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# Frontline Employees' Innovative Service Behavior as Key to Customer Loyalty: Insights into FLEs' Resource Gain Spiral\*

Ruth Maria Stock, Ad de Jong, and Nicolas A. Zacharias

Many service firms require frontline service employees (FLEs) to follow routines and standardized operating procedures during the service encounter, to deliver consistently high service standards. However, to create superior, pleasurable experiences for customers, featuring both helpful services and novel approaches to meeting their needs, firms in various sectors also have begun to encourage FLEs to engage in more innovative service behaviors. This study therefore investigates a new and complementary route to customer loyalty, beyond the conventional service-profit chain, that moves through FLEs' innovative service behavior. Drawing on conservation of resources (COR) theory, this study introduces a resource gain spiral at the service encounter, which runs from FLEs' emotional job engagement to innovative service behavior, and then leads to customer delight and finally customer loyalty. In accordance with COR theory, the proposed model also includes factors that might hinder (customer aggression, underemployment) or foster (colleague support, supervisor support) FLEs' resource gain spiral. A multilevel analysis of a large-scale, dyadic data set that contains responses from both FLEs and customers in multiple industries strongly supports the proposed resource gain spiral as a complementary route to customer loyalty. The positive emotional job engagement-innovative service behavior relationship is undermined by customer aggression and underemployment, as hypothesized. Surprisingly though, and contrary to the hypotheses, colleague and supervisor support do not seem to foster FLEs' resource gain spiral. Instead, colleague support weakens the engagement-innovative service behavior relationship, and supervisor support does not affect it. These results indicate that if FLEs can solicit resources from other sources, they may not need to invest as many of their individual resources. In particular, colleague support even appears to serve as a substitute for FLEs' individual resource investments in the resource gain spiral.

#### **Practitioner Points**

- Because FLEs' innovative service behaviors during customer encounters can increase customer loyalty, firms should create environments that support high levels of emotional job engagement to foster innovative service behaviors.
- Managers should recognize that destructive customer actions are important contingencies with substantial effects, so they need to ensure that FLE training includes appropriate coping strategies and lessons for identifying different types of customers.
- Underemployment creates large problems for FLEs; to avoid these negative consequences, firms should offer FLEs more opportunities for personal

development, more responsibilities, and more challenging tasks on individual levels.

irms in various industries, such as health (Moosa and Panurach, 2008) and hospitality (Chang, Gong, and Shum, 2011) sectors, have begun to invest more heavily in encouraging frontline employees' (FLEs') innovative service behaviors. These "service workers ... personally interact with customers in retail and service encounters" (Sirianni, Castro-Nelson, Morales, and Fitzsimons, 2009, p. 966). Their innovative service behaviors refer to the extent to which the FLEs creatively generate innovative ideas and solutions during the service encounter (Janssen, 2000, 2003; Stock, 2015). For example, FLEs might help customers solve a specific problem by suggesting a new, previously unconsidered combination of products, discuss ways to integrate a new product with existing products, or inspire customers with creative ideas about how to use a purchased product or service in their everyday lives. Through these contributions, innovative FLEs can create superior, pleasurable experiences for customers, featuring helpful services and novel approaches to leveraging the firm's offers.

Address correspondence to: Ruth Maria Stock, Professor and Chair, Technische Universität Darmstadt, Hochschulstraße 1, 64289 Darmstadt, Germany. E-mail: rsh@stock-homburg.de. Tel: +49 6151 16-24466.

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In this sense, FLEs largely shape customer experiences through their relationships (Grewal, Levy, and Kumar, 2009). Innovative FLEs can adapt to changing customer needs (Rego, Sousa, Marques, and Cunha, 2014), uncover customers' latent needs, and make good connections with customers (Coelho, Augusto, and Lages, 2011). The resulting superior experiences have great potential to delight customers and contribute to successful, long-term customer relationships (Coelho et al., 2011; Oliver, Rust, and Varki, 1997). By offering new ideas during the service encounter, FLEs also can inspire customers and enhance the standard service with creative elements (e.g., Friedman, 2001; Jones, 1996; Ottenbacher and Gnoth, 2005; Ottenbacher, Gnoth, and Jones, 2006; Ottenbacher and Harrington, 2009). Customers then should be delighted (Oliver et al., 1997; Rust and Oliver, 2000). Firms' efforts to build strong bonds with customers thus might succeed only insofar

#### BIOGRAPHICAL SKETCHES

Dr. Ruth Maria Stock is a professor of marketing and human resource management at Technische Universität Darmstadt, Germany. She is visiting scholar at the Sloan Business School at MIT Boston and founder of the Future Innovation Lab, Darmstadt. She has published in various forums including *Journal of the Academy of Marketing Science, Research Policy, Journal of Product Innovation Management*, and *Psychology & Marketing*. Her primary research areas are innovation management, customer relationship marketing, and future of work.

Dr. Ad de Jong is a professor of marketing in the Marketing Group of Aston Business School, Aston University, Birmingham, UK. He obtained a M.Sc. in psychometrics at the University of Leiden and has a Ph.D. from the School of Economics & Business Administration at the University of Maastricht. He has served as a co-editor of a special issue on sales and innovation for the Journal of Product Innovation Management and serves on the editorial board of the Journal of Service Research. He has published in journals such as Management Science, Journal of Marketing, Journal of Management, Journal of Retailing, International Journal of Research in Marketing, Journal of the Academy of Marketing Science, Journal of Service Research, Journal of Product Innovation Management, Journal of Management Studies, British Journal of Management, Decision Sciences, and Marketing Letters. His research focuses on selling innovations; service marketing, frontline sales, and service teams; multivariate analysis methods and techniques, including multilevel regression analysis, multilevel growth modeling, and PLS.

<u>Dr. Nicolas A. Zacharias</u> is an assistant professor at the Department of Innovation and Entrepreneurial Marketing at Technische Universität Darmstadt, Germany. He holds a master's degree in business administration with mechanical engineering and a Ph.D. in marketing from the same institution. He has published in various journals in the areas of marketing and innovation management including *Journal of the Academy of Marketing Science, Journal of Product Innovation Management, International Journal of Research in Marketing*, and *Journal of Business Research*. His primary research interests are strategic technology and innovation management, innovation and entrepreneurial marketing, and open innovation.

as their FLEs exhibit innovation (Cadwallader, Jarvis, Bitner, and Ostrom, 2010; Lievens and Moenaert, 2000).

Despite the importance of FLEs' innovative service behavior, this topic has remained largely overlooked in extant research (Umashankar, Srinivasan, and Hindman, 2011). Prior research notes the benefits of innovative work behaviors among blue-collar employees, such as machine operators or production employees (Axtell, Holman, Unsworth, Wall, and Waterson, 2000; Axtell, Holman, and Wall, 2006; Ramamoorthy, Flood, Slattery, and Sardessai, 2005), as well as of other employees without direct customer contact (Choi and Price, 2005; Dorenbosch, van Engen, and Verhagen, 2005; Janssen, 2000) or managers (Michaelis, Stegmaier, and Sonntag, 2009). Yet only three studies explicitly consider innovative behavior by FLEs (De Jong and Kemp, 2003; Slåtten and Mehmetoglu, 2011; Stock, 2015); they reveal that job characteristics and FLEs' affective states affect self-perceived innovative work behaviors.

Relative to the power of innovative service behavior as a source of innovation and bonds with customers, companies also continue to underestimate its potential. Not only do they need a clearer view of how customer-perceived innovative service behavior eventually results in businessrelated outcomes, they also require guidelines for establishing a beneficial work environment that can foster the transformation of FLEs' job engagement into innovative service behaviors. Against this background, this study introduces the construct of innovative service behavior, which can lead to outcomes such as customer delight and customer loyalty. Emotional job engagement offers a potentially important source of this innovative service behavior, in that it is a key precondition for FLEs' ability to come up with new ideas (e.g., Rego, Sousa, Marques, and Cunha, 2012; Wright and Cropanzano, 2004). This study also considers the conditions in which FLEs' job engagement results in more or less innovative service behaviors during a service encounter and thereby offers recommendations about how managers and companies can best support innovative service behaviors among FLEs.

With this approach, this study offers several important contributions. First, it extends current knowledge on innovative work behavior. Extant research has mostly examined employees without direct customer contact (e.g., Janssen, 2000; Pieterse, van Knippenberg, Schippers, and Stam, 2010; Yuan and Woodman, 2010), capturing the generation, promotion, and implementation of ideas within an organization. By taking a customer perspective, this research examines the generation and realization of ideas by FLEs during the service encounter, with a focus on *customer-perceived* 

innovative service behavior. Second, it provides conceptual and empirical insights into the sources and customer-related consequences of FLEs' innovative service behavior. By applying conservation of resources (COR) theory (Hobfoll, 1989, 2001, 2011), this study elaborates on and empirically tests the resource gain spiral that contains FLEs' innovative service behavior at the service encounter.

Third, to develop notions from COR theory about the potential effects of contingencies, this research examines factors that might hinder (customer aggression, underemployment) or foster (colleague support, supervisor support) the resource gain spiral at the service encounter. The insights into these contingencies in turn provide a more nuanced understanding of the conditions in which engagement is more or less important for innovative service behavior. Fourth, this research adds to current knowledge about drivers of customer loyalty. Most extant marketing research predicts that relational aspects, such as FLEs' customeroriented behaviors, drive customer satisfaction (e.g., Stock and Bednarek, 2014). This study instead suggests that satisfaction may require more than just being nice; FLEs may need to inspire customers with their innovative service behavior to maintain strong bonds. This new, complementary route to customer loyalty extends the conventional service-profit chain (Homburg, Wieseke, and Hoyer, 2009; Loveman, 1998).

To test the proposed model, the authors collected a large, dyadic, multilevel data set that features matched responses from 136 FLEs and 355 customers. This multilevel approach represents a response to recent calls to connect individual customer data with employee data (e.g., Payne and Webber, 2006) and extends research that depends mostly on aggregate or singlelevel analyses. Accordingly, the findings are highly relevant for managers. The innovative service behavior-delight path reveals alternative ways to generate new services during the service encounter, which can enhance customer loyalty. Rather than demanding that FLEs develop routines and perform standardized service delivery (Graban, 2010; Walker, 2009), firms should encourage and enable employees to behave in innovative manners, by creating environments that support high levels of emotional job engagement.

# **Study Framework**

In addition to the well-established service-profit chain (Homburg et al., 2009; Loveman, 1998), a new,

complementary route may lead to customer loyalty; both paths appear in the research framework in Figure 1. The lower part of the framework, representing the conventional path, features job satisfaction, customeroriented behavior, customer satisfaction with the FLE, and customer loyalty. This path is dedicated mainly to fulfilling customers' basic requirements and is well established (Homburg et al., 2009; Loveman, 1998; Stock and Bednarek, 2014), so this paper does not contain any explicit hypotheses about it. However, its inclusion helps reveal how the new proposed route enhances understanding of customer loyalty, in combination with the conventional path.

The upper part depicts the proposed complementary path, which includes FLEs' emotional job engagement, innovative service behavior, customer delight with the FLE, and customer loyalty. Emotional job engagement is the extent to which FLEs are enthusiastic about their work and invest emotional energy in their roles (Harter, Schmidt, and Hayes, 2002; Rich, Lepine, and Crawford, 2010); customer delight refers to the customer's excitement and pleasure in response to treatment received from the FLE (see Arnould, 2005; Barnes, Collier, Ponder, and Williams, 2013). Finally, "customer loyalty is a customer's intention to repeatedly purchase products from the same company" (Stock and Zacharias, 2013, p. 512; Homburg and Giering, 2001).

Innovative service behavior may serve as an important transmitter between FLEs' emotional job engagement and customer delight. Innovative service behavior thus relates to but is clearly distinct from several extant constructs. First, whereas serviceoriented organizational citizenship behavior (S-OCB) relates to flexible, discretionary reactions to customer demands during the interaction (similar to adaptive selling; Dekas, Bauer, Welle, Kurkoski, and Sullivan, 2013; Jain, Malhotra, and Guan, 2012; Spiro and Weitz, 1990), innovative service behavior explicitly captures the generation of new ideas during the service encounter. Moreover, S-OCB refers to "behaving in a conscientious manner in activities surrounding service delivery to customers" (Bettencourt, Gwinner, and Meuter, 2001, p. 30), which includes advocating for not just products and services but also the image of the company. In contrast, innovative service behavior focuses on creatively enhancing the actual service delivery, beyond a standard level. Second, innovative service behavior is distinct from discretionary service behavior, which implies freedom in the way the service is performed (e.g., Bone and Mowen, 2010;

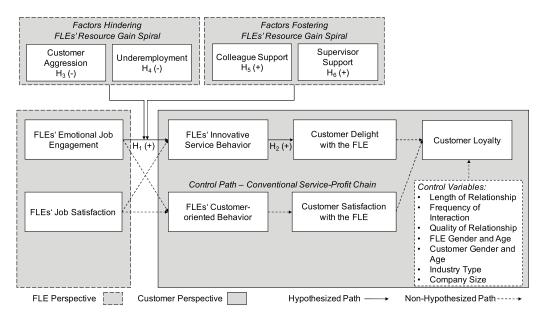


Figure 1. Study Framework.

Kelley, Longfellow, and Malehorn, 1996). That is, managers empower employees to exhibit discretionary service behavior when performing their tasks (Kelley, 1993). This construct neither pertains to innovation nor focuses on how customers perceive the behavior. Third, employee creativity and innovativeness also differ from FLEs' innovative service behavior. Employee creativity encompasses the generation and promotion of new ideas; innovativeness also entails the implementation of new ideas for new procedures or products (Baer, 2012; Taylor and Greve, 2006). These behaviors primarily take place within the organization and are not restricted to any specific situation, such that they emerge in various settings, such as research groups in laboratories (Perry-Smith, 2006) or work units that are required to show creativity (e.g., engineering, software development; Farmer, Tierney, and Kung-McIntyre, 2003). In line with their internal focus, employee creativity and innovativeness typically have been assessed using employees' self-reports (Baer, 2012; Shalley, Gilson, and Blum, 2009) or by supervisors (Gong, Huang, and Farh, 2009; Perry-Smith, 2006). In contrast, innovative service behavior is more specific, focused on the generation of innovative solutions for customers in a particular situation, namely, the service encounter. With this focus, it requires customer assessments. Fourth, proactive behavior, rooted in psychology, refers to anticipatory, future, change-oriented, and self-initiated work behaviors (Belschak and Den Hartog, 2010; Den Hartog and Belschak, 2012; Grant, Parker, and Collins, 2009). It thus relates to all the

preceding concepts but is a comparably broader concept that is not specific to FLEs' innovative service behavior or service encounters with customers.

The complementarity of the two parts of the framework in Figure 1 is consistent with research that analyzes customer satisfaction and delight simultaneously and shows that customers differentiate between being satisfied and being delighted (Oliver et al., 1997). Satisfied customers receive service in accordance with their expectations and are not necessarily excited by the firm. Delighted customers receive service that exceeds their expectations and have a pleasurable experience (Keiningham, Goddard, Vavra, and Laci, 1999; Paul, 2000; Torres and Kline, 1997). Customer delight entails a stronger emotion and a different physiological state than satisfaction. Both satisfaction (Homburg et al., 2009) and delight (Arnold, Reynolds, Ponder, and Lueg, 2005; Finn, 2005; Oliver et al., 1997) affect customer loyalty.

Understanding the link between emotional job engagement and innovative service behavior also requires investigating contingency variables that may alter this relationship. Factors hindering the resource gain spiral are those that drain energy from the FLE (Halbesleben, Wheeler, and Paustian-Underdahl, 2013; Hobfoll, 1989), such as customer aggression (Grandey, Dickter, and Sin, 2004) and underemployment (Stock, 2015). Factors that should encourage the translation of FLEs' emotional job engagement into innovative service behavior include colleague and supervisor support (Bakker, van Veldhoven, and Xanthopoulou, 2010; Stock and Bednarek, 2014).

Finally, the proposed framework includes several other aspects that might affect customer loyalty, such as the length of the relationship, frequency of interaction, and quality of the relationship, as established in marketing literature (Homburg and Stock, 2004; Homburg et al., 2009; Stock and Zacharias, 2013). The next section provides greater detail about the proposed innovative service behavior—delight path, along with specific hypotheses about the linkages among FLEs' emotional job engagement, customer-perceived innovative service behavior, and customer delight with the FLE.

# Theory and Hypotheses

COR Theory

For this study, COR theory (Hobfoll, 1989, 2001, 2011) serves as a heuristic framework for examining the mediating effect of innovative service behavior in the relationship between FLEs' emotional job engagement and customer delight. Well established as a means to examine stress in organizational settings (e.g., Hobfoll and Shirom, 2001; Wright and Cropanzano, 1998), COR theory also has emerged as a leading approach to understand burnout (Halbesleben, 2006; Westman, Hobfoll, Chen, Davidson, and Laski, 2005). Its value has been further reinforced by a shift in research interest toward other areas, beyond burnout, such as FLE behaviors at the service encounter (Rod and Ashill, 2009) and innovative work behaviors (Stock, 2015).

In particular, COR theory explains how people gain, retain, protect, and foster their valuable resources, defined as "those objects, personal characteristics, conditions, or energies that are valued by the individual or that serve as a means for attainment of these objects, personal characteristics, conditions, or energies" (Hobfoll, 1989, p. 516). Individual resources are key to survival and well-being (Gorgievski and Hobfoll, 2008). Recent studies indicate that emotional energy is a pivotal resource for employees (Chen et al., 2013; Rich et al., 2010), which may be relevant at service encounters, because FLEs function within the category of "emotional labor jobs" (Hochschild, 1983; Stock and Hoyer, 2005).

Also according to COR theory, a person's motivation to gain and secure resources is governed by several principles (Gorgievski and Hobfoll, 2008). First, people try to avoid the potential loss of resources, which would lead to negative psychological states.

Second, people need to invest resources to protect against resource loss or to gain resources, for the purpose of enriching their resource pool and gaining status, self-esteem, or some other individual goal. Third, resource loss and gain are embedded in loss and gain cycles. People with fewer resources are decreasingly capable of withstanding further threats to their resources; a gain spiral indicates that if "people make some resource gains they experience more positive health and well-being and are more capable of further investing resources" (Gorgievski and Hobfoll, 2008, p. 6).

# Main Effect Hypotheses

FLEs' emotional job engagement and innovative service behavior. Relying on COR theory (Hobfoll, 1989, 2001, 2011), the first hypothesis anticipates that innovative service behavior is an important transmitter from FLEs' emotional job engagement to customer delight. In a gain spiral, FLEs who invest resources through emotional job engagement also gain emotional energy. The concept of engagement implies investing some sense of the self in a work role (Chen et al., 2013). Although previous research examines employees' allocation of physical or cognitive effort to their jobs, more recent studies indicate that emotional energy is a particularly relevant resource, created through emotional job engagement (e.g., Chen et al., 2013; Rich et al., 2010). The gained energy then makes the FLE more capable of investing further resources, including in innovative service behavior toward customers (Wang, Liao, Zhan, and Shi, 2011), which then might turn into customer delight.

The conceptual notion of the resource gain spiral also is underlined by findings in other literature streams. According to psychology research, FLEs build resources when a pleasant state or good mood energizes them (Estrada, Isen, and Young, 1994), which makes them more likely to engage in innovative activities (Fredrickson and Branigan, 2005; Rego et al., 2012; Wright and Cropanzano, 2004). Greater energy in turn should provide grounds for more creative thinking and decision making, eventually resulting in better performance (Miller, 1997). Other research similarly predicts a positive relationship between affect and employee creativity (Miller, 1997; Rego et al., 2014); in one conceptual model for example, employees' work engagement results in frequent innovative service behaviors (Huhtala and Parzefall, 2007). Highly engaged employees tend to be cognitively flexible and persistent (Shalley, Zhou, and Oldham, 2004), pursue challenges, and immerse themselves in work (Salanova, Agut, and Peiró, 2005; Schaufeli, Salanova, González-Romá, and Bakker, 2002). In turn, they are more likely to explore alternatives and innovative response possibilities (Amabile, 1988; Janssen, 2003), look for various ways to overcome problems, enthusiastically search for new ideas, promote creative ideas, and ultimately accomplish these goals. Engaged FLEs thus are energized and should exhibit innovative behavior, because they are more emotionally involved in the tasks that constitute their assigned work roles (Chang, Hsu, Liou, and Tsai, 2013). Thus,

H1: FLEs' emotional job engagement relates positively to their innovative service behavior.

FLEs' innovative service behavior and customer delight. Innovative service behavior includes actions such as inventing new solutions for, introducing novel ideas to, and inspiring customers. Although all FLEs are expected to provide complete services to their customers (Jain et al., 2012; Podsakoff, Ahearne, and MacKenzie, 1997), they rarely are required to propose ideas to refine existing services or introduce new services (Cadwallader et al., 2010; Moosa and Panurach, 2008). Innovative service behavior thus represents going "beyond the call of duty for customers" (Chebat and Kollias, 2000, p. 72) or formal role requirements (Ho and Gupta, 2011). When they engage in innovative service behaviors during the customer encounter, FLEs likely not only meet but even exceed customer expectations and deliver exceptional experiences to customers.

Regarding job outcomes, if FLEs intentionally create, introduce, and apply new ideas during the service encounter, they generate a particular experience by providing extras that customers do not expect (Chebat and Kollias, 2000). Such a positive disconfirmation of customer expectations leads to customer delight (Rust and Oliver, 2000), particularly if the service experience seems surprising (Finn, 2005; Oliver et al., 1997). Customers should be particularly surprised by innovative service behaviors, because they get something new from the service encounter that they did not previously know of. With their innovative service behavior, FLEs can exceed customers' expectations and likely delight their customers (Bettencourt and Brown, 1997).

H2: FLEs' innovative service behavior relates positively to customer delight with the FLE.

# Moderating Effects Hypotheses

Although COR theory provides valuable insights about the resource gain spiral, it contains few insights into the contingency factors that might affect these relationships. In an attempt to enrich COR theory, this study seeks deeper insights into one particular resource gain spiral at the service encounter, reflecting the FLE emotional engagement—innovative service behavior relationship, by examining contingency factors that might affect the strength of this relationship.

Hobfoll (2011) mentions that the momentum of a resource loss/gain spiral depends on environmental factors, such as other resources or demands that are not individual resources. People who gain resources from their environment thus might be more capable of drawing (and reinvesting) new resources from a prior resource investment, whereas it would be more difficult for those who lack resources or confront difficult environments to do so (Gorgievski and Hobfoll, 2008). Therefore, the resource gain spiral should achieve greater momentum among employees with more as opposed to less environmental resources.

In the context of FLEs' resource gain spiral, FLEs who have many resources may be more capable of reinvesting the resources they gain from their additional energy, which accrues through their job engagement, into innovative service behaviors than are those who suffer from a lack of resources. This extension of a basic premise of COR theory helps offer conceptual and empirical insights into two important categories of contingency factors: those that hinder the FLEs' resource gain spiral and those that foster it (Figure 1). The former stem from extreme levels of (high or low) demands (Hobfoll, 2011; Stock, 2015), such as customer aggression and underemployment; the latter imply the presence of contingency resources obtained through colleague or supervisor support.

Factors hindering FLEs' resource gain spiral. According to COR theory, FLEs faced with a critical environment experience a weaker resource gain spiral, because those demands represent factors that hinder their resource gain spiral. Such factors also should be likely to impede the emotional job engagement—innovative service behavior relationship. The most widely

examined construct that captures high demands at the customer interface is customer aggression (e.g., Dormann and Zapf, 2004), which is a very common way for customers to express negative emotions. It generally involves verbal expressions of anger that infringe on social norms (Grandey et al., 2004). One study of call center employees estimated that such behaviors occur, on average, ten times per day per employee (Grandey et al., 2004), and they also have been reported by FLEs in the hospitality industry (Harris and Reynolds, 2003; Reynolds and Harris, 2006), social workers (Ringstad, 2005), and airline employees (Boyd, 2002), who call such deviant customer behaviors very common (Reynolds and Harris, 2006).

Customer aggression has negative outcomes on FLEs' well-being, leading to emotional exhaustion (Evers, Tomic, and Brouwers, 2002; Grandey et al., 2004; Winstanley and Whittington, 2002) and absenteeism (Ben-Zur and Yagil, 2005). In turn, customer aggression may be an important contingency factor in the engagement-innovative service behavior relationship, such that it may limit the positive effects of FLEs' emotional job engagement on innovative service behavior. That is, emotional job engagement should energize FLEs and increase the probability of their innovative activities (Fredrickson and Branigan, 2005; Rego et al., 2012; Wright and Cropanzano, 2004). Aggressive customers may weaken this relationship, because interacting with aggressive customers consumes energy, which then is not available to devote to the actual service delivery. For example, FLEs are generally expected to react to customers' aggressive behaviors with calm courteousness (Ben-Zur and Yagil, 2005). From a COR theory perspective, customer aggression impedes the positive effect of FLEs' emotional job engagement on innovative service behavior, because it hinders the FLE's resource gain spiral. Formally,

H3: Customer aggression weakens the relationship between FLEs' emotional job engagement and innovative service behavior.

Another moderating factor that might hinder FLEs' resource gain spiral by draining energy is underemployment (Halbesleben et al., 2013; Hobfoll, 1989), or an FLE's "perception of his or her inability to perform particular tasks and lack of opportunities to develop skills and talents" (Jones-Johnson and Johnson, 1992, p. 12). During a service encounter, a lack of challenge may occur if FLEs feel overeducated or possess skills

they cannot use in their present job (Jones-Johnson and Johnson, 1992). These negative psychological consequences in turn may reduce FLEs' energy (Stock, 2015). Underemployment interrupts the flow of energy from emotional job engagement to innovative service behavior, because from a COR theory perspective, it limits the positive effect of FLEs' emotional job engagement on innovative service behavior, by reducing FLEs' individual resources. Formally,

H4: Underemployment weakens the relationship between FLEs' emotional job engagement and innovative service behavior.

Factors fostering FLEs' resource gain spiral. According to COR theory, FLEs equipped with many resources are particularly capable of benefitting from a resource gain spiral (Gorgievski and Hobfoll, 2008). If FLEs can gain resources from other sources, it may be easier for them to gain from their individual resource investments too. Both colleague and supervisor support can make it easier for an FLE to help customers (Bakker et al., 2010; Stock and Bednarek, 2014), so they both should increase the positive effect of FLEs' emotional job engagement on their innovative service behavior.

Colleague support describes the quality of the relationship between the FLE and his or her work group (Bakker et al., 2010). When FLEs feel appreciated by their colleagues and experience a friendly work atmosphere, they are equipped with additional resources beyond those derived from the resource gain spiral. This favorable environment enables FLEs to gain more energy from their investment in job engagement, because they can rely on the energy provided by different sources. Colleague support then reinforces the buildup of energy, which should lead to stronger investments in innovative service behavior toward customers. Thus,

H5: Colleague support strengthens the relationship between FLEs' emotional job engagement and innovative service behavior.

Beyond colleagues, supervisors can support FLEs in their work. Supervisor support refers to the quality of the relationship between the FLE and his or her supervisor (Bakker et al., 2010). Supervisors strongly shape the work atmosphere, and their support provides motivation and energy to FLEs. Similar to colleague

support, supervisor support enables FLEs to draw more individual resources or energy from their investment in emotional job engagement, because they can rely on additional resources from the supervisor. Formally,

H6: Supervisor support strengthens the relationship between FLEs' emotional job engagement and innovative service behavior.

# Methodology

Data Collection and Sample

To examine interpersonal interactions during the service encounter, the multistep data collection, spanning 9 months, involved gathering dyadic data from FLEs and customers in various business-to-consumer (B2C) industries in Germany with two questionnaires: one measuring FLEs' perceptions and one measuring customers' perceptions. The first lines of each questionnaire guaranteed the confidential treatment of all data. To match the customer data with the corresponding FLE, codes on the written questionnaire identified each dyad.

The first data collection step involved the choice of 20 towns as data collection sites and the random selection of 20 companies per town from a commercial directory of B2C firms. In these firms, employees interacted regularly with customers. In unannounced visits to the various workplaces, six research assistants, using an identical, standardized procedure, approached 400 FLEs and asked them to participate in a study about "typical interaction situations with customers," with no formal incentive provided. Similar to previous studies using dyadic data (e.g., Mikolon, Kreiner, and Wieseke, 2016), the research assistants received training in workshops that instructed them how to collect the data and approach both FLEs and customers. The assistants did not ask the companies for specific permission to collect such data. Every participating FLE was surveyed once, but the research assistants usually worked all day, so some FLEs were questioned in the morning, some in the afternoon, and some in the evening. The FLEs received multiple assurances that none of the results would be shared with their employers and that the data would be used exclusively for research proposes. They also learned that after they completed the questionnaire, the research assistant would wait—either outside the store (especially in

smaller stores, such as hair salons or tourism offices) or in the store but at a distance from the FLE (in larger retail stores)—to approach customers, and ask them to fill out a questionnaire about their service encounter with that FLE. However, the FLEs did not know which customers would be approached or when. Of the 400 solicited FLEs, 165 agreed to participate and completed a questionnaire (response rate = 41.25%).

In the second step, the research assistants approached customers shortly after their interaction with the focal FLE, either outside the store or at a distance from the FLE's location, and asked them to participate in a survey about their service encounter. They explained that the FLE had already filled out a questionnaire and that customers would answer questions anonymously about their interaction with this FLE. Approaching customers at some distance from the FLE helped avoid any mutual influence of the dyadic interaction partners. The research assistants actually approached all customers who had interacted with the focal FLEs, so there was no means for the FLE to select particular customers. Of the 495 approached customers, 430 returned questionnaires (response rate = 86.9%).

These relatively high response rates are comparable to other studies relying on dyadic FLE and customer data (e.g., Mikolon et al., 2016; Wieseke, Homburg, and Lee, 2008). In addition, the hard-copy questionnaires, handed out and collected by research assistants, helped increase the response rates, because potential respondents appear to value the personal interaction and explanations. Finally, unannounced visits motivate participation and increase the external validity of the data, because FLEs know that neither their company nor their managers are involved in the study, so their answers should be less biased.

The data set for the focal analysis excluded cases with missing data, as well as responses representing the banking and insurance sectors, <sup>1</sup> for several reasons. First, the banking and insurance industries are heavily regulated, with much stronger governance control than in the other industries included in the study, which limits the discretion of FLEs. That is, they have little room to engage in innovative service behavior. Second, it may be difficult for customers to assess the innovativeness of a banking or insurance service, because of the high product and service complexity. Third, the banking and insurance industries are

<sup>&</sup>lt;sup>1</sup>The empirical results remain stable when including banking and insurance companies in the analysis.

increasingly automatized, with online services and self-service technologies (cf. other industries in the sample), which may bias perceptions of the importance of the personal service encounter in these industries.

Of the 165 FLE questionnaires, 136 thus were qualified to enter the study analysis. These FLE respondents included 65.4% women, with ages ranging from younger than 25 years (27.2%) to 25-34 years (24.3%), 35–44 years (18.4%), 45–54 years (17.6%), 55-64 years (11.0%), and over 64 years (1.5%). Out of the 430 returned customers questionnaires, 355 were eligible for the study. The customer sample included 54.4% women, with ages ranging from younger than 25 years (20.6%) to 25-34 years (23.3%), 35–44 years (15.8%), 45–54 years (19.7%), 55–64 years (13.6%), and over 64 years (7.0%). These customers varied in the length of their relationships with the company, from less than 1 year (4.8%) to 1–5 years (54.6%), 6-10 years (24.8%), and more than 10 years (15.8%). Table 1 contains a description of the sample.

#### Measures

The first draft of the questionnaire featured adapted versions of reflective, multi-item measures from previous studies. To ensure that informants would understand the scale items, sequential field interviews with several academics and practitioners confirmed the clarity of the items and their ability to respond to the questions knowledgably. Any items that were unclear or ambiguous were dropped; the remaining items were refined according to suggestions from this pretest. All constructs were assessed with seven-point Likert scales, anchored at "strongly disagree" and "strongly agree," unless stated otherwise (see the Appendix).

The independent variables—FLEs' job engagement and job satisfaction—were assessed by the FLEs. Emotional job engagement was measured with a four-item scale, adapted from the scale developed by Rich et al. (2010). The FLEs' job satisfaction depended on three items developed by Hackman and Oldham (1975). The FLEs also assessed the moderating variables. Customer aggression was measured with a four-item scale originally developed by Dormann and Zapf (2004), underemployment with a four-item scale from Jones-Johnson and Johnson (1992), and colleague and supervisor support were each assessed with nine-item scales developed by Bakker et al. (2010). The latter three scales mimicked recent research and used Likert-type scales with

**Table 1. Sample Description** 

	FLEs (% of $n = 136$ )	Customers (% of $n = 355$ )
Industries		
Retail industry	42.6	
Crafts and hair salons	7.4	
Hospitality services & tourism	13.2	
Health services	6.6	
Other services	30.2	
Gender		
Male	34.6	45.6
Female	65.4	54.4
Age		
<25 years	27.2	20.6
25–34 years	24.3	23.3
35–44 years	18.4	15.8
45–54 years	17.6	19.7
55–64 years	11.0	13.6
≥65 years	1.5	7.0
Relationship length		
<1 year		4.8
1–5 years		54.6
6–10 years		24.8
≥10 years		15.8

"never" and "always" as anchors (e.g., Schyns and van Veldhoven, 2010; Xanthopoulou et al., 2007).

Customer respondents assessed the FLEs' customeroriented and innovative service behaviors, as well as their own satisfaction with the FLE, delight with the FLE, and loyalty. The customer-oriented behavior measure used a six-item scale developed by Stock and Hoyer (2005). The six-item scale for FLEs' innovative service behavior was inspired by measurements used by Stock (2015) and Janssen (2000), then validated in a pretest with 25 customers in a B2C setting; prior literature does not offer a specific scale to measure how customers perceive FLEs' innovative behavior. To assess customer satisfaction, a three-item scale was adapted from Homburg et al. (2009). The three-item scale for customer delight was inspired by Finn (2005) and Paul (2000). Finally, customer loyalty was measured with a three-item scale from Palmatier, Scheer, and Steenkamp (2007).

Several control variables in the regression analysis help ensure the validity of the results. Relationship length, frequency of interaction, and relationship quality each were measured with one item, as evaluated by customers. As additional control variables, customer data revealed customer gender and age; FLE data indicated the FLEs' gender and age, industry type, and company size.

A confirmatory factor analysis for all multi-item measures revealed good psychometric properties

(Table 2). Using Fornell and Larcker's (1981) criterion, the correlation between any constructs was consistently less than the square root of the average variance extracted for each construct, in support of discriminant validity. In addition, this study is based on data collected from different sources, which reduces the risk of common method bias (Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). Furthermore, Harman's singlefactor test (Podsakoff et al., 2003) did not indicate that any single general factor accounted for the majority of the variance in a factor analysis. A Lindell-Whitney (2001) test used progressive relationship expectations as a marker variable for the constructs assessed by customers. According to Lindell and Brandt (2000) and Lindell and Whitney (2001), the smallest correlation among manifest variables collected by the survey provides a reasonable proxy for common method variance. For this test, the correlations need to be adjusted for the marker variable and compared with the observed correlations among customer constructs. All the correlation coefficients remained statistically significant at p < .05 after adjusting for the marker variable, so the findings of the multilevel analysis are not due to common method variance. Overall, common method bias is not a concern for this study.

## Results

To estimate the hypothesized relationships, the multivariate multilevel regression model relied on MLwiN 2.27 (Rasbash, Steele, Browne, and Goldstein, 2012), because the data are hierarchical (each FLE served multiple customers) and contain a multilevel structure, such that multiple customers (Level 1 = customer) are nested within each FLE (Level 2 = FLE). In addition, specifying one multivariate multilevel regression model instead of a set of separate univariate multilevel regression models provides several advantages: It results in an overall model fit statistic (chi-square test), accounts for relationships among dependent variables, generally controls better for type I errors, and possesses stronger power increases (Hox, 2002).

The baseline model with control variables only (not reported here) provides a means to determine if extending the model with additional variables significantly increases the model fit in terms of the -2 log (likelihood). The extensions then added the variables of the conventional path (Model 1), followed by the variables of the innovative service behavior—delight path (Model 2). Next, the variables of both the conventional path

and the new path were added simultaneously (Model 3). The extension of Model 3 then included the interactions of FLEs' emotional job engagement with customer aggression, underemployment, colleague support, and supervisor support (Model 4). This final multivariate multilevel regression Model 4 consisted of a system of five interrelated submodels of FLEs' customer-oriented behavior, FLEs' innovative service behavior, customer satisfaction with the FLE, customer delight with the FLE, and customer loyalty, specified as follows:

- $\begin{array}{l} 1. \ Y_{COij} = \beta_{CO0} + \beta_{CO1} LENG_{COij} + \beta_{CO2} FREQ_{COij} + \beta_{CO3} \\ QUAL_{COij} + \beta_{CO4} FLEGEND_{COj} + \beta_{CO5} FLEAGE_{COj} + \\ \beta_{CO6} CUSTGEND_{COij} + \beta_{CO7} CUSTAGE_{COij} + \\ \beta_{CO8} INDUSTRYDUM1_{COj} + \beta_{CO9} \\ INDUSTRYDUM2_{COj} + \beta_{CO10} SIZDUM1_{COj} \ldots + \\ \beta_{CO15} SIZEDUM6_{COj} + \beta_{CO16} JS_{COj} + \beta_{CO17} ENG_{COj} + \\ u_{CO0j} + \epsilon_{CO0ij} \end{array}$
- $$\begin{split} 2.\ Y_{INij} &= \beta_{IN0} + \beta_{IN1} LENG_{INij} + \beta_{IN2} FREQ_{INij} + \beta_{IN3} \\ QUAL_{INij} + \beta_{IN4} FLEGEND_{INj} + \beta_{IN5} FLEAGE_{INj} + \\ \beta_{IN6} CUSTGEND_{INij} + \beta_{IN7} CUSTAGE_{INij} + \\ \beta_{IN8} INDUSTRYDUM1_{INj} + \beta_{IN9} \\ INDUSTRYDUM2_{INj} + \beta_{IN10} SIZDUM1_{INj} \ldots + \\ \beta_{IN15} SIZEDUM6_{INj} + \beta_{IN16} JS_{INj} + \beta_{IN17} ENG_{INj} + \\ \beta_{IN18} AGGRESS_{INj} + \beta_{IN19} UE_{INj} + \beta_{IN20} RC_{INj} + \\ \beta_{IN21} RS_{INj} + \beta_{IN22} \big(ENG_{INj} \times AGGRESS_{INj}\big)_{INj} + \\ \beta_{IN23} \big(ENG_{INj} \times UE_{INj}\big)_{INj} + \beta_{IN24} \\ \big(ENG_{INj} \times RC_{INj}\big)_{INj} + \beta_{IN25} \big(ENG_{INj} \times RS_{INj}\big)_{INj} + \\ u_{IN0j} + \epsilon_{IN0ij} \end{split}$$
- 3.  $Y_{SSij} = \beta_{SS0} + \beta_{SS1}LENG_{SSij} + \beta_{SS2}FREQ_{SSij} + \beta_{SS2}QUAL_{SSij} + \beta_{SS4}FLEGEND_{SSj} + \beta_{SS5}FLEAGE_{SSj} + \beta_{SS6}CUSTGEND_{SSij} + \beta_{SS7}CUSTAGE_{SSij} + \beta_{SS8}INDUSTRYDUM1_{SSj} + \beta_{SS9}INDUSTRYDUM2_{SSj} + \beta_{SS10}SIZDUM1_{SSj} \dots + \beta_{SS15}SIZEDUM6_{SSj} + \beta_{SS16}COBC_{SSij} + u_{SS0j} + \epsilon_{SS0ij}$
- $\begin{array}{l} 4. \ Y_{CDij} \! = \! \beta_{CD0} \! + \! \beta_{CD1} LENG_{CDij} \! + \! \beta_{CD2} FREQ_{CDij} \! + \\ \beta_{CD3} QUAL_{CDij} \! + \! \beta_{CD4} FLEGEND_{CDj} \! + \\ \beta_{CD5} FLEAGE_{CDj} \! + \! \beta_{CD6} CUSTGEND_{CDij} \! + \beta_{CD7} \\ CUSTAGE_{CDij} \! + \beta_{CD8} INDUSTRYDUM1_{CDj} \! + \! \beta_{CD9} \\ INDUSTRYDUM2_{CDj} \! + \beta_{CD10} SIZDUM1_{CDj} \ldots + \\ \beta_{CD15} SIZEDUM6_{CDj} \! + \! \beta_{CD16} INNOVE_{CDij} \! + \\ u_{CD0j} \! + \! \epsilon_{CD0ij} \end{array}$
- 5.  $Y_{LOij} = \beta_{LO0} + \beta_{LO1} LENG_{LOij} + \beta_{LO2} FREQ_{LOij} + \beta_{LO3} QUAL_{LOij} + \beta_{CO4} FLEGEND_{LOj} + \beta_{LO5} FLEAG$   $E_{LOj} + \beta_{LO6} CUSTGEND_{LOij} + \beta_{LO7} CUSTAGE_{LOij} + \beta_{LO8} INDUSTRYDUM1_{LOj} + \beta_{LO9} INDUSTRYDUM2_{LOj} + \beta_{LO10} SIZDUM1_{LOj} ... + \beta_{LO15} SIZEDUM6_{LOj} + \beta_{LO16} SS_{LOij} + \beta_{LO17} CD_{LOij} + u_{LO0i} + \varepsilon_{LO0ij}$

Variables	_	2	3	4	5	9	7	8	6	10	11	12	13	14	15	16	17	18	19 20
(1) Job satisfaction	.82																		
(2) Emotional job engagement	**65	.83																	
(3) Custoriented behavior	.30**	.39**	98.																
(4) Innov. service behavior	.38**	.45**	**69	.91															
(5) Customer satisf. with FLE	.32**	.43**	**99	.62**	9.														
(6) Customer delight with FLE	.36**	.46**	.72**	**/	**62.														
(7) Customer loyalty	.22**	.31**	**49.	.58**	.65**	.62**													
(8) Customer aggression	26** -	.19**	05**	**/0	18**		- 1												
(9) Underemployment	- **99	.53**	19	25**	29		- 1												
(10) Colleague support	<u>*</u>	.33**	.13*	.20**	.12**														
(11) Supervisor support	.61**	<u>*</u>	.22**	.31**	.23**					.63	.83								
ionship	90	.03	01	.05	90:					01	90								
(13) Frequency of interaction	.05	.11*	.05	00.	.00		- 1			60:	.11*		n/a						
(14) Quality of the relationship	.20**	.28**	<u>*</u>	<u>*</u>	**49.					60:	.11			n/a					
(15) FLE gender	01	.13*	.05	.14*	.11*		.15**	.04	11*	14**	15**	**4.	07	.17**	n/a				
(16) FLE age	.11*	.12*	.07	.10	.12*					.05	.05					n/a			
(17) Customer gender	.23**	.16**	.10	.14**	.13*					.05	07						n/a		
(18) Customer age	.01	.16**	.01	9.	80.					.12*	.13*						08	n/a	
(19) Industry type (briefer)	01	22**	12*	14**	16**		- 1			.03	01				01	9.	90.	10	n/a
(20) Industry type (lengthier)	10	.03	.02	07	.05					10	90						17**	- 1	.54** 1
Mean	5.16	5.52	5.68	4.75	5.92					5.74	5.80						36.43		.43 .27
Standard deviation	1.42	1.22	1.11	1.68	1.10					66:	1.16						3.82		. 50
Cronbach's alpha	88	01	80	40	95					60	90						6/ u		1 6/4

\*p < .05; \*\*\*p < .01.\*Notes: n = 355. Diagonal elements in bold indicate the square roots of the average variance extracted for constructs measured with multiple items.

where i denotes the customer, and j indicates the FLE. In addition, CO and IN refer to customers' assessments of the FLE's customer-oriented behavior and innovative service behavior, respectively; SS and CD denote customer satisfaction and customer delight with the FLE, respectively; LO reflects customer loyalty; LENG, FREQ, and QUAL refer to the length, frequency, and quality of the relationship, respectively; FLE-GEND and FLEAGE refer to the FLE's gender and age; and CUSTGEND and CUSTAGE reflect the customer's gender and age, respectively. The dummy INDUSTRYDUM1 accounts for briefer (1 = retail; 0 = others), and INDUSTRYDUM2 accounts for lengthier (1 = crafts) and hair salons, hospitality and tourism, health services; 0 = others), types of services. Moreover, SIZEDUM1 to SIZEDUM6 reflect different company sizes (number of employees), such that each dummy indicates a category (50–250 employees, 250– 1000, 1000-5000, 5000-10,000, 10,000-50,000, >50,000), and fewer than 50 employees is the reference category. Then JS and ENG refer to the FLEs' job satisfaction and emotional engagement, respectively, and AGGRESS, UE, RC, and RS denote FLEs' assessments of customer aggression, underemployment, colleague support, and supervisor support, respectively.

The individual-level error terms  $\varepsilon_{CO0ij}$ ,  $\varepsilon_{IN0ij}$ ,  $\varepsilon_{SS0ij}$ ,  $\epsilon_{CD0ij}$ , and  $\epsilon_{LO0ij}$  are normally distributed, with an average of 0 and variance  $\sigma^2$ . In addition, the random parameters u<sub>CO0j</sub>, u<sub>IN0j</sub>, u<sub>SS0j</sub>, u<sub>CD0j</sub>, and u<sub>LO0j</sub> are multivariate normal distributed over the FLEs, with an expected value of 0 and variance  $\tau$ . Finally,  $u_{CO0i}$ , u<sub>IN0j</sub>, u<sub>SS0j</sub>, u<sub>CD0j</sub>, and u<sub>LO0j</sub> are unique deviations by FLE i from the overall effects on the subsequent intercepts ( $\beta_{CO0}$ ,  $\beta_{IN0}$ ,  $\beta_{SS0}$ ,  $\beta_{CD0}$ , and  $\beta_{LO0}$ ), accounting for the FLE-level predictor variables. The specifications of the coefficients  $\beta_{CO0}$ ,  $\beta_{IN0}$ ,  $\beta_{SS0}$ ,  $\beta_{CD0}$ , and  $\beta_{LO0}$  are random parameters (i.e., allowed to vary across FLEs), but the other βs are constrained to be invariable across FLEs (i.e., no random term specified on Level 2), to ensure the stability of the parameter estimates (De Jong, de Ruyter, and Lemmink, 2004; Steenkamp, Ter Hofstede, and Wedel, 1999).

Finally, in the multivariate model, the dependent variables of the five equations ( $Y_{COij}$ ,  $Y_{INij}$ ,  $Y_{SSij}$ ,  $Y_{CDij}$ , and  $Y_{LOij}$ ) may covary with the dependent variables of the directly preceding equations. Concretely, this model specified covariance terms for the random FLE parameters  $u_{CO0j}$ ,  $u_{IN0j}$ ,  $u_{SS0j}$ ,  $u_{CD0j}$ , and  $u_{LO0j}$  at the FLE level. At the customer level, specified covariance terms applied only to  $\varepsilon_{CO0ij}$  and  $\varepsilon_{IN0ij}$  and to

 $\epsilon_{SS0ij}$  and  $\epsilon_{CD0ij}$ , which reflect covariances across the two dyads of dependent variables ( $Y_{COij}$  and  $Y_{INij}$  and  $Y_{SSij}$  and  $Y_{CDij}$ ) that reside in the same causal sequence. In theory, covariance terms could be specified among all  $\epsilon_{0ij}$ s. However, for statistical reasons, this practice is not recommended, because it negatively affects model convergence and leads to instability in the parameter estimates (Bryk and Raudenbush, 1992).

Adding the variables from the conventional path (Model 1, Table 3) increases model fit significantly ( $\chi^2(4) = 113.502$ , p < .01) over the baseline model. Specifically, job satisfaction does not have a significant effect on customer-oriented behavior ( $\beta = .031$ , n.s.), and FLEs' customer-oriented behavior has a significant, positive effect on customer satisfaction with the FLE ( $\beta = .227$ , p < .01). Customer satisfaction with the FLE in turn has a significant, positive impact on customer loyalty ( $\beta = .671$ , p < .01).

Adding the variables from the innovative service behavior-delight path (Model 2, Table 3) also leads to a significant increase in model fit ( $\chi^2(4) = 147.093$ , p < .01) compared with the baseline model. This increase is more substantial than that obtained with the conventional path model, suggesting that the innovative service behavior-delight path model is an even more effective route to customer loyalty. In support of H1, emotional engagement exerts a significant effect on FLEs' innovative service behavior ( $\beta = .258$ , p < .01). In line with H2, FLEs' innovative service behavior has a significant, positive effect on customer delight with the FLE ( $\beta = .322$ , p < .01). Finally, customer delight has a significant positive effect on customer loyalty ( $\beta = .468$ , p < .01).

In addition, simultaneously including the variables of both the conventional path and the innovative service behavior-delight path (Model 3, Table 4) leads to a significant increase in model fit  $(\chi^2(8) = 222.079,$ p < .01) compared with the baseline model. Finally, an extension of the model adds four moderators (i.e., customer aggressiveness, underemployment, colleague support, and supervisor support) and their interaction with FLEs' emotional job engagement (Model 4, Table 4). The constituent variables were mean centered (Cohen, Cohen, West, and Aiken, 2003). The significant increase in model fit  $(\chi^2(8) = 26.986, p < .01)$ compared with Model 3 indicates the presence of moderating effects. Specifically, customer aggression negatively moderates the emotional engagement-innovative service behavior relationship ( $\beta = -.221$ , p < .01), consistent with H3. In addition and in support of H4, underemployment negatively moderates the emotional

Table 3. Results of the Multilevel Regression Analysis: Five-Equation Models

	Model 1 (CONVENTIO		Model 2 (INNOVATIVE SERVICE BEHAVIOR—DELIGHT)	
Equation	Equation 1:	Equation 2:	Equation 1:	Equation 2:
[dependent variable]	[customer-oriented	[innovative service	[customer-oriented	[innovative service
	behavior]	behavior]	behavior]	behavior]
Control variables				
Length of the relationship	.001 (.006)	001 (.009)	.001 (.006)	001 (.009)
Frequency of interaction	009 (.043)	121 (.066)	015 (.043)	129 (.069)
Quality of the relationship	.237 (.034)**	.284 (.048)**	.234 (.034)**	.293 (.051)**
FLE gender	.005 (.005)	.013 (.008)	.004 (.004)	.012 (.008)
FLE age	.007 (.135)	.123 (.232)	059 (.128)	.002 (.226)
Customer gender	007 (.003)	.000 (.005)	007 (.003)	.001 (.005)
Customer age	.068 (.096)	.118 (.134)	.074 (.096)	.146 (.141)
Industry type (briefer)	213 (.154)	645 (.267)*	144 (.147)	430 (.262)
Industry type (lengthier)	078 (.170)	551 (.295)	056 (.161)	490 (.285)
Company size dummies <sup>a</sup> <b>Main effects</b>				
Job satisfaction (JS)	.031 (.029)	.104 (.052)*		
Emotional job engagement (ENG)	25.10		.125 (.039)**	.258 (.081)**
$R^2$ Customer-oriented behavior $R^2$ Innovative service behavior	25.1%	20.40	29.1%	22.40
R <sup>2</sup> Innovative service behavior		30.4%		33.4%
Equation	Equation 3:	Equation 4:	Equation 3:	Equation 4:
[dependent variable]	[customer satisfaction of the content of the conten			
[dependent variable]	with FLE]	with FLE]	with FLE]	with FLE]
Control variables				
Length of the relationship	.001 (.005)	005 (.007)	.000 (.005)	005(.005)
Frequency of interaction	034 (.035)	091 (.050)	028 (.040)	026 (.042)
Quality of the relationship	.312 (.028)**	.333 (.037)**	.377 (.030)**	.239 (.033)**
FLE gender	.006 (.004)	.011 (.006)	.007 (.004)	.005 (.004)
FLE age	.066 (.106)	.163 (.179)	.066 (.119)	.121 (.129)
Customer gender	003 (.003)	000 (.004)	005 (.003)	000 (.003)
Customer age	.073 (.076)	.078 (.104)	.108 (.086)	.021 (.089)
Industry type (briefer)	083 (.122)	347(.205)	142 (.136)	129 (.148)
Industry type (lengthier)	021 (.134)	200 (.225)	003 (.149)	003 (.162)
Company size dummy 4 <sup>a</sup> Main effects	-2.619 (.625)**	897 (1.027)	-2.438 (.698)**	975 (.747)
Customer-oriented behavior (COBC)	.227 (.030)**			
Innovative service behavior (INNOVI	Ξ)			.322 (.023)**
$R^2$ Customer satisfaction with FLE	62.8%		43.8%	
R <sup>2</sup> Customer delight with FLE		31.9%		65.1%
Equation		Equation 5:		Equation 5:
Equation [dependent variable]		Equation 5: [customer loyalty]		Equation 5: [customer loyalty]
Control variables				
Length of the relationship		009 (.006	5)	004 (.006)
Frequency of interaction		071 (.044	*	067 (.043)
Quality of the relationship		.259 (.043		.346 (.040)**
FLE gender		001 (.004	/	001 (.004)
FLE age		.138 (.115	/	.093 (.110)
Customer gender		.006 (.004		.003 (.004)
Customer age		.003 (.100		.029 (.100)
Industry type (briefer)		036 (.130		.022 (.125)
Industry type (lengthier)		107 (.143		012 (.137)
Company size dummies <sup>a</sup>				

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R. M. STOCK ET AL.

Table 3. Continued

14

Equation [dependent variable]	Equation 5: [customer loyalty]	Equation 5: [customer loyalty]
Main effects		
Customer satisfaction with FLE (SS)	.671 (.056)**	
Customer delight with FLE (CD)		.468 (.042)**
R <sup>2</sup> Customer loyalty	51.1%	51.4%
Increase in overall model fit: -2 log (likelihood)	$\chi^2$ (4) <sup>b</sup> 113.502**	$\chi^2 (4)^b 147.093**$

<sup>\*</sup>p < .05. \*\*p < .01.

Notes: This table reports unstandardized coefficients, with standard errors in parentheses.

engagement–innovative service behavior relationship  $(\beta = -.082, p < .05)$ , such that FLEs' emotional job engagement is less influential on innovative service behavior when underemployment is high. In contrast with H5 though, colleague support negatively moderates the emotional job engagement–innovative service behavior relationship  $(\beta = -.295, p < .01)$ . The lack of a moderating effect of supervisor support does not confirm H6 either.

## **Discussion and Conclusions**

Many firms still require their FLEs to follow routines and standardized operating procedures during the service encounter, leaving little leeway for creative behaviors. Moreover, FLEs' innovative service behaviors during the customer encounter have been insufficiently evaluated. This gap is remarkable; researchers acknowledge that FLEs represent the service to customers (Di Mascio, 2010; Zeithaml, Bitner, and Gremler, 2009) and must deal with diverse customers, with varied requirements and constantly changing expectations (Coelho, Augusto, Coelho, and Sá, 2010). The results of this study affirm that FLEs' innovative service behavior matters at the customer encounter. Specifically, innovative service behavior can lay a new and strong pathway, parallel to the well-known customer orientation-satisfaction path, which reaches from FLEs' emotional job engagement to customer loyalty through the mediating constructs of FLEs' innovative service behavior and customer delight.

Furthermore, the results show that various contingencies affect the relationship between FLEs' emotional job engagement and innovative service behavior. If customer aggression and underemployment are high, FLEs' emotional job engagement has less influence on innovative service behavior. These results are in line with prior research that has shown negative outcomes on various

kinds of FLEs' well-being and behaviors toward the customer (e.g., Ben-Zur and Yagil, 2005; Grandey et al., 2004; Winstanley and Whittington, 2002). Contrary to the hypotheses, the results indicate that neither colleague nor supervisor support strengthens the job engagement—innovative service behavior relationship. Instead, FLEs' emotional job engagement exerts even less influence on innovative service behavior when colleague support is high. Finally, supervisor support has no moderating influence. These findings align with prior literature that has shown that only specific types of support exert an influence in a specific situation (Schreurs, Hetty van Emmerik, Günter, and Germeys, 2012); in the current case, only colleague support alters the job engagement—innovative service behavior link.

## Theoretical Implications

This initial attempt to understand customer-related outcomes of FLEs' innovative service behavior introduces a neglected phenomenon to innovation research. Most investigations refer to innovative work behavior, in research dedicated to innovation management (Ramamoorthy et al., 2005; Salomo, Talke, and Strecker, 2008; Xerri and Brunetto, 2011), organizational psychology (e.g., Janssen, 2000, 2003; Michaelis, Stegmaier, and Sontag, 2010; Pieterse et al., 2010; Rank, Nelson, Allen, and Xu, 2009), management, or human resources (Aryee, Walumbwa, Zhou, and Hartnell, 2012; Scott and Bruce, 1994). These studies focus on innovative work behaviors within the firm, as perceived by employees or their supervisors. By assessing FLEs' innovative service behavior, as perceived by customers, this study takes a new, customer-focused perspective and shows that innovative service behavior benefits the firm but also contributes to customer relationships through increased customer delight and loyalty.

<sup>&</sup>lt;sup>a</sup>The company size variable consisted of six different dummies. To save space, only dummies that showed a significant effect are reported.

<sup>&</sup>lt;sup>b</sup>Increase in model fit compared with the baseline model.

Table 4. Results of the Multilevel Regression Analysis: Integral Five-Equation Models

	Mo	del 3 (INTEGRAL)	N	Model 4 (INTEGRAL	WITH MODERATORS)
Equation [dependent variable]	Equation 1: [customer-orien behavior]	Equati ted [innovativ behav	re service [	Equation 1: customer-oriented behavior]	Equation 2: [innovative service behavior]
Control variables					
Length of the relationship	001 (.006)	002 (	.009)	000 (.006)	002 (.009)
Frequency of interaction	010(.044)	120 (	.070)	006 (.044)	137 (.069)
Quality of the	.240 (.035)*	·* .301 (	.052)**	.242 (.035)**	.290 (.051)**
relationship					
FLE gender	.002 (.004)	.008 (	.008)	.002 (.004)	.010 (.007)
FLE age	073 (.123)	037 (	.218)	071 (.123)	087 (.212)
Customer gender	006 (.004)	.002 (	.005)	007 (.004)	.003 (.005)
Customer age	.064 (.098)	.129 (	.143)	.059 (.099)	.138 (.141)
Industry type (briefer)	069 (.141)	327 (	.254)	054 (.141)	292 (.242)
Industry type (lengthier)	035 (.154)	429 (	.274)	030 (.153)	367 (.264)
Company size dummies <sup>a</sup>					
Main effects					
Job satisfaction (JS)	.045 (.044)	.116 (	.086)	.046 (.044)	.033 (.091)
Emotional job	.207 (.054)*	:* .348 (	.108)**	.208 (.054)**	.306 (.103)**
engagement (ENG)					
Customer aggression					031 (.080)
Underemployment					102 (.060)
Colleague support					.014 (.090)
Supervisor support					.041 (.076)
Interaction effects					
Emotional job					221 (.057)**
engagement ×					
Customer aggression					
Emotional job					082 (.040)*
engagement ×					
Underemployment					
Emotional job					295 (.076)**
engagement ×					
Colleague support					
Emotional job					.034 (.064)
engagement ×					
Supervisor support					
$R^2$ customer-oriented	29.3%			29.3%	
behavior					
R <sup>2</sup> innovative service behavior		34.5%			44.3%
Equation		Equation 3:	Equation 4:	Equation 3	Equation 4:
[dependent variable]	[0	customer satisfaction with FLE]	[customer delight with FLE]	t [customer satisf with FLE]	
Control variables					
Length of the relationship		.001 (.005)	003 (.005)	.002 (.005	003 (.005)
Frequency of interaction		014(.034)	.004 (.040)	016 (.033	.005 (.040)
Quality of the relationship		.284 (.028)**	.206 (.032)**	*	
FLE gender		.004 (.003)	.003 (.004)	.004 (.003	
FLE age		.076 (.094)	.104 (.115)	.081 (.096	.102 (.115)
Customer gender		002 (.003)	001 (.003)	002 (.003	
Customer age		.042 (.074)	012 (.086)	.035 (.073	
Industry type (briefer)		046 (.107)	036(.133)	039 (.110	
Industry type (lengthier)		.036 (.118)	.086 (.145)	.038 (.121	
Company size dummy 4 <sup>a</sup>		-2.705 (.557)**	992 (.675)	-2.713 (.569	
Main effects		. ,	` '		
Customer-oriented behavior	(COBC)	.394 (.033)**		.400 (.033	3)**
Innovative service behavior		•	.455 (.025)**	•	.463 (.025)**
	. /		` '		,

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R. M. STOCK ET AL.

Table 4. Continued

16

Equation [dependent variable]	Equation 3: [customer satisfaction with FLE]	Equation 4: [customer delight with FLE]	Equation 3: [customer satisfaction with FLE]	Equation 4: [customer delight with FLE]
$R^2$ Customer satisfaction with FLE $R^2$ Customer delight with FLE	62.8%	65.1%	62.8%	65.1%
Equation [dependent variable]		Equation 5: [customer loyalty]		Equation 5: [customer loyalty]
Control variables				
Length of the relationship		006 (.006)		007 (.006)
Frequency of interaction		072 (.043)		074 (.043)
Quality of the relationship		.265 (.042)	**	.257 (.042)**
FLE gender		001 (.004)		001 (.004)
FLE age		.110 (.112)		.119 (.112)
Customer gender		.005 (.003)		.005 (.003)
Customer age		.008 (.098)		.003 (.098)
Industry type (briefer)		.012 (.027)		.008 (.127)
Industry type (lengthier)		056 (.139)		067 (.140)
Company size dummies <sup>a</sup>				
Main effects				
Customer satisfaction with FLE (SS)		.431 (.078)	**	.508 (.077)**
Customer delight with FLE (CD)		.245 (.058)	**	.190 (.057)**
R <sup>2</sup> customer loyalty		52.9%		52.9%
Increase in overall model fit: -2 log (likelil	hood)	$\chi^2 (8)^b 222.079**$	2	$\chi^2 (8)^c 26.986**$

<sup>\*</sup>p < .05. \*\*p < .01.

Notes: This table reports unstandardized coefficients, with standard errors in parentheses.

On this new and complementary route to customer loyalty, FLEs' emotional job engagement is an important source of innovative service behavior, which increases customer delight and loyalty. The importance of the engagement construct for innovative service behavior can be explained by COR theory, which proposes a resource gain spiral that can apply to the service encounter. The basic logic is that FLEs invest resources—that is, they engage emotionally in their job—to gain additional resources, such as emotional energy, which then can be reinvested into innovative service behavior. This spiral leads to additional resources, such as customer delight. This study accordingly contributes to innovation and marketing research by introducing a theoretically grounded path from innovative service behavior to customer delight, in which innovative service behavior is an important transmitter, such that FLEs' emotional job engagement fosters customers' delight and creates strong bonds with them. This path parallels and extends the conventional service profit chain, in which FLEs must behave according to rigid customer-orientation guidelines to fulfill customer expectations. But FLEs' innovative service behavior goes beyond customer expectations to surprise (and possibly delight) them. For innovation theory and research, this study provides initial empirical evidence of the critical importance of customer perceptions of innovative service behavior as a means to build strong customer bonds.

As a further application of COR theory, this research transfers the rarely examined logic of the resource gain spiral to an innovation management context, in which FLEs' resource gain spiral through innovative service behavior represents an important transmitter. As another important contribution to COR theory, this examination is the first, to the best of the authors' knowledge, to address the conceptually implied but unexamined contingency factors in the resource gain spiral. The results reveal an interesting pattern across different categories of moderator variables. Consistent with the hypotheses, both customer aggression and underemployment limit the transfer of emotional job engagement to innovative service behaviors, such that they hinder the FLEs' resource gain spiral. A slightly different picture emerged for the moderators that were predicted to foster FLEs'

<sup>&</sup>lt;sup>a</sup>The company size variable consisted of six different dummies. To save space, only dummies that showed a significant effect are reported.

<sup>&</sup>lt;sup>b</sup>Increase in model fit compared with the baseline model.

<sup>&</sup>lt;sup>c</sup>Increase in model fit compared with Model 3.

17

resources gain spiral although. Surprisingly, colleague support weakens the engagement-innovative service behavior relationship, and supervisor support does not affect it. These results indicate that if FLEs can solicit resources from other sources, they may not need to invest as many of their individual resources to gain additional resources in the resource gain spiral. In particular, colleague support appears to serve as a substitute for FLEs' individual resource investments in the resource gain spiral. Although FLEs thus appear strongly influenced by their colleagues, supervisor support has less relevance for innovative service delivery. The notion that supervisor support is not a particularly important resource in the service encounter is consistent with studies that reveal that colleague support is more predictive of employee outcomes than supervisor support is (Chiaburu and Harrison, 2008).

# Implications for Practice

Many service firms demand efficient service delivery by FLEs, through standardized operating procedures rather than opportunities for innovation (Graban, 2010; Walker, 2009). Yet FLEs' innovative service behaviors during customer encounters can be particularly effective for increasing customer loyalty. Thus, firms should create environments that support high levels of emotional job engagement to foster FLEs' innovative service behavior. For example, they might provide effective training to help FLEs develop innovative skills (Aryee et al., 2012; Moosa and Panurach, 2008; Slåtten and Mehmetoglu, 2011). Technological tools also might help FLEs share their innovative ideas; on virtual community platforms such as SourceForge.net, coaches, managers, and innovators can openly comment on one another's innovative service ideas. These ideas then provide inspiration for new ideas at the service encounter. Installing such measures ultimately may help firms increase customer loyalty.

Managers should recognize that destructive customer actions are important contingencies, with substantial effects on the extent to which FLEs' emotional job engagement affects their innovative service behaviors. Customers can deter FLEs from applying their emotional job engagement to achieve innovative service behavior during the service encounter, so managers need to ensure that FLE training includes coping strategies (e.g., revaluation of negative signals sent by customers) and lessons for identifying different types of customers. A potentially helpful internal routine might

encourage FLEs to exchange their knowledge and experiences with negative customer behaviors among themselves. Understanding how to deal with negative customer behaviors as a team also could help FLEs cope with these negative experiences.

Underemployment creates potential problems for FLEs, and the firms that employ them. If FLEs feel overeducated or as if they have skills they are not using in their job (Jones-Johnson and Johnson, 1992), managers should try to avoid negative consequences by offering them more opportunities for personal development, responsibilities, and challenging tasks. The subjective nature of underemployment requires that managers implement this recommendation at the individual FLE level, according to each person's preferred level of challenge, to keep her or him engaged in innovative service behavior.

Regarding industry-specific implications, the empirical results do not reveal any effects of different industry types. Rather, the levels of FLEs' customeroriented behavior and innovative service behavior, customer satisfaction and delight with the FLE, and customer loyalty are more or less stable across the types of service industries investigated. Apparently, contextual characteristics are relatively less influential; instead, it is the FLE–customer interaction that mainly determines the outcomes of the service encounter.

#### Limitations and Further Research Directions

In addition to addressing FLEs' innovative service behavior during the service encounter, further research might link this construct with other relevant characteristics of FLEs, such as their personalities. For example, research might determine the impact of different personality traits on FLEs' innovative service behavior or their interaction, to shed further light on what elements firms should consider when recruiting new employees or training existing workers to strengthen the innovative service behavior of their FLEs.

In addition, the focus in this research was on understanding the customer relationship outcomes of FLEs' innovative service behavior, using customer loyalty as an outcome variable. Dyadic data were appropriate for this investigation: FLEs assessed their emotional job engagement, and customers assessed FLEs' innovative service behavior and their own delight with the FLE and loyalty. Further research might extend the findings by including objective data, such as financial performance outcomes or whether the customer returned.

Moreover, COR theory provides two perspectives on how resources affect employees' activities to prevent current or gain new resources. A common view is that resources affect employee activities (i.e., make it easier for employees to gain new resources), but Hobfoll (2011) also mentions that resource losses/gains depend on environmental factors. With its focus on direct antecedents of FLEs' innovative service behavior, this study examines resources and demands as environmental contingency factors that affect the job engagement-innovative service behavior relationship. Additional research could provide further insights into the front end of the proposed resource gain spiral by investigating various resources and demands (environmental factors, FLE-related factors) as potential antecedents of FLEs' emotional job engagement.

Customer aggression and underemployment are important contingency variables (Zimmermann, Dormann, and Dollard, 2011); additional research should consider other relevant demands, such as ambiguous or disproportionate customer expectations (Dormann and Zapf, 2004). With regard to supportive factors, in addition to colleague and supervisor support, support by customers could be a relevant contingency variable. The service-dominant logic proposes that customers provide valuable information about their needs at the service encounter (Vargo and Lusch, 2004), and customer co-creation can be a valuable resource for firms. Additional research therefore might examine whether and how such customer support affects the relationships under consideration.

Finally, FLEs might have changed their behavior because of their knowledge that customers would be interviewed. However, since FLEs knew their managers and employers would not have access to the results and did not know which customers would be interviewed, the potential for such bias should be low. Still, further research might address this potential issue directly with an empirical analysis to deepen the investigation.

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#### **Appendix: Measures and Items**

# Independent Variables

FLEs' Emotional Job Engagement<sup>a</sup> (Rich et al., 2010) (FLE assessment)

I feel energetic at my job

I am enthusiastic in my job

I am interested in my job

I am excited about my job

FLEs' Job Satisfaction<sup>a</sup> (Hackman and Oldham, 1975) (FLE assessment)

Generally speaking, I am very satisfied with the job

I seldom think of quitting the job

#### **Appendix (Continued)**

I am generally satisfied with the kind of work I do in this job

#### Mediator Variables

FLEs' Innovative Service Behavior<sup>a</sup> (inspired by Janssen, 2000; Stock, 2015) (Customer assessment)

This frontline employee

- ... is innovative
- ... comes up with innovative solutions
- ... introduces new ideas to me
- ... inspires me
- ... is enthusiastic about innovations
- ... is creative

#### FLEs' Customer-Oriented Behavior<sup>a</sup> (Stock and Hoyer, 2005) (Customer assessment)

This frontline employee

- ... tries to discuss my needs with me
- ... answers my questions about products and/or services as correctly as he or she can
- ... tries to influence me through information rather than by pressure
- ... tries to give me an accurate expectation of what the product and/or service will do for me
- ... tries to help me to achieve my goals
- ... is willing to disagree with me to help me make a better decision

# Customer Delight with the FLE<sup>a</sup> (inspired by Finn, 2005; Paul, 2000) (Customer assessment)

This frontline employee

- ... searched for ways to delight me
- ... realized that the smallest things can have the greatest impact on elation
- ... treated me in a way that made me gleeful

Customer Satisfaction with the FLE<sup>a</sup> (adapted from Homburg et al., 2009) (Customer assessment)

All in all, I am very satisfied with this frontline employee

The frontline employee meets my expectations of ideal visits of this place

The performance of this frontline employee has fulfilled my expectations

#### Dependent Variable

Customer Loyalty<sup>a</sup> (Palmatier et al., 2007) (Customer assessment)

For my next purchase, I will consider this firm as my first choice

All else being equal, I plan to buy from this firm in the future

I say positive things about this firm to others

#### Moderator Variables

Customer Aggression<sup>a</sup> (adapted from Dormann and Zapf, 2004) (FLE assessment)

I often interact with customers

- ... who personally attack me verbally
- ... who complain without reason
- ... who often shout at me

**Underemployment**<sup>b</sup> (Jones-Johnson and Johnson, 1992) (FLE assessment)

Would you say that you feel overeducated in your present job?

Do you have some skills from your experience and training that you would like to be using in your work but can't use on your present job?

On your current job, would you say you feel underemployed?

Would you say that you feel overeducated in your present job?

Colleague Support<sup>b</sup> (Bakker et al., 2010) (FLE assessment)

Can you count on your colleagues when you encounter difficulties in your work?

If necessary, can you ask your colleagues for help?

Do you get on well with your colleagues?

Do you have conflicts with your colleagues? (reversed item)

In your work, do you feel appreciated by your colleagues?

Do you experience any aggressiveness from colleagues? (reversed item)

Are your colleagues friendly toward you?

Is there a good atmosphere between you and your colleagues?

Have there been any unpleasant occurrences between you and your colleagues? (reversed item)

Supervisor Support<sup>b</sup> (Bakker et al., 2010) (FLE assessment)

Can you count on your superior when you come across difficulties in your work?

If necessary, can you ask your superior for help?

Do you get on well with your superior?

Do you have conflicts with your superior? (reversed item)

In your work, do you feel appreciated by your superior?

Do you experience any aggressiveness from your superior? (reversed item)

# **Appendix (Continued)**

Is your superior friendly toward you?

Is there a good atmosphere between you and your superior?

Have there been any unpleasant occurrences between you and your superior? (reversed item)

#### Control Variables

Length of the Relationship (Homburg et al., 2009) (Customer assessment)

How long have you been a customer of this firm? (in years)

Frequency of Interaction (Homburg and Stock, 2004) (Customer assessment)

How often do you interact with this firm on average? (1 = daily, 2 = once per week, 3 = once per month, 4 = several times a year, 5 = once per year; reversed item)

Quality of the Relationship<sup>a</sup> (self-developed) (Customer assessment)

The overall relationship with this firm meets my expectations

<sup>&</sup>lt;sup>a</sup>Seven-point Likert-type scale, with 7 = "strongly agree" and 1 = "strongly disagree" as anchors.

<sup>&</sup>lt;sup>b</sup>Seven-point Likert-type scale, with 7 = "always" and 1 = "never" as anchors.