

Employee Emotional Competence: Construct Conceptualization and Validation of a Customer-Based Measure

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Abstract

Customers often experience intense emotions during service encounters. Their perceptions of how well contact employees demonstrate emotional competence in emotionally charged service encounters can affect their service evaluations and loyalty intentions. Previous studies examining employees' potential to behave in emotionally competent ways (i.e., employee emotional intelligence [EEI]) have used self- or supervisor-reported scales to predict customer outcomes, presenting EEI as stable and independent of the context. However, service firms should be more concerned with the actual display of emotionally competent behaviors by employees (employee emotional competence [EEC]), because employee behaviors vary across encounters. Moreover, a customer perspective of EEC is useful, as customer perceptions of employee performance are crucial predictors of satisfaction and loyalty. Therefore, this study proposes a conceptualization and operationalization of EEC in a service encounter context. On the basis of a comprehensive literature review and in-depth interviews, the authors develop a scale to capture customer-perceived EEC, defined as an employee's competence in perceiving, understanding, and regulating customer emotions during a discrete service encounter. The scale achieves good reliability and validity. Researchers can use it to explore the role of EEC in service contexts, and managers can employ the scale to diagnose EEC and improve the customers' service encounter experiences.

Keywords

employee emotional competence, emotional intelligence, service encounter, scale development, customer experience

Julie was looking forward to traveling during the holidays. Unfortunately, the airline check-in agent had to inform her that her passport had expired; thus, she would not be able to board the plane. Julie was quite upset and felt powerless. While the situation was bleak, Julie felt somewhat better because the contact employee seemed to have perceived and understood her despair. Furthermore, the employee tried his best to make Julie feel better by carefully listening to her and allowing her to express her feelings.

Intense emotions are not only common among customers in service encounters (e.g., Gabbott, Tsarenko, and Mok 2011; Strizhakova, Tsarenko, and Ruth 2012) but also have crucial effects, in that they inform customer value judgments (Zajonc 1980). In emotionally charged service encounters, customers expect employees to address their emotional needs (Menon and Dubé 2000; Singh and Duque 2012). Employees' competence in responding to customers' emotions thus can affect customer evaluations and behavioral intentions (Bagozzi, Gopinath, and Nyer 1999; Menon and Dubé 2000). Employee emotional competence (EEC) "captures many of the key competencies involved in creating and maintaining an appropriate climate for service," such that it can "reduce some of the

emotional problems inherent in high levels of interpersonal interactions" (Bardzil and Slaski 2003, p. 98), while also enhancing customer attitudes and behaviors (Bardzil and Slaski 2003; Härtel, Barker, and Baker 1999; Verbeke et al. 2008).

Emotional competence (EC) refers to the manifestation of emotionally competent behaviors (Giardini and Frese 2008; Seal and Andrews-Brown 2010; Zeidner, Matthews, and Roberts 2004) that reflect emotional intelligence (EI) or "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). Whereas EI refers to the potential ability to

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display emotionally competent behaviors, EC indicates the extent to which people actually realize this potential (Zeidner, Matthews, and Roberts 2004).¹ In service encounters, service managers need to examine EEC—rather than employee emotional intelligence (EEI)—if they hope to improve customer experiences, and having high EI does not automatically translate into displaying high EC, because employees may perceive themselves or be perceived by supervisors or peers as being highly emotionally intelligent in general but behave in emotionally incompetent ways when interacting with a particular customer.

To our knowledge, only one study (Delcourt et al. 2013) has examined EEC in the context of service encounters. It focuses on the actual display of emotionally competent behaviors (i.e., EEC) rather than on the potential to display emotionally competent behaviors (i.e., EEI). Furthermore, whereas prior literature has examined employee perceptions (or, in a few cases, supervisor or peer perceptions) of EEI, Delcourt et al. (2013) suggest measuring customer perceptions of employees' emotionally competent behaviors. Their study demonstrates that customer perceptions of EEC positively influence customer satisfaction and loyalty, but it also suffers several limitations. First, they do not conceptually differentiate EEC from other similar constructs, such as EEI or empathy. Second, they propose a formative model of EEC but offer a limited conceptual rationale for this choice. Third, they adapt Wong and Law's (2002) emotional intelligence scale (WLEIS) to capture a customer perspective of EEC in a service encounter context. However, the WLEIS instrument has significant limitations when used for customer-reported evaluations of EEC during service encounters—which are detailed in the next paragraph.

The first limitation of the WLEIS scale is that it was developed to be completed by the person being evaluated and includes items referring to a general context (rather than a specific situation; Delcourt et al. 2013). Accordingly, in a service encounter context, customers are unable to report on two of the four dimensions of the WLEIS instrument (i.e., use of emotions and self-emotion appraisal). Second, a key dimension, "regulation of others' emotions," is absent from the WLEIS instrument (Brasseur et al. 2013). Third, the WLEIS instrument does not differentiate the dimensions of "perception of others' emotions" and "understanding others' emotions" but instead combines these two key dimensions into one called "appraisal of others' emotions." This combination is problematic because the original definition of EI conceptually differentiates perception from understanding emotions. Fourth, the authors of the WLEIS instrument are silent on whether their four dimensions are formative or reflective in nature.

We extend EEC research by overcoming the limitations of the Delcourt et al. (2013) study and the WLEIS instrument they rely on. Specifically, we (1) demonstrate the uniqueness of the EEC construct, compared with other similar constructs (e.g., EI and empathy), to clarify its conceptual discriminant validity; (2) present a rationale for modeling EEC as a formative construct; and (3) provide a valid, reliable scale for examining EEC in service encounters.

Conceptualizing EEC in Service Encounters

Limitations of the Employee Perspective

Research into employee emotion management focuses almost exclusively on EI or the "propensity to behave in a certain way in emotional situations" (Brasseur et al. 2013, p. 1). Having EI is necessary to demonstrate EEC, so we rely on EI literature to conceptualize and operationalize our construct. Service encounter studies that measure EI typically ask an employee (or his or her supervisor) to report on the employee's EI, though existing measures of EI suffer several biases and limitations when applied to discrete service encounters.

First, existing EI measures focus on the employee's *potential* to behave in an emotionally competent way, even though service managers are more interested in the *actual display* of emotionally competent behaviors during service encounters.

Second, employee self-reports are often subject to faking, distortion, or biases (Day and Carroll 2008). Employees do not accurately evaluate their own performance, and competent employees tend to underestimate it, whereas incompetent ones tend to overestimate it (Kruger and Dunning 1999). Self-reports of EI are particularly troublesome, because they "require more insight and meta-cognition than individuals are capable of" (Aldao, Nolen-Hoeksema, and Schweizer 2010, p. 226). To overcome the limitations of self-reported measures, some studies use supervisor reports to evaluate EEI (Weng 2008), but these measures also suffer from different biases, such as extreme strictness or leniency (Prendergast and Topel 1993). Supervisors also may find it difficult to evaluate their employees on some dimensions of EEI, such as employees' ability to use their own emotions to facilitate thinking, because this process is not observable a priori. Nor can supervisors realistically monitor every service encounter, which leaves them with limited knowledge about how an employee behaves in a specific situation. Therefore, supervisors must speculate about the employee's potential to display emotionally competent behaviors in a given encounter.

Third, the measures assess EI as a stable, general characteristic of the service employee and thus treat EI as context independent across various situations. But service encounters inherently vary, and employees' emotional performance may change depending on the context of the encounter (Verbeke, Belschak, and Bagozzi 2004). The heterogeneity in encounters might reflect, for example, an employee's motivation and mood, as well as contextual factors, such as the customer's personality or emotional state. Accordingly, context-independent measures of EEI likely provide unreliable predictions of customer outcomes. As Aldao (2013, p. 155) notes, "context plays a central role in emotion regulation." Therefore, to understand the process of emotion regulation, we must examine contextual factors.

Fourth, existing measures emphasize *intrapersonal* EI (i.e., potential ability to perceive, use, understand, and regulate one's own emotions) but largely ignore *interpersonal* EI (i.e., potential ability to perceive, understand, and regulate others' emotions). As Gross and Thompson (2007) indicate, regulation of one's own and others' emotions are both essential, yet

prior literature mainly focuses on the former, to the detriment of the latter. The regulation of others' emotions is more essential to service encounters, because employees who are responsive to customers' emotions likely can create customer satisfaction (Menon and Dubé 2000, 2004; Strizhakova, Tsarenko, and Ruth 2012).

Perhaps because of these limitations, studies that adopt an employee perspective offer conflicting results when examining EEI in service encounters. For example, Kernbach and Schutte (2005) demonstrate a positive relationship between EEI and customer satisfaction, and Weng (2008) finds a positive but weak relationship between supervisor-perceived EEI and customer trust. In contrast, Giardini and Frese (2008) find a nonsignificant relationship between self-reported EEI and customer satisfaction. Because the role of EEI in service encounters is unclear, and because measures of EEI in service encounters suffer from the aforementioned limitations and biases, we believe service literature needs to adopt a customer-based conceptualization and operationalization of EEC to match the service encounter setting. By focusing on EEC, we aim to measure the actual display of emotionally competent behaviors (rather than the potential to do so), as perceived by the customer (rather than the employee), in a specific service encounter as EEC is context dependent (rather than in general as EEI is considered to be context independent), with a focus on interpersonal competences (rather than potential intrapersonal abilities).

Toward a Customer Perspective

In suggesting a customer-driven perspective, we note that managers should consider employees' *actual* displays of emotionally competent behaviors, as perceived by customers, more important than their *potential* to behave in emotionally competent ways, as perceived by the employee or the supervisor.² Customers and service employees often have different perceptions of what constitutes good service (Swartz and Brown 1989) and use different criteria to evaluate employee performance (Mattila and Enz 2002). We contend that for evaluations of employee behaviors during service encounters (e.g., competence in managing customer emotions), customer perceptions should be the primary consideration, because they help shape the customer's experience. Such an approach is in line with studies that capture the viewpoint of the customer to examine the effects of employee behaviors on customers during service encounters (e.g., Brady and Cronin 2001; Groth, Hennig-Thurau, and Walsh 2009; Salanova, Agut, and Peiro 2005). In Table 1, we elaborate on this rationale by summarizing existing studies of EEI, as perceived by employees or their supervisors, then present the motivation for focusing on EEC, as perceived by customers.

EEC Dimensions From a Customer Perspective

In general, EI has been conceptualized as a second-order construct comprising four first-order emotional abilities (Mayer

and Salovey 1997), and we model EC in a similar way. We describe each of these dimensions both in line with prior literature and as they pertain to customer perceptions of EEC during service encounters. In so doing, we focus on observable, emotionally competent behaviors that customers can perceive, or interpersonal EEC. Intrapersonal EEC is difficult for customers to assess, because the associated behaviors are not generally observable to them. In Table 2, we summarize the EEC dimensions and their respective definitions from existing literature and according to the customer perspective.

The first dimension, *perceive emotions*, refers to the accuracy with which employees identify emotions in themselves and others (Mayer and Salovey 1997). In service encounters, from a customer perspective, this dimension entails employee competence in discerning a customer's emotions from his or her language, appearance, and behavior. For example, if a customer is visibly upset because an airline check-in agent announces that a flight is canceled, the customer may want the check-in agent to recognize that he or she is upset. The customer might deduce the employee's competence to perceive his or her emotional state if the check-in agent says, "I see that you are upset by the situation."

A second dimension discussed in prior literature, *use emotions*, pertains to employees' ability to use their emotions to facilitate thought and assist reasoning, such that employees direct their own emotions toward constructive activities (Mayer and Salovey 1997). They create emotional states in themselves and encourage themselves to do better. Employees who use emotions also steer their emotions in positive and productive directions (Mayer and Salovey 1997; Wong and Law 2002). For example, they might imagine a positive outcome for a given task or adopt a good mood so that they can persist in the face of obstacles (Law, Wong, and Song 2004; Schutte et al. 1998; Wong and Law 2002). In service encounters, this dimension would seem inapplicable for our purposes, because it focuses on intrapersonal EC. The customer may not be able to determine the employee's ability to use his or her own emotions constructively. We nevertheless examine this dimension in our qualitative data analysis to determine its relevance.

The third dimension, *understand emotions*, refers to the extent to which employees 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, from a customer perspective, employees should be able to recognize customer emotions and interpret their causes. Thus, the airline customer described previously might consider it important that the check-in agent says, "I totally understand why you feel anxious about getting to your destination on time."

Finally, the fourth dimension, *regulate emotions*, refers to managing one's own and others' moods and emotions—whether to dampen, intensify, or maintain those emotions (Gross and Thompson 2007). In service encounters, customers expect employees to manage customers' emotions by moderating their negative emotions and increasing their pleasant ones. Employees

Table 1. Employee Emotional Intelligence Versus Emotional Competence in Service Encounters.

		Employee Emotional Intelligence (EEI)	Employee Emotional Competence (EEC)
Conceptualization	Viewpoint Assumption	Employee, supervisor EEI is a stable ability within an employee	Customer EEC includes employee behaviors that can vary according to the employee's mood and motivation as well as the customer's personality and emotional state
	Context of the measurement	Domain transcending: EEI is measured in general and thus is context independent (i.e., across all encounters)	Domain-specific: EEC is measured after each encounter and thus is context dependent (i.e., related to a specific encounter)
	Fundamental premise	Employees and supervisors' perceptions are relevant to improve customer experience	Customers, supervisors, and employees do not have the same perceptions of one encounter. In considering the customer's experience, customer perceptions are the best source of information
Operationalization	Examples of studies in service encounter contexts and measures used	Giardini and Frese (2008), Kernbach and Schutte (2005), and Weng (2008). These studies use existing measures of EI to capture the potential of the employee to demonstrate emotionally competent behaviors	Delcourt et al. (2013). This study adapts an existing measure of EI to capture customer perceived EEC
	Measurement focus	The employee's potential to behave in an emotionally competent way as perceived internally (by employees, supervisors)	The actual display of emotionally competent behaviors as perceived externally (by customers)
	Respondents and their potential biases	Employee self-reports: faking, distortion, social desirability Supervisor reports: extreme leniency or strictness	Customer reports: potential common method variance ^a
	Other issues	Conflicting results about the impact of EEI on customer outcomes Primary focus on intrapersonal emotional abilities, and minimal focus on interpersonal emotional abilities	Existing measures of EEI cannot be fully adapted to evaluate EEC as perceived by customers No previous measure exists to fit a customer-oriented conceptualization of EEC in service encounters

^aThe measures of both independent and dependent variables come from one type of informant (i.e., the customer), which raises the potential for common method variance. However, studies in management sciences (including service marketing) generally do not suffer badly from this bias (Malhotra, Kim, and Patil 2006).

Table 2. Dimensions of Employee Emotional Intelligence (EEI) and Employee Emotional Competence (EEC).

	EEI		EEC
	Viewpoint of the employee, supervisor		Viewpoint of the customer
Dimensions	Potential intrapersonal ability	Potential interpersonal ability	Interpersonal behaviors
Perceive emotions	Employee potential to accurately identify own emotions	Employee potential to accurately identify others' emotions	Employee's actual performance in accurately observing customers' emotions
Use emotions	Employee potential to use own emotions to facilitate thought and assist reasoning by directing emotions toward constructive activities	Not applicable (<i>This dimension does not appear in Mayer and Salovey's [1997] definition and operationalization of emotional intelligence.</i>)	Not applicable (<i>Because this dimension does not appear in Mayer and Salovey's [1997] definition and operationalization and is not supported by our qualitative study, we do not propose a definition adapted to a customer perspective.</i>)
Understand emotions	Employee potential to understand own emotions	Employee potential to understand others' emotions	Employee's actual performance in understanding customers' emotions
Regulate emotions	Employee potential to manage own emotions	Employee potential to manage others' emotions	Employee's actual performance in managing customers' emotions

Note. Descriptions in this table have been adapted from Mayer and Salovey (1997).

can manage customer emotions by providing emotional support or supplying comforting messages (Zaki and Williams 2013). Therefore, this dimension involves extrinsic interpersonal regulation, or “episodes in which a person attempts to regulate another person’s emotion” to alter the trajectory of that person’s emotional experience (Zaki and Williams 2013, p. 804). Emotion regulation can range from explicit, conscious, effortful, and controlled regulation to implicit, unconscious, effortless, and automatic regulation (Gross 2013; Gyurak, Gross, and Etkin 2011). Several strategies are available for employees to regulate customer emotions, such as emotion suppression (e.g., when an airline check-in agent encourages a customer to stop crying over a canceled flight) or situation reappraisal (e.g., when a check-in agent tells a business customer that in case of a flight’s cancellation, he or she will have priority on the next flight).

Developing a Customer-Based Measure of EEC

A Higher-Order Formative Conceptualization of EEC

Because EEC is a complex concept, it should be modeled as a higher order construct with multiple dimensions (Podsakoff, Shen, and Podsakoff 2006), each of which represents an important aspect of the construct (Bollen and Lennox 1991). In addition, we contend that EEC needs to be modeled as a formative measure. With one exception (Agnihotri et al. 2014), studies of EI remain silent about whether the relationship between the latent construct and its dimensions is formative or reflective. Most EI studies have tacitly adopted a reflective formulation (i.e., the latent variable causes the observed dimensions), which seems difficult to defend conceptually. Instead, these studies apparently assume that all components of the construct are highly correlated because each dimension reflects the same underlying construct (Jarvis, Mackenzie, and Podsakoff 2003; MacKenzie, Podsakoff, and Jarvis 2005). However, for EEC, the dimensions we have described may not be highly correlated; for example, in a given encounter an employee may appear to be good at perceiving customer emotions (e.g., sadness) but appear poor at regulating his or her negative emotions (e.g., comforting and supporting the sad customer). This employee does not demonstrate high EC. Instead, it is necessary to measure all the dimensions to capture the entire domain of the construct, and an employee must score high on all dimensions to be perceived as emotionally competent.

When constructs are conceptualized as formative, the indicators or dimensions are not interchangeable, so dropping any one from the measurement model alters the meaning of the construct (Jarvis, Mackenzie, and Podsakoff 2003; MacKenzie, Podsakoff, and Jarvis 2005). The distinction between reflective and formative indicator models can be generalized to higher order factor structures (MacKenzie, Podsakoff, and Jarvis 2005). In the case of a second-order construct (e.g., EEC), the multiple first-order dimensions can serve as formative indicators. In the case of EEC (i.e., a second-order construct), we contend that its first-order dimensions are not interchangeable,

because each dimension captures a unique aspect of the construct domain. Accordingly, in line with the recommendations of MacKenzie, Podsakoff, and Jarvis (2005, p. 715), we model EEC as a second-order formative construct with formative first-order dimensions and reflective indicators,³ which “faithfully represents all of the conceptual distinctions that the researcher believes are important, and . . . provides the most powerful means of testing and evaluating the construct.”⁴

To develop a reliable, valid, customer-based measure of EEC, we adopt the six-stage scale development process that Netemeyer, Bearden, and Sharma (2003) recommend: (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, (5) assessment of scale reliability and validity, and (6) cross-validation with a new sample. We also follow recommendations from other scholars for developing and evaluating constructs with formative measures (Diamantopoulos and Winklhofer 2001; MacKenzie, Podsakoff, and Jarvis 2005).

Stage 1: Specifying the Construct Domain

We examined commonly cited definitions and measures of EI in social and organizational psychology literature, using Mayer and Salovey’s (1997) definition of EI as a starting point. Their conceptualization, which we alter slightly to capture the customer perspective on displayed employee behaviors in service encounters, includes four dimensions: perception, use, understanding, and regulation of customer emotions.

To specify the construct domain, we conducted a qualitative study to pursue five objectives: (1) explore the aspects of EEC that are salient for customers during service encounters, (2) investigate whether there is support for the often-cited four-dimensional structure of EC when applied to customer contact employees, (3) detect potential new dimensions not revealed by the literature review but that may be salient in service encounter contexts, (4) identify potential customer outcomes of EEC, and (5) generate items for each EEC dimension (Churchill 1979). We conducted in-depth interviews with 13 respondents who were asked to describe employee behaviors during one or two service encounters in which they had experienced severe negative emotions.

The qualitative study focused on emotionally charged service encounters because they are more likely to (1) elicit specific emotional needs of customers that require the attention of employees (Price, Arnould, and Deibler 1995; Singh and Duque 2012), (2) be memorable for the customer (Baumeister et al. 2001; Price, Arnould, and Tierney 1995), and (3) influence important outcomes such as overall satisfaction (Grace 2007) and word-of-mouth communication (Rimé 2009). In addition, if 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, respondents

explained their emotional states before, during, and after the encounter as well as why they experienced these emotions. Then, we asked the respondents to evaluate whether and to what extent the employee displayed emotionally competent behaviors and to describe the impact of the presence or absence of these behaviors on their service encounter experience (see Online Appendix A for a detailed description of the qualitative study).

Guided by our review of the EI literature and its applicability to employee behaviors in service encounters, as well as the findings of our qualitative study, we define EEC as *employee demonstrated ability to perceive, understand, and regulate customer emotions in a service encounter to create and maintain an appropriate climate for service*. This conceptualization differs in four ways from the conceptualization of EI: (1) We identify three (rather than four) dimensions, (2) we focus on the actual display of interpersonal emotionally competent behaviors (rather than intrapersonal potential abilities), (3) the final outcome leads to the creation of an appropriate climate for service (rather than the promotion of one's own emotional and intellectual growth; Mayer and Salovey 1997), and (4) the context is specific to discrete, emotionally charged service encounters (rather than transcending various life situations).

We did not find strong theoretical support for including "use of emotions" in service encounters, perhaps because the original definition of this dimension refers to intrapersonal abilities only, not interpersonal ones (see Table 2). Customers cannot evaluate employees' intrapersonal competencies effectively, because they are invisible. In contrast, customers can observe and value the interpersonal competencies displayed by employees during an interaction. Furthermore, scholars have argued that the use of emotions dimension may be conceptually redundant with the three other dimensions (Joseph and Newman 2010), particularly the regulation dimension, and it lacks empirical support for its existence as a separate dimension (Giardini and Frese 2006; Gignac 2005; Palmer et al. 2005; Rossen, Kranzler, and Algina 2008). In the qualitative study, we did not find empirical support for the use of emotions dimension. Accordingly, we believe that the EEC domain is best captured by three dimensions: perception, understanding, and regulation of customer emotions.

Stage 2: Generating Scale Items and Establishing Content Validity

From our literature review and qualitative study, we generated a list of 80 items to capture the three dimensions of EEC from the customer's perspective. We examined this list for content validity by providing 11 scholars with our definition of EEC and its three dimensions and instructing them to rate the representativeness, specificity, clarity, and conciseness of each item (DeVellis 2003; Netemeyer, Bearden, and Sharma 2003). Our experts qualitatively (i.e., written reports of the specificity, clarity, and conciseness of each item) and quantitatively (i.e., evaluations of the representativeness of each item on a 5-point Likert-type scale) assessed the items. From their feedback, we deleted items deemed unrepresentative by two or

more experts and/or too lengthy, nonspecific, or unclear by at least one expert. In total, we deleted 33 items, leaving a refined item pool of 47 items.

Stage 3: Developing the Questionnaire and Collecting Data

To assess the adequacy of the remaining items, we constructed a questionnaire that directed respondents to think about an emotionally charged service encounter they had experienced and to respond to questionnaire items about that specific encounter (we refer to this sample as the "initial sample"). We adopted the common practice of using convenience samples (e.g., Menon and Dubé 2004), which featured respondents from two populations: 144 questionnaires from college students and 167 from staff members of a business school at a Belgian university. After removing unusable questionnaires, we retained 112 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 occurred 1.5 years before our study took place. 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 electronic (1%) interactions.

To support our assessments of the discriminant and nomological validity of the construct, we asked the respondents to respond to a series of other items. To assess discriminant validity, we included measures of employee empathy and employee assurance from Parasuraman, Zeithaml, and Berry's (1988) service quality scale and measures of employee positive and negative affectivity (Watson, Clark, and Tellegen 1988). Each of these constructs is similar to but conceptually distinct from EEC. Employee empathy differs from EEC because an employee can be highly empathetic but lack EC. For example, an empathetic nurse may help a patient eat or get dressed, even if the patient shows emotional signs demonstrating that he or she would like to do these activities alone; in this case, the nurse is displaying little EC. Employee assurance also differs from EEC because an employee can score high on assurance and low on EC. A confident, mature-looking, well-dressed attorney can inspire a client's trust and confidence and elicit immediate assurance even if he or she does not appear to recognize, perceive, or manage the client's emotions. Finally, employee affectivity is distinct from EEC. Whereas affectivity is a subjective feeling state, EC pertains to the demonstration of emotionally competent behaviors related to a specific situation. Affectivity describes a person's tendency to feel positive (or negative), whereas EEC describes an employee's performance in dealing with customer emotions. Online Appendix B includes a list of these measures, and Table 3 provides an overview of these

Table 3. Comparison of Employee Emotional Competence (EEC) With Similar Constructs.

Construct	Definition	Comparison Between the Construct and EEC
EEC	Employee demonstrated ability to perceive, understand, and regulate customer emotions in a service encounter to create and maintain an appropriate climate for service.	<i>Not applicable.</i>
Emotional intelligence	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).	Whereas emotional intelligence represents a person's potential to behave in an emotionally competent way, EEC represents an employee's actual display of emotionally competent behaviors. Thus, an employee can demonstrate low emotional competence in critical situations even if this person performs well on tests of emotional intelligence.
Emotional labor	The extent to which an employee is required to present an appropriate emotion to perform the job efficiently and effectively (Wong and Law 2002).	Emotional labor refers to the job requirements in terms of emotional displays, and EEC refers to the competence of employees in perceiving, understanding, and regulating emotions. Thus, EEC is useful to employees in jobs requiring high emotional labor (Wong and Law 2002).
Empathy	Caring, individualized attention the firm provides its customers (Parasuraman, Zeithaml, and Berry 1988, p. 23).	Demonstrating empathy can be a way for employees to exhibit EEC. However, an employee can demonstrate compassion (i.e., be empathetic) without necessarily perceiving or understanding a customer's emotions.
Assurance	Knowledge and courtesy of employees and their ability to inspire trust and confidence (Parasuraman, Zeithaml, and Berry 1988, p. 23).	Employees demonstrating EEC can elicit assurance among customers. However, assurance is different with EEC, because an employee can score high on assurance and low on EEC.
Affectivity	Positive affectivity refers to the extent to which a person feels enthusiastic, active, and alert while negative affectivity refers to 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, Clark, and Tellegen 1988, p. 1063).	Whereas affectivity is a subjective feeling state, emotional competence pertains to the demonstration of emotionally competent behaviors related to a specific situation. Affectivity describes a person's tendency to feel positive (or negative), whereas EEC describes an employee's performance in dealing with customer emotions.

definitions and related concepts, which reinforces the rationale that distinguishes EEC from other concepts.

To evaluate nomological validity, we included several components of the service encounter experience (Edvardsson 2005), including measures of positive and negative emotions (van Dolen, de Ruyter, and Lemmink 2004), customer-employee rapport (Gremler and Gwinner 2000), encounter satisfaction (van Dolen, de Ruyter, and Lemmink 2004), and loyalty intentions toward the company (Zeithaml, Berry, and Parasuraman 1996). Because customers can develop loyalty toward a single contact employee (Bove and Johnson 2006), we also included measures of loyalty intentions toward the employee, adapting measures from Patterson and Smith (2003) and Zeithaml, Berry, and Parasuraman (1996), along with measures of affective commitment to the employee (Gruen, Summers, and Acito 2000; Verhoef 2003). For a complete list of the measures, see Online Appendix B.

We expect EEC to correlate with these components of the service encounter experience. It is well recognized that employee behaviors influence customer attitudes and behaviors (Groth, Hennig-Thurau, and Walsh 2009; Salanova, Agut, and Peiro 2005). The assessment and regulation of customer emotions can yield information that helps employees (1) create a positive climate for service and (2) customize the service

offering to better address customer needs (Mattila and Enz 2002). We expect EEC to correlate with customer emotions because employees who perceive, understand, and regulate customer emotions can temper negative and enhance positive ones. We anticipate that EEC also is correlated with customer-employee rapport. By appraising and regulating customer emotions, employees can better identify common ground and demonstrate uncommonly attentive behaviors, both of which are key behaviors in establishing rapport (Gremler and Gwinner 2008). We also expect EEC to correlate with encounter satisfaction, because by demonstrating emotionally competent behaviors, employees can influence a customer's affective state, judgment of the service encounter, and satisfaction. Finally, we expect EEC to relate to customer loyalty. When customers interact with an emotionally competent employee who understands their emotional needs, they develop favorable perceptions of the experience and thus are more likely to exhibit loyalty in the future.

Stage 4: Purifying the Scale With Exploratory and Confirmatory Factor Analyses

After inspecting the interitem correlations of the 47 EEC items, we removed 8 items with correlations less than .40. An

Table 4. Exploratory and Confirmatory Factor Analyses.

	Exploratory Factor Analysis Initial Sample/Validation Sample			Confirmatory Factor Analysis Initial Sample/Validation Sample	
	Factor 1 PCE	Factor 2 UCE	Factor 3 RCE	Loading	t Value
PCE					
1. The employee was altogether capable of recognizing that I was upset.	.90/.82			.80/.90	28.33/58.59
2. The employee was altogether capable of perceiving how I was feeling.	.91/.95			.91/.93	77.70/75.10
3. The employee was altogether capable of identifying the emotional state I was in.	.88/.53			.91/.87	65.60/30.91
4. The employee was fully aware of my emotional state.	.75/.76			.89/.89	50.79/35.45
5. The employee perfectly interpreted my emotions.	.67/.64			.79/.93	25.89/72.60
UCE					
6. The employee perfectly understood the reasons why I was upset.		.88/.58		.92/.94	69.22/108.37
7. The employee perfectly understood the reasons for my feelings.		.87/.87		.91/.95	44.97/84.48
8. The employee perfectly understood why I was bothered.		.83/.80		.93/.95	69.47/106.60
RCE					
9. The employee had a very positive influence on me.			.91/.77	.89/.87	46.87/35.68
10. The employee did everything to make me feel well.			.85/.89	.90/.94	41.35/93.63
11. The employee behaved tactfully to make me feel better.			.83/.95	.85/.94	22.56/74.18
12. The employee positively influenced the way I was feeling.			.84/.91	.80/.91	17.19/51.15
13. By his behavior, the employee calmed me down.			.72/.80	.89/.91	42.49/54.66
Exploratory factor analysis					
Eigenvalue	6.2/8.7	2.6/1.6	1.3/.8		
Percentage of variance explained	47.8/67.2	20.0/12.3	10.0/5.9		
Percentage of cumulative variance	47.8/67.2	67.8/79.5	77.8/85.4		
Cronbach's α	.91/.94	.91/.94	.91/.95		
Composite reliability	.94/.96	.94/.96	.94/.96		

Note. Loadings of less than .25 are not displayed to improve readability of the table. PCE = perception of customer emotions; UCE = understanding of customer emotions; RCE = regulation of customer emotions.

exploratory factor analysis of the retained 39 EEC items helped assess the dimensionality of the scale and further reduce the number of items. To identify the number of factors, we relied on the scree plot test and examined the amount of variance explained, both of which suggested a three-factor structure, accounting for 60.7% of the variance. After conducting a principal axis factor analysis with an oblique rotation, we identified a three-factor pattern. We deleted 26 items with low loadings (<.50), low communalities (<.50), or high multicollinearity (variance inflation factor > 6). A final principal axis factor analysis of the reduced set of 13 items revealed a clear three-factor pattern that explained 77.8% of the variance (see Table 4).

We used partial least squares (PLS) to conduct a confirmatory factor analysis due to the formative nature of the higher order EEC construct. With our 13-item EEC measure, we used the data set from the initial sample to compare a series of alternative models (i.e., one-, two-, and three-factor) in SmartPLS (Ringle, Wende, and Will 2005). The results support the proposed three-factor EEC model, in that it returned a higher goodness of fit (.84) than either the one-factor (.69) or the two-factor (.78) models. Furthermore, the results of the confirmatory factor analysis for the three-dimensional structure in Table 4 show that all reflective indicators load at least at .79 on their respective

dimensions. For formative dimensions, validity depends on the significance and strength of the path from a dimension to the composite latent construct (MacKenzie, Podsakoff, and Jarvis 2005). As Figure 1 reveals, the weights of the three formative dimensions of EEC suggest that each dimension is an important determinant of EEC (standardized paths between .31 and .52).

Stage 5: Assessing Reliability and Validity

We confirmed the reliability of the measures of the three first-order EEC dimensions. Specifically, the composite reliability was .94 for each of the three dimensions, and the Cronbach's α s for perception, understanding, and regulation of customer emotions were all .91 (Table 4).

Construct validity comprises three important components: discriminant, convergent, and nomological validity (Netemeyer, Bearden, and Sharma 2003). We assessed discriminant validity in two ways. First, we determined the discriminant validity among the three dimensions of EEC. For each pair, as Panel A in Table 5 indicates, the square root of the average variance extracted (AVE) of each dimension was greater than the correlation between any two pairs of dimensions. Second, we compared respondents' perceptions of employee assurance, empathy, and positive and negative affectivity. For each pair of

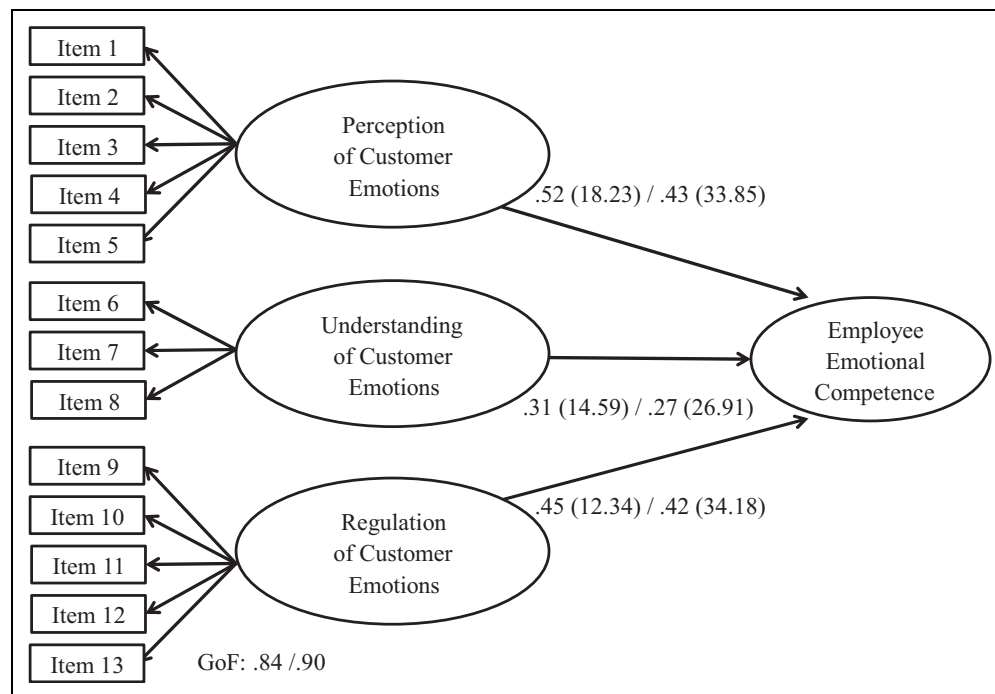


Figure 1. Confirmatory factorial analyses: Employee Emotional Competence (EEC) as a second-order construct.

Note. Two sets of values are reported: values for the initial sample ($n = 247$) before the slash "/" and for the validation sample ($n = 249$) after it. The values for the first-order formative dimensions are path coefficients, and the t values are in parentheses. (For clarity, path coefficients and t values for the reflective indicators are not provided here but are reported in Table 4.)

constructs (i.e., between each dimension of EEC and all other related constructs used to test discriminant validity), the square root of the AVE exceeded the correlations, ranging from .78 to .94. These findings provided good evidence of discriminant validity (Hair et al. 2006). Concerning convergent validity, we did not assess it, as the dimensions of formative constructs are not necessarily correlated (MacKenzie, Podsakoff, and Jarvis 2005). However, we did examine nomological validity by assessing the correlations between each EEC dimension and various customer variables. All EEC dimensions correlated positively and significantly with customer-employee rapport, service encounter satisfaction, loyalty intentions toward a contact employee, and affective commitment to the employee (see Panel A in Table 5). Therefore, the data supported nomological validity, in that the EEC dimensions correlated significantly with constructs expected to be related to EEC.

Stage 6: Collecting New Data to Validate the Scale

We conducted additional research to examine our proposed scale's structure and properties. The goals of this additional data collection were to reconfirm scale reliability and validity, and accordingly, we refer to this second data set as the "validation sample." Customers of a major Belgian insurance company, who had interacted with the firm's call center within the previous 6 months for an insurance claim because they had suffered damage to their car in a foreign country, were surveyed. Such a service encounter is often emotionally charged for customers. When customers suffer damage to their car, particularly when traveling,

they tend to experience high stress and have high problem resolution expectations, so they are likely to have evaluated the EC of the call center agent. Even customers who have been loyal to the insurance company for years may decide to discontinue the relationship if the company handles the situation poorly, as might occur if insurance call center employees exhibit poor EC. Although customers could not observe visual cues during the phone call (e.g., smile, eye contact, and body posture), they should have been able to evaluate EEC using verbal cues (e.g., tone and pitch of the voice).

Of the 1,430 surveys sent to customers, we received 354 in return (25%). We excluded 105 surveys due to missing data or a lack of variation in responses, reducing the final size of the validation sample to 249 respondents. On average, these respondents were 53 years of age, the average duration of the relationship with the company was 13 years, and 29% were women. In addition to the 13-item EEC measure, we included measures of customer-employee rapport, overall service satisfaction (Gremler and Gwinner 2000), positive and negative emotions after the encounter⁵ (van Dolen, de Ruyter, and Lemmink 2004), and loyalty intentions toward the company (Zeithaml, Berry, and Parasuraman 1996). Furthermore, we asked each employee of the call center ($n = 26$) to report his or her EI, using the WLEIS scale (Wong and Law 2002), such that we could assess the discriminant validity of EEC compared with EEI. Using a unique identifier code, we linked these data to each customer response and thereby compared employee perceptions of their own EI with customer perceptions of the employee's EC in the focal encounter (see Online Appendix C).

Table 5. Correlation Matrixes.

	Mean	SD	CR	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.
A. Initial sample																		
1. Perception of customer emotions	2.82	1.12	.94	.86														
2. Understanding of customer emotions	2.85	1.18	.94	.57***	.92													
3. Regulation of customer emotions	1.81	1.05	.94	.37***	.33***	.86												
4. Empathy	2.95	1.50	.89	.30***	.38***	.54***	.81											
5. Assurance	2.52	1.45	.94	.23***	.21***	.65***	.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**	.41***	.51***	.33***	-.19**	.78								
8. Rapport—enjoyable interaction	2.10	1.25	.90	.26***	.25***	.73***	.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	.42***	.32***	.43***	-.17**	.29***	.39***	.30***	.87					
11. Negative emotions after the encounter	3.09	1.46	.73	.09	-.10	-.19**	-.11	-.22***	.25***	.02	-.17**	-.09	-.05	.66				
12. Affective commitment to the employee	1.86	1.25	.95	.26***	.19**	.67***	.46***	.60***	-.34***	.39***	.62***	.58***	.56***	-.11	.94			
13. Service encounter satisfaction	1.63	1.12	.95	.30***	.28***	.77***	.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	1.77	1.01	.97	.21**	.17*	.60***	.42***	.59***	-.29***	.39***	.55***	.53***	.47***	-.13*	.82***	.67***	.53***	.93
B. Validation sample																		
1. Perception of customer emotions	4.75	1.33	.96	.90														
2. Understanding of customer emotions	5.09	1.34	.96	.79***	.95													
3. Regulation of customer emotions	4.84	1.55	.96	.67***	.62***	.91												
4. Emotional intelligence (employee perceived)	3.63	0.59	.88	-.08	-.03	-.02	.58											
5. Positive emotions after the encounter	3.77	1.72	.87	.34***	.32***	.45***	-.12	.84										
6. Negative emotions after the encounter	1.90	1.42	.94	-.14*	-.01	-.35***	.04	-.30***	.86									
7. Customer-employee rapport	4.78	1.29	.94	.63***	.55***	.76***	-.10	.49***	-.37***	.81								
8. Overall service satisfaction	5.90	1.43	.97	.40***	.35***	.60***	-.04	.34***	-.48***	.62***	.94							
9. Loyalty intentions toward the company	5.97	1.48	.99	.38***	.31***	.64***	-.05	.33***	-.50***	.59***	.89***	.96						

Note. Square root of average variance extracted (AVE) is reported on the diagonal. In the Initial Sample (Panel A), the first three variables represent the emotional competence (EC) construct, Constructs 4–7 test for discriminant validity, and Constructs 8–15 test for nomological validity. In the Validation Sample (Panel B), the first three variables represent the EC construct, Construct 4 tests for discriminant validity, and Constructs 5–9 test for nomological validity. SD = standard deviation; CR = composite reliability.

***Significant at the .001 level. **Significant at the .01 level. *Significant at the .05 level.

As we did for the initial sample, we tested for reliability and discriminant and nomological validity. The composite reliability scores were .96 for each of the EEC dimensions, and the Cronbach's α values for perception, understanding, and regulation of customer emotions were .94, .94, and .95, respectively (see Panel B in Table 5). Next, we assessed discriminant validity among the three dimensions of EEC. For each pair, the square root of the AVE of each dimension was greater than the correlation between any two dimensions (AVE ranged from .90 to .95 while the maximum correlation was .79; see Panel B in Table 5), in support of discriminant validity. Furthermore, we compared customer perceptions of EEC with employee-perceived EI—using Wong and Law's (2002) WLEIS instrument—and found no significant correlations. As we expected, the two variables (i.e., customer-perceived EEC and employee-perceived EEI) are not highly correlated. In fact, we find them to be statistically unrelated (see Panel B in Table 5). Finally, in terms of nomological validity, all EEC dimensions correlated positively and significantly with the following dependent variables: positive emotions, customer-employee rapport, overall service satisfaction, and loyalty intentions to the company (correlations ranged from .31 to .76; see Panel B in Table 5). As we also expected, the perception and regulation of customer emotions correlated significantly and negatively with negative customer emotions (−.14 and −.35, respectively). Contrary to our expectations, understanding customer emotions did not correlate significantly with negative customer emotions. Overall, the data from the validation sample provided strong support for EEC's nomological validity because, with one exception, the EEC dimensions correlated significantly with the expected customer outcomes, including customer emotions, attitudes, and behavioral intentions.

Discussion

Research Implications

The role of customer emotions has received considerable attention in recent service literature (Mattila and Enz 2002), yet little of this attention has focused on which employee behaviors might enhance customer emotions and evaluations during service encounters. Although Mattila and Enz (2002) suggest that service organizations should include a measure of employee emotional abilities during the employee selection process, service research still lacks a good understanding of the role of EEC in influencing customers' experiences.

Previous studies have examined the influence of EEI (i.e., an employee's potential to behave in emotionally competent ways) on customer outcomes and adopted an employee perspective, using self- or supervisor-reported scales. Those studies approach EEI as stable and independent of the context. However, employee behaviors can vary across encounters, implying that service firms should be more concerned with EEC (i.e., the actual display of emotionally competent behaviors by employees in each encounter). When focusing on these displays, it is possible to adopt either a customer or an

employee perspective. However, customers and employees do not use the same criteria when evaluating employee performance (Mattila and Enz 2002). Thus, we argue for taking a customer perspective, because customer evaluations of employees are the primary determinants of customers' experiences.

Despite the recognition that EEC can be important in service encounters and that service providers should train contact employees to recognize indicators of customer emotions (Strizhakova, Tsarenko, and Ruth 2012), effective diagnoses and management of service encounters have been hampered by the absence of (1) a conceptualization of EEC that is appropriate for service encounters, (2) a customer-based measure of EEC, and (3) an evaluation of the impact of EEC on customers.

We define EEC as employee demonstrated ability to perceive, understand, and regulate customer emotions in a service encounter to create and maintain an appropriate climate for service. Because the EEC construct is formative, all three dimensions of EEC are crucial in service encounters if employees want to be perceived as emotionally competent by customers. Furthermore, we find that EEC differs conceptually and empirically from other related concepts such as empathy, assurance, affectivity, and EI. Whereas previous literature often uses the terms EC and EI interchangeably, we contend these two concepts differ and provide empirical evidence of discriminant validity to support our argument (see Panel B in Table 5). Our data suggest employee-perceived EEI does not correlate significantly with any of the customer-perceived EEC dimensions. By delineating the differences between EEI and EEC, this research thus addresses ongoing confusion about the two constructs. Thus, scholars must choose their appropriate focal construct—EEI or EEC—carefully, depending on their research objectives.

By conceptualizing and measuring customer-perceived EEC, this study builds a bridge between social and organizational psychology and service literature (cf. Subramony and Pugh 2015). Service researchers have examined EEI while relying on EI definitions and scales developed by social psychologists, all of which adopt an employee perspective. Our conceptualization and the accompanying measure provide a means to define and evaluate EEC specifically in service encounters. We offer a scale for researchers interested in predicting customers' emotional, cognitive, and behavioral responses to service encounters. As such, we provide an opportunity and a means to gain a deeper understanding of the employee behaviors likely to elicit favorable customer evaluations.

Finally, in conceptualizing EEC as a higher order formative construct, we followed MacKenzie, Podsakoff, and Jarvis's (2005) recommended procedures for developing and evaluating constructs with formative dimensions. We propose a clear rationale for a formative measurement of EEC and then empirically validate it. Because EEC is a multidimensional construct and because each dimension has a specific content domain and may behave independently, regarding the EEC construct as reflective may lead to serious problems in measurement development and model specification (Jarvis, Mackenzie, and Podsakoff 2003; Li et al. 2008). Accordingly, by considering

EEC as a higher order formative construct, we have conceptualized the construct and operationalized its measurement to address these concerns.

Managerial Implications

Service managers often devote significant time, effort, and money to encourage and enhance emotional abilities among their employees (Cartwright and Pappas 2008), with the hope that employees perform well in each encounter with customers. Our research provides managers with (1) a better understanding of the differences between EEC and related concepts (such as EEI) and an explanation of why they should focus on EEC, (2) a clarification of the impact of EEC on customers, and (3) an instrument to diagnose the EEC displayed during interactions. Thus, our instrument better equips service managers to manage emotionally charged service encounters. In this sense, our measure of EEC contributes to managerial practice in at least two ways. It enables managers to (1) observe, assess, and determine the impact of EEC on outcomes of interest in service encounters and (2) select and train employees based on their EC.

Service managers who implement our scale can capture all three emotionally competent behaviors that an employee must demonstrate to be perceived as displaying high EEC. Because an employee can score high on one dimension (e.g., perception of customer emotions) but low on another (e.g., regulation of customer emotions), the precise diagnostic of EEC at the dimensional level is critical for helping managers make appropriate decisions about employee development (e.g., investing in training to improve employee competence in regulating customer emotions rather than in perceiving customer emotions). Studies in organizational psychology demonstrate that emotional abilities can be taught, learned, and improved through training (e.g., Kotsou et al. 2011; Nelis et al. 2009). For example, if an employee earns a low score on the ability to perceive customer emotions, he or she could undergo role-playing exercises and observations of the physiological signs of emotions to improve these capabilities.

We also recommend that EEC be considered during employee selection and hiring. A meta-analysis of employee selection methods suggests that the best procedures combine cognitive tests with work sample tests (Hunter and Schmidt 1998), yet no existing scale has been available to determine a job applicant's competence in perceiving, understanding, and regulating customer emotions during service encounters. Service managers might assess a candidate's EEC through role-playing, requiring the applicant to 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 the observers could complete the EEC scale, which should reveal the applicant's competence in perceiving, understanding, and regulating customer emotions.

As service managers are concerned with improving customer satisfaction and loyalty, they can use our scale to better understand the impact of EEC on these variables. We expect EEC to be particularly pertinent in service settings that feature

emotionally charged, intimate services (e.g., obstetrician or divorce lawyer), emergency provisions (e.g., insurance services after a car accident), a greater likelihood of failure (e.g., airline cancellations), or the potential delivery of bad news that might threaten customer well-being (e.g., health care). These services likely generate intense (negative) emotions among customers, which contact employees need to learn how to address. Thus, managers of these service settings should be particularly concerned by measuring and managing the EC of their contact employees.

Limitations and Further Research

As with any study, this research contains several limitations that suggest potential avenues for further research. First, we use a nonexperimental design and cross-sectional data. Experimental approaches could manipulate the level of EEC to clarify its impact on customers. A longitudinal study might better confirm the causal relationship between EEC and customer-related variables. Second, the study respondents focused on negatively emotionally charged encounters, whose drivers and outcomes may differ from those of positive emotions. Therefore, further studies should investigate other types of encounters, in which negative emotions might be less salient (and positive emotions might dominate). Third, additional studies could confirm the three-factor structure of EEC in other contexts (Finn and Wang 2014). For example, whereas we investigate emotionally charged service encounters, additional research might detail the dimensionality of EEC in more "traditional" service encounters (i.e., weakly or unemotionally charged) and/or hedonic service settings (e.g., visit to a spa). Fourth, further studies should confirm the predictive validity of our proposed EEC instrument and the causal relationship between EEC and various customer-related outcomes. Fifth, to better understand in which circumstances EEC is likely to have the greatest impact on customers, we call for studies that replicate our findings but add control variables to account for the level of customer experience with the service, the amount of customer participation in the service delivery, the length of the relationship with the employee, or the type of encounter (i.e., transaction vs. pseudo-relationship). Other variables might help identify the presence of potential biases (e.g., common method and social desirability).

Additional research also could collect and analyze data using hierarchical linear modeling (Raudenbush et al. 2004). When customers are "nested" within employees (i.e., each employee is evaluated by several customers), multilevel analyses are recommended (Hofmann, Griffin, and Gavin 2000). Further research with nested data could determine the impact of an employee's EC on multiple customers. Similarly, because multiple employees may interact with a given customer in an emotionally charged service encounter, research should examine the sequential and cumulative effect of the EEC of several employees on the customer.

Although EEC and employee technical competence (Price, Arnold, and Tierney 1995) are often compared and contrasted

(e.g., “this physician is technically competent but has a terrible bedside manner”), there is limited understanding of how these two types of competencies interact. Does EEC need to be combined with other specific employee behaviors, such as technical competence, to enhance customer perceptions of the service encounter experience? What happens if an employee has high (vs. low) technical competence but low (vs. high) EEC? What impact do the two types of competence have on a customer’s service encounter experience? Answers to such questions can provide service managers with practical advice for managing encounters. In this respect, a research design that manipulates various employee competencies might be useful for understanding which employee behaviors have the greatest effect on customers.

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Notes

1. Many scholars consider emotional intelligence and emotional competence synonymous and use the terms interchangeably (e.g., Kotsou et al. 2011). We contend these two concepts are related but different and provide arguments to support this view in our discussion.
2. The difference between competence and behavior deserves some explanation. We define EC as a manifestation of emotionally competent behaviors (Zeidner, Matthews, and Roberts 2004). During a discrete service encounter, customers evaluate employee performance in perceiving, understanding, and regulating customer emotions. When customers report on the competence of an employee, they evaluate a “performance” on the basis of employee behaviors. Thus, the concepts of emotional performance and emotionally competent behavior might be relevant, yet service literature is fairly consistent in using “competence” to refer to evaluations of service performance (e.g., Price, Arnould, and Tierney 1995; van Dolen, de Ruyter, and Lemmink 2004).
3. This measurement model is of Type II, according to Jarvis, Mackenzie, and Podsakoff (2003). Type II models have been introduced relatively recently (Diamantopoulos, Riefler, and Roth 2008), and examples remain scarce (cf. Ruiz et al. 2008).
4. Formative measurement has been criticized for its shortcomings (Edwards 2011; Wilcox, Howell, and Breivik 2008), though literature pertaining to the methodological contributions of formative measurement models is accumulating (e.g., Diamantopoulos, Riefler, and Roth 2008). Furthermore, the manner in which we model employee emotional competence (i.e., formative

dimensions with several reflective indicators for each dimension) is in line with Edwards’s (2011) recommendations to overcome these shortcomings.

5. For the items to capture positive and negative emotions, we kept those we deemed relevant in this context. Thus, the set of items for the validation sample (Online Appendix C) differed slightly from the items used in the initial sample.

Supplemental Material

The online appendices are available at <http://jsr.sagepub.com/supplemental>

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