

# Understanding the Complexity of the Service Encounter: The Dynamics between Emotional Labour, Dysfunctional Customer Behaviour and the Servicescape.

Victoria Starkhammar

## Introduction

In an economy where services are an important way for firms to differentiate themselves and gain competitive advantage on the market, the importance of service employees for firm's success becomes inevitable (Grönroos, 2007). Employees' smiles and friendly displays during service encounters have positive effects on customers' intentions to return and to recommend the service to others (Grandey, 2003). Firms are therefore trying to shape the emotions displayed by service employees during the service encounter in order to please the customers and increase the profitability and performance of the firm (Vincent, 2011). Service employees face challenges (Hochschild, 1983) to subordinate their own emotions in order to display emotions that comply with firm directives (Mesmer-Magnus, DeChurch & Vax, 2012). When customers behave in a manner that counteracts a positive service outcome and negatively affects the service employees' feelings, the nature of the service encounter becomes complex. Service employees need to balance the customer sovereignty (Daunt & Harris, 2012b), their own responsibility to meet customer expectations and provide solutions to customer problems (Grönroos, 2012), with customer misbehaviour and possible abuse against themselves or their firm (Daunt & Harris, 2012b).

Grönroos (2007) suggests that the meaning of the term service goes beyond the personal service between a service employee and a customer. A product or an offering can be considered services if they are viewed as processes of delivering solutions to customers' problems. Three general characteristics for services have been identified in the literature. Services are (1) processes consisting of one or several activities, (2) to some extent co-produced by the customer since they participate in the service process, and (3) to some extent produced and consumed simultaneously due to the intangible nature of services (Grönroos, 2007). Firms communicate a message to customers through external marketing, aiming to create customer expectations about a service offering. It is the service employees' job to meet these expectations in the interaction with the customer (Hochschild, 1983; Grönroos, 2007). The power of determining the quality of the service lies with the customer and is based on the extent to which the customer's perceived service quality meets their expected service quality. This expected service quality consists of a technical and functional dimension. The technical quality refers to what the customer received (the outcome of the service process), and the functional quality to how the customer received it (how the service process itself was) (Grönroos, 2007).

"The customer is always right" is a common phrase within the service industry but this is something that researchers (Grandey, Dickter & Sin,

2004; Harris & Reynolds, 2003) oppose. Customers do not always behave in a normative and functional manner, which has been highlighted in more recent service management and marketing literature. Dysfunctional customer behaviour, or customer misbehaviour, are terms comprising a large spectrum of norm breaking behaviours, such as vandalism, illegitimate complaining, physical violence or verbal abuse (Daunt & Harris, 2012a). Harris and Reynolds (2003, p. 145) define dysfunctional customer behaviour as “actions by customers who intentionally or unintentionally, overtly or covertly, act in a manner that, in some way, disrupts otherwise functional service encounters”. Dysfunctional customer behaviour has several negative emotional effects on service employees, such as increased stress levels and emotional exhaustion. Frequent exposure to customer misbehaviour is also likely to result in absence from work and burnout (Grandey, Dickter & Sin, 2004).

Research streams examining the nature of emotional labour and its consequences have been identified as well as literature concerning the nature and the consequences of dysfunctional customer behaviour. The focus of this review will be on the service encounter, the process in which a service employee and a customer interact in order to co-create intangible values as solutions to the customer’s problems. The objective is to summarize current research and offer a wider interpretation of the complexity of the service encounter.

## The Servicescape

The behaviours of service employees and customers, and the dynamics between them, can be largely understood by embracing a contextual perspective (Bitner, 1992). This is because individual behaviours are dependent upon personal and situational factors, as well as the physical and social environment (Daunt & Harris, 2012b). The term “servicescape” is common in the service management and service marketing literature and refers to the context, the environment, in which a service encounter between a service employee and a customer is conducted (Bitner, 1992). Individuals’ perceptions of the servicescape lead to subjective internal responses on cognitive, emotional and psychological levels. These internal responses affect the behaviours of the individuals. This means that the servicescape has an indirect impact on the behaviours of both service employees and customers by the individual internal responses it evoke (Bitner, 1992).

The servicescape consists of a physical and a social dimension (Daunt and Harris 2012a). The physical servicescape has an impact on customer behaviours by its effect on the five senses. Ambient conditions such as temperature, music, noise, air quality and cleanliness is one important factor of the physical servicescape. The functional aspect such as layout and furnishing of the servicescape is another influencing factor. Signs and symbols affect the customers’ perception of the physical servicescape by its informative nature. They communicate firm image and guide customers in how to behave in the servicescape (Bitner, 1992).

The individual behaviours within the physical servicescape form the social aspect of the environment during the service encounter. The interactions between employees and customers, as well as between colleagues and fellow customers, constitute the social servicescape. One misbehaving customer can disturb another customers’ service experience and

by that evoke another dysfunctional behaviour. And in the same way that service employees have the ability to satisfy customers by having the appropriate behaviours, they can also cultivate customer misbehaviour by their manners and activities (Daunt & Harris, 2012).

## **Emotional Labour**

Vincent (2011) identified three key types of emotions that employees experience at work: involuntary feelings that they cannot control, an emotional ability to suppress, manipulate or evoke their feelings, and a normative commitment including attitudes, values and morals that are affecting their feelings and emotional ability. According to Hochschild (1983), the emotional style in delivering a service is in fact a part of the service itself. This means that displaying certain emotions becomes part of the service employee's job, and that these are somewhat regulated by the firm and the service offer communicated to the customers (Hochschild, 1983). Mesmer-Magnus, DeChurch & Vax (2012, p. 6) define emotional labour as "the process by which employees manage their true feelings in order to express organizationally desired emotional displays".

Service employees' feelings can be consistent with the emotional display/behaviour required by the firm, which means that they can act in a way that feels natural to them. However, every service employee will occasionally experience that their feelings do not comply with the regulated emotional displays in the workplace (Grandey, 2003), which means that they need to either break display rules or regulate their feelings (Mesmer-Magnus, DeChurch & Vax, 2012). Two key strategies used by service employees to regulate their feelings are surface acting and deep acting (Hochschild, 1983). Surface acting refers to the suppressing of one's own feelings and simulating emotional displays that comply with firm directives (Hochschild, 1983). The service employees modify their external appearance to display emotions aligned with firm expectations while their true feelings remain inconsistent with their displayed emotions (Mesmer-Magnus, DeChurch & Vax, 2012). Deep acting refers to the ability to self-induce the feelings that are demanded by the firm, rather than pretending to have those feelings (Hochschild, 1983). By internalizing the emotional rules the service employee can change the discordant feelings and reach an emotional consonance state (Mesmer-Magnus, DeChurch & Vax, 2012). The level of effort needed from service employees in order to regulate their feelings depend upon the extent to which their genuine feelings differ from the desired emotional displays (Mesmer-Magnus, DeChurch & Vax, 2012).

Emotional intelligence refers to an individual's ability to identify, assess and regulate emotions (Biron & Veldhoven, 2012) and is defined by Salovey and Mayer (1990) as "the subset of social intelligence that involves the ability to monitor one's own and other's feelings and emotions, to discriminate among them and to use this information to guide one's thinking and actions" (as cited by Yin et al., 2013, p. 138). Emotional intelligence has been shown to have a positive relationship with deep acting but not with surface acting (Yin et al., 2013). The frequency of deep acting within a firm must therefore depend, at least to some extent, on the level of emotional intelligence that the service employees hold. Deep acting appears authentic to customers, which have a positive influence on the service encounter and the customer

satisfaction with it (Grandey, 2003), which should be of great interest for firms.

Emotional consonance enhances the service employees' feelings of personal accomplishment and decrease levels of work-related stress (Mesmer-Magnus, DeChurch & Vax, 2012). Grandey (2003) suggests that employees that are satisfied with their jobs are less likely to have to regulate their feelings in order to display firm desired emotions. Even though deep acting is associated with levels of employee effort, there is no significant connection between deep acting and emotional exhaustion. Service employees exercising surface acting are, on the contrary, more likely to have high levels of emotional exhaustion and that in its turn can have a negative effect on their performance in the service encounter and the customers' perception of it (Grandey, 2003). Active regulations of genuine feelings in order to produce fake emotional displays can decrease the employees' feelings of personal accomplishment, and lead to emotional exhaustion and reduced performance levels (Mesmer-Magnus, DeChurch & Vax, 2012).

## **Dysfunctional Customer Behaviour**

Customer behaviours are not only influenced by the physical and social servicescape, but also by situational aspects and the personalities of the customers. Some personality traits are more strongly associated with dysfunctional customer behaviour than others, and traits often mentioned in literature about customer misbehaviour are Machiavellianism, aggressiveness, sensation seeking, consumer alienation, and self-esteem. Situational aspects that influence customer misbehaviour can be the customers' loyalty intentions towards the firm, or the customers' perceptions of opportunities and risks associated with conducting a dysfunctional behaviour (Daunt & Harris, 2012b).

Customer misbehaviour can be the outcome of negative perceptions of the physical and/or social servicescape. Dysfunctional customer behaviour can also be influenced by disaffection with service, the negative evaluations regarding the quality of a service encounter. The two key aspects of customer disaffection with service are dissatisfaction and inequity. Customer dissatisfaction refers to when the service received did not meet the customer's expectations. The evaluation of equity refers to the extent to which the customers consider themselves to have been treated fair and just during the service encounter. The levels of perceived dissatisfaction and inequity are shown to be strongly linked to what extent the customers tend to misbehave. The more disaffection they feel the more norm breaking their behaviour (Daunt & Harris, 2012a).

The three key motives for customer misbehaviour are financial gain, ego gain, and revenge. Customers misbehaving for financial gain are motivated by the acquisition of assets of some form, monetary or physical. Dysfunctional customer behaviour that is executed for perceived ego gain is motivated by a need for self-worth, to feel positively about ones' self or to feel that others respect ones' self. Customer misbehaviour underpinned by revenge is motivated by the individuals desire to vengeance over a service employee or the organisation in general (Daunt & Harris, 2012b).

## **Consequences of Dysfunctional Customer Behaviour**

Dysfunctional customer behaviour has consequences for service employees, fellow customers and for firms. Employees can suffer from long lasting psychological effects, such as feeling degraded and stressed, and from more short-term negative effects on their emotional state. From an employee perspective, sustained customer misbehaviour can have different outcomes for the service employees depending on its intensity. A mild form of dysfunctional customer behaviour can have a positive impact on the team spirit between the service employees, since it evokes sympathetic and supportive behaviours. More severe customer misbehaviour is likely to have a negative impact on the service employees' morale and motivation to perform in future service encounters. Exposure to extreme dysfunctional customer behaviour can result in a desire by service employees to retaliate and take revenge. Some kinds of customer misbehaviour can have direct physical (tangible) consequences on the service employees, such as customer violence towards them or their personal property (Harris & Reynolds, 2003).

Dysfunctional customer behaviour increases the likelihood that fellow customers will attain negative attitudes towards the service employees within the firm in question, and complain about the service received. Customer misbehaviour is also likely to have a negative effect on fellow customers' perceived satisfaction with their service experience. From a firm perspective, dysfunctional customer behaviour is associated with both direct and indirect financial costs. Direct costs are everything related to damage to firm property, thefts or illegitimate claims by customers, and costs of legal nature. Indirect costs refer to the increased workload for service employees, financial costs for recruiting and training service employees, as well as the cost related to reduced staff retention. There is also indirect financial through the negative influence customer misbehaviour has on fellow customers' satisfaction with the service and their loyalty towards the firm (Harris & Reynolds, 2003).

## **Dealing with Dysfunctional Customers**

Some people are higher in negative affectivity than others, which means that they are more likely to have a generally negative view on the world and perceive ambiguous comments as negative. Employees high in negative affectivity are more likely to report higher numbers of aggressive customers, which can be explained by their tendency to evoke aggression from customers. The employee's perceived job autonomy and freedom concerning job tasks has been shown to have a significant relationship with to what extent they perceive aggressive customers as stressful. The more positive the employee and the more he or she perceives themselves to have high job autonomy, the less stressed they tend to become from dealing with hostile customers. Service employees that experience customer aggression as highly stressful are more likely to engage in surface acting and to experience emotional exhaustion. Service employees that experience customer aggression as mildly stressful, on the other hand, are more likely to engage in deep acting (Grandey, Dickter & Sin, 2004).

## Discussion

The intentions of businesses, regardless of profit goals, are to offer something of value to the market and generate revenue. If the revenue does not cover the expenses associated with running the business, there is no point in sustaining it. So what happens when the firm offerings are no longer limited to tangible goods and the value that customers pay for is to some extent intangible interactive processes aiming to solve customer problems and satisfy their needs? Firms today sell well-planned packages of tangible and intangible values with the help of regulated employee emotional displays and behaviours. It is the service employees' job to perform high quality service encounters and meet the customers' expectations.

A simplified way of looking at the service encounter is that firms communicate promises to the customers by external marketing and make sure that the service employees have the right knowledge and motivation to keep these promises in the interaction with the customers. The customers will then perceive the service quality as good and will likely come back to relive the service, and bring their friends with them (Grönroos, 2007). The reality is not that simple and the current review has focused on three key aspects of the service encounter that is critical to long-term success for firms: (1) the role of the physical and social servicescape in the service encounter, (2) the complex nature of emotional jobs and the emotional labour that service employees need to exercise in order to meet the firms' directives, and (3) the dysfunctional customer behaviours that service employees are exposed to on a regular basis.

The power of determining the service quality lies with the customers. Since the service quality is determined by how well the customers' subjective experiences of the service encounter match their expectations, the service employees need to attempt to understand the customers and satisfy their needs. This puts a lot of pressure on the service employees since they have to manage not only their own feelings but also try to manage the customers' feelings in order to make their experience of the service match their expectations. A problem with customers' expectations is that their perceived service quality is central to the success of firms, yet their expectations for services are not always fair and realistic. This means that service employees face problems in their attempts to meet these customer expectations.

While customer misbehaviours have direct negative effects on the service encounter by the disruptive and norm-breaking nature of those behaviours (Harris & Reynolds, 2016), they also have indirect negative effects on the service encounter by its negative impact on the service employees' genuine feelings (Grandey, Dickter & Sin, 2004). The more the service employees' real feelings differ from the emotional displays expected, the more challenging it is for them to perform in the service encounter (Mesmer-Magnus, DeChurch & Vax, 2012). Employees who experience high stress levels from misbehaving customers are more likely to use surface acting than deep acting (Grandey, Dickter & Sin, 2004). This, in relation to the fact that surface acting tends to fail to convince customers of the authenticity of the emotions displayed and lead to negative perceptions of the service quality (Grandey, 2003), leads to the conclusion that surface acting does not belong within a functioning and successful service encounter. Emotional labour does not have to be a problem if the service employees

have the ability to internalize emotions and regulate undesired feelings during the service encounter by deep acting.

Customers' disaffection with service (Daunt & Harris, 2012a) can be related to their subjective perceptions of bad service quality (Grönroos, 2007). Feelings of disaffection towards a service are positively related to dysfunctional customer behaviour (Daunt & Harris, 2012a), yet not all customers misbehave when they are dissatisfied with the service provided. Even though some personality traits are more strongly connected to dysfunctional customer behaviour than others, situational factors are important influencing factors as well (Daunt & Harris, 2012b). Customers loyal to a firm (Daunt & Harris, 2012b) might, on one hand, be more forgiving in the case of a service failure because they have a strong relationship to the firm. On the other hand, a loyal customer could be more disappointed than a non-loyal customer because he or she had much higher relative expectations based on previous experiences with the firm. The characteristics of the physical and social servicescape (Bitner, 1992), as well as the possibilities and risks (Daunt & Harris, 2012b) within it that the customers perceive are associated with a dysfunctional behaviour, are also situational aspects that determine customer behaviours.

The servicescape plays an important role concerning the internal responses, the true feelings, of both the employees and the customers (Bitner, 1992), and those internal responses vary depending on the individuals' subjective perceptions. Every service encounter unfolds within the physical servicescape and becomes a part of the social servicescape at the same time. Internal emotional responses turn to behaviours that affect the internal responses of individuals within the social servicescape. These emotional responses translate into behaviours and it continues like that. In the same way as a positive behaviour can cultivate by the positive internal responses it generates, it can severely disturb not only the current service encounter but also parallel and future ones. Customer misbehaviour can provoke employees to break display rules and act on their true feelings, and by that the service employees can evoke even more aggressive behaviours from the customers.

## **Implications for Firms**

In order to avoid negative spirals of failing service encounters, firms need to hire employees low on negative affectivity and with values and attitudes similar to the firms, in order to increase the chance that the service employees' feelings will be consistent with the emotional displays desired by the firm and expected by the customers. Employees high in emotional intelligence are preferable because of their ability to regulate their feelings at times when they differ from desired emotional displays. Firms should make sure to not only motivate and educate employees concerning the service offering, but also train them in managing their feelings and to practice deep acting during the service encounter. This would not only make customers more satisfied and less likely to misbehave, but would also increase their own job satisfaction and by that reduce the need to regulate their feelings at all. The risk that customers want to retaliate for failed service encounters should also be reduced by displayed authentic employee emotions.

By taking effort in good security solutions for the servicescape, intentional customer misbehaviour can be reduced since the customers will perceive a higher risk associated with a dysfunctional behaviour. Firms can use the physical servicescape and the employees to communicate desired customer behaviours and, by that, avoid unintentional dysfunctional behaviour and reduce negative internal customer responses due to lack of clarity in the service process. Firms should also understand the problems that arise when the external message communicated to customers are not realistic in relation to what the service employees can perform. It is better for firms to communicate a message that creates customer expectations that the firm can meet rather than initiating expectations that will leave the customers unsatisfied with experienced service quality.

## References

- Bitner, M.J. (1992). Servicescapes: The impact of physical surroundings on customers and employees. *Journal of Marketing*, 56(2), 57–71. DOI: 10.2307/1252042
- Biron, M., & van Veldhoven, M. (2012). Emotional labour in service work: Psychological flexibility and emotion regulation. *Human Relations*, 65(10), 1259-1282. DOI: 10.1177/0018726712447832
- Daunt, K., & Harris, L. (2012a). Exploring the forms of dysfunctional customer behaviour: A study of differences in servicescape and customer disaffection with service. *Journal of Marketing Management*, 28(1-2), 129-153. DOI: 10.1080/0267257X.2011.619149
- Daunt, K., & Harris, L. (2012b). Motives of dysfunctional customer behavior: an empirical study. *Journal of Services Marketing*, 26(4), 293-308. DOI: 10.1108/08876041211237587
- Grandey, A. A. (2003). When "The show must go on": Surface acting and deep acting as determinants of emotional exhaustion and peer-rated service delivery. *Academy of Management Journal*, 46, 86–95. Retrieved from <http://www.jstor.org.ezproxy.otago.ac.nz/stable/30040678>
- Grandey, A., Dickter, D., & Sin, H-P. (2004). The customer is not always right: Customer aggression and emotion regulation of service employees. *Journal of Organizational Behavior*, 25(3), 397-418. DOI: 10.1002/job.252
- Grönroos, C. (2007). *Service management and marketing: Customer management in service competition*. West Sussex: Lexington Books.
- Harris, L., & Reynolds, K. (2003). The consequences of dysfunctional customer behaviour. *Journal of Service Research*, 6(2), 144-161. DOI: 10.1177/1094670503257044
- Hochschild, A. (1983) *The managed heart: The commercialization of human feeling*. Berkeley: University of California Press.
- Mesmer-Magnus, J., DeChurch, L., Vax, A. (2012). Moving emotional labor beyond surface and deep acting: A discordance-congruence perspective. *Organizational Psychology Review*, 2(1), 6–53. DOI: 10.1177/2041386611417746
- Vincent, S., (2011). The emotional labour process: An essay on the economy of feelings. *Human Relations*, 64(10), 1369-1392. DOI: 10.1177/0018726711415131

Yin, H-B., Lee, J., Zhang, Z-H., Jin, Y-L. (2013). Exploring the relationship among teachers' emotional intelligence, emotional labor strategies and teaching satisfaction. *Teaching and Teacher Education*, 35, 137-145