Customer response toward employees’ emotional labor in service industry settings

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\textbf{ABSTRACT}

In the current study, we develop and test a moderated mediation model that explores the mechanisms that underlie the influence of employees’ emotional labor on customer loyalty by considering affective reactions and cognitive appraisals simultaneously and illustrating moderating factors that alter their effectiveness. A sample of 259 individuals from across the United States over 20 years old were recruited on Amazon's Mechanical Turk to participate in the survey. Our emotions as social information based model clarifies the distinct roles of customers’ detection of employees’ deep acting and surface acting in influencing customers' affective reactions and cognitive appraisals. The current research also reveals that impact of customers’ detection of employees’ emotional labor on customer outcomes varies as a function of the employees’ nonverbal communication.

\section{1. Introduction}

In order to complete their jobs satisfactorily, employees are expected to display positive emotions and hide negative emotions in their interactions with customers, making employees engage in emotional labor. Emotional labor is important to employees because they are obliged to exhibit positive attitudes to their customers, such as greeting customers with smile (Chi and Chen, 2019; Grandey and Melloy, 2017; Zhan et al., 2016). More recently, employees have to deal with dysfunctional customer behavior (Gong et al., 2014), which produces a discrepancy between feelings and display rules, which in turn, signals to employees that they must regulate their feelings so as to show the required emotions, which they may accomplish by attempting to alter their felt emotions (Gabriel and Diefendorff, 2015). This engagement takes two forms (1) deep acting (i.e., creating the genuine feelings that must be expressed); and (2) surface acting (i.e., suppressing true feelings and displaying emotions not actually felt) (Brotheridge and Grandey, 2002; Grandey, 2003; Grandey and Melloy, 2017). Since Hochschild (1983)’s research, the topic of emotional labor has been of great interest to service marketing researchers. Most research on emotional labor has focused on its effects on employees. For instance, Grandey (2000) argues that emotional labor is positively related to employee burnout, dissatisfaction, and withdrawal behavior. Judge et al. (2009) and Scott and Barnes (2011) find that employee mood is an important mechanism explaining the relationship between emotional labor and its consequences.

More recently, research has highlighted consequences of employees’ emotional labor strategies on customers. For example, Groth et al. (2009) show that employees’ deep and surface acting differentially influence customers’ service evaluations. Yagil (2012) examines a model in which employees’ emotional labor is associated with customer satisfaction and loyalty intention as mediated by employee burnout and engagement. Hur et al. (2015) demonstrate that employees’ emotional labor trigger changes in customer satisfaction in terms of employees’ satisfaction. Seger-Guttmann and Medler-Liraz (2016) investigate whether employees’ emotional labor perceived by customers, moderates the relationship between customers’ participation and money spent. Chi and Chen (2019) examine whether emotional labor can have lagged effects on long-term customer outcomes (i.e., purchase amount, willingness to maintain a long-term relationship/to recommend).

However, little studies have examined emotional labor as perceived by customers (see Seger-Guttmann and Medler-Liraz, 2016 for exception). If research in this area is to advance, researchers must begin to investigate emotional labor as perceived by customers because it is customer perceptions of emotional labor not employee perceptions of emotional labor that affect customer outcomes. Indeed, Groth et al. (2009)’s findings show that the strength of correlation coefficients between employee emotional labor and customer perceptions of emotional labor are limited. In addition, they find that there is relatively high differences between employee-perceived emotional labor...
strategies and customer-perceived emotional labor strategies. Furthermore, they fail to find the significant relationship between employee perceived emotional labor strategies and customer perceived service quality as well as customer loyalty. Most notably, Rossiter (2002) proposes that construct has to specify a rater entity. With the different rater entities' perspectives, constructs are not the same. In other words, constructs differ depending on whose perspective they represent and the rater entity is part of the construct. Therefore, we argue that employee-perceived emotional labor and customer-perceived emotional labor are conceptually different.

In addition, extant research failed to explain why some customers are better able to read employees' emotional labor strategies. We respond to Groth et al. (2009)'s call for additional studies that explain why some customers are better able to detect employees' emotional labor strategies by examining employees' nonverbal communication as a potential moderator of the relationship between customer perceived employees' emotional labor and customer outcomes. Although Groth et al. (2009) examines customers' accuracy in detecting the emotional labor of employees as moderator of the relationship between employee emotional labor and customer outcomes, it is quite misleading because customers' emotional labor detection accuracy was measured by the difference between an employee's deep/surface acting score and his/her customer's perception of the employee's deep/surface action. Employees' emotional labor and customers' perception of employees' emotional labor are different constructs. It does not make sense to calculate the difference between these two separate construct's score. Instead, we focus on employees' nonverbal communication to capture the extent to which customer detect employee's emotional labor strategies. Here, we extended Groth et al. (2009)'s work and showed that employee's nonverbal communication positively moderated the relationship customers' perception of employees' emotional labor and customer outcomes. By doing so, we try to explain why some customers are better able to read employees' emotional labor strategies. The purpose of our research is to examine employees' nonverbal communication as a potential moderator of the relationship between customers' perception of employees' emotional labor and customer outcomes. We focus on this variable in particular because customers' recognition of employees' emotional labor depends on customers' processing of employees' nonverbal communication (Côté, 2014).

The research reported here is also designed to provide a better understanding of how customers' detection of employees' emotional labor differentially impact customer responses in service deliveries. According to the emotions as social information model (Van Kleef, 2009), customers' detection of employees' emotional labor influence customers' behavior (e.g., customer loyalty) via two distinct routes: (1) affective reactions and (2) cognitive appraisals. Affective reactions refer to the emotions (positive emotion and negative emotion) elicited in the customers. Cognitive appraisals are inferences that customers draw about employees' emotional labor, which guide perceived service quality and customer satisfaction by providing information about employees, that are critical for service success. Prior research has not fully addressed what we need to know about customers' different reactions to employees' emotional labor. Researchers have recognized the importance of affective reactions and cognitive appraisals, but these facets have not been studied simultaneously (e.g., Groth et al., 2009; Hur et al., 2015; Yagil, 2012). This is an important research gap because these two facets represent "two key domains of the human mind that continuously operate and shape customers' everyday life experiences (p. 195)" (Lechner and Paul, 2019) and unmeasured dimension may contribute or even drive the obtained effects (Wang et al., 2017). We argue that both affective reactions and cognitive appraisals play a role in customer reactions (Hennig-Thurau et al., 2006; Lechner and Paul, 2019; Wang et al., 2017), but their influence depends on employees' nonverbal communication (Bonaccio et al., 2016; Lin and Lin, 2017; Sundaram and Webster, 2000), which provides a rich and accurate understanding of employees' emotional labor.

In the current study, we develop and test a moderated mediation model that explores the mechanisms that underlie the influence of employees' emotional labor on customer loyalty by considering affective reactions and cognitive appraisals simultaneously and illustrating moderating factors that alter their effectiveness. Fig. 1 presents an overview of the resulting conceptual framework.

The balance of the paper is organized as follows. First, we introduce our conceptual background for emotional labor followed by hypotheses reflecting customers' cognitive and affective responses to customers' detection of employees' emotional labor as well as moderating effect of employees' nonverbal communication. Second, we describe the research methodology used to test the hypothesized relationships in service industry settings. Finally, we highlight a set of implications for academics and practitioners as well as provide suggestions for further research.
2. Theoretical background and hypotheses

2.1. Emotional labor theory

Based on emotion regulation theory (Gross, 1998), Grandey (2000) presents an emotional labor theory. According to emotional labor theory, employees regulate their behavior to display the appropriate emotions during the service encounter. Gaucher and Chebat (2019) defines emotional labor as management of feeling to express organizationally desired emotion during interpersonal transactions. More specifically, if the service encounter induces a negative emotional response in the employees (e.g., anger, fear, and frustration), then those employees would want to retaliate by showing dysfunctional behavior (e.g., disrespectful communication and rude behavior) during the service encounter. However, such reactions are not appropriate or professional, according to display rules, which provide the standards for the appropriate expression of emotions (Brotheridge and Grandey, 2002; Diefendorff and Richard, 2003). Thus, employees have to regulate their emotional expressions. This regulation process is comprised of deep acting (i.e., modifying inner feelings by reappraising the situation) and surface acting (i.e., modifying expression by faking the required emotional expressions while real feelings remain unchanged) (Chi and Chen, 2019; Grandey, 2000; Spencer and Rupp, 2009).

The bulk of the previous research on emotional labor has focused on the negative consequences (Morris and Feldman, 1996). For example, surface acting leads to feelings of inauthenticity that can decrease employee well-being. Deep acting results in the inhibition of negative emotions, which can lead to physical illness (Johnson and Spector, 2018). Moreover, Mesmer-Magnus et al. (2012) demonstrate that emotional labor is associated with a range of harmful consequences (health-, attitudinal-, and performance-related). In addition, Morris and Feldman (1996) report that emotional labor is linked to absenteeism. Moreover, Humphrey et al. (2015) argue that emotional dissonance reduces well-being because expressing emotions one does not feel creates a sense of inauthenticity, which can feel like lying.

Although there is considerable empirical evidence illustrating the effects of emotional labor on employee outcomes (Grandey and Melloy, 2017; Pugh et al., 2011; Scott and Barnes, 2011), researchers have begun to test empirically issue related to the relationship between emotional labor and customer outcomes (Chi and Chen, 2019). It has become obvious that employees have to engage in emotional labor to enhance service quality, customer satisfaction, and loyalty (Groth et al., 2009). Thus, investigating how employees' emotional labor influences customer attitudes and behaviors has become an important issue in both academic and practical fields (Chi and Chen, 2019). According to Groth et al. (2009) demonstrate that deep acting is related to perceived customer orientation and service quality. Yagil (2012) shows that burnout mediates the relationship of surface acting and engagement mediates the relationship of deep acting, with customer satisfaction and loyalty intentions. Brach et al. (2015) show that employees' authentic emotional display (e.g., deep acting) is positively related to perceived customer orientation. Bujisic et al. (2014) demonstrate that the employees' authenticity of smile positively influence customers' tipping behaviors.

However, prior research in emotional labor has primarily focused on investigating the direct link between employees' emotional labor and customer experiences, while there is a dearth of research examining boundary conditions of this relationship. Furthermore, the literature usually neglects the mechanisms on how employees' emotional labor leads to customer behavior. Thus, we develop a moderated mediation model that explores the mechanisms that underlie the influence of employees' emotional labor on customer loyalty by considering affective reactions and cognitive appraisals simultaneously and illustrating moderating factors that alter their effectiveness.

2.2. Customers' detection of employees' emotional labor

Because this study focuses on customers' detection of employees' emotional labor, it is important to examine whether customers can detect employees' emotional labor. Research on emotional labor indicates that when an individual fakes positive emotions, other people can tell (Sliter et al., 2010). More specifically, Doucet et al. (2016) demonstrate that employees' emotional labor is expressed and leaked to customers through verbal expression (e.g., voice tones, vocal inflections) and facial expressions (e.g., muscular actions and body movements). Furthermore, Elfenbein et al. (2002) note that customers are accurate in recognizing employees' emotion. Specifically, they argue that "the face is the primary canvas used to express distinct emotions nonverbally (p.37)." In addition, Homburg and Stock (2004) argue that employees' emotional tension caused by emotional labor is felt by customers. Moreover, Groth et al. (2009) note that customers can distinguish sincere from deceptive emotional display. Furthermore, Seger-Guttmann and Medler-Liraz (2016) find that customers are aware of employees' emotional labor strategies and their differences. More specifically, they find that customers react negatively to employees' surface acting, while customers react positively to employees' deep acting. In addition, Yagil (2012) maintains that customers could detect employees' surface acting through verbal and nonverbal behaviors such as facial expressions, gestures, and voice tone. More recently, Lechner and Paul (2019) assert that customers can perceive employees' emotional labor by mimicking the observed employees' emotional labor and using knowledge about the genuineness of employees' facial expressions, such as specific muscle activation patterns. Therefore, we conclude that customers can detect employees' emotional labor.

2.3. The emotions as social information model

Emotion labor is not simply reflection of employees' internal affective regulation but it is also social informational cues that communicate messages to customers (Wang et al., 2017). Van Kleef (2009) proposes the emotions as social information (EASI) model that demonstrates emotional expressions (e.g., emotional labor) affect observers' (e.g., customers') behavior by triggering cognitive appraisals and affective reactions in them. The predictive strength of these two processes depends on the observers' information processing and on social-relational factors such as employees' nonverbal communication. Affective reactions refer to positive and negative emotions elicited in the customers, which subsequently affect their behavior (e.g., customer loyalty). According to Van Kleef (2009), emotions spread directly from employees to customers via emotional-contagion processes (Hennig-Thurau et al., 2006; Homburg and Stock, 2004; Pugh, 2001). Cognitive appraisals, on the other hand, are inferences that customers draw about the employees' true feelings. Unlike affective reactions, cognitive appraisals require customers to make inferences about the meaning of the employees' emotional displays, which guide customer attitude (e.g., perceived service quality and customer satisfaction) and customer behavior (e.g., customer loyalty) (Wang et al., 2017).

A core assumption of the EASI model is that emotional labor provides information. Building on this idea, the model posits that the interpersonal effects of emotional labor depends on the customers' ability to process information presented in these expressions (Van Kleef, 2009). Because we focus on customers' detection of employees' emotional labor during employee-customer interactions, research on people's ability to recognize other people's emotions is of pivotal interest (Groth et al., 2009). Employees' nonverbal communication has been a hot topic in the management literature. Employees' nonverbal communication is defined as the employees' sending of feelings to customers via their nonverbal behavior (Bonaccio et al., 2016). Customers who are exposed to high level of employees' nonverbal communication are more likely to pay attention and use all available information and thus are more susceptible to the influence of their affective reactions and
cognitive appraisals (Van Kleef, 2009). Thus, we propose that the effect of customers’ detection of employees’ emotional labor on customers’ responses is determined by the employees’ nonverbal communication.

2.4. Emotional labor and customers’ affective reactions

The first route by which employees’ emotional labor influences customer reactions is the affective route. Customer emotion in this study is defined as feeling states that are subjectively perceived by customers during service encounter (Gardner, 1985). The two dimensions of customer emotion are positive emotion and negative emotion (Watson et al., 1988). Positive customer emotion refers to customers’ pleasurable engagement, whereas negative customer emotion is associated with such feelings as anger, contempt, disgust, guilt, and nervousness (Chebat and Slusarczyk, 2005). Positive and negative customer emotion are not merely opposite poles of the same affective dimension, but two independent and distinct dimensions (Yi and Gong, 2008).

When employees surface act, in other words, fake appropriate affective displays, they do not change their underlying affective states and those affective states may cause them to intensify negative feelings caused by emotional dissonance (Grandey, 2003; Hochschild, 1983; Yagil, 2012). Consequently, customers catch a negative emotion from employees and such a negative emotion is transferred to customers according to the concept of emotional contagion. Also, customers experience a decrease in positive emotion (Pugh, 2001). In contrast, when employees deep act, in other words, actively modifying their underlying affective states to match display rules by deploying their attention elsewhere or reappraising their situations through changing their cognitive perspective, they create underlying affective states that are commensurate with display requirements (Grandey, 2000; Lechner and Paul, 2019). Consequently, emotional dissonance is diminished, which leads to increased positive emotions. As a result, customers sense a positive emotion from employees and such a positive emotion is transferred to customers according to the concept of emotional contagion. Customers also experience a decrease in negative emotion (Homburg and Stock, 2004; Pugh, 2001; Scott and Barnes, 2011).

Naturally, we also argue that positive customer emotion as a result of employees’ emotional labor increases customer loyalty, while negative customer emotion as a result of employees’ emotional labor decreases customer loyalty. According to the Mehrabian–Russell model proposed in 1974, customer emotion results from environmental stimuli (e.g., employees’ emotional labor), and influences customer loyalty (Turley and Milliman, 2000). Coping theory also suggests that following an employees’ emotional labor, customers try to both reduce the possibility of experiencing negative emotions in the future and increase the likelihood of experiencing positive emotions (Lazarus, 1966). In the event of an employees’ surface acting, customers’ avoidance coping strategy may very well be to take their patronage elsewhere. Conversely, in the event of an employees’ deep acting, customers are likely to remain loyal to the service provider (DeWitt et al., 2008).

Note that the majority of emotional labor research focuses on customers’ positive emotions (Hennig-Thuraus et al., 2006; Lechner and Paul, 2019). Consequently, the possible coexistence of customers’ positive and negative emotions has been largely neglected. The omission of negative emotions is problematic. For example, when employees deep act, customers’ negative emotions may be reduced, while customers’ positive emotions may be increased. Similarly, employees’ surface acting could both exacerbate customers’ negative emotions and diminish customers’ positive emotions. Considerable research has documented that positive emotions are distinctive from negative emotions and thus these should not be represented as two opposing ends of the same dimension (Watson et al., 1988; Zhao et al., 2018). In a similar manner, Yi and Gong (2008) argue that customers experience positive emotions and negative emotions at exactly same time and thus should be treated independent and separable constructs. Therefore, we argue that customers’ perception of employees’ emotional labor can influence customers’ positive and negative emotions simultaneously and which in turn lead to customer loyalty. Thus, we hypothesize:

H1. Customer positive emotion mediates the positive relationship between customer perception of employees’ deep acting and customer loyalty.

H2. Customer positive emotion mediates the negative relationship between customer perception of employees’ surface acting and customer loyalty.

H3. Customer negative emotion mediates the positive relationship between customer perception of employees’ deep acting and customer loyalty.

H4. Customer negative emotion mediates the negative relationship between customer perception of employees’ surface acting and customer loyalty.

2.5. Emotional labor and customers’ cognitive appraisals

The second route identified in the EASI model is through cognitive appraisals. Consistent with the EASI model, customers derive the meaning and make judgments about employees’ emotional labor strategies (Wang et al., 2017). In the context of service delivery, customers make cognitive appraisals about employee service performance, which encompasses factors such as the extent to which the employee is willing to provide service and cares about customers’ needs (Brady and Cronin, 2001; Liao and Chuang, 2004). More specifically, Grandey et al. (2005) conclude that employees’ deep acting is an extra-role behavior aimed at customers that enhances perceived service quality because customers are becoming adept at recognizing employees’ feelings. The employees’ deep acting provides extra-role behaviors that goes beyond employees’ job requirements, thus enhancing the overall evaluation of the service encounter (e.g. perceived service quality). In contrast, employees’ surface acting provides in-role behavior that meets the employees’ job requirements. These may also be viewed as impression enhancing and self-serving behaviors. Therefore, customers are likely to sense motives underlying impression management, which refers to the process by which employees attempt to manipulate. Impression management is likely to have deleterious effects on perceived service quality because employees are less able to devote their full attention to customers and consciously invest less effort in carrying out the customer service behavior (Bolino, 1999; Grandey et al., 2005; Leary and Kowalski, 1990). Therefore, customer perception of employees’ surface acting is negatively related to perceived service quality.

According to the service profit chain model (Heskett et al., 1997), perceived service quality is expected to increase customer satisfaction and increased customer satisfaction is expected to lead to greater customer loyalty. The conceptual logic underlying the service profit chain model is compelling and previous literature confirms empirical support for these linkages (Anderson and Mittal, 2000; Gong and Yi, 2018; Hong et al., 2015). Several studies show that customer satisfaction is a function of perceived service quality (Kamakura et al., 2002; Pollack, 2009; Sivakumar et al., 2014). Regarding the link between customer satisfaction and customer loyalty, it has been found that increasing customer satisfaction leads to greater customer loyalty (Hume and Mort, 2010; Loveman, 1998; Luo and Homburg, 2007). All in all, we argue that customers’ perception of employees’ emotional labor can influence perceived service quality. Then, it will have an influence on customer satisfaction and which in turn leads to customer loyalty. Thus, we hypothesize as follows:

H5. The positive relationship between customer perception of employees’ deep acting and customer loyalty is sequentially mediated by perceived service quality and customer satisfaction.
H6. The negative relationship between customer perception of employees’ surface acting and customer loyalty is sequentially mediated by perceived service quality and customer satisfaction.

2.6. The moderating role of employees’ nonverbal communication

We propose that the hypothesized link between customer perception of employees’ deep and surface acting and customer loyalty through customers’ affective reactions and cognitive appraisals is moderated by the employees’ level of nonverbal communication as perceived by customers. Although we argue that customers can perceive employees’ emotional labor, the level of customers’ perception of employees’ emotional labor will hinge upon the level of nonverbal communication exhibited by employees. According to emotional intelligence theory (Salovey and Mayer, 1990), behavioral channels such as nonverbal communication is one prerequisite for customers’ perception of employees’ emotional labor because without nonverbal channels there would be no understanding of emotions (Bechtoldt et al., 2011). In addition, the Brunswik’s lens model (Brunswik, 1956) suggests that a sender’s emotional status (e.g., employees’ emotional labor) is expressed in distal indicator cues, such as employees’ nonverbal communication. The receivers (e.g., customers), following their observation of the cues (e.g., employees’ nonverbal communication), make an attribution about the nature of the sender’s emotional state. This model indicates that during the communication process, individuals process nonverbal cues more effectively, when listeners (or customers) are more focused on the sender’s (or employees’) nonverbal cues (Sundaram and Webster, 2000).

More specifically, Sundaram and Webster (2000) propose that kinesics such as eye contact, head nodding, and hand shaking, as well as proxemics such as touch, serve as important vehicles for nonverbal communication. They suggest that frequent and appropriately longer eye contact help customers grasp employees’ emotions. Burgoon et al. (1990) note that employees’ forward body lean and open body posture convey intimacy, which help customers interpret employees’ emotion. Sundaram and Webster (2000) also argue that touch increases attentional arousal and interpersonal involvement and significantly impact recipients’ (e.g., customers) emotional cues toward the source of the touch (e.g., employees). Moreover, Hornik (1992) asserts that employees’ touch increases customers’ attentional arousal, which subsequently influences customers’ evaluation of employee’s emotional stimuli surrounding the touch situation.

It should be noted that when employees engage in surface acting, they use nonverbal communication (body language, smiling, eye contact, cheerful gestures, and tone of speech) so as to perform the required emotional display without necessarily feeling empathy (Ashforth and Humphrey, 1993; Bonaccio et al., 2016; Hochschild, 1983), which might be conceptually overlapping with nonverbal communication as moderator. However, the nonverbal communication in surface acting is different from nonverbal communication in general. The purpose of nonverbal communication in surface acting is to hide employees’ real feelings, yet having different emotional exhibitions towards customers. Therefore, nonverbal communication in surface acting evokes customers’ negative reactions. In contrast, nonverbal communication in general refers to messages sent through actions and behaviors. Thus, it does not evoke customers’ negative reactions.

Accordingly, employees’ nonverbal communication fosters customer perceptions of employee labor, which associates with customers’ affective reactions and cognitive appraisals. This sequence of effects significantly predicts customer loyalty. Therefore, we expect the effects of customers’ perceptions of emotional labor on customer outcomes to be stronger if customers observe that employees strive to display nonverbal communication. In contrast, if employees do not use nonverbal communication, their emotional labor will be less likely to be noticed by customers. Therefore, the effects of customer perceptions of employees’ emotional labor should be weaker (Bechtoldt et al., 2011; Johnson and Spector, 2007; Scherer and Ceschi, 2000). Thus, we hypothesize as follows:

H7. The mediating effect of customer positive emotion on the relationship between customer perception of employees’ deep acting and customer loyalty is positively moderated by employees’ nonverbal communication.

H8. The mediating effect of customer positive emotion on the relationship between customer perception of employees’ surface acting and customer loyalty is negatively moderated by employees’ nonverbal communication.

H9. The mediating effect of customer negative emotion on the relationship between customer perception of employees’ deep acting and customer loyalty is positively moderated by employees’ nonverbal communication.

H10. The mediating effect of customer negative emotion on the relationship between customer perception of employees’ surface acting and customer loyalty is negatively moderated by employees’ nonverbal communication.

H11. The sequential mediating effects of perceived service quality and customer satisfaction on the relationship between customer perception of employees’ deep acting and customer loyalty is positively moderated by employees’ nonverbal communication.

H12. The sequential mediating effects of perceived service quality and customer satisfaction on the relationship between customer perception of employees’ surface acting and customer loyalty is negatively moderated by employees’ nonverbal communication.

3. Methodology

3.1. Sample and procedure

Adapting the procedure used in Van Boven and Gilovich (2003) study, we asked participants to recall their most recent hotel and restaurant service experiences including their interaction with the employee and to rate these experiences. A sample of 259 individuals from across the United States over 20 years old were recruited on Amazon’s Mechanical Turk (MTurk) to participate in the survey in exchange for a credit of $0.50. The survey was available for two days and respondents rated their hotel and restaurant service experiences with emotional labor. This participant pool has been shown to be more representative of the broader population than traditional convenience samples (Buhrmester et al., 2011). The average age of the sample was 48 years old, of which 28.9 percent had some advanced education and 69.2 percent had a college degree. More than half of the sample had less than $50,000 in household income. The characteristics of the sample are summarized in Table 1.

Despite the popularity of retrospective reports, some researchers believe that informants may not be able to accurately recall the past. However, Miller et al. (1997) suggest that retrospective reporting is a viable research methodology if the measure is adequately reliable and valid. Furthermore, Huber and Power (1985) argue that researchers should not ask informants to recall facts or events from the distant past to improve the validity of retrospective reports. In addition, they argue that researchers should motivate their informants to provide accurate information through ensuring confidentiality as well as minimizing the duration and inconvenience of data collection. In accordance with these guidelines, our study showed that the reliability and validity of nonverbal communication and emotional labor were acceptable. Further, we have asked informants to recall their most recent service experiences. We also have ensured confidentiality. More importantly, we have minimized the duration and inconvenience of data collection by using online survey.
4. Results

4.1. Measurement model tests

Table 3 presents the means, standard deviations, and correlations for the key constructs. Before averaging the items to form the scales for hypotheses testing, we assessed the measurement model using composite-based structural equation modeling (SmartPLS 3.2.7; Ringle et al., 2015). The composite reliabilities for all variables exceed the cutoff value of 0.70, and the average variance extracted for all focal variables exceeds the 0.50 benchmark, demonstrating that each construct has acceptable psychometric properties (Nunnally and Bernstein, 1994). In support of convergent validity of the scales, all indicators load significantly (p < .05) and substantially (> 0.70) on their hypothesized factors. Furthermore, the square root of the average variance extracted for each construct exceeds the correlations of the construct with other constructs, supporting the discriminant validity of the constructs (Fornell and Larcker, 1981; Hair et al., 2017). Because we used only one source of data in this study, we evaluated the impact of common method bias (Podsakoff et al., 2003). According to Liang et al. (2007), if method factor loadings are insignificant and items’ substantive variances are substantially greater than their counterpart method variances, common method bias is not a serious concern. The results show that the ratio of substantive variance to method variance is more than 100:1 and most method loadings are insignificant, thereby indicating that common method bias is not a serious issue in the present data.

4.2. Hypotheses testing

To test our mediation and moderated mediation hypotheses, we used the PROCESS macro for SPSS (version 3.0) (Hayes, 2018). In Table 4 and Table 5, we provide estimates of the mediation and moderated mediation effects, along with 95% bias corrected bootstrapped confidence intervals of our path estimates. As predicted in Hypothesis 1, customer positive emotion mediates the positive relationship between customer perception of employees’ deep acting and customer loyalty (95% CI [0.12, 0.36]). Hypothesis 2 stated that customer positive emotion mediates the negative relationship between customer perception of employees’ surface acting and customer loyalty. This hypothesis was not supported (95% CI [-0.13, 0.02]). Hypothesis 3 was supported – namely, customer negative emotion mediates the positive relationship between customer perception of employees’ deep acting and customer loyalty (95% CI [0.13, 0.29]). As predicted in Hypothesis 4, customer negative emotion mediates the negative relationship between customer perception of employees’ surface acting and customer loyalty (95% CI [-0.11, −0.01]). Hypothesis 5 stated that the positive relationship between customer perception of employees’ deep acting and customer loyalty is sequentially mediated by perceived service quality and customer satisfaction. We formally tested Hypothesis 5 and found that customer perception of employees’ deep acting was associated with higher perceived service quality, which increased customer satisfaction; this related to higher levels of customer loyalty (95% CI [0.11, 0.30]). Hypothesis 6 states that the negative relationship between customer perception of employees’ surface acting and customer loyalty is sequentially mediated by perceived service quality and customer satisfaction. This hypothesis was supported (95% CI [-0.12, −0.02]).

Hypothesis 7 states that the mediating effect of customer positive emotion on the relationship between customer perception of employees’ deep acting and customer loyalty is positively moderated by employees’ nonverbal communication. This hypothesis was supported. The index of moderated mediation indicated that CI did not include zero (95% CI [-0.12, −0.02]). A 95% bootstrap confidence interval includes zero only when employees’ nonverbal communication is relatively low (−1 SD) (95% CI [-0.06, 0.32]). Hypothesis 8 states that the mediating effect of customer positive emotion on the relationship between customer
perception of employees' surface acting and customer loyalty is negatively moderated by employees' nonverbal communication. This hypothesis was not supported. The index of moderated mediation indicated that CI included zero (95% CI [-0.08, -0.02]). Hypothesis 9 states that the mediating effect of customer negative emotion on the relationship between customer perception of employees' deep acting

| Table 2 |
| Constructs and measurement items. |
| Loading | CR | AVE |
| Customer perception of employee deep acting |
| To what extent do you agree with the following statements? |
| This service provider tried to actually experience the emotions s/he had to show to me. |
| This service provider worked hard to feel the emotions s/he needed to show to me. |
| .94 | .94 | .88 |
| Customer perception of employee surface acting |
| To what extent do you agree with the following statements? |
| This service provider just pretended to have the emotions s/he displayed to me. |
| This service provider put on a 'mask' in order to display the emotions his/her boss wants him/her to display. |
| .92 | .92 | .82 |
| Customer positive emotion |
| To what extent do you agree with the following statements? |
| This service provider makes me feel happy. |
| This service provider makes me feel pleased. |
| .96 | .97 | .89 |
| Customer negative emotion |
| To what extent do you agree with the following statements? |
| This service provider makes me feel unhappy. |
| This service provider makes me feel annoyed. |
| .95 | .97 |
| Perceived service quality |
| To what extent do you agree with the following statements? |
| Perceived service quality is excellent. |
| Perceived service quality is superior. |
| .98 | .97 |
| Customer satisfaction |
| To what extent do you agree with the following statements? |
| I am satisfied with my decision to visit this service provider. |
| My choice to purchase this service was a wise one. |
| .97 | .96 |
| Customer loyalty |
| To what extent do you agree with the following statements? |
| I will say positive things about this service provider to other people. |
| I will recommend this service provide to someone who seeks my advice. |
| .97 | .96 |
| Employee nonverbal communication |
| To what extent do you agree with the following statements? |
| The service provider uses proper eye contact. |
| The service provider nods his/her head properly. |
| .94 | .92 |

<p>| Table 3 |
| Construct means, standard deviations, and correlations. |</p>
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<th>M</th>
<th>SD</th>
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<td>1.53</td>
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<td>2. CPS</td>
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<td>1.67</td>
<td>.18</td>
<td>1</td>
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<tr>
<td>3. CPE</td>
<td>4.32</td>
<td>1.74</td>
<td>.46</td>
<td>.11</td>
<td>1</td>
<td></td>
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<td>4. CNE</td>
<td>3.30</td>
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<td>.36</td>
<td>.18</td>
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<td>.1</td>
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<td>5. PSQ</td>
<td>4.48</td>
<td>1.69</td>
<td>.42</td>
<td>.20</td>
<td>.65</td>
<td>.58</td>
<td>1</td>
<td></td>
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<tr>
<td>6. CS</td>
<td>4.67</td>
<td>1.64</td>
<td>.46</td>
<td>.18</td>
<td>.63</td>
<td>.62</td>
<td>.59</td>
<td>1</td>
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<tr>
<td>7. CL</td>
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<td>1.56</td>
<td>.47</td>
<td>.16</td>
<td>.61</td>
<td>.59</td>
<td>.61</td>
<td>.64</td>
<td>1</td>
</tr>
<tr>
<td>8. ENC</td>
<td>3.50</td>
<td>1.94</td>
<td>.32</td>
<td>.11</td>
<td>.26</td>
<td>.37</td>
<td>.30</td>
<td>.36</td>
<td>.34</td>
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<p>| Table 4 |
| Mediation effects model predicting customer loyalty. |</p>
<table>
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<tr>
<th>Path</th>
<th>Effect</th>
<th>95% bias-corrected bootstrap confidence interval</th>
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<tr>
<td>CPD → CPE → CL</td>
<td>.24</td>
<td>.12, .36</td>
</tr>
<tr>
<td>CPS → CPE → CL</td>
<td>-.05</td>
<td>-.13, .02</td>
</tr>
<tr>
<td>CPD → CNE → CL</td>
<td>.20</td>
<td>.13, .29</td>
</tr>
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<td>CPS → CNE → CL</td>
<td>-.06</td>
<td>-.11, .-01</td>
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<tr>
<td>CPD → PSQ → CS → CL</td>
<td>.19</td>
<td>.11, .30</td>
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<tr>
<td>CPS → PSQ → CS → CL</td>
<td>-.08</td>
<td>-.15, -.02</td>
</tr>
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</table>

CPD: Customer perception of employee deep acting.  
CPS: Customer perception of employee surface acting.  
CPE: Customer positive emotion.  
CNE: Customer negative emotion.  
PSQ: Perceived service quality.  
CS: Customer satisfaction.  
CL: Customer loyalty.  
ENC: Employees’ nonverbal communication.

and customer loyalty is positively moderated by employees’ nonverbal communication. This hypothesis was supported. The index of moderated mediation indicated that CI did not include zero (95% CI [0.02, 0.06]). A 95% bootstrap confidence interval includes zero only when employees' nonverbal communication is relatively low (−1 SD) (95% CI [−0.07, 0.12]). Hypothesis 10 states the mediating effect of customer negative emotion on the relationship between customer perception of employees' deep acting
employees’ surface acting and customer loyalty is negatively moderated by employees’ nonverbal communication. This hypothesis was supported. The index of moderated mediation indicated that CI did not include zero (95% CI [-0.05, −0.01]). A 95% bootstrap confidence interval includes zero only when employees’ nonverbal communication is relatively low (−1 SD) (95% CI [-0.10, 0.05]). Hypothesis 11 states that the sequential mediating effects of perceived service quality and customer satisfaction on the relationship between customer perception of employees’ deep acting and customer loyalty is positively moderated by employees’ nonverbal communication. This hypothesis was supported. The index of moderated mediation indicated that CI did not include zero (95% CI [0.01, 0.03]). A 95% bootstrap confidence interval includes zero only when employees’ nonverbal communication is relatively low (−1 SD) (95% CI [−0.02, 0.14]).

5. Discussions

5.1. Theoretical implications

Previous studies have examined the effects of employees’ emotional labor on customer outcomes in the context of service encounter (Chi and Chen, 2019; Groth et al., 2009; Hennig-Thurau et al., 2006). The present study extends prior findings by examining how customers’ detection of employees’ emotional labor differently influence customer loyalty via two distinct routes, namely, affective reactions and cognitive appraisals, simultaneously. The current research also reveals that impact of customers’ detection of employees’ emotional labor on customer outcomes varies as a function of the employees’ nonverbal communication. In other words, customers’ detection of employees’ deep (surface) acting positively (negatively) affects customer loyalty through customers’ affective reactions (e.g., positive emotion and negative emotion) as well as customers’ cognitive appraisals about employee performance, and this pathway is stronger for customers who are exposed to employees who show high level of nonverbal communication than for customers who are exposed to employees who show low level of nonverbal communication.

Our EASI-based model clarifies the distinct roles of customers’ detection of employees’ deep acting and surface acting in influencing customers’ affective reactions and cognitive appraisals and contribute to the literature on the effectiveness of customers’ detection of employees’ emotional labor. Our research provides an overarching framework for understanding the influence of customers’ detection of employees’ emotional labor on different customer responses. Further, this framework is consistent with and enhances the understanding of previous research. Although, extant literature has highlighted the importance of both customers’ affective reactions and customers’ cognitive appraisals as consequences of customers’ detection of employees’ emotional labor, most studies have focused on only one process without measuring the
other. Several papers concluded that customers' perception of employees' emotional labor is related to customer loyalty (Chi and Chen, 2019; Groth et al., 2009; Pugh, 2001), yet the ways how this works via both customers' affective reactions and cognitive appraisals have not been explicated. In the current research, we propose a general framework for understanding how customers' detection of employees' emotional labor could increase or decrease customer loyalty.

The findings show that customer emotion is a mediator between employees' emotional labor and customer loyalty. More specifically, employees' deep acting positively (negatively) influences customer positive (negative) emotion, which in turn lead to increased (decreased) customer loyalty. Employees' surface acting positively influences customer negative emotion, which in turn leads to decreased customer loyalty. Our results are consistent with employees' emotion regulation strategies. The prior literature consistently shows that employees' deep acting is related to positive outcomes, while employees' surface acting is related to negative outcomes (Grandey and Melloy, 2017). Our findings could be explained by customers' ability to evaluate the authenticity of employees' emotional labor. If customers observe employees' lack of authenticity associated with surface acting, they will question employees' interactions. The authenticity elicited by deep acting is interpreted as sincere interest toward customers (Grandey, 2003; Grandey et al., 2005).

The finding also shows that perceived service quality and customer satisfaction sequentially mediated the relationship between employees' emotional labor and customer loyalty. This finding is significant because previous studies have neglected to examine how the two functions together. Our findings shed light on how the employees' emotional labor/customer loyalty dynamic plays out through perceived service quality and customer satisfaction. These findings are also consistent with emotion labor theory because the relationship between employees' deep acting and customer loyalty is sequentially and positively mediated by perceived service quality and customer satisfaction. The relationship between employees' surface acting and customer loyalty is sequentially and negatively mediated by perceived service quality and customer satisfaction (Grandey et al., 2005; Grandey and Melloy, 2017).

Our results demonstrate that employees' nonverbal communication not only strengthens the positive impact of customers' perception of employees' deep acting on customer outcomes, but also amplifies the negative impact of customers' perception of employees' surface acting on customer outcomes. Hence, it is important for employees to display deep acting and avoid surface acting when they display nonverbal communication to their customers in the service encounter. The findings also confirm that customers are able to distinguish genuine from deceptive employees' emotional labor using the employees' nonverbal communication cues. These results are in line with prior research that shows people can recognize other people's emotions (Ellenbein et al., 2002). Our results are also in line with the studies done by Burgoon et al. (1990) and Sundaram and Webster (2000) suggesting that nonverbal communication help customer detect employees' emotional labor.

Contrary to predictions, we do not find a significant mediation effect of customers' positive emotion on the relationship customers' perception of employees' surface acting and customer loyalty. We also do not find a significant moderating effect of employees' nonverbal communication on this relationship. A probable explanation is that, compared with customers' perception of employees' deep acting, surface acting was unable to sustain high levels of expressed positive emotion. A likely reason for this is that customers find it hard to endure the tension of emotional dissonance produced by surface acting, so that true feelings sometimes leak through into the display (Totterdell and Holman, 2003).

5.2. Managerial implications

Our findings also have several important implications for marketing managers. Our study provides insight into managing employees by providing evidence that different types of employees' emotional labor differently influence customer's affective reactions and cognitive appraisals during service encounters. Thus, if companies are trying to increase customer loyalty, it is important to manage employees' emotional labor strategies. Such strategy requires increased managerial emphasis on hiring employees who are more likely to engage in deep acting. Managers also need to provide training by suggesting ways to engage effectively in deep acting. One such approach uses "take the heat" technique (e.g., listen to customers' complaints, empathize, take responsibility, and apologize) or cognitive reappraisal strategy that alters emotional responses by changing one's interpretation of a situation (Gross and John, 2003; Huang et al., 2015). Regarding employees' surface acting, the recommendation is against using surface acting. Managers might wish to discourage employees from engaging in surface acting (Grandey et al., 2005; Scott and Barnes, 2011).

Our finding that employees' nonverbal communication moderates the relationship between employees' deep and surface acting and customer outcomes has important implications for training and development decisions. If surface action is considered a vital part of employees' role, managers may benefit from gearing employee training toward encouraging nonverbal communication and thus minimize the chances that customers detect fake emotional displays. However, if employees are more effective at engaging in deep acting, training will focus on suggesting ways to engage effectively in nonverbal communication with customers, thus maximizing the chances that customers detect genuine emotional displays. However, the strategic management practice of promoting employees' nonverbal communication may be a double-edged sword when discussing costs and benefits. The negative and positive effects of employees' nonverbal communication are necessarily intertwined as determinants of customer outcomes. If employees' nonverbal communication is enhanced, the negative effect of employees' surface acting on customer outcomes will be increased (costs) as well as the positive effect of employees' deep acting on customer outcomes will be increased at the same time (benefits). Managers, therefore, should regularly review and locate the points beyond which the incremental costs (the negative effect of employees' surface acting) outweigh the incremental benefits (the positive effect of employees' deep acting).

5.3. Limitations and future research

First, we asked our research hypotheses using a field study. This study has strengths and limitations. Thus, future research might include a controlled laboratory experiment. By doing so, we could draw stronger interpretations from our findings as well as generalization of the effects of employees' emotional labor. Furthermore, the future research could enhance the measurement accuracy of nonverbal communication and emotional labor by adopting experimental design, which enables to measure these constructs in real time in the very moment that participants complete the survey.

Second, we did not take into account the difference between one-time and multi-time service encounters. It seems likely that employees' emotional labor would have been more impact in established employee-customer relationships since it would have more meaning in the social exchange (Grandey et al., 2005). In addition, future research might want to explore the effects of service type (e.g., high-contact vs. low-contact services) on the effect of employees' emotional labor on customer outcomes. Situations in which customers do not place importance on employees' surface acting (low-contact service where there are no direct and close contacts between employees and customers) might not negatively influence customers' service experience (Yee et al., 2008).

Third, future studies need to explore why some customers are better able to read employees' deep or surface acting. According to Becholdt et al. (2011), the impact of employees' emotional labor depends on employees' emotional intelligence and emotional recognition is a core
dimension of emotional intelligence. However, emotional recognition from customers' perspective has not been investigated so far. It would be interesting to investigate how customers' emotional recognition affects the relationship between employees' emotional labor and customer outcomes. For instance, employees’ emotional labor and non-verbal communication perceived by customers will be increased if customers have higher levels of emotional recognition ability.

Appendix A. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.jretconser.2019.101899.

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