



Customer perceptions of discrimination in service deliveries: Construction and validation of a measurement instrument

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ABSTRACT

This research details the development and validation of a perceived customer discrimination (PCD) scale that measures individual differences in customers' proneness to feeling treated differentially in the marketplace, especially during service interactions. Two studies identify the potential items and validate the PCD dimensions. In Study 1, with a sample of 235 respondents, factor analyses and comprehensive validation procedures reveal three dimensions that represent PCD in service deliveries. In Study 2, using a sample of 199 respondents, the authors confirm the three dimensions. The results suggest the usefulness of the PCD construct for providing advice for both practice and developing theory.

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1. Introduction

The shifting definition of firms moves away from organizations designed to earn financial profits and toward organizations that heed the social requirements of stakeholders, both internal and external to the organization (e.g., Basu & Palazzo, 2008; Harrison & St. John, 1996). Customers are the most important external stakeholders, without whom a firm loses the very ability to exist. In turn, firms have multiple responsibilities toward customers, including the provision of safe products and information about all relevant product aspects (Whipple & Swords, 1992). Firms also must ensure the discrimination-free treatment of all customer groups (Walsh, 2009), which can pose a challenge for service firms that engage in vast numbers of direct interactions with customers. Robust evidence in business and management literature indicates that some customer groups experience discrimination (Walsh, 2009), which not only raises ethical issues and reputational challenges but also presents a barrier to potentially attractive customer segments (Hymowitz, 2005). This study aims to develop and validate a scale that can measure customers' perceptions of discrimination in service deliveries.

The term “discrimination” denotes the exclusion or disadvantage of a person or entire groups of people because of their membership in a particular social group. Unjust treatment and the experience of

disadvantages result solely from group membership, not any objective reasons (Allport, 1954; Plous, 2003; Walsh, 2009). A common definition recognizes customer discrimination as “differential treatment of customers in the marketplace based on perceived group-level traits that produce outcomes favorable to ‘in-groups’ and unfavorable to ‘out-groups’” (Crockett, Grier, & Williams, 2003: 1). However, firms are not discriminatory if they adjust service offerings to specific groups on the basis of their customer value or other economic parameters.

Many social science studies still indicate discrimination in different service contexts, such as car purchases (e.g., Ayres & Siegelman, 1995), real estate (e.g., Yinger, 1995), applications for insurance and other financial services (e.g., Turner & Skidmore, 1999; Wissoker, Zimmermann, & Galster, 1998), medical care (e.g., Schulman et al., 1999), restaurants (Rosenbaum & Montoya, 2007), retail browsing (e.g., Boyd, 2003), and soliciting taxi service (e.g., Ridley, Bayton, & Hamilton Outtz, 1989). These studies not only reveal the existence of discrimination but also demonstrate the extent to which membership in a socially disadvantaged or stigmatized group unfairly restricts many areas of social and commercial life (e.g., Feagin & Sikes, 1994; Oliver & Shapiro, 1995; Williams, Henderson, & Harris, 2001). The present study focuses on discrimination in the context of service delivery.

Despite substantial empirical evidence regarding the existence of perceived customer discrimination (PCD), extant literature suffers three shortcomings. First, present knowledge about discriminatory behavior comes from heterogeneous sources. In the past, evidence of customer discrimination mainly involved testimonials from those affected, documentation of discrimination cases by anti-discrimination initiatives, or court proceedings (Siegelman, 1998). Moreover, most

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studies are qualitative and case based (e.g., Crockett et al., 2003; Harris, Henderson, & Williams, 2005; Lee, 2000), which limits the generalization of the findings (Graddy, 1997). For example, Walsh's (2009) framework contains antecedents and possible customer-related consequences of perceived customer discrimination, based on a literature review and qualitative interviews with consumers. These qualitative studies provide important insights into the forms of customer discrimination and the perspective of affected customers but cannot generalize the findings beyond the respective service contexts. Second, Walsh (2009) asserts that identifying and managing customer discrimination require a reliable measurement scale. Thus far, no such scale exists. Yet a discrimination scale could assist service companies in measuring customers' perceptions of employees, and therefore the service and the whole company. Third, no quantitative studies embed PCD in nomological (cause-and-effect) networks, which is somewhat surprising because discrimination against customers is a problem for service companies in terms of both legal and business ethics and negative monetary and nonmonetary consequences (Walsh, 2009). Consequently, a scale to measure PCD could enhance and extend empirical, quantitative studies.

In response to these research gaps, this study makes a fourfold contribution. First, the present article contains a literature-based conceptualization of PCD. Second, using this conceptualization, the authors develop and validate a scale for measuring PCD. Third, to examine the scale in terms of nomological validity, the authors formulate hypotheses about two customer-related consequences of PCD and test those predictions. Fourth, with a second sample, this study confirms the predictive validity and known group validity of the scale. This paper concludes with a discussion of practical and theoretical implications.

2. Literature and hypotheses

Discrimination can take a variety of forms. In a seminal piece, Allport (1954) distinguished discrimination, according to the level of intensity and overtness, as antilocution, avoidance, discrimination, physical attack, or extermination. Such open discrimination appeared widespread in relation to certain groups at the time of Allport's research. However, changes in the relations among different social groups and corresponding laws caused a shift, from overt discrimination to more subtle forms, such that the repertoire of modern forms of discrimination is broader (Feagin, 1991). Subtle forms of customer discrimination often appear in customer service situations, in which service employees do not blatantly express negative attitudes toward specific customer groups, for fear of sanctions such as dismissal (Walsh, 2009).

The PCD construct likely features several negative facets that a customer might perceive during a service situation, in line with existing literature that indicates the multidimensional nature of perceived discrimination (Blank, Dabady, & Citro, 2004; Harris, 2003; Harris et al., 2005; Williams, Lee, & Haugtvedt, 2004). Harris et al. (2005) identify, in a study of 81 U.S. federal court decisions from 1990 to 2002, three facets of discrimination that reflect ethnic consumers' experiences in service situations: (1) the type of alleged discrimination (subtle or overt), (2) the level of service (degradation or denial), and (3) discrimination through criminal suspicion (present or absent).

Not all stigmatized groups experience these three facets of discrimination equally. For example, women, disabled people, and people with homosexual orientations are often victims of discrimination, but criminal suspicion against them rarely results from their group membership (Harris et al., 2005). Because criminal suspicions focus only on certain, mostly ethnic minority groups, the present research does not address this facet of discrimination. In contrast, two facets detailed by Harris et al. (2005)—type of alleged discrimination and level of service—likely affect most stigmatized groups.

Swim, Cohen, & Hyers (1998; see also Swim, Cohen, Hyers, Fitzgerald, & Bylsma, 1997) use a "daily diary study" to describe the negative experiences of African American consumers and women

(mainly Caucasian). That review identifies three alternative facets of discrimination: (1) critical observation and gaze (e.g., in stores while shopping), (2) verbal prejudicial statements (e.g., racist slander, tactless comments, stereotyping), and (3) poor service. These three discrimination facets correspond with the three facets proposed by Harris et al. (2005). Critical observation and gaze are subtle forms of discrimination, verbal prejudicial statements represent overt discrimination, and poor service means a customer from a stigmatized group experiences a lower level of service than a customer from a non-stigmatized group. Swim et al.'s (1998) triad of discrimination also receives support from Feagin (1991) and Feagin and Sikes (1994), according to a survey of African American, middle-class women and men who reported threats and harassment, verbal attacks, avoidance, and poor service. This literature review therefore reveals that discrimination consists of three facets, which supports a multidimensional PCD construct.

Open discrimination encompasses discriminatory verbal utterances (e.g., verbal abuse) and humiliation. For example, Rosenbaum and Montoya (2007) report insulting comments and glances from employees. The open form also includes physical or verbal attacks, in the form of xenophobic, misogynistic, or homophobic insults. Such overt forms of discrimination also emerge in the audit study by Ayres and Siegelman (1995), in which some participants report cases of obviously hostile, racist, or sexist utterances by car salesmen. Service-related discrimination has different manifestations, such as poor advice (Fowler, Wesley, & Vazquez, 2006), poor service (e.g., restaurant setting, Feagin, 1991), poorer product quality (Pager, 2006), higher prices (Ayres & Siegelman, 1995; Gneezy & List, 2004; Morton, Zetzmeyer, & Silva-Risso, 2003), or denial of service (e.g., Pager, 2006). Finally, unlike overt discrimination, which is more obvious and direct (Harris, 2003), subtle discrimination is ambiguous and indirect and, for outsiders, hardly recognizable (e.g., glimpse, inflection).

In summary, strong conceptual evidence supports the multidimensionality of the PCD construct. Previous studies address one or more of the following three facets: overt discrimination, discrimination related to the level of service, and subtle discrimination. Therefore, these facets should emerge as construct dimensions from scale development procedures.

The model in Fig. 1 details the scale development and validation process for the present study. The assessment of the PCD scale's nomological and predictive validity involves relevant outcomes of PCD. Existing studies almost exclusively consider marketing outcomes in relation to PCD, such as loyalty and customer satisfaction (Walsh, 2009), largely ignoring emotional responses. Such a gap is surprising, because PCD is a psychologically stressful event that results in emotional reactions (Jauch, 1973; Meyer & Baker, 2010; Mulholland, 2004) that likely prompt further behavioral reactions, such as negative word of mouth from customers. Therefore, Study 1 features two emotional consequences of PCD, which previous studies link to PCD: frustration and helplessness.

Because the present research aims to develop a scale to measure discrimination from a customer perspective, only customer data supports the scale development and validation procedures. The following section provides predictions about the relationships among the three postulated dimensions of PCD and the two outcomes.

3. Consequences of customer discrimination

Pertinent literature links perceived customer discrimination to several emotional outcomes, of which frustration and helplessness are the most often cited. Frustration and helplessness are negative emotions that force customers to realize the impossibility of achieving a desired goal or averting discrimination through their own actions. The next two sections detail how the three postulated PCD dimensions initiate frustration and helplessness.

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