The current issue and full text archive of this journal is available at
www.emeraldinsight.com/1757-5818.htm

Organizational learning from customer feedback received by service employees

A social capital perspective

Jochen Wirtz and Siok Kuan Tambyah
National University of Singapore, Singapore, and
Anna S. Mattila
School of Hospitality Management, The Pennsylvania State University, University Park, Pennsylvania, USA

Received 12 January 2009
Revised 18 July 2009
Accepted 11 November 2009

Abstract

Purpose – Customer feedback can help to identify problem areas and strengths, and generate ideas for service improvements. Most feedback is given to frontline employees directly rather than submitted through formal channels. UZnfortunately, employees tend to be reluctant to report such unsolicited feedback. This paper seeks to explore key drivers of employees' willingness to report customer feedback to facilitate organizational learning. Specifically, the paper examines the joint effects of relational social capital, structural social capital, feedback valence (FV) (positive versus negative), and the intended use of information (service improvement versus performance evaluation) on employees' willingness to report unsolicited customer feedback back to the organization.

Design/methodology/approach – The paper used two studies. First, semi-structured in-depth interviews of employees across organizational levels in two service firms were conducted to explore the relationships between the variables of interest. Second, a quasi-experimental study was conducted in which FV and intended use of information were manipulated in a true experimental design, and respondents' organization served as backdrop to measure relational and structural social capital.

Findings – FV and the intended use of information moderate the impact of social capital on employees' reporting intention. Specifically, the authors found that social capital had a positive impact on employees' willingness to report negative feedback used for evaluation purposes (social capital was less important when used for service improvements). In contrast, for positive feedback, social capital had a positive impact when feedback was used for service improvements (but less so in an evaluation context where staff were naturally motivated to report positive feedback).

Practical implications – Firms need to boost social capital to enhance employees' willingness to report negative feedback that is used for performance evaluation, and positive feedback that is used for understanding and cementing strengths. Social capital can be enhanced through increasing trust and a shared vision (through open and frequent communications), and through providing incentives (rewards and recognition) and improved reporting processes, infrastructure, and training.

Originality/value – Service employees' reporting behavior of customer feedback received is important but under-researched. This paper is a first step into understanding the drivers of employees' willingness to report such feedback.

Keywords Social capital, Feedback, Complaints, Learning organizations, Customer satisfaction

Paper type Research paper

Journal of Service Management
Vol. 21 No. 3, 2010
pp. 363-387

1757-5818
DOI 10.1108/09564231011050814

The authors gratefully acknowledge the excellent research assistance provided by Jonathan E.P. Goh and Jasmine M.C. Ow.

Introduction

With the advent of the knowledge economy, organizational knowledge, or intellectual capital has become a main source of competitive advantage (Adler and Seok-Woo, 2002; Levin and Cross, 2004; Walsh *et al.*, 2008). Recent studies in the area of knowledge management have increasingly focused on the concept of social capital (Krause *et al.*, 2007; Merlo *et al.*, 2006; Singh, 2006; Robert *et al.*, 2008). Specifically, researchers have employed Nahapiet and Ghoshal's (1998) categorization of social capital into the structural, relational and cognitive dimensions, and posited their effects on various organizational processes of knowledge management. For example, social capital has been shown to either facilitate or inhibit the processes of knowledge acquisition and knowledge transfer (Collins and Hitt, 2006; Inkpen and Tsang, 2005; Yli-Renko *et al.*, 2001). This study focuses on a particular type of knowledge transfer – that of customer feedback, and specifically, customer feedback that is unsolicited and given informally to frontline employees.

Customer feedback collection tools can be generally categorized into two types: active and passive (Sampson, 1996), also called solicited and unsolicited feedback (Berry and Parasuraman, 1997; Morgan *et al.*, 2005; Wirtz and Tomlin, 2000). Active feedback collection tools solicit customer responses (e.g. through satisfaction surveys; Wirtz and Lee, 2003) which can be tied to employee performance evaluation and used to benchmark performance internally as well as externally. In contrast, passive feedback mechanisms (also called unsolicited customer feedback) rely on the customer's own willingness to report his/her experiences through complaints, compliments and suggestions to the service organization (Mattila and Wirtz, 2004).

Past work suggests that most unsolicited feedback is made directly to frontline employees rather than through formal channels which typically requires more effort on the part of the customer (Lovelock and Wirtz, 2007, p. 393). Unfortunately, feedback received by frontline employees tends to reside at the front line and is seldom formally recorded or communicated. As such, unsolicited customer feedback often fails to make the transition from tacit to explicit knowledge, thus hindering organizational learning and service improvement efforts (Baker and Sinkula, 1999).

It is also likely that there is a qualitative difference in terms of feedback reporting between people-delivered services, where much of the value is delivered through the interpersonal interaction with the service employee (e.g. a consulting or a call-centre service) and services where much of the value is created through interactions with self-service technologies (e.g. the firms' web site) (Lovelock and Gummesson, 2004). For services delivered by people, customers have ample opportunities to provide informal and direct feedback to frontline employees. As such, the present research is primarily relevant for such services.

Most extant research in knowledge sharing has focused on knowledge sharing at the aggregate level, thus ignoring the individual level impact (Argote and Inrgam, 2000). However, in people-delivered services, unsolicited customer feedback is typically reported to an individual customer-contact employee. Such knowledge, embedded in individual boundary-spanners, plays a key role in the integration of knowledge throughout the organization (Makela and Brewester, 2009). It has been shown that knowledge transfer from front-line employees to their managers is highly dependent on social relationships (Lang, 2004). Therefore, a social capital perspective to the management of informal and unsolicited customer feedback is employed to explore factors that enhance effective knowledge integration. Social capital theory is a suitable framework as the sharing of information is one of the main tenets of accumulation of social capital (Lang, 2004; Paxton, 1999) and tacit knowledge, such as unsolicited customer feedback, is fundamentally embedded in the forms of social and institutional practices (Brown and Duguid, 1991; Hung *et al.*, 2009).

In this paper, we propose that relational social capital (e.g. trust in the company's leadership and SV) and structural social capital (e.g. efficient knowledge transfer systems (KTS) and appropriate rewards) will enhance the sharing of tacit knowledge. Previous research has shown that FV seems to influence employees' willingness to report customer experiences, with negative comments typically not being passed on (Read, 1962). Similarly, employees tend to be less forthcoming with unsolicited feedback when such information is used for evaluation of their colleagues compared to organizational improvements (Toegal and Conger, 2003). Therefore, this present study examines the combined effects of relational and structural social capital, FV and the intended use of feedback on employee willingness to report unsolicited customer feedback.

Conceptual background

Knowledge sharing and social capital

Knowledge sharing is crucial for organizational success as it entails the action of transferring information which could be of assistance to others (Connelly and Kelloway, 2003; Krause *et al.*, 2007). When knowledge at the individual level is transmitted and translated to form organizational knowledge, it can then be effectively managed and utilized as an organizational asset (Collins and Hitt, 2006; Hooff and Ridder, 2004; Robert *et al.*, 2008). Prior studies indicate that social interactions are at the core of knowledge sharing (Collins and Hitt, 2006; Helmstadter, 2003; Larson, 1992; Ring and van de Ven, 1994). Accordingly, social capital has become an important topic in knowledge management. For example, Yli-Renko *et al.* (2001) demonstrate that knowledge acquisition is inherently linked to social capital in the context of IT firms. In a similar vein, Inkpen and Tsang (2005) suggest that social capital influences the transfer of knowledge between network members (Figure 1).

In this paper, we define social capital as "the set of resources embedded within the relationships among actors within a network" (Robert *et al.*, 2008, p. 314). Hence, social capital comprises of both the network of relationships and the network assets incorporated within it that can be accessed by those who are a part of the relationship network (Bourdieu, 1986; Burt, 1992). Both relational and structural social capital are important in creating an environment in which employees are willing to report unsolicited customer feedback. These two dimensions of social capital will be discussed next.

Relational social capital

The relational dimension of social capital refers to the nature of social relationships among company employees, that is, the type and quality of interpersonal relationships people develop over time in a social network (Granovetter, 1992; Nooteboom, 2007). The key facets of relational social capital examined in this study are:

- trust in the organization's leadership; and
- identification with the organization's vision.

Social trust can be defined as a history of positive interactions with one's immediate circles, including organizational leaders (Stolle, 2001). Prior research shows that trust

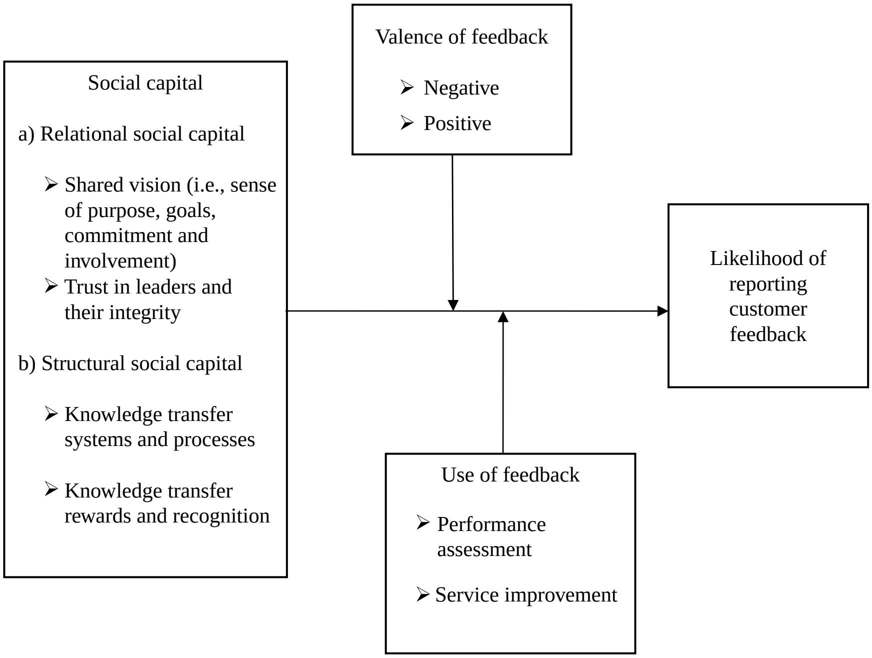

Figure 1.
Conceptual model

is critical for knowledge sharing (Lang, 2004; Lazaric and Lorenz, 1998). A SV, on the other hand, sets the organizational direction employees work toward, fosters a sense of purpose and instills cooperation among employees (Day, 1994). As such, a SV provides behavioral norms and expectations, thus enhancing social capital (Lang, 2004). Taken together, trust and shared values reflect the goodwill and expectations of prosocial behaviors that characterize relationships (Adler and Seok-Woo, 2002; Putnam, 2000).

In this paper, we propose that high levels of relational social capital will induce employees to report unsolicited customer feedback since employees can trust their leaders. Trust has been shown to be positively linked to knowledge transfer, in particular when the knowledge is tacit in nature (Levin and Cross, 2004). Similarly, a SV should induce knowledge transfer (Baker and Sinkula, 1999) as employees work together to fulfill a set of shared goals. Conversely, under low levels of relational social capital, employees are skeptical about sharing unsolicited customer feedback with others. For example, employees might fail to see the benefits of sharing such information, and/or they might be fearful of the consequences of reporting negative customer feedback. Cooperation with other departments, including the company's customer service department, carries many risks, thus requiring social trust (Hardin, 2001).

Social capital has been shown to operate at multiple levels, ranging from the individual level to a social or economic entity (Constant *et al.*, 1996; Mathwick *et al.*, 2008; Minkoff, 1997). For theory development, it is important to be precise about the level of analysis (Klein *et al.*, 1994). In this study, we focus on the individuals' perceptions of social capital of the organizations they work with.

Structural social capital

Nahapiet and Ghosal (1998) define structural social capital as the pattern of network connections and the interconnectedness of the members in the network. In this paper, we will focus on two core dimension of structural social capital, namely, KTS and employee rewards, which have a direct impact on the pattern of interactions among network members (Wasko and Faraj, 2005).

The adequacy of KTS refers to the presence of adequate processes or communications systems in the organization (Walsham, 1993). Various communications technologies (e.g. intranet, e-mail, telecommunications networks) help to overcome the distance and time barriers to social interactions (Dimmick *et al.*, 2000; Hammer and Mangurian, 1987), thus enhancing knowledge integration (Patrashkova-Volzdoska *et al.*, 2003). The adequacy of KTS also depends on the presence of horizontal reporting structures and networks which operate free from departmental barriers and access restrictions (Lord and Ranft, 2000). Building structural social capital requires a collaborative organizational environment in which knowledge and information can flow freely (Youndt and Snell, 2004). For example, decentralized networks tend to exhibit higher levels of information exchange among more network members (Lang, 2004).

In addition to the adequacy of KTS, Bartol and Srivastava (2002) suggest that organizational rewards can be used to enhance knowledge sharing. The norm of reciprocity governs all social interactions and individuals expect their rewards to be in line with their investments (Ho *et al.*, 2006). Incentives such as bonuses or rewards may help to ensure that employees are willing to share knowledge, thus enhancing social capital (Nahapiet and Ghoshal, 1998; Youndt and Snell, 2004). We propose that unsolicited feedback is more likely to be reported under conditions of high-structural social capital as compared to low-structural social capital. In other words, formal systems for sharing information combined with rewards that encourage knowledge transfer should induce employees to report unsolicited customer feedback.

We further propose that the positive impact of high relational and structural social capital on employee behaviors is moderated by two additional factors: FV and the organizational use of unsolicited customer feedback.

Valence and organizational use of unsolicited customer feedback

Prior research shows that the valence of feedback influences the likelihood of such information being reported to management. In his study on upward communication, Read (1962) demonstrated that negative customer information is less likely to be reported to management than positive information. We propose that the effects of social capital are dependent on the valence, and that this interaction effect is further influenced by the intended use of customer feedback (i.e. employee evaluations versus service improvements). The logic for this complex three-way interaction is discussed next.

Negative feedback. When unsolicited feedback is used for employee performance evaluation purposes, employees are less willing to report negative information (Toegal and Conger, 2003). We suggest that valence and use of feedback together impact the strength of the effect of social capital on reporting of unsolicited feedback. Specifically, if customer feedback is used for employee evaluation purposes, then low-social capital should result in a lower willingness to report negative feedback than if such feedback is used for service improvements.

Past research has shown that a lack of relational or structural capital lowers cooperation and resource sharing (Moran, 2005), and that the absence of a SV and open communication among network members reduces group cohesiveness, thus resulting in a lower likelihood of sharing information for a collective purpose (Merlo *et al.*, 2006). We thus propose that when employees have trust in their organization's leadership and identify with the organization's vision (i.e. the presence of high relational social capital), or if they are incentivized to provide such feedback (i.e. the presence of high-structural social capital), they are more likely to report negative feedback used for employee evaluation purposes. In other words, social capital reduces the natural tendency of not reporting negative customer feedback when such information is used for evaluation purposes (Toegal and Conger, 2003).

In contrast to feedback collected for employee evaluation purposes, we expect a reduced impact of social capital on the willingness to report negative feedback if it is used for service improvement purposes. Here, employees are likely to be more forthcoming with reporting unsolicited negative customer feedback in order to bring about organizational improvements that are perceived to be beneficial to everyone (Krause *et al.*, 2007). Consequently, the relative importance of trust in the organization (relational social capital) and incentives (structural social capital) is lower when negative customer feedback is used for service improvements compared to when this feedback is used for employee evaluation purposes.

Positive feedback. For positive feedback that is used for employee evaluation, we predict that relational and structural social capital will have a minimal influence on reporting intent as employees should be naturally inclined to report positive information, to be the "messenger" of good news and to help themselves and others within the service organization (Bachrach *et al.*, 2006).

Conversely, when the purpose is for service improvement, the natural incentive of recording good news for performance evaluation is no longer present or at least less explicit. Furthermore, unlike negative feedback where service improvement opportunities are more obvious, positive feedback may be seen as less important in driving improvements. Cementing strengths is less obvious and perhaps less pressing than addressing weaknesses that generate complaints. Therefore, we predict that high relational and structural capital may be needed to induce reporting of positive feedback which is used for service improvements. Here, a SV, incentives and ease of reporting (i.e. systems) should help to increase the willingness of reporting positive feedback when it is used for understanding and cementing the strengths of an organization. Thus, we advance the following:

H1. Compared to high (a) relational or (b) structural social capital, low (a) relational or (b) structural social capital will reduce employees' willingness to report negative customer feedback more when such information is used for employee evaluation purposes, compared to when it is used for service improvement purposes.

H2. Compared to high (a) relational or (b) structural social capital, low (a) relational or (b) structural social capital will reduce employees' willingness to report positive customer feedback more when such information is used for service improvement purposes, compared to when it is used for employee evaluation purposes.

Study 1 – qualitative study

As no prior research has explored how service employees respond to and report the unsolicited customer feedback they receive, we first conducted a qualitative study to explore employee perceptions of customer feedback collection systems, including their perceptions of the intended uses of such feedback. We used semi-structured interviews to draw rich insights from the in-depth analysis of a small sample of participants (Bryman, 1999; Jablin and Putnam, 2001; Johns and Lee-Ross, 1998; Kreps and Herndon, 2001).

Sample and data collection procedures

In order to obtain a more holistic picture of how employees from different organizational levels perceive the uses of customer feedback, interview guides were developed for each organizational level following an extensive literature review. These guides included questions pertaining to employees' perceptions of and attitudes towards their organization's customer feedback system. Questions included what types of customer feedback information were collected (e.g. complaints, compliments, mystery shopping, and surveys), the purpose and use of the feedback (e.g. to drive service improvements and/or for performance assessment), how customer feedback was disseminated, the perceived validity and accuracy of the customer feedback collected and reported, suggestions for improving the customer feedback system, and how respondents personally felt about receiving positive and negative feedback from customers about themselves and about others in the organization, and their reporting behavior of such feedback. Although this guide was used to provide some structure to the interview process, the researchers took care to allow participants to share about issues that may not have fitted into the interview guide.

We conducted a total of 39 interviews across organizational levels at two service organizations (a large domestic telecommunications company in Singapore and the UK-based global supply chain service provider). Both service organizations have major service operations based in Singapore where the majority of interviews were conducted. We interviewed front line, middle management and top management to obtain more complete insights into the firm's customer feedback system, how frontline employees use customer feedback, how direct supervisors and senior management handle the customer feedback received from frontline employees and their perceptions of how frontline employees perceive and respond to customer feedback. This approach allowed us to match and better understand frontline employees' attitudes, beliefs, emotional responses and behaviors towards receiving and reporting unsolicited customer feedback. Furthermore, it is not uncommon that middle and senior management receive customer feedback themselves, and we wanted to explore their responses to and handling of such feedback.

Participants were screened to include full-time employees with at least a year of service in their respective organizations. Their ages ranged from 21 to 50 years. All interviews were recorded and they lasted between 20 minutes to an hour and a half.

A total of 27 participants in the telecommunications company were interviewed. The participants comprised 13 front line employees, nine middle managers (e.g. service center managers and customer contract center managers) and five senior executives (e.g. director of marketing, director of service centers, general manager of marketing, director of customer contact centers). Participants were recruited through the help of the human resource department after approval was given by top management. We were given access to all participants subject to their consent to be interviewed and their availability amidst their work schedules.

After this first round of interviews in the telecommunications firm, we conducted a second round of interviews with employees of a global supply chain company. As it was a B2B company with large back-office logistics operations, the percentage of frontline staff was considerably lower. In total, the frontline team in Singapore was small with some 30 employees, of which we interviewed five. We also interviewed seven employees of the global supply chain firm at its London headquarters because the firm has highly integrated global operations with a strong corporate culture that reflects the mission-critical services they provided. The interviews in Singapore and London did not show differences in their content and emphasis in our analysis and are therefore reported together. The respondents included five frontline staff (e.g. customer service assistants) and seven middle managers who all had significant customer contact themselves (e.g. transport manager, business development manager, and customer service executive). Participants were recruited with the help of the customer service department and the endorsement of top management. Similarly, full access to willing participants was granted to the researchers.

Data analysis

The interviews were transcribed, resulting in over 780 pages of transcripts. The transcripts were forwarded to their respective participants for verification of accuracy. They were also invited to provide additional comments and clarifications. The interview transcripts were closely read and analyzed using an iterative hermeneutical process that involved two stages. First, the individual transcripts were read and re-read in their entirety to gain a sense of the whole interview (Giorgi, 1989). In this first phase, general concepts were identified from which key themes could be derived. We did a close reading and coding of all the individual transcripts, taking note of the most compelling anecdotes and themes. Second, we looked for meaningful similarities, differences and/or relationships among these key themes. These global themes (Kvale, 1983) could be identified in interviews within the same organizational level, or they could be common across organizational levels. Recurring global themes were noted and coded for all the transcripts, resulting in a structure of themes at the various organizational levels, and then across organizational levels. The systematic exploration of the coded interview transcripts resulted in the identification of global themes that were grounded empirically in the data and well supported by evidence from the participant accounts.

The quotes presented in the following sections are used to illustrate the key themes that emerged in the qualitative data analysis. We have minimally edited the quotes for grammatical errors while preserving the essence of what was expressed to provide a rich understanding of the research issues from the perspective of these participants. Strictest confidentiality was maintained throughout the research process.

Findings

A variety of uses for customer feedback was mentioned by the participants. The companies reported making use of customer feedback of differing valences for service improvements and performance evaluation. In terms of service improvements, participants from all organizational levels felt that customer feedback, especially negative feedback, added value to the organization's and their personal learning:

> I think more often than not, it's the complaints and negative ones (i.e. feedback) that give us the most room to improve. The compliments, usually we use them as encouragement rather than process change. Whereas complaints or negative feedback [. . .] we'll use those to also review and change the policies or processes (Director/Top Management).

> Sometimes, customers will give very good suggestions, especially people who have gone through very bad experiences. They actually have a lot of ideas to assist us toward improving our service level. So we try to retrieve all these important details and work towards improving our service standards (Assistant Shop Manager/Middle Management).

> If I receive a complaint letter, then I should look into it and if it is really my fault, I will improve myself (Customer Service Officer/Frontline Staff).

Interviewees mentioned reporting positive feedback (such as compliments or "thank yous" received) for performance evaluation. As mentioned by one of the managers interviewed, customer feedback is built into the staff's key performance indicators. Participants also noted that positive feedback had other encouraging effects such as motivating their staff and boosting staff morale:

> The staff know that we do listen and [. . .] they know it pays to do well. Compliments do come in and we use them as a means to encourage the staff. The staff who is complimented will get a small token and a note to say "A Job Well Done!" (Assistant General Manager/Middle Management).

The participants felt that it was beneficial to use negative feedback for service improvements and positive feedback for motivational purposes, but respondents across organizational levels were less open towards using negative feedback for performance evaluation. When feedback is used for improving processes, the participants felt that this was necessary and beneficial for the organization. However, when feedback is used on a more personal level, that is, for a specific employee's or team's evaluation with a possible impact on remuneration, they were less receptive:

> I would be happy if it is for me to improve, but for my bonus, no. Unless you are really poor in your work, and all the customers say negative things about you, then you cannot refute. To be tied to your bonus is cruel [. . .] it is a bit unrealistic (Customer Service Assistant/Frontline Staff).

We noted that certain aspects of social capital influenced the readiness of employees to report feedback received. For example, if there was a lack of structural social capital (e.g. incentives or reporting systems), employees felt it was difficult to report the feedback and for the organization to benefit from such reporting. Often, employees were not aware of whether procedures or systems were in place to facilitate reporting of customer feedback. The following exchange serves as an illustrative example:

> A: [Relating an example of how the respondent learned personally from the feedback she had received from a customer], I decided to do it based on my experiences. I am not aware, I don't think it's a practice in my company.

> Q: Did you bring it up to the person who is supervising you?

A: No, it never crossed my mind. [. . .] Actually it's a good idea but I guess I am too busy with my shipment. It didn't cross my mind at that moment.

Q: If you want to bring it up, is it possible to talk to your supervisor?

A: Possible.

Q: How open do you think people in your department would be to a suggestion like this?

A: I think they should be open, I don't think they mind as long as you don't pinpoint some person (i.e. a personnel issue), just tell them this is for the majority (i.e. a process issue). It shouldn't be a problem (Customer Service Assistant/Frontline Staff).

In terms of the role of relational social capital, frontline employees were more inclined to share and learn from negative feedback if they trusted their leaders and felt that their superiors were open and supportive of them:

For my section, we are very close with my team leader. (On giving bad news) If it is just a general thing, she will never pinpoint. She will just say that there is feedback from customers that our service is not that good. Unless it's very bad, she will talk to you personally, like a customer said you are rude (Customer Service Assistant/Frontline Staff).

The organization is very fair. They do not focus on your mistakes all the time. They do give you a chance to learn. They don't keep harping on it (Senior Sales Executive/Frontline Staff).

Middle management employees who are supervising frontline employees believe that they have to create and maintain a climate of trust so that they are able to communicate openly about service issues and customer feedback:

We have to take it very positively, especially for the bad kind of feedback. I think the staff (frontline staff) are more apprehensive about such feedback compared to us. They should take it more positively on the overall feedback because I think it'll be better that you learn something from it rather than being apprehensive (Senior Shop Manager/Middle Management).

I can't personally supervise every process and every transaction, so I depend on them (frontline staff). So, I need to create the environment that they feel committed, they feel they belong, they feel they are part of the decision makers (Transport Manager/Middle Management).

Summary

Our interviews provided interesting insights for our inquiry into how social capital, and the valence and intended use of feedback, influence the reporting of customer feedback in service organizations. The attitudes towards reporting negative feedback were ambivalent and depended to a large extent on how the feedback was used and the level of trust and SV in an organization (i.e. the level of relational social capital). The participants shared freely many examples of how negative feedback was used for service improvements at an organizational level. However, they expressed concern when the negative feedback was used for performance evaluation as this was seen to have repercussions on their remuneration. We also noted that there were conditions which facilitated the reporting of negative feedback. Negative feedback would be more readily reported and shared where there was a high level of relational social capital, that is, where there was trust and a SV among the employees.

For positive feedback, the organizational benefits of reporting it for recognizing and rewarding individuals and teams were well understood. The participants gave numerous specific examples of how positive feedback was used for motivating employees and for performance evaluation. In contrast, potential benefits of reporting positive feedback for service improvement purposes were not obvious to the interviewees. Participants did not provide examples and only acceded potential benefits after being prompted. It thus seems logical to suggest that the reporting of positive feedback for improvement purposes could be significantly enhanced with effective incentives and communication systems (i.e. high-structural social capital).

In Study 1, relational and structural social capital together with valence and use of feedback emerged as important themes and potential drivers of service employees' likelihood to report unsolicited customer feedback to the organization. In Study 2, we directly tested the observed relationships in an experimental study.

Study 2 – experiment

Research design

A quasi-experimental design was used for both relational and structural social capital, whereby the respondent's organization served as a backdrop. A quasi-experimental design was chosen as it would have been difficult to effectively manipulate social capital in an experimental setting. A median-split generated the 2 (high-or low-relational capital) × 2 (high- or low-structural capital) conditions. A median-split was used as it is considered a conservative approach when followed-up by contrasts on interactions and the cell sizes are relatively small (Tybout, 2001). It also provides greater ease of interpretation and diagnosticity regarding theory testing (Iacobucci, 2001).

An experimental approach cum scenario method was used to manipulate the valence and purpose of feedback collection (Wirtz and Bateson, 1999). Specifically, a 2 (positive or negative FV) × 2 (purpose of feedback collection for employee performance evaluation or for service improvement) factorial design was employed. This approach of mixing a quasi-experimental design for difficult to manipulate variables with scenario-based experimental manipulations is common in consumer behavior. For example, consumers are often requested to name a service provider and asked to respond to attitude-type questions about that particular provider, followed by a hypothetical scenario reflecting a new experience (Yi and Jeon, 2003).

Cell sizes of the overall 16-cell design ranged between 23 and 33. The unequal cell sizes were caused by the distribution of our measured variables (i.e. social capital) and therefore did not threaten random assignment of subjects to the valence and usage conditions (Keppel, 1991). Furthermore, tests for potential violations of the assumptions underlying ANOVA were insignificant (i.e. non-constancy of error variances, non-independence of error terms, non-normality of error terms). The dependent variable was the likelihood of reporting unsolicited feedback to the organization.

Procedure and manipulations

Study 2 consisted of four parts. In the first part, respondents were asked to answer "How do you feel about the organization you are working in," followed by a battery of items measuring relational and structural social capital. In the second part, a written scenario was used to manipulate the purpose of feedback collection. Specifically, respondents were asked to imagine that all staff received an e-mail from their senior management announcing the following: “To better position our organization for continued growth in the coming year ahead, some changes will be made.” For the performance evaluation condition, the sentence continued: “Customer complaints and compliments reported will be used to evaluate employee job performance. We will use them for employee performance reviews and performance bonuses.” For the service improvement condition, the scenario read “Customer complaints and compliments reported will be used to improve customer service. We will use it to improve service design and service processes to cope with customers’ rising demands.” Both scenarios ended with the sentence “Please report all customer complaints and compliments received to our customer service department [. . .]” manipulation checks for the purpose of employee feedback collection were administered next.

Valence was manipulated in the third part. Here, respondents were asked to imagine that they received a phone call from one of the company’s customers who in the course of the conversation made a comment about the company’s web site for which the IT department had responsibility. The web site was used in the scenario as virtually all firms have a web site and it was therefore suitable for the manipulations in a quasi-experimental design where respondents used their own firms as the backdrop for their responses. The positive valence condition read: “[. . .] I LOVE your web site!!! The layout is excellent and extremely easy to navigate. Also, the comprehensive listing of affiliate sites made it easy for me to find similar web sites. The electronic forms are also updated. Keep it up!” The negative condition was: “[. . .] I HATE your web site!!! The layout is awful and extremely difficult to navigate. Also, the incomplete listing of affiliate sites made it hard for me to find similar web sites. The electronic forms are also outdated. Buck up!” The valence manipulation check was administered after the scenario.

The dependent variable “likelihood of reporting unsolicited feedback” was measured after a statement that encouraged respondents to link the scenarios back to the context of their own organization: “According to past research, about 99 percent of all customer feedback received by employees is not reported in a typical organization. Realistically, in your own organization, how likely would you report the feedback from Mr Tan?” We included this statement as our pretests, using the “think aloud” method, showed that respondents drastically overestimated their propensity to report unsolicited customer feedback, which might have resulted in a ceiling effect in our study and would have reduced the power of the hypothesis testing. Anecdotal findings suggest that the vast majority of verbal feedback received by front line employees never gets reported (Lovelock and Wirtz, 2007, p. 393) making the 1 percent suggested in the scenario likely to be a generous estimate. By stating that most verbal feedback goes unreported, the “think aloud” pretest showed that the scenario encouraged respondents to think more carefully and realistically about how likely they would be to report the feedback received.

Finally, demographics were measured in the concluding section. See the Appendix for an overview of the instructions and a sample scenario used in the study.

Sample

Intercept surveys were conducted at a subway station in the central business district of Singapore and at the waiting lounge of the airport. Subjects were approached randomly and pre-screened to be working adults for a firm with service operations. A total of 460 questionnaires were returned, of which 28 were unusable due to incomplete data, resulting in a final sample size of 432.

The sample was dominated by male respondents (56.3 percent). Post graduate degree holders constituted 11.6 percent of the sample, degree holders 40.3 percent, and 32.1 percent had completed high school. The respondents surveyed were spread over a wide range of industries. In terms of job function, 68.5 percent of the respondents were working in frontline positions where they directly interacted with customers, while the rest held positions at the supervisory or managerial level. χ^2 results with demographic variables showed that respondents were randomly allocated across our experimental conditions ($p > 0.05$).

Measures

The manipulation checks and measures are shown in Table I. All items used seven-point Likert-type scales anchored in "1" for "strongly disagree" and "7" for "strongly agree." Relational social capital was measured using two scales: a SV and trust in the organizational leadership. The four-item SV scale was adapted from Sinkula *et al.* (1997). The trust measure was adapted from Rich's (1997) scale measuring salesperson confidence in their manager's reliability and integrity. Structural social capital was measured using indicators reflecting the adequacy of KTS and rewards. The structural social capital scale included five items; three reflecting KTS and two reflecting rewards and recognition for knowledge sharing (Menon *et al.*, 1997; Moorman, 1995). A confirmatory factor analysis was performed to examine the dimensionality of our social capital scales. Both scales yielded a single factor solution. Moreover, an examination of correlation coefficients indicated high inter-construct item correlations (evidence of convergent validity), while such correlations were low between structural social capital items versus relational social capital items (evidence for discriminant validity).

Manipulation checks for valence and use of feedback

Two-way ANOVAs with the valence and use of feedback conditions as independent variables yielded significant main effects on their respective manipulation checks. The other main effects and two-way interactions were insignificant. As expected, subjects in the positive FV condition perceived the valence of the feedback to be positive, while those in the negative feedback condition perceived it to be negative [evaluation: $\bar{X}_{\mathrm{Positive}} = 6.08$ versus $\bar{X}_{\mathrm{Negative}} = 1.65$; $F(1, 428) = 2{,}727.5$, $p < 0.001$]. Moreover, subjects in the evaluation condition perceived the organizational use of unsolicited feedback to be for employee performance evaluation, while those in the improvement condition perceived the organizational use of unsolicited feedback to be for service and process improvements [$\bar{X}_{\mathrm{Evaluation}} = 5.28$ versus $\bar{X}_{\mathrm{Improvement}} = 2.70$; $F(1, 428) = 925.0$, $p < 0.001$]. Taken together, these results indicated that our manipulations were successful.

Hypothesis testing

ANOVA was used to test our hypotheses. We had surveyed frontline staff and other management levels in service organizations (note that all management levels in a service organization can receive unsolicited customer feedback). As management level could potentially interact with our independent variables, we controlled for management level by adding this variable into our ANOVA model. As the main effect of management level and all its potential interaction effects were insignificant ($p > 0.10$), this variable was dropped from further analyses.

Table I.
Measurement scales

Construct	Item code	Item descriptions	α/r
Manipulation checks			
Valence of feedback	V1	Mr Tan is satisfied with your company's web site	0.98
	V2	Mr Tan is dissatisfied with your company's web site	
	V3	Mr Tan was making a compliment about the web site	
	V4	Mr Tan was making a complaint about the web site	
Intended use of feedback	U1	According to the memo, customer complaints and compliments will be used to evaluate staff performance	0.55
	U2	According to the memo, customer complaints and compliments will be used for service improvements	
Moderating variables			
Relational social capital. SV	SV1	There is total agreement on our organizational vision across all levels, functions and divisions	
and trust (T); Adapted from	SV2	There is a collectively shared sense of purpose amongst all employees in my organization	0.92
Sinkula *et al.* (1997); Rich (1997)	SV3	All employees are committed to the goals of this organization	
	SV4	Employees view themselves as partners in charting the direction of the organization	
	T1	My organization's leaders would never try to gain an advantage by deceiving employees	
	T2	I feel a strong loyalty to my organization's leadership	
	T3	I have complete faith in the integrity of my organization's leadership	
	T4	I feel confident that my organization's leadership will always try to treat me fairly	
Structural social capital.			
KTS and recognition (R);	KTS1	My organization has formal systems for continuously collecting information that employees might receive from customers	0.92
Adapted from Moorman (1995);	KTS2	My organization has formal processes for continuously collecting information that employees might receive from customers	
Challagalla and Shervani (1996)	KTS3	My organization has formal processes for documenting and analyzing the value of customer information that employees might receive	
	R1	No matter which department I am in, I get recognized for reporting any customer complaints or compliments received	
	R2	I would be commended if I reported the customer complaints or compliments I received	
Dependent variable			
Likelihood of reporting customer feedback	L1	I definitely would not report the feedback received from Mr Tan	0.59
	L2	I definitely would report the feedback received from Mr Tan	

Notes: α values refer to the reliability of the scale for each construct; correlation coefficients are reported for two-item scales

The final results are shown in Table II. As expected, the results of the ANOVA table revealed a significant three-way interaction between relational social capital, FV and feedback usage (FU) [$F(1, 416) = 6.5$, $p < 0.05$]. Similarly, the three-way interaction between structural social capital, FV and FU was significant [$F(1, 416) = 4.6$; $p < 0.05$]. To make sense of these complex interactions, we split the discussion of findings by FV.

Negative customer feedback

As shown in Figure 2, when unsolicited negative feedback was received and was used for employee performance evaluation, the likelihood of reporting was higher under conditions of high-relational social capital than under conditions of low-relational social capital (negative feedback: $\bar{X}_{\text{evaluation; low-relationalsocialcapital}} = 4.90$ versus $\bar{X}_{\text{evaluation; highrelationalsocialcapital}} = 5.67$; $t = 2.61$, $p < 0.05$). However, there was no significant difference in the likelihood of reporting negative feedback

Main effects	df	*F*-value	*p*-value
Relational social capital (RC)	1	13.8	<0.001
Structural social capital (SC)	1	9.3	<0.001
FU	1	9.0	<0.001
FV	1	0.9	ns
Interaction effects			
RC*FV	1	0.2	ns
RC*FU	1	0.03	ns
SC*FV	1	2.3	ns
SC*FU	1	0.01	ns
SC*RC	1	1.7	ns
RC* FV*FU	1	6.5	<0.05
SC*FV*FU	1	4.6	<0.05
SC*FV*RC	1	<0.01	ns
RC*SC*FU	1	2.8	0.09
RC*SC*FV*FU	1	0.4	ns
Error	416	1.6	
Total	432		

Note: ns, not significant at: $p > 0.10$

Table II. ANOVA results: hypotheses testing

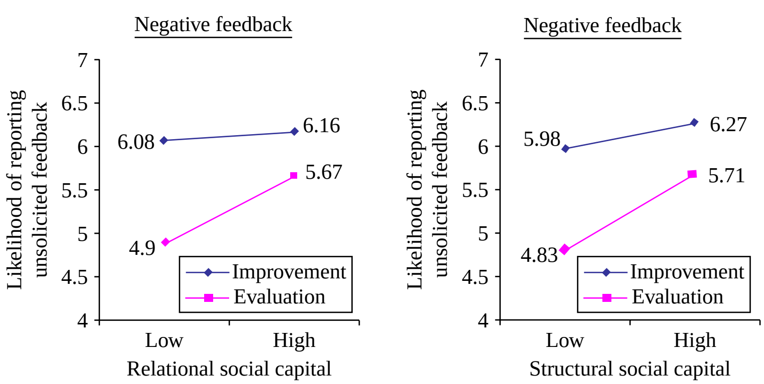

Figure 2. Joint effects of social capital and feedback use for negative customer feedback

when such feedback was used for service improvements (negative feedback: $\bar{X}_{\text{improvement; low-relationalsocialcapital}} = 6.08$ versus $\bar{X}_{\text{improvement; high-relationalsocialcapital}} = 6.16$; $t = 0.71$, $p > 0.10$). These results provided support for *H1a*.

The findings for structural social capital mirrored those for relational structural capital. Specifically, when unsolicited negative feedback was received and was used for employee performance evaluation, the likelihood of reporting it was higher under conditions of high-structural social capital compared to conditions of low-structural social capital (negative feedback: $\bar{X}_{\text{evaluation; low-structuralsocialcapital}} = 4.83$ versus $\bar{X}_{\text{evaluation; high-structuralsocialcapital=}} 5.71$; $t = 3.03$, $p < 0.05$). Conversely, when unsolicited negative feedback was used for service improvements, there was no significant difference in the reporting likelihood across the two structural social capital conditions, although directionally the observed means increased for high-structural social capital (negative feedback: $\bar{X}_{\text{improvement; low-structuralsocialcapital}} = 5.98$ versus $\bar{X}_{\text{improvement; high-structuralsocialcapital}} = 6.27$; $t = 1.30$, $p > 0.10$). These results support *H1b*.

Positive customer feedback

An examination of the cell means showed that the likelihood of reporting positive feedback for service improvement purposes was higher under conditions of high-relational social capital than under conditions of low-relational social capital ($\bar{X}_{\text{improvement,low-relationalsocialcapital}} = 5.41$ versus $\bar{X}_{\text{improvement,high-relationalsocialcapital}} = 6.16$, $t = 3.31$, $p < 0.05$). Conversely, the degree of relational social capital had an insignificant impact when customer feedback was used for employee evaluation purposes ($\bar{X}_{\text{evaluation,low-relationalsocialcapital}} = 5.79$ versus $\bar{X}_{\text{evaluation,high-relationalsocialcapital}} = 5.96$; $t = .68$, $p > 0.10$). These results are consistent with *H2a*.

Directionally, the findings for structural social capital mirrored those observed for relational social capital, but none of the mean differences reached statistical significance Specifically, mean values for the employee evaluation conditions were 5.84 and 5.93 ($t = 0.38$, $p > 0.10$) for low- and high-structural capital, respectively. Similarly, the mean differences were insignificant when the feedback use was for service improvements ($\bar{X}_{\text{improvement,low-structuralsocialcapital}} = 5.62$ versus $\bar{X}_{\text{improvement,high-structuralsocialcapital}} = 5.98$; $t = 0.52$, $p > 0.10$), not supporting *H2b* (Figure 3).

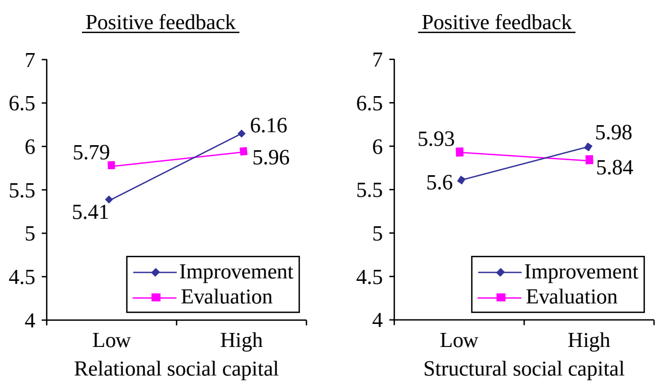

Figure 3.
Joint effects of social capital and feedback use for positive customer feedback

Conclusions and discussion

Summary findings and theoretical implications

This study adds to the growing literature on organizational knowledge (Levin and Cross, 2004; Walsh *et al.*, 2008) and customer feedback management (Berry and Parasuraman, 1997; Morgan *et al.*, 2005; Wirtz and Tomlin, 2000). Specifically, we examined the impact of relational and structural social capital on employees' willingness to report unsolicited customer feedback they receive to the organization. To gain a richer understanding of the role of social capital in influencing employees' reporting behaviors, we investigated two moderators: FV and intended use of unsolicited feedback. The findings of this study contribute to the literature by uncovering conditions under which unsolicited customer feedback is either more or less likely to be reported.

Negative feedback. Our findings suggest that FV and intended use moderate the impact of social capital on employees' reporting intentions. Specifically, high levels of relational and structural social capital are needed to enhance employees' willingness to report negative customer feedback when such information is used for employee evaluation purposes.

The relational dimension of social capital taps into the type and quality of interpersonal relationships people develop over time in a social network (Granovetter, 1992; Nooteboom, 2007). High levels of relational social capital imply mutual trust and a SV among the network members. Since a SV unites employees and urges them to set aside individual goals in pursuit of a common goal, unsolicited negative customer feedback, even when used for performance evaluation, is more likely to be reported. In other words, employees need to feel confident that their organization's leaders will handle the matter fairly with everyone's best interests at heart (Siu and McShane, 2002).

Similarly, our results show that high levels of structural social capital, represented by the presence of incentives and adequate channels of communication, motivate employees to report negative customer feedback even when such information is used for employee evaluation purposes. The adequacy of KTS, an important facet of structural social capital, implies networks with low-departmental barriers and access restrictions (Lord and Ranft, 2000). In addition, organizational rewards seem to be effective in encouraging knowledge sharing (Bartol and Srivastava, 2002).

However, social capital failed to boost already relatively high levels of employees' reporting behaviors when negative feedback was used for driving service improvements. This suggests that employees see the benefits of reporting such feedback and do not perceive any adverse consequences in doing so. The findings from the qualitative study provide additional support for this interpretation as interviewees intuitively understood the benefits of learning from negative feedback and the potential value of reporting such information.

Positive feedback. High-relational social capital boosts employees' reporting behaviors of positive feedback when such information is used for service improvements. As indicated in our qualitative interviews, employees do not seem to see the immediate relevance of reporting compliments (i.e. positive feedback) for improvement efforts, and relational social capital is therefore needed to boost reporting behavior. The value of compliments in driving service improvements through highlighting potential drivers of customer delight is less obvious compared to complaints which tangibly underscore weaknesses in the service delivery system.

In contrast, there is a natural motivation to report positive feedback for performance evaluation purposes and social capital does not seem to increase that motivation further.

Summary. Our findings indicate that valence and the intended use of feedback moderate the impact of social capital on employees' reporting intention. Specifically, we found that social capital had a positive impact on employees' willingness to report negative feedback used for performance evaluation purposes, while social capital was less important when used for service improvement purposes. Employees seem to intuitively understand the benefits of reporting negative feedback for service improvements, but require high-social capital to be enticed to report negative feedback for employee performance evaluation purposes.

In contrast for positive feedback, social capital had a positive impact when feedback was used for service improvements, but less so in an evaluation context where staff were naturally motivated to report positive feedback. The perceived benefits of reporting compliments for improvement purposes seem less obvious to employees and social capital is needed to boost reporting.

Managerial implications

Unsolicited customer feedback is an important resource for driving improvements in service organizations. Customer complaints are critical as they assist the organization in identifying and designing weaknesses out of customer service processes, products, and policies. Compliments help in identifying strengths that should be cemented and further reinforced, and for best practices that are of particular value to customers to be communicated and implemented across a service organization. Our findings that both relational and structural social capital can increase the likelihood of unsolicited feedback being reported if an organization:

- wants to use negative feedback for performance evaluation; and/or
- if it wants to use positive feedback for cementing strengths.

Improving relational and structural social capital can be achieved in a number of ways. First, relational social capital can be enhanced via trust and SV. Promoting open communication and increasing the amount and frequency of communication between employees and organizational leaders can help to create high levels of trust between both parties (Butler, 1991; Daft, 2002). Increased communication removes barriers, increases familiarity and helps achieve a high level of trust. Enhanced trust, in turn, will simultaneously increase employee acceptance of and commitment to company policies related to the reporting of unsolicited customer feedback.

Second, in terms of structural social capital, companies can strengthen communications and provide incentives to share information to enhance the reporting of unsolicited customer feedback. Communications can be improved through better processes that explicitly encourage and provide clear steps and guidelines for reporting feedback, often enabled through technology such as easy to use Intranet links and interfaces. In addition, rewards and recognition can be used to promote active feedback reporting behavior. Both monetary incentives (e.g. gift certificates) and non-monetary incentives such as praise and public recognition can be effective tools in managing employees' knowledge sharing behaviors.

Finally, firms that are keen to learn from customer feedback may want to avoid using complaints exclusively for personal performance evaluation and firmly communicate to all staff that any negative feedback will be constructively used as a driver for service improvements. On the other hand, positive feedback should be used for recognizing and rewarding individual staff, and for celebrating that employee publicly and using him or her as a role model for the entire organization. It also seems necessary to explicitly communicate that reporting of positive feedback is important in better understanding the organization's strengths in customer service and in cementing these. This combination strategy would reduce the likelihood of negative feedback being suppressed and encourage positive feedback to be reported.

Limitations and directions for future research

The findings of this study should be interpreted in light of the following limitations. First, the objective of the study was to investigate the effects of structural and relational social capital on the likelihood of reporting unsolicited customer feedback. Both constructs were examined independently of each other but showed the same effects. Although previous research shows that the effects of the two dimensions of social capital might overlap (Becerra and Gupta, 2003; Farmer *et al.*, 1998), it is conceivable that relational and structural social capital have a differential impact on employee intentions to report unsolicited customer feedback. Future research may want to explore under what conditions the two dimensions of social capital have differential impacts on employee reporting behavior of customer feedback.

Second, the scenario reflected customer feedback on a fairly remote unit (i.e. the IT department). It is conceivable that the effects we observed could become stronger the closer an employee feels to the unit the feedback in question relates to. For example, negative feedback may be seen as more serious and therefore be less likely to be reported if the feedback involved a closer connection such as a fellow colleague in the frontline service team. Similarly, feedback on the behavior or skills of employees may result in stronger social capital effects than feedback about service products, policies or processes. Future work is warranted to understand the implications of relationship strength on reporting behaviors.

Third, we focused on the individuals' perceptions of the social capital of the organizations they work with. Social capital can operate on multiple levels (Klein *et al.*, 1994; Rousseau, 1985), ranging from the individual level to the social or economic entity (Constant *et al.*, 1996; Mathwick *et al.*, 2008; Minkoff, 1997). It would be interesting to explore the effects of social capital at the organizational level in future work.

References

Adler, P. and Seok-Woo, K. (2002), "Social capital: prospects for a new concept", *Academy of Management Review*, Vol. 27 No. 1, pp. 17-40.

Bachrach, D., Powell, B.C., Collins, B.J. and Richey, R.G. (2006), "Effects of task interdependence on the relationship between helping behavior and group performance", *Journal of Applied Psychology*, Vol. 91 No. 6, pp. 1396-405.

Baker, W.E. and Sinkula, J.M. (1999), "The synergistic effect of market orientation and learning orientation on organizational performance", *Journal of the Academy of Marketing Science*, Vol. 27 No. 4, pp. 411-27.

Bartol, K. and Srivastava, A. (2002), "Encouraging knowledge sharing: the role of organizational reward systems", *Journal of Leadership and Organizational Studies*, Vol. 9 No. 1, pp. 64-76.

Becerra, M. and Gupta, A.K. (2003), "Perceived trustworthiness within the organization: the moderating impact of communication frequency on trustor and trustee effects", *Organization Science*, Vol. 14 No. 1, pp. 32-44.

Berry, L.L. and Parasuraman, A. (1997), "Listening to the customer – the concept of a service-quality information system", *Sloan Management Review*, Spring, pp. 65-76.

Bourdieu, P. (1986), "The forms of capital", in Richardson, J.G. (Ed.), *Handbook of Theory and Research for the Sociology of Education*, Greenwood, New York, NY, pp. 241-58.

Brown, J. and Duguid, P. (1991), "Organizational learning and communities-of-practice: toward a unified view of working, learning and innovation", *Organizational Science*, Vol. 2, pp. 40-57.

Bryman, A. (1999), "The debate about quantitative and qualitative research", in Bryman, A. and Burgess, R.G. (Eds), *Qualitative Research*, Sage, Thousand Oaks, CA, pp. 35-67.

Burt, R.S. (1992), *Structural Holes: The Social Structure of Competition*, Harvard University Press, Cambridge, MA.

Butler, J.K. Jr. (1991), "Toward understanding and measuring conditions of trust: evolution of conditions in a trust inventory", *Journal of Management*, Vol. 17 No. 3, pp. 643-64.

Challagalla, G.N. and Shervani, T.A. (1996), "Dimensions and types of supervisory control: effects on salesperson performance and satisfaction", *Journal of Marketing*, Vol. 60 No. 1, pp. 89-106.

Collins, J.D. and Hitt, M.A. (2006), "Leveraging tacit knowledge in alliances: the importance of using relational capabilities to build and leverage relational capital", *Journal of Engineering & Technology Management*, Vol. 23 No. 3, pp. 147-67.

Connelly, C.E. and Kelloway, E.K. (2003), "Predictors of employees' perceptions of knowledge sharing cultures", *The Leadership & Organization Development Journal*, Vol. 24 No. 5, pp. 294-301.

Constant, D., Sproull, L. and Kiesler, S. (1996), "The kindness of strangers: the usefulness of electronic weak ties for technical advice", *Organization Science*, Vol. 7 No. 2, pp. 119-35.

Daft, R. (2002), *The Leadership Experience*, 2nd ed., Harcourt College, Fort Worth, TX.

Day, G. (1994), "Continuous learning about markets", *California Management Review*, Vol. 36, pp. 9-31.

Dimmick, J., Kline, S. and Stafford, L. (2000), "The gratification niches of personal email and the telephone: competition, displacement and complementarity", *Communication Research*, Vol. 27 No. 2, pp. 227-48.

Farmer, B., Slater, J.W. and Wright, K.S. (1998), "The role of communication in achieving shared vision under new organizational leadership", *Journal of Public Relations Research*, Vol. 10 No. 4, pp. 219-27.

Giorgi, A.P. (1989), "Learning and memory from the perspective of phenomenological psychology", in Valle, R.S. and Halling, S. (Eds), *Existential-Phenomenological Perspectives in Psychology*, Plenum, New York, NY, pp. 99-114.

Granovetter, M. (1992), "Problems of explanation in economic sociology", in Nohria, N. and Eccles, R.G. (Eds), *Networks and Organizations: Structure, Form and Action*, Harvard Business School Press, Boston, MA, pp. 25-6.

Hammer, M. and Mangurian, G.E. (1987), "The changing value of communications technology", *Sloan Management Review*, Vol. 28 No. 2, pp. 65-71.

Hardin, R. (2001), "Conceptions and explanations of trust", in Cook, K.S. (Ed.), *Trust in Society*, Russell Sage Foundation, New York, NY, pp. 3-39.

Helmstadter, E. (2003), "The institutional economics of knowledge sharing: basic issues", in Helmstadter, E. (Ed.), *The Economics of Knowledge Sharing: A New Institutional Approach*, Edward Elgar, Cheltenham, pp. 11-38.

Ho, V., Rousseau, D. and Levesque, L. (2006), "Social networks and the psychological contract: structural holes, cohesive ties and beliefs regarding employer obligations", *Human Relations*, Vol. 59 No. 4, pp. 459-82.

Hung, R., Lien, B. and McLean, G. (2009), "Knowledge management initiatives, organizational process alignment, social capital and dynamic capabilities", *Advances in Developing Human Resources*, Vol. 11 No. 3, pp. 320-33.

Iacobucci, D. (2001), "Editor's integration of discussion on continuous and discrete variables – treating an individual difference predictor as continuous or categorical", *Journal of Consumer Psychology*, Vol. 10 Nos 1/2, pp. 52-3.

Inkpen, A.C. and Tsang, E.W. (2005), "Social capital, networks and knowledge transfer", *Academy of Management Review*, Vol. 30 No. 1, pp. 146-65.

Jablin, F.M. and Putnam, L.L. (2001), *The New Handbook of Organizational Communication: Advances in Theory, Research, and Methods*, Sage, Newbury Park, CA.

Johns, N. and Lee-Ross, D. (1998), "Qualitative research methods", in Johns, N. and Lee-Ross, D. (Eds), *Research Methods in Service Industry Management*, Cassell, London, pp. 121-40.

Keppel, G. (1991), *Design and Analysis: A Researchers Handbook*, Prentice-Hall, Eaglewood Cliffs, NJ.

Klein, K.J., Dansereau, F. and Hall, R.J. (1994), "Levels issues in theory development, data collection, and analysis", *Academy of Management Review*, Vol. 19 No. 2, pp. 195-229.

Krause, D., Hanfield, R.B. and Tyler, B.B. (2007), "The relationship between supplier development, commitment, social capital accumulation and performance improvement", *Journal of Operations Management*, Vol. 25 No. 2, pp. 528-45.

Kreps, G.L. and Herndon, S. (2001), "Introduction: the power of qualitative research to address organizational issues", in Herndon, S. and Kreps, G.L. (Eds), *Qualitative Research: Applications in Organizational Life*, Hampton Press, Cresskill, NJ, pp. 1-12.

Kvale, S. (1983), "The qualitative research interview: a phenomenological and a hermeneutical mode of understanding", *Journal of Phenomenological Psychology*, Vol. 14, pp. 171-96.

Lang, J. (2004), "Social context and social capital as enablers of knowledge integration", *Journal of Knowledge Management*, Vol. 8 No. 3, pp. 89-105.

Larson, A. (1992), "Network dyads in entrepreneurial settings: a study of the governance of exchange relationships", *Administrative Science Quarterly*, Vol. 37 No. 1, pp. 76-104.

Lazaric, N. and Lorenz, E. (1998), "Introduction: the learning dynamics of trust, reputation and confidence", in Lazaric, N. and Lorenz, E. (Eds), *Trust and Economic Learning*, Edward Elgar, Chattenham, pp. 1-20.

Levin, D.Z. and Cross, R. (2004), "The strength of weak ties you can trust: the mediating role of trust in effective knowledge transfer", *Management Science*, Vol. 50 No. 11, pp. 1477-90.

Lord, M.D. and Ranft, A.L. (2000), "Organisational learning about new international markets: exploring the internal transfer of local market knowledge", *Journal of International Business Studies*, Vol. 31 No. 4, pp. 573-89.

Lovelock, C. and Gummesson, E. (2004), "Whither services marketing? In search of a new paradigm and fresh perspectives", *Journal of Service Research*, Vol. 7 No. 1, pp. 20-41.

Lovelock, C. and Wirtz, J. (2007), *Services Marketing: People, Technology, Strategy*, 6th ed., Prentice-Hall, Upper Saddle River, NJ.

Mathwick, C., Wiertz, C. and de Ruyter, K. (2008), "Social capital in a virtual P3 community", *Journal of Consumer Research*, Vol. 34 No. 6, pp. 832-49.

Mattila, A. and Wirtz, J. (2004), "Consumer complaining to firms: the determinants of channel choice", *Journal of Services Marketing*, Vol. 18 No. 2, pp. 147-55.

Menon, A., Jaworski, B.J. and Kohli, A.K. (1997), "Product quality: impact of interdepartmental interactions", *Journal of the Academy of Marketing Science*, Vol. 25 No. 3, pp. 187-200.

Merlo, O., Bell, S.J., Menguc, B. and Whitwell, G.J. (2006), "Social capital, customer service orientation and creativity in retail stores", *Journal of Business Research*, Vol. 59 No. 12, pp. 1214-21.

Minkoff, D. (1997), "Producing social capital", *American Behavioral Scientist*, Vol. 40 No. 5, pp. 606-19.

Moorman, C. (1995), "Organizational market information processes: cultural antecedents and new product outcomes", *Journal of Marketing Research*, Vol. 32, pp. 318-35.

Moran, P. (2005), "Structural vs. relational embeddedness: social capital and managerial performance", *Strategic Management Journal*, Vol. 26 No. 12, pp. 1129-51.

Morgan, N.A., Anderson, E.W. and Mittal, V. (2005), "Understanding firms' customer satisfaction information usage", *Journal of Marketing*, Vol. 69, pp. 131-51.

Nahapiet, J. and Ghoshal, S. (1998), "Social capital, intellectual capital, and the organizational advantage", *Academy of Management Review*, Vol. 23 No. 2, pp. 242-66.

Nooteboom, B. (2007), "Social capital, institutions and trust", *Review of Social Economy*, Vol. 65 No. 1, pp. 29-53.

Patrashkova-Volzdoska, R., McComb, S., Green, S. and Compton, W. (2003), "Examining a curvilinear relationship between communication frequency and team performance in cross-functional projects teams", *IEEE Transactions on Engineering Management*, Vol. 50 No. 3, pp. 262-9.

Paxton, P. (1999), "Is social capital declining in the United States? A multiple indicator assessment", *American Journal of Sociology*, Vol. 105, pp. 88-127.

Putnam, R. (2000), *Bowling Alone: The Collapse and Revival of American Community*, Simon & Schuster, New York, NY.

Read, W.H. (1962), "Upward communication in industrial hierarchies", *Human Relations*, Vol. 22 No. 2, pp. 3-15.

Rich, G.A. (1997), "The sales manager as a role model: effects on trust, job satisfaction, and performance of salespeople", *Journal of the Academy of Marketing Science*, Vol. 25 No. 4, pp. 319-28.

Ring, P.S. and van de Ven, A.H. (1994), "Developmental processes of cooperative interorganizational relationships", *Academy of Management Review*, Vol. 19 No. 1, pp. 90-118.

Robert, L., Dennis, A. and Ahuja, M. (2008), "Social capital and knowledge integration in digitally enabled teams", *Information Systems Research*, Vol. 19 No. 3, pp. 314-34.

Rousseau, D.M. (1985), "Issues of level in organizational research: multi-level and cross-level perspectives", in Cummings, L.L. and Staw, B.M. (Eds), *Research in Organizational Behavior*, Vol. 7, JAI Press, Greenwich, CT, pp. 1-38.

Sampson, S.E. (1996), "Ramifications of monitoring service quality through passively solicited customer feedback", *Decision Sciences*, Vol. 27 No. 4, pp. 601-22.

Singh, J. (2006), "Employee disempowerment in a small firm (SME): implications for organizational social capital", *Organization Development Journal*, Vol. 24 No. 1, p. 76.

Sinkula, J.M., Baker, W.E. and Noordewier, T.G. (1997), "A framework for market-based organizational learning: linking values, knowledge and behavior", *Journal of the Academy of Marketing Science*, Vol. 25 No. 4, pp. 305-18.

Siu, L.H. and McShane, S. (2002), "Leadership antecedents of informal knowledge acquisition and dissemination", *International Journal of Organizational Behaviour*, Vol. 5 No. 10, pp. 282-91.

Stolle, D. (2001), "Clubs and congregations: the benefits of joining an association", in Cook, K.S. (Ed.), *Trust in Society*, Russell Sage Foundation, New York, NY, pp. 202-44.

Toegal, G. and Conger, J.A. (2003), "360-degree assessment: time for reinvention", *Academy of Management Learning and Education*, Vol. 2 No. 3, pp. 297-311.

Tybout, A. (2001), "Response to continuous and discrete variables – treating an individual difference predictor as continuous or categorical", *Journal of Consumer Psychology*, Vol. 10 Nos 1/2, pp. 48-59.

Walsh, K., Enz, C. and Canina, L. (2008), "The impact of strategic orientation on intellectual capital investments in customer service firms", *Journal of Service Research*, Vol. 10 No. 4, pp. 300-17.

Walsham, G. (1993), *Interpreting Information Systems in Organizations*, Wiley, Chichester, NY.

Wasko, M. and Faraj, S. (2005), "Why should I share? Examining social capital and knowledge contribution in electronic networks of practice", *MIS Quarterly*, Vol. 29 No. 1, pp. 35-57.

Wirtz, J. and Bateson, J.E.G. (1999), "Consumer satisfaction with services: integrating the environmental perspective in services marketing into the traditional disconfirmation paradigm", *Journal of Business Research*, Vol. 44 No. 1, pp. 55-66.

Wirtz, J. and Lee, M.C. (2003), "An empirical study on the quality and context-specific applicability of commonly used customer satisfaction measures", *Journal of Service Research*, Vol. 5 No. 4, pp. 345-55.

Wirtz, J. and Tomlin, M. (2000), "Institutionalizing customer-driven learning through fully integrated customer feedback systems", *Managing Service Quality*, Vol. 10 No. 4, pp. 205-15.

Yi, Y. and Jeon, H. (2003), "Effects of loyalty programs on value perception, program loyalty, and brand loyalty", *Journal of the Academy of Marketing Science*, Vol. 31 No. 3, pp. 229-40.

Yli-Renko, H., Autio, E. and Sapienza, H.J. (2001), "Social capital, knowledge acquisition, and knowledge exploitation in young technology-based firms", *Strategic Management Journal*, Vol. 22, pp. 587-613.

Youndt, M. and Snell, S. (2004), "Human resource configurations, intellectual capital and organizational performance", *Journal of Managerial Issues*, Vol. 16 No. 3, pp. 337-61.

Further reading

Argote, L. and Ingram, P. (2000), "Knowledge transfer: a basis for competitive advantage in firms", *Organizational Behavior and Human Decision Processes*, Vol. 82 No. 1, pp. 150-69.

Makela, K. and Brewster, C. (2009), "Interunit interaction contexts, interpersonal social capital and the differing levels of knowledge sharing", *Human Resource Management*, Vol. 48 No. 4, pp. 591-613.

van den Hooff, B. and de Ridder, J.A. (2004), "Knowledge sharing in context: the influence of organizational commitment, communication climate and CMC use on knowledge sharing", *Journal of Knowledge Management*, Vol. 8 No. 6, pp. 117-30.

Appendix

Sections	Instructions and scenarios
A	Instruction: "Please answer the following questions on how you feel about the organization you are working in:" Next, social capital scale items were presented
B	Manipulation of use of customer feedback: "Now imagine the following happened in your organization and you received this e-mail [...] *Memorandum* To: Everyone From: Senior management Subject: Customer feedback To better position our organization for continued growth in the coming year ahead, some changes will be made. Customer complaints and compliments reported will be used to improve customer service. We will use them to improve service design and service processes to cope with customers' rising demands [...] (improvement condition) Please report all customer complaints and compliments received to our customer service department [...]" Next, manipulation check items for use of feedback were presented
C	Manipulation of valence of feedback: "The story continues [...] One afternoon, you get a phone call from Mr Tan, one of your organization's customers. He is calling to enquire about some of your organization's services During the conversation he also makes these comments about your organization's web site, which is managed by your organization's IT team: [...] I LOVE your web site!!! The layout is excellent and extremely easy to navigate. Also, the comprehensive listing of affiliate sites made it easy for me to find similar web sites. The electronic forms are also updated. Keep it up! (positive feedback condition) Next, manipulation check items for use of feedback were presented, followed by the instruction of for the likelihood of feedback reporting measure: "According to past research, about 99% of all customer feedback received by employees is not reported in a typical organization. Realistically, in your own organization, how likely would you report the feedback from Mr Tan?" Next, the likelihood of reporting customer feedback to the organization (i.e. the dependent variable) was measured.
D	Measurement of demographics

Table AI.
Structure of questionnaire and sample scenario for the valence and use of customer feedback manipulations

About the authors

Jochen Wirtz is an Associate Professor of Marketing with the National University of Singapore (NUS), founding Academic Director of the UCLA – NUS Executive MBA Program, Fellow at the NUS Teaching Academy and Associate Fellow at the Saïd Business School, University of Oxford. His research focuses on services marketing and has been published in over 80 articles in academic journals. His books include *Services Marketing – People, Technology, Strategy* (co-authored with Christopher Lovelock, 2010, 7th ed., Prentice-Hall), *Essentials of Services Marketing* (co-authored with Lovelock and Chew, 2009, Prentice-Hall), and *Flying High in a Competitive Industry: Secrets of the World's Leading Airline* (co-authored with Heracleous and

Pangarkar, 2009, McGraw-Hill). For further information see www.jochenwirtz.com. Jochen Wirtz is the corresponding author and can be contacted at: jochen@nus.edu.sg

Siok Kuan Tambyah is a Senior Lecturer in Marketing at the NUS Business School, NUS, and received her PhD in University of Wisconsin-Madison. Her research interests include consumption and identity, ethnicity, gender, luxury consumption, consumer culture, consumer values, cross-cultural consumer behavior, and the consumption of place. Tambyah has published in the *Journal of Consumer Research*, *Journal of Consumer Marketing*, *Journal of Marketing Theory and Practice*, *International Marketing Review*, *Social Indicators Research*, and *Advances in Consumer Research*. She has also co-authored two books on quality of life, values, and lifestyles.

Anna S. Mattila is the Marriott Professor of Lodging Management at the School of Hospitality management at the Pennsylvania State University, and received her PhD in Cornell University. Her research interests focus on service encounters with a particular interest in service failures and service recovery and cross-cultural research. Her work has appeared in the *Journal of the Academy of Marketing Science*, *Journal of Retailing, Journal of Service Research*, *Journal of Consumer Psychology*, *Psychology & Marketing*, *Journal of Services Marketing*, *Journal of Service, Cornell Hospitality Quarterly*, and *Journal of Travel Research,* among others. She is also the *Chief Editor of the Journal of Hospitality & Tourism Research.*