

# Accelerating employee-related scholarship in service management

Accelerating  
employee-related  
scholarship

## Research streams, propositions, and commentaries

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### Abstract

**Purpose** – The purpose of this paper is to accelerate research related to the employee-facets of service management by summarizing current developments in multiple research streams, providing propositions, and articulating new directions for theory and empirical inquiry.

**Design/methodology/approach** – Seven scholars provide short reviews of the core topics and findings from four employee-related research streams – collective turnover, service climate, emotional labor, and occupational stress; and generate propositions to guide future theoretical and empirical work. Four distinguished service scholars – David Bowen, Ray Fisk, Christian Grönroos, and Jochen Wirtz comment upon these research streams and provide future directions for accelerating employee-related research in service management.

**Findings** – All four research-streams yield insights that have the potential to advance service management research. Commentaries from the distinguished scholars further integrate this work with key concerns within service management including technology-enablement, transformative services, and service strategy.

**Originality/value** – This paper is unique in its scope of coverage of management topics related to service and its aim to promote interdisciplinary dialog between service management scholars and researchers conducting employee-related research relevant to services.

**Keywords** Service management, Stress, Interdisciplinary research, Human resource management, Employees, Turnover, Emotional labour, Service climate

**Paper type** Conceptual paper

### Introduction

In the very first article published in this journal (previously *International Journal of Service Industry Management*), Grönroos (1990a) articulated six principles of service management of which four specifically highlighted the importance of effectively managing service employees in order to drive customer-related outcomes. These principles included, providing frontline employees decision-making authority, designing reward systems aligned with customer-perceived quality, exerting supervisory control by enabling employees and creating a supportive service culture, and an organizational focus on flexibly deploying resources. In the almost three decades following the articulation of these principles, approximately 7 percent (84) of the articles published in this journal included the term “employee” in their abstracts. This is, in spite of the fact that service-related jobs and activities have grown to encompass a much larger share of the global economy and labor market. As examples, more than 80 percent of all jobs in the USA – a developed economy – are in the service sector (Bureau of Labor Statistics, 2015) which is 11 percent higher than service-related employment in 1990; and significant proportions of the gross domestic product generated in emerging economies can be attributed to services (Loungani and Mishra, 2014). Clearly, the growth of employee-related research in service management has not been commensurate with its potential.



This unfulfilled potential of employee-related research in service management can be viewed as resulting from the limited awareness regarding this domain's relevance for understanding and resolving key service-related issues. Let us consider two such high-priority issues – leveraging technology to advance service and improving well-being through transformative service (Ostrom *et al.*, 2015). As noted by various observers (e.g. Singh *et al.*, 2017), service jobs are undergoing significant changes as a result of technological innovations including, the use of smartphones in banking, check-in kiosks in airports and hotels, robo-advisors, and self-checkouts in grocery stores – all of which suggest a trend toward the automation of many standard customer-facing tasks (e.g. retail, banking). These trends suggest a need to fundamentally redesign frontline roles to integrate technology with employee behaviors (Rafaeli *et al.*, 2017); select, reward, train, and retain employees to build long-term relationships with customers (e.g. Zablah *et al.*, 2017); and utilize employees as agents of innovation as opposed to simply implementing standardize service scripts (Bowen, 2016). Contemporary organizational behavior and human resource management (OB-HRM) literature on the motivational and social facets of work design (Humphrey *et al.*, 2007), HRM practices in the context of e-service (Ehrhart and Chung-Herrera, 2008), among others, can inform the adaptation of service jobs to changing technology. In this context, it is also important to note that the expansion of jobs in relational and intellectual-capital intensive sectors such as healthcare and professional services indicates the need to accelerate (as opposed to diminish) theoretical and empirical work related to employees' role in value co-creation (see Vogus and McClelland, 2016). Similarly, the bulk of research on stress (e.g. Maslach *et al.*, 2001; Halbesleben *et al.*, 2014) and emotional labor (Grandey and Gabriel, 2015) can help build the foundations of a comprehensive study of well-being in service ecosystems (Anderson and Ostrom, 2015).

The overarching objective of this paper is to accelerate research related to the employee-facets of service management by developing propositions to promote collaborative research, and utilizing commentaries from distinguished service scholars highlighting areas of shared interdisciplinary interest. First, this paper summarizes cutting-edge management scholarship in four research streams. Two areas conceptualized at “macro” levels of analysis (collective turnover and service climate), examine the emergence and operation of collective constructs, whereas the other two (emotional labor and stress) address “micro” level relationships between individual employees and customers. Second, propositions related to each of the above areas (16 in total) are developed to foster multidisciplinary and interdisciplinary collaborative work on key service issues and themes. Third, the independent viewpoints of four distinguished interdisciplinary service scholars help provide both, a historical context and constructive advice to accelerate theory and research. These four areas of study are reviewed and related propositions are developed to advance service research, in the following section.

### **Research summaries and propositions**

#### *The disruptive effects of employee turnover on customer-service outcomes*

A stable workforce of skilled, experienced, and knowledgeable employees can be considered key to the provision of high quality service and long-term service relationships in most service settings (Bendapudi and Leone, 2003). A key disruptor of workforce stability is employee turnover which, together with significant process cost, can lead to the depletion of stocks of relational, human, and social capital (Holtom and Burch, 2016), thereby negatively affecting customer outcomes (Staw, 1980). Relational capital is built through frequent, long-term, and trustworthy interactions between customers and employees, and cannot be easily replaced (Hunt, 1997). Repeated high-quality interactions with customers, enabling employees to understand customer needs and preferences and better anticipate future needs (Bendapudi and Leone, 2003), consequently, employee

departures can disrupt customer loyalty by impairing customer service levels and weakening brand attributes (Subramony and Holtom, 2012; Hausknecht *et al.*, 2009; Holtom and Burch, 2016). Turnover also depletes an organization's knowledge base of both explicit (intra-organizational knowledge readily available through procedures, policies, trainings and other formal mechanisms) and tacit knowledge (knowledge learned over time through experience and practice), affecting an organization's ability to deliver services and maintain employee-customer bonds at pre-turnover levels (Kacmar *et al.*, 2006). Hausknecht *et al.* (2009) also suggest that turnover results in the alignment of novice employees with loyal customers, with the former lacking the knowledge of organizational processes necessary to provide satisfactory services. Although human capital investments such as training can help replenish human capital (Van Iddekinge *et al.*, 2009), building the knowledge-base of newcomers takes time and attention away from tenured employees, shifting them from an external customer-focused mindset to an internal focus on resource building (Batt and Colvin, 2011; Kacmar *et al.*, 2006). Moreover, turnover disrupts the social bonds of trust and cohesion amongst employees (Batt and Colvin, 2011), decreasing the social capital within an organization, leading to reduced work performance and worse customer experiences (Shaw *et al.*, 2005).

*Service outcomes affected by turnover.* The following outcome measures appear most often in studies of turnover in service contexts: customer satisfaction, service brand image, service quality, service failure, customer loyalty and service wait times (e.g. Batt and Colvin, 2011; Lynn, 2002; Mohr *et al.*, 2012; Ton and Huckman, 2008). A recent meta-analysis (Park and Shaw, 2013) provides convincing empirical evidence of the negative impact of turnover – an overall negative correlation between turnover and organizational performance ( $\rho = -0.15$ ), and an even stronger average negative relationship between turnover rates and customer satisfaction ( $\rho = -0.28$ ). In addition, researchers have identified significant bivariate correlations between turnover and negative customer outcomes (Coil *et al.*, 2009; Detert *et al.*, 2007; Ryan *et al.*, 1996; Van Iddekinge *et al.*, 2009). While involuntary and voluntary turnover are frequently distinguished from each other, at the aggregate organizational level, collective turnover, regardless of its type, has been found to have a negative relationship with customer satisfaction and perceptions of service quality (Holtom and Burch, 2016).

*Directions for future research.* To further develop the literature on turnover and organizational disruption, four directions for future research are proposed: explore conditions attenuating turnover-organizational performance relationship, examine the moderating effect of efficient knowledge transfer protocols on the turnover-service disruption relationship, analyze the impact of employee socialization on the turnover-customer satisfaction relationship, and examine the influence of HRM practices on the relationship between turnover and customer service outcomes.

Scholars generally conclude that there is a negative, linear correlation between turnover and customer-service outcomes (Holtom and Burch, 2016). However, there is also some evidence for attenuation or nonlinearity. Specifically, a number of findings center on the variability of the negative relationship when turnover rates are particularly high, concluding that increases in turnover rates from low-to-moderate levels can be more disruptive than increases from moderate-to-high levels (Shaw, 2011; Shaw *et al.*, 2005). Furthermore, two studies examining: bookstores; and the trucking and concrete piping industries, found the negative relationship between turnover and organizational performance to weaken at higher turnover levels (Shaw *et al.*, 2005; Ton and Huckman, 2008). Organizational learning theory offers two possible reasons for such findings (Park and Shaw, 2013). First, although turnover depletes human and relational capital, organizations with higher turnover have less accumulated capital, which takes newcomers less time to replace. Second, organizations with high turnover become accustomed to a high

turnover environment where replacing employees is routine and costs less (Shaw *et al.*, 2005). A gap in extant literature is that the service workforce is treated as uniform, thus leading to an assumption of generalizability across different types of jobs and organizations. Given that service jobs can be low-skilled and standardized (e.g. in fast food or retail) or high skilled with intellectual or relational requirements (e.g. professional services or healthcare), it could be argued that the latter jobs (i.e. those with high job complexity) would be settings for negative linear relationships between turnover and customer satisfaction because human capital is less replaceable; whereas low complexity service jobs can be replaced more easily, thus suggesting a nonlinear relationship:

- P1.* There is a “U” shaped nonlinear relationship between turnover and customer-service outcomes for jobs with low levels of job complexity, and a linear negative relationship between these variables for jobs with high levels of job complexity.

*Socialization tactics.* Several studies demonstrate the impact of socialization tactics on customer interactions (Schwepker and Hartline, 2005). Such tactics ensure newcomers are familiarized with new ways of working and brought up to speed quickly by forming strong social connections within the organization. Aspects of socialization include effective communications and information-sharing channels that assist with embedding newcomers in the social processes of an organization (Fang *et al.*, 2011), and regular social interactions with organizational insiders that help newcomers navigate organizational expectations (Saks and Ashforth, 1997). These socialization tactics are likely to speed up employee integration with the organization’s culture, in addition to increasing employees’ firm-specific human capital. New employees, are therefore, more likely to adapt to the disruptions caused by turnover, and quickly compensate for lost employees. While there has been some attention paid to the socialization of customers in service literature (e.g. Tang *et al.*, 2016), the effects of employee socialization on customer experiences has been mostly neglected. It is suggested that employee socialization will buffer the negative effects of turnover on customer outcomes:

- P2.* Newcomer socialization will buffer the impact of employee turnover on customer-service outcomes.

*HRM systems.* HRM systems refer to “combinations of HRM practices aimed at simultaneously influencing all or most of the workforce characteristics related to firm performance (Subramony, 2009, p. 746).” These practices typically include structured selection, skill-training, performance management, competitive pay, job security, employee voice, and empowerment, among others. There is evidence that HRM systems influence the acquisition and development of human capital resources (i.e. the collective levels of knowledge, skills, and abilities of employees), facilitate the creation of customer and employee-focused organizational climates, and affect employee attitudes and behaviors, thereby contributing to organizational effectiveness in the form of customer-and financial performance (Subramony and Pugh, 2015). Further, it has been suggested that the influence of HRM systems on employee behaviors and organizational outcomes is predicated upon a shared understanding among employees of the consistency, distinctiveness and consensus of an organization’s HRM system (i.e. HRM system strength; Bowen and Ostroff, 2004). Consistency is the internal alignment among HRM system features. Consensus reflects HR and line manager agreement regarding HR practice implementation. Distinctiveness refers to an HRM system being visible, understandable, legitimate, and relevant to employees’ goals (Bowen and Ostroff, 2004; Sanders *et al.*, 2008). In service workplaces, employees’ shared understanding of HR system consistency, consensus, and distinctiveness could have important implications for customer outcomes. For example, Sanders *et al.* (2008) found that distinctiveness and consistency were related to affective commitment; and Li *et al.* (2011)

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found positive relationships between each of consistency, consensus, and distinctiveness and work satisfaction, vigor, and turnover intentions with distinctiveness having the strongest relationship.

Based on this research, it can be argued that HRM system strength will influence how employee turnover affects customer service outcomes, thus focusing on a research gap in service management. In organizations where employees share an understanding of how employees are trained, which behaviors get rewarded, and how the organization's practices are distinct from other organizations, employee turnover should have a weaker negative influence on customer service outcomes compared to organizations with weaker HRM system strength. The logic for this argument is that new employees in such an environment will be better able to perform customer service tasks, and will receive more support from existing employees, than in organizations with weaker HRM system strength. That is, employee turnover is expected to have less of an influence in organizations where employees share a common understanding about the expectations signaled by the HRM system, than those organizations where employees lack clarity about the behaviors that are expected and rewarded (Ostroff and Bowen, 2016; Bowen and Ostroff, 2004):

*P3.* HRM system strength will moderate the relationship between turnover and service outcomes.

Organizations can also vary in the focus of their HRM systems and whether an organization emphasizes control or commitment (Arthur, 1994). Control-based HRM systems involve emphasis on rules and procedures, punishment, and close employee monitoring whereas commitment based HRM systems reflect investing in training, career opportunities, higher wages, and employee benefits. Extant research compares control and commitment based systems, arguing that firms with commitment based systems capitalize on improving employee skills, motivation, and opportunities to contribute, in order to improve organizational performance on measures such as turnover (Appelbaum *et al.*, 2000; Arthur, 1994; Lepak *et al.*, 2006; MacDuffie, 1995), while organizations that adopt a control system increase employee efficiency and productivity through close enforcement of company policies and regulations. However, some evidence suggests that both control and commitment based HRM systems could co-exist within one organization, and could drive service performance (Su *et al.*, in press). For instance, standardized scripts make it easier for new employees to provide consistent customer service, while training and empowerment help build the employee-commitment necessary to follow processes and deliver these service levels. Building on this logic, a hybrid model could mitigate the impact of employee turnover on customer service outcomes. However, different HRM systems are likely to be effective for different types of service jobs. Specifically, control-based HRM would serve a more positive purpose in positions requiring standardization, automation, and quantitative output; while commitment-based systems will be more effective in jobs requiring autonomy, discretion, and customer relationships:

*P4.* Employee turnover will be less disruptive to customer service outcomes in organizations that adopt both control and commitment eliciting HRM systems. Control HRM systems will be more effective in buffering disruption for standardized and transactional jobs, while commitment HRM systems will be more effective for jobs requiring discretion and relationship building.

*Service climate as a predictor of, and boundary condition for, customer outcomes*

Service climate refers to "employee perceptions of the practices, procedures, and behaviors that get rewarded, supported, and expected with regard to customer service and customer service quality" (Schneider *et al.*, 1998, p. 151). It can be characterized as a strategic climate,

in that it focuses on a strategic imperative and can be measured by external criteria, as compared to a process climate, which focuses on internal processes involved in the ongoing functioning of an organization (e.g. justice climate and ethical climate) (Ehrhart *et al.*, 2014). There is ample research evidence that service climate predicts important customer and financial outcomes, including customer satisfaction or service quality (e.g. Schneider *et al.*, 1980, 1998, 2009), customer retention or loyalty (e.g. Schneider and Bowen, 1995), individual-level service performance (e.g. Liao and Chuang, 2004), group-level service performance (e.g. Way *et al.*, 2010), and organizational-level financial outcomes (e.g. Chuang and Liao, 2010). Further, service climate has been viewed as a key link between various organizational antecedents and employee attitudes and behaviors focused on customers (Subramony and Pugh, 2015). One of these antecedents is leadership, including transformational leadership (Liao and Chuang, 2007) and service leadership (Schneider *et al.*, 2005). Other antecedents include organizational resources and support (e.g. personnel, equipment, supplies; Schneider *et al.*, 1980, 1998), internal service (i.e. the extent to which customer service employees receive the support they need from other units within the organization; Schneider *et al.*, 1998), and supportive HRM practices (Salanova *et al.*, 2005; Schneider *et al.*, 1998).

Service climate studies have increased in rigor over the past decade, incorporating both antecedents and outcomes of service climate and utilizing multiple sources of data, multiple levels of analysis, and multiple time points. For example, in a time-lagged study, Schneider *et al.* (2005) found that employees' ratings of their managers' service-leadership predicted employee-perceived service climate, which in turn predicted managers' ratings of the employees' customer-focused organizational citizenship behavior, and these ratings were related to customers' reports of satisfaction and ultimately, quarterly sales (Schneider *et al.*, 2005). Also, Chuang and Liao (2010) demonstrated that employees' perceptions of high performance work practices (e.g. staffing, training, compensation) were positively related to their perceptions of service climate, which in turn predicted managers' reports of the stores' service performance and the stores' market performance relative to competitors (Chuang and Liao, 2010). Using a meta-analytic approach, Hong *et al.* (2013) found support for a model in which leadership, general HRM practices, and service-oriented HRM practices predicted service climate, which in turn predicted employee job satisfaction, commitment, service performance, organizational citizenship behaviors, customer satisfaction, and financial performance. Moreover, service-focused leadership and service-focused HRM practices were found to be stronger predictors of these outcomes than general leadership or general HRM practices.

Service climate research has increasingly examined boundary conditions or moderators of the relationship between service climate and outcomes. One such moderator is climate strength, or employees' agreement in their climate perceptions. Research across several types of climates has suggested stronger climates are associated with stronger relationships between predictors and outcomes (e.g. between service climate and customer satisfaction in the case of Schneider *et al.*, 2003), although support for climate strength as a moderator is inconsistent and merits future research. Another moderator is frequency of customer contact, such that service climate has a stronger relationship with service outcomes when there is more contact between employees and customers (Dietz *et al.*, 2004; Mayer *et al.*, 2009). Internal service is another moderator, such that the relationship between service climate and customer-related service quality is stronger when employees provide better service to each other (Ehrhart *et al.*, 2011). Additional research has shown that the relationship between service climate and service outcomes is stronger for tangible products and when there is more independence among service employees (Mayer *et al.*, 2009).

*Directions for future research.* Although service climate has received some attention in the broader domain of service research, the integration of additional research streams is required

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to enhance future theory and research on the topic (Bowen and Schneider, 2014). Moreover, studies that examine multiple levels of analysis simultaneously (e.g. work group, unit, organization) and that investigate temporal issues are needed to increase our understanding of how climates are created, sustained, and changed. To this end, work on the related but distinct construct of organizational culture would be informative in gaining a bigger-picture understanding of the organizational context and the underlying values that might serve as a foundation for service climate (Ehrhart *et al.*, 2014). Another direction for future research would be to incorporate multiple types of climates within a single study (e.g. ethical climate and service climate in Myer *et al.*, 2016; service climate and diversity climate in McKay *et al.*, 2011). Multiple strategic climates are likely to interact with each other in complementary or substitutive ways, and process climates are likely to serve as foundations for strategic climates. For instance, to the extent that service climate involves attending to or serving critical stakeholders (either within the organization or external to the organization), the presence of a strong positive service climate should send a message to internal stakeholders that it is similarly important to take care of other strategic imperatives of the organization:

- P5.* Service climate has an impact on the effectiveness of other strategic climates (e.g. safety climate, innovation climate), such that a lower level of service climate will hinder the effectiveness of other strategic climates in yielding relevant outcomes, whereas a higher level of service climate will enhance the effectiveness of other strategic climates in yielding relevant outcomes.

The scope of past research could also be expanded by explicitly attending to the context in which a service climate operates. As one example, Subramony and Pugh (2015) called attention to the role of the community in which an organization exists, including its demographic and socioeconomic characteristics. Further, Subramony (2017) argued that corporate social actions directed toward the community are also reflected in organizational policies and practices directed at service employees (e.g. selecting employees who are predisposed toward engaging in social actions, rewarding volunteering and other externally directed behaviors). This calls out for studies relating the organization's social responsibility focused strategy, employee-perceptions of corporate responsibility (social responsibility climate), and service climate. The nature of the job or the industry in which an organization operates is also relevant. For instance, in some cases (e.g. the job of security guard or a police officer; Barber *et al.*, 2009) service quality may not be operationalized as "service with a smile," which could impact the nature or effects of service climate. Another boundary condition to examine could be the extent to which the service is technology or self-service oriented, in line with Berry's (2016) recent discussion of increased convenience of services:

- P6.* The characteristics of service climate must be aligned with the characteristics of the service's context (e.g. community, strategy, job design) in order for service climate to have an impact on relevant outcomes.

As a final consideration for future research, recent work on transformative service (Anderson *et al.*, 2013; Anderson and Ostrom, 2015) has raised the issue of how service research can make a difference in society and enhance the well-being of individuals (including customers and employees), communities, and the world at large. As understanding of service climate and its antecedents and outcomes advances, so too does the potential for using this understanding to make an impact on organizations and their broader environments. For instance, conceptual work could broaden the focus of service climate beyond service quality and customer satisfaction – the traditional goals of a positive climate – to include customer well-being. Similarly, future research could examine

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how service climate and a variety of employee well-being related variables (e.g. engagement, exhaustion, burnout) interact to contribute to customer well-being. It has also been recently argued that organizations might have different types and levels of community orientation (Subramony, 2017); service climate could potentially play a role in how these orientations influence community outcomes:

*P7.* Service climate will directly, and in-interaction with organizational community orientation, positively influence customer and community well-being outcomes.

### *Emotional labor in service encounters*

A guiding assumption in service literature is that providing friendly and courteous service constitutes a competitive advantage for service firms. Delivering such “service with a smile” requires service employees to display emotions that they may not genuinely feel, such as amplifying certain emotions (e.g. friendliness) and suppressing others (e.g. annoyance) in order to comply with display expectations (Grandey, 2000; Hochschild, 1983). Scholars describe “emotional labor” as an umbrella term for an integrated process that includes job emotional requirements (environmental stimulus), emotion regulation (intrapsychic response), and emotion performance (interpersonal behavior) (cf. Grandey and Gabriel, 2015). Given that emotional labor is often considered a strain on employees in regard to its impact on well-being, health, and performance – and a potential benefit for customers who expect friendly service – a better understanding of the processes, benefits, and drawbacks of emotional labor processes is critical for any service organization.

Hochschild (1983) initially proposed surface acting and deep acting as what are now commonly regarded the two main strategies of performing emotional labor, and much of the emotional labor literature has focused on these two strategies. Surface acting refers to faking or amplifying emotions not actually felt, such as masking an emotional display to appear consistent with display expectations. Deep acting, on the other hand, entails actually changing ones’ felt emotions in order to bring about the organizationally desired emotional display (e.g. through cognitive reappraisal or perspective taking). As discussed by Grandey (2000), these two strategies are conceptually and theoretically linked to Gross’ (1998) emotion regulation theory, which differentiates antecedent-focused strategies, where employees adjust their perceptions of a situation before the emotion is fully developed (i.e. deep acting), and response-focused strategies, where employees simply change their depiction of emotions after experiencing them (i.e. surface acting). A third strategy involves the spontaneous expression of authentic (Diefendorff *et al.*, 2005), although empirical evidence of its factor structure and relationships with the antecedents and outcomes is less clear.

Nearly 30 years of research on the concept of emotional labor produced a rich nomological network of antecedents, consequences, and contextual factors of the use and effectiveness of emotional labor, as evidenced by recent meta-analyses (e.g. Hülshager and Schewe, 2011; Kammeyer-Mueller *et al.*, 2013). In regards to antecedents, Grandey and Gabriel (2015) review research that broadly fits into two theoretical perspectives as determinants of emotional labor, a person-job congruence perspective (i.e. an employee matches the emotional requirements of the job, such as personality traits, work motives, and regulation abilities) and an emotion-goal congruence perspective (i.e. employees use emotion regulation to bring their felt emotions in line with emotional requirements if they detect a discrepancy between the two).

On the outcomes side, job satisfaction and burnout are the two most frequently examined individual-level consequences of emotional labor use, in addition to performance-related outcomes and organizationally relevant outcomes such as turnover. In general, surface and deep acting show differential patterns of relationships with employee and organizational outcomes, with surface acting consistently negatively



related to well-being and performance outcomes and deep acting generally unrelated or weakly positively related to such outcomes (Hülshager and Schewe, 2011). This is primarily because engaging in emotional labor can pose a substantial cost to employees in terms of resource loss (Hobfoll, 2002), with surface acting generally believed to have a greater resource cost than deep acting (e.g. Totterdell and Holman, 2003). Also, suppressing one's emotions in order to express job-required emotions creates tension or emotive dissonance and threatens one's sense of moral integrity and self-worth, which explains many of the negative employee outcomes of emotional labor (Pugh *et al.*, 2011). Recent research has increasingly focused on the service performance and the customer experience as potential outcomes of emotional labor (e.g. Goldberg and Grandey, 2007; Groth *et al.*, 2009), with evidence supporting the notion that a customer's service experience is directly influenced by the choice of emotional labor strategies and authenticity of displayed emotions by employees. For example, Groth *et al.* (2009) demonstrated that emotional labor strategies differentially impact customers' service evaluations, with deep acting resulting in greater customer satisfaction, loyalty, and perceived customer orientation.

*Directions for future research.* Despite ever-growing empirical research on emotional labor processes in service encounters, key questions remain unanswered. Importantly, more research should explore temporal and dynamic aspects of emotional labor. Such research is crucial to explaining how employees learn and adapt to emotional display regulations (e.g. through socialization processes, see Van Maanen and Kunda, 1989), how to develop and improve skills in emotion regulation and performance, and how emotional labor processes impact both employees and customers over developing service relationships that may last months or years. In recent years, scholars have also recognized that emotional labor has a dynamic component in that it can vary within a person over different time periods. For example, Scott *et al.* (2012) introduced the notion of emotional labor variability (i.e. individual differences in variability vs stability of emotional labor strategies over time) and Gabriel and Diefendorff (2015) used continuous ratings of participants' emotional labor use to assess reciprocal emotional labor process and changes in emotional labor over the course of a single service interaction. Similarly, utilizing a daily diary study with a taxi-driver sample, Hülshager *et al.* (2015) discovered both deep acting and automatic regulation of emotions were related to tips. Interestingly, they also found that hairdressers engaging in emotional regulation related self-training were more likely to regulate their emotions and earn higher tips. Together, these studies suggest that emotional labor strategies have both dispositional and malleable components. Clearly, there is a need to study the interaction between these components over time to gain a better understanding of how emotional labor strategies change over time:

- P8. Emotional labor strategies will change during the course of a single service interaction, and over longer time periods, as a result of the interaction between service transaction characteristics and employee traits or predispositions.

As discussed by Grandey and Gabriel (2015), service scholars need to develop a better understanding of the performance implications of emotional labor and focus on strategies that promote the display of more authentic expressions. Emotional labor is invariably connected to interpersonal job performance of frontline service employees because employees' expressions affect customers' attitudes, intentions, and judgments through processes such as emotional contagion and cognitive judgments (Van Kleef *et al.*, 2010). Despite empirical evidence that emotional labor strategies are related to service performance (Hülshager and Schewe, 2011), surprisingly little evidence is available to demonstrate that the emotional labor results in customers buying more services or

spending more money, thus challenging the untested assumption that “service with a smile” will invariably provide a financial benefit for service organizations. Thus, research is needed to test the link between emotional labor and both employee and organizational performance (after a time lag), especially in regards to expanded performance criteria that go beyond a narrow task performance view (e.g. social context, building relationships with customers Bitner, 1995):

- P9.* Effective use of service employees’ emotional labor strategies will be related to both, individual-level proximal outcomes (service performance, customer satisfaction) and organization level distal outcomes (brand image, financial performance).

Much remains to be learned about what influences employee decisions about their emotional labor strategies. Researchers recognize that organizations can influence emotional labor through HRM practices such as hiring, compensation, training, job design, and performance management (Pugh *et al.*, 2013; Gabriel *et al.*, 2016). While research attention has focused on how organizational level display rules influence emotional labor (Diefendorff and Gosserand, 2003), far less is known about how other organizational level factors, such as HRM systems, influence emotional labor, and its consequences for employees and organizations. As Gabriel *et al.* (2016) note, management choices regarding HRM practices could influence employee emotional labor abilities, motivation and/or opportunities to engage in emotion regulation. Also HRM systems can signal to employees how much the organization values effort, resulting in employees engaging in behaviors to reciprocate those efforts (Tsui *et al.*, 1997; Sun *et al.*, 2007). This reciprocity helps reduce the negative consequences of emotional labor and emotion regulation because employees do not want to harm the organization by being absent or quitting. Following this logic, employees in organizations that enhance employee skills, motivation, and opportunities to use skills, might be less likely to experience burnout, be absent, or quit because they view the organization as supporting their emotion regulation efforts. For example, employees who engage in surface acting might find it easier to recover if they have received training in how to do so effectively. Similarly, if employees have autonomy and discretion to recover from these interactions, and are motivated to move onto their next customers or task, it could reduce the negative consequences associated with emotional labor. Understanding how HRM systems function with respect to employee emotional labor is an important research topic, and represents a clear research opportunity (Pugh *et al.*, 2013; Gabriel *et al.*, 2016):

- P10.* HRM practices will facilitate the use of adaptive emotion regulation strategies (e.g. deep acting) and reduce the negative consequences of emotional labor on employee well-being.

Although the content of HRM practices is important to consider in relation to emotional labor and its consequences, HRM system strength could also influence employee decisions regarding emotional labor (Bowen and Ostroff, 2004). In the service context, a shared understanding of “service with a smile” and the characteristics of high quality customer service could provide employees with clear expectations regarding when to engage in emotional labor and whether to use surface or deep acting. We argue that stable HRM practices are an indirect source of employee resources because in stable systems, employees do not need to expend resources learning new HRM practices and interpreting HRM practice signals. Employees, as such, can deploy resources to providing customer service. Moreover, fairness, including distributive, procedural, and interaction justice, is inherent in HRM system strength. In stronger, fair, HRM systems, employees can observe that their actions that support the organization, including emotional labor, should be accompanied by the

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associated and expected rewards. In short, HRM system strength, and fair rewards, directly provide resources to employees, in turn providing service employees with resources to recover from emotional labor:

- P11.* HRM system strength will reduce the negative consequences of employee emotional labor on employee well-being.

### *Coping with stress in service roles*

Work stress resulting from demands that tax or exceed the abilities of the person at work, such as task interruptions or excessive workload (e.g. Maslach and Leiter, 2008), is a significant occupational hazard that can impair physical health, psychological well-being, and work performance (Kahn and Byosiere, 1992; Sauter and Murphy, 1995). Frontline service employees have been described as “typically underpaid, undertrained, overworked and highly stressed” (Hartline and Ferrell, 1996, p. 61). Service jobs are often stressful (e.g. Cordes and Dougherty, 1993; Rapp *et al.*, 2015; Singh, 2000) because of the high intensity and frequency of interpersonal contacts and the continuous need to interpret and shape the expectations of service recipients (Susskind *et al.*, 2003), while simultaneously displaying emotions specified by the organization (Hochschild, 1983). Furthermore, service employees often encounter misbehaving customers (e.g. Reynolds and Harris, 2006) and have to cope with conflicting job demands (Luria *et al.*, 2014) and highly controlled jobs (Rosenthal, 2004). The job demands-resources model (Demerouti *et al.*, 2001) suggests that characteristics of a job can be classified as either job demands or job resources. Job demands are aspects of the job that require sustained effort, whereas job resources are job characteristics that support the employee in coping successfully with job demands, attaining work goals, and achieving personal growth (Schaufeli and Bakker, 2004). Excess job demands and a lack of job resources exert an energy-draining effect on employees through a stress process. Because in-service role demands often exceed resources, service employees are highly vulnerable to burnout, a syndrome consisting of emotional exhaustion, depersonalization, and a reduction of one’s sense of personal accomplishment (Maslach and Leiter, 2008). To reduce stress, individuals engage in coping strategies that involve behavioral and cognitive efforts to manage external and internal demands that are perceived as taxing or exceeding a person’s resources (Lazarus and Folkman, 1984). Although there is ample evidence regarding the experience of stress, as well as its antecedents and outcomes in the service context, the literature on service employees’ coping with stress is less well developed.

Nevertheless, research suggests that coping strategies mediate and moderate the relationship of stressors with psychological well-being, functioning, and performance (Ben-Zur, 2009; Day and Livingstone, 2001; Carver and Scheier, 1993; Lazarus and Folkman, 1984). Furthermore, some coping strategies are detrimental to employee well-being (Ben-Zur and Yagil, 2005; Reynolds and Harris, 2006), while others can lower the quality of service provided to customers (e.g. Bailey and McCollough, 2000). Thus, to more fully understand the impact of stress in the service context, it is imperative to consider coping strategies used by service employees. Moreover, existing evidence provides a mixed picture regarding the role of coping strategies, with some mediating the relationship of stressors with psychological well-being, functioning and performance (Day and Livingstone, 2001; Lazarus and Folkman, 1984); and others acting as detrimental to employee well-being (Ben-Zur and Yagil, 2005; Reynolds and Harris, 2006), and customer service quality (e.g. Bailey and McCollough, 2000). Thus, to more fully understand the impact of stress in the service context, it is imperative to consider coping strategies used by service employees. In the following section we briefly review the literature on service employees’ coping.

*Coping strategies in response to customer stressors.* Coping strategies that are employed to reduce stress are classified as either problem-focused or emotion-focused, thereby delineating

the function of coping as dealing with the problem itself or with its emotional and physiological outcomes (Lazarus and Folkman, 1984). Although service roles are characterized by many stressors, coping has most often been studied with regard to customer stress-inducing behaviors. A prevalent stressor in service roles is customer misbehavior (e.g. verbal or physical aggression, excessive demands, unjustified complaining) which is a strong predictor of negative employee outcomes such as burnout, turnover intentions, and negative work-related attitudes (Ben-Zur and Yagil, 2005; Dormann and Zapf, 2004; Grandey *et al.*, 2007; van Dierendonck and Mevissen, 2002; Winstanley and Whittington, 2002).

The two most highly researched emotion-focused coping strategies in service roles are seeking social support and avoidance. Seeking social support is reflected in talking with colleagues about distressing incidents, and venting negative emotions (Bailey and McCollough, 2000; Ben-Zur and Yagil, 2005; Rapp *et al.*, 2015; Reynolds and Harris, 2006) to obtain informational, instrumental or emotional support (Folkman and Lazarus, 1985). Although this strategy can be employed without disrupting work routines, it tends to lower service quality by infecting others with the employee's negative affective state (Goussinsky, 2012). Alternatively, Korczynski (2003) presented a related notion of collective coping and argued that in many service organizations, informal communities of coping arise when employees deal collectively with work stressors; for instance by telling each other stories about customers (Handy, 2006; Sayers and Fachira, 2015). Avoidance and behavioral disengagement strategies are reflected in behaviors such as leaving the location where the service is provided, doing other tasks instead of providing service, rejecting legitimate customer requests, ignoring difficult customers, expediting a service transaction to get it over with as soon as possible, taking a break or psychologically distancing oneself from customers (Bailey and McCollough, 2000; Ben-Zur and Yagil, 2005; Goussinsky, 2012; Handy, 2006; Reynolds and Harris, 2006; Sayers and Fachira, 2015; Tummers *et al.*, 2015; Weatherly and Tansik, 1993). Disengagement coping is often emotion-focused, because it involves an attempt to escape feelings of distress (Carver and Conner-Smith, 2010). Avoidance strategies are typically undesirable from the organization's perspective, and they may also impair the quality of service provided to subsequent customers (Bailey and McCollough, 2000; Goussinsky, 2012; van Dierendonck and Mevissen, 2002).

Research suggests that service employees engage in emotion-focused coping strategies more than problem-focused strategies (Bailey and McCollough, 2000; Ben-Zur and Yagil, 2005; Handy, 2006; Reynolds and Harris, 2006). Examples of service employees' problem-focused strategies include proactive attempts to prevent customer misbehavior, displays of positive emotions to reduce aggression (Reynolds and Harris, 2006), engaging in communication to understand customers' requests (Sayers and Fachira, 2015), or referring the customer to a manager (Bailey and McCollough, 2000). These are typically considered more adaptive than emotion-focused coping strategies because they enable employees to deal with the root or cause of the issues facing them, as opposed to simply ameliorating the symptoms.

*Coping strategies in response to organizational stressors.* Service employees often cope with the conflict between productivity and service quality. To provide high quality service, employees often express caring and interest, which involves more time per service interaction, thus reducing productivity (Singh, 2000). To cope with this conflict, employees can deliberately choose a customer-oriented approach that emphasizes service quality, or alternatively a productivity orientation that emphasizes organizational profit (Luria *et al.*, 2014). To cope with the other frequent stressor of work overload, service employees may bend or break rules for customers (Evans, 2013), confront customers (Tummers *et al.*, 2015), or develop mutually supportive coping strategies such as a supportive co-worker absence culture which allows customer service workers to protect themselves against exhaustion without feeling as though they are being unprofessional (Deery *et al.*, 2010).

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*Directions for future research.* This brief review suggests that employees' coping strategies can have a significant impact on service quality. Several research directions are worth exploring to further understand the role of coping with stress in service organizations. Service employees tend to engage in emotion-focused coping strategies, which are not only less effective in reducing stress (e.g. Stahl and Caligiuri, 2005), but might damage the organization by impairing service quality. Further research is needed to explore the role of management in promoting more effective coping strategies. For example, a high service climate emphasizes and rewards high-quality service (Schneider *et al.*, 1998), consists of strong customer orientation and supports employees' service efforts (Schneider and Bowen, 1985). Conversely, low service climate employees perceive that high-quality service is not a top priority in the organization and lack the resources to cope effectively with service demands (Schneider *et al.*, 1992; Schneider *et al.*, 1998). The level of service climate in the organization might therefore determine how employees cope with stress:

*P12.* Service climate will moderate the relationship between stress and coping strategies. Under high service climate levels, stress will be positively related to problem-focused coping; under low service climate, stress will be positively related to emotion-focused coping.

Further research is also needed to explore the broad effects of specific emotion-focused strategies. The prevalent coping strategy of disengagement might involve the segmentation of the self from the service role or the customer (Ashforth *et al.*, 2008), thereby weakening the centrality of role identification as well as organizational identification and commitment (Ashforth and Mael, 1989; Mael and Ashforth, 1992). Thus, a generalized "self-distancing" effect might develop, whereby, due to repeated coping through disengagement from customers, service employees gradually disengage from their work-related identities:

*P13.* Over time, coping with stress through disengagement from customers will weaken employees' role identity and organizational identification.

In occupation stress research, customer interactions are usually viewed as a major source of resource depletion that engenders employees' need to cope (Reynolds and Harris, 2006). However, customers are also likely to be affected by the way employees cope with stress simply because coping strategies are often directly embedded in the service encounter. Although organizational display rules require the concealment of negative emotions that may arise from stress (Hochschild, 1983), the effect of employee stress and coping on customer satisfaction is not necessarily negative. Employee stress, in reaction to difficulties in fulfilling customer needs, might be viewed by customers as reflecting empathy and caring, thereby actually enhancing the quality of the customer-employee relationship (Wieseke *et al.*, 2012). Several studies on the "service recovery paradox" also suggest that customers are more satisfied when a service failure was adequately handled by the organization than when there was no service failure in the first place (e.g. De Matos *et al.*, 2007). Therefore, constructive coping with stress might actually generate a high level of customer satisfaction:

*P14.* Successful employee problem-focused coping with stress will yield higher customer satisfaction than a stress-free encounter.

Customers may also provide resources that could help employees cope with stress; e.g. by taking part in the service process, thereby contributing to problem-focused coping. The notion of co-creation of service (Vargo and Lusch, 2008) conceptualizes services as a process – doing something with and for someone else. Service co-creation is associated with positive outcomes such as customer satisfaction (Chan *et al.*, 2010). Customers are also a

potential source of social support for service employees, providing a mechanism through which service employees recover, rather than expend resources (Hobfoll *et al.*, 1990). Future research is needed to explore the role of effective coping strategies in that relationship. A collaborative, positive, co-creation between the customer and the employee might not only reduce stress but could promote constructive involvement in service, joint problem-solving, and the resources service employees need to provide better service outcomes:

*P15.* The relationship between service co-creation and service outcomes will be mediated by employees' problem-based coping strategies.

An overlooked, but central consideration concerning employees' use of emotion-focused and problem-focused coping strategies is the role that HRM practices have in directing employee choices regarding coping. It can be argued that the choices managers make with regard to these practices will influence how employees choose to cope with stress in service interactions. Further, employee attributions of the reason for the introduction of these practices (i.e. human resource attributions) can influence employee affective commitment and customer satisfaction (Nishii *et al.*, 2008), i.e. employees differentiate between whether HRM practices are designed to reduce costs, exploit employees, improve employee well-being or enhance service quality. It can be argued that employees' attributions influence employee service interaction coping mechanisms, and in turn, affect employee and service outcomes. The logic underlying this argument draws on COR theory (Hobfoll, 2002). Specifically, commitment-focused HRM practices protect, and are a source of, employee resources while control-focused HRM practices, alternatively, can consume employee resources. When service employees perceive that the organization provides resources to employees, employees are more likely to expend resources on problem-focused coping. Alternatively, if service employees perceive HRM practices as consuming resources, this resource loss is likely associated with an emotion-focused response, typical of a response stemming from the decreased self-regulatory ability that often occurs in resource depleted individuals (e.g. Muraven *et al.*, 1998). This logic yields the following proposition:

*P16.* Employees attributing HRM practices to a cost reduction strategy will be more likely to use emotion-focused coping strategies thus reducing service quality and well-being; while those attributing HRM practices to a commitment strategy will be more likely to use problem-focused coping strategies that improve service quality and well-being.

### Commentaries

The above research summaries and propositions provide glimpses of different employee-related research streams aligned with service management. In this section, we call upon four distinguished service management scholars to provide their perspectives on how this research is relevant to shifting trends within the research and practice of services. Given, the changes in technology, a focus on transformative outcomes, the emergence of an ecosystems view informed by service dominant logic (SDL) (Vargo and Lusch, 2008), how do these research streams contribute to a better understanding of service issues? What are the interdisciplinary (collaborative) projects evoked by these topics? Their insightful commentaries are provided below.

*Commentary 1: service management research: slowly, but earnestly, maturing (David E. Bowen)*  
I will share some observations about the contributions the current paper makes to the maturation of the service management research and offer some implications (sobering) for the integration of service marketing and OB/HRM as an interdisciplinary pursuit.

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*Observation 1.* The study of service encounters largely as dyadic, service employee-customer moments is both important and incomplete. At recent service conferences, one might infer from the many plenary sessions on the revolutionary technology-customer interface that employee-customer service encounters rarely occur and/or that we have already fully mastered how to manage them well. False on both counts! These papers offer useful insights on frontline employee turnover (often high and disruptive), nuanced perspectives on service climate, and a deeper look at the taxing emotional labor characteristic of many service jobs, among others. Yet, the rise of service encounters with considerable technology and big data infusion, expanding self and co-production by customers, within service systems comprised of multiple organizations is conspicuously absent in these papers. Management research could address which service delivery tasks are better performed by technology vs employees and vice versa? What tasks are increasingly performed by customers?

*Observation 2.* Frontline employee role stress and emotional labor may be further heightened with news that “Robots are coming for your job” (Ford, 2015); possible additional deterioration of what could be termed, the employee experience (EX). Frontline service employees have always had it rough and now worry technology could replace them. We should also consider ways technology might enhance EX, e.g. by efficiently building information sharing among employees and a knowledge base accessible to new employees to ease the disruptive nature of turnover on customer outcomes discussed in one paper. Finally, management scholars could clarify the hard-to-substitute, value-added contributions of frontline employees (see Colvin, 2015 on “humans are underrated” and Bowen, 2016 on changing service employee roles as Innovators, Differentiators, Enablers, and Coordinators).

*Observation 3.* The emphasis on front office, customer contact employees should be supplemented with attention to back office employees, as well. With technology enablement, back office employees may at times become the frontline for employee-customer interactions. Overall, how can organizations design a “portfolio of coordination mechanisms” to seamlessly weave together front and back office employees as matched to varying levels of customer input uncertainty (e.g. Larsson and Bowen, 1989).

### *The integration of marketing and management (OB-HRM) in service research?*

Service marketing and management literatures have developed more in parallel than in combination (Subramony and Pugh, 2015), i.e. multidisciplinary, not really interdisciplinary. There are at least two reasons for pessimism that this integration will soon dramatically increase. One, only modest progress has happened in the last 25 years since the publication of the special issue, “Toward Integration of Marketing and Organizational Behavior in the Service Economy” in *Journal of Business Research* (Mindak and Folger, 1990). Two, in Ostrom *et al.* (2015), the topic “Understanding organization and employee issues relevant to successful service” was rated only 9th out of 12 topics in “Importance for Advancing the Service Field” and last on “Research Gap between Importance and Current Knowledge.” Not a strong call for more interdisciplinary OB/HRM and Marketing research on this topic!

Here are some possible areas for integrated research in marketing and OB/HRM.

*Linkage research on the EX-CX relationship.* This would be the next step beyond an already fruitful interdisciplinary program of research on how employee job satisfaction and perceptions of service climate link to customer perceptions of service quality, customer satisfaction, customer loyalty, and firm profitability. First conceptualize the EX as thoroughly as Lemon and Verhoef (2016) have done for the customer experience.

*Strategic job design for both employees and customers.* Both services OB/HRM and services marketing note that both employees and customers have “jobs” to do in co-production, frequently, and value creation, always (Bowen, 1986; Meuter *et al.*, 2005).

Areas of inquiry include: how to design both their jobs as “good jobs” as Ton (2014) described for employees; and how to select and develop employees and customers to do their jobs in order to execute a customer experienced value business strategy perspective.

*How customers impact service climate, in addition to the more-studied reverse.* As examples, Auh *et al.* (2016) ask “how much variability, e.g. highly diverse customer demands on top of varying leader-member relationships, can a strong service climate take?” How do customers co-create service climate as the social context of the customer experience (Bowen and Schneider, 2014)?

*More projects like this very one!* Maybe a future special issue could be articles by service marketing researchers with commentaries by scholars pursuing employee-related research agendas.

*Commentary 2: service research from a transformative perspective (Raymond Fisk)*

From the beginning, the services field has focused on the participants in service experiences. Transformative service research (TSR) adds the aspirational goal of improving human well-being through service (Anderson *et al.*, 2013; Rosenbaum *et al.*, 2011). My personal reason for doing service research and for joining the TSR movement is my long-term interest in improving the fairness of human relationships. Shortly before joining the first TSR team effort, I published a solo article (Fisk, 2009) on customer liberation, which was a plea for serving customers more fairly. While my home discipline of marketing has always been interested in the exchange relationships between humans, it has slowly shifted from the rather manipulative perspective of “marketing to customers” to the very collaborative perspective of “marketing with customers.” The small preposition change from “to” to “with” captures a very large change in perspective. SDL is premised on collaborating with customers and TSR literature is based on co-creation of value as a necessary condition for improving human well-being. Using the lens of TSR, I will offer my comments on two questions:

How do these four areas of employee related research contribute to the conceptual and practical issues, problems, and opportunities in the broader field of service research?

Taken together, there are many aspects of these four areas of study that contribute to the broader field of service research and they have many links to the TSR subfield, too. Organizational turnover and service climate are slightly more macro topics than emotional labor and employee stress. Organizational turnover and service climate can affect the human well-being of large numbers of employees and customers simultaneously while emotional labor and employee stress may affect the human well-being of individual employees and their customers.

*What interdisciplinary (collaborative) projects do these topics suggest?*

As a social species, humans live and work in families, cities, states, nations, corporations, nonprofit organizations and governments, which are all service systems. Such service systems are far too complex for any one academic discipline to fully understand. There is a great need for service researchers to build interdisciplinary teams that can climb the ladder of complexity and more deeply investigate service systems. From the aspirational perspective of TSR, such efforts are more likely to yield substantial improvements in human well-being. With my colleague Lia Patrício and numerous other collaborators (Bierão *et al.*, in press; Patrício *et al.*, 2011; Teixeira *et al.*, 2017), we have taken an interdisciplinary approach to build numerous tools for designing complex service systems. For example, Multilevel Service Design (Patrício *et al.*, 2011) can be employed to investigate the service system architecture and navigation. This would mean research that is not just employee-focused, customer-focused, or dyadic interaction-focused. Rather, the research would focus holistically on the organizational system, which enables the interaction between and among employees and customers.



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We think service design has the potential to transform all aspects of business and society in ways that improve human well-being by enabling human organizations that are more human. According to Gustafsson *et al.*'s (2016) exploration of various forms of disciplinary research, transdisciplinary research is the most complex form of mutual collaboration with researchers with other disciplines. *P5* (service climate and context) and *P6* (service climate and community) are both complex propositions that might be best investigated from a transdisciplinary service systems perspective. Social scientists from fields such as anthropology, sociology, and political science might be needed to fully investigate the relationships of service climate and context or service climate and community.

Finally, I should add a larger challenge for collaborative projects. The service research field has mostly focused on the needs of organizations and customers in economically well-developed economies. With numerous colleagues, we (Fisk *et al.*, 2016) proposed that the service research community should be devoting a portion of its research to the needs of those much less fortunate. While the topics of organizational turnover, service climates, emotional labor, and employee stress have mostly been studied in the developed economies, I suggest there are opportunities to investigate their relevance to the more informal economies of the developing world. Such research might require both transdisciplinary and transnational teams of researchers. Service scholars should aspire to conduct robustly generalizable research that helps improve human well-being throughout the world.

*Commentary 3: integrating employees with the management of value propositions  
(Christian Grönroos)*

In spite of the development of technology and digitalization, in service organizations employees still play a central role. In many service industries, service encounters continue to depend on the skills and motivation of the employees, and when failures occur in digitalized services, customer-focused employees are critical to the success of service recovery actions. In the Nordic school research tradition, such employees, as part-time marketers (Gummesson, 1991), are instrumental in making the interactive marketing process in the service encounters successful. Recent research (Liewendahl, 2014) in this tradition demonstrates how management's traditional way of treating employees as objects or operand resources in the firm instead of as subjects or operant resources often makes it difficult for the employees to fulfill promises in regard to value (value propositions) made by the firm. Such approaches create both unfavorable macro effects, such as a suffering work climate and deteriorating service culture as well as employee defections, and negative micro effects, such as emotional labor and stress.

In the 1980s, Henrik Calonius introduced promise theory (Calonius, 2006) according to which, marketing is implemented as an interplay between making and keeping promises amongst exchange partners. Because products have traditionally been the only element in a customer relationship responsible for promise-keeping, this notion has been implicit in conventional marketing management. However, with the expansion of the customer interface, for example due to the importance of service encounters, this is no longer the case. Promise-keeping had to be developed further and explicitly included in marketing models (Grönroos, 1990b). Subsequently, the role of enabling promises, for example through systems' development and people management, was included in promise theory (Bitner, 1995). Based on promise theory, in the Nordic school tradition the following promise management definition of marketing was introduced (Grönroos, 2006, p. 407):

Marketing is a customer focus that permeates organizational functions and processes and is geared towards making promises through value proposition, enabling the fulfilment of individual expectations created by such promises, and fulfilling such expectations through assistance to customers' value-generating processes, thereby supporting value creation in the firm's as well as its customers' and other stakeholders' processes.

A critical issue is to enable service employees to keep promises made. Liewendahl's (2014) study indicates that doing this is a management problem that seems to be almost systemic. Promise-making by full-time marketers and sales people is managed as if the frontline employees, as part-time marketers, automatically, under all circumstances, are able and motivated to keep what has been promised to customers. However, if management does not create a transparent and robust connection between the planning of promise-making and the execution of promises, this does not happen. Because the frontline employees realize that they have not been duly informed about what the customers have been promised, and thus feel that they are not equipped to service their customers properly, they will have problems coping with the situation. As a consequence, stress develops, and the work climate suffers. In other words, systematic promise-enabling is missing. In service management, the importance of people management processes, which are not only internally focused but are also geared toward strengthening the employee's willingness and motivation as well as possibilities to handle the firm's external interface with its customers, has been forcefully emphasized (Grönroos, 1990a). In service marketing, such processes are called internal marketing (Grönroos, 1990b). On a strategic level, the OB and marketing interface aims to integrate the employees with the management of the firm's value propositions, that is, with promise management (Liewendahl, 2014). Important elements in these processes are, for example, how frontline employees are engaged with planning procedures relating to their service tasks and the customer-focused leadership managers execute (Grönroos, 2015). Through such actions, the employees can be expected, first, to be able to serve the customers in a way that keeps promises made and fulfills the customers' expectations. Second, a motivation and willingness to perform in a customer-focused manner can be expected to develop.

From a service management perspective, in the Nordic school tradition defined as the customer-focused management of service, the following propositions can be formulated:

- P17.* By engaging the employees in planning processes relating to their service tasks, their ability and willingness to keep promises made to the customers and fulfill expectations held by them will increase.
- P18.* By executing leadership that aims to support the employees' ability to fulfill the customers' expectation and keep promises made to them, their ability and willingness to keep promises made to the customers and fulfill expectations held by them will increase.
- P19.* By enabling the employee's ability to meet customers' expectations by keeping promises made to them, the employee's possibilities to cope with their service tasks improve and emotional labor and stress can be diminished.
- P20.* By enabling the employee's ability to meet customers' expectations by keeping promises made to them, a favorable service climate can be reinforced and employee defection avoided.

The fact that service employees have dual responsibilities, namely, to perform the tasks they are responsible for in a technical manner, and at the same time do this in a customer-focused, marketing-like way as part-time marketers, automatically makes much of service research cross-disciplinary and warrants interdisciplinary research projects. This paper discusses and points out important areas for such cross-fertilization. As the four propositions outlined above suggest, management research requires integration between management and marketing scholarship to further service research and deepen our understanding of service management as well as management in general.

*Commentary 4: understanding and leveraging the technology imperative (Jochen Wirtz)*

The four priority topics for employee-related service management research are directly related to the effectiveness and well-being of employees, and the long-term competitiveness

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of an organization (Altinay *et al.*, 2008; Salanova *et al.*, 2005). I personally find these topics interesting, mostly from the angle of technological advances as I believe our economies are at a tipping point similarly to the industrial revolution in the late eighteenth century. Perhaps, economic historians will look back a hundred years from now and point to the early twenty-first century when the “service revolution” gained traction. Rapid technological advances and the related declining costs of critical technologies allow service innovation and dramatically cut the costs of service provision. These technologies include critical components, such as processors, cameras, sensors, which are getting better, smaller, and cheaper. These components are integrated into new technologies such as robotics, drones, wearable computers and augmented reality, self-driving vehicles, speech recognition, biometrics, artificial intelligence, and big data and analytics among others. The resultant service innovations are likely to dramatically improve productivity, service quality, and the customer experience; and facilitate new business models that are increasingly platform-based. Even traditional service industries will be revolutionized. The Henn-na Hotel in Nagasaki, Japan is a case in point. The vast majority of hotel services (e.g. porter service, room cleaning, and front-desk) here is provided by robots, and processes have been redesigned (e.g. using facial recognition to provide access) effectively replacing cumbersome room card systems (Wirtz and Lovelock, 2016, pp. 148-149). I expect that we will not only get driverless cars, but many services that are currently people-delivered, will be performed by autonomous systems, and that will include labor-intensive services such as restaurants, hairs stylists, and courier services.

These technologies will have a direct impact on all four areas for further research and will pose very different research questions than what has been explored hitherto, and offer excellent opportunities for interdisciplinary work between management, services marketing, operations, and technology (see also Wirtz and Jerger, 2017). First, the topic on disruptive effects of employee turnover on customer-service outcomes assumes implicitly a categorical independent variable whereby an employee is either still employed with the organization or not part of it due to turnover. However, many new business models rely on “crowd workers” or independent partners whose engagement with the organization can be a continuous variable. For example, TranscribeMe, a transcription service provider, works with some 350,000 crowd workers whose engagement with the firm can range from almost none to a full-time equivalent involvement in terms of hours of input. Crowd workers can decide how many hours they want to work and when, and the traditional measures of employee turnover hardly apply. Perhaps, the engagement of these workers should be explored more in terms of a continuous variable akin to customer relationship in the marketing literature, which used variables such as recency, frequency and monetary model (Fader *et al.*, 2005). Also, these new workforce configurations can offer insights on how explicit and tacit knowledge can be better encoded and transferred to new employees (or systems), and can be applied by the more traditional service organizations that provide face-to-face service encounters.

Second, in many new-economy organizations, service climate is likely to be determined largely by technology such as apps and online processes – think of an Uber driver whose service climate perception is largely dependent on hard-wired processes of an app. The strength of such determined climates are strong, and service workers have little room to deviate from those policies, processes, and service standards (e.g. arrival time within X minutes). Interestingly, even for “softer variables” such as friendliness, cleanliness of the car, and driving comfort, constant customer ratings provide hard feedback that either leads to self-correction or exit of a service provider. From a research perspective, it would be of great value to better understand service climates that are hard-wired through technology and constantly monitored and corrected using hard process measures, and softer customer feedback and customer ratings.

The nature of emotional labor in the new service economy is likely to change (Wirtz and Jerger, 2017). As service workers have more flexibility regarding when they work, they can perhaps sidestep burnout caused by emotional labor. Also, it would be interesting to explore the perceived control provided to service workers who potentially can select their customers (e.g. an Uber driver does not have to accept every customer) and also can give ratings to customers (e.g. AirBnB hosts rate their guests). We do not understand well how the dynamics of interactions might change when employees and customers rate each other, and both ratings feed into averages that are subsequent public information and influence future transactions. Customers may become more careful in how they behave towards service workers (thereby reducing emotional labor and role stress), and employees' perceived control may increase with all its psychological benefits.

### Conclusions

This paper provides summaries and propositions derived from four research streams focusing on employee-related aspects of service management, as well as four relatively distinct commentaries providing insights on important service trends. All four research streams provide insights that have the potential to advance the field of services in domains including employee well-being, organizational frontlines, organization-community interactions, service strategy, and human capital management. Commentaries from the distinguished scholars further integrate this work with key concerns within services including technology-enablement, transformative services, and service strategy. While the field of service management has traditionally acknowledged the importance of integrating employees into a broader understanding of service transactions and relationships, this paper provides concrete suggestions regarding the work that needs to be done. Specifically, the summaries, propositions, and commentaries are focused on accelerating theory-building and empirical research, as well as promoting collaborative research, within areas of shared interdisciplinary interest. As the service landscape changes with increasing technological demands and opportunities, and as the field adopts a stronger transformative approach toward the entire service ecosystem, a fuller understanding of service employees is critical – not merely desirable. This paper takes a significant step in that direction.

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