaction is higher when the employee displays high EEC than low EEC ($M_{high\ EEC} = 3.10$; $M_{low\ EEC} = 1.74$, $p < .001$)[8], supporting H_3. Similarly, the level of ETC has a strong effect on service encounter satisfaction [$F(1, 216) = 174.03$, $p < .001$, $\eta^2 = .446$] such that employees displaying high ETC lead to more satisfied customers than those displaying low ETC ($M_{high\ ETC} = 3.20$; $M_{low\ ETC} = 1.56$, $p < .001$) in support of H_6. Once again, as depicted in Figure 4-4, the interaction effect between EEC and ETC on service encounter satisfaction is significant [$F(1, 216) = 83.12$, $p < .001$, $\eta^2 = .278$] supporting H_{7c}. The favorable influence of ETC on satisfaction is the strongest when EEC is high ($M_{high\ ETC\text{-}high\ EEC} = 4.60$; $M_{low\ ETC\text{-}high\ EEC} = 1.67$, $p < .001$). However, ETC has an impact on satisfaction - but weaker - when EEC is low ($M_{high\ ETC\text{-}low\ EEC} = 2.01$, $M_{low\ ETC\text{-}low\ EEC} = 1.46$, $p < .01$). Univariate ANCOVAs show that high ETC has a significant effect on satisfaction when EEC is high [$F(1, 104) = 196.23$, $p < .001$, $\eta^2 = .662$] and a significant but much lower effect on satisfaction when EEC is low [$F(1, 114) = 10.10$, $p < .01$, $\eta^2 = .081$]. Thus, H_3, H_6, and H_{7c} are supported. We conclude that both EEC and ETC affect satisfaction, but that the influence of ETC on satisfaction is enhanced by EEC.

Figure 4-4: Two-Way Interaction between EEC and ETC on Encounter Satisfaction

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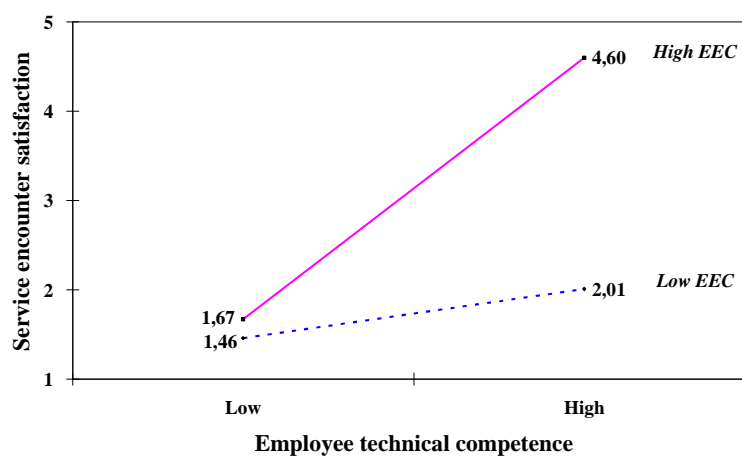
[8] We refer to the argument provided in footnote 7 to explain why customer perceptions of EEC are not very high even in the high EEC condition.

4.7   Discussion

This study considers the effects of employee emotional and technical competencies on customer emotions, rapport, and service encounter satisfaction in emotionally charged service encounters when bad news is delivered. Our experimental research design allows us to make causal inferences about the relationships between these variables during emotionally charged service encounters. We created four videos to simulate a real airport check-in encounter to manipulate both EEC and ETC to shed light on their impact in service encounters. The results of a 2x2 ANCOVA suggest that both EEC and ETC favorably influence the customer's experience in emotionally charged encounters when bad news is delivered. Also, we found that EEC moderates the relationships between ETC and customer emotions, rapport, and service encounter satisfaction: the positive effect of ETC on customer outcomes turns out to be significantly higher when EEC is high compared to when it is low.

4.7.1   Managerial implications

Based upon the findings, we provide retail managers with several recommendations. First, they should be aware that emotionally charged service encounters, such as service encounters during which bad news is delivered, are critical for customers because of the negative emotions elicited. Even if the delivery of bad news may be a routine task for employees, it may not be a routine event for the customer. Because delivering bad news is often unavoidable, managers should be aware that the display of emotional competence and technical competence by their employees can improve the customer's experience in such encounters.

Second and more specifically, in emotionally charged encounters we find customer outcomes (i.e., negative emotions, rapport, and satisfaction) are improved when an employee appears to be not only technically competent but also emotionally competent. While firms

invest heavily in training to improve the technical competence of their personnel, training to improve emotional competence often receives less emphasis. However, our findings suggest that EEC can significantly enhance the customer's experience in emotionally charged service encounters. Therefore, we suggest a much greater emphasis needs to be given to EEC training. In a similar vein, Berry, Parasuraman, and Zeithaml (1994, p. 34) insist that "service employees need specific training on how to deal with angry customers and how to help customers solve service problems." Indeed, studies in organizational psychology have demonstrated that EEC can be taught, learned, and improved through training (Kotsou et al., 2011). EEC training (especially for employees with high ETC) should focus on increasing employees' abilities in perceiving, understanding, and regulating customer emotions.

Third, according to our results, ETC alone is not sufficient to create a favorable experience for the customer in emotionally charged service encounters. That is, when EEC is low, the impact of ETC on customer emotions, rapport, and service encounter satisfaction is limited; however, the impact of ETC on those outcomes is strong when EEC is high. Accordingly, both EEC and ETC play an important role in creating a favorable experience during emotionally charged service encounters. Thus, retail managers should be aware that the impact of ETC on customers is the strongest when the employee displays high EEC. Accordingly, managers should ensure that their employees are not only technically but also emotionally competent to ensure favorable customer outcomes.

Fourth, we recommend that selection procedures for retail employee positions should encompass not only a test of ETC but also of EEC. A meta-analysis of employee selection methods suggests that the best procedures combine cognitive tests (such as the ones that can be used to evaluate ETC) with work sample or integrity tests (such as the ones used to evaluate EEC) (Hunter and Schmidt, 1998). Retail managers might assess a candidate's EEC through role playing, such that the applicant must assume the role of an employee serving a

customer who is experiencing negative emotions. At the end of the role play, both the person

playing the customer and observers could evaluate EEC, which should reveal the applicant's

ability to perceive, understand, and regulate customer emotions. This recommendation is in

line with Lee and Lim (2010) who suggest that the ideal candidates are those who can

adaptively deliver appropriate amounts of emotion that match the emotional receptivity levels

of the customers. These candidates are likely to be better in detecting customer emotions and

emotional needs, responding to different levels of customer emotional receptivity, and

adapting their behavior in response to the (emotional) needs of the customers with whom they

are interacting.

4.7.2   *Theoretical contributions*

These results provide several important contributions to the retailing literature. First,

this research examines one particular type of emotionally charged service encounter: an

encounter during which bad news is delivered. While delivering bad news to customers may

be a routine task for many employees (Berry and Bendapudi, 2007), the literature has not yet

devoted attention to the role of the employee on customer emotions and evaluations during

such circumstances. However, after receiving such bad news, customers may have strong

emotional needs that have to be fulfilled by the employee (Ostrom et al., 2010). When an

employee adequately responds to customer needs in an emotionally charged encounter,

greater customer satisfaction can result even though the customer experiences negative

emotions (Menon and Dubé, 2000). Although our research uses the delivery of bad news to

customers to create an emotionally charged service encounter, the results found are likely to

apply to all encounters during which customers experience strong negative emotions such as

service recovery encounters (Bonifield and Cole, 2007), patient-physician encounters (Brown

and Kirmani, 1999), and encounters with call center customer service representatives for a deficient product such as the breakdown of the computer hard drive (Grandey et al., 2004).

Second, while much attention has been devoted to positive customer emotions (e.g., Hennig-Thurau et al., 2006), little attention has been devoted to negative customer emotions even though negative emotions are generally more salient, potent, and dominant than positive ones (Rozin and Royzman, 2001). In a service encounter context, research has demonstrated that more intense negative customer emotions lead to lower customer satisfaction with the encounter (e.g., del Río-Lanza, Vázquez-Casielles, and Díaz-Martín, 2009). Also, negative customer emotions have harmful effects on key customer outcomes such as negative word-of-mouth and boycott of the firm (Grace, 2007). Accordingly, by investigating negative customer emotions, we respond to calls for further research on this topic (e.g., Hennig-Thurau et al., 2006; Menon and Dubé, 2004). More specifically, we address an important gap in the literature about customer emotions (McColl-Kennedy et al., 2009; Menon and Dubé, 2000, 2004) by providing empirical evidence that two frequently cited employee competencies (i.e., EEC and ETC) can temper negative customer emotions when bad news is delivered.

Third, previous studies have suggested that (a) an employee can create a positive impression in customers by appearing both interpersonally and technically competent (Tedeschi and Norman, 1985) and that (b) both EEC and ETC are critical in dealing with customer evaluations of non emotionally charged encounters (Berry and Bendapudi, 2007; Giardini and Frese, 2008; Grandey et al., 2005; Parasuraman et al., 1985) and hedonic encounters (Price et al., 1995b). We contribute to previous research by simultaneously examining the main effects of both EEC and ETC on (a) customer emotions, (b) rapport, and (c) service encounter satisfaction in emotionally charged service encounters.

Fourth, we also examined the interaction effects between both EEC and ETC in emotionally charged service encounters. We found that EEC moderates the relationship

between ETC and customer outcomes. Indeed, ETC has an effect on customers (i.e., customer emotions, rapport, and service encounter satisfaction) when the employee displays high EEC. When EEC is low, the impact of ETC on those variables is weakened or even non significant. Previous studies support the need for EEC among employees—especially in labor-intensive and interactive services (Kidwell et al., 2011). We contribute to this stream of research by illustrating the importance of EEC in service encounters. In particular, while research has emphasized the role of ETC in service encounters (e.g., Madhavan and Grover, 1998), we demonstrate that ETC alone is not sufficient to meet customer expectations during emotionally charged service encounters. A high level of EEC is needed for ETC to have an effect on negative customer emotions and rapport. Furthermore, EEC enhances the effect of ETC on customer satisfaction. Accordingly, when both EEC and ETC are high, customer evaluations of the encounter are at their highest.

4.7.3   *Limitations and future research*

One of the limitations of this study is its experimental design using actors and with students as respondents. Consequently, we did not manipulate actual employee behaviors or measure real customer reactions in this study. Although the use of a student sample is sometimes considered as a limitation, drawing on a student sample in experimental designs is well accepted (Hennig-Thurau et al., 2006). Furthermore, our participants have experience with travelling by airplane (most of them had travelled at least one time in the last twelve months). In addition, the scenarios were perceived by the students to be highly realistic. Nevertheless, to counteract possible drawbacks of experiments with students, future research could conduct field studies in real service encounters.

In addition, other studies should be conducted to better understand the role of EEC compared to ETC in emotionally charged service encounters. Our results suggest that employees with high levels of ETC may be the best candidates for a focused training in EEC

because these people may have the most potential to elicit favorable customer perceptions. Employees scoring low on ETC should first focus on becoming more technically competent before further developing their EEC. To answer the recent call of research on the impact of employee training on his/her performance (Grewal and Levy, 2007), future research could investigate these propositions by testing the impact of EEC training on technically competent versus less technically competent employees to distinguish if and to what extent favorable customer perceptions of the encounter might increase.

Next, a possible final outcome of the emotionally charged encounter was never revealed to the respondents. Depending on the outcome (i.e., favorable versus unfavorable), the role of EEC and ETC during service encounters might differ. Future research could employ a 2 (low versus high ETC) x 2 (low versus high EEC) x 2 (favorable versus unfavorable outcome) experiment to examine the role of EEC and ETC when both the service process and outcome are 'revealed' to respondents.

Finally, this study has been conducted in a context of emotionally charged service encounters during which customers experience strong negative emotions (e.g., encounters during which bad news is delivered). Future research could investigate the role of EEC and ETC in service encounters during which customers experience strong positive emotions (e.g., encounter with a wedding dress designer for a soon-to-be bride) or non-emotionally charged service encounters (e.g., encounter to buy a train ticket). Although EEC may be particularly helpful in emotionally charged service encounters, because customers want recognition of the uniqueness of their personal experience (Price et al., 1995b), its effect may be much weaker in non-emotionally charged service encounters. An experimental design—similar to the one we have used—could examine this proposition.

5 CONCLUSIONS

In this chapter, we first provide a synopsis of the dissertation. Then, we expose the main conclusions of each of the three studies. Next, we present the overall theoretical and managerial contributions. Finally, we suggest avenues for further research.

5.1 Synopsis

This dissertation investigates the role of employee emotional competence (EEC) during critical service encounters because an important aspect of a firm's performance rests on its capability to ensure that these encounters are well managed by employees. This focus is well summarized by the following quote:

> *"The virtual impossibility of standardizing the delivery of emotional content poses special burdens for service providers. In emotionally charged encounters, customers want recognition of the uniqueness of their personal experience. They want providers to interact with them on the basis of their emotional state, rather than according to a standardized script". (Price et al., 1995b, p. 87)*

In the introductory Chapter 1, we specified that the overall aim of this dissertation was to uncover *the effect of customer perceptions of employee emotional competence on customer evaluations of critical service encounters*. Next, we developed more specific objectives for the individual chapters based on our general objective. In Chapter 2, the focus was on the effect of customer perceptions of EEC on customer satisfaction and loyalty in high-contact services and the examination of the mediating role of rapport. Chapter 3 dealt with the conceptualization of EEC that is appropriate for service encounters as well as the development and validation of a customer-based measure of EEC. In Chapter 4, we examined the influence of EEC as well as employee technical competence (ETC) on key customer variables in emotionally charged service encounters. In the concluding Chapter 5, we attempt to tie together the results that have been presented in the separate chapters. First, we provide the most important conclusions. We then discuss the results of our three main studies with respect to our central research question, and provide theoretical implications. Next, we summarize the managerial implications of this dissertation. Finally, we consider limitations and suggest avenues for further research.

5.2 Main conclusions of the chapters

5.2.1 *Chapter 2*

This study examines the impact of customer perceptions of EEC on customer satisfaction and loyalty and investigates the mediating role of rapport. By identifying the relationships between EEC, rapport, satisfaction, and loyalty, this study contributes to a better understanding of the benefits that customer perceived EEC may bring to service companies. The results offer support for linking EEC to customer satisfaction and loyalty. Rapport partially mediates the effects of EEC on customer satisfaction and loyalty.

5.2.2 *Chapter 3*

This chapter proposes (1) a conceptualization of EEC that is appropriate for service encounters; (2) a concise, customer-based measure of EEC; and (3) an evaluation of the impact of customer perceptions of EEC on key customer outcomes during service encounters. Because customer perceptions of employees during service encounters largely determine customer satisfaction and loyalty (Bitner, 1990), we contend that customer perceptions of EEC are of utmost importance. In contrast with previous EEC studies with an *internal perspective*, we adopt a *customer perspective* of EEC and develop and validate a customer-based measure that predicts variables of great interest to service managers.

We conceptualize EEC as customers' perceptions of employees' abilities to perceive, understand, and regulate customer emotions in a service encounter to ensure harmonious encounters. Customers evaluate EEC on three conceptually and empirically distinct dimensions that refer to employees' abilities to perceive, understand, and regulate customer emotions. Our study shows that EEC influences key variables of interest of service managers, such as affective commitment to an employee, service encounter satisfaction, and loyalty to the employee and company.

5.2.3   Chapter 4

This study examines the effects of two influential and frequently cited distinct competencies—employee emotional competence (EEC) and employee technical competence (ETC)—and their interaction effects on customer evaluations in emotionally charged service encounters. ANCOVA results suggest that when employees must deliver bad news to customers, EEC enhances the impact of ETC on the customer experience (i.e., decreases negative customer emotions and increases rapport and service encounter satisfaction). When EEC is low, the impact of ETC on the customer experience is weakened or even non significant.

5.3   Contributions

5.3.1   Theoretical contributions

The concept of emotional competence differs from other related concepts which have been discussed in the service literature such as empathy or rapport. The marketing literature has highlighted the importance of empathy for successful employee–customer interactions (Homburg, Wieseke, and Bornemann, 2009). Empathy - the fifth dimension of the SERVQUAL model - refers to "caring, individualized attention the firm provides its customers" (Parasuraman, Zeithaml, and Berry, 1988, p. 23). Given this definition, while an employee can demonstrate empathy by for instance having the customer best interests in heart or by giving personal attention, he/she may not be able to perceive and understand subtle customer emotions and thus fail to find the best strategy to regulate customer emotions. Some customers may not appreciate empathy such as personal attention (e.g., a groom helping a customer to get out of a car or helping him to carry his/her suitcases, or a waiter in a restaurant interrupting at different moments a crucial conversation between two customers to check if everything is all right). Empathy may be a strategy among others to regulate customer emotions but may not be the most appropriate one in all situations. Emotional

competence might help the employee to decide if he/she needs to demonstrate empathy to the customer or not.

Another potentially related concept is rapport which is "a customer's perception of having an enjoyable interaction with a service provider employee, characterized by a personal connection between the two interactants" (Gremler and Gwinner, 2000, p. 92). Emotional competence differs from this concept since rapport relates to a customer attitude or evaluation of the quality of the interaction with the employee while EEC relates to a customer perception of an employee behavior. Also, it might be possible that two individuals have an immediate rapport without displaying emotionally competent behaviors. Indeed, two citizens from the same country meeting each other in a foreign country might build immediate good rapport – through a process of social identity (i.e., by recognizing that they are part of the same social group) – without the help of emotional competence. While displaying emotional competence can be one path through which one individual can build rapport, other paths exist such as discovering common ground, sharing personal information, being courteous, authentically smiling, or being uncommonly attentive (Gremler and Gwinner, 2008; Hennig-Thurau et al., 2006). Having examined the conceptual distinctiveness of the concept of EEC, the dissertation contributes to the literature on employee emotional competence and on service encounters in different ways.

First, while previous research has focused on *employee emotional intelligence*, i.e. the potential that one employee has to display emotionally competent behaviors, we focus on *employee emotional competence*, i.e. the effective display of emotionally competent behaviors by the employee. This is an important distinction because being emotionally intelligent does not guarantee that employees will display emotionally competent behaviors. However, despite this fact, most studies focus on *employee emotional intelligence.*

Second, since the context of our study is service encounters and since we are interested in the demonstration of emotionally competent behaviors, customer perceptions of EEC are examined. We contend that customer perceptions of EEC are of utmost importance during service encounters since customer perceptions of employee behaviors during service encounters are crucial in predicting customer satisfaction and loyalty (Bitner, 1990) and since customers are a valuable source of information for service quality improvement (Berry et al., 1994). By adopting a *customer perspective* (i.e., a perspective which takes into account customer perceptions of EEC) instead of an *internal perspective* (i.e., a perspective which takes into account employee, or supervisor perceptions), our study builds a first bridge between the social and organizational psychology and the service literature about EEC.

Third, service researchers thus far have had to rely on definitions and scales developed by psychologists, all of which use an internal perspective, to predict organizational outcomes. Our conceptualization of EEC in Chapter 2 & 3 and the measure developed in Chapter 3 contributes to service literature by providing a means to define and measure EEC specifically in service encounters. The measure developed also offers a potential independent variable for researchers interested in predicting customers' emotional, cognitive, and behavioral responses to service encounters.

Fourth, the results from the experiment of Chapter 4 provide further insight into the role of EEC on customer outcomes in emotionally charged service encounters. The impact of employee technical competence (ETC) on customer evaluations of the service encounter is weakened when EEC is low while the impact of ETC on those evaluations is strong when EEC is high. Overall, this study supports that EEC is crucial to enhance the customer experience in those encounters. Service excellence is achieved when an employee appears to be not only technically competent but also emotionally competent.

5.3.2   *Managerial contributions*

This dissertation provides service managers with several important implications. First, this dissertation calls the attention of managers to be particularly aware of the management of critical service encounters. Indeed, those encounters may elicit intense emotions in customers. Otherwise, negative emotions have more impact on individuals than positive ones, negative information is processed more thoroughly than positive information. Also, bad impressions are quicker to form and more resistant to change than good ones (Baumeister et al., 2001) which leads these authors to the conclusion that *"bad is stronger than good"*.

Second, service managers should be aware that self-reported scales of emotional competence are subject to faking and distortion. Supervisor-reported and peer-reported measures are also subject to biases such as the manipulation of the appraisal system to affect rewards (Prendergast and Topel, 1993). In fact, customers, employees, and supervisors use different criteria to evaluate the performance of the employee (e.g., Mattila and Enz, 2002). Therefore, if managers want to measure in the most adequate way the emotionally competent behaviors by their employees during service encounters, they can do it by measuring customer perceptions of EEC. Our findings from Chapter 3 support that service managers need to encourage employees to identify emotions on the basis of customers' language, appearance, and behavior (i.e., perception); recognize those emotions and interpret their causes (i.e., understanding); and manage customer emotions by tempering negative ones and enhancing pleasant ones (i.e., regulation). In so doing, they can improve interactions with customers and customer evaluations of the service encounter.

Third, the measure of EEC developed in Chapter 3 enables managers to (1) observe and assess EEC in service encounters, (2) determine the correlation of EEC with outcomes of interest, and (3) use EEC in recruitment and training processes. This measure allows service managers to measure employee strengths and weaknesses more precisely and use this

knowledge to design training to overcome a lack of emotional competence. For example, if an employee earns a low score on his/her perception of customer emotions, he/she should participate in role playing exercises and observations of the physiological signs of emotions to improve his/her capabilities in this area. Service managers can also use our scale to track EEC over time and across employees. By tracking EEC over time for example, service managers gain insight into the returns on training, according to a customer perspective.

Fourth, service managers may already know that EEC has an effect on general well-being (Kotsou et al., 2011), job satisfaction (Sy et al., 2006), and job performance (Joseph and Newman, 2010) such as sales performance (Kidwell et al., 2011). Most important, we suggest additional insight to managers. As demonstrated in Chapter 2, 3, and 4, EEC also influences key customer outcomes such as customer satisfaction and loyalty. Accordingly, to improve key customer outcomes in critical service encounters, service managers can stimulate the display of emotionally competent behaviors in their employees. Studies in psychology have demonstrated that EC can be taught, learned, and improved with training (e.g., Kotsou et al., 2011; Nelis et al., 2009). This increase in EC has, in turn, an effect on key variables of the well-being of individuals. Thus, service managers who want to improve the EC of their employees can rely on scientifically validated training programs (e.g., Kotsou et al., 2011) in an attempt to improve key customer outcomes such as satisfaction and loyalty.

Fifth, Chapter 4 provides further insight into how to improve the customer's experience in an emotionally charged service encounter. The customer's experience is the best when an employee appears to be not only emotionally competent but also technically competent. While service firms insist heavily in developing the technical competence of their personnel, they give less emphasis to develop the emotional competence. However, our findings suggest that EEC can significantly enhance the impact of ETC on the customer's experience in emotionally charged service encounters. Therefore, we suggest a much greater

emphasis needs to be given to EEC training. Service managers should be aware that the impact of ETC on customers is the strongest when the employee has high EEC.

Sixth, service managers could consider EEC during employee recruitment. A meta-analysis of employee selection methods suggests that the best procedures combine cognitive tests with work sample or personality tests (Hunter and Schmidt, 1998), but no existing scale has been available to determine a job applicant's ability to perceive, understand, and regulate customer emotions during service encounters. Service managers might assess candidates' EEC through role playing, such that the applicant must assume the role of an employee serving a customer who is experiencing negative emotions. At the end of the role play, both the person playing the customer and observers should complete the EEC scale, which should reveal the applicant's ability to perceive, understand, and regulate customer emotions.

5.4   Suggestions for further research

We provided specific directions of future research at the end of each chapter. In this concluding paragraph, we would like to focus the discussion on some general directions of future research on EEC in service encounters. First, both customer perceptions of EEC and customer outcomes were reported by customers in Chapter 2 and Chapter 3. As mentioned by Derbaix and Poncin (2005), when a customer is aware that he is subject to measurement, this can modify his beliefs, attitudes, and behaviors because of biases such as social desirability and rationalization. Also, this can inflate the results due to common method bias. In line with other studies which have investigated service encounters (Hennig-Thurau et al., 2006; Lemmink and Mattsson, 2002), other measures should be taken into account (e.g., customer non verbal displays recorded thanks to an hidden digital video camera) to overcome self-reported data and, thus common method bias and social desirability bias.

Second, we did not investigate for cultural differences even if cultural differences exist with respect to customer expectations of employee behaviors (Hui and Au, 2001; Winsted, 1997), customer evaluations of service encounters (Mattila, 2000), and emotional displays during service encounters (Grandey et al., 2010). Indeed, cultures vary in their expectations for regulating and expressing emotions in the workplace (Cooper, Doucet, and Pratt, 2003). For instance, French people (e.g., customers and supervisors) are more likely to think that one should express anger than American people (Grandey et al., 2010). Scholars and practitioners need to be sensitive to differences in culture in respect with customer expectations of employee emotionally competent behaviors and with emotional displays during service encounters. Accordingly, future research could investigate if the links between perceived EEC and customer outcomes differ across cultures.

Third, service encounters are dynamic in nature. However, we collected cross-sectional data at the end of the encounter. If future studies apply a dynamic approach to service encounters by collecting time series data (i.e., collecting data at different points in time during the service encounter), this could allow a better understanding of the social and emotional exchange during the employee and the customer during service encounters.

Fourth, all three studies have examined face-to-face encounters. However, an increasing number of encounters are voice-to-voice encounters (de Ruyter and Wetzels, 2000). A certain number of differences exist between face-to-face and voice-to-voice encounters. Communicating remotely rather than face-to-face means that many helpful visual cues (e.g., body language) are missing. Accordingly, in voice-to-voice encounters, customers can only express verbally and not visually their emotions to the employee and can feign their emotions because there are fewer display signals to manage (Totterdell and Holman, 2003). All this makes it harder for employees to perceive and understand customer needs and

emotions, which might thus impede relationship development (Axtell, Parker, Holman, and Totterdell, 2007).

As a general conclusion on future research on EEC in service encounters, we can only hope this dissertation contributes to more insight and stimulates others to explore this field. By developing an in-depth understanding of the consequences of EEC on customer outcomes in critical service encounters, we hope that companies have a better understanding of how to drive customer satisfaction and loyalty in those types of encounters.

6   APPENDICES

Appendix A: Definitions of constructs related to EEC

Construct	Definition	Comparison between the construct and EEC
Empathy	Caring, individualized attention the firm provides its customers (Parasuraman et al., 1988, p. 23)	Demonstrating empathy can be one way demonstrate emotional competence. However, while an employee can be highly empathetic, he/she can lack emotional competence by not recognizing that the customer does not need the employee to be empathetic (e.g., the nurse helps the patient to eat or get dressed while the patient would like to do that alone).
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman et al., 1988, p. 23)	Demonstrating emotional competence can elicit assurance among customers. However, assurance is different with EEC since an employee can score high on assurance and low on emotional competence (e.g., an old good-looking employee can elicit immediate assurance among customers while he/she does not recognize, perceive, nor manage customer emotions).
Rapport	A customer's perception of having an enjoyable interaction with a service provider employee, characterized by a personal connection between the two interactants (Gremler and Gwinner, 2000, p. 92)	Demonstrating emotional competence can be a route through which an employee can create rapport. However, these two concepts are different since there might be rapport without the demonstration of emotional competence by the employee (e.g., the employee tells a joke about the last match of football with a customer dressed with a football blouse)
Positive Affectivity	The extent to which a person feels enthusiastic, active, and alert (Watson et al., 1988, p. 1063)	While emotional competence has to do with emotions, the concepts of positive and negative affectivity have to do with mood. However, mood is a longer lasting (from a few hours up to days) and lower in intensity than an emotion (Bagozzi et al., 1999). Emotions are intentional (i.e., they have an object or referent), whereas moods are generally nonintentional and global or diffused. Moods are not as directly coupled with action tendencies and explicit actions as are many emotions (Bagozzi et al., 1999).
Negative Affectivity	A general dimension of subjective distress and unpleasurable engagement that subsumes a variety of aversive mood states, including anger, contempt, disgust, guilt, fear, and nervousness (Watson et al., 1988, p. 1063)	

Appendix B: Questionnaire Items and Descriptive Statistics of the Measurement Items
(Chapter 2)

	Loading	t-Value	M	SD
Employee Emotional Competence *(adapted from Law et al., 2004)*				
Self-emotion appraisal (SEA)				
The hairstylist has a good sense of why he has certain feelings most of the time.	.718	13.296	4.113	.689
The hairstylist has good understanding of his own emotions.	.851	39.564	4.186	.623
The hairstylist really understands what he feels.	.832	4.104	4.113	.647
The hairstylist always knows whether or not he is happy.	.655	13.180	4.186	.840
Others' emotion appraisal (OEA)				
The hairstylist always knows customers' emotions from their behaviors.	.689	1.646	4.283	.851
The hairstylist is a good observer of others' emotions.	.854	25.772	4.397	.804
The hairstylist is sensitive to the feelings and emotions of others.	.812	25.167	4.401	.810
The hairstylist has good understanding of the emotions of people around him.	.817	35.534	4.409	.754
Use of emotion (UOE)				
The hairstylist always sets goals for himself and then tries his best to achieve them.	.718	12.968	4.611	.899
The hairstylist always tells himself he is a competent person.	.647	23.530	4.441	.876
The hairstylist is a self-motivated person.	.812	33.107	4.502	.754
The hairstylist would always encourage himself to try his best.	.818	17.858	4.773	.834
Regulation of emotion (ROE)				
The hairstylist is able to control his temper and handle difficulties rationally.	.847	41.597	4.490	.887
The hairstylist is quite capable of controlling his own emotions.	.887	47.569	4.466	.854
The hairstylist can always calm down quickly when he is very angry.	.792	21.815	4.219	.837
The hairstylist has good control of his own emotions.	.883	52.436	4.417	.796
Rapport *(adapted from Gremler and Gwinner, 2000)*				
I enjoy interacting with this hairstylist.	.837	4.072	4.814	1.195
This hairstylist creates a feeling of "warmth" in our relationship.	.867	47.206	4.895	1.077
This hairstylist relates well to me.	.831	39.216	5.393	.904
I have a harmonious relationship with this hairstylist.	.837	38.249	5.045	1.064
This hairstylist has a good sense of humor.	.570	11.349	5.279	1.151
I am comfortable interacting with this hairstylist.	.796	28.677	5.368	1.070
I feel like there is a "bond" between this hairstylist and myself. *				
I look forward to seeing this hairstylist when I visit the hair salon.	.751	21.888	4.433	1.218
I strongly care about this hairstylist.	.800	26.521	3.733	1.371
This hairstylist has taken a personal interest in me.	.738	2.635	4.170	1.392
I have a close relationship with this hairstylist.	.754	2.424	3.713	1.507
Customer satisfaction *(adapted from Gremler and Gwinner, 2000; Oliver, 1980)*				
Based on all of my experience with my hairstylist, I am very satisfied with the services he provides.	.903	58.990	5.717	.817
My choice to use this hairstylist was a wise one.	.909	59.200	5.595	.896
Overall, I am satisfied with the decision to choose this hairstylist.	.942	117.778	5.798	.786
I think I did the right thing when I decided to choose this hairstylist.	.947	11.067	5.741	.877
My overall evaluation of the services provided by this hairstylist is very good.	.890	48.948	5.757	.878
Customer Loyalty *(adapted from Zeithaml et al., 1996)*				
I say positive things about my hairstylist to other people.	.906	72.005	5.344	1.126
I recommend my hairstylist to someone who seeks my advice.	.905	38.510	5.142	1.278
I encourage friends and relatives to do business with my hairstylist.	.871	36.527	4.765	1.397
I consider my hairstylist your first choice to buy services.	.835	4.443	4.826	1.306
I wish to do more business with my hairstylist in the next few years.*				

Notes: M = mean; SD = standard deviation.

* Items deleted, according to the confirmatory factor analyses.

Appendix C: Description of Scales to Examine Predictive Validity of EEC
(Chapter 3)

Construct and Items	Loading
Positive Emotions *(adapted from van Dolen et al., 2004)*	
To which extent did you feel these emotions just after the end of the service encounter?	
Hopeful	.791
Happy	.941
Negative Emotions *(adapted from van Dolen et al., 2004)*	
To which extent did you feel these emotions just after the end of the service encounter?	
Humiliated	.945
Guilty	.415
Scared	.391
Sad	.707
Service Encounter Satisfaction *(adapted from van Dolen et al., 2004)*	
This encounter was exactly what I needed.	.931
I am satisfied with this encounter.	.933
I have truly enjoyed this encounter.	.905
Affective Commitment toward the Employee *(adapted from Gruen et al., 2000; Verhoef, 2003)*	
I appreciate to be a customer of this employee.	.939
I have a positive feeling toward this employee.	.952
I feel a strong attachment to this employee.	.916
Loyalty Intentions to the Company *(adapted from Zeithaml et al., 1996)*	
I say positive things about this company to other people.	.900
I recommend this company to someone who seeks my advice.	.937
I encourage friends and relatives to do business with this company.	.932
I consider this company as my first choice to buy this type of services.	.844
I have the intention to do more business with this company in the future.	.863
Loyalty Intentions to the Employee *(adapted from Patterson and Smith, 2003; Zeithaml et al., 1996)*	
I will contact the same contact employee.	.915
I will continue doing "business" with this contact employee.	.907
I would say positive things about this contact employee to friends and relatives.	.941
I would recommend this contact employee to friends and relatives.	.963
I would encourage friends and relatives to do business with this contact employee.	.942

Appendix D: Summary of the Service Encounter Script
(Chapter 4)

1. As soon as the customer comes to the check-in counter, the employee makes eye contact with the customer and greets him.

2. The employee asks for passport and the number of baggage.

3. The employee announces to the customer that the flight is delayed indefinite postponement for an undetermined time due to climatic causes. The employee adds that at this stage, he does not know for how long the flight will be postponed.

4. From this stage, the four scripts differ:

High EEC	Low EEC
- The employee says to the customer that he perceives that the customer is upset, recognizes that it is normal to be upset, and understands the reasons why the customer is upset: the situation is really exceptional and upsetting.	- The employee does not react nor say anything in response to telling the customer of the flight delay. (That is, he does not say to the customer that he perceives that the customer is upset, does not recognize that it is normal to be upset, and does not say that he understands the reasons why the customer is upset.)
- He mentions that information will be communicated with the objective of reassuring the customer.	- He mentions that information will be communicated.
- He asks the customer to be attentive to information that will be communicated through the public address system.	- He asks the customer to be attentive to information that will be communicated through the public address system or else he could easily miss the plane.
High ETC	**Low ETC**
- The employee quickly finds the reservation.	- The employee takes quite a bit of time to find the reservation.
- The employee precisely and directly answers the customer's questions about what to do if the customer misses the flight connection.	- The employee does not precisely and directly answer the customer's questions about what to do if the customer misses the flight connection.
- He mentions to the customer that information will be quickly communicated.	- He mentions to the customer that information will be communicated.
- He mentions to the customer that the company is well prepared to deal with this kind of situation.	- He mentions to the customer that he cannot do anything about this kind of situation.

5. The employee gives the tickets and passport back to the customer and asks to the customer to wait in a nearby lounge for additional information.

Appendix E: List of Questionnaire Items
(Chapter 4)

Realism of the videos *(Schoefer and Ennew, 2005)*
1. I believe that such an incident can happen in real life.

Employee emotional competence *(see scale developed in Chapter 3)*
   Perception of customer emotions
1. The employee was entirely capable of recognizing that I was upset.
2. The employee was entirely capable of perceiving how I was feeling.
3. The employee was entirely capable of identifying the emotional state I was in.
4. The employee was fully aware of my emotional state.
5. The employee perfectly interpreted my emotions.

   Understanding of customer emotions
6. The employee perfectly understood the reasons why I was upset.
7. The employee perfectly understood the reasons for my feelings.
8. The employee perfectly understood why I was bothered.

   Regulation of customer emotions
9. The employee had a very positive influence on me.
10. The employee did everything to make me feel well.
11. The employee behaved tactfully to make me feel better.
12. I felt completely supported by the employee.
13. The employee positively influenced the way I was feeling.
14. By his behavior, the employee calmed me down.
15. I felt that the employee listened and understood me.
16. The employee understood that the kind of emotions I was experiencing were normal.

Employee technical competence *(Price et al., 1995b)*
During the service encounter, the contact employee was:
1. Capable
2. Efficient
3. Organized

Negative customer emotions at the end of the encounter *(adapted from Schoefer and Diamantopoulos, 2008a; van Dolen et al., 2004)*
1. Enraged
2. Angry
3. Disgusted
4. Mad

Rapport: Enjoyable interaction *(Gremler and Gwinner, 2000)*
In thinking about the encounter with the employee:
1. I enjoyed interacting with this employee.
2. This employee created a feeling of "warmth" in the relationship.
3. This employee related well to me.
4. I had a harmonious encounter with this person.
5. I was comfortable interacting with this employee.

Customer satisfaction with the encounter *(adapted from Schoefer, 2008; Tax et al., 1998)*
1. The handling of the encounter was done as well as it should have been.
2. The contact employee did all I expected.
3. I was happy with the handling of the encounter.
4. I was pleased with the manner in which the contact employee dealt with the encounter.

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EXECUTIVE SUMMARY

The present dissertation is based on three studies, sharing one common theme: employee emotional competence (EEC). The overall aim of this dissertation is to examine *the effect of customer perceptions of employee emotional competence on their evaluations of critical service encounters*. To achieve this goal, each study builds a theoretical framework and presents empirical assessments of aspects of the issue under consideration. While psychology scholars have conceptualized, measured, and evaluated the impact of EEC in work-related relationships (i.e., *internal perspective* of EEC), the role of EEC in customer-related relationships (i.e., service encounters) has received little attention by marketing scholars. We argue in this dissertation that a *customer perspective* of EEC is necessary to examine EEC in such context. Recent studies in the service literature have suggested that EEC could be valuable in service encounters–especially in critical service encounters since customers want employees to recognize the uniqueness of their personal experience (Price et al., 1995b). Given the potential influential role of EEC in a marketing context, researchers have called for further investigation (Kidwell et al., 2011; Verbeke et al., 2008).

Therefore, this dissertation approaches the concept of EEC by first focusing on emotional competence (i.e., the actual demonstration of emotionally competent behaviors by the employee) instead of emotional intelligence (i.e., the potential one employee has to demonstrate emotionally competent behaviors). In this respect, we examine customer perceptions–rather than employee perceptions or supervisor perceptions of EEC–since these last measures are subject to important biases and since only customers can evaluate if the employee has actually displayed emotionally competent behaviors during the service encounter. More specifically, the focus is on the exploration of EEC and its effects on customer outcomes. Based on a review of the literature from various disciplines and research

streams, comprehensive models are constructed, summarizing theoretical propositions and hypotheses.

The first study examines in a field study the impact of customer perceptions of EEC on customer satisfaction and loyalty in high-contact services. The mediating role of rapport is examined. We found that EEC influence both customer satisfaction and loyalty. Rapport mediates both relationships. The second study aims to conceptualize EEC in service encounters and to develop a short, valid, and reliable measure based on that conceptualization. By using a rigorous scale development procedure, we define EEC as *customer perceptions of employees' abilities to perceive, understand, and regulate customer emotions in a service encounter to ensure harmonious encounters*. This measure of EEC is strongly related to key customer outcomes such as customer satisfaction. The third study aims to understand in an experimental design the role of EEC compared to employee technical competence (ETC) in emotionally charged service encounters. We found that EEC moderates the relationship between ETC and customer outcomes such as negative customer emotions, rapport, and service encounter satisfaction. When EEC is low, the impact of ETC on those variables is low or even non significant. When EEC is high, ETC strongly influences those customer outcomes.

Together, the three studies provide rich insights on the impact of EEC on customer outcomes in a service encounter context. To improve the customer's experience in service encounters, managers should encourage their contact employees to display emotionally competent behaviors by perceiving, understanding, and regulating customer emotions. When employees have high EEC, the impact of ETC on customers is the highest. Rapport mediates the relationship between EEC and key customer outcomes such as customer satisfaction and loyalty.

NEDERLANDSE SAMENVATTING (SUMMARY IN DUTCH)

Inleiding

Voor veel klanten vormt de dienstverlening verstrekt door werknemers van de klantendienst, hun eerste ervaring met bedrijven (Bitner, Brown, en Meuter, 2000). Bepaalde ontmoetingen in het kader van dienstverlening kunnen heel kritiek zijn voor klanten vanwege hun intieme karakter, affectieve geladenheid en lange duur (Brown en Kirmani, 1999; Grace, 2007; Price, Arnould, en Deibler, 1995). Voorbeelden van kritieke dienstverlening zijn: (a) ontmoetingen die emotioneel geladen zijn (bijv. ontmoetingen waarbij de dienstverlener een fout probeert te herstellen, ontmoetingen waarbij slecht nieuws door de dienstverlener meegedeeld wordt …), en (b) ontmoetingen met nauw en intensief contact (bijv. een bezoek aan de kapper of aan de arts ….).

Deze ontmoetingen zijn moeilijk, niet alleen voor de klanten maar ook voor de dienstverlenende bedrijven. Als de klant tevreden is met de manier waarop de dienstverlener de ontmoeting aanpakt kan dit een hogere klanttevredenheid en klantloyaliteit met zich meebrengen (Liao, 2007; Schoefer en Diamantopoulos, 2008). Daarentegen, als de klant niet tevreden is, kan dit leiden tot negatieve mond-tot-mond reclame en tot wisselend gedrag (McColl-Kennedy et al., 2009; Schoefer en Diamantopoulos, 2008).

Bepaalde studies (Cartwright en Pappas, 2008; Verbeke et al., 2008) suggereren dat de emotionele competentie van de dienstverlener (afgekort ECD) van belang kan zijn bij zulke ontmoetingen. Dankzij de emotionele competentie van de dienstverlener - waarbij bedoeld wordt: "de vaardigheden die te maken hebben met het verwerken, het beheren en het aanwenden van emoties op de werkvloer" (Giardini en Frese, 2008, p. 155) - kunnen de attitudes en de gedragingen van de klant positief beïnvloed worden (Verbeke et al., 2008). Inderdaad, klanten ervaren emoties tijdens ontmoetingen in het kader van dienstverlening (Gabbott, Tsarenko, en Mok, 2011; Hennig-Thurau et al., 2006; Pugh, 2001) – in het bijzonder tijdens kritieke ontmoetingen (Menon en Dubé, 2004). De klantemoties geven de

dienstverleners informatie over de behoeften van de klant en ook over de manier waarop de dienstverlening aangepast kan worden (Mattila en Enz, 2002). Als de dienstverlener blijk geeft van emotionele competentie (i.e., door de emoties van de klant aan te voelen en te begrijpen), zal hij beter in staat zijn de behoeften van de klant te begrijpen en hem dus tevreden te stellen. Daarnaast beïnvloeden de emoties van de klant diens evaluatie van de dienstontmoeting (Bagozzi, Gopinath, en Nyer, 1999; Liljander en Strandvik, 1997; Mattila en Enz, 2002). Werknemers met een hoger niveau van emotionele competentie zouden bijgevolg de klant beter tevreden kunnen stellen dankzij een beter begrip van de informatie betreffende diens behoeften die door zijn emoties overgebracht wordt.

Doelstellingen

Dit proefschrift onderzoekt de rol van ECD tijdens kritieke ontmoetingen in het kader van dienstverlening omdat een belangrijk aspect van de prestaties van een bedrijf steunt op zijn vermogen om te verzekeren dat dergelijke ontmoetingen in goede banen geleid worden door werknemers. De essentie van dit proefschrift is de volgende onderzoeksvraag: wat zijn de effecten van de klantpercepties van de emotionele competentie van de werknemer op zijn evaluatie van kritieke ontmoetingen in het kader van de dienstverlening. Om deze hoofddoelstelling te kunnen benaderen vanuit een grote verscheidenheid aan perspectieven ontwikkelen we meer specifieke objectieven voor de verschillende hoofdstukken.

In hoofdstuk 2 focussen we op de klantperceptie van ECD en onderzoeken we hoe deze de klanttevredenheid en -loyaliteit beïnvloedt. We bestuderen ook hoe de kwaliteit van de relatie het verband tussen ECD en de uitkomsten voor de klant (i.e., klanttevredenheid en -loyaliteit) mediëert.

In hoofdstuk 3 hebben we als doel (1) een adequate conceptualisatie van ECD te ontwikkelen; (2) een beknopte, goed onderbouwde en betrouwbare meting van ECD

gebaseerd op de klantervaring te ontwikkelen dat gebruikt kan worden zelfs voor unieke ontmoetingen tussen een dienstverlener en een klant; en (3) de invloed van deze nieuwe meting van ECD op de klantpercepties van de ontmoeting te evalueren.

In hoofdstuk 4 hebben we als doel marketing theorie vooruit te helpen door een model te ontwikkelen dat ons in staat stelt de algemene effecten van twee facetten van de competentie van de werknemer (namelijk emotionele competentie en technische competentie) alsook de effecten van de wisselwerking tussen beide te testen op negatieve klantemoties in het kader van dienstontmoetingen die emotioneel erg geladen zijn (er wordt immers slecht nieuws aan de klant meegedeeld). We bestuderen ook de impact van deze twee soorten competenties van de werknemer op klantevaluaties van de dienstontmoeting die van cruciaal belang zijn voor service managers. Hierbij houden we ook rekening met de impact van beide competenties op de kwaliteit van en de klanttevredenheid met de ontmoeting – concepten die zelden bestudeerd worden in het kader van dienstontmoetingen die emotioneel geladen zijn.

Samenvatting van de bevindingen

Hoofdstuk 2

In dit hoofdstuk wordt nader ingegaan op de impact van de klantpercepties van ECD op de klanttevredenheid en -loyaliteit. De mediërende rol van kwaliteit wordt ook bestudeerd. Door de relaties tussen ECD, kwaliteit, tevredenheid en loyaliteit te identificeren draagt deze studie bij tot een beter begrip van de voordelen die ECD, zoals die door de klant gepercipieerd wordt, aan dienstverlenende bedrijven kan brengen. De resultaten vormen een argument om ECD in verband te brengen met klanttevredenheid en -loyaliteit. Kwaliteit mediëert de effecten van ECD op de klanttevredenheid en -loyaliteit partieel.

Hoofdstuk 3

In dit hoofdstuk worden de volgende punten voorgesteld: (1) een conceptualisatie van ECD die geschikt is voor ontmoetingen in het kader van dienstverlening; (2) een bondige meting van ECD gebaseerd op de klantervaring; en (3) een evaluatie van de impact van de klantpercepties van ECD op de cruciale resultaten van de dienstontmoeting voor de klant. Doordat de manier waarop de dienstverlener tijdens ontmoetingen door de klant gepercipieerd wordt, grotendeels de klanttevredenheid en -loyaliteit bepaalt (Bitner, 1990), beweren we dat klantpercepties van ECD van het allergrootste belang zijn. In tegenstelling tot eerdere studies over ECD waarbij voor een intern perspectief gekozen werd, volgen wij het perspectief van de klant. Inderdaad, we ontwikkelen en valideren een meting gebaseerd op de klantervaring die variabelen voorspelt die van groot belang zijn voor service managers. We conceptualiseren ECD als de klantperceptie van de vaardigheid die de dienstverlener toont om de emoties van de klant in het kader van een dienstontmoeting aan te voelen, te begrijpen en te beheren, zodat de interactie harmonieus verloopt. Klanten evalueren ECD op basis van drie dimensies die conceptueel en empirisch duidelijk van elkaar te onderscheiden zijn. Die drie dimensies verwijzen naar de vaardigheid van de dienstverlener om de emoties van de klant aan te voelen, te begrijpen en te beheren. Onze studie toont dat ECD sleutelvariabelen beïnvloedt die van belang zijn voor service managers, zoals de affectieve betrokkenheid van de klant t.a.v. de dienstverlener, de tevredenheid met de dienstontmoeting en de loyaliteit tegenover de dienstverlener en het bedrijf.

Hoofdstuk 4

In dit deel onderzoeken we de effecten van twee verschillende en belangrijke competenties die vaak aangehaald worden, namelijk de emotionele competentie van de dienstverlener en de technische competentie van de dienstverlener. We kijken ook naar de

effecten van de wisselwerking van beide competenties op de klantevaluaties van emotioneel geladen ontmoetingen in het kader van dienstverlening. De resultaten van ANCOVA suggereren dat, wanneer de dienstverlener slecht nieuws moet meedelen aan klanten, ECD een positieve invloed heeft op de relatie tussen de technische competentie van de werknemer op de ervaring van de interactie (i.e., ze vermindert de negatieve emoties van de klant en vergroot de kwaliteit van en de tevredenheid met de dienstontmoeting). Dit is vooral het geval wanneer ECD groot is. Als deze laag is, is de impact van de technische competentie op de klantervaring beperkter.

Bijdragen

Bijdragen op theoretisch vlak

Dit proefschrift draagt in verschillende opzichten bij tot de wetenschappelijke literatuur rond emotionele competentie van de werknemer en dienstverlening. Ten eerste: terwijl eerder onderzoek aandacht besteedde aan de *emotionele intelligentie van de werknemer* (m.a.w. het potentieel van de werknemer om blijk te geven van gedragingen die emotioneel adequaat zijn), focussen wij op de *emotionele competentie van de werknemer*, namelijk het effectieve tonen door de werknemer van gedragingen die emotioneel adequaat zijn. Dit is een belangrijk onderscheid want het feit dat een werknemer emotioneel intelligent is, garandeert niet dat hij inderdaad emotioneel adequate gedragingen vertoont. Ondanks dit feit stellen we toch vast dat de meeste studies focussen op de emotionele intelligentie van de werknemer.

Ten tweede: aangezien de ontmoeting in het kader van dienstverlening de context van onze studie vormt en we aandacht besteden aan het tonen van emotioneel adequaat gedrag, hebben we de klantpercepties van ECD onderzocht. We beweren dat de klantpercepties van ECD in de loop van de dienstontmoeting van het allergrootste belang zijn, daar de

klantpercepties van het gedrag van de dienstverlener tijdens de ontmoeting van cruciaal belang zijn bij het voorspellen van kanttevredenheid en -loyaliteit (Bitner, 1990). Daarbij vormen klanten een betrouwbare bron van informatie voor de verbetering van de kwaliteit van de dienstverlening (Berry, Parasuraman en Zeithaml, 1994). Door het perspectief van de klant aan te nemen (i.e., een perspectief dat de klantpercepties van ECD in aanmerking neemt) in plaats van een intern perspectief (i.e., een perspectief dat rekening houdt met de perceptie van de dienstverlener zelf of van het diensthoofd), hebben we een eerste verband gelegd tussen de sociale psychologie, de psychologie van de organisaties en de wetenschappelijke literatuur rond dienstenmarketing met specifieke aandacht voor ECD.

Ten derde: onderzoekers inzake dienstenmarketing hebben zich tot nu toe moeten baseren op definities en schalen ontwikkeld door psychologen. Dezen gebruiken een intern perspectief om uitkomsten voor de bedrijfsorganisatie te voorspellen. Onze conceptualisatie van ECD in hoofdstukken 2 en 3 en de meting voorgesteld in hoofdstuk 3 dragen bij tot de wetenschappelijke literatuur rond dienstenmarketing door een middel aan te reiken dankzij welk ECD specifiek gedefinieerd en gemeten kan worden bij dienstontmoetingen. De meting die we ontwikkeld hebben, biedt ook een mogelijke verklarende variabele voor onderzoekers die geïnteresseerd zijn in het voorspellen van de gedragsrespons alsmede de emotionele en cognitieve respons van klanten op dienstontmoetingen.

Ten vierde: de resultaten van het experiment in hoofdstuk 4 geven ons verder inzicht in de omstandigheden waarin het het meest waarschijnlijk is dat ECD een rol speelt bij de uitkomsten voor de klant. De impact van de technische competentie van de werknemer op de klantevaluaties van de dienstontmoeting is sterk verminderd wanneer ECD laag is. Over het geheel genomen steunt deze studie op het idee dat de technische competentie niet voldoende is om een uitstekende dienstverlening te hebben. Deze wordt alleen bereikt wanneer een dienstverlener competent blijkt te zijn zowel op technisch als op emotioneel vlak.

Bijdragen op het vlak van management

Dit proefschrift verschaft service managers meerdere belangrijke inzichten. In de eerste plaats maakt dit proefschrift er de managers op attent dat ze bijzonder veel aandacht moeten besteden aan de aanpak van kritieke dienstontmoetingen. Inderdaad, deze ontmoetingen kunnen intense emoties veroorzaken bij klanten. Anderzijds hebben negatieve emoties meer impact op individuen dan positieve emoties en negatieve informatie wordt grondiger verwerkt dan positieve informatie. Slechte indrukken vormen zich ook vlugger en zijn minder vatbaar voor verandering dan goede (Baumeister et al., 2001).

Ten tweede zouden service managers er bewust van moeten zijn dat schalen van emotionele competentie waarover de dienstverlener zelf verslag uitbrengt, vervalst of vervormd kunnen worden. Metingen die gegeven worden door een diensthoofd of door een gelijke, kunnen ook afwijkingen vertonen (bijvoorbeeld een manipulatie in het kader van een evaluatiesysteem waarbij beloningen toegekend worden) (Prendergast en Topel, 1993). In feite gebruiken klanten, werknemers en diensthoofden verschillende criteria om de prestatie van de dienstverlener te evalueren (bijv., Mattila en Enz, 2002). Als managers de emotionele vaardigheden van hun werknemers tijdens dienstontmoetingen op de meeste adequate manier willen meten, is het bijgevolg beter dat zij dat doen door de klantpercepties van ECD te meten.

Ten derde stelt de meting van ECD zoals deze in hoofdstuk 3 wordt ontwikkeld, de managers in staat (1) ECD waar te nemen en in te schatten tijdens dienstontmoetingen, (2) de correlatie te bepalen tussen ECD en belangwekkende uitkomsten, en (3) ECD te gebruiken bij rekruteringsprocedures. Deze meting maakt het mogelijk voor service managers om de sterktes en zwaktes van hun werknemers preciezer te meten en deze kennis te gebruiken om een opleiding te bedenken waarbij de zwaktes inzake ECD overwonnen kunnen worden.

Ten vierde weten service managers ongetwijfeld dat ECD een invloed heeft op het algemeen welzijn (Kotsou et al., 2011), de werktevredenheid (Sy, Tram en O'Hara, 2006) en de werkprestaties (Joseph en Newman, 2010), zoals bijvoorbeeld de verkoopprestaties (Kidwell et al., 2011) maar het is belangrijk erop te wijzen dat wij verder inzicht suggereren. Zoals aangetoond in hoofdstukken 2, 3 en 4, beïnvloedt ECD ook cruciale uitkomsten voor de klant zoals klanttevredenheid en -loyaliteit. In overeenkomst hiermee en met het oog op een verbetering van de cruciale uitkomsten voor de klant in kritieke dienstontmoetingen kunnen service managers het tonen van emotioneel adequate gedragingen bij hun werknemers stimuleren.

Ten vijfde geven we in hoofdstuk 4 verder inzicht in de manier waarop de klantervaring tijdens een emotioneel geladen dienstontmoeting verbeterd kan worden. De klantervaring is optimaal wanneer een werknemer competent blijk te zijn zowel op emotioneel als op technisch vlak. Terwijl dienstverlenende bedrijven zwaar investeren in de opleiding inzake de technische competentie van hun personeel, besteden ze vaak minder aandacht aan de opleiding inzake ECD. Nochtans suggereren onze bevindingen dat ECD de klantervaring heel sterk kan verbeteren in het kader van emotioneel geladen ontmoetingen. We suggereren bijgevolg dat er meer nadruk gelegd wordt op de opleiding voor een betere ECD.

Als laatste zouden service managers ook rekening moeten houden met ECD bij het rekruteren van nieuwe werknemers. Een meta-analyse van de methodes gebruikt bij de selectie van werknemers suggereert dat de beste aanwervingsprocedures kennistests combineren met persoonlijkheidstests en voorbeelden van werksituaties (Hunter en Schmidt, 1998) maar er is geen enkele schaal beschikbaar waarbij de vaardigheid van een sollicitant om de klantemoties tijdens dienstontmoetingen aan te voelen, te begrijpen en te beheren, bepaald zou kunnen worden. Service managers zouden de ECD van sollicitanten kunnen evalueren

aan de hand van rollenspelen waarbij de kandidaat de rol van de werknemer speelt bij het bedienen van een klant die negatieve emoties ervaart. Op het einde van het rollenspel zouden zowel de persoon die de klant speelt als de waarnemers de schaal voor ECD invullen, wat de vaardigheid van de sollicitant om de klantemoties aan te voelen, te begrijpen en te beheren, aan het licht zou brengen.

ABOUT THE AUTHOR

Cécile Delcourt was born on 17th of June 1980 in Liege, Belgium. She holds a Master Degree in Business Engineering from HEC Liege (Belgium) and a Teaching Degree from the University of Liege (CAPAES). In 2007, she started her Ph.D. dissertation. She followed doctoral courses at Maastricht University (The Netherlands), and at the Catholic University of Louvain (Belgium), and also followed doctoral seminars at the European Institute of Advanced Studies in Management (EIASM). She has been a Visiting Scholar at Bowling Green State University (Ohio, USA) and at the Radboud University (Nijmegen, the Netherlands). Her research interests include: employee emotional competence, customer experience, and emotionally charged service encounters among others. Her research has been presented at several international conferences, including the European Institute of Retailing and Service Studies (EIRASS), Quality in Services (QUIS), and the Association Française du Marketing (AFM).

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