

**The Trade-Off of Servicing Empowerment on Employees' Service Performance:  
Examining the Underlying Motivation and Workload Mechanisms**

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## Abstract

Literature on empowerment as an internal marketing practice primarily documents positive effects on employees' job performance, though increasing evidence suggests conflicting viewpoints. This study adopts an agency theoretical perspective to propose a workload mechanism, according to which the delegation of power from supervisors (principals) to service employees (agents) (i.e., servicing empowerment) is costly to employees and increases their perceived workload, which hampers their performance to serve customers. Using a laboratory experiment and a survey, this research reveals that the perceived workload and extant motivational mechanisms have conflicting effects on employees' service performance. The former exerts a significant negative impact on tasks that involve conflicting principal-agent interests (e.g., handling customer complaints) but not on tasks with aligned principal-agent interests (e.g., organizational citizenship behaviors). Two control systems, performance appraisal (accurate and infrequent feedback) and principal-agent service goal congruence, mitigate the dysfunctional effect of perceived workload on employees' service performance.

Internal marketing constitutes an integral part of a service business's strategic plan (Bell et al. 2004; Berry and Parasuraman 1991). One of the essential components of internal marketing is the practice of *empowerment* (Rafiq and Ahmed 1998), generally defined as the top-down process of enabling employees by delegating to them the power, autonomy, and responsibility to exercise control over job-related situations and decisions (Conger and Kanungo 1998; Hui et al. 2004). From a similar perspective, we use the term *servicing empowerment* in this study to refer to the degree of discretion, as delegated by top management to frontline service employees, over customer service task performance to enables those employees to provide effective service by responding to customer needs (Bowen and Lawler 1992). Such frontline service employees often need flexibility to make rapid decisions that satisfy individual customers' needs, especially if the service fails and speedy recovery is required (Rafiq and Ahmed 1998).

Both marketing and management literature highlight the benefits of empowerment (Berry and Parasuraman 1991; Bowen and Lawler 1992). Existing research mostly follows self-determination theory and views empowerment as a key to motivate task accomplishment (Deci and Ryan 1987; Rafiq and Ahmed 1998). In particular, a motivational mechanism indicates that empowerment can enhance a person's intrinsic work motivation, which leads to better work performance (Thomas and Velthouse 1990).

Yet growing evidence reveals inconsistent and even contradictory findings regarding the effect of empowerment on employees' work outcomes (Ahearne et al. 2005; Luria et al. 2009; Varca 2001). Empowerment could backfire; for example, Hartline and Ferrell (1996) find that empowered employees experience increased frustration and role conflict because they must fulfill multiple roles. Conger and Kanungo (1988) also comment that empowerment prompts employees to take on extra responsibilities, which slows down the service delivery process and

reduces overall service productivity. Both Varca (2001) and Rafiq and Alhmed (1998) find that empowered employees perceive greater workloads because of their expanded efforts to cope with the broader ranges of tasks associated with empowerment. These discussions echo the Foucauldian notion of discipline (Foucault 1977) that views the practice of empowerment as an implicit control scheme, purposefully designed not to give employees a significant decision-making role but rather to secure their contributions to the organization.

In light of these findings about the negative impacts of empowerment, we adopt an agency theoretical perspective as a means to explicate a workload mechanism, in addition to the prevalent motivational mechanism, that might underlie servicing empowerment and the boundary conditions for its effects. Agency theory is highly relevant for several reasons. First, servicing empowerment creates an agency relationship between supervisors and employees, such that the former (principal) delegates authority to the latter (agent) to serve customers. Second, this delegation of authority likely increases employees' workload, which makes it costly for them to perform the service. For example, employees who are empowered to coordinate customers' active participation in the service production and delivery process must exert extra effort to deal with those customers' unexpected service demands (Chan et al. 2010). According to agency theory, this effort is costly, so agents (employees) shirk and act opportunistically, particularly on tasks that the principal (supervisor) cannot easily measure or observe (Luria et al. 2009), which results in agency problems (Christen et al. 2006; Mudambi 1997). In summary, agency theory guides our predictions related to the potential dysfunctional impacts of servicing empowerment on employees' service performance.

We contribute to existing literature in four ways. First, we extend the motivational mechanism of empowerment to the contrasting mechanism of perceived workload, which

acknowledges that servicing empowerment might simultaneously exert both positive and negative impacts on employee performance through the two opposing mechanisms. Second, in contrast with existing literature, which measures employees' general and quantifiable job performance (Ahearne et al. 2005; Erdogan and Bauer 2009), we examine the more service- and behavioral-specific task of customer complaint handling as a focal performance outcome. This task involves unprogrammable status, information asymmetry, and conflicting interests between the principal and agent (Bell et al. 2004), which makes an agency theory approach appropriate. Third, we propose that servicing empowerment exerts negative impacts on service tasks for which the interests of the agents and principals conflict (e.g., handling customer complaints), but not for those that align principal-agent interests (e.g., organizational citizenship behaviors toward customers). This proposition follows Jensen and Meckling's (1976) argument that agency problems do not exist when the interests of self-serving agents and principals coincide. Fourth, we examine performance appraisal systems (feedback accuracy and frequency) and principal-agent service goal congruence as two internal controls that might reduce agency problems by suspending the detrimental impacts of the workload mechanism on employees' service performance. We test our proposed framework with a laboratory experiment and a survey (see Figure 1).

-----Insert Figure 1 about here-----

## **Conceptual background and hypotheses development**

### Agency theory and the service task of handling customer complaints

In an agency relationship between a *principal* (supervisor) and an *agent* (employee), two key problems arise when their interests conflict and they share asymmetric information. First, the

adverse selection problem occurs when the principal cannot discriminate among agents with different qualities (Mudambi 1997). Heterogeneity in the quality and configuration of services offered by different agents is common: some provide high quality; others are low-quality providers. However, such heterogeneity is not always transparent to the supervisor because of his or her informational deficiencies. A low-quality employee can opportunistically fool supervisors into believing that he or she is a high-quality service provider and extract unjustified profits (Singh and Sirdeshmukh 2000).

Second, the moral hazard problem (Holmstrom 1979) results from a lack of effort by agents. An opportunistic agent skimps on quality to reap greater payoffs without providing the level of quality promised in the initial contract with the principal. Information asymmetry further bolsters the confidence of these opportunistic agents, because they believe quality decrements cannot be easily detected by the informationally deficient principals (Christen et al. 2006; Eisenhardt 1989; Singh and Sirdeshmukh 2000).

These agency problems are particularly salient in services, for which deliverables are intangible and employees' task performance tends to be hard to quantify and measure (Singh and Sirdeshmukh 2000). In service encounters, customer complaint handling remains one of the most critical service tasks (Bell and Luddington 2006). Customer complaints allow a firm to pursue service recovery attempts and an opportunity to reduce customer turnover (Homburg and Fürst 2005). However, little empirical work adopts an agency theory perspective to examine the impact of servicing empowerment on employees' performance of this critical task.

Handling customer complaints entails several key characteristics that might breed agency problems. First, it creates conflicting interests between the principal and the agent. Both parties want to maximize their personal gains (Davis et al. 1997). The supervisor, who represents the

firm, wants agents to pay full attention to customers' needs and put the greatest effort into satisfying them. However, handling complaining customers is costly for the employees because it often involves confrontation, hostility, and irritation (Rupp et al. 2008). In addition, dealing with irritated and disrespectful customers creates an inconsistency between the employees' felt emotions (e.g., angry, upset) and the emotions the organization requires them to display (e.g., calmness, empathy). To fulfill their emotional display requirements, employees perform emotional labor by suppressing their negative feelings and expressing "fake" positive emotions (e.g., keep smiling even when dealing with unpleasant customers), which is psychologically taxing (Brotheridge and Grandey 2002). According to agency theory, employees may act in their own interests, at the expense of the organization, by venting their negative feelings or treating complaining customers rudely (Heide and John 1992). Ultimately, these actions are counterproductive to the formal goals of the organization (Homburg and Fürst 2007).

Second, complaint handling involves significant information asymmetry between employees and supervisors. Employees are in direct contact with complaining customers; as widespread evidence shows, most customers submit their complaints only informally and orally to frontline employees rather than formally to senior management (Bettencourt and Brown 2003). In this case, there is no assurance that top management hears about the complaints, unless frontline employees report them upward (Luria et al. 2009). Employees often are averse to forwarding complaints to top management, fearing unfavorable consequences (Homburg and Fürst 2007). Moreover, social psychologists note that people are reluctant to communicate messages that they believe will be unpleasant for the recipients (the so-called MUM effect; Rosen and Tesser 1970).

Third, it is hard for firms to program exact responses to customers' complaints for employees, which makes performance evaluations difficult. Because handling complaints is

nonprogrammable, the principal cannot effectively verify which tasks the agent is performing (Eisenhardt 1989; Luria et al. 2009), which likely leads to more opportunism.

### Servicing empowerment and its underlying mechanisms

*The motivational mechanism* The link between servicing empowerment and employees' task performance invariably requires intrinsic motivation (Deci and Ryan 1987; Grant 2008). Intrinsic motivation refers to the extent to which a person is inner-directed and fascinated with a task, such that he or she engages in it for the sake of the task itself (Utman, 1997). Recent research offers a hierarchy of three levels of motivation: global, contextual, and situational (see Cadwallader et al. 2010). Global motivation involves relatively enduring individual differences (e.g., extroversion); contextual motivation addresses generalized motives in broad life contexts, such as sports, work, or technology. We adopt Cadwallader et al.'s (2010) concept of *situational* motivation, which refers to the motivation a person experiences when he or she is involved in an activity. Specifically, we focus on employees' situational motivation to perform the task of serving customers (hereafter, *employees' task motivation*). Task motivation is more specific than contextual job motivation, which can refer to multiple tasks with varied levels of autonomy across the different tasks (Cadwallader et al. 2010).

According to self-determination theory (Deci and Ryan, 1987), conditions that encourage individual autonomy foster the most volitional and high-quality intrinsic motivation. Thomas and Velthouse (1990, p. 668) also argue that empowerment is "a proximal cause of intrinsic task motivation and satisfaction." Similarly, task autonomy research suggests that the degree to which a person gains substantial freedom, independence, and discretion in carrying out a task relates positively to employee motivation, satisfaction, and performance (Langfred and Moye 2004; Spector 1986). Letting employees call the shots allows them to perceive that they "own" their job,



find their work meaningful, and thus perform better (Liao et al. 2009). In a services setting, Luria et al. (2009) argue that empowerment enhances employees' skills and professional growth, motivating them to initiate actions in response to customer needs and set higher performance goals. These motives then should improve their customer service performance (Umiker 1992), including handling customer complaints (Homburg and Fürst 2005).

Some support for this assertion comes from Lee and Allen (2002) and Grant (2008), who link intrinsic motivation to employees' in-role performance, as well as their extra-role behaviors, such as organizational citizenship behaviors (OCBs). Such OCBs are not included in employees' formal job descriptions and leave room for voluntary acts (Organ 1997). Employees who perform OCBs tend to enjoy serving customers and have an internal drive to engage in mutually satisfying interactions with them (e.g., Donovan et al. 2004). As suggested by Grant (2008), when intrinsically motivated, employees enjoy the process of completing tasks and perceive volition and free choice in their efforts to benefit others (i.e., act prosocially). Netemeyer et al. (2005) also find that empowering employees motivates them to perform better in customer-directed extra-role behaviors (i.e., OCBs toward customers, or OCB-C in our study). In turn, we hypothesize that employees' intrinsic service task motivation mediates the effect of servicing empowerment on their service performance. Formally:

- H1a: Servicing empowerment increases employees' task motivation to serve customers.
- H1b: Employees' task motivation to serve customers enhances their customer complaint handling performance (CCHP).
- H1c: Employees' task motivation to serve customers enhances their organizational citizenship behaviors toward customers (OCB-C).

*The workload mechanism* In contrast, efforts to empower employees might not yield positive dividends but rather could be detrimental (Forrester 2000; Hartline and Ferrell 1996).

Empowerment grants customer contact employees the right to adapt or even invent a new script

for their roles. Such malleability may be demanding for employees: The more flexible the script, the more ambiguous their role, and thus the more anxious they might become (Chebat and Kollias 2000). Coote et al. (2004) find a negative relationship between empowerment and morale, which they explain by noting that customer contact employees associate empowerment with greater role stress (see also Hartline and Ferrell 1996). This interpretation is also broadly consistent with research on job enrichment efforts, which suggests that not all employees prefer more challenging work. Gagné et al. (1997) and Huang et al. (2010) note that empowerment may not be effective for lower-level (or frontline) employees, who likely attach less value to a sense of control or autonomy. This equivocation about the impact of empowerment also is supported by the “double-edged sword” argument put forth by Bansal et al. (2001): Empowerment evokes freedom and respect, but it also creates expectations and accountability. Moreover, some employees may regard empowerment as an old formula in a new package if they perceive it as a kind of implicit control scheme designed to discipline their behavior and performance. The Foucauldian notion of discipline indicates that surveillance and discipline are no longer visible, external controlling powers (e.g., supervisors’ direct monitoring in the workplace) but rather have been internalized by employees who must self-manage and self-control their behavior and performance (Foucault 1977).

In a services context, Rafiq and Ahmed (1998) similarly suggest that not all staff want the discretion of decision-making power. They may shy away from such responsibility and the accountability associated with empowerment, particularly if employees have discretion in handling unwanted tasks (e.g., customer complaints). Psychologists such as Botti and Iyengar (2004) suggest that freedom of choice in a negative choice context (e.g., a parent may choose which of two children will receive a bone marrow transplant when both children will die without

the procedure) generates emotional discomfort and outcome dissatisfaction. This point is analogous to Shankar et al.'s (2006) argument against *customer* empowerment, in that giving more choices to customers increases their potential for bad decisions and a sense of regret about choices they have rejected. Choice, or the freedom to choose, is thus similar to empowerment in that it can be empowering and liberating but also chaotic and paralyzing (Schwartz 2004).

Moreover, the additional efforts (and responsibility) created by empowerment are costly to employees and hamper their performance on tasks for which their interests conflict with top management's. For example, the task of handling complaints involves conflicting interests with the principal (supervisor), which requires labor by employees (e.g., the supervisor wants employees to keep smiling, even in the face of irritated, complaining customers) (Brotheridge and Grandey 2002). When employees undertake extra effort and responsibility created by empowerment, they are more likely to perceive a greater workload. Increased workload, in turn, contributes to exhaustion by depleting the capacity of people to meet job demands that conflict with their self-interests (Maslach and Leiter 2008; Saks 2006; Singh and Sirdeshmukh 2000), such as CCHP. In particular, because the information asymmetry nature of CCHP makes employees' performance hard to be measured and detected, the highly work loaded employees are thus more likely to act opportunistically and shirk on the task. Formally, we therefore posit:

H2a: Servicing empowerment increases employees' perceived workload.

H2b: Perceived workload decreases employees' customer complaint handling performance (CCHP).

However, as Jensen and Meckling (1976) and Davis et al. (1997) note, if the interests of self-serving agents and principals coincide, there should be no agency problems. Therefore, we expect that servicing empowerment does not exert negative impact on tasks that involve limited or no conflicting principle-agent interests through the workload mechanism. That is, being

empowered in serving customers is costly to employees and increases their perceived workload, but if their interests align with those of their supervisors, employees are less likely to act opportunistically.

To investigate this prediction, we consider employees' organizational citizenship behaviors toward customers (OCB-C), a service task with aligned employee and supervisor interests. It refers to employees' discretionary behaviors toward customers, such as the degree to which they "go the extra mile" to serve customers or engage in behaviors such as attending meetings or functions that might help improve their customer service, even if doing so is not part of their formal job and not formally rewarded (Mackenzie et al. 1999; Organ 1997). In contrast with customer complaint handling, OCB-C actions are less likely to demand emotional labor because they create consistency between employees' internal feelings toward their jobs (e.g., enjoyment) and the emotional display rules (e.g., keep smiling) mandated by the organization (Babakus et al. 2009). Employees who undertake extra-role behaviors to serve customers thus might perform their jobs voluntarily and spontaneously, without much self-control needed to inhibit or suppress any unpleasant thoughts and behaviors (e.g., Brotheridge and Grandey 2002). Therefore, OCB-C represents a more authentic action that employees undertake to serve customers, which aligns well with the principal's interest in providing quality service. Accordingly, though servicing empowerment increases employees' perceived workload (as posited in H2a), it is not likely to impair employees' performance of OCB-C.

Although some research suggests that employees engage in extra-role services because of their self-interested goal of impression management, rather than being altruistic or voluntary (e.g., Bolino 1999), we adopt the conventional view to define OCB-C as voluntary, authentic,

and enjoyable in nature (e.g., Netemeyer et al. 2005; Organ 1997). We leave to further research the investigation of alternative conceptualizations.

### Control systems of agency problems

Organizations can employ systems to control and mitigate inherent agency problems (Davis et al. 1997; Jensen and Meckling 1976). For example, a signaling or information system can reveal agents' true performance (Eisenhardt 1989; Mishra et al. 1998; Singh and Sirdeshmukh 2000). Jensen (1983) notes that an appropriate information system informs the principal about what the agent is doing and should curb agent opportunism, because the agent realizes that he or she cannot deceive the principal and therefore is more likely to support the interests of the principal (Eisenhardt 1989). Similarly, Davis et al. (1997) recommend audits and performance evaluations to keep self-serving agents in check. For our investigation, we consider a performance appraisal system that gives the principal an opportunity to communicate regularly with agents and discern their true service skills.

At its most basic level, feedback from a performance appraisal features information about behaviors of employees (Annett 1969). The principal can keep track of the agent's self-serving behavior by providing feedback that minimizes the information gap and motivates employees to work toward organizational goals. It also provides an appropriate channel through which the principal can gain valuable information (e.g., end customers' complaints) from agents and reduce the likelihood of agent opportunism (Mishra et al. 1998; Singh and Sirdeshmukh 2000).

We consider a performance appraisal system with two key components, feedback accuracy and feedback frequency. We follow Hackman and Oldham (1976) to define feedback as the degree to which the employees receive information that indicates the quality of their work

performance. Specifically, feedback accuracy is the extent to which employees perceive that feedback accurately taps their behaviors (Mayer and Davis 1999), whereas feedback frequency refers to the incidence of appraisals (Lurie and Swaminathan 2009).

People who believe their appraisals are accurate are more likely to be satisfied with the outcomes of the process and motivated to achieve organizational goals (Mayer and Davis 1999). Also, the more frequent that feedback, the better employees' performance tends to be (Anderson et al. 1971). According to Lurie and Swaminathan (2009), frequent feedback enhances performance because employees can respond quickly to changes in the environment and see the consequences of their actions. An accurate and frequent appraisal system also may signal that top management cares about employees' interests and concerns (Cook 1968; Mayer and Davis 1999). We thus propose that accurate and frequent performance feedback addresses agency problems by dampening the impact of a greater perceived workload, due to servicing empowerment, on employees' performance of handling complaints (i.e., CCHP). Formally stated:

H3: The negative effect of perceived workload on employees' customer complaint handling performance (CCHP) is weaker when the level of (a) feedback accuracy and (b) feedback frequency is higher.

Culture provides another solution to agency problems (Chu and Desai 1995). A service culture of shared values among organization members acts as an implicit incentive to motivate agents to internalize the firm's values and behave in the interest of the organization (Hofstede et al. 1990; Mishra et al. 1998). Culture functions as a control mechanism when employees substitute individual goals with the collective goals of the firm (Davis et al. 1997). If there is goal congruence between the principal and agent, this shared culture eliminates potential agency problems (White 1985). Furthermore, complaint research suggests that a customer-oriented corporate culture supports effective complaint management (e.g., Homburg and Fürst 2007).

Therefore, we investigate whether congruent service goals for supervisors (principals) and employees (agents) dampen the detrimental effect of perceived workload on service outcomes.

Goal congruence, which exists when employees perceive that their work goals and values fit with the organization's goals and values, parallels the notion of person–organization fit (Vancouver and Schmitt 1991). If the service climate includes such congruence between employees and top management, the entire organization revolves around customer service, and employees should be aware of the importance of their role and act in the interest of the organization (Luria et al. 2009). Such goal congruence also minimizes the risk that empowered employees act in ways that harm the organization (Gandz 1990). In summary, we posit:

H4: The negative effect of perceived workload on employees' customer complaint handling performance (CCHP) is weaker when the level of principal–agent service goal congruence is high.

We conducted two studies to test these hypotheses. In Study 1, a laboratory experiment among employees of an educational institution, we varied the level of servicing empowerment and measured employees' performance when they had to handle students' complaints. In Study 2, we conducted a survey with employees and their immediate supervisors in the finance industry, who naturally differed in their levels of servicing empowerment.

## **Study 1: Laboratory experiment**

### **Method**

Study 1 aims to test the proposed motivational and workload mechanisms of servicing empowerment on employees' task performance when their interests conflict with those of the organization (i.e., CCHP). A total of 68 administrative staff members (63% women) of a university in Hong Kong participated, and each received HK\$100 (US\$13) for their participation.

These employees work in various faculties and departments, with job titles such as executive assistant (32.4%), executive officer (42.6%), program manager (16.1%), and others (8.9%). All respondents have student complaint handling experience. They were randomly assigned to one of the two conditions (high versus low level of empowerment) in the between-subjects design.

All staff were asked to participate in a hands-on student complaint handling experience, such that they had to reply to four real students' e-mail complaints on a computer. These e-mails were collected from a faculty at the university and modified slightly to ensure anonymity. The complaint topics applied to administrative units across disciplines, such as dissatisfaction with the course registration procedure, the course schedule, and the staff's knowledge and service. Typical of service complaints, the e-mails featured irritating words and hostile tones that expressed anger. For example, one complaint described the course registration procedure as "ridiculous" and staff's knowledge of the course schedule as "poor and stupid." The administrative respondents were asked for help in dealing with these complaints and told that their replies would be forwarded to the students.

To operationalize servicing empowerment, existing research has proposed two levels of empowerment, varying from full empowerment of frontline employees at one extreme to no empowerment at the other. With full empowerment, employees are given considerable latitude in deciding how best to solve service problems and address customers' needs. In direct contrast, the non-empowered employees simply refer the matter to a superior or others who then deal with the customers' complaints or problems (Bradley and Sparks 2000). Adopting this approach, we manipulated the amount of discretion available to the participants in their replies with two levels. In the *high empowerment* condition, participants could decide how to reply, with no restrictions on the length, tone, or language of their replies. Their replies should be based on their experience,



and they could answer in a way that they considered appropriate. In the *low empowerment* condition, we constrained replies by providing three response options and asking the participants to choose one. The three response options represented the most typical responses, according to a pretest with a sample of 20 administrative staff with similar backgrounds, namely, “Thank you for your feedback, we will follow up with your complaint”; “Sorry, it is not the kind of problem that we can help you solve within our job scope”; and “We will forward your questions to related department/colleagues for follow-up”. After indicating their responses to the complaint e-mails, the respondents answered questions related to key variables, including a manipulation check for empowerment, task motivation, perceived workload, and control variables. We also included measures of opportunism and emotional labor to examine employees’ perceptions of the task. All items used a seven-point scale (1 “strongly disagree” to 7 “strongly agree”). Finally, the subjects were debriefed, thanked, and paid. They indicated no awareness of the experimental hypotheses.

*Manipulation check* We included three questions to check the empowerment manipulation in terms of participants’ perceptions of their discretion and use of their own judgment to respond to students’ complaints. For example, “You can choose whatever ways you think the best to handle those students’ complaints”. The items loaded reliably ( $\alpha = .90$ ) on a single construct, so we averaged them to form the servicing empowerment manipulation check score.

*Task motivation and perceived workload* We included seven and four items for the constructs of task motivation and perceived workload, respectively. For task motivation, we captured three subtypes of intrinsic task motivation, namely, employees’ motivation to experience stimulation, to know, and to accomplish (Cadwallader et al. 2010).<sup>1</sup> Sample items included, respectively,

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<sup>1</sup> Intrinsic motivation to experience stimulation operates when a person engages in an activity to experience pleasant sensations; intrinsic motivation to know implies engaging in activities because of the pleasure and satisfaction

“Handling those students’ complaints is enjoyable”, “I like handling those students’ complaints because it allows me to know more about the proper ways of serving students”, and “I like replying to those students’ complaints because it helps perfect my abilities in serving them”. The average of these items ( $\alpha = .92$ ) constituted participants’ motivation to handle student complaints.

For perceived workload, we adopted Singh et al.’s (1994) and Beehr et al.’s (1976) scales, which included items such as “I feel like I have too much work to do in handling those students’ complaints” and “Overall, I feel that my workload has increased”. The average of the items ( $\alpha = .94$ ) represented participants’ perceptions of their workload with the task.

*Measuring CCHP* To measure participants’ performance, we recruited 68 undergraduate students from the same university (18–22 years of age) and randomly matched each of them with an administrative staff member to evaluate the responses. All students first read the complaint e-mails and were instructed to imagine that they had sent those complaints and would now evaluate the replies by responding to three items: (1) “You are happy with the staff member’s reply”, (2) “You are satisfied with the staff member’s reply”, and (3) “You will contact this staff member again for any complaints or questions that you may have in the future” (e.g., Rafaeli et al. 2008). The respondents answered the three questions repeatedly for each complaint e-mail, such that we could create four separate CCHP indexes (averaging the three items) for the four complaint e-mails. The high correlation among the four separate CCHP indexes ( $\alpha = .87$ ) prompted us to average them to form a composite CCHP index for further analyses. We also included measures of the realism and believability of the complaint e-mails. They appeared highly realistic ( $M = 5.06$ ) and believable ( $M = 5.24$ ).

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derived from learning, exploring, and understanding new things; and intrinsic motivation to accomplish refers to activities undertaken because of the pleasure and satisfaction derived from trying to surpass oneself or creating or accomplishing something.

*Control variables* We included several control variables in this study. First, we controlled for employees' work experiences with measures of their work stress and efficacy in serving customers. *Work stress* influences employees' job performance (Schaufeli and Bakker 2004), though some researchers suggest work stress energizes employees into motivated states and therefore improves work outcomes (Schaufeli and Bakker 2004), whereas others find that it increases employees' feelings of fatigue and hampers their work (Sonnetag and Zijlstra 2006). *Servicing efficacy* refers to employees' self-appraisals of their capabilities and confidence in their ability to perform the task of serving customers. Efficacy improves work performance (Katz-Navon and Erez 2005). Second, because job resources are central to employees' work, we included measures of supervisory support as an important interpersonal resource at work. *Supervisory support* refers to the degree to which the supervisor recognizes the contributions of employees and is supportive in helping solve their problems. When supervisors provide support to subordinates, work performance improves (Shanock and Eisenberger 2006). Third, we controlled for contextual factors related to the service industry. In particular, we included employees' perceptions of the amount of customer complaints received in the previous year. This factor should increase employees' perceived workload associated with serving customers. Finally, we controlled for employees' gender and organizational tenure. Mainiero (1986) notes that men and women differ in their perceptions and uses of power. Organizational tenure also may influence employees' ability to handle customer complaints (Crandall and Perrewe 1995).

*Additional measures* We included emotional labor and opportunism items (Anderson 1988; Heide and John 1992) to provide preliminary empirical evidence that employees tend to dislike the CCHP task and are likely to act opportunistically and shirk it. Seven items ( $\alpha = .90$ ) served to examine employees' perceptions of their enjoyment of and the extent of emotional labor required

to handle customer complaints, such as “You do not enjoy serving those complaining students”, “You need to suppress any negative feelings (e.g., anger) to pretend to be nice”, and “You do not serve complaining students from your heart”. The mean rating of 5.30 revealed the relatively effortful and emotionally laborious nature of this task. The measures of opportunistic behaviors included items such as “You will not always provide the top management a completely truthful picture of the complaints” and “On occasion, you distort information to the company about complaints to protect your interests” (3-items,  $\alpha = .88$ ). The mean rating of 5.26 demonstrated a relatively high probability of shirking on the task of handling customer complaints.<sup>2</sup>

### Hypotheses tests

*Manipulation check* A one-way analysis of variance (ANOVA) with empowerment as the main factor showed that respondents in the high empowerment condition reported higher levels of servicing empowerment ( $M = 5.22$ ) than those in the low empowerment condition ( $M = 3.46$ ;  $F(1,66) = 73.73, p < .001$ ). Our manipulation of servicing empowerment was successful.

*Mediating mechanisms* To examine whether employees’ task motivation and perceived workload mediate the effects of servicing empowerment on complaint handling, we used Baron and Kenny’s (1986) mediation test (see Chan et al. 2010). The results in Table 1 reveal that servicing empowerment related significantly to task motivation, perceived workload, and CCHP.

Perceived workload and task motivation also related significantly to CCHP. When servicing empowerment, task motivation, and perceived workload appeared as predictors of CCHP, the effect of servicing empowerment on CCHP declined significantly (Sobel’s  $z$  for perceived workload = 2.78,  $p = .00$ ; for task motivation = 1.74,  $p = .08$ ). Therefore, task motivation and

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<sup>2</sup> We included the same measurements in Study 2 and obtained similar findings: Employees rate both emotional labor ( $\alpha = .92, M = 5.03$ ) and opportunism ( $\alpha = .94, M = 5.12$ ) as high for the CCHP task.

perceived workload partially mediate the relationship between servicing empowerment and CCHP, in support of H1a, H1b, H2a, and H2b.

-----Insert Table 1 about here-----

## Discussion

The results of this study support our initial hypotheses by confirming the prevalence of the positive role of intrinsic task motivation as a mediator of the impact of servicing empowerment on employees' CCHP. Moreover, the findings reveal a simultaneous and contrasting mechanism of perceived workload that drives the negative impact of servicing empowerment on tasks that involve conflicting principal-agent interests such as handling customer complaints (i.e., CCHP).

## **Study 2: Survey**

Study 2 seeks to replicate these findings by examining the relationships in a real setting with naturally varying levels of servicing empowerment in the finance industry. In addition, it tests the impact of the two mediating mechanisms on tasks associated with aligned interests (i.e., OCB-C) and further examines the boundary conditions at which a performance appraisal system (feedback accuracy and frequency) and principal-agent service goal congruence suspend the negative impact of the workload mechanism on employees' service performance.

## Method

The data for this study come from 220 pairs of service employees and supervisors of a large multinational bank in Hong Kong, across various departments and branches. The respondents provide professional financial and banking services to customers in retail, personal, and

corporate banking, and each reports to a supervisor. This financial services context is appropriate for this study; as Singh and Sirdeshmukh (2000) note, banking services entail high performance ambiguity, significant consequentiality, and greater interdependence between employees and customers. Moreover, because these services feature a high degree of input uncertainty from customers, such as unexpected service requests (Chan et al. 2010), the extent to which the supervisor allows employees the freedom to make their own judgments is critical.

Participation in the survey was voluntary. Each respondent was assigned a survey package that contained a cover letter and a questionnaire. The questionnaire started with a cover story with short description about the importance of customer services in Hong Kong, where the service industry accounts for 90.9% of the country's gross domestic product. The respondents were told that as employees of this service industry, their task experiences with serving customers were of interest. All the questions that followed focused on the specific task of serving customers. After completing the questionnaire, the employee respondents helped pass a second survey package on to their immediate supervisors. Both employee and supervisor respondents were reminded to complete the survey only once. To reduce the inconvenience and enhance the response rate, we visited the companies (and different branches) in person to distribute and collect the survey packages. All envelopes were sealed and collected by the researchers, and we guaranteed all respondents that their responses would remain anonymous, with only aggregated data used for the analyses. Moreover, we provided a cash voucher of HK\$100 for each completed questionnaire and an additional cash voucher of HK\$50 to employees who successfully provided the survey to their supervisors.

Of the total sample of 335 employee respondents, 242 completed the questionnaire, and 229 successfully passed the survey to their supervisors (68% response rate). After removing 9 cases

with missing data, we obtained a final data set with 220 matched employee–supervisor pairs from 21 branches across different departments, including corporate and private banking (44%), insurance (26%), investment service (31%), mortgage loans (29%), and other sectors, such as credit and wealth management (32%).<sup>3</sup> The employee (supervisor) respondents indicated a mean tenure of 5.0 (6.0) years, 39 % (36%) were men, and 44% (72%) graduated from high school.

To test for nonresponse bias, we performed a comparative analysis of early respondents (first half) versus later respondents (second half) on key demographic characteristics and study variables (Armstrong and Overton 1977; Heide and John 1992). No significant differences appeared for either employee or supervisor respondents. The lack of significant difference between early and later respondents suggests nonresponse bias was not a severe problem.

*Measure operationalization* The original questionnaire was prepared in English, then translated into Chinese using standard back-translation methods (Brislin 1980). We pretested the questionnaire with 10 employees and 5 supervisors, who indicated no major changes to our measures. In the Appendix, we provide the scales for the key constructs and control variables (those with multi-items), along with their measurement reliability and validity. All items, unless specifically indicated, used a seven-point scale (1 = “strongly disagree,” 7 = “strongly agree”). The descriptive characteristics of all constructs are in Table 2.

-----Insert Table 2 about here-----

We adopted Hartline and colleagues’ (2000) four-item measure of servicing empowerment to capture the extent to which the employees perceived that they could exercise a certain degree of freedom and use their own judgment to perform tasks associated with serving customers.

Measures of task motivation and perceived workload were the same as those in Study 1, though

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<sup>3</sup> Because the service scope of our respondents involved more than one service area, the sum of the percentages for each service does not add up to 100.

we modified the wordings slightly to fit the study context. We followed Ilgen et al. (1979) and Kinicki et al. (2004) and included feedback accuracy and frequency as the two key dimensions of the performance appraisal system. The three feedback accuracy items came from the perceived accuracy dimension of Ivancevich's (1982) assessment of appraisal interview scale and captured the extent to which feedback provided an accurate portrayal of employees' performance and the specificity of that feedback information to employees. Principal-agent service goal congruence was operationalized as an absolute difference score between the ratings provided by the employee and his or her supervisor. That is, employees and their supervisors responded to an identical set of questions (four items each) about the degree of importance they place on superior customer services (e.g., Bettencourt and Brown 2003; Donovan et al. 2004). With these highly correlated service goal items ( $\alpha_{\text{employee}} = .81$ ;  $\alpha_{\text{supervisor}} = .94$ ), we derived composite scores for employees and supervisors respectively, then subtracted the supervisors' service goal score from the employees'. The resulting difference score reflected both the magnitude and direction of goal congruence. Because we offered no specific propositions about the direction of congruence (i.e., positive or negative), we used the absolute value of the difference score and examined the impact of the extent of goal congruence—the smaller the value, the greater the congruence between the service goals of employees and supervisors, and “0” indicated a perfect principal-agent match.

For CCHP and OCB-C tasks, we asked the employees' immediate supervisors to rate their performance. Employees' CCHP consisted of three items that captured their attitude and responsiveness to dealing with customer complaints and customers' satisfaction with their complaint handling (Homburg and Fürst 2005; Maxham and Netemeyer 2003). We operationalized OCB-C as a second-order factor with five first-order indicators: *altruism*, *courtesy*, *conscientiousness*, *sportsmanship*, and *civic virtue*. All items related to these five



indicators were adopted from OCB literature, with minor modifications to fit our study context (Podsakoff et al. 1990). We used these supervisor-rated measures of employee performance because employees are likely to overrate their performance (Netemeyer et al. 2005) and including two informants mitigates the same-source bias (Chan et al. 2010).

*Control variables* In addition to the control variables from Study 1, we controlled for the following factors: Employees' *overall task significance* represented an index of employees' perceptions of the skill variety, task identity, and task significance when they serve customers (e.g., Gagne et al. 1997). Existing literature reveals that task significance is associated with enhanced intrinsic motivation and job satisfaction (e.g., Hackman and Oldham 1976). We also included *coworker support* as another work resource, or the extent to which coworkers are willing to help employees do their jobs. It generally indicates a positive impact on job performance (e.g., Bell et al. 2004). Finally, we controlled for contextual factors, namely, customer service demand ("Compared with other industries, demand for customer service in your industry is greater") and customer type (end consumer or business).

## Results

*Measurement model tests* We validated our measures using confirmatory factor analysis. Our proposed model consisted of 18 constructs (with 12 multi-item constructs) and a total of 51 indicators. With a sample size of 220, we could not employ standard measurement validation procedures for multi-item scales (Bentler and Chou 1987). Instead, we followed the suggestion of Bentler and Chou (1987) and the practices of Bell et al. (2004) to divide the model's constructs into theoretically plausible groups and ran separate measurement models for them.

We estimated two confirmatory factor models in LISREL 8 (Joreskog and Sorbom 1993). Measurement Model 1 included the ten control constructs; Model 2 included the main study constructs. The results of the confirmatory factor analyses indicated satisfactory fit with the data: Model 1  $\chi^2_{(245)} = 328.95, p < .001$ ; goodness-of-fit index [GFI] = .90, comparative fit index [CFI] = .98, incremental fit index [IFI] = .98, and root mean square error of approximation [RMSEA] = .040, and Model 2  $\chi^2_{(593)} = 642.36, p = .08$ ; GFI = .88, CFI = .99, IFI = .99, and RMSEA = .019.

For both models, all factor loadings were highly significant ( $p < .001$ ), the composite reliabilities of all constructs were greater than .80, all average variance extracted (AVE) estimates were greater than .50, and the shared variance between all possible pairs of constructs was lower than the AVE of each construct. The measures thus demonstrated adequate convergent and discriminant validity.

*Motivational and workload mechanisms* To test H1 and H2, we again used the mediation test procedures recommended by Baron and Kenny (1986). In Table 3, panel a, we show that servicing empowerment related significantly to employees' task motivation ( $\beta = .13, p < .05$ ), perceived workload ( $\beta = .53, p < .01$ ), and CCHP ( $\beta = -.28, p < .01$ ). When servicing empowerment, perceived workload, and task motivation appeared as predictors of CCHP, perceived workload and task motivation exerted statistically significant effects. The effect of servicing empowerment on CCHP, after we controlled for perceived workload and task motivation, was not significant ( $\beta = -.06, ns$ ). These results indicate that both perceived workload and task motivation fully mediate the relationship between servicing empowerment and CCHP, in support of H1a, H1b, H2a, and H2b. Similar interpretations regarding the mediating role of task motivation in linking servicing empowerment to OCB-C offer support for H1c (see Table 3, panel b). We find full mediation of the effect of employees' task motivation on the impact of

servicing empowerment on employees' OCB-C. Moreover, perceived workload did not have significant effect on OCB-C ( $\beta = -.02, ns$ ), in support of our claim that the perceived workload created by servicing empowerment does not impair service tasks with limited or no conflicting principal-agent interests.

-----Insert Table 3, panel a and panel b about here-----

To test the moderating effects of the two control systems, as we predicted in H3 and H4, we employed moderated regression (see Table 4). Specifically, we entered the control variables in Step 1, main effects in Step 2, and interaction terms in Step 3.

-----Insert Table 4 about here-----

*Control systems: performance appraisal* As we show in Table 4, the interaction term of perceived workload  $\times$  feedback accuracy was positive and significant ( $\beta = .28, p < .01$ ), in support of H3a. The perceived workload  $\times$  feedback frequency interaction also was significant but negative ( $\beta = -.25, p < .01$ ), in contrast with our prediction that more frequent feedback would be better. Therefore, H3b is not supported; we discuss this result in a subsequent section.

To examine the details of these interactions, we derived simple slopes (Aiken and West 1991), with regressions at high (one standard deviation above) and low (one standard deviation below) levels of feedback accuracy and frequency. In the case of feedback accuracy, the negative relationship between perceived workload and CCHP was significant at the low level only ( $t = -4.43, p < .001$ ) (see Figure 2a). In contrast, the negative impact of perceived workload on CCHP was significant at the high level of feedback frequency only ( $t = -4.73, p < .001$ ) (Figure 2b).

-----Insert Figure Figures 2a and 2b about here-----

*Control systems: principal-agent service goal congruence.* We found support for H4, because there was a negative and significant perceived workload  $\times$  goal congruence interaction ( $\beta = -.22,$

$p < .01$ ). Again, we derived simple slopes at high and low levels of goal congruence.<sup>4</sup> When the service goal congruence between the employee and supervisor was low, the negative relationship between perceived workload and CCHP was highly significant ( $t = -5.03, p < .001$ ), but the effect became insignificant at higher levels of goal congruence ( $t = -.95, n.s.$ ) (see Figure 2c).

*Supplementary analysis* To further explore the moderating effects of the two control systems on the motivational mechanism, we reanalyzed our data by including the three two-way interaction terms of task motivation with the control systems of feedback accuracy, feedback frequency, and principal–agent service goal congruence in the models of CCHP and OCB-C (CCHP: change in  $r^2 = .03, p < .05$ ; OCB-C: change in  $r^2 = .04, p < .05$ ). The performance appraisal control system did not exert significant impact on the relationship between task motivation and service performance (CCHP or OCB-C). These results may imply that when employees are self-motivated to work, control appears less necessary. Moreover, the interaction term of task motivation  $\times$  goal congruence exerted a positive and significant effect on both CCHP ( $\beta = .17, p < .05$ ) and OCB-C ( $\beta = .14, p < .01$ ). Although we did not offer formal hypotheses about these relationships, we discuss them further.

## Discussion

The findings from Study 2 replicated the results of our laboratory study in a field setting with naturally varying levels of servicing empowerment. These findings therefore provide convergent evidence in support of our contention that both task motivation and perceived workload underlie the effect of servicing empowerment on employees' performance of tasks that entail conflicting interests (i.e., CCHP). However, the workload mechanism does not impair tasks that align

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<sup>4</sup> To make it easier to interpret Figure 2c, the low level of service goal congruence shown implies a high level of service goal incongruence, and vice versa.

principals' and agents' interests (i.e., OCB-C). In addition, Study 2 shows that an accurate and infrequent performance appraisal system and a congruent service goal can help overcome the dysfunctional impact of perceived workload on employees' service performance.

### **General discussion, managerial implications, and limitations**

Empowerment as an internal marketing practice is generally believed to motivate employees to work harder and thus provide a sustainable competitive advantage for organizations (Deci and Ryan 1987). Yet growing evidence suggests that empowerment often fails to meet the expectations of either managers or employees, especially when employees regard it as an implicit control system, in line with Foucault's (1977) notion of discipline. To investigate this equivocation, we have adopted an agency theory perspective to understand the trade-off of servicing empowerment by explicating the underlying opposing mechanisms of motivation and perceived workload. Our research provides implications for both research and practice.

#### Research implications

Our findings contribute to existing literature in several ways. First, we extend existing ideas about the motivational mechanism and simultaneously examine the potential dysfunctional impact of servicing empowerment on employees' service performance through a workload mechanism. The results support agency theory as a means to understand the negative impact of servicing empowerment on employees' performance. In addition, our convergent evidence about the conflicting interests assumption shows that the workload mechanism does not affect tasks for which the interests of the principal and the agent coincide (e.g., OCB-C).

Second, we enrich existing marketing literature by applying agency theory to a new setting, namely, employees' CCHP and OCB-C. We further identify performance appraisal systems and

principal–agent service goal congruence as two controls that can mitigate the negative impact of perceived workload. Accurate but less frequent feedback and higher service goal congruence both enable supervisors to monitor agents’ self-serving behaviors and dampen the negative impact of perceived workload on their complaint handling performance.

Third, though not within our study scope, our post hoc test reveals a less important role of performance appraisals when employees already are motivated to work. Neither feedback accuracy nor frequency moderate the positive effect of task motivation on service performance for CCHP and prosocial behaviors of OCB-C. As noted by Davis et al. (1997), the amount of resources needed to guarantee organizational behavior by an individualistic agent diminishes when that agent is motivated to behave in ways that support the organization. Moreover, the findings of the supplementary analyses—that service goal incongruence between the agent and principal strengthens the effect of task motivation on employees’ service performance—is worthy of discussion; Jackson and Beauchamp’s (2010) study of efficacy beliefs in athlete–coach dyads suggests that incongruent efficacy beliefs motivate people to enhance their own sense of self to match the efficacy perceptions of their partner. Gist (1987) and Hartline and Ferrell (1996) also reveal that employees who experience role conflict may become more emotionally aroused in their efforts to cope with conflicting demands. In our study context, employees who perceive that their goals are incongruent with those of their supervisors (e.g., less service-oriented employees working with very service-oriented supervisors) might be more motivated to exert effort to perform better and narrow the service goal discrepancy. This explanation seems viable, but further research clearly is required to test and verify these claims.

Managerial implications

*Assign employees the right task* Managers should be aware of the dysfunctional impacts of servicing empowerment, especially the potential increase in employees' perceived workload. We suggest they delegate more power to employees for tasks marked by aligned interests, not for those that involve conflicting interests, which may cause employees to act opportunistically and reduce their service performance.

*Bolster employees' task motivation* Consistent with self-determination theory, we find that servicing empowerment can exert a positive impact on employees' performance by enhancing their task motivation, which improves their service performance. Managers should highlight the meaningful and fun aspects of work to empowered employees, emphasize employees' importance as valuable assets to the company, and offer them praise and recognition for their work (Hackman and Oldham 1976). Supervisors should also create opportunities for professional growth that boost employees' self-esteem and enhance their motivation to accomplish work for the organization, rather than lingering on their experiences of workload (Agrawal and Wan 2009).

*More is not always better* Our results challenge the generally accepted notion that more is better. First, more frequent feedback actually can intensify agency problems by magnifying the effect of perceived workload on employees' service performance. Ilgen et al. (1979) similarly recognize that increasing feedback frequency may be detrimental to performance, because it can connote a lack of trust in the recipient. This lack of trust reduces the employee's desire or willingness to respond to feedback and share accurate information with principals, for whom frequent feedback detracts from their own effective initiative (Ilgen et al. 1979). Hunton et al. (2008) also find that continuous monitoring can increase agents' apprehension about their performance evaluations and make them feel that supervisors do not trust them, ultimately leading to greater risk aversion in decisions on behalf of the firm. For a task such as handling customer complaints, whose

outcome is not objectively determinable in the near future, increased monitoring likely heightens risk aversion even further (Wiseman and Gomez-Mejia 1998).

*Goal incongruence could be a boon* Consistent service goals between employees and supervisors helps mitigate the negative impact of workload on performance. However, among self-motivated employees, incongruence might motivate them to work harder (though this unexpected finding calls for further investigation). Managers should strategically inform employees who lack task motivation about the organizational match with their own service values; for employees who are highly motivated to work, managers instead should remind them about the discrepancy to motivate them to perform even better.

#### Limitations and further research

Several limitations in our study suggest further research opportunities. First, longitudinal studies could clarify whether the workload mechanism persists in the long term, because employees' continuous practice with customer complaints might mitigate the negative effect of perceived workload. Second, research should pursue richer insights into the boundary conditions of the two proposed mechanisms by examining the conditions in which the workload mechanism has a greater impact on employees' service performance than the motivational mechanism. Third, to enhance our understanding of solutions to agency problems, researchers could examine other potential self-control systems, such as an altruistic personality trait. Fourth, though we take a conventional view of OCB-C as voluntary and altruistic, further research could broaden understanding of this work behavior and its relationship with employees' level of empowerment by adopting a view that prioritizes its potential for impression management.



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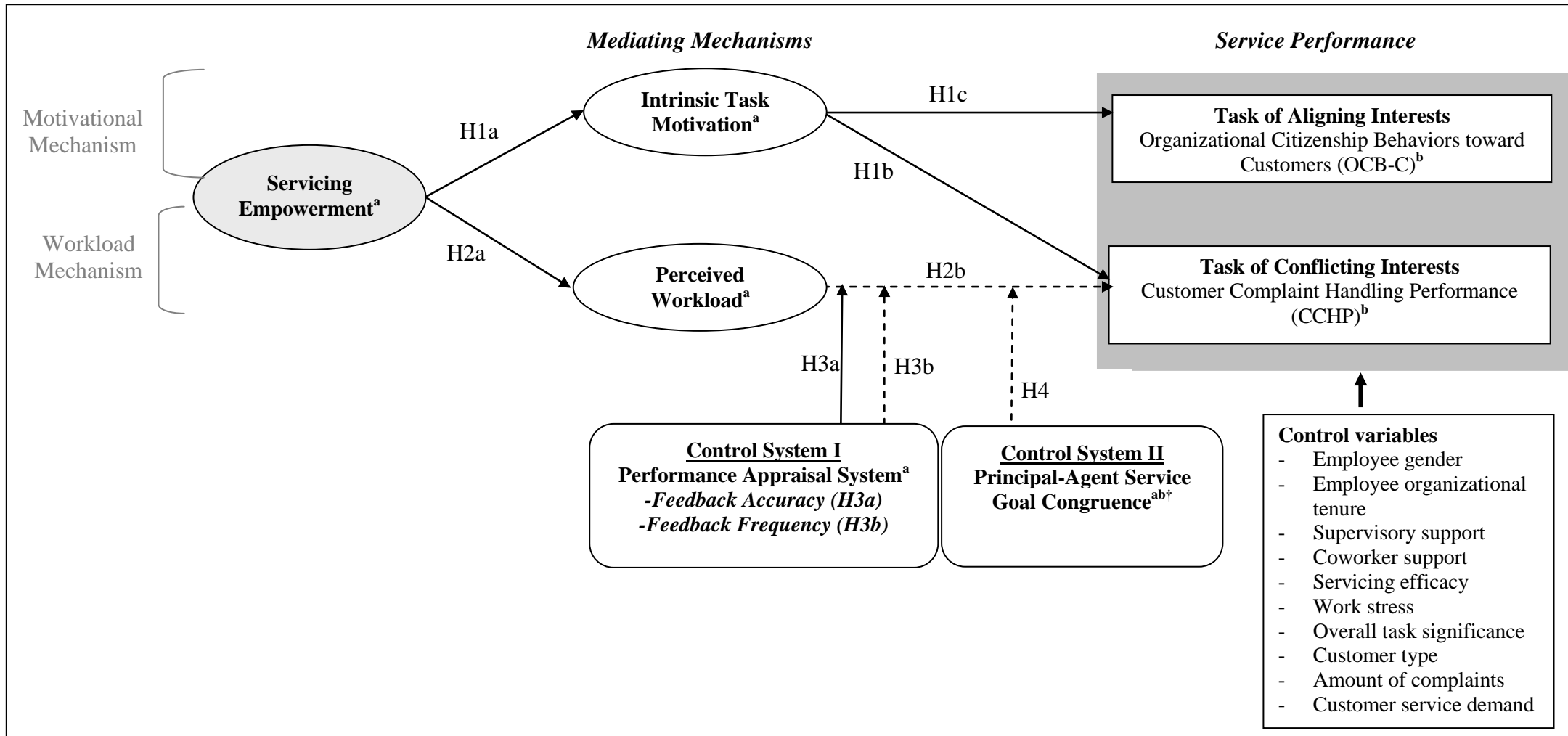
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Figure 1: Conceptual framework



Note: Solid lines represent positive relationships whereas dotted lines represent negative relationships.

<sup>a</sup>Responses recorded from employee respondents. <sup>b</sup>Responses recorded from supervisor respondents. † The greater the value, the lower the level of service goal congruence. A zero value represents perfect service goal congruence between the employee and the supervisor.

**Table 1** Results of mediation tests on customer complaint handling performance (CCHP) (Study 1)

<b>Variables</b>	<b>Customer Complaint Handling Performance (CCHP)</b>	<b>Customer Complaint Handling Performance (CCHP)</b>	<b>Customer Complaint Handling Performance (CCHP)</b>	<b>Task Motivation</b>	<b>Perceived Workload</b>	<b>Customer Complaint Handling Performance (CCHP)</b>
<i>Control Variables</i>						
Employee gender	-.10	-.27	.01	.33	-.77**	-.28
Employee organizational tenure	-.02	-.01	-.02	.02	.01	-.02
Supervisory support	-.02	-.04	-.08	-.05	.05	-.05
Servicing efficacy	.20	.26**	.22	.36**	.02	.11
Work stress	-.03	.02	-.09	-.16**	.28**	.03
Amount of complaints	-.00	.07	.07	.07	.06	.06
<i>Independent Variables</i>						
Task motivation	.26**					.33***
Perceived workload		-.35***				-.24***
Servicing empowerment			-.35***	.17**	.46***	-.29***
Total $R^2$	.13***	.42***	.30***	.31***	.24***	.57***

\*\*\* $p < .01$ , \*\* $p < .05$ , \* $p < .10$  (two-tailed test).

**Table 2** Descriptive statistics (Study 2)

Construct	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Employee gender	1																	
2. Employee organizational tenure	.00	1																
3. Supervisory support	-.06	-.04	1															
4. Coworker support	-.15 <sup>b</sup>	.04	-.33 <sup>a</sup>	1														
5. Servicing efficacy	-.02	.05	.22 <sup>a</sup>	-.22 <sup>a</sup>	1													
6. Work stress	.01	.08	.10	-.06	.02	1												
7. Overall task significance	-.16 <sup>b</sup>	.02	.22 <sup>a</sup>	-.10	.10	.28 <sup>a</sup>	1											
8. Customer type	.04	-.00	-.00	-.06	.05	.04	.02	1										
9. Amount of complaints	-.06	-.03	-.12	.17 <sup>b</sup>	.03	.20 <sup>a</sup>	.08	.02	1									
10. Customer service demand	-.05	.13 <sup>b</sup>	-.05	.09	-.02	.52 <sup>a</sup>	.30 <sup>a</sup>	-.03	.10	1								
11. Servicing empowerment	.13	-.09	-.11	.00	-.02	-.05	-.04	-.04	.00	-.11	1							
12. Task motivation	-.15 <sup>b</sup>	-.04	.13	-.09	.39 <sup>a</sup>	-.02	.30 <sup>a</sup>	-.00	.07	-.13	.17 <sup>a</sup>	1						
13. Perceived workload	.01	.06	-.10	.06	-.00	-.06	-.04	-.05	.13 <sup>b</sup>	-.01	.51 <sup>a</sup>	-.01	1					
14. Principal-agent service goal congruence	.11	-.05	-.05	.00	-.05	.03	-.10	.12	-.02	-.08	.03	-.06	-.07	1				
15. Feedback frequency	-.04	-.04	.05	.11	.02	.14 <sup>b</sup>	.18 <sup>a</sup>	-.03	.10	.04	.01	.14 <sup>b</sup>	.03	-.09	1			
16. Feedback accuracy	.09	-.08	.09	.01	.03	.01	.04	.07	-.03	-.13 <sup>b</sup>	.11	.08	.02	-.09	.43 <sup>a</sup>	1		
17. Customer complaint handling performance (CCHP)	-.04	-.04	.20 <sup>a</sup>	-.02	.19 <sup>a</sup>	.04	.15 <sup>b</sup>	.01	.08	.02	-.22 <sup>a</sup>	.23 <sup>a</sup>	-.35 <sup>a</sup>	-.02	.21 <sup>a</sup>	.19 <sup>a</sup>	1	
18. Organizational citizenship behaviors toward customers (OCB-C)	.03	.07	.05	-.02	.13	-.01	.13	.12	-.05	-.04	.14 <sup>b</sup>	.28 <sup>a</sup>	.02	.06	-.09	-.11	.10	1
Mean	1.69	3.96	4.68	3.18	4.80	5.41	4.88	1.53	2.04	4.92	5.42	4.63	5.35	1.02	4.42	3.82	4.49	5.04
Standard deviation	0.48	3.96	1.16	0.89	1.08	1.17	0.93	0.50	0.70	1.28	1.07	1.06	1.00	0.79	1.09	1.37	1.41	0.91

Notes: <sup>a</sup> $p < .01$ . <sup>b</sup> $p < .05$ .



**Table 3.** Results of mediation tests

## a. Customer complaint handling performance (CCHP) (Study 2)

<b>Variables</b>	<b>Customer Complaint Handling Performance (CCHP)</b>	<b>Customer Complaint Handling Performance (CCHP)</b>	<b>Customer Complaint Handling Performance (CCHP)</b>	<b>Task Motivation</b>	<b>Perceived Workload</b>	<b>Customer Complaint Handling Performance (CCHP)</b>
<i>Control Variables</i>						
Employee gender	-.04	-.07	-.02	-.25*	-.09	.01
Employee organizational tenure	-.03	-.03	-.03	.00	.01	-.03
Supervisory support	.26***	.21**	.21**	-.03	.00	.22***
Coworker support	.08	.09	.07	-.01	.04	.09
Servicing efficacy	.09	.21**	.20**	.39***	.01	.09
Work stress	-.04	-.07	-.03	.01	-.08	-.07
Overall task significance	.01	.11	.11	.35***	-.02	.00
Customer type	.07	.02	.04	-.01	-.05	.02
Amount of complaints	.12	.15	.14	.06	.01	.13
Customer service demand	.09	.05	.01	-.18***	.07	.10
<i>Independent Variables</i>						
Task motivation	.29***					.30***
Perceived workload		-.52***				-.48***
Servicing empowerment			-.28***	.13**	.53***	-.06
Total $R^2$	.13***	.24***	.14***	.32***	.31***	.27***

\*\*\* $p < .01$ , \*\* $p < .05$ , \* $p < .10$  (two-tailed test).

**Table 3.** Results of mediation tests

## b. Organizational citizenship behaviors toward customers (OCB-C) (Study 2)

<b>Variables</b>	<b>Organizational Citizenship Behaviors toward Customers (OCB-C)</b>	<b>Organizational Citizenship Behaviors toward Customers (OCB-C)</b>	<b>Organizational Citizenship Behaviors toward Customers (OCB-C)</b>	<b>Task Motivation</b>	<b>Perceived Workload</b>	<b>Organizational Citizenship Behaviors toward Customers (OCB-C)</b>
<i>Control Variables</i>						
Employee gender	.12	.07	.04	-.25*	-.09	.09
Employee organizational tenure	.03	.03	.03	.00	.01	.03
Supervisory support	.00	-.01	.01	-.03	.00	.01
Coworker support	.05	.05	.05	-.01	.04	.06
Servicing efficacy	-.02	.07	.07	.39***	.01	-.02
Work stress	-.01	-.00	-.01	.01	-.08	-.01
Overall task significance	.06	.15**	.15**	.35***	-.02	.07
Customer type	.20	.20	.20	-.01	-.05	.21
Amount of complaints	-.13	-.12	-.12	.06	.01	-.13
Customer service demand	-.02	-.07	-.06	-.18***	.07	-.01
<i>Independent Variables</i>						
Task motivation	.24***					.22***
Perceived workload		.03				-.02
Servicing empowerment			.11*	.13**	.53***	.09
Total $R^2$	.11***	.06***	.08***	.32***	.31***	.12***

\*\*\* $p < .01$ , \*\* $p < .05$ , \* $p < .10$  (two-tailed test).

**Table 4** Regression analysis (Study 2)

Dependent Variables	Customer Complaint Handling Performance (CCHP)		Organizational Citizenship Behaviors toward Customers (OCB-C)	
<i>Step 1: Control variables</i>				
Employee gender	-.03	.08	.11	.15
Employee organizational tenure	-.02	-.04	.02	.02
Supervisory support	.20**	.18**	.03	.03
Coworker support	.03	.04	.09	.08
Servicing efficacy	.11	.15*	-.02	-.03
Work stress	-.11	-.12	.00	.00
Overall task significance	-.07	-.06	.11	.10
Customer type	.03	-.04	.21*	.24*
Amount of complaints	.13	.19*	-.14	-.14
Customer service demand	.13	.11	-.04	-.04
<i>Step 2: Main effects</i>				
Servicing empowerment	-.07	-.03	.10	.11
Task motivation (H1b & H1c) <sup>#</sup>	.28***	.21**	.23***	.21***
Perceived workload (H2b)	-.51***	-.46***	-.02	.02
Principal–agent service goal congruence <sup>†</sup>	-.07	-.11	.05	.04
Feedback frequency	.21**	.23***	-.06	-.07
Feedback accuracy	.10	.11	-.08	-.08
<i>Step 3: Interaction effects</i>				
Perceived workload × Feedback accuracy (H3)		.28***		.07
Perceived workload × Feedback frequency (H4)		-.25***		.07
Perceived workload × Goal congruence (H5)		-.22***		-.08
Total $R^2$	.32***	.40***	.16***	.19**
$\Delta R^2$ at last step		.08***		.03**

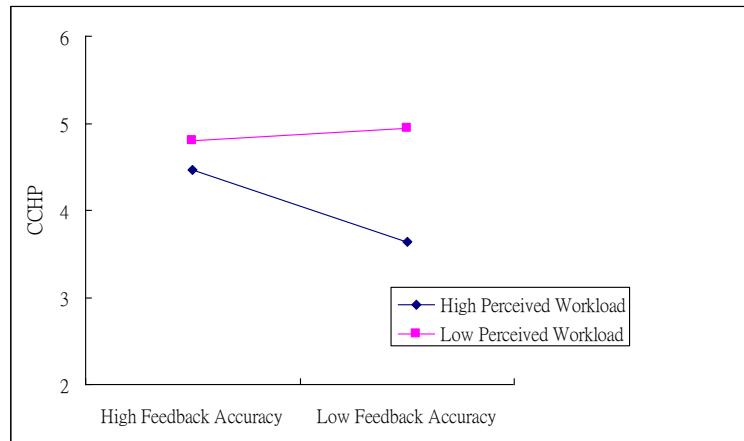
\*\*\* $p < .01$ , \*\* $p < .05$ , \* $p < .10$  (two-tailed test).

<sup>#</sup> Because H1a and H2a refer to the direct impacts of servicing empowerment on task motivation and perceived workload, we do not include them in these regression models.

<sup>†</sup> The greater the value, the lower the level of service goal congruence. A zero value represents perfect service goal congruence between the employee and the supervisor.

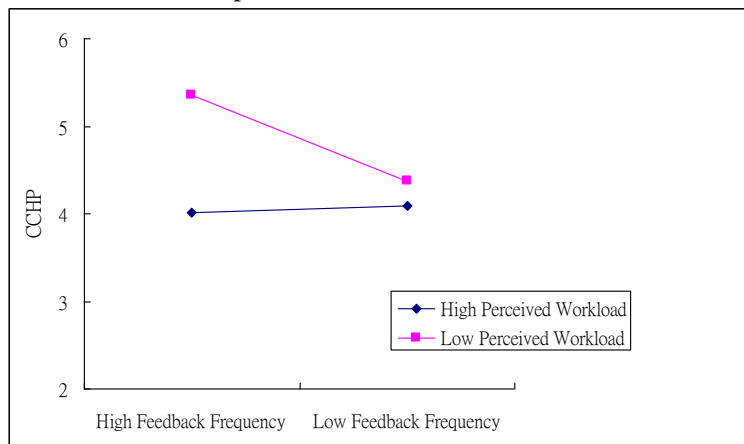
## Figure 2 Interaction plots

Figure 2a: The interaction of performance feedback accuracy and perceived workload on CCHP



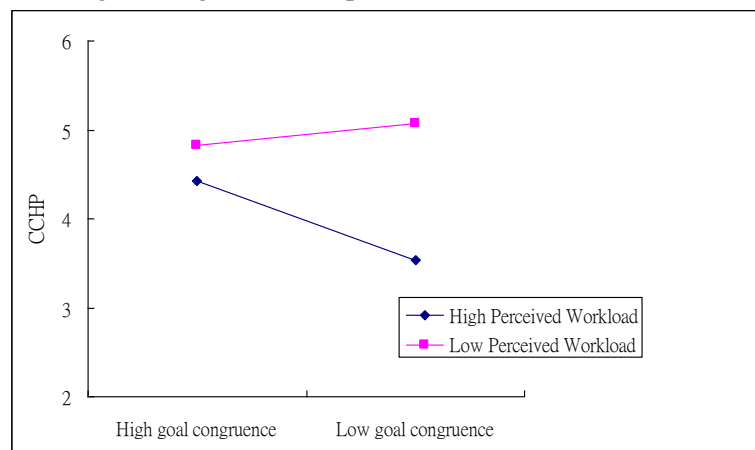
High level of feedback accuracy (one SD above mean),  $t(216) = -1.14, n.s.$   
Low level of feedback accuracy (one SD below mean),  $t(216) = -4.43, p < .001.$

Figure 2b: The interaction of performance feedback frequency and perceived workload on CCHP



High level of feedback frequency (one SD above mean),  $t(216) = -4.73, p < .001.$   
Low level of feedback frequency (one SD below mean),  $t(216) = -1.11, n.s.$

Figure 2c: The interaction of principal-agent service goal congruence and perceived workload on CCHP



High level of service goal congruence (one SD above mean),  $t(216) = -.95, n.s.$   
Low level of service goal congruence (one SD below mean),  $t(216) = -5.03, p < .001.$

## Appendix Measurement items and validity assessment

### Model 1

<u>Supervisory Support<sup>a</sup>: CR = .94, AVE = .80, HSV = .13</u>		SFL
1	My supervisor always helps me solve work-related problems.	.870
2	My supervisor encourages me to develop new skills.	.920
3	My supervisor praises good work.	.930
4	My supervisor understands my needs and work problems.	.859
<u>Coworker Support<sup>a</sup>: CR = .95, AVE = .86, HSV = .11</u>		
1	My coworkers can be relied on when things get difficult on my job.	.918
2	My coworkers are willing to listen to my job-related problems.	.959
3	My coworkers are helpful to me in getting the job done.	.909
<u>Work Stress<sup>a</sup>: CR = .91, AVE = .84, HSV = .12</u>		
1	In the past few months, how pressured are you at your current job?*	.947
2	Overall, how pressured do you feel toward your current job? *	.886
<u>Servicing Efficacy<sup>a</sup>: CR = .94, AVE = .83, HSV = .11</u>		
1	I am confident about my ability to serve customers well.	.959
2	I am self-assured about my capabilities to perform good customer services.	.977
3	I have mastered the skills necessary for providing a high quality customer services.	.792
<u>Overall Task Significance<sup>a</sup>: Second-order factor: CR = .84, AVE = .63, HSV = .13</u>		
<u>Skill variety: first-order factor, CR = .89, AVE = .74</u>		.744
1	My job involves much variety (i.e., It requires me to do many different things using a number of different skills and talents).	.841
2	My job requires me to use a number of complex or high-level skills.	.946
3	My job is quite simple and repetitive (reverse-scale).	.782
<u>Task identity: first-order factor, CR = .93, AVE = .83</u>		.841
1	My job involves doing the whole piece of work, from start to finish.	.957
2	My job provides me the chance to completely finish the pieces of work I begin.	.936
3	My job is arranged so that I do not have the chance to do an entire piece of work from beginning to end (reverse-scale).	.827
<u>Task significance: first-order factor, CR = .87, AVE = .70</u>		.799
1	My job is very important to the organization.	.843
2	This job is one where a lot of other people can be affected by how well the work gets done.	.895
3	The job itself is not very significant or important in the broader scheme of things (reverse-scale).	.757
Model fit: $\chi^2_{(245)} = 328.95, p < .001$ ; GFI = .90, CFI = .98, IFI = .98, RMSEA = .040		

### Model 2

<u>Servicing Empowerment<sup>a</sup>: CR = .95, AVE = .84, HSV = .15</u>		SFL
1	I am permitted to use my own judgment in solving customer problems.	.913
2	I have complete freedom in my work to serve customers.	.938
3	I am allowed to serve the customers the way I think best.	.893
4	I am encouraged to serve customers with my own ways.	.918
<u>Perceived Workload<sup>a</sup>: CR = .90, AVE = .68, HSV = .15</u>		
1	It often seems like I have too much work to do.	.833
2	The performance standards on my job increase.	.793
3	The delegation of power to me has made my job more demanding.	.738
4	Overall, my workload has increased.	.927
<u>Task Motivation<sup>a</sup>: CR = .95, AVE = .73, HSV = .08</u>		
1	The task to serve customers is enjoyable. ( <i>intrinsic-stimulation</i> )	.833
2	The task to serve customers is so interesting that it is a motivation in itself. ( <i>intrinsic-stimulation</i> )	.820
3	I like the task because it allows me to know more about the proper ways of serving customers. ( <i>intrinsic-knowledge</i> )	.879
4	I feel a lot of personal enjoyment while coming up with new ideas for serving customers well. ( <i>intrinsic-knowledge</i> )	.880
5	I like the task because I can find solutions to address customer service problems. ( <i>intrinsic-accomplishment</i> )	.912

- 6 I like the task because it helps perfecting my abilities in serving customers. (*intrinsic–accomplishment*) .840
- 7 I like the task because it improves some of my weaknesses in serving customers. (*intrinsic–accomplishment*) .825

**Performance Appraisal System:**

Feedback accuracy<sup>a</sup>: CR = .96, AVE = .90, HSV = .21

- 1 The performance feedback provided by my supervisor is very specific. .942
- 2 The feedback I received is an accurate assessment or portrayal of my performance .947
- 3 The information discussed in the performance feedback was accurate. .949

Feedback frequency<sup>a†</sup>

How often does your supervisor tell you how you are doing overall?

**Principal-Agent Service Goal Congruence = *Principal Service Goal<sup>b</sup> – Agent Service Goal<sup>a</sup>***

*Principal*: CR = .84, AVE = .56; *Agent*: CR = .94, AVE = .79

- |  | <i>b</i> | <i>a</i> |
|--|----------|----------|
| 1 In this organization, consistent service performance is important.                 | .663     | .804     |
| 2 In this organization, a reputation for good service is emphasized.                 | .654     | .908     |
| 3 In this organization, having high-quality customer service is important.           | .880     | .928     |
| 4 In this organization, immediate response in fulfilling customer needs is stressed. | .773     | .908     |

**Customer Complaint Handling Performance (CCHP)<sup>b</sup>**: CR = .98, AVE = .94, HSV = .13

- 1 This employee is sincere in handling customer complaints. .971
- 2 This employee reacts quickly to customers' complaints. .980
- 3 In general, customers are satisfied with this employee's responses to their complaints. .963

**Organizational Citizenship Behaviors toward Customers (OCB-C)<sup>b</sup>**: *Second-order factor*: CR = .91, AVE = .67, HSV = .08

*This employee....*

Altruism: *first-order factor*, CR = .96, AVE = .89

- 1 willingly goes out of his/her way to anticipate and satisfy customers' needs. .669
- 2 goes above and beyond the "call of duty" when serving customers. .922
- 3 helps customers beyond what was expected or required in their task. .938

Courtesy: *first-order factor*, CR = .95, AVE = .87

- 1 tries to avoid creating problems for the customers. .853
- 2 considers the impact of his/her actions or behaviors on customers. .923
- 3 takes steps to try to prevent conflicts with the customers. .986

Conscientiousness: *first-order factor*, CR = .92, AVE = .80

- 1 is one of my most conscientious employees. .887
- 2 providing good customer service is above the norm. .881
- 3 obeys company rules and regulations even when no one is watching. .911

Sportsmanship: *first-order factor*, CR = .90, AVE = .74

- 1 consumes a lot of time complaining about trivial matters (reverse-scale). .765
- 2 tends to make "mountains out of molehills" (reverse-scale). .888
- 3 always focuses on what's wrong, rather than the positive side (reverse-scale). .926

Civic Virtue: *first-order factor*, CR = .88, AVE = .72

- 1 attends meetings related to customer services that are not mandatory, but are considered important. .765
- 2 attends functions such as customer service training and information seminars that are not required, but help improve the service quality. .838
- 3 keeps abreast of customer services news in the organization. .885

Model fit:  $\chi^2_{(593)} = 642.36, p = .08; GFI = .88, CFI = .99, IFI = .99, RMSEA = .019$

Notes: SFL = standardized factor loading, CR = composite reliability, AVE = average variance extracted, HSV = highest shared variance with other constructs;

<sup>a</sup> Responses recorded from employee respondents. <sup>b</sup> Responses recorded from supervisor respondents.

\* Seven-point scale: 1 = no pressure at all to 7 = very high pressure.

† Seven-point scale: 1 = never or almost never; 2 = very infrequently; 3 = quite infrequently; 4 = sometimes; 5 = quite frequently; 6 = very frequently; 7 = always or almost always.