

# The effect of customer social status and dissatisfaction on service performance

Dana Yagil<sup>1</sup> · Hana Medler-Liraz<sup>2</sup>

Received: 23 October 2017 / Accepted: 2 May 2018 / Published online: 7 May 2018  
© Springer-Verlag GmbH Germany, part of Springer Nature 2018

**Abstract** Two studies were conducted to test the impact of customer dissatisfaction and social status on service performance. Study 1 was a scenarios study showing that the negative impact of customer dissatisfaction on self-esteem was stronger for high-status customers compared to low-status customers. Study 2 was a field experiment involving 50 telephone service interactions with retail clothing store employees. Results show that the negative impact of dissatisfaction on civility was stronger for high-status customers compared with low-status customers. The results highlight the gap between organizational policies regarding the management of customer dissatisfaction and front-line employees' actual reactions to informal expressions of dissatisfaction, as well as the impact of social status on the quality of service provided to customers.

**Keywords** Customer satisfaction · Social status · Feedback · Service performance · Civility

## 1 Introduction

High-quality service increases customer satisfaction and loyalty, encourages positive word-of-mouth, and ultimately contributes to organizational success (Becerril-Arreola et al. 2017; Lam et al. 2017). A prevalent organizational criterion

---

✉ Dana Yagil  
dyagil@research.haifa.ac.il  
Hana Medler-Liraz  
hanamedl@mta.ac.il

<sup>1</sup> Department of Human Services, University of Haifa, Mount Carmel, 31905 Haifa, Israel

<sup>2</sup> School of Management and Economics, Academic College of Tel-Aviv-Yaffo, Antokolski St. 4, 61083 Tel Aviv, Israel

of performance quality is customer satisfaction with the service (Delcourt et al. 2016). From the management's point of view, employees should consider customer feedback and adapt performance accordingly to ensure customer satisfaction and loyalty (Hult et al. 2017). This is especially important when customers express dissatisfaction with the service, because the quality of service recovery is critical for future customer loyalty and positive word-of-mouth (Cunliffe and Johnston 2008; Hogreve et al. 2017; Tektas 2017; Uruña and Hidalgo 2016). Moreover, for service organizations, high-status customers are especially valuable and often receive preferential treatment (Eggert et al. 2015; Drèze and Nunes 2008; Lacey et al. 2007; Pez et al. 2015), which should be extensive in the case of dissatisfaction.

However, customer dissatisfaction with the service is often not dealt with through formal organizational channels, but rather informally via first-line employees, during ongoing service interaction (Frey et al. 2013; Walsh et al. 2015). In such cases, the impact of employees' personal inclinations might be more prominent than that of organizational guidelines, especially when the expression of dissatisfaction addresses the employee's service performance, rather than general organizational performance. A customer's expression of dissatisfaction with the employee's performance constitutes negative feedback, which might stimulate negative reactions on the part of the employee (Steelman et al. 2004; Traut-Mattausch et al. 2015), instead of motivating him/her to make extra efforts to provide high-quality service. Furthermore, the impact of feedback depends on the target's perception of the source of the evaluation, in terms of competence, credibility, and status (Chun et al. 2014). Therefore, feedback evaluation in the form of expressed dissatisfaction, conveyed by a more valued source (e.g., a high-status customer), has more impact than feedback that comes from a low-status customer.

The present study aims to elaborate the understanding of the antecedents of service performance and addresses several gaps in service research. While the majority of studies on service performance have focused on the impact of organizational variables, such as leadership, employee training, or climate (e.g., Chen et al. 2015; Nasurdin et al. 2015), surprisingly little is known about the impact of customers on employees. Yet, the interactive nature of the service role implies that first-line employees' performance is affected by customers as well as by management (Cambra-Fierro et al. 2015; Subramony and Pugh 2015; Thuy 2016). First-line employees experience daily customers' expressions of dissatisfaction, provided personally and spontaneously (Frey et al. 2013; Walker et al. 2014; Walsh et al. 2015), and often eliciting emotions on both sides. Exploration of the impact of customer dissatisfaction will highlight the role of a prevalent, yet understudied, experience in service jobs.

By exploring the impact of customer social status on service performance, the study also contributes to the area of discrimination in the service context. Theories of social categorization and stereotypes (McGarty et al. 2002; Tajfel 1981) suggest that perception of differences among people is a major attribute of interpersonal relationships, impacting attitudes, emotions, and behavior. Social status was found to have a major impact on others' attitudes and behavior in numerous contexts (Koch et al. 2016). Yet, while previous research has explored the impact of many characteristics such as race and gender (e.g., Brewster et al. 2014), very little is

known about the effect of the customer's social status on service employees. Finally, previous studies have separately explored the impact of customer dissatisfaction and customer characteristics (e.g., Traut-Mattausch et al. 2015; Vilnai-Yavetz and Gilboa 2014). The present study elaborates the understanding of customer impact by exploring the combined effect of dissatisfaction and social status, highlighting the extent of congruence between organizational interests regarding the treatment of dissatisfied high-status customers and employee service recovery inclinations in this context.

The paper presents two studies exploring the impact of customer dissatisfaction and social status. Study 1 is a scenarios study which tested the impact of the manipulations of customer dissatisfaction and status, and measured employee state self-esteem. Study 2, a field experiment, was conducted with telephone interactions with employees clothing and shoe store retail chains, manipulating customer dissatisfaction and social status and using unobtrusive measures of performance.

## 2 Literature review and conceptual framework

### 2.1 Dissatisfaction with the employee's service performance

Service performance reflects service employees' proficiency in fulfilling the core parts of their role through application of service standards (Liao and Chuang 2007), involving behaviors such as responsiveness, courtesy, efficiency, and empathy (Parasuraman et al. 1991). In addition to the instrumental aspects of providing a service (i.e., task-related performance), employees are expected to create interpersonal connections with customers even during brief, one-time interactions (Lam et al. 2017), and to manifest pro-social behavior towards them (Tsaur et al. 2014).

Service organizations' motivation to satisfy customers often generates the notion that customers are entitled to make demands, while simultaneously communicating the deference and submission expected from service employees (Zboja et al. 2016), and using customer satisfaction as a criterion for evaluating and rewarding employees' performance. This approach is especially salient in the case of customer dissatisfaction, which signals to the organization that there is a problem that requires fixing. Management often views the negative feedback provided by complaining customers as valuable information that may be used to improve service quality (Song et al. 2016), because successful service recovery is crucial for customer retention (Cai and Chi 2018; Uruena and Hidalgo 2016). Thus, while service employees are always expected to display empathy and civility, and to make an effort to satisfy the customer, such behaviors are especially critical when customers are dissatisfied. Even though employees experience negative emotions as a result of customers' expression of dissatisfaction (Traut-Mattausch et al. 2015), service organizations present employees with emotional display rules that require the suppression of such negative emotions and the display of only positive emotions (Hochschild 1983). To ensure high-quality service, management also systematically conducts customer evaluations (e.g., through surveys) and presents the feedback to employees through formal channels (Frey et al. 2013).

However, employees might find it difficult to comply with organizational requirements regarding reactions to customer dissatisfaction. Previous research indicates that expression of dissatisfaction with the employee's service performance constitutes negative feedback, which might stimulate negative reactions (Fong et al. 2017; Traut-Mattausch et al. 2015). Additionally, empirical research based on social exchange theory (Blau, 1964) suggests that employees might want to reciprocate the unpleasant behavior of dissatisfied customers by also behaving unpleasantly and reducing their efforts, both in regard to the task itself and in the regulation of displayed emotions (Skarlicki et al. 2008). Thus, we hypothesize that while service organizations promote the notion of recovering customer satisfaction by demonstrating a high level of service quality, customer expressions of dissatisfaction stimulate less favorable behaviors on the part of employees.

**H<sub>1</sub>** Employees interacting with a customer expressing dissatisfaction with their service performance will subsequently manifest less effort and civility than employees interacting with a neutral customer.

## 2.2 Customer categorization by social status

Categorization is the cognitive process by which people detect differences and similarities among members of groups. According to categorization theory (Tajfel 1981), social categorization process leads to stereotypes, a relatively enduring system of interrelated concepts that inform perceptions of members of certain groups (McGarty et al. 2002, p. 7). Stereotypes help in explaining the social world by saving time and effort and by accentuating characteristics that are important from the perceiver's viewpoint (McGarty et al. 2002). For service employees, customer status is often an important categorization parameter. As status refers to a socially recognized ranking, which entails prestige, power, or entitlement (Drèze and Nunes 2008), service organizations often grant preferred treatment to high-status customers (Pez et al. 2015). Preferential treatment is defined as the practice of giving selective customers' elevated social status recognition and/or additional or enhanced products and services, above and beyond standard firm value propositions (Lacey et al. 2007). While the preferential treatment provided to high-status customers is often reflected in tangible benefits, selected customers also receive preferential treatment associated with the service process (e.g., first class airline travelers). Furthermore, research in the area of discrimination implies that service employees' performance is significantly affected by the customer's visible characteristics, which give rise to stereotypes and prejudice. Service employees were found to discriminate on the basis of age (Wilson et al. 2017), gender (González-Pascual et al. 2017), race (Brewster et al. 2014), obesity (Lee and Pausé 2016), and sexual orientation (Andersen et al. 2017). Research suggests that social status significantly affects stereotypes preceding discrimination. Status disparities reflect hierarchical relationships between people arising from a cultural belief that people belonging to one social group are more esteemed than those who belong to another group (Ridgeway and Fisk 2012). In the service context, customer attire indicating social status was found to affect service quality (Vilnai-Yavetz and Gilboa 2014). Service providers

also tend to discriminate in their service delivery by providing better service to customers who are members of groups thought to be good tippers (Brewster 2013), or by providing illegal help to wealthy customers compared to non-wealthy customers (Gino and Pierce 2010).

**H<sub>2</sub>** Employees interacting with a high-status customer will manifest more effort and civility than employees interacting with a low-status customer.

### 2.3 The combined effect of customer dissatisfaction and social status

Status affects customers' inclination to provide feedback regarding their satisfaction with the service they receive. Customers from higher-education and occupation groups are more likely to recognize a service problem (and take action when they are dissatisfied compared to customers of lower status (Luria et al. 2016). Furthermore, high-status individuals tend to feel more entitled (Wetzel et al. 2014) and have inflated expectations regarding employee compliance with their demands. Chiou et al. (2009) found that privileged customers were more likely to expect airline personnel to comply with their demands, even when their demands were unreasonable. The authors suggest that these expectations are engendered by the preferential service provided to high-status customers by service employees. These studies suggest that employees might be more likely to attribute an expression of dissatisfaction by high-status customer to a sense of entitlement, compared with dissatisfaction expressed by a low-status customer, reinforcing a negative view on the part of the employee (Yagil and Luria 2014). Thus, we suggest that high status will intensify the negative impact of expressed dissatisfaction. While employees are expected to provide better service to high-status customers, we suggest these customers are also "punished" more than low-status customers when they informally express dissatisfaction.

**H<sub>3</sub>** The effect of customer dissatisfaction on employee effort and civility will be stronger for high-status customers than for low-status customers.

Individuals with higher social status are perceived by others and by themselves as having higher efficacy. At the core of these distinctions is a cultural perception of group differences in relation to esteem and competence, maintained through behavioral differences expressed in interpersonal interactions (Ridgeway and Fisk 2012). The weight recipients give feedback is significantly influenced by characteristics related to the source of the feedback, with more weight given when the feedback source is viewed as competent and credible (Steelman et al. 2004). Regarding service interactions, especially if they are one-time interactions, customer competence and credibility may be inferred from cues about the customer's social status, because individuals of higher status are perceived as having greater efficacy and competence (Nelissen and Meijers 2011). Expressions of dissatisfaction with the employee's performance might challenge a positive view about oneself which, in turn, leads to defensive responses, such as degrading service (Traut-Mattausch et al. 2015). As the feedback of high-status customers is given

more weight (Steelman et al. 2004), the insult to self-esteem is likely to be stronger compared with the negative feedback provided by low-status customers.

**H<sub>4</sub>** The effect of customer dissatisfaction on employee state self-esteem will be stronger for high-status customers than for low-status customers.

The hypotheses were tested with two studies. Study 1 tested the hypothesis regarding the effect of social status and dissatisfaction on employee self-esteem with scenarios and measured the impact of the manipulations of customer dissatisfaction and social status. Study 2 was a field experiment, testing the hypotheses regarding employee effort and civility. These performance aspects were selected for several reasons. First, because first-line employees' reactions to customers are often restricted by organizational rules (Hochschild 1983), their reactions to customer feedback are not likely to be reflected in salient behaviors (e.g., the refusal to serve), but rather in subtle behaviors that cannot be held against them, such as reducing their level of civility. Additionally, these aspects of performance can be defined in terms of observable acts that can be quantified. Lastly, we selected performance dimensions that represent task-related behaviors (effort), as well as interpersonal behaviors (civility). While employee civility is affected by organizational norms, research indicated that civility is also significantly affected by customer behavior (Stock and Bednarek 2014; Walker et al. 2014).

### 3 Study 1

Because the field study was conducted with unobtrusive measures, a preliminary study was conducted to validate the impact of the independent variables by testing the manipulations. Another purpose of this study was to explore the impact of customer dissatisfaction and social status on employees' state self-esteem. We presented respondents with scenarios describing the same manipulation employed in Study 2, tested the effect of the manipulations and measured state self-esteem.

#### 3.1 Methodology

##### 3.1.1 Participants

The sample consisted of 117 undergraduate students enrolled in an introductory course who volunteered to participate in the study. Of the participants, 55% were women, with a mean age of 24 ( $SD = 1.70$ ). All participants had experience (mean tenure 1.9 years,  $SD = 1.46$ ) working in service jobs (e.g., at call centers, restaurants, convenience stores). In this study, as well as in Study 2, sample size was determined via a priori power analysis using G\*Power software package (Faul et al. 2009) to ensure 80% power to detect a large effect size,  $f$ , of .4 at  $p < 0.05$ .

### 3.1.2 Procedure

We randomly assigned participants to the following four conditions in a  $2 \times 2$  between-subjects design: Customer feedback: dissatisfaction versus neutral; customer social status: high versus low. The following instructions were given to the participants: “You will read a description of a service interaction. Please try to put yourself in the place of the employee and think how you would feel and what you would do in this situation. After reading the scenario, you will be asked to react as though you were the employee.”

The instructions were followed by a description of the service context: “You work in a clothes shop. A customer phones the store, asking you whether the store has in stock a specific blue shirt with white buttons, which she saw in the website store catalog. You checked for the specific shirt and after giving her an answer she replies.”

Participants subsequently read descriptions of the customer service scenario, corresponding to their respective conditions. Specifically, participants in the dissatisfaction condition read that the customer gave the following feedback: “Why is it taking so long? I explained that I’m busy! I asked for something simple, why is it such a big deal? This is bad service.” Participants in the neutral condition read that the customer said: “I need to think it over. I’m not sure which shirt looks better. I will think about it and get back to you. Thanks, bye.”

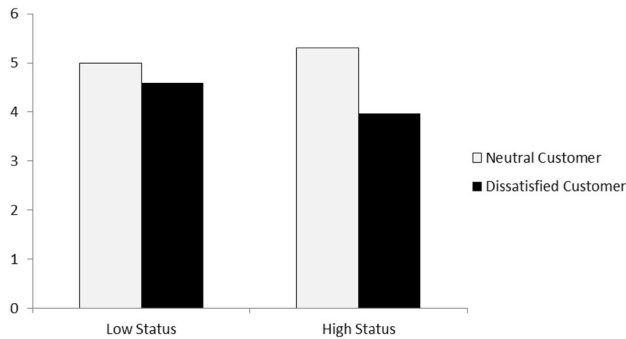
Customer status was manipulated through the customer’s self-presentation. Participants in the high-status condition read that the customer presented herself as “Doctor (last name)” and explained why she was making the inquiry by phone by saying “Since I am a physician and am constantly seeing patients, I need to save time.” Participants in the low-status condition read that the customer presented herself using her first name and said: “I’m a manicurist working in a beauty salon and because I am constantly seeing clients I need to save time.”

### 3.1.3 Measures

*Self-esteem* was measured a 6-item scale (Heatherton and Polivy 1991): “Confident about my abilities”; Frustrated or rattled about my performance (R); “I feel good about myself”; “Worried about what the customer think of me”(R); “Pleased with my qualities”; “Concerned about the impression I am making”(R).

Participants were asked to indicate on a 7-point Likert scale (1 = “not at all;” 7 = “extremely high”) what they are feeling at this moment (after reading the customer’s response). Cronbach’s alpha reliability was 0.90.

*Manipulation checks* Two questions were presented to explore whether the descriptions in the scenarios had the desired effect (e.g., respondents receiving the “dissatisfaction” description perceived the customer to be more dissatisfied than respondents receiving the “neutral” description). Customer feedback was tested with the question: “To what extent did the customer express dissatisfaction with the service?” Individuals responded to each item by using a 7-point scale (1 = “not at all,” 7 = “very much”). Customer social status was tested with the question: “How



**Fig. 1** The effect of customer dissatisfaction and social status on employee state self-esteem

would you evaluate the customer's social status?" Individuals responded by using a 7-point scale (1 = "low," 7 = "high").

### 3.2 Results and discussion

Participants in the dissatisfaction condition evaluated the customer as providing more negative feedback ( $M = 5.28$ ,  $SD = 2.42$ ) than participants in the neutral condition ( $M = 1.91$ ,  $SD = 1.11$ ) ( $t = 9.78$ ,  $p < 0.01$ ). Additionally, participants in the high-status condition evaluated the customer's status as higher ( $M = 5.38$ ,  $SD = 1.66$ ) than participants in the low-status group ( $M = 2.47$ ,  $SD = 1.19$ ) ( $t = 13.23$ ,  $p < 0.01$ ).

Hypothesis 4 was tested using ANOVA with feedback content and social status as the independent variables and state self-esteem as the dependent variable. A significant interaction was found for feedback and status on state self-esteem ( $F(1,115) = 3.78$ ,  $p < 0.05$ ,  $\eta^2 = 0.03$ ). The results of planned contrasts tests show that, as predicted, for high-status customers participants' state self-esteem was significantly lower in the dissatisfaction condition than in the neutral condition ( $t(59) = -3.55$ ,  $p < 0.01$ , one-tailed,  $\eta^2 = 0.37$ ). In contrast, for low-status customers there was no significant difference between the conditions ( $t(54) = -1.313$ , n.s). The results displayed in Fig. 1 support the notion that, because high status grants the customer more credibility than low status, negative feedback provided by high-status customers is particularly detrimental to employees' self-perception.

## 4 Study 2

### 4.1 Methodology

#### 4.1.1 Sample and research setting

The sample consisted of 50 telephone interactions with employees (80% women) from 50 stores in nine large Israeli clothing and shoe store retail chains. These



chains have catalogs on the internet, which were used in the interaction with employees.

#### 4.1.2 Procedure

Service interactions were conducted by a research assistant who called a store, presented herself as a customer, and asked the employee to find out whether the store had a specific item from the chain's catalog in stock, i.e., clothes or shoes in various sizes, colors, and fabrics. Each interaction consisted of two requests (e.g., asking for a larger size and then for a different color). If the required item was immediately found, the research assistant was instructed to ask questions related to the care of the clothing items (e.g., washing instructions). Service interactions were randomly assigned to the following four conditions in a  $2 \times 2$  between-subjects design: Customer feedback and customer social status.

Customer feedback was manipulated through the research assistant's comments to the employee. In the dissatisfaction condition, the research assistant used the following phrases: "Why is it taking so long?"; "Can't you hurry?"; and "I asked for something simple, why is it such a big deal?". A neutral reaction consisted of brief non-evaluative responses to the employees' action: "OK"; "I understand"; "Thank you."

Customer social status was manipulated through presentation of the "customer's" profession (Fiske and Dupree 2014). In the high-status condition, the research assistant presented herself as "Doctor (surname)." After asking the employee to look for the catalog item, she explained why she was contacting the store by phone, saying: "Since I am a physician and I am constantly seeing patients, I need to save time." In the low-status condition, the research assistant presented herself using her first name and, after asking for an item, said: "I'm a manicurist working in a beauty salon and because I am constantly seeing clients I need to save time."

#### 4.1.3 Measures

*Employee effort* was measured by the number of actions involved in trying to comply with the customer's request. Mohr and Bitner (1995) claimed that in common sense terms, employee effort is equated with "really trying," with "putting a lot into" the situation. Thus, customers' impression of the effort employees put into providing service is affected by employees' noticeable actions. Specifically, effort was measured by the number of actions involved in complying with the customer's request, defined as physically looking for an item, contacting other employees/the manager to make inquiries; asking other employees/the manager for advice, making suggestions, or providing information. These behaviors were evident through the employee's report (e.g., going to look for the item), by overhearing the employee's interactions with other employees or directly through the employee's conversation with the customer (e.g., making suggestions).

*Employee civility* was measured by the number of positive verbal expressions (e.g., "please," "thank you," "sorry") used during the conversation. This measure

was based on Porath et al. (2015) measure of civility consisting of asking respondents to describe the extent to which they were respect dignity in a polite and pleasant manner. Similarly, Walker et al.'s (2014) measure of employee incivility included a reversed rating of treating the customer with respect. The validity of the measure in the present study was evaluated by social sciences researchers ( $N = 9$ ), on a scale of 1 ('not at all') to 5 ('very much'):  $M = 4.5$  ( $SD = 0.53$ ).

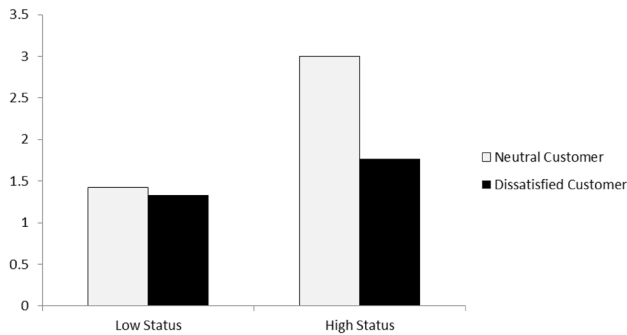
## 4.2 Results and discussion

The hypotheses were tested using MANOVA with customer feedback and social status as the independent variables and employee effort and civility as the dependent variables. Hypothesis 1 proposed that effort and civility would be lower when the employee interacts with a dissatisfied customer, compared to a neutral customer. The results show a significant multivariate effect of customer feedback on employee performance ( $F(1, 48) = 9.82, p < 0.01, \eta^2 = 0.30$ ), and significant univariate effects on effort ( $F(1,48) = 14.21, p < 0.001, \eta^2 = 0.23$ ) and civility ( $F(1,48) = 12.46, p < 0.01, \eta^2 = 0.21$ ). The results show that, as expected, effort is lower when customers express dissatisfaction ( $M = 0.84, SD = 0.75$ ) than when they display a neutral reaction ( $M = 1.60, SD = 0.96$ ). Civility is also significantly lower when customers express dissatisfaction ( $M = 1.56, SD = 0.65$ ) than when they display a neutral reaction ( $M = 2.24, SD = 1.05$ ).

The second hypothesis predicted that effort and civility would be higher when the employee interacts with a high-status customer compared to a low-status customer. We found a significant multivariate effect of customer status on employee performance ( $F(1,48) = 19.79, p < 0.01, \eta^2 = 0.48$ ), as well as significant univariate effects regarding effort ( $F(1,48) = 24.25, p < 0.01, \eta^2 = 0.34$ ) and civility ( $F(1,48) = 29.41, p < 0.01, \eta^2 = 0.39$ ). The results show that when serving high-status customers, employees exhibit more effort and civility ( $M = 1.69, SD = 0.88$ ;  $M = 2.38, SD = 0.85$ ) than in their interactions with low-status customers ( $M = 0.70, SD = 0.69$ ;  $M = 1.37, SD = 0.71$ ), supporting Hypothesis 2.

The third hypothesis predicted that the negative effect of customer dissatisfaction on employee effort and civility would be stronger for high-status customers than for low-status customers. A significant multivariate interaction was found for feedback and status on employees' performance ( $F(1,48) = 4.66, p < 0.05, \eta^2 = 0.17$ ). Univariate effects were significant for civility ( $F(1,48) = 9.50, p < 0.01, \eta^2 = 0.17$ ), but not for effort ( $F(1,48) = 0.72, ns$ ). Planned contrasts show that when interacting with a high-status customer, employees manifest significantly less civility if the customer expresses dissatisfaction than if the customer's reaction is neutral ( $t(24) = 5.33, p < 0.01, one-tailed, \eta^2 = 0.23$ ). The difference for employees interacting with low-status customers was not significant ( $t(24) = 0.281, n.s$ ) (see Fig. 2).

The results suggest that customers who express their dissatisfaction informally, subsequently receive worse service than neutral customers, in terms of employee civility. This negative effect of expressed dissatisfaction is stronger for high-status customers. Thus, while the inclination of first-line employees to discriminate in favor of high-status customers is aligned with organizational favoritism towards



**Fig. 2** The effect of customer dissatisfaction and social status on employee civility

such customers (Eggert et al. 2015), high status might be a disadvantage when the customer informally expresses dissatisfaction with the service. The hypothesis regarding the combined effect of feedback and social status was not supported in regard to employee effort. Overall, these results suggest that dissatisfied customer status affects the interpersonal aspect of service, but not the task-related aspects of service. Similar results were found in studies of customer discrimination, as reflected in the employee's interpersonal behavior (e.g., Brewster et al. 2014).

## 5 General discussion

The results suggest that customers who express their dissatisfaction informally subsequently receive worse service than neutral customers. Furthermore, this negative effect of expressed dissatisfaction was stronger for high-status customers. Thus, while high-status customers receive better service than low-status customers, expressions of dissatisfaction by the former might stimulate more negative reactions from employees. Employees might be more inclined to attribute customer expressions of dissatisfaction to a sense of entitlement when the customer is of high status, consequently experiencing negative emotions and a wish to reciprocate a behavior perceived as unjust with a lower level of quality service (Skarlicki et al. 2008). Furthermore, as employees were found to provide better service to high-status customers, their sense of a lack of appreciation and unfairness following a customer's expression of dissatisfaction is likely to be higher than with low-status customers. These results suggest that the application of an organizational policy of service recovery reflected in providing high-quality service to dissatisfied customers, as well as the provision of preferential treatment to high-status customers, might sometimes be undermined by employee reactions to customers' expressions of dissatisfaction.

The results also indicate that expression of dissatisfaction, especially by high-status customers, is damaging to employees' self-esteem. As social status affects the weight attributed to feedback, negative feedback provided by a high-status customer posits a stronger threat to employee self-esteem. These results suggest that frequent

interactions with customers who are dissatisfied with the employee's service performance might engender long-term outcomes, such as reduced self-esteem (Shao and Skarlicki 2014) and burnout (Han et al. 2016).

These results demonstrate the impact of categorization and stereotypes on service employees' attitudes and behavior (McGarty et al. 2002; Tajfel 1981) showing the significance of customer status as a basis for categorization. The findings elaborate previous research on the antecedents of service performance (e.g., Chen et al. 2015) and contribute to the literature on the effects of customers on service outcomes (Cambra-Fierro et al. 2015; Chan et al. 2010; Thuy 2016), indicating that customers' indirect input reflected in an expression of dissatisfaction significantly affects service quality. By exploring customers' 'meta-role' involving the assessment of employee performance, the research addresses customer impact from a perspective that considers the power of the inequality frequently characterizing service interaction. Such involvement may shift the power from service employees to customers, and increase employee workload and role conflicts (Hsieh et al. 2004; Chan et al. 2010).

The results also elaborate the findings regarding discrimination in service (e.g., Brewster et al. 2014), indicating that the customer's status significantly affects service performance as well and the "double-edged sword" effect of the combination of high status and expression of dissatisfaction on service performance.

Our results also help explain the variance in performance level between one service encounter and another (Raub and Liao 2012). Formal organizational feedback is expected to have long-term positive effects on enhancing the standardization of service provided to different customers. In contrast, aspects of customer input that are not controlled by an organization increase the variance between encounters, resulting in better or worse performance than that required by the organization. The results suggest that customer involvement, as reflected in real-time performance feedback, can explain why different customers receive different levels of service.

Service organizations often seek to provide high-quality service to dissatisfied customers in order to ensure the customer's future loyalty, prevent negative word-of-mouth, and preserve a positive image (Mohr and Bitner 1995). This approach might be enacted by employees in response to formal customer complaints, stimulating the organizationally desired service performance. However, in regard to informal expressions of dissatisfaction, our results highlight the gap between the impersonal organizational perspective, and first-line employees' actual reactions.

## 5.1 Managerial implications

The notion that service performance depends, to a certain extent, on the feedback provided by customers during the service encounter, has several managerial implications. First, since service employees will encounter positive and negative customer feedback, selection criteria should include employees' reactions to feedback (e.g., feedback seeking, defensiveness). To enhance employees' control over their performance, training should increase awareness of responses to satisfied and/or dissatisfied customers. Concerning the negative effect of customer

dissatisfaction, employees should receive support focusing on such experiences, as well as training, to develop a repertoire of constructive responses to customer dissatisfaction. Such training might qualify employees to react to expressions of dissatisfaction with a series of steps starting with listening to the message conveyed by the expression of dissatisfaction, providing the appropriate verbal reaction (e.g., explanation, apology), and making a decision about required behavioral reactions (e.g., asking a colleague to assist in order to speed up service). This should be especially emphasized in regard to expressions of dissatisfaction with the employee's performance, which have the adverse effect of negative personal feedback. Employees should also be provided with resources designed to respond to expressions of dissatisfaction (e.g., dedicating extra time to the customer).

While service management might be interested in providing preferential treatment to high-status customers, the results indicate that employees react negatively to expressions of dissatisfaction by such customers. Yet, these are the customers that are likely to express dissatisfaction. Thus, training of service employees should increase their awareness of potential reactions to high-status customers' negative feedback, as a way of promoting self-regulation in these encounters. At the same time, the results indicating that employees discriminate against low-status customers suggest that management in service organizations should take active steps to eliminate such discrimination. Such steps should involve a variety of activities to reduce discrimination, because interpersonal discrimination in service organizations is often subtle, and based on deep-rooted stereotypes (Brewster et al. 2014). For example, management should act to increase employee awareness of the inclination to discriminate and its outcomes, employ mystery shoppers to examine potential discrimination, and provide instructions designed to cope with stereotypes. These procedures will provide employees with feedback regarding their discriminatory behaviors of which they might be unaware. Management might also add the criterion of provision of equal service to all customers to employee evaluation, and reward employees who meet the criterion. Lastly, management could regularly convey messages to employees regarding the desirability of providing equal service to all customers, regardless of their characteristics.

## 5.2 Limitations and future research

The research design of Study 2 provides data which reflect actual service providers' reactions to customer feedback, rather than relying on self-report, which might be biased by social desirability effects. This design also involves several limitations with respect to the control of variables. First, the manipulation and measurement were conducted by the same person. Ideally, the measurement of outcomes should be conducted by a researcher who is unaware of the manipulation of each research condition, but in the present research the manipulation would have been obvious to an observer. Thus, to minimize potential bias, research assistants did not know what the hypotheses were and behaviors representing performance were defined clearly to lower the impact of impression (e.g., number of employee actions). While this method is less rigorous than a laboratory experiment, it provides the advantage of

exploring employees' actual reactions to expressions of customer satisfaction/dissatisfaction. Additionally, Study 1 used an experimental design to explore the impact of dissatisfaction and social status on employees' self-esteem. The similar pattern of the results (i.e., a stronger impact of expressed dissatisfaction for high-status customers compared to low-status customers) supports the results of Study 2. Yet, while this study provided evidence for the impact of the manipulations (dissatisfaction and status) there is no indication regarding the perceived realism of the scenarios.

The studies were conducted in the context of clothing retail stores, which limits the generalization of the results in other contexts. For example, when employees are dependent on customers for tips (e.g., in restaurants) or when performance is closely controlled (e.g., in call centers), the effect of customer feedback on performance level might be lower. A possible explanation for the effect of customers' dissatisfaction on employee performance is that employees react by reducing their effort and civility as a means of coping with the threat to their self-esteem engendered by the negative feedback. However, the present research design does not provide the basis for such a conclusion because performance and self-esteem were measured in separate studies. It is recommended that future research will explore the potential mediating effect of self-esteem on the relationship between customer dissatisfaction and service performance. Future research should also explore the effect of customer feedback on performance in other service contexts. We have explored the effects of customer feedback on quality of service provided to the same customer. Future research should explore how customer feedback affects the quality of service in relation to other customers, as well as the duration of its effect. Additionally, formal managerial feedback is given in predefined terms and specifically addresses performance, whereas customer feedback often conveys emotions and informal interpersonal communications (e.g., spontaneous compliments). Future research should examine the expressions of customer feedback and their relationship to customer variables (e.g., emotions).

### 5.3 Conclusion

Our results indicate that customer feedback and social status affect front-line employee performance, and that the expression of dissatisfaction with the service, especially by high-status customers, reduces employees' performance levels, as well as their state self-esteem, rather than motivating them to restore customer satisfaction. These results elaborate previous research by demonstrating the joint effect of status and expression of dissatisfaction, as well as highlight the gap between service organizations' policies regarding customers' treatment and front-line employees' actual reactions to expressions of dissatisfaction by customers.

## References

- Andersen AE, Moberg C, Bengtsson TA, Garmy P (2017) Lesbian, gay and bisexual parents' experiences of nurses' attitudes in child health care—a qualitative study. *J Clin Nurs* 26:5065–5071. <https://doi.org/10.1111/jocn.14006>
- Becerril-Arreola R, Zhou C, Srinivasan R, Seldin D (2017) Service satisfaction–market share relationships in partnered hybrid offerings. *J Mark* 81:86–103. <https://doi.org/10.1509/jm.15.0537>
- Blau P (1964) *Exchange and power in social life*. Wiley, New York
- Brewster ZW (2013) The effects of restaurant servers' perceptions of customers' tipping behaviors on service discrimination. *Int J Hosp Manag* 32:228–236. <https://doi.org/10.1016/j.ijhm.2012.04.010>
- Brewster ZW, Lynn M, Cocroft S (2014) Consumer racial profiling in U.S. restaurants: exploring subtle forms of service discrimination against black diners. *Soc For* 29:476–495. <https://doi.org/10.1111/sof.12093>
- Cai R, Chi CGQ (2018) The impacts of complaint efforts on customer satisfaction and loyalty. *Serv Ind J*. <https://doi.org/10.1080/02642069.2018.1429415>
- Cambrá-Fierro J, Melero-Polo I, Sese J (2015) Does the nature of the relationship really matter? An analysis of the roles of loyalty and involvement in service recovery processes. *Serv Bus* 9:297–320. <https://doi.org/10.1007/s11628-013-0228-4>
- Chan KW, Yim CK, Lam SS (2010) Is customer participation in value creation a double-edged sword? Evidence from professional financial services across cultures. *J Market* 74:48–64. <https://doi.org/10.1509/jmkg.74.3.48>
- Chen Z, Zhu J, Zhou M (2015) How does a servant leader fuel the service fire? A multilevel model of servant leadership, individual self-identity, group competition climate, and customer service performance. *J App Psychol* 100:511–521. <https://doi.org/10.1037/a0038036>
- Chiou WB, Chang MH, Yang CC (2009) Customers' expectations of complaint handling by airline service: privilege status and reasonability of demands from a social learning perspective. *Psychol Rep* 104:468–472. <https://doi.org/10.2466/PR0.104.2.468-472>
- Chun JU, Choi BK, Moon HK (2014) Subordinates' feedback-seeking behavior in supervisory relationships: a moderated mediation model of supervisor, subordinate, and dyadic characteristics. *J Manag Org* 20:463–484. <https://doi.org/10.1017/jmo.2014.39>
- Cunliffe M, Johnston R (2008) Complaint management and the role of the chief executive. *Serv Bus* 2:47–63. <https://doi.org/10.1007/s11628-006-0020-9>
- Delcourt C, Gremler DD, van Riel AC, van Birgelen MJ (2016) Employee emotional competence: construct conceptualization and validation of a customer-based measure. *J Serv Res* 19:72–87. <https://doi.org/10.1177/1094670515590776>
- Drèze X, Nunes JC (2008) Feeling superior: the impact of loyalty program structure on consumers' perceptions of status. *J Consum Res* 35:890–905. <https://doi.org/10.1086/593946>
- Eggert A, Steinhoff L, Garnefeld I (2015) Managing the bright and dark sides of status endowment in hierarchical loyalty programs. *J Serv Res* 18:210–228. <https://doi.org/10.1177/1094670514566797>
- Faul F, Erdfelder E, Buchner A, Lang AG (2009) Statistical power analyses using G\* Power 3.1: tests for correlation and regression analyses. *Behav Res Methods* 41:1149–1160. <https://doi.org/10.3758/BRM.41.4.1149>
- Fiske ST, Dupree C (2014) Gaining trust as well as respect in communicating to motivated audiences about science topics. *Proc Natl Acad Sci USA* 111(Suppl 4):13593–13597
- Fong CJ, Williams KM, Williamson ZH, Lin S, Kim YW, Schallert DL (2017) “Inside out”: appraisals for achievement emotions from constructive, positive, and negative feedback on writing. *Motiv Emot*. <https://doi.org/10.1007/s11031-017-9658-y>
- Frey RV, Bayón T, Totzek D (2013) How customer satisfaction affects employee satisfaction and retention in a professional services context. *J Serv Res* 16:503–517. <https://doi.org/10.1177/1094670513490236>
- Gino F, Pierce L (2010) Robin Hood under the hood: wealth-based discrimination in illicit customer help. *Org Sci* 21:1176–1194. <https://doi.org/10.1287/orsc.1090.0498>
- González-Pascual JL, Esteban-Gonzalo L, Rodríguez-García M, Gómez-Cantarino S, Moreno-Preciado M (2017) The effect of stereotypes and prejudices regarding gender roles on the relation between nurses and “Muslim fathers” in health institutions within the Community of Madrid (Spain). *Nurs Inq*. <https://doi.org/10.1111/nin.12194>

- Han SJ, Bonn MA, Cho M (2016) The relationship between customer incivility, restaurant frontline service employee burnout and turnover intention. *Int J Hosp Manag* 52:97–106. <https://doi.org/10.1016/j.ijhm.2015.10.002>
- Heatherton TF, Polivy J (1991) Development and validation of a scale for measuring state self-esteem. *J Pers Soc Psychol* 60:895–910. <https://doi.org/10.1037/0022-3514.60.6.895>
- Hochschild AR (1983) *The managed heart: commercialization of human feeling*. University of California Press, Berkeley
- Hogreve J, Bilstein N, Mandl L (2017) Unveiling the recovery time zone of tolerance: when time matters in service recovery. *J Acad Market Sci* 45:866–883. <https://doi.org/10.1007/s11747-017-0544-7>
- Hsieh AT, Yen CH, Chin KC (2004) Participative customers as partial employees and service provider workload. *Intl J Serv Ind Manag* 15:187–199. <https://doi.org/10.1108/09564230410532501>
- Hult GTM, Morgeson FV, Morgan NA, Mithas S, Fornell C (2017) Do managers know what their customers think and why? *J Acad Market Sci* 45:37–54. <https://doi.org/10.1007/s11747-016-0487-4>
- Koch A, Imhoff R, Dotsch R, Unkelbach C, Alves H (2016) The ABC of stereotypes about groups: agency/socioeconomic success, conservative–progressive beliefs, and communion. *J Pers Soc Psychol* 110:675–709. <https://doi.org/10.1037/pspa0000046>
- Lacey R, Suh J, Morgan RM (2007) Differential effects of preferential treatment levels on relational outcomes. *J Serv Res* 9:241–256. <https://doi.org/10.1177/1094670506295850>
- Lam W, Huo Y, Chen Z (2017) Who is fit to serve? Person–job/organization fit, emotional labor, and customer service performance. *Hum Res Manag*. <https://doi.org/10.1002/hrm.21871>
- Lee JA, Pausé CJ (2016) Stigma in practice: barriers to health for fat women. *Front Psychol* 7:2063. <https://doi.org/10.3389/fpsyg.2016.02063>
- Liao H, Chuang A (2007) Transforming service employee and climate: a multivariate, multisource examination of transformational leadership in building long-term service relationships. *J App Psychol* 92:1006–1019. <https://doi.org/10.1037/0021-9010.92.4.1006>
- Luria G, Levanon A, Yagil D, Gal I (2016) Status, national culture and customers' propensity to complain. *Soc Ind Res* 126:309–330. <https://doi.org/10.1007/s11205-015-0884-y>
- McGarty C, Yzerbyt VY, Spears R (2002) “Social, cultural and cognitive factors in stereotype formation” (PDF). *Stereotypes as explanations: the formation of meaningful beliefs about social groups*. Cambridge University Press, Cambridge, pp 1–15. <https://doi.org/10.1017/cbo9780511489877.002>
- Mohr LA, Bitner MJ (1995) The role of employee effort in satisfaction with service transactions. *J Bus Res* 32:239–252. [https://doi.org/10.1016/0148-2963\(94\)00049-K](https://doi.org/10.1016/0148-2963(94)00049-K)
- Nasurdin AM, Ahmad NH, Tan CL (2015) Cultivating service-oriented citizenship behavior among hotel employees: the instrumental roles of training and compensation. *Serv Bus* 9:343–360. <https://doi.org/10.1007/s11628-014-0230-5>
- Nelissen RM, Meijers MH (2011) Social benefits of luxury brands as costly signals of wealth and status. *Evol Hum Behav* 32:343–355. <https://doi.org/10.1016/j.evolhumbehav.2010.12.002>
- Parasuraman A, Berry LL, Zeithaml VA (1991) Refinement and reassessment of the SERVQUAL scale. *J Retail* 67:420
- Pez V, Butori R, de Kerviler G (2015) Because I'm worth it: the impact of given versus perceived status on preferential treatment effectiveness. *J Bus Res* 68:2477–2483. <https://doi.org/10.1016/j.jbusres.2015.06.034>
- Porath CL, Gerbasi A, Schorch SL (2015) The effects of civility on advice, leadership, and performance. *J App Psychol* 100:1527–1541. <https://doi.org/10.1037/apl0000016>
- Raub S, Liao H (2012) Doing the right thing without being told: joint effects of initiative climate and general self-efficacy on employee proactive customer service performance. *J App Psychol* 97:651–667. <https://doi.org/10.1037/a0026736>
- Ridgeway CL, Fisk SR (2012) Class rules, status dynamics, and “gateway” interactions. In: Fiske ST, Markus HR (eds) *Facing social class: how societal rank influences interaction*. Russell Sage Foundation, New York, pp 131–151
- Shao R, Skarlicki DP (2014) Service employees' reactions to mistreatment by customers: a comparison between North America and East Asia. *Pers Psychol* 67:23–59. <https://doi.org/10.1111/peps.12021>
- Skarlicki DP, van Jaarsveld DD, Walker DD (2008) Getting even for customer mistreatment: the role of moral identity in the relationship between customer interpersonal injustice and employee sabotage. *J App Psychol* 93:1335–1347. <https://doi.org/10.1037/a0012704>
- Song B, Lee C, Yoon B, Park Y (2016) Diagnosing service quality using customer reviews: an index approach based on sentiment and gap analyses. *Serv Bus* 10:775–798. <https://doi.org/10.1007/s11628-015-0290-1>



- Steelman LA, Levy PE, Snell AF (2004) The feedback environment scale: construct definition, measurement, and validation. *Educ Psychol Meas* 64:165–184. <https://doi.org/10.1177/0013164403258440>
- Stock RM, Bednarek M (2014) As they sow, so shall they reap: customers' influence on customer satisfaction at the customer interface. *J Acad Market Sci* 2:400–414. <https://doi.org/10.1007/s11747-013-0355-4>
- Subramony M, Pugh SD (2015) Services management research review, integration, and future directions. *J Manag* 41:349–373. <https://doi.org/10.1177/0149206314557158>
- Tajfel H (1981) *Human groups and social categories: studies in social psychology*. CUP Archive, Cambridge
- Tektas OO (2017) Perceived justice and post-recovery satisfaction in banking service failures: do commitment types matter? *Serv Bus* 11:851–870. <https://doi.org/10.1007/s11628-016-0333-2>
- Thuy PN (2016) Customer participation to co-create value in human transformative services: a study of higher education and health care services. *Serv Bus* 10:603–628. <https://doi.org/10.1007/s11628-015-0285-y>
- Traut-Mattausch E, Wagner S, Pollatos O, Jonas E (2015) Complaints as starting point for vicious cycles in customer–employee-interactions. *Front Psychol* 6:1–16. <https://doi.org/10.3389/fpsyg.2015.01454>
- Tsaur SH, Wang CH, Yen CH, Liu YC (2014) Job standardization and service quality: the mediating role of prosocial service behaviors. *Int J Hosp Manag* 40:130–138. <https://doi.org/10.1016/j.ijhm.2014.04.004>
- Urueña A, Hidalgo A (2016) Successful loyalty in e-complaints: FsQCA and structural equation modeling analyses. *J Bus Res* 69:1384–1389. <https://doi.org/10.1016/j.jbusres.2015.10.112>
- Vilnai-Yavetz I, Gilboa S (2014) The cost (and the value) of customer attire: linking high-and low-end dress styles to service quality and prices offered by service employees. *Serv Bus* 8:355–373. <https://doi.org/10.1007/s11628-013-0199-5>
- Walker DD, van Jaarsveld DD, Skarlicki DP (2014) Exploring the effects of individual customer incivility encounters on employee incivility: the moderating roles of entity (in)civility and negative affectivity. *J App Psychol* 99:151–161. <https://doi.org/10.1037/a0034350>
- Walsh G, Yang Z, Dose D, Hille P (2015) The effect of job-related demands and resources on service employees' willingness to report complaints: Germany versus China. *J Serv Res* 18:193–209. <https://doi.org/10.1177/1094670514555510>
- Wetzel H, Hammerschmidt M, Zablah AR (2014) Gratitude versus entitlement: a dual process model of the profitability implications of customer prioritization. *J Market* 78:1–19. <https://doi.org/10.1509/jm.12.0167>
- Wilson DM, Nam MA, Murphy J, Victorino JP, Gondim EC, Low G (2017) A critical review of published research literature reviews on nursing and healthcare ageism. *J Clin Nurs* 26:3881–3892. <https://doi.org/10.1111/jocn.13803>
- Yagil D, Luria G (2014) Being difficult: customers' sensemaking of their deviant behavior. *Dev Behav* 35:921–937. <https://doi.org/10.1080/01639625.2014.901052>
- Zboja JJ, Laird MD, Bouchet A (2016) The moderating role of consumer entitlement on the relationship of value with customer satisfaction. *J Consum Behav* 15:216–224. <https://doi.org/10.1002/cb.1534>