



Behavioural Consequences of Customer Perception on Emotional Labour among Airline Service Employees

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ABSTRACT

Managing employees' acting or emotional labour strategies is crucial for service organizations to develop a sustainable competitive advantage, such as the airline industry which is seeing fierce competition. This study examined the role of such strategies in enhancing the service experience of customers, resulting in customer loyalty intention (CLI) and subsequent engagement in positive word-of-mouth (WOM). Three-hundred sets of questionnaires were completed by airline passengers, who were approached at random, in Kuala Lumpur International Airport. A series of analyses was performed to determine the factors that significantly influence the airlines customers' outcomes. The findings showed that perceived employee deep acting and perceived surface acting were significantly related to perceived customer orientation (PCO) and perceived service quality (PSQ), but in different directions. PCO and PSQ were observed to influence CLI, which was found to affect significantly WOM. We also discovered the partial mediator of CLI in both the relationships between PCO, PSQ, and WOM. Our findings suggest the need for airline managers to devise relevant strategies in enhancing the appropriate emotional displays by employees during service encounters because they affect customers' behavioral responses.

Keywords: Emotional Labour, Service Orientation, Service Quality

JEL Classification: J0

1. INTRODUCTION

Recently, service management researchers began to pay increasing attention to service employees' emotional labor, especially those who have to deal directly with customers (Karatepe, 2010). Organizations expect frontline workers to display specific emotions (e.g. happiness) and overpower others (e.g. anger), that is, they are to demonstrate emotional labor at work. According to Grandey (2000, p. 97), emotional labor is the process of managing both feelings and expressions to reach the organization's goal. The concept of emotional labor was introduced by Hochschild (1983). According to Hochschild (1983), two acting strategies are used by employees to meet an organization's requirements: Deep acting and surface acting. Employees engage in deep acting when they try to change their felt emotions to display a genuine emotion, whereas surface acting occurs when they display a fake emotion. Due to the role of emotions in affecting social processes (Hatfield et al., 1994; Hochschild, 1979), employees' emotion regulations influence the

service quality and customer loyalty which are critical customer outcomes for service success. Displaying the appropriate emotions is important in influencing customer outcomes, such as customer satisfaction and perceived customer orientation (PCO) (Grandey, 2003; Groth et al., 2009; Karatepe et al., 2009; Lam and Chen, 2012; Tsai, 2009). Johnson (2004) stressed that deep acting and surface acting help employees achieve the organizational goals.

It is widely accepted that customer loyalty is critical for business success (Reichheld, 1993). Loyalty is a defensive strategy used by organizations to keep the most profitable customers and ensure their profitability (Benavent and Meyer, 2000). Loyal customers are willing to pay more for the same product because they are unfamiliar with alternative products (Reichheld and Sasser, 1990). Besides, the costs of attracting new customers are usually higher than maintaining the old ones (Zeithaml et al., 1996). The longer the customer stays loyal to the organization the more likely they are to recommend to other people that the company is robust and

trustworthy. These informal communications between customers are known as word-of-mouth (WOM). WOM has a strong effect in shaping customer attitudes and behaviors toward the organization (Brown and Reingen, 1987). WOM has been suggested as one dimension of customer loyalty (Zeithaml et al., 1996).

In this study, we examined the impacts of emotional labor—deep acting and surface acting—on customer loyalty, as measured by engagement of positive WOM. Even though much has been said that employees' emotional display affects customer's reaction toward the product or service offered (Hennig-Thurau et al., 2006; Groth et al., 2009), few attempts have been made to investigate the link between the two. We also speculate that emotional labor is not directly related to customer loyalty; rather, the relationship between the two is mediated by some psychological processes/mechanisms. We examine the role of PCO and perceived service quality (PSQ) as the potential mechanisms that can help explain how emotional labor is likely to influence customer loyalty. In addition, we postulate that these mechanisms will result in customer loyalty intention (CLI), which leads to their willingness to engage in positive WOM. To date, these mechanisms are largely unexplored territories in emotional labor-customer loyalty link and in this manner that our research fills the existing gap in service marketing research. In short, our research aims to meet the following objectives:

- i. To examine the link between employees' emotional labor and customer perceptions of the service experience.
- ii. To evaluate the influence of customer's PSQ and employees' customer orientation on loyalty intention.
- iii. To investigate the likelihood customers' engaging in WOM as a result of employees' emotional display.

2. LITERATURE REVIEW

Emotional labor is a kind of impression management that helps an individual to direct his/her behavior (Grove et al., 1998). As mentioned earlier, emotional labor is categorized into two: Deep and surface acting. Deep acting is related to the management of the actual feeling, whereas surface acting is about managing one's feeling as a result of observable expressions. Because the interaction between customers and service employees is a critical issue in the service experience (Bitner, 1990; Bowen, 1990), emotional labor plays a vital role in this situation. Employees' emotional labor is likely to affect customer's reaction toward the service provided (Hennig-Thurau et al., 2006; Groth et al., 2009).

Use of deep and surface acting by service employees will have an impact on the important customer outcome of PCO and PSQ (Groth et al., 2009). The perception is developed either consciously or unconsciously (Barsade, 2002), as a result of the truthfulness of the displayed emotions because such emotions are a signal whether the employees are interested in meeting customers' expectations and needs (Hennig-Thurau et al., 2006). Past research seems to indicate that deep acting will cause more favorable outcomes than surface acting (Kim, 2008). Efforts made by employees in demonstrating a genuine behavior signal to customers that the employees are interested in satisfying their needs and reveal the extent to which their activities meet the customers' needs

(Barsade, 2002, Hennig-Thurau, 2004; Walsh and Beatty, 2007). Employees' customer orientation demonstrates the degree to which their interaction meets customers' need (Hennig-Thurau, 2004). On the other hand, surface acting may have a negative impact on PCO because fake behavior will not make the customers trust the employees (Groth et al., 2009). Hence, we proposed the following hypotheses:

- H₁: There is a positive association between perceived employee deep acting (PDA) and the PCO.
- H₂: There is a negative association between perceived employee surface acting (PSA) and PCO.

PSQ is the customers' overall impression of the superiority of the service (Bitner and Hubbert, 1994). According to Groth et al. (2009), a positive impact of deep acting on service quality perception is expected due to the increase in service quality reliability. The greater genuineness of displayed emotions will cause a sincere interest and higher customer confidence. In contrast, lack of originality of surface acting may have an effect on the customer perception of the reliability, responsiveness, and assurance of the service. Hence, we proposed the following hypotheses:

- H₃: There is a positive association between PDA and the PSQ.
- H₄: There is a negative association between PSA and PSQ.

When customers are loyal to a certain brand/service, it means that they prefer the brand or service provider over the others. They demonstrate loyalty when they consistently purchase the same product or service over a period of time (Lovelock and Wirtz, 2011). Grandey (2000) argued that emotional labor strategies—deep and surface acting—have a strong effect on PCO and service quality, which are critical in the development of CLI and on the long-term relationships between customers and service providers (Zeithaml et al., 1996). DeWitt and Liu (2002) and Hennig-Thurau (2004) found that customer-oriented attitude and behavior increase the likelihood of customers staying loyal to the firm. Hence, we proposed that:

- H₅: The greater the PCO, the greater will be the CLI.
- H₆: The greater the PSQ, the greater will be the CLI.

This study also examines the relationship between CLI and the engagement of customer in WOM activity. Derbaix and Vanhamme (2003) argued that WOM is the most important informal mean of communication among customers. According to literature, loyal customers are likely to provide a positive WOM (Hagel and Armstrong, 1997; Dick and Basu, 1994). Furthermore, Reichheld (2003, 2006) reported a positive and direct relationship between customer loyalty and willingness to recommend to other people. The relational collaboration between the company and the customer may lead to WOM, according to Sweeney and Swait (2008). This is not only limited to the brand, but also to the company's effort in developing a good relationship through better service. Brown et al. (2005) argued that this commitment is the basis for WOM. The service provider will benefit from this relationship through recommendation, retaining customers and higher profit (Rust et al., 1995). Thus, we proposed the following:

- H₇: Customers whose loyalty intention is high will be more likely to engage in WOM.

As PCO and PSQ are hypothesized to influence CLI, which is likely to encourage customers to engage in positive WOM, we postulate the mediating role of loyalty intention to explain the link between customer service perception and WOM activity. Hence, the following hypotheses were proposed:

H₈: CLI will mediate the relationship between PCO and WOM.

H₉: CLI will mediate the relationship between PSQ and WOM.

3. METHODOLOGY

3.1. Data Collection Procedure

The data for this research was collected through questionnaire. The paper-based questionnaires were distributed among international passengers who had landed at Kuala Lumpur International Airport, who either took a domestic or international flight. Passengers who had taken flights from international-based airlines, such as Emirates, Qatar Airways, and Malaysia Airlines, were approached at random. Those who participated in the survey did so voluntarily after being informed about its objective and significance. Each participant took approximately 10-15 min to complete the questionnaire. A total of 300 usable questionnaires were collected in 5 days.

3.2. Measures

In this study, six constructs were measured: PDA, PSA, PCO, PSQ, CLI, and WOM. A five-point Likert scale was used to measure the items, ranging from "1" "strongly disagree" to "5" "strongly agree." Established measures were employed as they had been shown to have good psychometric properties.

PDA was measured by six items, three of them were adapted from Huang et al. (2011), two from Groth et al. (2009), and one from Kim et al. (2012). PSA was measured by 10 items, three of which were adapted from Huang et al. (2011), three from Groth et al. (2009), and the remaining four items from Kim et al. (2012). PCO, i.e., the degree to which employees are willing to satisfy customers' needs was measured by five items adapted from Groth et al. (2009). Six questions were asked to measure PSQ of the airlines employees. Five of them were adapted from Bloemer et al. (1999) and one from Groth et al. (2009). The participants' intention to becoming a loyal customer and maintaining with the airline was measured by eight items. Three of them were adapted from Ammari (2012), four from Groth et al. (2009), and one from Bloemer et al. (1999). Six questions were used to measure the likelihood of the participants to engage in a positive WOM. Three items were adapted from Roy et al. (2009) and the remaining three from Ammari (2012).

4. FINDINGS

4.1. Participant Profile

The demographic profile of the participants is as follows: There was almost an even split between female (42%) and male participants (58%). The majority were young adults between 20 and 29 years old (60%). The participants were highly educated, with slightly more than half of them had a master's degree (51.3%), followed by those who had a bachelor's degree (38%), diploma (6%), professional certificates (5%), a doctoral degree (4%),

and a high school certificate (1%). Slightly more than half were married (56%). In terms of monthly income (USD), 16% had an income between \$2001 and \$2500, which was the biggest group. The breakdown with regards to ethnicity is as follows: 28.7% Malays, 16.7% Chinese, 28.7% Indians, and 26% belonged to other ethnicities. The majority of the participants took an international flight (70.7%) while 29.3% domestic flights. The purpose of the flight was for leisure (70%) and business (30%). We observed that those who fly with the same airline 3-4 times/year were almost two times as many as those who fly <2 times/year (56% and 28%, respectively). According to our data, the average ticket price (USD) with the most frequency was in the range of \$300-\$399 (42%).

4.2. Reliability and Regression Analysis

Cronbach's alpha was used to test the reliability of all the measures. A Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. The closer the Cronbach's alpha is to 1, the higher the internal consistency reliability. The Cronbach's alphas for all the scales were found to be greater than 0.8. This demonstrates that the measure of employee deep acting, employee surface acting, PCO, PSQ, CLI, and WOM were substantially internally consistent. A regression analysis is used when one independent variable is hypothesized to affect a dependent variable. It provides a mean of objectively assessing the degree and the character of the relationship between the independent variable and the dependent variable.

4.2.1. Regression analysis on the effect of employee perceived deep acting and surface acting on PCO

In the first hypothesis, the dependent variable was PCO and the independent variable was PDA. In the second hypothesis, PSA was the independent variable while the dependent variable remained the same. Table 1 shows the result.

As expected, both hypotheses received empirical support. PDA and PSA were associated significantly with PCO in the hypothesized direction, as reflected in the beta value. While PDA had a positive link PSA had a negative one. Both PDA and PSA explained significantly 44.7% of the variance in PCO. When we compare between the two types of emotional labor, we noticed that PDA was more influential than PSA in explaining PCO because the beta value of PDA was higher than that of PSA.

4.2.2. Regression analysis on the effect of employee perceived deep acting and surface acting on PSQ

The second regression was performed to examine the direct relationship between PDA, PSA, and PSQ (PSQ). Table 2 presents the result. Consistent with our expectation, both PDA

Table 1: Regression analysis: PDA, PSA, and PCO

Independent variables	Unstandard beta	Standard beta	T	Significant	VIF
Constant	8.863				
PDA	1.018	0.926	0.701	0.000	2.298
PSA	-0.308	-0.427	-4.477	0.000	2.298

Dependent variable=PCO, R=0.667, R²: 0.447, F: 56.161, F Significant: 0.000, PDA: Perceived employee deep acting, PSA: Perceived employee surface acting, PSQ: Perceived service quality

and PSA were found to contribute significantly to PSQ, and in the hypothesized direction. Thus, hypotheses 3 and 4 were supported. Both PDA and PSA explained significantly 65.8% of the variance in PSQ. Of the two, PDA was more influential in explaining PSQ.

4.2.3. Regression analysis on the effect of PCO and PSQ on CLI

The third regression was run to test the relationship between PCO, PSQ, and CLI (CLI). Table 3 indicates that both PCO and PSQ emerged as significant predictors of CLI, supporting hypotheses 5 and 6. Both explained significantly 93.8% of the variance in CLI. Of the two, PSQ was found to be more influential than PCO in predicting CLI.

4.2.4. Regression analysis on the relationship between CLI and WOM

The result in Table 4 demonstrates support for H₇, as CLI emerged as a significant predictor of WOM. Based on the R² value, 97.2% of the changes in WOM can be explained by the changes in CLI in airline services.

4.2.5. Mediating role of CLI on the relationship between PCO and WOM

According to Frazier et al. (2004), to test the mediation effect, a series of regression models should be estimated. Baron and Kenny (1986) explained that for determining mediation, the effect of the independent variables in the last equation must be less than the effect in the second equation. A complete mediator occurs when the relationship between the independent and dependent variables becomes zero. According to Frazier et al. (2004), a partial mediator occurs when the relationship between the independent and dependent variables is significantly smaller when a mediator is included but still >0.

First, we examined the mediation of CLI in the link between PCO and WOM. Firstly, CLI was regressed on PCO. PCO was found to have a significant effect on CLI ($r = 0.621$, $P < 0.001$). Then, WOM was regressed on PCO. We observed a significant association between the two ($r = 0.789$, $P < 0.001$). Thirdly, the dependent variable (WOM) was regressed on the mediator (CLI), and the relationship was significant ($r = 0.986$, Table 3). Finally, WOM was regressed on both PCO and CLI. After the inclusion of CLI in the relationship between PCO and WOM, we observed that the effect PCO in the last equation was less than the effect in the second equation. The standardized beta in the last and second equation was 0.033 and 0.789, respectively. Because the strength of the influence of PCO on WOM had significantly declined after CLI was included, therefore, CLI was deemed to mediate the relationship between PCO and WOM partially. Table 5 shows the result with the inclusion of CLI.

4.2.6. Mediating role of CLI on the relationship between PSQ and WOM

A similar procedure was performed in testing the mediation of CLI in PSQ-WOM link. First, we run a regression analysis on PSQ and CLI ($r = 0.956$, $P < 0.001$). Then, we analyzed the PSQ-WOM link ($r = 0.495$, $P < 0.001$). In the third step, we examined the CLI-WOM link ($r = 0.986$, $P < 0.001$). Finally, we included CLI as the mediator in PSQ-WOM relationship. The result is shown in Table 6.

Table 6 indicates that the effect of PSQ in the last equation was less than the effect in the second equation. The standardized beta in the last and second equation was 0.230 and 0.495, respectively. Because the strength of the influence of PSQ on WOM had significantly declined after CLI was included, therefore, CLI was deemed to mediate partially the relationship between PSQ and WOM.

5. DISCUSSION AND IMPLICATIONS

We examined two key strategies of emotional labor as suggested by Grandey (2003), Gross (1998), and Hochschild (1983) in

Table 2: Regression analysis: PDA, PSA, and PSQ

Independent variables	Unstandard beta	Standard beta	T	Significant	VIF
Constant	12.725				
PDA	1.512	1.185	15.871	0.000	2.298
PSA	-0.532	-0.673	-9.020	0.000	2.298

Dependent variable=PSQ, R: 0.811, R²: 0.658, F: 13.666, F Significant: 0.000, PDA: Perceived employee deep acting, PSA: Perceived employee surface acting, PSQ: Perceived service quality

Table 3: Regression analysis: PCO, PSQ, and CLI

Independent variables	Unstandard beta	Standard beta	T	Significant	VIF
Constant	-5.426				
PCO	0.939	0.544	10.277	0.000	6.000
PSQ	2.282	1.446	27.325	0.000	6.000

Dependent variable=CLI, R: 0.968, R²: 0.938, F: 1103.413, F Significant: 0.000, PCO: Perceived customer orientation, PSQ: Perceived service quality, CLI: Customer loyalty intention

Table 4: Regression analysis: CLI and WOM

Independent variables	Unstandard beta	Standard beta	T	Significant	VIF
Constant	-4.770				
CLI	0.877	0.986	71.978	0.000	1.100

Dependent variable=WOM, R: 0.986, R²: 0.972, F: 5180.763, F Significant: 0.000, CLI: Customer loyalty intention, WOM: Word-of-mouth

Table 5: Moderator (CLI) effect on the relationship of PCO and WOM

Independent variables	Unstandard beta	Standard beta	T	Significant	VIF
Constant	-5.036				
PCO	0.051	0.033	1.498	0.000	2.000
CLI	0.854	0.960	43.191	0.000	2.000

Dependent variable=WOM, R: 0.986, R²: 0.973, F: 2595.775, F Significant: 0.000, CLI: Customer loyalty intention, WOM: Word-of-mouth, PCO: Perceived customer orientation

Table 6: Moderator (CLI) effect on the relationship of PSQ and WOM

Independent variables	Unstandard beta	Standard beta	T	Significant	VIF
Constant	-6.489				
PSQ	0.324	0.230	6.146	0.000	1.000
CLI	0.684	0.768	20.492	0.000	1.000

Dependent variable = WOM, R: 0.986, R²: 0.978, F: 3252.931, F Significant: 0.000, WOM: Word-of-mouth, PSQ: Perceived service quality, CLI: Customer loyalty intention

influencing customer's behavioral responses because it has been argued that emotional labor relates to the key dimensions of service quality (Parasuraman et al., 1991). As service employees, in particular, have direct interaction with customers, it is reasonable to expect that their ability to regulate and manage their emotions have significant behavioral consequences on the customers. Two key emotional management strategies were tested: Deep acting and surface acting. While the former relates to genuine emotions displayed by the employee, the latter involves a fake emotion. On the whole, we managed to find empirical support for the role of emotional labor in affecting customer's behavioral response, giving credence to the theoretical arguments of previous scholars (Parasuraman et al., 1991). The findings are also consistent with previous works that found the importance of employee emotions in service experience of customers (Grandey et al., 2005; Hennig-Thurau et al., 2006; Dallimore et al., 2007; Collishaw et al., 2008; Groth et al., 2009).

Interestingly, deep acting and surface acting appear to play a different role in the service experience of customers. Like Groth et al. (2009), we demonstrated that deep acting provides positive benefits for customers. When service employees display their original feelings, customers are likely to observe the sincerity of their effort in trying to meet the latter's needs and expectations. Similarly, such authentic rendering of emotions by the employees also enhances the customer confidence in the reliability, responsiveness, and assurance of the service rendered. In this situation, customers are likely to develop an intention to remain with the service provider and engage in the positive WOM, as our result suggested. Zeithaml et al. (1996) argued that service quality is an established determinant of CLI. Service quality bridges frontline employees' performance with customer loyalty to the service (Hesket et al., 1994). Our result that service quality experience influences positively loyalty intentions and consequent WOM is also consistent with previous works (Dick and Basu, 1994; Hagel and Armstrong, 1997; Brady and Cronin, 2001; Reichheld, 2003; Hennig-Thurau, 2004).

While deep acting enhances customers' service experience, surface acting was found to produce a negative experience. A negative impact of surface acting on PCO and PSQ was expected because faking positive emotions may lead to customers questioning, either consciously or unconsciously, whether the employees are truly interested in their needs and motivated enough to work hard to satisfy them (Groth et al., 2009). If the customers feel that the employees are not reliable and unresponsive to their needs, they are likely to lose confidence in the service firm, which, in turn, affects negatively their willingness to be loyal and recommend the services to other people, as indicated by our findings.

5.1. Practical Implications

In a highly competitive service environment, providing service with added value is key to developing a sustainable competitive edge and survive. As customer loyalty translates into business success through the recommendation of the service provider to other people, it is, therefore, crucial for service companies to pay attention to developing the relevant strategies toward achieving the business goal. That is, it is important for managers

to attract and retain customers by providing high-quality service by understanding their needs and what they value. Currently, many companies are focusing on delivering personalized service with "smile" which is highly valued by customers (Schneider, 1994; Schneider et al., 1996). Service employees are considered representatives of a service organization. They have responsibility for creating a positive image for customers through their emotional displays (Rupp et al., 2007). Service managers should bear in mind that the emotional display of frontline employees has a critical impact on customer experiences, particularly on customer loyalty. As emotional displays play a major role in developing customer loyalty, the challenge for service managers is how to encourage employees to offer individual attention or service to their passengers as well try to customize its offerings even though most of the airline services are somewhat standardized. This research suggests that deep acting is more effective in eliciting the desired customer responses in the airline industry because it signals service reliability and responsiveness. Airline managers, therefore, should encourage deep acting strategies to be used by their staff.

Relevant strategies that can be devised in promoting the original or authentic display of emotion during a service encounter include hiring the right people for the job. It is essential for managers in the aviation industry to pay proper attention to hiring the right employees who can manage and regulate their emotions well in the course of providing services to the customers so that the service experience of the customers is enhanced. In the course of selecting the right candidates, selection tests that can uncover their ability to engage in deep acting (Gosserand and Diefendorff, 2006) need to be carried out. In addition to hiring the right employees, effective training is important to reinforce the appropriate emotional display. Training programs are not only important for new employees to know what emotional skills and competencies they should use, but they are also important for the existing employees to reinforce their emotional regulation behavior. During these training programs, efforts can be made to encourage the employees to share their experiences with each other, especially with regards to their emotional displays. It has been suggested that peer support is key to behavior modification (Cheng et al., 2011).

5.2. Limitations and Directions for Future Research

There are a number of limitations of this study that should be considered when interpreting the results. Firstly, due to the way the participants were selected, the findings may not be generalizable to a much wider population of service customers. Clients who patron low-cost carriers may have a different service experience, which is worthy of future research. Hence, expanding the customer base in future studies should be attempted. Secondly, as this study was cross-sectional, causality should be interpreted cautiously despite the fact that our research model was developed based on previous literature. Thirdly, while measuring employee emotional display is commonly done by asking customers (Grandey et al., 2005), future studies may want to employ multiple ratings, such as peer rating or supervisory rating. In addition, observing the emotional displays of the service employees personally is another methodological option open for future researchers. The last option calls for a qualitative study to be carried out. Finally, we wish to suggest that more work to be carried out on the role of emotions

in service encounters, especially in the context of the aviation industry, which has seen more competition from low-cost carriers.

6. CONCLUSION

Service behavior explains the interactions involved between service providers and their customers (Tsaur et al., 2004). The behavior of the service personnel plays a very crucial role in the whole service process (Yang, 2001). The objective of this research was to examine the relationship between service employees' emotional labor and customers' consequent service experiences, an important yet under-researched component of service management. We developed and tested a theoretical model of the differential effects of the emotional labor strategies of deep acting and surface acting. Our results highlighted the different impacts of the strategies on PCO and PSQ, and subsequently leading to loyalty intention and WOM in the airline industry. Our findings corroborate previous work on the key role played by emotional labor during the service encounter in enhancing customers' service experience (Collishaw et al., 2008; Dallimore et al., 2007; Grandey et al., 2005). The findings of this study can assist airline managers with several suggestions to improve their service offerings to sustain in the current intense competition among airline services in the region.

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