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The impact of perceived customer delight on the frontline employee



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ABSTRACT

A plethora of research has investigated the impact of the frontline employee on the customer, with the consensus that employees can have a tremendous impact on the customer. What remains to be discovered is the extent to which this relationship exists in the reverse. Utilizing broaden-and-build and emotional contagion theories, this study suggests that employee perceptions of a specific customer emotion (delight) have an impact on the frontline employee. Specifically, results from a structural equations model reveal that employee perceptions of customer delight lead to employee positive affect, which in turn positively influences commitment and job satisfaction as well as creates stronger external representation behaviors, internal influence behaviors, and service delivery behaviors from the employee. These findings contribute new evidence to the debate of the viability of providing customer delight and extend our knowledge beyond emotional contagion in explaining how positive customer emotions manifest in employees.

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1. Introduction

Currently there is confusion in the marketing literature regarding the viability of customer delight, which is defined as a "profoundly positive emotional state generally resulting from having one's expectations exceeded" (Oliver, Rust, & Varki, 1997, p. 329). Essentially the debate has been evaluated from both a cost-oriented and customer-oriented perspective. From the former, there is concern over rising customer expectations and declining marginal returns that may exist with a delight initiative (i.e., Rust & Oliver, 2000). From a customer-oriented perspective, where customer satisfaction is considered the paramount goal of the firm, delighting the customer is a logical and necessary goal (i.e., Keiningham & Vavra, 2001).

A third perspective that may contribute to the debate is evaluating customer delight from the viewpoint of frontline employees—those service providers who have direct contact with customers. This is an important perspective for several reasons: (1) employees are a key component of Kotler's (1994) services marketing triangle model which links the firm with customers; (2) there is evidence that the interactional nature of the service encounter impacts employees as well as customers (i.e., Barnes, Collier, Ponder, & Williams, 2013; Homburg & Stock, 2005); and (3) employee attitudes and behaviors have been

linked to firm success within the service-profit chain framework (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994).

Unfortunately, this important third perspective has not been considered in previous research on customer delight. As such, the exact nature and power of the effects of delight that may reverberate through the service–profit chain remain unclear. In response to this gap in the literature, this research has two main goals: first, to provide theoretical reasoning for why employee perceptions of customer delight can impact the employee; and second, to formulate a structural model to empirically demonstrate the impact of customer delight on the employee.

2. Literature review

2.1. Why employee satisfaction matters

An important framework that helps to elucidate the importance of frontline employees is the service–profit chain, which establishes causal relationships in a chain formation between internal service quality, the creation of value, and external service quality (Heskett et al., 1994). In other words, the service–profit chain "asserts that satisfied and motivated employees produce satisfied customers and satisfied customers tend to purchase more" (Gelade & Young, 2005, p. 2). Support for this framework has been found across different contexts utilizing multiple methods (i.e., Homburg, Wieseke, & Hoyer, 2009; Kamakura, Mittal, De Rosa, & Mazzon, 2002; Maxham, Netemeyer, & Lichtenstein, 2008). Further, a recent meta-analysis confirms the central links of the service–profit chain, stating that the relationship of employee satisfaction to customer satisfaction is "remarkable" (Brown & Lam, 2008).

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Another aspect of the service–profit chain that is of paramount importance is the link between the framework and firm profitability. For example, research by Homburg et al. (2009) utilizing a large-scale triadic data set provides support for an "extended" service–profit chain which links service quality to important customer (loyalty and willingness to pay) and firm (financial performance) outcomes. Utilizing perceived financial performance, Yee, Yeung, and Cheng (2011) provide evidence for a positive link between the service–profit chain and Return On Assets, Return On Sales, and Return On Investment.

One avenue of research that has not been evaluated within the service–profit chain literature is situations in which employees experience elevated levels of positive affect. This is especially important because employee positive affect has been linked to important outcomes such as job satisfaction, affective commitment and customeroriented behaviors. If frontline employees experience higher levels of positive affect because of perceived customer delight, they would act as springboards for value creation within the service–profit chain.

2.2. Does customer delight impact the employee?

Because of the interactional nature of a service encounter, employee perceptions of customer delight should impact the employee. Two theories, emotional contagion (Hatfield, Cacioppo, & Rapson, 1994) and broaden-and-build (Fredrickson, 1998, 2001), help to explain this connection.

Emotional contagion refers to situations where "exposure to an individual expressing positive or negative emotions can produce a corresponding change in the emotional state of the observer" (Pugh, 2001, p. 1020). Even in situations characterized by minimal contact, "emotions and attitudinal states can pass between Person A (the initiator) and Person B (the recipient) and leave a permanent trace" (Stock and Hoyer, 2005, p. 540). This phenomenon has appeared in customer settings, where customers who are exposed to the emotional displays of employees experience corresponding changes in their own affective states (Gountas, Ewing, & Gountas, 2007; Hennig-Thurau, Groth, Paul, & Gremler, 2006; Pugh, 2001). For example, customers in a bank setting exhibited higher levels of positive affect and gave higher ratings of service quality when confronted with positive displays of emotion from the employee (Pugh, 2001). Furthermore, and in direct relationship to the present research, the contagion phenomenon that exists from employee to customer also exists from customer to employee in satisfactory encounters (Homburg & Stock, 2004). Thus, the transfer of emotions in satisfactory encounters can flow in both directions.

To help understand the flow of contagious positive emotions from the customer to the employee, we utilize a developing theory called the broaden-and-build theory (Fredrickson, 1998, 2001). This theory explains how positive emotions can broaden people's momentary thought-action repertoires and build their enduring resources, which range from physical and intellectual resources to social and psychological resources (Fredrickson, 2001, 2003). Although discrete emotions (i.e., delight) can be temporary, their effects can be long term (Fredrickson,

2001). Support for the broaden-and-build theory is found in management research that links positive affect to flexible, creative, and efficient employees who are open to information and are better problem solvers (i.e., Isen, 2008; Isen & Baron, 1991).

Taken together, these two theories provide an enticing prediction for why perceived customer delight will impact the employee (see Fig. 1). In the first step, employees who are exposed to perceived customer delight mirror these positive emotions (i.e., increases in employee positive affect vis-à-vis emotional contagion). In the second step, through a broadening and building of the employee's resources, these positive emotions are changed into resources (i.e., job satisfaction, commitment, and customer orientation) which the employee can access.

3. Model and hypotheses

Based on the stated goals of our research, we develop a model presented in Fig. 2 that examines the direct effects of employee perceptions of customer delight on employee positive affect, and the indirect effects of these perceptions on employee attitudes and behaviors. In the following section, a brief description of each construct and its relevance to the current study is given.

3.1. Employee perceptions of customer delight \rightarrow employee positive affect

Positive affect reflects the "extent to which a person feels enthusiastic, active, and alert" (Watson, Clark, & Tellegen, 1988, p. 1063), and can be measured as either a trait or a state. The former represents an enduring personality trait that "predisposes people to experience positive emotions and moods as well as to have a positive outlook and orientation" (George & Brief, 1992, p. 318). The latter refers to a more transient affective state, and "captures how one feels at a given point in time" (George & Brief, 1992, p. 318).

There are several reasons why it is important to study the effects of providing customer delight on the *state* of employee positive affect: (1) states can be determined by situational factors such as service encounters (George & Brief, 1992); (2) positive affect as a state is shown as a significant predictor of customer service behaviors for employees, whereas positive affect as a trait is not (George, 1991); (3) states are expected to have profound effects on thought processes and behaviors in organizational settings (George & Brief, 1992); and (4) states can have duration and breadth to influence outcomes long after they occur (Pelled & Xin, 1999).

As previously stated, the basis for the link between employee perceptions of customer delight and employee positive affect is found in theories related to emotional contagion (Hatfield et al., 1994). Because of the importance of positive employee emotions to service quality evaluations (Pugh, 2001) and firm success (Hennig-Thurau et al., 2006), quantifying the effect of contagion effects in a delightful encounter is an important step for service research. Thus,

H1. Employee perceptions of customer delight have a positive influence on employee positive affect.

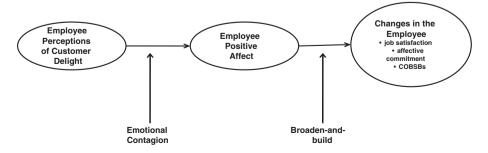


Fig. 1. Combining emotional contagion and broaden-and-build.

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