

A Global Mind, a Joy Forever

The Role of Intercultural Competences
in Intercultural Service Encounters
in the Hotel Sector



Ankie Hoefnagels

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The Role of Intercultural Competences in Intercultural Service Encounters in the Hotel Sector

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Anne Henriette Jeanne Marie Hoefnagels
geboren op 19 september 1963
te Heerlen

Promotor

Prof. dr. J.M.M. Bloemer

Copromotor

Dr. M. Pluymaekers, Zuyd Hogeschool

Manuscriptcommissie

Prof. dr. A.C.R. van Riel (voorzitter)

Prof. dr. H. van Herk, Vrije Universiteit Amsterdam

Prof. dr. M.J.P. van Mulken

“Wanting to live by [the rules of civilization] would mean making a decision:
to take on the good habits of shared survival in daily exercises.”

From Peter Sloterdijk (2013)

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1 Introduction

In this chapter, the research context of the dissertation is introduced. After this, the focal themes of the study are presented. This is followed by the research objectives. Finally, a discussion of its contribution to the academic as well as the managerial domain, the rationale for choosing the hotel sector as the setting for the different studies and an outline of the chapters are provided.

“Think of.... a French waiter serving a German business traveller in a New York restaurant. The traveller will jump into a taxi driven by a Pakistani immigrant, get her designer shoes repaired in a shop owned by a Russian Jewish émigré, and make her way to the latest Broadway musical from London starring one of the biggest Bollywood actors from Delhi.”

(adapted from Lash & Urry, 1994, p. 59)

1.1 Globalization challenges for services

Service organizations are operating in a world where the interaction between people of different national, ethnical and cultural backgrounds is more frequent than ever before. International arrivals in tourism for example, reached the billion mark in 2012 (UNWTO, 2012). This globalization of services, combined with immigration and shifting economic power to emerging markets (Ng, Lee et al., 2007), has led to a considerable increase in the number of intercultural service encounters (henceforth : ICSEs), which are characterized by the fact that the service employee and the customer have different cultural backgrounds (Stauss & Mang, 1999). Due to the increased heterogeneity of societies, even employees whose scope of activity is limited to a domestic context are now likely to be exposed to foreign cultures when they collaborate with culturally diverse customers or co-workers (Reiche, Carr et al., 2010; Weiermair, 2000). This brings along challenges for service organizations; they are increasingly becoming domestic work environments with international dimensions (Tharenou, 2002). Most notably, service employees are now expected to be effective in service encounters that are more complex than usual because of their intercultural nature. Performing in these encounters may therefore require *intercultural competence*, which we define as “the ability to communicate and behave effectively and appropriately in intercultural situations based on one’s intercultural knowledge, skills and attitudes” (Deardorff, 2006, p. 184). It is the focal construct of this dissertation.

1.2 Services and well-being

Besides globalization, there is a second development in services and service research that justifies the focus on intercultural competence in this dissertation. Nowadays, services are pervasive in the consumer environment (Vargo & Lusch, 2004) and as such they can substantially affect the well-being of both employees and customers (Ostrom, Bitner et al., 2010). Answering a call for research that advocates concern for the well-being of employees and customers in services (Ostrom, Bitner et al., 2010), Anderson, Fornell et al. (2013) have raised questions such as: a) how do positive customer-service employee interactions generally contribute to consumers’ and employees’ everyday

affective state and; b) more specifically, how can organizations incorporate cultural differences into their services in order to increase well-being and; c) how does provision of culturally sensitive service quality influence customer wellness. This dissertation aims to answer this call by studying the relation between employee intercultural competence and employee/customer well-being in a 'globalized' service environment from the perspective of the organization (i.e. the manager), the employee and the customer, drawing on the literatures from service marketing, cross-cultural psychology and organizational behavior.

1.3 Why employee intercultural competence is likely to be influential in service settings

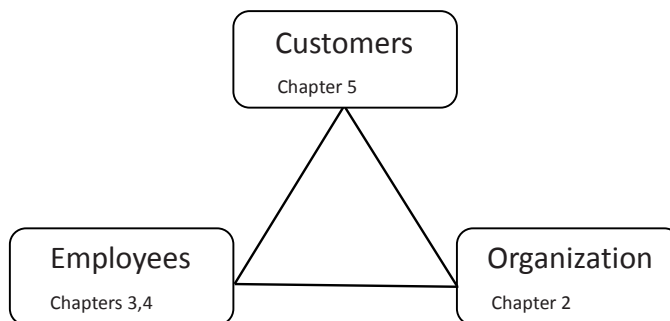
In contexts such as education, healthcare and expatriate business assignments, intercultural competence has already proven to be beneficial for individuals' well-being and (perceived) effectiveness in intercultural interaction (e.g. Betancourt, Green et al., 2005; Bücker, Furrer et al., 2014; De Beuckelaer, Lievens et al., 2012; Froese & Peltokorpi, 2011; Ponterotto, Costa-Wofford et al., 2007). Yet there is a surprising lack of empirical studies on the effect of intercultural competence on employee and customer outcomes in the context of services. We argue that the intercultural competence of the employee is likely to be important as well in service settings and particularly 'globalized service settings' that are characterized by a considerable proportion of intercultural service encounters.

It is generally acknowledged that interaction is a crucial component of services (Grönroos, 1978; Lovelock, 1983; Shostack & Lynn, 1985). This interaction takes place in service encounters, which are dyadic by nature (Surprenant & Solomon, 1987). Moreover, services are characterized by intangibility, inseparability, heterogeneity and inconsistency (Kandampully, Mok et al., 2001; Parasuraman, Zeithaml et al., 1985). These characteristics make it difficult to predict the outcomes of a service interaction (De Ruyter, Wetzels et al., 2001). Because the interaction in service encounters determines how customers perceive service quality (Bitner, Booms et al., 1990; Grönroos, 1984), the importance of communication in service encounters is recognized by scholars and practitioners (Bendapudi & Leone, 2003; Gummesson, 1979; Surprenant & Solomon, 1987). Parasuraman, Zeithaml et al. (1985) define communication as a primary determinant of service quality. Since communication quality in the interaction influences consumer perceptions of overall service quality, employee intercultural competence may well positively influence the dynamics of the intercultural service interaction, because it implies the ability to display communicative behavior that is both appropriate and effective (Deardorff, 2006) when cultural differences are manifested in service interactions.

This is important because service employees play a crucial role in shaping customer experiences (Bitner, 1997; Hartline & Jones, 1996). In the service profit chain theory, the employee is the critical link between the organization and the customer. The service profit chain proposes that internal service quality (manifested for instance in job design and employee selection and development) enhances employee satisfaction and organizational loyalty. These employee outcomes affect customer satisfaction and loyalty and, ultimately, the organization's profitability (Heskett, Jones et al., 1994). In order to develop a comprehensive understanding of the effects of employee intercultural competence in ICSEs, we address not only the perspective of the employee, but also perspectives of the manager and the customer in this dissertation. We do this by zooming in on all three cornerstones of the service triangle (Zeithaml & Bitner, 1996) (see Figure 1-1).

With this holistic approach, the overall objective of this dissertation is to address the gaps in the current service literature and uncover the effects of employee intercultural competence on employee and customer outcomes of intercultural service encounters in 'globalized' service environments.

Figure 1-1 The three cornerstones of the service triangle



1.4 The culture factor in intercultural service encounters

In order to clarify the role of employee intercultural competence in ICSEs, we must first turn briefly to the meaning of culture and its general effect on service encounters. Culture can be defined as “the unstated assumptions, standard operating procedures, ways of doing things that have been internalized to such an extent that people do not argue about them” (Triandis, 1994, p. 6). This definition does not only comprise ‘culture as an ideational system’ (Gudykunst, Ting-Toomey et al., 1996), i.e. its values and beliefs, but also the manifestation of culture in verbal and non-verbal behavior, including communication (Hall, 1959). Intercultural communication occurs “whenever a person from one culture sends a message to be processed by a person from a different

culture" (McDaniel, Samovar et al., 2009, p. 7). Since people from different cultures encode and decode messages differently, the chance of tension, collision and misunderstanding is larger in intercultural than in intra-cultural interactions (Kim, 2001). Recognition of verbal and non-verbal codes and interpretation of the hidden assumptions underlying them are likely to be difficult. These difficulties can be such that individuals crossing cultures are sometimes described as experiencing "a degree of existential alertness" (Kim, 2001, p. 5). Gudykunst and Kim (2002) add to this notion by stating that intercultural communication revolves around the interaction with 'strangers': "Strangers represent both the idea of nearness in that they are physically close and the idea of remoteness in that they have different values and ways of doing things" (Gudykunst, 2005, p. 285). Interaction with strangers tends to be accompanied by anxiety and uncertainty. Because these two emotions are barriers to effective communication, managing anxiety and uncertainty are central processes in the communication with strangers.

Because of the barriers mentioned above, it is generally agreed that intercultural service encounters are likely to add complexity to the service interaction. This complexity primarily occurs when the values, beliefs and behavioral patterns of the actors (i.e. customers and service employees) manifest themselves in different expectations of the service encounter (Stauss & Mang, 1999; Wang & Mattila, 2010) or different understandings regarding the interaction process (Boxall, Macky et al., 2003). Cross-cultural research has generated considerable insight into the impact of an individual's cultural orientations on all aspects of the service process. For instance, the phenomenon of 'waiting to be served' is tied up with power distance (Halbesleben & Buckley, 2004; Hofstede, 1984); high power distance cultures expect differential waiting times based on an individual's importance. Therefore, Chinese customers, whether at home or overseas, are more likely to expect differential treatment by service employees on the basis of social status, whereas this would not be accepted by customers from low power distance cultures (Barker & Hartel, 2004; Byram & Feng, 2005). Another example is a seminal study by Winsted (1997), who reported that customers in Japan and the United States evaluate service encounters differently. 'Congeniality', expressed in a service employee's positive attitude and 'authenticity' were considered important for customers in the U.S. In contrast, for Japanese consumers, 'caring' of the service employee, expressed in behaviors like attentiveness and concern for the customer were highly related to encounter satisfaction.

Thus, it is generally accepted that the customers' cultural background influences their evaluations of the service encounter (Liu & Jang, 2009; Mattila, 1999; Winsted, 1997). In this light, several authors have suggested that employees with higher levels of intercultural competence should be better able to positively influence culturally diverse customers' evaluations of the service (Sharma, Tam et al., 2009; Wang &

Mattila, 2010; Yu, Weiler et al., 2002). Intercultural competences have received increasing attention over the past decade, marking a shift from considering culture as a source of conflict, to viewing it as a potential source of competitive advantage (Hajro & Pudelko, 2010). Several studies have identified individual's characteristics and behaviors that are conducive to effectiveness in multicultural interactions (Bücker & Poutsma, 2010a; Matveev & Nelson, 2004). In the next paragraph, the intercultural competence construct is explained in more detail.

1.5 Intercultural competence as a potential solution to the challenges of intercultural service encounters

Thus far, scholars have not reached consensus about the most suitable definition and conceptualization of intercultural competence (e.g. Arasaratnam, 2009; Berry, Poortinga et al., 2002; Chen & Starosta, 2000; Deardorff, 2006; Imahori & Lanigan, 1989; Koester & Olebe, 1988). Generally, intercultural competence is considered to consist of cognitive, motivational and behavioral components. In the context of this dissertation, we define intercultural competence as "the ability to communicate and behave effectively and appropriately in intercultural situations based on one's intercultural knowledge, skills and attitudes" (Deardorff, 2006, p. 184). Intercultural competence helps individuals to cope with the uncertainty that is inherent in interactions with culturally different and therefore unpredictable others. For the service employee, being interculturally competent would mean, for instance, that he/she accepts and has respect for cultural differences, is aware of how dynamic these differences are, conducts periodic self-assessment on him/herself regarding culture, develops cultural knowledge on an ongoing basis, has the resources and flexibility to meet the needs of culturally different customers and is able to negotiate his own and others' multiple identities (Karatepe, Haktanir et al., 2010; Ting-Toomey, 1999).

The increasing attention for intercultural competence among academics and practitioners fits in with a shift in the discourse on intercultural interaction and cultural differences. This discourse has long been dominated by a 'culturalist' approach (Cushner & Landis, 1996), that focuses on the transfer of culture-specific knowledge. Although there is absolutely merit in gaining knowledge about the do's and don'ts in specific cultures, there are a number of potential pitfalls. Firstly, culture-specific knowledge does not necessarily lead to culturally competent, i.e. appropriate *and* effective (Chen & Starosta, 1999) behavior in interactions with people from that particular culture. For example, a hotel employee, who has learned that the consumption of alcohol is strictly forbidden in Arabic countries, could take all alcoholic beverages from the mini bar and inform the restaurant not to serve alcohol. However, some Arabic individuals may be quite lenient about alcohol when travelling abroad and as long

as the topic is not discussed in public. Imagine that this particular guest had been longing for a glass of gin in his hotel suite. The behavior of the employee may have been appropriate but not effective and culture-specific knowledge would have been counter-productive. Secondly, the culturalist approach may be counterproductive because it can lead to unintended effects like stereotyping. Country-level value frameworks provide information about dominant and average values and behavioral patterns, but fail to acknowledge within-country differences. Because new hybrid cultures are emerging, due to for instance immigration and inter-ethnic relationships, people may have several cultural identities and group memberships. This can be illustrated by elaborating on the following hypothetical example of an ICSE, presented in a study on culture shocks in ICSEs by Stauss and Mang (1999): "A foreign customer consumes a service of a domestic employee, e.g. an American tourist staying at a Swedish hotel in Sweden" (Stauss & Mang, 1999, p. 331). Although this example clearly refers to an ICSE, it ignores potential within-country variance and multiple group membership. The American tourist may be a second generation immigrant from China, the domestic service employee might be a Swede with Russian parents, and the Swedish hotel might just as well be a franchised property of a French mother company. At the national level, Sweden (PDI 31¹.) and the U.S.A. (PDI 40) are both countries that are characterized by low power distance scores (Hofstede, 1984), manifested in informal relations and communication between customers and employees. However, China (PDI 80) and Russia (PDI 93) are considered as high power distance cultures, typified by an acceptance of hierarchical relations between employee and customer. Additionally, the interaction takes place in a hotel where the standard operating procedures may be based on the preferences of a French mother company (PDI 68). Such additional characteristics are likely to affect the service interaction. Depending on the adherence of the company, the guest and the host to a particular cultural identity (Hopkins, Winter Nie et al., 2009), this could lead to a situation where the customer expects informal service behavior and the employee behaves formally. Thus, in order to display appropriate and effective behavior towards the customer, the employee must be able to negotiate the different identities of him/herself and the customer (Ting-Toomey, 1988).

This example shows that given the wide range of possible cultural profiles that service employees may encounter, it is impossible to prepare them by transferring culture-specific knowledge alone. Instead, service companies need to be sensitive to "an individual consumer's cultural value orientation rather than seeking an easy fix by using aggregate level cultural heuristics" (Alden, He et al., 2010, p. 43).

The final argument against a culturalist approach is that culture is dynamic by nature. Traditionally, culture was considered as a stable entity that changes very slowly over time and that values are passed from generation to generation (Behrnd & Porzelt,

2012; Halbesleben & Buckley, 2004). However, recent research shows that considerable value shifts occur in coincidence with changes in wealth (Van Herk & Poortinga, 2012; Warren, Stoerger et al., 2012). Hence, the viewpoint that culture can be understood as a closed, stable entity is increasingly replaced by a process-oriented conception of culture in which it is understood as a dynamic flow and ongoing process of negotiating norms, values and lifestyles (Hannerz, 1992). Intercultural competence could well be beneficial because it enables individuals to incorporate this process-oriented conception of culture in their behavioral repertoire (Ang, Van Dyne et al., 2007; Bückner & Poutsma, 2010a)

1.6 Intercultural service encounters in the service marketing literature

In the service marketing literature, few studies have investigated the role of employee intercultural competence in ICSEs. Most of them have focused on either customer perspectives (Barker & Hartel, 2004; Paswan & Ganesh, 2005) and very few have examined service employee perspectives (Wang & Mattila, 2010). Wang and Mattila (2010) address mechanisms of ICSEs from the employee perspective. Their model focuses on the stress that intercultural service encounters generate for service employees and the coping mechanisms that employees develop to reduce this stress. Sharma, Tam et al. (2009) propose an integrative framework in which both sides of the ICSE dyad are addressed. It is the only study that incorporates intercultural competence as a specific panacea to reduce the negative effect of cultural differences on the well-being of both the employee and the customer. But Sharma, Tam et al.'s (2009) conceptual model has not been tested empirically yet and poses some metric challenges, because it assumes multilevel measurement in which both sides of the dyad are included. Finally, Hopkins, Winter Nie et al. (2009) have addressed the organizational perspective of ICSEs. On the basis of their findings, they suggest intercultural competence as a strategy to reduce the negative salience of culture in ICSEs. Their study is a call for further research on the positive effects of intercultural competence in ICSEs.

The previous sections highlight several gaps in the service literature with regard to the role of employee intercultural competence in ICSEs. Below, we will explain how these gaps will be addressed in the separate studies of this dissertation.

1.7 Aims

1.7.1 The service manager

The first aim of this dissertation is to examine what critical issues surround ICSEs from the perspective of the manager and which strategies service managers implement to reduce the negative salience of culture in ICSEs (Chapter 2).

Service managers operate in highly dynamic and competitive environments. Therefore, they seek ways to develop compelling services for their customers on an ongoing basis (Pine & Gilmore, 1999). The substantial growth of the number of ICSEs presents new challenges to the way managers organize the employee-customer interface, which has been shown to be the most important determinant of customers' perceptions of service quality (Hartline & Jones, 1996). Since all aspects of service are affected by culture (see Liu, Furrer et al., 2001; Mattila, 1999; Zhang, Beatty et al., 2008), managers must find ways to reduce the potentially negative salience of culture in ICSEs, or even turn it into a competitive advantage. Managers obviously have a pivotal role to play here. They have little direct control over what their employees actually say and do in an ICSE, due to the intimate nature of service encounters (Soderlund & Rosengren, 2010). However, they are responsible for the service delivery system, but also for the company's overall service climate; the policies, practices and procedures under which employees work and the behaviors they reward, support and expect (Ostrom, Bitner et al., 2010). It is the managers' job to optimize the internal quality of the service by means of workplace and job design, employee recruitment and development, and systems of rewarding and recognition of employees' efforts. In line with the rationale of the service profit chain (Heskett, Jones et al., 1994), internal service quality positively affects employee satisfaction and retention, which in turn, enhances the customer's satisfaction and loyalty. Therefore, we argue that service managers have a vested interest in developing operational strategies and service delivery systems that optimize customer service in an *intercultural service environment*. One way of doing this is by developing the competences of their service employees so that they can provide optimal service to a culturally diverse customer base. However, it has not been studied whether managers indeed see this as a priority and if so, which strategies they use to achieve this goal. Therefore, our first research question is:

Research question 1:

What do service managers consider to be the critical issues surrounding intercultural service encounters and which strategies do service managers implement to reduce the negative salience of culture in intercultural service encounters (Chapter 2)?

1.7.2 The employee

The second aim is to provide insight into the effects of employee intercultural competences on employee well-being. Particularly, we look at a) the effects of employee intercultural competences on the employee's well-being in terms of work engagement, and the extra-role behavior towards the customer and the organization (Chapter 3) and; b) how employees' intercultural competences, in combination with job resources

and job demands, affect employees' work-related attitudes via work engagement (Chapter 4)

The important role of service employees in optimizing service quality has been reported by many scholars (e.g. Bitner, Booms et al., 1990; Solomon, Surprenant et al., 1985; Surprenant & Solomon, 1987). As an element of functional quality (i.e. how the service is delivered), employee performance is a crucial determinant of customers' perceived service quality (Bitner, Booms et al., 1990; Grönroos, 1984; Parasuraman, Zeithaml et al., 1985). The service employee is often the first contact and the 'face' of the organization and consequently has a boundary spanning role between the service organization and the customer (Barker & Hartel, 2004).

Wang and Mattila (2010) suggest that ICSEs create specific stressors for employees, particularly when foreign customers do not maintain the role behavior expected by the domestic service employee (Wang & Mattila, 2010). Examples include language differences, different customs and unusual service requests. These occurrences may cause emotional reactions from the service employee, which are moderated by personal characteristics and competences. The authors suggest that high levels of intercultural competences may also mitigate the negative effects of stressors on employee emotions. Thus, intercultural competences may be a panacea for the complexities that employees face in ICSEs because employees experience less stress in their work which also affects their well-being in a positive way. However, these notions have not been tested empirically yet. Furthermore, recent studies in the domain of positive organizational behavior have shown that positive traits, states and behaviors of employees in organizations can explain a unique portion of variance in positive employee outcomes such as work engagement that are highly relevant for organizations (Bakker, Schaufeli et al., 2008; Luthans, Norman et al., 2008). It is likely that intercultural competences are examples of positive traits that are beneficial in globalized service environments. Therefore, in two empirical studies, we address the impact of employee intercultural competences as positive personal resources that affect both attitudinal and behavioral employee outcomes.

Research question 2:

What is the effect of the service employee's intercultural competences on a) employee work engagement, b) employee extra-role behavior towards the organization and the customer? (Chapter 3)

Research question 3:

What is the effect of employee intercultural competences, in combination with job resources and job demands, on a) employee work engagement and, b) employee's work-related attitudes? (Chapter 4)

1.7.3 The customer

The third aim of this study is to assess if the service employee's intercultural competence has a positive effect on the customer's affective and cognitive evaluations of the service encounter (Chapter 5).

In the Service Dominant Logic, service is defined in terms of customer-determined benefit, as "the application of specialized competences through deeds and performances for another entity" (Vargo & Lusch, 2004, p. 2). In line with this customer-centric focus, an investigation of the customer's evaluations of the service employee's intercultural competence in an ICSE is warranted. The service encounter is the dyadic interaction between the service employee and the customer (Surprenant & Solomon, 1987), or the "period of time during which a consumer directly interacts with a service" (Shostack & Lynn, 1985). During these encounters or "moments of truth" (Normann, 1983) customers receive an idea of the organization's quality. If handled successfully, each encounter contributes to the customer's satisfaction and willingness to do business with the firm in the future (Bitner, Booms et al., 1990; Kim & Cha, 2002). Though there is an extensive body of research on service encounters and the role of employee interaction behaviors therein, there is a lack of research on the customer's perception of employee behavior in *intercultural* service encounters. Previous studies provide evidence that visitors and immigrants can feel a sense of embarrassment, unfriendliness and being ignored when interacting with local service employees (Barker & Hartel, 2004). It has also been suggested that perceived cultural distance between the service employee and the customer has a direct negative impact on the comfort and the inter-role congruence perceived by the customer in the service encounter dyad (Paswan & Ganesh, 2005; Sharma, Tam et al., 2009). The above-mentioned studies highlight the negative side of ICSEs. However, Sharma, Tam et al.(2009) suggests that employee intercultural competence may have a positive effect on customer perceived comfort during the interaction. Therefore, we will introduce EIC as an antecedent of customer evaluations in this study. We aim to shed light on the impact that employee intercultural competence has - in relation to employee technical competence and cultural distance - on customers' affective and cognitive evaluations of ICSEs. In Table 1-1 an overview of the three perspectives of this dissertation is provided.

Research question 4:

What is the effect of the service employee's intercultural competence on the customer's affective and cognitive evaluations of a service encounter (Chapter 5)?

Table 1-1 The managerial, employee and customer perspectives on Intercultural Competence

	Managerial perspective	Employee perspective	Customer perspective
Research Question	What do service managers perceive to be the critical issues surrounding intercultural service encounters and which strategies do service managers implement to reduce the negative salience of culture in intercultural service encounters?	A) What is the effect of the service employee's intercultural competences on employee work engagement and employee extra-role behavior towards the organization and the customer, B) How do employee intercultural competences, in combination with job resources and job demands, affect employee's work-related attitudes through work engagement?	What is the effect of the service employee's intercultural competence on the customer's affective and cognitive evaluations of an intercultural service encounter?
Theoretical framework	n.a.	JD-R model of work engagement Conservation of resources theory	Role theory Skeleton-tissue framework Similarity- attraction paradigm
Research design	Manager-reported In –depth interviews 23 hotel managers Qualitative approach	Employee-reported Two surveys: Survey 1: 169 FLEs Survey 2: 325 FLEs PLS modeling	Customer-reported Experiment: 2x2x2 between subject full factorial design 322 participants MANOVA
Context	Work-related/ Hotels	Work-related/ ICSEs in hotels	ICSE/Hotel

ICSE = Intercultural service encounter, FLE = frontline employee, PLS = Partial Least Squares Modeling, MANOVA = multivariate analysis of variance

1.8 Relevance of the dissertation

1.8.1 Academic relevance

Though service encounters have received considerable attention in services research, Hennig-Thurau, Groth et al. (2012) argue that there are still features that are relatively underexplored. Particularly, employee behaviors in service encounters that deviate from the standard (Van Dolen, De Ruyter et al., 2004) are receiving increasing attention (e.g Delcourt, Gremler et al., 2013). We propose that ICSEs deviate from the standard; because of the different cultural background of the participants they require active information processing and an awareness of multiple perspectives. A second motivation for this study is that many management scholars have thus far perceived culture as a negative factor that needs to be controlled and contained in its impact. Studies that approach culture from this perspective focus on how differing cultural

norms and values create misunderstandings and conflict that can result in an unhappy customer, a frustrated employee, and lost business (Sizoo, Plank et al., 2005). We argue, on the other hand, that culture can also be a powerful source of competitive advantage, especially when it is managed carefully (Hajro & Pudelfko, 2010; Hopkins, Winter Nie et al., 2009). Intercultural competence can be seen as a personal resource that allows service employees to function optimally in a cross-cultural work environment. Positive outcomes of intercultural competence have already been reported in several domains. For instance, positive effects were found on well-being in an expatriate or multicultural context (Ponterotto, 2010; Ponterotto, Costa-Wofford et al., 2007), on teacher quality evaluations by students in an educational setting (De Beuckelaer, Lievens et al., 2012), on performance in multicultural teams (Matveev & Nelson, 2004) and on business managers' performance in multinational corporations (Levy, Beechler et al., 2007). In services research, however, in spite of ample evidence of the impact of culture on customer evaluations (e.g. Liu, Furrer et al., 2001; Mattila, 1999), there is a lack of insight into how intercultural competence affects the dynamics of ICSEs. Moreover, there is a lack of empirical research on the effect of employee intercultural competence on both employee well-being and customer evaluations (Yu, Weiler et al., 2002). To the best of our knowledge, only one study has addressed the organizational perspective of intercultural service encounters so far (Hopkins, Winter Nie et al., 2009). By integrating findings from the service marketing, organizational behavior and cross-cultural psychology literature, we aim to provide new insights on the role of employee intercultural competence in the ICSE.

1.8.2 Managerial relevance

Since employee turnover is a serious problem in the service sector (Karatepe, 2012), service organizations have a vested interest in attracting and keeping creative, dedicated and thriving employees who help their organizations flourish. For reasons discussed above, employee intercultural competence could play an important role in making this happen, particularly in sectors where the number of ICSEs is increasing. But because the intercultural competence approach has not been extensively tested in the service marketplace (Sizoo, 2008), managers are reluctant to invest in training their staff until they see some evidence of the benefits of interculturally competent service employees. Moreover, lack of training on intercultural competence in service organizations might also be due to perceptions of intercultural competence as a 'soft science' (Betancourt, Green et al., 2005), or lack of familiarity with the terminology. The latter is evidenced by the fact that the term is not used in recruitment ads. While companies require behavior and skills that are important in international and multicultural working life, they rather refer to knowledge of one or more foreign languages or apply gen-

eral terms such as communication skills or interpersonal skills (Hopkins, Winter Nie et al., 2009).

Therefore, this dissertation aims to offer managers a) a holistic view on the role of intercultural competence in ICSEs; b) valuable insights into whether and how they should incorporate the development and maintenance of their employees' intercultural competence in their Human Resource policies to ensure that these employees are engaged, satisfied and loyal and are thus less likely to leave the organization; c) insights into the impact of service employees' intercultural competence on customer affective and cognitive evaluations of ICSEs. Acting on these insights may have concrete internal and external financial consequences because the ability to develop compelling service experiences for their customers adds value to service organizations. When service organizations are able to effectively manage their contact personnel in doing so, they have a powerful competitive weapon (Rust, Zahorik et al., 1995).

1.9 Rationale for choosing the hotel sector as the context of this dissertation

In this dissertation, we choose the hotel sector as the service context for the three empirical studies. Hotels are part of the broader hospitality sector, which can be defined as: "the exchange of goods and services, both material and symbolic, between those who give hospitality (hosts) and those who receive it (guests)" (Lashley & Morrison, 2003).

From a service perspective, hotel services provide a relevant research context for several reasons. First of all, because they are primarily intangible; there is more service interaction than transfer of goods involved. Moreover, they are inseparable: production and consumption of the service takes place largely at the same time. Finally, they are inconsistent: employee performance differs from day to day and depends on the service employee's skills and willingness to do a good job. The lack of consistency of hotel services implies the need for quality personnel training. Importantly also, one of the core characteristics of hotel service is the provision of security, psychological and physiological comfort for customers who are away from home (Hepple, Kipps et al., 1990). This safety and comfort dimension distinguishes hotel services from other (hospitality) services, such as restaurants and bars which do not include overnight stays on the premises.

Additionally, according to some researchers, hotel consumers buy an experience in which emotion and surprise are involved, rather than a service (Hemmington, 2007; Pine & Gilmore, 1999; Yuan, 2009). Good hosts create feelings of friendship and warmth and strive to exceed guest's expectations by 'sparkling moments' that make hotel experiences more pleasurable, emotional and memorable (Hemmington, 2007; Pine & Gilmore, 1999). These characteristics cause face-to-face service encounters in a

hotel setting to be more high-contact and high-involvement than for instance routine service encounters in retail stores or fast food restaurants (Youngdahl, Kellogg et al., 2003). Consequently, employee behavior in the hotel sector has a substantial influence on customers' evaluations of the encounter (Hartline & Jones, 1996). For that reason, Shaw (2011) contends that the engagement of employees as operant resources - resources that produce effects and co-produce the service - is a particularly critical dimension of Service Dominant Logic (Vargo & Lusch, 2004) in hotel and tourism services.

From an economic perspective, the hotel sector is an important economic player, where providing quality service is pivotal for retaining customer loyalty and market share (Grandey, Fisk et al., 2005). Besides their economic importance, hotels have a long history of internationalization, dating back to ancient times. In times when travel was extremely dangerous, many societies developed an ethic of hospitality to provide the traveler with some degree of safety against the elements, wild animals or robbery and murder by highwaymen. Without it, traveling or trading would have been impossible (King, 1995). Up to this day, the hotel sector has been the service sector with the highest frequency of intercultural service encounters due to incoming tourism and business travelers (Plog & Sturman, 2005; Wang & Wang, 2009). Thus, it is truly "a domestic environment with international dimensions" (Tharenou, 2002).

From an organizational behavior perspective, the poor image of hotels as an employer (unattractive labor conditions, low pay) provides another reason to investigate this sector (Lovell, 2009). The reduction of turnover and the retention of high quality service staff a particularly critical issue in this sector. On top of that, many of the skills of hospitality employees are considered to be transferable. Therefore, they could be used across various sectors outside the industry, such as retailing, banking and insurance (Kusluvan, 2003). This enhances the generalization potential of our study.

A final motivation for choosing the hotel context as a setting for the study lies in the author's background as an educator in hospitality management. An investigation of the role of intercultural competence, both as a personal resource for employees in the hotel sector and for customer's evaluations of hotel services is warranted because positive findings may impact the development of the hospitality management curriculum.

All of the above-mentioned arguments make the hotel sector an interesting and appropriate context for the study of the role of employee intercultural competence in ICSEs.

1.10 Outline and note for the reader

In Chapters 2 – 5 the four empirical studies of this dissertation are presented. Chapter 6 summarizes the most important findings, critically reflects on the limitations of the research and discusses direction for future research.

It should be noted that the four empirical studies will be submitted as separate articles. Therefore, there is inevitable overlap in and repetition of descriptions of some of the focal constructs, most notably intercultural competence.

Notes

- 1 PDI = Country level score on Hofstede's Power Distance Index

2 A hotel manager perspective on intercultural service encounters

Due to globalization, the customer base of hotels has become increasingly culturally diverse. Markets shift so rapidly that hotel companies barely have the time and resources to fine-tune their service in order to respond to these changes. In this chapter, the management of ICSEs is examined from the perspective of the hotel manager. What are the critical issues that managers distinguish in ICSEs? Which strategies do they implement to reduce the potentially negative salience of culture in ICSEs? The findings of 23 in-depth interviews with Dutch hotel managers show that managers call on resource and market constraints to justify the limited potential to optimize intercultural service, but that they are confident of the efficacy of their implemented strategies. However, we detect three discrepancies in the managers' rationale on the current management practices in intercultural service encounters. Firstly, managers acknowledge the complex role of culture in intercultural service encounters, but tend to downplay its importance and focus on other aspects of customer identity. Secondly, managers claim that every customer deserves unique treatment, but tend to categorize customers on national stereotypes and train their staff on 'do's and don'ts' at the country level. Thirdly, managers are concerned about frontline staff attitude in intercultural service encounters, but do not develop an explicit strategy to solve this issue. We conclude that managers currently lack awareness of the possibility of enhancing the internal service quality with respect to intercultural service and that the development of employees' intercultural competences may be the key to achieve this.

A paper version of this chapter was presented at the 2014 annual Eurochrie Conference in Dubai:

Hoefnagels, A., Bloemer, J. (2014). *A Chinese Customer or a 30 – Year Old Businessman? A Hotel Managers' Perspective on Managing Intercultural Service Encounters.*

“... The host understands what would give pleasure to the guest and enhances his or her comfort and well-being, and delivers it generously and flawlessly in face-to-face interactions, with deference, tactfulness and the process of social ritual.”
(King, 1995, p. 229)

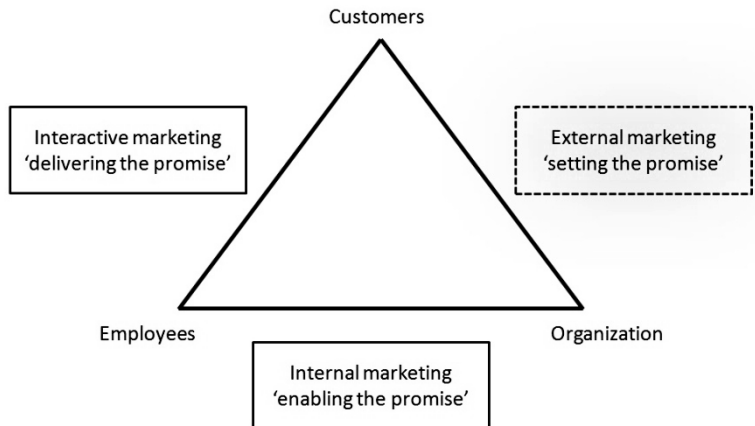
2.1 Introduction

The above-mentioned description of hostmanship may evoke in the reader an immediate desire to check into a hotel. After all, who would not like to be treated with deference and tactfulness, be looked after to feel well and comfortable and, most of all, be understood? At the same time, this definition, though accurate, captures only part of the complexity of hospitality services and other services in today's globalized society. The cause of this complexity lies in the effects of culture on all elements of the service process. Research has shown that customer satisfaction is co-determined by culture (Hopkins, Winter Nie et al., 2009; Mattila, 1999; Winsted, 1997). But also deference (Hofstede, 1984), interaction comfort as perceived by customers¹ (Paswan & Ganesh, 2005) and social rituals like greeting and welcoming (Usunier & Lee, 2005) are culturally sensitive. The effects of cultural differences are particularly salient in direct face-to-face encounters between service providers and customers who have different cultural backgrounds – the so-called intercultural service encounters. Role theory (Solomon, Surprenant et al., 1985) indicates that customers with different cultural backgrounds have different role expectations and read from different service scripts. These dissimilarities lead to an increased likelihood of negative evaluations by both sides of the service encounter dyad (Bitner, Booms et al., 1990).

In spite of the ubiquity of intercultural service encounters, they have been underexposed in academic research so far. Instead, most studies address the role of culture in service by making cross-cultural comparisons of aspects of the service, such as expectations, evaluations and reactions to service failures rather than the interaction in the service encounter (Reisinger & Crofts, 2010). The few studies that have attempted to capture the complexity of the employee-customer interface in ICSEs have focused on customer perspectives (Barker & Hartel, 2004; Paswan & Ganesh, 2005), to an even smaller extent on service employee perspectives (Wang & Mattila, 2010) or both perspectives (Sharma, Tam et al., 2009). Insightful as these models may be, they do not cover the ISCE from the perspective of the organization. In other words, referring to the “service triangle” (see Figure 2-1) in services marketing (Zeithaml & Bitner, 1996), the above-mentioned studies have primarily addressed aspects of the “interactive marketing” side of the triangle and have not addressed the “internal marketing” of intercultural service encounters, which involves elements of internal service quality such as job design, motivation, training and development of frontline employees’

competences to support them in delivering the promise made to the customer (Zeithaml & Bitner, 1996). The “external marketing”, the way that companies communicate their efforts to manage ICSEs to end users is a worthy topic of research but falls outside the scope of this dissertation.

Figure 2-1 The Service Marketing Triangle



(Zeithaml & Bitner, 1996, p.23)

Service managers have a pivotal role to play in supporting their frontline employees and servicing the customer. This has explicitly been recognized by the theory of the service-profit chain (Heskett, Jones et al., 1994), which proposes that internal service quality is closely related to customer loyalty and profitability through employee satisfaction and loyalty. According to Heskett, Jones et al. (1994), managers that understand the service profit chain, are able to develop and maintain a corporate culture centered on service to both their customers and employees. Managers are responsible for the overall service climate in which these service encounters take place. Therefore, given the fact that the service encounter is a crucial cue for customers' perceptions of service quality (Solomon, Surprenant et al., 1985) and service companies generally invest heavily in the management of the customer –employee interface (Bitner, Booms et al., 1990), it is all the more surprising that the internal marketing of intercultural service has received limited academic attention.

In order to cover this gap in the literature, this study aims to examine what critical issues surround ICSEs from the perspective of the manager and which strategies service managers implement to suppress the negative salience of culture in ICSEs.

We adopt a qualitative approach based on grounded theory practice (Glaser & Strauss, 1967). This implies that we make no a priori theoretical assumptions about the phenomenon of study. Though Glaser and Strauss originally recommended to let all

constructs and relationships emerge from the data, it is now common practice – also in service research - to immerse oneself in previous research regarding the focal constructs (Fischer & Otnes, 2006; Kapoulas & Mitic, 2012). Therefore, we have first studied the extant literature on ICSEs in services. Then we conducted semi-structured interviews with hotel managers. On the basis of the research data, a framework is developed which inventories how service managers manage the intercultural service encounter, so that the negative salience of cultural differences in the service interaction can be reduced. This framework also identifies discrepancies in the managers' discourse on culture and areas that can be addressed in future research on the delivery of intercultural service.

The remainder of this chapter is organized as follows. In the next section, we first discuss previous research on intercultural service encounters. Then we describe our research setting - the hotel sector- and subsequently the method of data collection and analysis. This is followed by the presentation of the findings and a discussion of the findings. Next, we provide an overview of the academic and managerial implications of our study. Finally, we describe the limitations of the study and give suggestions for future research.

2.2 Setting the stage: the complexity of the intercultural service encounter

The service encounter has been defined as “the dyadic interaction between a customer and a service provider” (Surprenant & Solomon, 1987), in which the service employee represents the critical link between the service organization and the customer. The rapid increase of intercultural service encounters - in which the cultural backgrounds of the service employee and the customer differ – is likely to make it hard for service managers to successfully manage the employee - customer interface. As a starting point, we highlight the most important issues and mechanisms for employees and customers that the few empirical studies on this topic have uncovered (see Table 2-1 for an overview).

First of all, Stauss and Mang (1999) address the complexity of ICSEs for both the employee and the customer. They suggest the increased likelihood that both foreign customers and service employees experience a *service gap* between their expectations and perceptions due to cultural differences. The authors apply the “disconfirmation paradigm” of satisfaction research (Zeithaml & Bitner, 1996) to the ICSE. They suggest the likelihood of both *intercultural customer performance gaps* – the service cannot be provided at the usual service level because the foreign customers do not maintain the role behavior expected by the service employee –, and *intercultural provider performance gaps* – the performance of the domestic service provider does not meet the expectations of the foreign customer. Both the customer and service provider gaps can

be broken down into 1) *physical* environment gaps – caused by the layout of the facilities or the signs and symbols on the premises; 2) *service personnel/customer* gaps – caused when expectations regarding behavior in personal interactions are violated for customers and employees respectively; 3) *service system* gaps – occurring when foreign customers are not able to perform correctly from the service provider's point of view or when the foreign customer is dissatisfied due to perceived faults in the service provider's service system and 4) *service co-customer* gaps – when behavior of other customers is perceived as disturbing or embarrassing. These intercultural service gaps can lead to service failures in ICSEs.

Importantly, on the basis of the three dimensions of attribution theory – *locus of causality*, *controllability* and *stability* (Weiner, 1985), the authors show that, whereas normally customers attribute service failures to the service provider when they experience a discrepancy between the expected and the actual service, in ICSEs they are inclined to move the *locus of causality* partly to themselves. Assuming that their role expectations and scripts were wrong, they will lower their expected service level post facto and widen their tolerance zone. Moreover, if the foreign customer feels that the service employee is ignorant about the customer's expectations due to cultural differences and thus questions the ability of the service employee to *control* the situation, the foreign customer will also perceive a smaller service encounter gap. Finally, if the customers assume that the service they received is normal in a particular country, i.e. if they perceive the service level as *stable*, they will expect to receive the same treatment in the future and thus lower their predicted service standard. Again, this leads to a broadening of the tolerance zone in ICSEs. These findings are important because they seem to indicate that it is not so important to adjust the service in ICSEs. However, this would imply that service firms also miss out on major opportunities to exceed foreign customer's expectations.

The potential of enhancing the customer's evaluations of ICSEs is further built upon in a qualitative study by Sharma, Tam et al. (2009). On the basis of the similarity-attraction paradigm (Byrne, 1971), the authors provide an integrative framework in which both the employee and the customer side of the ICSE dyad are addressed. Moreover, *intercultural competence* is included as a potential panacea to the negative effects of culture distance in ICSEs. According to the authors, the *cultural distance* between the service employee and the customer (Shenkar, 2001) has a negative influence on evaluations of the ICSE through reduced *interaction comfort* – the comfort perceived by the customer and employee during the interaction (Spake, Beatty et al., 2003) and reduced *inter-role congruence* – the understanding of and degree of agreement on each actor's role in a social interaction (Solomon, Surprenant et al., 1985). An example of lack of inter-role congruence is when customers with high power distance values (Hofstede, 1984), who consider themselves superior to service employees, will

interpret a service provider's friendliness as an effort to be equal to them and hence judge such behavior negatively. Consequently, low inter-role congruence results in dissatisfaction for both parties. However, when the employee *and/or* the customer are interculturally competent, this has both a direct positive effect on interaction comfort and inter-role congruence and a moderating effect on the negative influence of cultural distance on interaction comfort and inter-role congruence in ICSEs. Sharma, Tam et al.'s study generates several important constructs that play their role in ICSEs. It is the first study that allocates a central role to employee intercultural competence in ICSEs. However, it does not address specific concerns involved in how they are managed. Neither is the conceptual model tested empirically.

A more detailed insight into the mechanisms of ICSEs from the employee perspective is provided by Wang and Mattila (2010). These authors focus on the *stress* that ICSEs generate for service employees and the *coping mechanisms* that employees develop to reduce this stress. Cultural differences in language, customs and service preferences may lead to *customer performance gaps* – i.e. the employee cannot provide the service at the usual service level because the foreign customers do not maintain the role behavior expected by the service employee (Stauss & Mang, 1999). These gaps may evoke employee emotions like irritation or frustration that require coping behavior. The authors distinguish between avoidance-coping – escaping the situation without personal effort –, and problem-focused coping – trying to solve customers' problems. On the basis of this framework, managers gain insight into the support that service employees require to face and manage the challenges of ICSEs. Yet we do not know yet how managers support the coping process, let alone how they reduce the occurrence of stressors in ICSEs.

A final important insight into mechanisms that impact customers in ICSEs is provided by Hopkins, Winter Nie et al. (2009). According to these authors, cultural differences negatively impact customer satisfaction through reduced *script effectiveness* in ICSEs. A service script is defined here as a written set of actions that prescribe steps for handling customer service situations (Solomon, Surprenant et al., 1985). According to Hopkins, Winter Nie et al. (2009), a service script leads to customer satisfaction when it helps the customer to interpret the communication, body language and mannerisms of the service employees and when that interpretation falls within the customer's zone of acceptance. Since behavioral aspects of social interactions are culturally sensitive, cultural differences play an important role in shaping a customer's perception of service script effectiveness during a service encounter (Hopkins, Hopkins et al., 2005). As Wang and Wang (2009) already indicated, language differences may lead to ineffective communication. But even when the service employee is proficient in the customer's language, he may not be able to understand the nuances of the customer's linguistic expressions (Triandis, 1994). In addition, non-verbal factors such as body language,

oculesics, proxemics and paralanguage may be subject to cultural differences that impact script effectiveness (Ting-Toomey, 1999). Therefore, Hopkins, Winter Nie et al. (2009) suggest that the impact of cultural differences on service script effectiveness will be greater when the perceived or real differences between the employee and the customer are greater. Importantly, the authors suggest that the impact of cultural differences on service script effectiveness depends on the extent to which the customers identify with their culture and categorize people on cultural identity cues. This concept of identification and categorization is based on social identity theory, which suggests that when people categorize individuals based on observable differences, this is likely to evoke responses that are based on biases, stereotypes or prejudice (Tajfel & Turner, 1979). Therefore, if the customer identifies strongly with his/her culture these responses may be stronger. But if the customer has a weak cultural identity, cultural differences are less likely to be salient in ICSEs.

Table 2-1 Overview of issues in ICSEs on the basis of extant literature

ICSE issue	Description	Perspective	Reference
Stress	Cultural differences in language, customs, service preferences cause stress	employee	Wang and Mattila (2010)
Script effectiveness	Cultural differences impact service script effectiveness, this is moderated by cultural identity strength of the customer	customer	Hopkins , Winter Nie & Hopkins (2009)
Cultural distance, Comfort and Inter-role congruence	Perceived cultural distance impacts interaction comfort and inter-role congruence	employee and customer	Sharma, Tam & Kim (2009)
Intercultural service gaps for customer and provider	Physical environment gap Personnel gap Service System gap Co-customer gap	employee and customer	Stauss & Mang (1999)

The overview above (Table 2-1) shows how complex intercultural service encounters can be for both the service employee and the customer. Cultural distance between the employee and the customer expressed in language differences, different customs and different service preferences may lead to intercultural service gaps for both employee and customer. These gaps may affect feelings of comfort during the interaction, congruence between the roles of service employee and customer, the effectiveness of the service script and cause stress for employees. This may ultimately lead to reduced satisfaction of both the employee and the customer. On the other hand, there is also

evidence that foreign customers are: 1) more tolerant about intercultural service provider gaps; 2) are less affected by cultural differences when their own cultural identity is weak.

The role of the manager in these service encounters is crucial because even though they have limited potential to interfere directly in the service interaction, they are important drivers of internal service quality; they design and implement the strategies to manage ICSEs, lay down the conditions under which the service employee operates and provide the climate to reward their efforts to satisfy customers in ICSEs.

Therefore, the research questions of this study are:

1. What critical issues surround ICSEs from the perspective of the service manager?
2. Which strategies do service managers implement to suppress the negative salience of culture in intercultural service encounters?

2.3 Methodology

Given the lack of prior research that focuses on the role of the service manager, a qualitative approach is chosen. The study adapts a grounded approach in that a) its investigation of a specific context, in our case the hotel context, gives rise to questions about the nature of intercultural service encounters, b) questions are asked to uncover previously unrecognized facilitators or implications of intercultural service encounters (Fischer & Otnes, 2006). By means of a qualitative approach, we are able to identify a broad range of management issues and develop an understanding of intercultural service encounters from the service manager's perspective. Ultimately, our findings will provide input for the quantitative studies on the employee and customer perspective of the intercultural service encounter which will be presented in the subsequent chapters of this dissertation.

2.4 Data collection and sample

As stated in the introduction, this study focuses on the management of ICSEs in the hotel industry. The main reason for choosing this context is that, due to the high incidence of ICSEs, it provides a rich setting for exploring the complexities underlying the management of such encounters. Moreover, there is a lack of research on internal marketing with respect to culture in this professional domain (Chen, Cheung et al., 2012). We relied on semi-structured, qualitative interviews as the main source of data. Our sample consisted of 21 general managers and 2 cluster managers of hotels in the Netherlands (N = 23) (see appendix 1 for an overview of the sample). These hotels were either part of an (inter)national hotel group or independent hotels. In all hotels, the proportion of foreign guests was more than 30%. Initially, 25 managers were ap-

proached to participate in this study through the alumni network of a hotel management school. The findings of two interviews were not included in the analysis because these managers had positions that were too far removed from the daily operations of the hotel. The age of the managers ranged between 35 and 66 years. All interview candidates had at least five years of management experience. Twenty one managers had international work experience. That is, at one or more times in their career they had worked in hotels in other countries than their home countries. Twenty managers had the Dutch nationality, three managers originated from other countries within the European Union. Twenty two managers were male; the larger proportion of male interviewees mirrors the gender distribution in the hotel industry.

The interview plan consisted of four main questions. In addition, the interviewer probed for any additional comments and raised questions as they emerged throughout the interview. The questions in the interview plan were:

1. Can you give examples of your experience with providing service to international customers (positive and/or negative)?
2. What do you do to optimize the service you give to customers with a different cultural background?
3. Which competences should a frontline employee possess in order to provide optimal service to customers with a different cultural background?
4. How do you support your frontline employees to deal with the challenges of providing optimal service to culturally diverse customers?

In order to enhance collaboration and to stimulate interviewees to provide their true opinions, data-confidentiality was guaranteed. Moreover, in order to address interviewees' potential concerns of divulging company sensitive information, the researcher made an effort to reassure the interviewees of the purely academic and theoretical purpose of the study.

The interviews were held between September 2010 and November 2012 and each interview lasted between 50 minutes and 2 hours. Saturation was achieved: after the 15th interview no more new facts and insights were brought up. Nevertheless ten additional interviews were conducted in order to achieve theoretical saturation.

2.5 Data analysis

In order to determine the quality of qualitative research data, Lincoln and Guba (1985) refer to its "trustworthiness". Several steps were taken to optimize the trustworthiness of the research. One researcher conducted all the interviews. The interviews were recorded with permission of the interview candidates and transcribed (Miles & Huberman, 1994). In order to determine the accuracy of the transcriptions member

checks were made (Charmaz, 2006): Five interviews were sent back to the interviewees to check if the researcher had recorded their opinions correctly. All five interviewees indicated that this was the case. Moreover, all interviews were coded by three different coders; besides the researcher, two research assistants were trained for this purpose (Charmaz, 2006). Data were analyzed with the use of a software package ATLAS.ti, which supports the approach to qualitative research as proposed by Glaser and Strauss (1967). By enabling the researcher to document all steps of the analysis, ATLAS.ti facilitates comprehensive and transparent collection and analysis of the data. The researcher is aware of every separate step in the analysis process, which helps to increase the trustworthiness of the measurement.

First, inductive (open) coding was carried out on all interviews. In this stage, any codes that were meaningful and generated by the interviewee were labeled. Furthermore, memos were written for every separate interview. In these memos the researcher clarifies potential biases and assumptions that may have guided inquiry and makes notes of any changes in the research process. By constantly comparing the data at all levels and by re-analyzing the data and memos together with the three coders, inter-rater agreement was achieved. We explicitly searched for discrepant information and will report diverging opinions in the findings section below. The second step was to apply focused axial coding to synthesize large amounts of codes into themes and subcategories, resulting in the first-order analysis. With this set of codes, relevant text fragments of all interviews were coded once more. The re-iterative process of inductive and deductive coding enabled us to develop categories that were as close to the underlying data as possible. This resulted in a second-order analysis that allowed us to build an overall framework addressing service managers' strategies to optimize intercultural service encounters.

2.6 Findings

2.6.1 First order analysis

In the first order analysis, the following overarching themes were deducted from the initial codes that were identified in the interviews:

1. Perceptions of cross-cultural differences in customer behavior;
2. Views on considering the role of the customer's cultural background in the service policy;
3. Views on the management of human resources in relation to the cultural diversity of the customer base;
4. Views of the managers' own role in the management of intercultural service encounters.

Below, we describe the above-mentioned themes in more detail. Every quote is accompanied by a number in parentheses that corresponds with the respondent number as listed in appendix 1.

2.6.1.1 *Managers' perceptions of cross-cultural differences in customer behavior*

Managers were very much aware that the expectations, preferences and behavior of their customers were influenced by culture. This was evidenced by a large number of critical incidents that were reported by the interviewees. For instance, customers expect to be treated in a certain manner or expect their language to be spoken:

Ninety percent of my problems are attitude and culture. Of the team towards the guests. (21)

Indians expect to be treated with a lot of respect, but they do not tend to show a lot of respect to our staff. It sometimes seems as though they want to test us. (5)

Israeli customers automatically expect that their luggage is brought to their rooms. We only do that when there is time. When it is busy, the receptionists have a hard time. Five men standing in front of the desk and they are all yelling. (19)

We get a lot of remarks from guests about language. Their language wasn't spoken at the reception desk as they had expected. Spanish, French and Italian customers often speak no or limited English. This is always a challenge. (5)

Moreover, customers differ in their preferred communication style in the interaction with the service employees:

American guests never stop asking questions. This can sometimes be tiresome. But by responding in an exaggeratedly friendly way you can handle the situation. When you show your irritation, things can escalate. And similar problems occur with Arabic guests where the female partner is not used to being communicated to directly. When the receptionist then focuses his/her gaze on the female, things can really go wrong. (14)

Some customers are less used to dressing up their words. Where an Englishman is almost exaggeratedly polite and says 'thank you' and 'fine' a hundred times, Germans, but also Indians do not waste time on politeness and say very directly where it is at. (4)

Another issue that was reported is the difference in customer preferences for tangibles:

Japanese guests prefer their own food, Russians like their vodka and Americans want to see cultural heritage but prefer Mc Donald's or pasta for dinner. I think the idea of looking for authentic food experiences is very Dutch. (14)

Furthermore, managers were also aware that domestic service employees sometimes failed to recognize the verbal and non-verbal signals of foreign customers or violated the expectations and preferences of their customers in intercultural service encounters:

Europeans are pretty poor at recognizing the signals of for instance Latin Americans. These cultures are distant from us, we do not understand them, we cannot tune into them. (23)

I stayed at the Bellagio in Las Vegas with our chairman of the board. The bellboy came up to us, nodded and took my suitcase first. I quickly grabbed my bosses' suitcase. He said: "never mind, I understand". The boy inadvertently favors his own in-group. But because my boss is Chinese and favoritism is extremely sensitive in Asia, this was very embarrassing to both my boss and me. (7)

I make sure when there are Chinese customers, that they can sit somewhere quiet, where they have more time to fill in the forms. So that the girl from reception is not looking over their shoulder with that Dutch mocking expression on her face, giving him the feeling that he is being laughed at because he doesn't understand. (5)

Finally, managers indicated several instances of cross-cultural differences in customers' service evaluations and service failure behavior:

Positive feedback from Indian customers is always about how much respect they got from our employees. (19)

English customers do not complain during their stay. They write a very angry letter about everything that went wrong when they are back home. A Dutchman is used to walking straight up to the reception desk and voice his complaint. (17)

Japanese guests do not react emotionally in public. Therefore, they were always the first to be transferred to another hotel in case the hotel was overbooked. But the compensation we offered afterwards was never accepted. The insult of sending them away had simply been too great. (6)

2.6.1.2 *Managers' views on considering the role of the customer's cultural background in the service policy*

The second theme that emerged was the weight that was given to the cultural background of the guest in the hotel's service policy. Managers differ in the extent to which they take the customer's cultural background into consideration. In the examples below, the diversity of the interviewees' responses is reflected.

Overall, managers are aware that globalization has added complexity to the service interaction. The customers they receive originate from a larger number of countries and also from culturally more distant countries. Service organizations are not always fully prepared to manage this complexity:

Nowadays, our customers come from 50 to 60 different countries. That is an absolute evolution compared to a decade ago. We see an increase in customers from culturally more distant countries. For instance from Kazakhstan, Azerbaijan and Romania. It used to be simpler with just French, English and Germans. Yes, service has become more complex. (5)

However, the extent to which managers feel that the culture factor should be taken into consideration in the service differs greatly. Some managers feel that it is impossible to consider the cultural background of the guest, because doing so may lead to mistakes, or because it would endanger equal treatment on the basis of universally appreciated values.

It is not that we think 'o that is an American, he wants so and so'. That's a Chinese, now we should do such and such. That would make things way too complicated. I think it will lead to mistakes. (9)

If we would treat every guest differently according to their cultural background, it would turn into chaos. According to me, diversity leads to chaos. (22)

On the other hand, there are managers who advocate the consideration of culture-specific customer needs. Some see it as a necessary consequence of globalization; others see it as a source of competitive advantage.

Culture is a big issue in our hotel, something that we continuously consider. From the planning of the hotel building to the dishes on our breakfast buffet. (4)

There should be a good balance between awareness and authenticity. An employee should be him/herself. But awareness of different behavioral norms is extremely important. For example, what do you do when the credit card of a Japanese

customer bounces? You must know a little about loss of face and make sure that the message isn't communicated audibly and directly. Otherwise, you would insult this customer immensely. (23)

I want to know how I can touch the guest. I want to know who the guest is, and use every means to find out, including social media. My motto is 'the more I know about you, the better I score. I often surprise guests by saying a number of phrases in their language. Language is important, but even more important is how I can do things that make you feel comfortable. I think my staff gets a kick out of this too. (15)

According to the interviewees, there are several ways in which the impact of the customer's background can be managed. First of all, the managers often mentioned that, besides their cultural identity, customers have many other identities (e.g. personality, age, purpose of travel, economic status and travel experience) and that frontline employees may give priority to other identities in the service interaction. In other words, the negative salience of culture is reduced by focusing on other characteristics of the guest. We provide examples for each identity factor below:

After all, culture is a big part, but it is part of the equation, with situation and personality as other elements. (11)

Nationalities are like very old and very young guests. They also have different expectations. We have many elderly Americans here. They appreciate small talk and like to tell where they have been and what they have done. And the younger ones are impatient. Everything should go quick, quick and effective. (5)

You cannot approach every guest in the same way. For a business guest, efficiency matters. But leisure guests like to talk, they want advice. If you would check in the leisure guest like a business guest, you can expect major problems. (1)

The Chinese customer, who comes here, the highly educated Chinese, studied in China and went to Harvard. I always say, they took the worst from two countries; they have no time, they want value for money, and the few days holiday they have must be really good. They are all stereotypes, I know.(2)

Secondly, interviewees mentioned segmentation and branding as a way to attract a particular type of customer, which facilitates the development and maintenance of a consistent customer service culture.

The market is much segmented. More than ever, you can't make everybody happy. So you focus on that one type of guest you want, and you give them a consistent treatment. (20)

Those brands have to meet certain conditions, because the guest expects them. And we spend an X amount on the marketing and promotion of those brands. So everything must match, you can't diverge from the standards. (10)

The guest determines what type of service he wants. And when you choose a brand, you choose a certain service level. (6)

The managers indicated that a logical consequence of segmentation is that investments in cultural knowledge and training are made only when a segment is substantial.

When you notice an increase of a particular guest nationality, you tune into it. But it must be substantial. Look, I can train my staff on the do's and don'ts of Japanese. But if I do not get any Japanese, what is the use of preparing my staff? (1)

Yes. We are working on the Chinese; we are pretty knowledgeable about the Russians. But emerging markets like Brazilians and Indians; we don't see them coming yet. So as a company we say: wait until your market is substantial and start taking initiatives then. (2)

Another strategy that emerged from the interviews is the use of standard operating procedures (SOPs). According to the managers, consistency in service ensures that all customers receive the same service. But the extent to which the managers adhered to these standards differed. Here, we found a clear distinction between managers of large, international chain-operated hotel groups and managers from smaller, national hotel groups or independent hotels. The latter two were less attached to the use of brand standards and gave their staff more freedom to operate. Below we give three examples that reflect the diversity in the responses.

Basically they should follow the steps from the brand standards. Of course there is situational divergence from the standards, but this should be limited. In all, the employee should always keep a professional distance from the guest. (22)

You have to follow the steps of the standards, but you can stretch them. Consistency supports the quality of the service. (9)

Every hotel chain has a bookcase full of manuals. When problem X arises, you take manual X and there you find the solution. Well, in my hotel you have to think for yourself how you solve problem X. (16)

As we described above, the managers differed in the extent to which they considered the cultural background of the customer in their service mix. However, there were two notable exceptions in which there was considerable agreement about elements of service that could be adjusted based on customer's nationality. These were language of communication and tangibles such as food and beverage, room facilities and symbols/messages.

We have a language policy; we inventory the languages spoken by our hotel staff. And if necessary, we drag someone out of the kitchen if a guest needs help. The other day we had an elderly lady from a stranded flight. She spoke only Berber. One of our dishwashers speaks the language too. We called him in and he managed to calm her down instantaneously. (9)

Some cultures are not allowed to eat pork. We make sure they don't get it. Moreover, we have an international breakfast buffet with something for all corners of the World. And if we miss out on something, we quickly add it. (21)

Well, I have got guests from Brunei and other Arabic countries. When they arrive, you replace the Bible by the Quran. Generally you take the alcohol from the mini bar. Is there a delegation, then I know: alcohol out. On the other hand, then I see them drinking wine in the restaurant. But at least I have offered it. (9)

2.6.1.3 *Managers' views on the management of human resources in relation to the cultural diversity of the customer base*

Our interviewees agreed on the pivotal role played by their frontline staff in the process of satisfying customers. They discussed a wide range of human resource policies that allow them to influence and optimize the service performance of their staff in the light of globalization trends. The first human resource tool that was mentioned was *recruitment*. Managers realize that their work environment is international and consider it as one of the attraction factors of working in the hotel industry.

Working here is much more fun and challenging than doing the same at the desk of a, say, hospital. I think that many people are charmed by the international aspect of this job. (8)

I have some language students here who are clearly interested in speaking certain languages. Some of them would rather go abroad, but working in a hotel is a good alternative thanks to all the cultures they get in touch with. (12)

Of the recruitment criteria that managers describe, only linguistic competence and nationality can be considered as specifically related to the cultural diversity of the customer base. At least a good command of English was a requirement, and some companies opted for recruiting specific nationalities for important customer segments.

In our hotel, English is the main language. As a consequence, it is harder to connect to Russian guests. You notice that people are more satisfied with the hotel when you speak their language. That is why our staff speaks English, German and Dutch. Some speak Spanish and French. But is hard to find staff that speaks all of those languages. English is a must for us. Not speaking the language can raise barriers. (17)

It is essential that all employees speak and write Dutch and English fluently. I always make sure that there is a receptionist on duty who speaks German or French. And we are working on Spanish. There must always be someone around who speaks those languages in case there are serious complaints or medical problems. (18)

Just look at this hotel; we have 30 nationalities represented in our staff (9)

For the desired traits of their staff, many managers used the credo 'hire for attitude, train for skills' in their recruitment policy. As far as the attitude of new recruits was concerned, the interviewees indicated for instance, that they were looking for energetic, enthusiastic and engaged employees. However, when probed for specific characteristics, managers also mentioned characteristics that can be considered as part of an interculturally competent personality, even though they are not recognized as such. Examples that are frequently mentioned in the interviews are: empathy, open mindedness, flexibility and a pro-active attitude.

A front desk employee must be able to read the guest in a few seconds. (2)

A nice personality. Someone enters the room, the greeting, the handshake. Does he make me feel good? Is it a positive person, a dynamic person, alert and quick, flexible? Someone with a high emotional intelligence. (4)

I want to be sure that they enjoy serving people that it makes them happy. That they get their energy out of it. (15)

When we see that fire in those eyes, and we see a rough diamond that we can cut, their resume is totally unimportant. (2)

Yes, [they should] think ahead. What can I do so that the customer feels comfortable? Treat the guest like he wants to be treated. I think it is all about being a step ahead. I want the guest to think 'he understands my culture, he understands my wishes'. (5)

[This differs per culture], but again it boils down to empathy with the guest. For example when a guest is very closed and quiet, you shouldn't jump on top of him, like 'How are you!'. But with an American, you should. They appreciate it. Again, you have to be able to read the guest. So, why is someone here? Where is he from? What is important for him? How do they do things back home? Understanding the guest is important. Sometimes you have prior knowledge, but is very hard to know and remember all of it. (18)

The opposite of open-mindedness is prejudice and that is a no go in hotels. You cannot show disapproval or judgment in your words or body language. It may never happen, you are playing a role. (13)

Someone who is inflexible does not belong in the hospitality industry. After all, you have to be able to adjust to the circumstances. And you cannot expect the circumstances to adjust to you. (9)

It starts with hello. You are pro-active, not behind the computer, not waiting until something is asked. But when a guest enters the lobby, you should seek eye contact and greet. Very important. Because, then you are in control. And hiding behind the computer is irritator number one of course. Guests want to be seen. (5)

Secondly, our interviewees shared several ideas on *learning* and *development* with respect to the cultural diversity of the customer base. Generally, the managers focus on the transfer of knowledge about specific cultures. As we mentioned above, training activities are only offered when a particular segment is substantial.

In London, we have specific training for the Middle East and Japan. So that you can greet people in their own language, but also know the ins and outs of the country. Culture training should be given where it is really useful. For us it is not useful because we do not have so many extreme cultures. A Dutch employee can handle an American pretty easily; we do not have to explain that. An American laughs at you when you behave formally. So the front office people should be informal towards Americans. We do not train it, but we do pay attention. We have Americans here every day and they want to be treated that way. If we do not do it, we get in trouble. (1)

As an alternative to training, the interviewees mentioned the concept of *learning by experience and peer learning*. Managers mentioned that the frequent on-the-job exposure to certain customer nationalities enhanced learning about those cultures. This process was supplemented by learning from colleagues and supervisors. Colleagues share their experiences and offer help in case of service failures. Supervisors monitor the service and evaluate critical incidents.

I believe in on-the-spot feedback, every situation is unique. So you can train 20 scenarios, and 18 go in one ear and out the other. (21)

Don't go into detail with these people [front office staff]. Just coach them constantly at the desk. (22)

One manager was explicitly against the idea of peer learning. Because we found this opinion relevant for our research objective, we include it in our findings.

I am totally against this buddy system. All that happens is that experienced employees transfer their stereotypical, and sometimes discriminating, ideas about certain guest nationalities onto their younger, less experienced colleagues. It's totally wrong. I want the employees to think for themselves and develop their own mindset. (6)

Adding to the peer learning strategy mentioned above, our interviews revealed that the salience of culture could also be reduced by the *formation of multicultural teams*. When a team consists of members with different nationalities or ethnicities, this facilitates cultural understanding and automatically creates an international atmosphere.

I am very proud of the way we work here. The other day I thought how odd it was that not every company has this solution [i.e. a multicultural team]. It is so fantastic that we can work together with all these nationalities. We have 26 nationalities here. So they learn from each other, they do things together outside work. So I guess they look at the world a little different than the average Dutch employee. (5)

Another important skill that frontline employees need is the ability to deal with stress. The managers are aware that their service providers experience stress in the customer interface. Although stress is considered as part and parcel of working in the hotel industry, the interviewees indicate that the increasing cultural diversity of the customer creates additional challenges for their service staff. First of all, the managers indicate that there is mental pressure on service staff because they must always be friendly, engage in conversation, show concern. They must often conceal their real emotions

when (foreign) guests give them a hard time. Theatrical metaphors were frequently used to describe this pressure.

Yesterday there were two Russians with a lot of money who were so terribly unfriendly. But you have to keep up the friendliness, there is no other way. The trick is to not take it personally, but keep the empathy. (14)

What we see is that customers from, say, the new economies, are often quite condescending to service staff. Sometimes they treat them like slaves. And that is not easy for our employees. (19)

Leave your problems at the door. Once you are inside the hotel, you are paid by the hotel. And it doesn't matter if you are in the middle of a divorce; you put on your happy face. But it is hard, I realize that. (13)

Another stressor that was reported by the managers is that ICSEs are often marked by ambiguity; the customer has expectations or demands that the service employee does not understand directly, or displays behaviors that diverge from the standards that the employee is used to. It is often hard for the staff to respond adequately to these situations, which leads to stress and emotional reactions.

The different demands that different nationalities have and their behavior when things get critical can generate stress. (16)

In the Netherlands, we quickly tend to find the demands of the guests odd. But we have to go along with the guest. Until the moment arrives that the guest crosses the line. But still we have to postpone our judgment, because we really want the guest to come and stay with us. (7)

We had a large group from India. That was really hard for the staff. Everything they did was different. The way they used the buffet, eating on the floor. (11)

A third potential stressor that was revealed by the interviews was the effect of extreme busyness. Once again, the managers indicate that busyness is part of the job, but it can also generate stress because the service provider is not able to provide service at the desired level when it is very busy.

I know that Americans like to chat. But when there are five people waiting in line, you have no time to chat. When I tell them, our staff members complain: 'but I was helping the guest'. But it is our task to help everybody. (1)

In order to reduce the negative emotional impact of the above-mentioned stressors, managers indicated using the same solutions that were discussed earlier in the context of cross-cultural consumer behavior, namely the support of colleagues and supervisors. According to the managers, they can share their knowledge and experience in case of critical incidents or take over duties when it is extremely busy.

[When it is busy] you have to ask somebody to take over. When someone demands a lot of attention, you can give it, but then someone else has to take over the other guests. (10)

Sometimes there is no synergy with the guest. Then it is a matter of calling for help. No need to do everything on your own. There is a good mix at the reception of more or less experienced staff members. (13)

We are a very flat organization. Therefore people are extremely willing to help. The barman of our lobby spends 20% of his evening duty in the reception to help out with the languages. We have few managers, but a lot of supervisors who are there to help all staff members in a shift. (4)

In about 5% of the cases the manager is called upon. That is when the guest really displays extreme emotions or when we just cannot find a solution. It can be the language or demands that we cannot meet. (12)

2.6.1.4 *Managers' views of their own role in the management of intercultural service encounters*

Initially, we were not looking for the role of the managers' own experiences with intercultural service encounters. But our interviews revealed that the managers' experiences impacted their views on providing service to culturally diverse customers. Therefore, we have included them in our findings. First of all, our interviewees indicated that their international experience had enhanced the development of language skills, cultural sensitivity, emotional resilience and an understanding of a foreigner's acculturation process.

I have learned a lot from living in England for a couple of years. Not just the language, but also the culture and the fact that you have to remain authentic while adjusting to the way of working and delivering service in that country. (2)

And of course, international experience helps you to grow in your awareness and language plays a big role in this. The more languages you speak, the more easily you get in touch with other people. Language is absolutely crucial. (3)

I have developed myself through living abroad for many years. I do not really get upset anymore. (23)

On top of that, managers indicated that their leadership style helped to set the standard for the employees. Their experience made them a role model.

And when you ask me what I do concretely, then it is setting an example in the interaction with all those groups and clearly showing [the employees] how I engage with such and so. (1)

Another consequence of the international work experience of the managers is that they looked at the cultural background of their service staff – in our case mainly the Dutch culture – with more distance and perspective. Because the managers had worked abroad they were able to compare the Dutch service culture to that of other countries. The managers mentioned a number of characteristics of Dutch service employees that could be a potential barrier to effective customer service. Particularly, direct communication style, difficulty with servitude and inequality and the tendency to complain were mentioned.

At the moment when they handle a complaint from a dissatisfied customer, a Dutchman feels you have to show an exaggerated amount of empathy. But that's what the customer wants. We are much too direct. We say yes-is-yes and no-is-no. Putting genuine feeling in 'O, I am so sorry for you' and 'I can really imagine that' is not part of our genetic make-up. (2)

In English they say 'to be humble'. There is no proper translation for this word in Dutch. In the Netherlands, nobody wants to be humble, but that is not what it is about. Service means that you want to help and that you do not feel personally attacked when that customer becomes a little irritated. As compensation you have to become even friendlier. Dutch people have issues with that. There are many countries in the world that are more service oriented by nature. (1)

The Dutch cannot take orders. A Dutch staff member thinks he is equal to the customers, he cannot help it. But at the moment that you see servitude as inferior, you have a problem. I see servitude as knowledge. I know exactly what you [the customer] need. You cannot tell me, but I can show you. When you see that as your job, you are a rich person. (21)

Dutch service is incomparable with Japan. A Japanese room attendant turns off the vacuum cleaner when you pass and wishes you good morning. Here you have to take care not to break your legs over it. And in the U.S. where the staff depends

on tips, the service level is also a lot higher. In the U.S. it is all theatre, but I prefer it above the rude lack of concern here. (13)

Some countries are more service oriented than others, and the Netherlands are not in the top 3! It is almost impossible to make people happy here. They just love to nag and complain. It seems to be in the Dutch cultural genes. And the funny thing is that it is contagious. Other cultures adapt very quickly and start nagging as well. (22)

2.6.2 Strategy model of intercultural service encounters

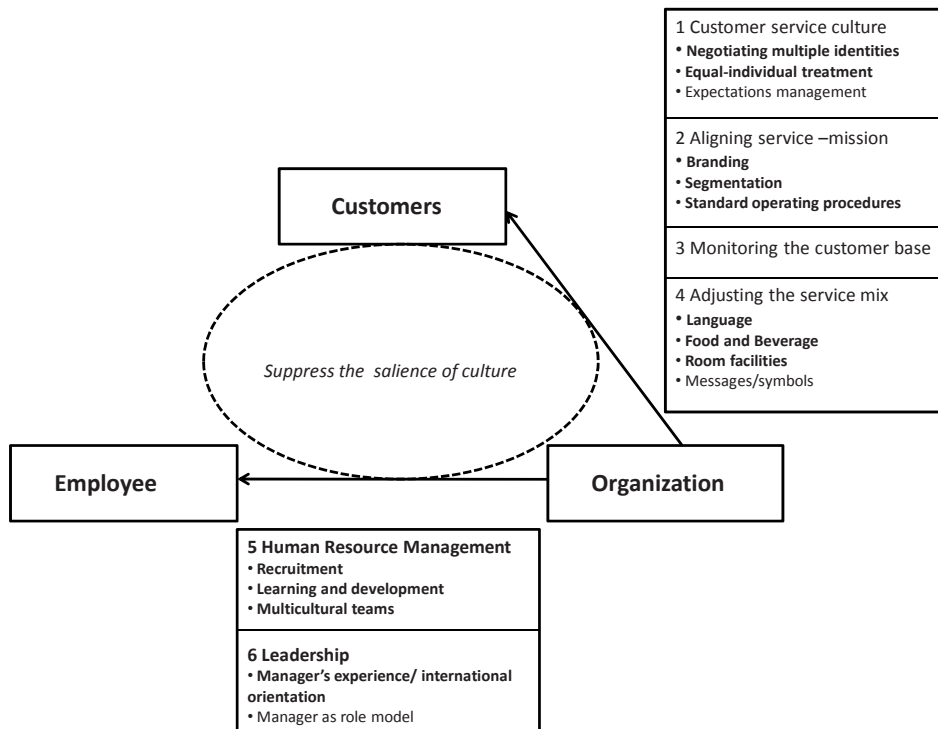
Our findings from the first-order analysis suggest that service managers associate several challenging issues with intercultural service encounters and are aware of the stress that these encounters may generate for their service staff. Therefore, they implement different strategies to reduce the negative salience of culture in such encounters. To identify these strategies and to enrich our interpretation of the findings, we proceeded with a second order analysis. In order to provide a meaningful categorization of the strategies, we adapt the intercultural service encounter strategies model from Hopkins, Hopkins et al. (2005) (see Figure 2-2). This model – based on the service triangle (Bitner, 1997) – proposes that strategies to reduce the salience of culture should include three parties; the *customer*, the *service employee* and the *organization*. According to the authors, the customer should be strategically informed about what he is likely to experience as a customer of the organization and as a participant in ICSEs in that organization. The service employee should possess an understanding regarding the interaction process and different styles of dialogue; i.e. should be interculturally competent. Finally, the organization should be ‘mission focused’, meaning that the organization must have a clear mission that is aligned with the services offered. According to the authors, if culture is not mission-central, as it would be in an ethnic cuisine restaurant such as a pizzeria for instance, its salience should always be suppressed.

Our framework incorporates these three components by focusing on the strategies that manager’s implement to optimize *customer satisfaction* in intercultural service encounters and the strategies that managers implement in order to optimize the *performance* and the *satisfaction* of their service employees in the intercultural employee-customer interface. In contrast to Hopkins, Winter Nie et al. (2009), we argue that culture needs to be suppressed only when it is *negatively* salient. When culture is positively salient, for instance when a foreign customer enjoys a culturally authentic service experience, there is no need to suppress its role in the interaction. Hopkins’ definition of culture is narrow, namely related to the ethnic connotation of the service concept. We define culture more broadly as “the unstated assumptions, standard

operating procedures, ways of doing things that have been internalized to such an extent that people do not argue about them” (Triandis, 1994, p. 6). The interviewees in our study report critical incidents in which the cultural background of the participants, manifested in ‘different ways of doing things’, has a negative impact on the outcomes of the interaction. In that case, an interculturally competent service employee – i.e. who is able to act both appropriately and effectively - can close the intercultural service provider gap and eliminate the negative salience of culture as experienced by the customer (Korac-Kakabadse, Kouzmin et al., 2001)

All the strategies in our framework (Figure 2-2) are explained and supported by the themes that emerged from the first-order analysis. In Table 2-2 we present each of the concepts, accompanied by a representative quote from the interviews.

Figure 2-2 Service managers’ strategies for intercultural service encounters



N.B.: The relations between the organization and the customer and the organization and the employee are indicated by the bold arrows. The strategies in bold print are our additions to the suggestions made by Hopkins, Winter Nie et al. (2009)

Table 2-2 Overview of strategic concepts

Category	Quote
1 Customer service culture	
Negotiating multiple identities	"I always check: what is the age of the guest and from what country does he come. A 30 year old German is nearly equal to a Dutchman. A 65 year old German is a whole different story. A totally different mentality, but from the same country." (10)
Equal – individual treatment	"There is a common denominator and that is showing equal respect to everybody, but at an appropriate and high level. Showing equal respect, regardless of nationality, color or gender." (22)
Expectations management	<p>"The biggest challenge is how to make the service personal for those 350 to 450 guests per day, yet keep consistency in the standards." (2)</p> <p>"You must admit that you cannot accept some cultures in your hotel because they have expectations you simply cannot meet. I cannot make my rooms bigger and I cannot recruit 500 extra hands. I have had customers who put their shoes on the desk [and say:] "I want them back in five minutes". Then I have to point out the shoe cleaning machine or refer them to the [name five star hotel] where it costs 25 Euros." (19)</p>
2 Aligning service- mission	
Branding ²	"The guest determines what kind of service level he wants. And when you select a brand, you select a service level." (1)
Segmentation	<p>"Segmentation on income is more important to us than culture. We are in the high end leisure market and so we have many agents from the U.S. Those customers pay \$ 8000 for a trip to Europe, so they expect the world. We would have to stand on our head and sing a song to exceed these customers' expectations." (2)</p> <p>"When we receive many customers from a certain group, we have to tune into their needs, even if the culture is distant to us." (6)</p>
Standard operating procedures	<p>"What we do for instance is put a sticker in the direction of Mecca, which is a small thing that is appreciated by the Arab guests." (14)</p> <p>"Chinese guests do not spend too much on hotel rooms and they'd rather cook their own food than eat something they are not used to. I allowed them to cook their own food in the kitchen. Otherwise they would do it in their room, which would set off the fire alarm. My Chinese guests were over the moon that this was possible." (12)</p> <p>"Our brands standards go very far, you even have to speak the language of the brand. But because they [the scripts] come from the U.S., they are based on American preferences. It is hard to translate in another language. And you've got to be realistic; how many managers will check at the reception whether the staff uses the script?" (1)</p>
3 Monitoring the customer base	"We do research. Speak to our guests. Sometimes there are recommendations in the questionnaires. We look into the suggestions that are made." (1)

Category	Quote
4 Adjusting the service mix	
Language	“We have a database with the languages spoken by our staff. We can page them when necessary: Japanese, Russian, and Chinese. We even consider it in the shifts. All our frontline staff wears lapel pins with the flags of the languages they speak. But of course, the main language is English.” (1)
Food and Beverage	“We had a large group from India. The whole hotel knows the implications. For instance, we put a large container with hot milk on the breakfast buffet. Because someone who asks for warm milk and who is Indian does not want to wait a single minute to get it. It just takes one angry guest to adjust it.” (4)
Room facilities	“American guests like big rooms and king size beds. Therefore, we must explicitly talk about the history of this hotel. We have developed a sort of bedtime story for every room. We communicate this on our website and when the porter escorts the guests to their room. So that they realize the uniqueness of the location and think: ‘the room may be small, but the service is good. We’re in a really unique place.’” (2)
5 Human resource management	
Recruitment	<p>Emphasize international work environment as a unique selling point:</p> <p>“Working with international guests and colleagues enriches your life. It is a boost for your communicative toolkit, because if you can handle difficult situations with foreign guests, then you can handle anything.” (3)</p> <p>Hire for attitude, train for skills:</p> <p>“You must have the right attitude. You shouldn’t be introvert. That would make you unsuitable for the job. If you want to work in the hotel industry, you must have an open mind towards people, because that is the essence of our work. That’s why I always say; we do not work, we are just busy. Because you enrich yourself every day by the contact with other people.” (3)</p> <p>“A person who never worked in a hotel can be very suitable when he has a service-minded attitude.” (14)</p>
Learning and development	<p>Culture specific approach to learning:</p> <p>“You only offer training when there is a large group from a particular nationality.” (13)</p> <p>“ [Hotel X] have a specific training program, because they have a lot of customers from [country X]. ”(16)</p> <p>On -the -job learning:</p> <p>“No problem when you make mistakes. As long as you register them and learn from them. There are so many issues, it’s impossible to know them all. Offering a business card to a Chinese with both hands, the number ‘four’ that means bad luck. I reckon it is impossible to train all these things. ”(12)</p> <p>“I believe in the power of the individual, who must be given the opportunity to learn. And difficult interactions, particularly with foreign guests, are the major learning moments of this profession.” (6)</p> <p>Peer learning:</p>

Category	Quote
Multicultural teams	<p>"People learn fast. Everybody has their own experience and they speak a lot with each other. They hear from their colleagues how they can best handle specific cultures. They do not only learn from their own experience, they also listen to the customer interactions of their colleagues." (5)</p> <p>"I have many different languages and nationalities in the hotel. I have a lot of Dutch staff in the back-office. But our restaurant staff consists of Italians, Greeks and Brazilians. They can turn dinner into a great theatrical experience." (4)</p>
6 Leadership	
Manager's experience/ international orientation	<p>"Only when there is an internationally oriented general manager, the development of cultural knowledge is taken seriously. According to me, no time is no excuse." (7)</p> <p>"In Arabic countries we only have to work on the technical skills. In the Netherlands we really have to work on the interpersonal skills." (11)</p> <p>"One of my employees is Moroccan. I always thought 'keep work and religion separated'. But when I visited a market in Marrakech with him I heard him use a Surah from the Quran to warn a market seller not to overprice his products. At that moment I realized that for many Arabic people religion is a natural part of their daily lives. I realized that this could be just the same for an Arabic guest." (12)</p>
Manager as role model	<p>"[manager says to employee] do not worry, these things happen, you could not know this, but in the future you will have to remember this group may have a different expectation. That is why we managers have something to teach these young people." (5)</p>

NB: Categories in bold font have been added to the existing literature by this study

2.7 Discussion

In this study, we have uncovered issues that managers experience in ICSEs and strategies that they use to reduce the negative salience of culture in ICSEs. Some of the issues and strategies are in line with the previous literature as described in the paragraph 'setting the stage: the complexity of the ICSE' and are enriched by our data. Additionally, we have uncovered a number of strategies and issues that have not been addressed previously (see Table 2-2 for an overview).

Research question 1:

Issues surrounding ICSEs as experienced by managers

In answer to our first research question – what issues surround ICSEs from the perspective of the service manager – our findings indicate that service managers are aware of the complex interplay of culture and service interaction and the challenges of meeting both the expectations of culturally diverse customers as well as the organizational objectives. Globalization has indeed led to an increase of customers from coun-

tries that are culturally more distant (Sharma, Tam et al., 2009), which makes service more complex. Our findings suggest that managers are aware that intercultural service gaps frequently occur for both employees (intercultural customer performance gaps) and customers (intercultural provider performance gaps) in ICSEs. This echoes the research by Stauss and Mang (1999). Examples of all intercultural service gaps were given, except for intercultural co-customer gaps. In Table 2-3 we provide an overview of the service gaps reported by the managers.

Table 2-3 Examples of intercultural customer performance gap and service provider performance gap

Gap	Example
Intercultural service customer gaps:	
Intercultural service customers' physical environment gap	Male customer walks into the ladies room because he misinterprets the sign 'dames' in Dutch
Intercultural service customer's personnel gap	Customer does not speak a common language
Intercultural Service customer's system gap	Customers 'mob' the reception desk to buy public transport card because they are unfamiliar with the queuing system
Intercultural service provider gaps:	
Intercultural service provider's physical environment gap	The hotel rooms are too small for American customers' tastes, they consider this as a lack of value for money
Intercultural service provider's personnel gap	A receptionist's "inappropriate" smile that is interpreted as ironic, impatience shown when two customers talk with each other in their native language in front of the reception desk
Intercultural service provider's system gap	Opening hours of the restaurant do not match customer's dinner time preference

Besides the customer and employee service gaps, our data also indicate a *management perception – service quality specification gap*. This gap refers to three *constraints* that prevent the manager from delivering what the customer expects and impact customer satisfaction. First of all the data indicate *resource constraints* – the managers have difficulty finding the right staff:

It is also a labor market issue. How good are the people you can get? Our industry is quite simple. 90% are not college educated, this means that you have to swallow a lot, you simply cannot attain the standards you would like to and have to do with what you get.

Our findings also suggest the existence of *market constraints*; the fluctuation and variability of customers complicates the delivery of tailor-made service, even if the man-

ager knows the customer's expectations. Many managers referred to the fact that they would not invest in a particular guest nationality until the segment was substantial in size. Apart from resource and market constraints, Parasuraman, Zeithaml et al.(1985) detected another reason for the gap between expectations and the actual delivery of the service: the absence of total management commitment to service quality. In our data, we only found one example of this gap, as illustrated by the following quotation:

Culture is not part of our day. It is not part of recruitment; it is not part of team formation. We cannot tune into guests from different cultures. It is not on our agenda. We have been doing this for so long. There are no issues, there are no shortcomings. (9)

In line with the study of Wang and Mattila (2010), the managers also reported *stressors* for employees when intercultural customer service gaps occur. First of all, the managers described critical incidents in which employees had to hide their feelings in order to display the 'right' amount of servitude expected by the foreign customer. In the organizational behavior literature this phenomenon is referred to as *emotional labor*. The concept of emotional labor originated with Hochschild (1983) who defines it as "the management of feelings to create a publicly observable facial and bodily display" (p.7). Hospitality employees are considered to be particularly vulnerable to emotional labor because of service scripts that require them to maintain a positive, friendly and smiling disposition even in demanding and emotion-evoking circumstances (Bakker, Schaufeli et al., 2000; Chu, Baker et al., 2012). Secondly, situations were described in which foreign customers displayed behaviors that the service employee was totally unaccustomed to, like jumping queues, eating on the floor and mobbing the buffet. Managers reported that employees experienced these situations as highly stressful, because they were not able to provide service according to their desired service level. In the literature this stressor is conceptualized as *ambiguous customer expectations*: a 'customer related social stressor'(Dormann & Zapf, 2004, p. 76). The third stressor supported by our interviews and the literature is *workload*. Managers reported how their frontline staff noticed that a foreign customer required extra attention, but could not devote extra time to this customer because of other customers waiting in line. In Wang and Mattila (2010) the 'busyness' of the operations negatively impacts the customer performance gap caused by cultural differences.

The issue of *adherence to service scripts* in ICSEs is also frequently reported by the managers, but we found that managers' opinions on this topic diverge greatly. Some managers advocate strict adherence to these scripts and train their staff on them. According to them, this ensures equal treatment of the customers. Other managers empower their staff members to diverge from the service standards in ICSEs when a customer's profile requires this. Previous research suggested that because behavioral

aspects of social interaction are culture-specific, cultural differences between the customer and the service employee may impact service script effectiveness (Hopkins, Hopkins et al., 2005) and reduce inter-role congruence (Sharma, Tam et al., 2009). Therefore, some authors indeed suggest that managers could consider to be more lenient about adherence to service scripts when customers have a different cultural background and empower their employees to customize the service to these customers (e.g. Hopkins, Winter Nie et al., 2009; Yu, Weiler et al., 2002). This would enhance their employees' commitment to service quality in ICSEs (Clark, Hartline et al., 2008).

Furthermore, our interview data reflect the proposition made by Hopkins, Winter Nie et al. (2009) that cultural identity strength moderates the impact of cultural differences on service script effectiveness. Managers are optimistic about the likelihood that increasing sophistication and travel experience of their customers will reduce the importance of cultural differences in issues like language differences, customs and service preferences for individual customers. This is in line with authors who propose that globalization will eventually lead to cultural convergence (e.g. De Mooij & Hofstede, 2002; Fukuyama, 1992; McLeod, 2004). The convergence theory claims that because of technological advancement, global communication, travel, and tourism, increasing immigration and cross national and ethnic marriages, the world's cultures are converging to commonality. Consequently, consumers are becoming more similar in their needs, tastes, lifestyles, values and behavioral patterns despite their countries of origin and national characteristics (De Mooij, 2004). According to McLeod (2004) the process of cultural convergence is strengthened by the rise of the Internet and information technology as well as Western values and Western education and knowledge dissemination around the world. Yet, there is also support that this convergence theory may not hold. According to Usunier and Lee (2005) the adoption of other ways of life and cultural values is impossible. Some countries might even be resistant to change and disapprove of other's cultural values and adaptation of norms and ideas as well as technological developments. The concept of cultural divergence holds that societies maintaining their unique set of national values, characteristics and lifestyles across continents, countries and regions. The conclusion that we draw from our data lies in the middle; there is a tendency towards a 'global service culture' which offers services in which the salience of culture is suppressed. However, as indicated by the number of critical incidents reported by the managers, cultural differences still produce measurable effects.

Table 2-4 Overview of previous studies with additional findings from the study

ICSE issue	Description	Perspective	Reference
Stress	Cultural differences in language, customs, service preferences cause stress	employee	Wang and Mattila (2010)
Stressors	Emotional labor Ambiguous customer expectations Workload	employee	Hochschild (1983) Dorman & Zapf (2004) Wang & Mattila (2010)
Script effectiveness	Cultural differences impact service script effectiveness, this is moderated by cultural identity strength of the customer	customer	Hopkins , Winter Nie et al., (2009)
Cultural distance, interaction comfort and inter-role congruence	Perceived cultural distance impacts interaction comfort and inter-role congruence	employee and customer	Sharma, Tam et al., (2009)
Intercultural service gaps for customer and provider	Physical environment gap Personnel gap Service System gap Co-customer gap	employee and customer	Stauss & Mang (1999)
Management perception- service quality specification gap	Resource constraints hinder optimization of ICSEs Market constraints hinder optimization of ICSEs	organization	(Parasuraman, Zeithaml et al., 1985)

N.B.: Issues in italic font concur with previous studies and issues in bold font are added to the literature on the basis of our data

Research question 2:

Strategies that managers implement to reduce the negative salience of culture in ICSEs

In answer to the second research question – which strategies service managers implement to suppress the potential negative salience of culture in intercultural service encounters – we uncovered a number of strategies that concur with the suggestions made by Hopkins, Winter Nie et al. (2009). We have enriched these strategies with specific sub-categories. We add a number of strategies that have not been described in previous studies (see Table 2-4 for an overview).

When comparing our findings with Hopkins, Winter Nie et al. (2009, p. 51), the suggestion of a ‘mission focused organization’ is partly reflected in our data. First of all, the managers strive to create a customer service culture. This means that they monitor the service organization’s customer base and adjust the service mix on cultural shifts, but only when a particular segment’s substantiality warrants this. Particularly, the use of a common language or the language of the customer as a strategy to accommodate

the customer was often referred to. Moreover, the authors' suggestion of the importance of the 'strategically informed customer' is reflected in the managers' referring to the use of symbolic messaging on the premises and information provision in different languages. Furthermore, the service is aligned with the mission by means of branding, focusing on particular segments and adherence to standard operating procedures. Finally, the managers consider themselves as the 'broker of ideas' as suggested by the authors. They use their own international experience by setting an example and creating an international atmosphere.

In addition to Hopkins, Winter Nie et al.'s (2009) suggestions, we also found that human resources strategies are aimed at recruiting employees who enjoy working in a highly dynamic environment, but not specifically a culturally diverse environment. The managers did not specifically target intercultural competent candidates, but were confident that the candidates were aware of the challenges of their environment. If they were not compatible with the organization, they would leave the organization.

"You must really like it here; otherwise this business is nothing for you. And if you do not like it, you must go and find another job. Because you can't fake permanently."(10)

Furthermore, employees are recruited on the basis of characteristics that generally facilitate social interaction, but not specifically intercultural interaction. These employees are energetic and engaged. Schaufeli, Taris et al (2001) define this as work engagement: "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption" (2001, p. 20). The managers are confident that these employees will develop their ability to work with a culturally diverse customer base by learning on the job, supported by a network of peers and supervisors.

This peer learning strategy is further enhanced by the design of multicultural teams which implies that the service staff is immersed in a culturally diverse environment daily. Several studies have shown this strategy to be very effective in creating a service climate of cultural openness (Matveev & Nelson, 2004). In line with social identity theory (Tajfel, 1974) people's need for social identity motivates them to evaluate in-groups more favourably than any out-groups. Negative consequences can be discrimination of out-groups and/or in-group favouritism (Barker & Hartel, 2004). Service employees may use identity cues such as appearance, demeanour, communication styles and accent to identify and categorize cultural group memberships (Hopkins, Hopkins et al., 2005). The implementation of multicultural teams may ultimately reduce these kinds of service responses that are due to biases, stereotypes or prejudices.

In order to reduce stressors associated with ICSEs, managers provide a support network of coworkers and supervisors. According to Lazarus and Folkman (1984) strategies to cope with stress can be denoted as either problem-focused or emotion-

focused strategies: “problem-focused coping strategies manifest in active attempts to alter the situation or solve the problem”, while “emotion-focused coping strategies manifest in avoidance or seeking empathic social support” (p.44). In the interviews there was evidence of both problem-focused social support and emotion-focused social support from coworkers and supervisors (see also Hobfoll & Shirom, 2000).

2.7.1 Discrepancies in managers’ views on the management of intercultural service encounters

However, it’s important to note that two strategies that Hopkins, Winter Nie et al. (2009) allude to are not borne out by our data. First of all, the strategy that the customer should be strategically informed in the service marketing mix about the organization’s sensitivity to cultural issues. This should be done for instance by means of message statement wording, website messaging and advertising. This strategy is not reflected in our data. None of the managers we interviewed include the message that the service mix includes sensitivity to cultural issues in the marketing communication. Secondly, the authors suggest that this message should be reinforced by a culturally competent employee. The service organization should ensure that their employees are culturally competent, either through recruitment or by means of internal development. None of the interviewed managers specifically recruit and train intercultural competent employees as suggested by Hopkins, Winter Nie et al. (2009). In fact, we uncover three discrepancies in the managers’ views on their selected strategies that indicate that managers do not rise to the occasion of enhancing the internal quality of intercultural service.

First of all, the managers underpinned the complex role of culture in service by generating a considerable number of critical incidents in which culture played a pivotal role. But at the same time, managers seemed to downplay or even ignore the role of culture in the service interaction and preferred focusing on the other identities of the customer such as personality, age, economic status and purpose of travel. Generally, the acknowledgement that people have and use different identities and group memberships, is widely accepted in the intercultural communication literature as an important tool to “normalize strangeness” (Alden, He et al., 2010; Gudykunst & Kim, 2002). But this does not mean that the customer’s cultural identity should be ignored. Rather, it should be incorporated and negotiated in co-occurrence with other identities (Ting-Toomey, 1988). This underestimation of the role of culture in the service process seems to be partly induced by the constraints in optimizing service to international customers; there is not much more the managers can do. On the other hand, there is optimism about the possibility to reduce the potentially detrimental effects of culture. This is induced partly by the currently adopted strategies and partly by the conviction that the customers’ increasing sophistication and travel experience will eventually lead

to reduced salience of culture. This is reflected in Hopkins' (2009) proposition that cultural identity strength moderates the effect of cultural differences on service script effectiveness. Overall, the managers we interviewed create the impression that service gaps caused by characteristics of the host/employee's cultural identity are considered as 'collateral damage' in the service process.

The idea that there is not much more the managers can do is also reflected in the second discrepancy we found in the interview data. The managers express their concern about a number of characteristics of the service providers' domestic culture which increased the likelihood of occurrence of intercultural service provider personnel gaps. Herfst, Van Oudenhoven et al. (2008) inventoried critical incidents that foreigners experienced in the Netherlands. Examples of problems were 'little respect for seniority and authority', 'high individualism', 'direct and rude communication style' and 'high focus on rules'. These findings concur with our interview data. Despite the fact that these problems have long been identified, managers do not implement explicit strategies to improve the employee's competences at this point. Moreover, it is remarkable that the managers stress their own role as a culturally competent role model, yet do not require a similar competence from their staff members.

The third discrepancy reflected by the data is that managers embrace the idea of treating every customer as a unique individual, yet tend to categorize the customers in groups based on nationality by referring to them as "Americans" or "Chinese". Furthermore, a 'culture-specific' approach of learning is chosen, which means that knowledge is transferred about national cultures, provided the customer segment is substantial. This approach has been found to hinder the ability to develop new customer categories as expressed in an individual's open-mindedness; an open and unprejudiced attitude towards culturally diverse individuals and towards different cultural norms and values (Van der Zee & Van Oudenhoven, 2013). When people categorize individuals in groups based on cultural identity cues such as language, ethnicity and demeanor, this increases the likelihood of responses that are due to biases, stereotypes or even prejudices (Tajfel, 1974). Peer learning may also have the adverse effect of reinforcing national stereotypes. This latter discrepancy reflects a 'culturalist' (Rathje, 2007) or 'culture-specific' (Van Oudenhoven, 2012) approach of the management of ICSEs. This approach is characterized by categorization of cultural identities at the national level and knowledge transfer that is limited to culture specific information. Even though knowledge about the do's and don'ts of a specific customer segment's culture is certainly useful, there are some inherent dangers to this approach as well. First of all, knowledge of a specific culture does not necessarily lead to competent interaction with a person from this culture. Secondly, the culturalist approach is likely to lead to biases and stereotyping. Information about dominant or average cultural

patterns does not always acknowledge within-country variance. Thirdly, the culturalist approach overlooks the fact that cultures and individuals are both dynamic entities.

Based on the above-mentioned discrepancies in the managers' rationale on ICSEs we conclude that managers currently fail to optimize the internal service quality of intercultural service by means of job design -, human resource – and service policies geared to reinforcing employee intercultural competence. Thus they miss out on an opportunity to eliminate the negative salience of culture or turn it into a source of competitive advantage.

2.8 Academic relevance

This study addresses a gap in the literature on ICSEs, namely the perspective of the service manager. Research on intercultural service encounters has primarily focused on the customer side and, to a lesser extent, the employee side. Since managers are responsible for both the service delivery and the service climate, they are an important link in the service profit chain (Heskett, Jones et al., 1994). The critical issues they experience in an intercultural service environment and their solutions to these issues had not been addressed in the service literature before, to the best of our knowledge. Therefore, this study extends the service literature by exploring the organizational perspective in dealing with intercultural service encounters. Specifically, we have adjusted and extended a model of intercultural service encounter strategies as proposed by Hopkins, Winter Nie et al. (2009). Specifically, we have added a number of critical issues that play a role in intercultural service encounters: the impact of emotions generated in ICSEs, the difficulty of dealing with ambiguous expectations voiced by foreign customers and the impact of busyness on the employee's ability to meet the expectations of culturally different customers. Moreover, we uncovered a management perception – service quality specification gap; managers call upon market and resource constraints to indicate the limited potential to optimize the management of ICSEs. Additionally, we have inventoried a number of strategies that managers implement to reduce the potentially negative impact of culture. First of all, how managers negotiate between multiple identities and balance between equal and individual treatment to optimize the customer service culture. Secondly, how organizations apply branding, segmentation and standard operating procedures to align the service with the organization's mission. Thirdly, that language use, food & beverage menus and room facilities are elements of the service mix that are considered as relatively easy to adjust. Fourthly, that intercultural competence is not integrated in recruitment and learning and development strategies. Multicultural teams are seen as a strategy to enforce the development of these competencies. Fifthly, the managers' own international experience as a motivational strategy to optimize employee performance in ICSEs. The discrepan-

cies we uncovered hint at a lack of awareness of developing employee intercultural competence as a potential solution to the experienced complexities in providing service to culturally different customers. Therefore, further research on the effect of employee intercultural competence on both employee and customer outcomes is warranted

2.9 Managerial relevance

This study supports and builds upon academic literature that advocates a paradigm shift from a culture-specific approach of managing intercultural service to a generic intercultural competence based approach. Several authors who investigated ICSEs have suggested the development of employee intercultural competences as a way to reduce the negative salience of cultural differences (Cook, Bowen et al., 2002; Hopkins, Winter Nie et al., 2009; Sharma, Tam et al., 2009; Sizoo, Iskat et al., 2004; Wang & Mattila, 2010). Intercultural competence is the “ability to communicate effectively and appropriately in intercultural situations based on one’s intercultural knowledge, skills, and attitudes” (Deardorff, 2006, p. 184). Intercultural competence facilitates people’s ability to negotiate multiple identities (Rathje, 2007) and create new categorizations of people on an ongoing basis, rather than relying on stereotypes or prejudices. (Alden, He et al., 2010). This would enable employees to treat customers equally, yet tune into the cultural profile of the customer at the individual level (Alden, He et al., 2010). Intercultural competence also implies cultural awareness; the ability of an individual to describe the lens through which one sees the world including underlying conditional values that impact on own behaviors and on the understanding of others’ behaviors (Deardorff, 2006). Particularly because culture is dynamic and people have multiple identities, the ability to deal with dynamic and ongoing processes has gained importance. Therefore, the implementation of an approach to managing ICSEs based on the development of employee intercultural competence could be a remedy for the discrepancies we detected in the managers’ ICSE strategies; interculturally competent employees are able to negotiate the cultural identity of an individual customer, rather than ignoring this identity or relying on group categorizations. Their cultural awareness would enable them to put their own cultural identity into perspective while interacting with others.

Adopting this intercultural approach would have consequences for the management of human resources. In order to rise to the opportunities of globalization, managers could address intercultural competences in both the recruitment and development of their employees. Currently, staff is recruited on general social competences because these cover a starting ability for effective customer interaction which will be supplemented by experiential learning about culture. However, many of the character-

istics that the managers appreciate in their staff are in fact elements of intercultural competence, even if they are not labeled as such. Examples of these competences are 'being able to read the customer', 'an open minded attitude', 'empathy' and 'flexibility'. The latter three are part of the multicultural personality, which is the conceptualization of intercultural competence by Van der Zee and Van Oudenhoven (2000). Managers could explicitly address the importance of intercultural competences or 'global mindset' in their communication with the labor market, but also in their training and development activities. Assessment tools for measuring intercultural competences and training activities for the development of intercultural competences have been developed and are available for use by practitioners (Van der Zee & Brinkmann, 2004; Van Oudenhoven, 2012).

Another suggestion for the management of ICSEs is to not only monitor the substantiality of a particular customer segment, but also to collect customer data through dialogue and engagement with foreign customers. This would be a useful way to familiarize oneself with the needs of foreign customers and how to meet those needs. Furthermore, expectations management could be further improved by strategically informing the customer that the organization's service mix includes sensitivity to cultural issues. This information may be transmitted to the customer by means of marketing communication tools such as website design and advertising, symbolic messaging and information in different languages available on the premises.

2.10 Limitations

Obviously, there are several limitations in this study that need to be acknowledged as well. Firstly, because our study deliberately focuses on a hotel setting, generalizability is limited to service encounters in this sector. The scope of our research needs to be expanded to different service sectors to elaborate and refine the results of this study. Secondly, our research context was limited to hotels in the Netherlands. This is an emic approach (Berry, 1997), which ideally should be replicated in other countries. Moreover, the interviews were the only source of data in our study. Though we generally experienced the managers as quite frank, we must bear in mind that the interviewees may have provided socially desirable information rather than their true opinions. This could have been induced by the competitive sensitivity of the issue. The trustworthiness of our research could be further improved by means of triangulation; collecting data with different methods and from different sources (Lincoln & Guba, 1985).

2.11 Suggestions for further research

The findings of this study combined with suggestions from several literatures clearly show that further research on the role of employee intercultural competence in intercultural service encounters is called for.

In the three studies presented in the chapters 2,3 and 4, quantitative approaches test the relationships between employee intercultural competence and a number of employee and customer outcomes that are relevant for service organizations.

First of all, we will investigate the effect of employee intercultural competence on work engagement and extra-role behavior towards the customer and the organization. This ties together the need expressed by our interviewees for employees who are able to flourish in an international service environment with the need expressed by managers for enthusiastic and engaged employees who are willing to go the extra mile for both the organization and the customer (Chapter 3).

Secondly, we will investigate the effect of intercultural competence and support of the supervisor on work engagement and organizational relationship quality in globalized service environments. We will also assess the extent to which intercultural competence and supervisor support moderate the negative effects of job related stressors on work engagement. This study builds on the findings of the present study that customer service gaps are potential sources of stress. According to the managers, these stressors can be reduced by providing social support. But, as we will argue, employee's personal competences may also have this buffering effect (Chapter 4).

Finally, because adding value to the relation with the customer is of primary importance for service firms, we will also investigate to what extent employee intercultural competence contributes to customer outcomes such as perceived customer comfort and encounter satisfaction (Chapter 5).

Notes

- 1 In hospitality management, customers are referred to as guests. In this paper we use the word 'customer', which is more common in the service management literature. In quotations from the interviews the wording of the interviewees is followed.
- 2 Branding is increasingly adopted by the hotel industry as an essential component of its marketing strategy. It is based on the idea that a brand name is part of the process of giving tangibility to what is essentially intangible, providing a method of establishing a hotel property's quality by giving the customer important information about its product and service, without having experienced it (Brucks, Zeithaml & Naylor, 2000; O'Neill & Mattila, 2010).

3 The effect of frontline employees' intercultural competences on organizational citizenship behavior and service attentiveness via work engagement

In view of the boundary-spanning role of employees in intercultural service encounters and the importance of extra-role behaviors in creating customer loyalty, this study explores the relations between frontline employees' intercultural competences, work engagement and extra-role behavior towards the organization and towards the customer. Using survey data from 169 Dutch hotel front office staff members in the Netherlands, a conceptual model is tested by means of Partial Least Square modeling. Results show that employees' cultural empathy, open-mindedness, social initiative and emotional stability significantly and positively impact employees' work engagement. Moreover, work engagement has a direct effect on service attentiveness and organizational citizenship behavior. It also appears that work engagement fully mediates the relationships between cultural empathy, open-mindedness, social initiative and emotional stability on the one hand, and organizational citizenship behavior and service attentiveness on the other hand. Work engagement partially mediates the relationship between social initiative and organizational citizenship behavior. These results suggest that intercultural competences are important drivers of organizational citizenship behavior and service attentiveness through work engagement.

A paper version of this chapter was presented at the 2012 Annual Eurochrie Conference in Lausanne, Switzerland:

Hoefnagels, A., Bloemer, J., Odekerken, A. (2012). *The Karma of the Chameleon: Intercultural Competences as an Antecedent of Frontline Employees' Job Attitudes and Behaviors in the Hotel Industry*.

'Embracing a stranger as one's own; it's in our nature'
(Advertising campaign Shangri la Hotels, 2014)

3.1 Introduction

The ongoing growth of international travel, combined with rising migration figures and shifting economic power to emerging markets (Ng, Lee et al., 2007) has led to increasing attention for intercultural service encounters, encounters in which the cultural backgrounds of the employee and the customer differ (Hopkins, Winter Nie et al., 2009; Sharma, Tam et al., 2009). Since service employees are boundary-spanners who represent the critical link between the organization and the customer (Cook, Bowen et al., 2002), the recruitment and motivation of employees who enjoy working in a globalized service environment and are also able to perform effectively in this environment is very important for service organizations. The ability to deal both appropriately and effectively with culturally diverse others is defined in this study as intercultural competence (Deardorff, 2009). Findings from interviews with hotel managers (Chapter two of this dissertation) show that managers do not explicitly mention 'intercultural competence' as a desired asset for their staff members. However, they do underpin the importance of employee characteristics such as 'empathy', 'open-mindedness' and 'flexibility', which are in fact intercultural competences that are embedded in the multicultural personality framework (Ponterotto, 2010; Van der Zee & Van Oudenhoven, 2000). Managers also indicate that they seek to recruit employees who are enthusiastic, energetic and willing to go the extra mile. These findings fit in with three prominent topics in organizational behavior and service research: a) a call for research on what makes individuals function effectively in a globalized work environment, rather than what creates misunderstandings or conflict in intercultural interaction (Bücker, Furrer et al., 2014; Hajro & Pudenko, 2010), b) a call for research on antecedents and consequences of well-being of employees and customers in services (Anderson, Ostrom et al., 2013) and c) the expressed need for theory building, research and effective application of positive traits, states and behaviors of employees in organizations (Luthans & Youssef, 2007). The latter, 'positive organizational behavior' research, is primarily concerned with individual psychological states and human strengths and their influence on employee performance (Luthans, 2002).

In the face of today's globalizing service environment, it is worthwhile to investigate how employees can both experience well-being and function effectively in jobs that entail providing service to culturally different customers in intercultural service encounters. As a theoretical framework, we turn to the motivational process model of work engagement (Bakker & Demerouti, 2008), which has evolved from the job demands – resources (JD-R) model (Demerouti, Bakker, Nachreiner & Schaufeli, 2001).

Schaufeli and Taris (2013) call the JD-R model an open heuristic model rather than a closed model with an a priori determined number of specified elements, in the sense that (job and personal) resources can be included in the model, depending on the job context. Since 2001, it has been extensively used in Positive Organizational Behavior studies as an elegant description of the way in which job and personal resources are related to psychological states and outcomes that are relevant for organizations, regardless of occupational setting. An important assumption of the JD-R model is that job demands and resources instigate two distinct psychological processes (Bakker & Demerouti, 2007; Schaufeli & Bakker, 2004): 1) a negative health impairment process in which high job demands exhaust employees' resources leading to burnout and, eventually ill-health; 2) a positive motivational process in which- organizational and individuals' - resources lead to a psychological state of well-being which in turn leads to positive organizational outcomes. Since we are interested in the positive impact of employees' intercultural competences on well-being and performance and there is evidence of a positive effect of intercultural competences on individuals' well-being (Ponterotto, Costa-Wofford et al., 2007), adjustment (Yakunina, Weigold et al., 2012) and pro-social behavior (Gelfand, Erez et al., 2007) in other occupational settings, the focus in this study is on the motivational process model of work engagement. Though the original model included only job resources as antecedents of work engagement, e.g. social relations and task variety, Xanthopoulou and colleagues (2007) incorporated personal resources in the model as well. Personal resources refer to individuals' sense of their ability to impact upon their environment successfully (Hobfoll, Johnson et al., 2003) and are conceptualized here as dispositions that can be developed and managed for improved work performance (Hakanen & Roodt, 2010). It has been convincingly shown that positive personal resources predict work engagement (Luthans, Norman et al., 2008) and performance (Judge, Van Vianen et al., 2004). It can be argued that, in the context of intercultural service encounters, intercultural competences are likely to be the positive personal resources that support individuals to impact upon their environment and as such are antecedents of work engagement. Work engagement is a motivational concept, defined here as ' a positive, fulfilling, *psychological state of work-related well-being*' (Bakker, Schaufeli et al., 2008, p. 209). Engaged employees not only have the capacity to be energetic, they enthusiastically apply that energy to their work. They do not keep their energy in reserve; they feel that today's work deserves their energy (Bakker, Schaufeli et al., 2008). In turn, work engagement has strong implications for employee performance. Because engaged employees find their work more enjoyable, they turn that enjoyment into a more effective behavioral performance. Bakker, Demerouti et al.(2004) found that engaged employees not only performed their job well, but were also more willing to go beyond job requirements. Performance can be divided into in-role and extra-role dimensions. In-role perfor-

mance is defined as those officially required outcomes and behaviors that directly serve the goals of the organization (Motowidlo & Van Scotter, 1994). Extra-role or contextual performance is defined as discretionary behaviors on the part of the employee that are believed to directly promote the effective functioning of an organization without necessarily directly influencing an employee's productivity (MacKenzie, Podsakoff et al., 1991). Extra-role performance can be directed towards the organization and towards the customer (Salanova, Agut et al., 2005; Sizoo, Iskat et al., 2004). In the context of this study, the extra-role behaviors are focused upon, because being effective on an internationalized work floor is likely to entail going beyond the formal job description. For instance the employee has to make an effort to speak the customer's foreign language – or a *Lingua Franca* - or advise a colleague on how to address the special needs of a foreign customer. We distinguish between extra-role behavior towards the customer, which is conceptualized as service attentiveness towards foreign customers (Sizoo, Iskat et al., 2004) and extra-role behavior towards the organization, which is conceptualized as organizational citizenship behavior (Organ, Podsakoff et al., 2006). Work engagement has been positively associated with organizational citizenship behavior in previous studies (Bakker, Demerouti et al., 2004). Prior research has also validated the relevance of these citizenship behaviors to the service sector. Employees who maintain both strong service attentiveness towards their customers during the service encounter and, additionally, exert a positive influence among coworkers, positively influence customer perceptions of service quality (Wang & Wong, 2011) and customer loyalty (Castro, Armario et al., 2004).

Besides evidence of direct relations between personal resources and work engagement and, work engagement and performance, there is substantial evidence of a mediated model of work engagement in which work engagement mediates the relations between resources and performance (Salanova, Agut et al., 2005) and resources and extra-role behavior (Xanthopoulou, Bakker et al., 2008). Moreover, in a study of fire fighters, Rich, LePine et al. (2010) found that work engagement mediates between employee characteristics and both task and extra-role behavior. Therefore, work engagement will also be examined as a mediator of the intercultural – extra-role behavior relationship. The relations incorporated in the conceptual model (see Figure 3-1) have not been investigated in a service context to the best of our knowledge. This gap in the literature is surprising, considering the importance of employees who are energized and effective in a globalized service environment.

Therefore, the purpose of this study is to examine a) intercultural competences as antecedents to work engagement; b) organizational citizenship behavior and service attentiveness as outcomes of work engagement and; c) work engagement as a mediator of the intercultural competences – extra-role behavior relationship. The proposed relationships will further expand knowledge on the existing motivational work en-

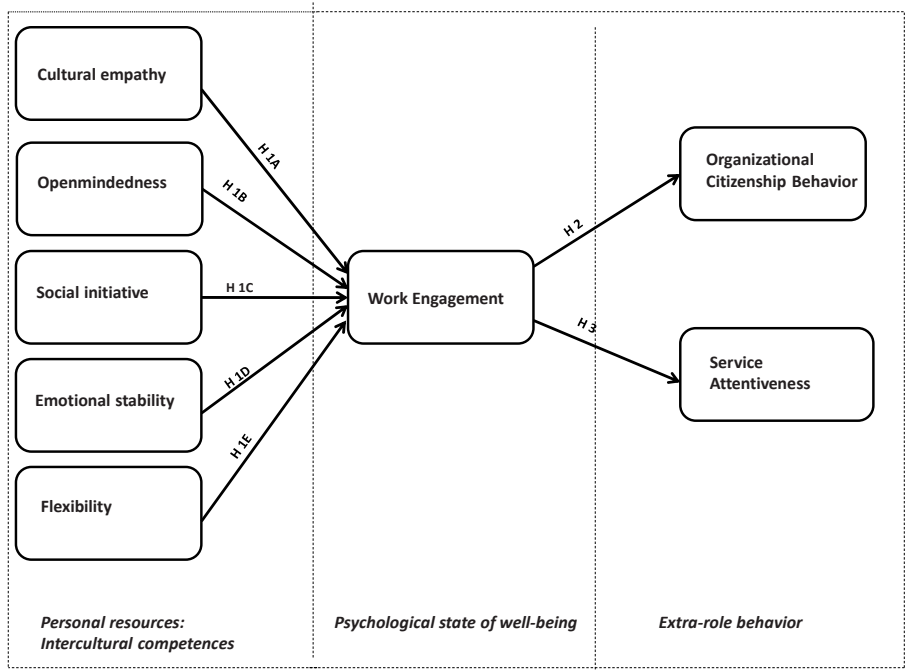
agement model as proposed by Bakker and Demerouti (2008) by applying it in a service context.

In the following sections, the theoretical justification for the conceptual model will be discussed on the basis of a literature study and hypotheses will be built to test the model. This is followed by a description of the sample strategy and the methodology that was used to test the model. Then, the results and their academic and managerial relevance will be discussed. Finally, the limitations of the study will be described and suggestions for future research will be provided.

3.2 Conceptual model and Hypotheses

Below, the conceptual model of the study is presented. This is followed by an underpinning of the hypotheses presented in the model.

Figure 3-1 Conceptual model of the study



3.2.1 The complexity of intercultural service encounters

Intercultural service encounters – defined as encounters in which the employee and the customer have different cultural backgrounds – are likely to add complexity to the service interaction (Stauss & Mang, 1999). A theoretical underpinning for this pre-

sumed complexity can be found in role theory (Broderick, 1999; Solomon, Surprenant et al., 1985). According to role theory, people are social actors who learn behaviors appropriate to the position they occupy in society. Role theory suggests that each party in a service encounter has learned a set of behaviors that are appropriate to that situation. Customers and employees from different cultures may have different role expectations and have been socialized with different service scripts. These dissimilar cultural backgrounds may lead to misunderstandings and conflict, and result in an unhappy customer, a frustrated employee, and lost business (Donthu & Yoo, 1998; Liu, Furrer et al., 2001; Sizoo, Iskat et al., 2004). Another feature of intercultural service encounters is that they deviate from routine, i.e. they require active information processing and an awareness of multiple perspectives (Langer & Moldoveanu, 2000). Frontline employees have to be able to display a chameleonic ability to adjust to the international customer's expectations while at the same time maintaining their authenticity. They are required to make an extra cognitive effort to orient their behavior because the predictability of the role enactment is diminished. This is likely to require high levels of intercultural competence.

3.2.2 Intercultural competence

The importance of developing professionals' competences to effectively cope with cultural diversity in the 21st century is widely acknowledged (Bücker & Poutsma, 2010a). Competences can generally be defined as the potential capability of a person to successfully handle certain situations or complete a certain task or job (Ellström, 1997). In the context of our study this would imply *intercultural* competences in *intercultural* situations. However, there is no 100% agreement among scholars as to what exactly constitutes competence in intercultural situations. Studies vary widely in their conceptualization and definition of the construct, the level of analysis and its operationalization. The literature reveals a myriad of similar, or overlapping, constructs: "global mindset" (Rhinesmith, 1992), "cultural intelligence" (Earley & Ang, 2003), "cross-cultural competence" (Gertsen, 1990) and "cosmopolitanism" (Archibugi, 2009), to name but a few. According to Thomas, Elron et al. (2008, p. 124): "...the conceptualizations fall short of specifying the construct as more than a loosely aggregated set of facets conceptually similar to intercultural competency [...] or as an extension of constructs such as social dimensions to a new domain".

However, many researchers agree on embedding cognitive, attitudinal and behavioral dimensions in the conceptualization of the construct (e.g. Ang, Van Dyne et al., 2007; Gudykunst & Ting-Toomey, 1988; Lustig & Koester, 1993). In Deardorff's (2006) definition, intercultural competences are contextual. For instance, in the multicultural classroom, McAllister and Irvine (2000) define an effective teacher as someone "who has achieved an advanced level in the process of becoming intercultural and whose

cognitive, affective and behavioral characteristics are not limited but are open to growth beyond the psychological parameters of only one culture” (p.4). Or in a business context, successful global managers understand the different needs of diverse work groups within their organization, but also show sensitivity to all kinds of critical adaptations, e.g. legal, H.R. and product adaptations, which are necessary while acting in the global arena (Ang, Van Dyne et al., 2007). It is also likely that frontline employees require specific competences in intercultural service encounters. Since these employees’ daily work increasingly entails performing in multiple encounters with culturally diverse customers, they are expected to be able to sense the needs and feelings of those customers and to adjust their (non)verbal behavior accordingly, just as well as they are expected to be open to people who have behavioral repertoires that are new to them.

To the best of our knowledge, there is no specific conceptualization of intercultural competences in a service context. After an extensive study of the intercultural competence literature, we decided to rely on an existing set of intercultural competences developed by Van der Zee and Van Oudenhoven (e.g. 2000). These intercultural competences are highly relevant, broad enough to suit the service context, but are narrower than for instance generalized personality traits or social competences. Generally, the intercultural competence literature focuses on either the ‘being’ side or the ‘doing’ side of intercultural competence (Bücker & Poutsma, 2010b), which Deardorff (2006) labelled the ‘internal’ and ‘external’ outcome of intercultural competence. The internal outcome reflects both the *potential* and the *intention* to perform effectively and appropriately in intercultural situations, based on the ongoing development of knowledge, attitudes and behavior, whereas the external outcome of intercultural competences is the manifestation of appropriate and effective behavior in intercultural situations.

Within the ‘being’ aspect of intercultural competences, personality traits exist at various levels of abstraction (Allport, 1961; Eysenck, 1947). In this study, intercultural competences are conceptualized as so-called ‘dispositions’, inclinations towards behavior that are narrower and closer to the specific behaviors needed than basic personality traits (Brown, Mowen et al., 2002). This allows capturing not only cognitive and affective, but also behavioral characteristics of intercultural competences.

Van der Zee and Van Oudenhoven (2000) provide five dispositions that reflect individual differences among people with regard to how they approach culturally diverse situations and engage with individuals who may represent culturally different values and worldviews (Ponterotto, 2008). First of all, ‘*Cultural Empathy*’ is defined as the capacity to clearly project an interest in others as well as to obtain and to display a reasonably complete and accurate sense of another’s thoughts, feelings and/or experiences (Ruben, 1976). The second disposition is ‘*Open-mindedness*’, referring to an

open and unprejudiced attitude toward out-group members and different cultural norms and values (Arthur & Bennett, 1995). Thirdly, '*Flexibility*' means that one has the ability to switch easily from one strategy to another because the familiar ways of handling things will not necessarily work in a culturally different setting (Arthur and Bennett, 1995). The fourth disposition, '*Emotional Stability*' refers to the tendency to remain calm in stressful situations versus a tendency to show strong emotional reactions under stress, which according to Hammer, Gudykunst et al.(1978) is an important aspect of intercultural effectiveness. The fifth and last disposition is '*Social Initiative*'. This is defined as the tendency to approach social situations in an active way, to take initiatives and to be able to establish and maintain contacts (Hawes & Kealy, 1981). McCall (1994) also identifies 'the courage to make things happen' as a clue to intercultural competence in this respect.

In previous research, evidence was found of positive correlations between the five multicultural dispositions and other dispositions and personality dimensions. Van der Zee & Van Oudenhoven (2000, 2001, 2003) identified the following. Cultural empathy is positively correlated with extraversion, agreeableness, life satisfaction, and negatively correlated with hostility. Open-mindedness is positively correlated with extraversion, agreeableness, conscientiousness, openness to experience, psychological health and negatively correlated with neuroticism. Flexibility is positively correlated with extraversion, international orientation and negatively correlated with rigidity and neuroticism. Emotional stability is positively correlated with extraversion and social adjustment and negatively correlated with social anxiety, rigidity and feelings of inadequacy. Finally, social initiative has been positively correlated with measures of extraversion, agreeableness, conscientiousness, openness to experience, multicultural activity, psychological health are negatively correlated with measures of neuroticism, social anxiety and inadequacy. Additionally, Houtz et al. (2010) found significant correlations between the five dispositions and problem-solving styles, particularly in the individual's ability to generate new ideas and think 'out of the box' and in being energized by interacting with culturally different others. Besides evidence found in correlational studies, research has shown positive effects of multicultural personality dimensions on psychological and social well-being (Mol, Van Oudenhoven et al., 2001; Ponterotto, Costa-Wofford et al., 2007). Individuals with higher scores exhibit a greater ability to learn foreign languages, communicate effectively with and adapt to other cultures (Redmond, 2000). Moreover, fewer negative reactions to potentially stressful situations involving intercultural contact were reported from individuals with high levels of intercultural competence (Van der Zee, Van Oudenhoven et al., 2004).

All of these dispositions reflect both the potential and the intention to display appropriate and effective intercultural behavior. The five above-mentioned multicultural dispositions add predicted variance in criterion variables like psychological well-

being (Ponterotto, Costa-Wofford et al., 2007) and stress coping abilities in novel intercultural contacts (Ponterotto, 2010) beyond the variance accounted for by Big Five personality measures (McCrae & Costa, 1999; Ponterotto, 2008)¹.

The five multicultural dispositions have been extensively validated across contexts and countries (see for instance Ali, Van der Zee et al., 2003; Leone, Van der Zee et al., 2005; Leong, 2007; Luijters, Van der Zee et al., 2007; Ponterotto, 2010; Van der Zee & Van Oudenhoven, 2000; Van Oudenhoven, Timmerman et al., 2007). Because they have been applied in expatriate business, counseling and educational contexts, but also on employees who work in a multicultural environment, they do not only capture the intercultural competences of individuals who go abroad to live in a different culture, but also of people who are confronted with cultural diversity in their daily work-roles.

It can be argued that the intercultural competences mentioned in the above-mentioned section, – for instance – being able to sense the feelings of culturally different others, staying calm in stressful situations, being open to culturally different others, being pro-active and able to think out of the box in order to solve problems, remaining calm in stressful situations and being able to adjust routine behavior when the situation requires it, are supportive characteristics for frontline employees in intercultural service encounters; they reflect the “the ability to communicate and behave effectively and appropriately in intercultural situations based on one’s intercultural knowledge, skills and attitudes” (Deardorff, 2006, p. 184), which is the central definition used in this dissertation.

3.2.3 Work engagement

Similar to intercultural competence, the definition of work engagement is subject to scholarly debate. It is generally agreed that it consists of high levels of energy and a strong identification with one’s work role (Bakker, Schaufeli et al., 2008). Work engagement is one of the key variables in an emerging trend in organizational psychology that studies ‘Positive Organizational Behavior’ (POB). POB studies are primarily concerned with individual psychological states and human strengths that enhance employee well-being and employee performance (Bakker, Schaufeli et al., 2008; Luthans, 2002). The reason behind the popularity of work engagement is that it has positive consequences for organizations. It is generally acknowledged that there is a connection between employees’ engagement and business results (Harter, Schmidt et al., 2002). This has made companies realize that employee health and well-being are becoming a business value of strategic importance. Schaufeli, Salanova et al. (2002) define engagement as: “a positive, fulfilling, work-related psychological state that is characterized by vigor, dedication and absorption” (p.47). Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in

one's work and persistence, even in the face of difficulties. Dedication refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm and inspiration. Absorption is characterized by being fully concentrated and happily engrossed in one's work, whereby time passes quickly and one has difficulty to detach oneself from work (Schaufeli, Taris et al., 2001). Engaged employees have a sense of energetic and effective connection with their work activities and see themselves as being able to deal well with the demands of their job. Although several researchers have found support for this three-factor model (Hakanen, Bakker et al., 2006; Schaufeli, Salanova et al., 2002), a single dimension model has also been suggested (e.g. Hallberg & Schaufeli, 2006; Judge, Erez et al., 1998; Wefald & Downey, 2009). In the current study, the latter is adopted.

Work engagement is said to be related to but distinct from other constructs in organizational behavior such as flow. Whereas flow refers to "a more acute state lasting for a much shorter period and potentially of a more intense nature" (Wefald & Downey, 2009, p. 94), engagement is "a more persistent and pervasive affective-cognition state" (Schaufeli, Salanova et al., 2002, p. 74).

In accordance with Bakker and Demerouti (2008), research on antecedents of work engagement so far has primarily focused on job resources. The literature has repeatedly shown positive relations between a range of job resources, such as performance feedback, skill variety, autonomy and social support from colleagues and supervisors and work engagement (Bakker, Schaufeli et al., 2008; Halbesleben, 2010; Xanthopoulou, Bakker et al., 2007). Less frequently, personal resources have also been found to predict work engagement in a meaningful way. For instance, personal resources like emotional stability, self-efficacy, resilience and optimism (Xanthopoulou, Bakker et al., 2009).

It can be argued that the five intercultural competences proposed by van der Zee and Van Oudenhoven (2000) - cultural empathy, open-mindedness, social initiative, emotional stability and flexibility - can be considered as individual employees' personal resources that are likely to positively influence work engagement in a service environment marked by a culturally diverse customer base. Intercultural competences have shown to predict well-being – of which work engagement is an example – in several contexts (Kealy & Ruben, 1983). Therefore, the development of intercultural competences is likely to be important for the employee for whom interaction with culturally diverse customers is a daily element of the job. An employee who has developed these competences is better able to 'read' the international customer (cultural empathy), has an open and unprejudiced attitude toward out-group members and different cultural norms and values (open-mindedness), is able to establish contact and communicate with culturally different others (social initiative), remains calm in stressful ICSEs (emotional stability) and is able to diverge from routine in a culturally different setting

(flexibility) and as a result makes an energetic and enthusiastic connection with his or her work role.

In summary, we expect that:

H1a: There is a positive relationship between cultural empathy and work engagement

H1b: There is a positive relationship between open-mindedness and work engagement

H1c: There is a positive relationship between social initiative and work engagement

H1d: There is a positive relationship between emotional stability and work engagement

H1e: There is a positive relationship between flexibility and work engagement

3.2.4 Work engagement and extra-role behavior

The five intercultural competences proposed by Van der Zee and Van Oudenhoven (2000) - cultural empathy, open-mindedness, social initiative, emotional stability and flexibility – are considered here as individual employees' personal resources that, in a service environment marked by a culturally diverse customer base, are likely to influence employee extra-role behaviors towards the customer and the organization via work engagement. Employees with high levels of these personal resources are more likely to connect energetically and enthusiastically with their work role and, as a result are more willing to go the extra mile for both the organization and the customer.

Bakker and Demerouti (2008) have suggested direct relationships between work engagement and performance-related outcomes. According to role theory, employee performance can be broken down into two dimensions; in-role versus extra-role performance (Tsaur & Lin, 2004). In a service context, in-role performance concerns the task performance of an employee's formal job requirements in interacting with a customer. Extra-role performance involves activities that support the customer and/or the organization but are not specifically required of employees. In this study, we focus on extra-role behavior outcomes. It can be argued that employees with high levels of intercultural competences in an internationalized hospitality environment are more enthusiastic and energetic in their work and, as a result more inclined to display extra-role behavior. In order to explain the relationship between work engagement and extra-role behavior, Bakker and Demerouti (2008) provide two important psychological mechanisms. First of all, employees with high levels of work engagement frequently experience positive emotions such as happiness and enthusiasm which are believed to broaden employee's "thought-action" repertoire – the range of potential actions the body and mind are prepared to take. This greater repertoire allows individuals to shift their attention to new issues and encourages the initiation of new behaviors (Fredrickson, 2001). Secondly, engaged employees experience more psychological and

physical health. This allows them to use their full mental and physical resources which in turn facilitates their performance on the work floor. We argue that the two above-mentioned reasons for a relationship between work engagement and extra-role behavior extend to both the organization and the customer.

Therefore, two types of extra-role performance behaviors are distinguished in this study. First of all, extra-role behavior towards the organization, which we label as organizational citizenship behavior (Organ, Podsakoff et al., 2006) and extra-role behavior towards the customer, which we label as service attentiveness towards foreign customers (Sizoo, Plank et al., 2005).

Below the hypotheses concerning the relationship between work engagement and – respectively – organizational citizenship behavior and service attentiveness are described in more detail.

3.2.4.1 *Extra-role behavior towards the organization: organizational citizenship behavior*

The term “organizational citizenship behavior” was coined by Katz (1964) and Organ defined it as: “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that, in the aggregate, promotes the effective functioning of the organization” (Organ, 1988, p.4). Examples of OCB are helping colleagues, providing advice to improve the work environment and giving up breaks when it is busy. It has been suggested that avoidance of stress and other unpleasant emotional states, and maintenance of positive mood might enhance OCB (Organ, Podsakoff et al., 2006). OCB also extends to the customer; Podsakoff, Blume et al. (2009) found a positive relation between OCB and customer satisfaction.

Several authors found a positive effect of work engagement on extra-role behavior and pro-active behavior (Bakker & Schaufeli, 2008; Saks, 2006; Salanova & Schaufeli, 2008). Besides that, there is evidence of a positive relationship between personal resources and OCB through work engagement. In a study of firefighters, Rich, LePine et al. (2010) found that work engagement was not only related to OCB, but it also mediated the relationship between individuals’ personal resources and OCB. This mediated relation was also supported by Xanthoupoulou, Bakker et al. (2008), in a study among flight attendants.

On the basis of evidence from the literature, it is therefore expected that, in a globalized service environment, employees with high levels of intercultural competences find their work energizing, inspirational and meaningful and, as a consequence they are more willing to go the extra mile for the organization. Examples of these behaviors could be disseminating their cultural knowledge, providing advice to colleagues

about the interaction with foreign customers or helping a colleague in an intercultural service encounter. Therefore, we hypothesize that:

H2: There is a positive relationship between work engagement and organizational citizenship behavior

3.2.4.2 *Extra-role behavior towards the customer: service attentiveness*

Attentive behaviors like anticipating the customer's needs, being able to handle problems and complaints, dealing with the unexpected, reacting personably and making a special effort, are generally associated with service-minded behavior (Samenfink, 1994). These behaviors are particularly salient in the context of intercultural service encounters where the customer's and employee's expectations of this behavior may differ. Employees may have to exert extra effort to exceed or even meet the expectations of these culturally different customers. In order to be *able* to do this, they must have high levels of intercultural competences. In order to be *willing* to do this, they must have high levels of engagement in their work-role. Interviews with managers (see Chapter 2 of this dissertation) showed that these managers stress the importance of engaged employees. They believe that this engagement will eventually extend to the customer. There is evidence for this relation in the literature. For instance, Salanova et al. (2005) show, in a study of hotel staff that work engagement fosters a service climate of excellence. This service climate in turn enhances customer appraisal of employee performance and eventually customer loyalty. Thus, the authors see evidence of a 'positive cycle of success' from the employee to the customer, as expressed in the theory of the service profit chain (Heskett, Jones et al., 1994).

Even though there is a lack of empirical evidence of a specific relationship between intercultural competences and service attentiveness towards foreign customers, we expect an indirect relation through work engagement. In line with the 'happy-productive worker' thesis, well-being is a robust predictor of performance on the job (Cropanzano & Wright, 2001). We expect that in a globalized service environment, employees with high levels of intercultural competences find their work energizing, inspirational and meaningful and, as a consequence they are more willing to go the extra mile for the culturally different customer and are more attentive to the special needs of this customer. Therefore, we hypothesize that:

H3: There is a positive relationship between work engagement and service attentiveness

3.3 Methodology

3.3.1 Sample and procedure

The hypotheses were tested using survey data collected from Front Office Employees in Dutch hotels. In order to access employees whose daily work environment is marked by intercultural service, two to five star hotels were approached with at least 30 rooms and at least 30% international customers in the Netherlands, in the 'Randstad', an urbanized area, comprising the cities of Utrecht, Amsterdam, Rotterdam and The Hague. The contact details of these hotels were provided by the hospitality branch organization 'Koninklijk Horeca Nederland'. The General Managers of 250 hotels were invited for participation by means of a letter. This resulted in a pool of 70 participating hotels who indicated that their staff members would be permitted to fill in the survey. Of the total sample, 243 Front Office staff members filled in the online questionnaire. The dataset was inspected for incomplete questionnaires, extreme answers, and respondents that did not meet the sampling criteria, for instance did not have the Dutch nationality. The response from two star hotels appeared to be relatively low. Therefore, the employees working in two star hotels were removed from the sample. Through this procedure, the dataset was reduced to 169 respondents.

3.3.2 Questionnaire development

This section describes the measurement instrument that was used. The entire questionnaire was in Dutch. All scales were borrowed from existing instruments. Some statements were slightly reformulated to make them more appropriate for the hotel service setting. English language scales were translated and back-translated respectively by two qualified translators. Unless indicated otherwise, items were rated on a 7-point Likert Scale ('completely disagree' – 'completely agree'). The questionnaire (see appendix 7.2) consists of three sections. Section 1 consists of 12 background questions about gender, age, education, work experience, experience abroad and linguistic skills. Section 2 contains 49 items measuring the constructs of the conceptual model (see appendix 7.2). Section 3 consists of 8 questions about the hotel, such as location, member of hotel chain, star qualification, and number of rooms, percentage business customers and percentage foreign customers.

3.3.2.1 Intercultural Competence

Intercultural competence is operationalized by means of the dispositions included in the multicultural personality questionnaire (M.P.Q.) (Van der Zee & Van Oudenhoven, 2000). This instrument integrates cognitive, behavioral and attitudinal dimensions in five dispositions: '*cultural empathy*', '*open-mindedness*', '*flexibility*', '*emotional stabil-*

ity' and 'social initiative'. Examples of M.P.Q. items are: 'understands other people's feelings' (cultural empathy) and 'Is looking for new ways to reach goals (open-mindedness)', 'takes the lead' and 'makes contact easily' (social initiative), 'gets upset easily' (emotional stability, reversed coded) and 'works according to plan' (flexibility). The short, 30-item version of the MPQ is used.

3.3.2.2 *Work Engagement*

Work engagement is measured by means of the short - 9 item - version of the Utrecht Work Engagement Scale (UWES) (Schaufeli, Bakker et al., 2006). Work engagement is assessed by items that refer to high levels of energy and resilience, the willingness to invest effort, not being easily fatigued, and persistence in the face of difficulties, deriving a sense of significance from one's work, feeling enthusiastic and proud about one's job, and feeling inspired and challenged by it, and being totally and happily immersed in one's work and having difficulties detaching oneself from it. Examples of items are: 'when I wake up in the morning, I feel like going to work', 'my job inspires me', and 'I feel happy when I am working intensively'. Psychometric analyses with the UWES have shown validity in different contexts and across different cultures The nine-item version of the UWES has demonstrated factorial validity, internal consistency and test-retest reliability (Schaufeli, Bakker et al., 2006).

3.3.2.3 *Service attentiveness*

This construct is operationalized by means of four items from the Service Attentiveness Scale (Sizoo, Plank et al., 2005). This scale was specifically developed to measure service attentiveness towards foreign customers, and is based on research in the food service sector (Samenfink, 1994). It contains items such as 'when serving foreign customers, I make an effort to make them feel comfortable', and 'When serving foreign customers, I adjust the way that I deliver service'.

3.3.2.4 *Organizational Citizenship Behavior*

In order to measure the OCB construct, we used 6 items from the Organizational Citizenship Checklist developed by Spector and Fox (2010) Six OCBO items were used that were considered most relevant in the context of this study. Examples of items measuring organizational citizenship towards the organization are: 'I helped a colleague to learn new skills or shared work knowledge', and 'I volunteered to do extra projects or tasks'.

Prior to data-collection, the questionnaire was pilot tested for legibility and face validity by a sample of 5 receptionists from local hotels. Furthermore, the survey was pilot-tested among a sample of 35 Hotel Management students with at least six months experience in the front office of a hotel. On the basis of the pilot-test some items were revised and some changes were made to the format of the questionnaire to enhance legibility.

3.4 Results

For the statistical analysis the following procedure was followed. First, exploratory factor analysis was used to assess the uni-dimensionality and validity of the constructs. Items that exhibited cross-loadings higher than 0.3 loadings lower than 0.4 were removed from the final analysis (see Appendix 7.2). Controls for gender, age and work experience were added to the model. The model was fitted using a Partial Least Squares (PLS) procedure. PLS was chosen because the sample size was relatively small. One advantage of PLS in comparison to covariance-based approaches to structural equation modeling is that PLS does not presume any distributional form for measured variables (Chin, 1998, p. 295). Furthermore, PLS can be applied more easily to relatively small data sets, as it only requires ten cases per predictor in the regression with the largest number of parameters (Chin, 1998, p. 311). PLS is also suitable to study mediation effects (Henseler, Ringle et al., 2009). The complete model was tested using software package SmartPLS 2.0 (Ringle, Wende et al., 2005).

3.4.1 Measurement model, reliability and validity

The measurement properties of the different constructs in the model (see appendix 7.2 and Table 3-1) were checked by assessing convergent validity, reliability and discriminant validity.

Table 3-1 Discriminant validity

	Cultural Empathy	Openmindedness	Social Initiative	Emotional Stability	Flexibility	Organizational Citizenship Behaviour	Service Attentiveness	Work Engagement
Cultural Empathy	0.784							
Openmindedness	0.308	0.711						
Social Initiative	0.35	0.534	0.784					
Emotional Stability	0.051	0.191	0.174	0.733				
Flexibility	0.216	0.007	0.117	0.049	0.746			
Organizational Citizenship Behaviour	0.188	0.181	0.377	-0.040	-0.065	0.715		
Service Attentiveness	0.213	0.334	0.339	0.222	0.019	0.223	0.780	
Work Engagement	0.418	0.432	0.52	0.254	0.205	0.362	0.355	0.748

Numbers shown in boldface denote the square root of the AVE, ^b The other numbers represent correlations between latent variables.

For the structural models, t-values were computed on the basis of 169 bootstrapping runs (Hair, Sarstedt et al., 2012). The overall fit of the model was evaluated using Tenenhaus, Vinzi et al. (2005) goodness-of-fit (GOF) measure. This measure is computed as follows: $\sqrt{\text{Mean (communality)} * \text{Mean (R}^2\text{)}}$. All scales met the standard requirements for reliability, given that the lowest score for composite reliability was 0.79 (see appendix 7.2). To evaluate discriminant validity, we checked for each construct whether the square root of the AVE was higher than the individual correlations with other latent variables (Fornell & Larcker, 1981). As shown in Table 3-1, this was indeed the case.

3.4.2 Structural model

The results for the structural model can be seen in Table 3-2. In order of magnitude, social initiative ($\beta = 0.313$, $p < .01$), cultural empathy ($\beta = 0.225$, $p < .01$), openmindedness ($\beta = 0.166$, $p < .01$), and emotional stability ($\beta = 0.151$, $p < .01$) all had a significant effect on work engagement. Only flexibility did not have a significant effect on work engagement. Therefore, Hypotheses H1a, H1b, H1c and H1d are accepted. Furthermore, work engagement had a positive effect on service attentiveness ($\beta = 0.363$, $p < .01$) and organizational citizenship behavior ($\beta = 0.388$, $p < .01$). Thus, H2 and H3 are accepted. The control variables age, gender and work experience did not have a significant effect on service attentiveness and organizational citizenship behavior.

Table 3-2 Beta coefficients and t-values

From -to	WE	SA	OCB
Cultural empathy	0.225 (4.006)** H1a		
Open mindedness	0.166 (2.203)** H1b		
Social initiative	0.313 (3.861)** H1c		
Emotional stability	0.151 (2.196)** H1d		
Flexibility	0.111 (1.665) H1e		
Work engagement		0.363 (3.550)** H2	0.388 (4.295)** H3
Age		0.183 (1.575)	0.017 (0.170)
Gender		0.040 (0.513)	0.032 (0.417)
Exper.		0.130 (1.117)	0.161 (1.450)

N.B.: ** = $p < .01$; WE = work engagement; SA = service attentiveness; OCB = organizational citizenship behavior; t-values are displayed between brackets

The variance explained by the exogenous variables can be seen in Table 3-3. Cultural empathy, open-mindedness, social initiative, emotional stability and flexibility explain 39% of the variance in work engagement, which is substantial. Moreover, work engagement explains 20 % of the variance in organizational citizenship behavior and 14 % of the variance in service attentiveness. The goodness-of-fit for the tested model is $\sqrt{0.562 \cdot 0.0.229} = 0.37$. This exceeds the cut-off value of 0.25 for medium effect sizes of R^2 , as proposed by Wetzels, Odekerken-Schröder et al. (2009).

Table 3-3 Communalities, explained variance and goodness-of-fit

	Communality	R ²	
Cultural Empathy	0.614		
Open-mindedness	0.505		
Social Initiative	0.615		
Emotional Stability	0.537		
Flexibility	0.557		
Work Engagement	0.56	0.389	
Service Attentiveness	0.608	0.143	
Organizational Citizenship Behavior	0.512	0.199	
Average	0.563	0.244	GOF = 0.371

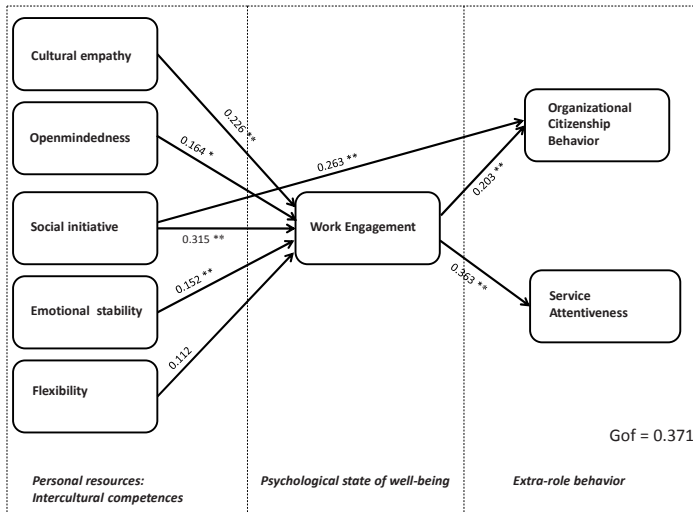
3.4.3 Additional mediation analysis

Additionally, we tested whether work engagement fully or partially mediates the relationship between cultural empathy, open-mindedness, social initiative, and emotional stability on the one hand, and organizational citizenship and service attentiveness on the other hand. Flexibility was left out of the mediation analysis because it had no direct effect on work engagement. There are no official guidelines providing instructions on how to use PLS to study mediation². In our study we expected that intercultural competences would affect organizational citizenship behavior and service attentiveness through work engagement. Therefore, we proceeded as follows. First we estimated a model in which cultural empathy, open-mindedness, social initiative, and emotional stability were directly linked to the outcome variables organizational citizenship behavior. Next, we specified a model in which work engagement was added. We included all paths, even when the total effect of the four intercultural competences on OCB/Service attentiveness was not significant. We compared the paths of the two models to assess whether the path coefficients of the direct effects would decrease upon the addition of work engagement to the model. We then calculated a Sobel statistic to assess the significance of each effect. Finally we also calculated the effect size of the mediation effect by means of an f^2 test (Cohen, 1988).

In the estimated direct effects model, indeed there were only three significant total effects of intercultural competences on organizational citizenship behavior; open-mindedness had a significant effect on service attentiveness ($\beta = 0.182$, $p < .05$), social initiative had a significant effect on both organizational citizenship behavior ($\beta = 0.333$, $p < .01$) and service attentiveness ($\beta = 0.197$, $p < .05$). Following the advice of Shrout and Bolger (2002) however, we proceeded the test for mediating effects.

The addition of work engagement to the model led to a reduction of the coefficient of the direct paths between the exogenous and endogenous variables and suggests that the true indirect effect is different from zero in the following cases: Cultural empathy on OCB ($-.07$, $z = 3.613$, $p < .05$), Cultural empathy on Service attentiveness ($-.03$, $z = 3.784$, $p < .001$), Open-mindedness on OCB ($-.06$, $z = 3.546$, $p < .001$), Open-mindedness on service attentiveness ($-.04$, $z = 2.684$, $p < .05$), Social initiative on OCB ($-.06$, $z = 2.574$, $p < .05$), Social initiative on Service attentiveness ($-.05$, $z = 2.725$, $p < .01$), Emotional stability on OCB ($-.01$, $z = 2.702$, $p < .01$) and Emotional stability on Service attentiveness ($-.04$, $z = 2.819$, $p < .05$). Thus, we may conclude that work engagement indeed has a significant mediating effect on the relationship between the four above-mentioned intercultural competences and – respectively – organizational citizenship behavior and service attentiveness. Only the direct effect of social initiative on organizational citizenship behavior was still significant after work engagement was added to the model, suggesting partial mediation ($\beta = 0.271$, $p < .01$). The size of the mediation effects of work engagement on the relationship between cultural empathy, open-mindedness, social initiative, and emotional stability on the one hand, and organizational citizenship behavior and service attentiveness on the other hand is small (Cohen, 1988): f^2 is 0.04 for work engagement on organizational citizenship behavior and f^2 is 0.01 for service attentiveness. The final model (Figure 3-2) has a Goodness-of-fit of 0.371, which is considered adequate by Wetzels, Odekerken-Schröder et al. (2009). In paragraph 3.7, we will discuss the implications of these results for theory and practice.

Figure 3-2 Structural model



* = $p < .05$, ** = $p < .01$ the variance explained (R^2) is 0.39 for work engagement, 0.16 for OCB and 0.14 for service attentiveness

3.5 Discussion

The purpose of this study was to examine the relations between employee intercultural competences, work engagement, organizational citizenship behaviors and service attentiveness. Support was indeed found for direct effects of cultural empathy, openmindedness, social initiative and emotional stability on work engagement. Contrary to our expectations, employee flexibility did not have a significant positive effect on work engagement. This result is surprising. The ability to switch easily from one strategy to another (Arthur and Bennett 1995) was considered an important asset of service staff by the interviewed managers (Chapter 2 of this dissertation). This unexpected finding can be explained when scrutinizing the flexibility-items in the 30-item version of the multicultural personality questionnaire. These selected items, for instance “works mostly to a strict scheme” and “works according to a plan” (reverse coded) all refer to a tendency to cling to routine behavior. In a context where an individual, for instance an expatriate, must get accustomed to a new cultural environment, these behaviors may be undesirable. However, a frontline employee, who often works according to standard operating procedures (Ross, 2001), may interpret these elements as desirable behavior and attribute them to the technical dimension of their work role which entails for instance feeding data into a computer, or processing bills. The results for flexibility indicate that this scale may have to be adjusted in order to be applicable in a service interaction context.

Work engagement in turn has a significant positive effect on employee's organizational citizenship behavior and service attentiveness. Moreover, work engagement mediates the relationship between cultural empathy, open-mindedness, and emotional stability on the one hand, and organizational citizenship behavior and service attentiveness on the other hand. Work engagement also fully mediates the relationship between social initiative and service attentiveness. However, work engagement partially mediates the relationship between social initiative and organizational citizenship behavior; social initiative has both a direct and indirect effect. We expected that social initiative would affect organizational citizenship behavior only through work engagement. The unexpected direct effect can be explained as follows. Employees who tend to take the lead in interactions, who find it easy to make contact and are inclined to speak out, are likely to be inspired and positively motivated by challenges. As stated in paragraph 3.3.2 they are able to use their full mental and physical resources which facilitates their performance on the work floor. For instance by being more likely to actively provide their colleagues with help and advice and offer suggestions to improve the service environment. This effect is also supported in research by Yakunina, Weigold et al. (2012), who find a direct effect of international students' social initiative on their adjustment in the U.S.A. According to Yakunina, Weigold et al. (2012) social initiative may fit into broad temperamental tendencies that allow individuals to cope with cross-cultural situations and have either direct effects on behavior, or mediated by other constructs. Additionally, research by Bakker, Tims et al. (2012) suggests that employees with a pro-active personality also tend to adjust their work environment pro-actively, which helps them to stay engaged and perform well.

This study is the first to demonstrate that intercultural competences significantly influence frontline employees' engagement at work which in turn drives these employees' willingness to go the extra mile for both the organization and the customer. A frontline employee who is able to sense a culturally different customer's thoughts, feelings and expectations accurately (Ruben, 1976), has an open and unprejudiced attitude towards out-group members (Arthur & Bennett, 1995), approaches situations pro-actively, and remains calm when faced by stressful situations, is likely to have higher levels of energy and resilience, to be willing to invest effort, to be not easily fatigued, to persist in the face of difficulties, feel enthusiastic and proud about their job, and inspired and challenged by it (Schaufeli, Taris et al., 2001). This is in line with earlier studies where employee competences are considered as personal resources that are likely to influence work engagement (Xanthopoulou, Bakker et al., 2006).

The hypothesis of a positive relation between work engagement and OCB was confirmed. Apparently, engaged employees are willing to go beyond their formal in-role expectations and contribute voluntarily to their organization's success. They do this for instance by accepting extra projects or by giving advice about the optimization

of the working environment. Though this finding fits in with prior research (Bakker & Schaufeli, 2008; Organ, Podsakoff et al., 2006), it has never been shown to be driven indirectly by intercultural competences. The data also show a significant effect of work engagement on service attentiveness towards the foreign customer. Employees with high levels of work engagement provide their foreign customers with better service, are more attentive to their needs and adjust their service style to the preferences of the foreign customer. This is in line with Fredrickson's (2001) broaden-and-build theory which posits that engaged workers have a broader 'thought-action' repertoire and are able to show new behaviors. This is extremely important in globalized service settings in which employees meet customers from new markets on a perpetual basis.

3.6 Academic relevance

Our results contribute to the literature in several ways. First of all, because evidence is shown that in a service setting characterized by intercultural interaction, employees' intercultural competences are positively linked to both their work engagement and extra-role behavior. Secondly, because we add to the existing knowledge about the motivational process of the JD-R model of work engagement by pointing to associations between personal resources and extra-role behaviors through a positive work related psychological state in a globalized service environment. These relationships had not been researched jointly in this domain so far. By providing evidence of the substantial impact of intercultural competences on work-related well-being and – indirectly-extra-role behaviors, the study also answers to a call for research on what makes individuals function positively and effectively in intercultural interactions. Finally, we shed light on how intercultural competences function as an antecedent of employee well-being, which fits in with the need for theory building on positive traits, states and behaviors in work-related settings.

3.7 Managerial relevance

From a managerial perspective, the findings show that in an international service environment, the inclusion of employees' intercultural competences in recruitment policies and job design adds value to the workforce. Employees with high levels of intercultural competences are more likely to make an extra effort for their international customers. Moreover, they are energetic, enthusiastic and, in line with Fredrickson's (2001) broaden-and-build theory, able to show new behaviors. Managers would do well to consider this, given globalization and the constant emergence of culturally distant markets (House, Javidan et al., 2002). Companies with high frequencies of intercultural service encounters are recommended to invest in identifying and motivat-

ing employees with high levels of intercultural competences, and training and developing these competencies with their existing staff. Because employees in this study rated themselves rather highly on these competences, this suggests that the dispositions may be latently present already. Even then, managers can put them on the agenda and pay explicit attention to their importance or, even reward employees who display high levels of intercultural competence. Developing intercultural competences is a life-long learning process, because cultures are constantly in flux (Hannerz, 1992). That is why the ability to learn new behaviors is so vital. Van Oudenhoven and others have convincingly shown that intercultural competences can be learned, developed and maintained on an ongoing basis (Herfst, van Oudenhoven et al., 2008; Van Oudenhoven, 2012). Eventually, this will help companies to build a more satisfied and loyal customer-base and increase profitability in today's increasingly diverse and competitive marketplace. In a competitive environment such as the international hotel industry, this might make a critical difference. Finally, companies could incorporate their staff's intercultural competences in their marketing communication efforts. They could do this for instance, by encouraging their foreign customers to express their special requests or by strategically informing them that their staff will be sensitive to their needs.

3.8 Limitations and suggestions for further research

Like most research, this study has its limitations. Firstly, frontline employees in hotels were focused upon because they fulfill a boundary-spanning role and their performance has a substantial impact on the customer's perceived service quality (Hartline & Jones, 1996). In future research, the issue of generalizability could be addressed by including employees from other hotel departments, such as food service, or by involving a broader range of service sectors with an international clientele, such as airlines and tourism (Yu, Weiler et al., 2002) or even domestic firms who service an increasingly multicultural customer base, like suppliers of mobile and computer devices. Secondly, we have limited ourselves to the relationships between intercultural competences as personal resources, work engagement and extra-role behaviors towards the organization and the customer. For a more comprehensive grasp of what constitutes the frontline employee's role in intercultural service encounters and furthering upon our findings in chapter two of this dissertation, it is recommendable to also test the influence of job resources, such as supervisor support and job demands such as emotional demands. Since working in the hotel industry has often been associated with emotional labor (Hochschild, 1983; Lovell, 2009; Pugliesi, 1999), it would be recommendable to test the role of intercultural competence in the full job demands - resources model (Bakker, Demerouti et al., 2004). A third limitation is the fact that a self-assessment questionnaire was used, which may have been subject to socially desirable responses.

In future studies, social desirability could be remedied first of all by controlling for it and by means of multi-level assessment, in which the respondent's intercultural competence is also assessed by the supervisor and the customer, taking all sides of the 'service-triad' into consideration. Fourthly, single method bias may be a shortcoming of our study. Therefore, the use of research designs like experiments, observations, critical incidents and discourse analysis could be a valuable addition to the survey methodology. We also recommend an adjustment of the 30-item MPQ instrument, which has been validated primarily in an expat and educational context. Particularly, the flexibility scale seems to be less suitable for the service context. Negatively worded items such as 'likes routine' and 'work according to plan', may be interpreted differently in an expat and a service setting. For expats, the ability to diverge from routine and let go of fixed plans may be recommendable. However, frontline employees may see planned and routine behavior as part of their professional and technical competence. For the service context, a specific selection and wording of items may therefore be advisable.

In spite of the above-mentioned limitations, this study demonstrates that intercultural competences drive employees' willingness to go the extra mile for the customer and the organization, primarily through work engagement. Extended knowledge about what makes employees flourish in a globalized work environment is good news for a service sector that is increasingly affected by cultural diversity.

The substantial relationship between intercultural competences and work engagement warrants further investigation of the nomological network in which these two constructs operate. Therefore, in Chapter 4 the conceptual model tested in this chapter is extended with job resources and job demands as antecedents, in accordance with the job demands- resources model of work engagement . Moreover, in line with evidence found in empirical research based on this model, the dependent variables – organizational citizenship behavior and service attentiveness as extra-role behaviors - are replaced by work- related attitudes. This will be explained in detail in the next chapter.

Notes

- 1 The Big Five Personality Inventory (McCrea & Costa, 1999) has scales for Neuroticism, Extraversion, Agreeableness, Conscientiousness and Openness to Experience. Neuroticism refers to feelings of anxiety, nervousness, emotionality, uncertainty, anger, sadness and other negative emotions. The extraversion scale refers to a preference for company, sensation and stimulation, assertiveness, activity, optimism and cheerfulness. The Openness to experience scale measures curiosity, a broad interest, creativity, originality and imagination. Agreeableness refers to being altruistic, sympathetic, warm, and trustful of others, helpful, forgiving, sincere and willing to help others. Conscientiousness refers to perseverance, conciseness, goal-directedness, to being well organized and reliable as a person.

- 2 However, the assessment of mediation dynamics in marketing research is widely based on the 'causal steps' approach introduced by Baron and Kenny (1986). According to this approach, mediation occurs under the condition that a direct link is established between the independent and the dependent variable. Second, a direct relationship must be established between the independent and mediator variable. Third, the mediator must be shown to be related to the dependent variable. Last, the relationship between the independent and dependent variables must be significantly reduced when the mediator is added. The assessment of significance of the reduction of the relationship cannot be assessed by only a visual inspection of the coefficients. It has to be assessed mathematically. This has traditionally been done by means of the Sobel test (Sobel, 1982). The Sobel test uses the ratio of the product of path a and path b as a test statistic for testing the null hypothesis that the true effect is indeed zero, with the p -value derived from the standard normal distribution. This test requires the unstandardized regression coefficient (a) and the standard error (s_a) of the relationship between the independent variable a , and the unstandardized regression coefficient (b) and standard error (s_b) of the path from the mediator to the dependent variable. During the past decade, the Baron and Kenny approach has increasingly been challenged, among others because it fails to detect mediation effects in the absence of a total effect of the independent variable X on the dependent variable Y (Hayes, 2009; Hayes, Preacher & Meyers, 2011; Preacher & Hayes, 2004). Several authors recommend that researchers proceed with tests of indirect effects regardless of a detectable total effect (see e.g. McKinnon, Lockwood et al. 2002; Shrout & Bolger, 2002).

4 **How employee intercultural competences affect work engagement and work-related attitudes and buffer the negative effect of emotional labor**

In this chapter, the concept of intercultural competences is incorporated in a broader nomological network, grounded in the Job Demands – Resources model of work engagement and Conservation of Resources theory. The conceptual model of Chapter 3 is extended and adjusted. This is done firstly by integrating not only intercultural competences, but also supervisor support (a job resource) and emotional labor (a job demand) as independent variables. Secondly, the effect of intercultural competences, supervisor support and emotional labor on work engagement and work-related attitudes in terms of job satisfaction, affective commitment and turnover intentions is investigated. The conceptual model is tested by means of Partial Least Square modeling, using survey data from 325 front office employees of hotels in the Netherlands. The results show that three intercultural competences (cultural empathy, emotional stability and social initiative) and supervisor support are important drivers of work-related attitudes through work engagement. Moreover, a supportive supervisor fosters the development of intercultural competences. Finally, the negative effect of emotional labor on work engagement is reduced when intercultural competences and supervisor support are high.

A paper version of this chapter was presented at the 2013 Annual SMSF Conference in Las Vegas, U.S.A.:

Hoefnagels, A., Bloemer, J., Pluymaekers, M. (2013). *A Global Mind, a Joy Forever? Intercultural Competences as an Antecedent of Work Engagement and Relationship Quality in Domestic Jobs with International Responsibilities.*

'We are ladies and gentlemen, serving ladies and gentlemen'
Mission statement Ritz Carlton Hotels

4.1 Introduction

The environment in which frontline employees in services operate has changed quickly in recent years. The world has become a global village, with worldwide tourism hitting the one-billion milestone (UNWTO, 2012), increasing travel from emerging markets (Ng, Lee et al., 2007), and worldwide immigration flows (Craig & Douglas, 2006). This implies that frontline employees must increasingly deal with both domestic diversity (cultural differences among domestic customers) and global diversity (cultural differences between people from foreign countries). Consequently, these employees' jobs have increasingly evolved into 'domestic jobs with international responsibilities' (Tharenou, 2002). Simultaneously, managers have started to realize that their frontline employees are boundary-spanners who make a critical difference when it comes to customer evaluations (Hartline & Jones, 1996). Consequently, the question of: a) which personal and job resources inspire employees to be engaged, give their best and persist in the face of difficulties, but also: b) how this positive psychological state leads to a higher quality relation with the organization, has prominently emerged on the agenda of both academia and organizations (Bakker, Schaufeli et al., 2008; Schaufeli & Taris, 2013).

Surprisingly, there is still a lack of theoretical knowledge on the conditional resources that lead to employee well-being and a positive relational bond with the organization in a globalized service environment, since most of the research that has been done in this domain has focused on a mono-cultural environment. Therefore, it is necessary to investigate resources that make frontline employees feel *engaged*, *satisfied* and *committed* to the organization and *willing to stay* in these service environments. This is not self-evident, considering the demands associated with providing service to culturally diverse customers (Wang & Mattila, 2010). In this study, the results of chapter 3 are built upon. Here evidence was found of a positive effect of intercultural competences on extra-role behavior, mediated by work engagement. Because the direct effects of intercultural competences on work engagement were substantial, but the effects of intercultural competences on extra-role behavior were fairly small, intercultural competences and work engagement are maintained as variables in the conceptual model that is tested in this study, but extra-role behavior as organizational outcome is replaced by work-related attitudes. Work-related attitudes, which we conceptualize as *job satisfaction*, *organizational commitment* and *turnover intentions* with the organization are very relevant outcomes because the service sector is negatively affected by high employee turnover which has considerable financial implications for

firms. Moreover, there is evidence from the literature that employee resources and employee well-being positively affect the relationship with the employer and the employee's attitude towards the employer (Saks, 2006). Similar to Chapter 3, the motivational process model of the JD-R model of work engagement is used as a heuristic model to examine how personal resources in combination with job resources and job demands influence employee work engagement and work-related attitudes. In this study, Conservation of Resources (COR) theory (Hobfoll & Shirom, 2000) is called upon to clarify the relations as proposed in the conceptual model. According to COR theory, individuals strive to build, retain and protect their resources. The maintenance of personal resources positively influences well-being, and helps employees to deal with challenges. Personal resources that are valued in the work context can also be facilitated and stimulated by social relations. The motivational process model of work engagement and COR theory will facilitate the development of a conceptual model in which intercultural competences function as personal resources that are important for the development of positive work-related attitudes for employees whose everyday work entails service encounters with culturally diverse customers. Once again it is argued that generic intercultural competences are important *personal* resources. These intercultural competences, also referred to as a 'global mindset', are defined as the attitude, knowledge and skills required to deal appropriately and effectively with culturally diverse others (Deardorff, 2006). In order to conceptualize intercultural competence, we turn to a set of five dispositions that were distinguished by van der Zee and van Oudenhoven (2000) in their multicultural personality framework: *cultural empathy*, *open-mindedness*, *social initiative*, *flexibility*, and *emotional stability*. These intercultural competences have consistently been shown to predict success in multicultural settings and effectiveness in intercultural interaction (Leone, Van der Zee et al., 2005; Mol, Van Oudenhoven et al., 2001).

Besides intercultural competences, *supervisor support* is included in the conceptual model as a job resource. Supportive management provides psychological safety and allows employees to experiment and to try new things and even fail without fear of the consequences (Kahn & Byosiére, 1992). This is very important in a globalized service environment in which employees are constantly challenged by new and unexpected behaviors to which standardized operating procedures not always apply. In an interview study with managers (Chapter 2) it was found that managers and supervisors play an important role in helping subordinates to deal with the challenges of meeting the needs of their foreign customers. Also in the academic literature, supervisor support was found to be important in the motivational process of employees. Not only is support of the supervisor important in its own right (Hobfoll, 1989), it also facilitates the personal growth, and learning and development of employees (Bakker, Schaufeli et al., 2008), which is particularly relevant in such a dynamic work environment.

Additionally, *emotional labor* is included in the conceptual model as a job demand. It is defined in the context of this study as: 'the degree of adjustment of one's inner feelings or outward behavior to display the appropriate emotion in response to display rules or occupational norms (Chu & Murrmann, 2006, p. 1184)'. Again support for the relevance of this job demand in the investigation of what makes employees flourish in an internationalized service environment was found in the findings from interviews with managers. Frontline employees in a multicultural service environment are indeed faced with demanding conditions. Particularly, the display rules that require employees to remain friendly and polite even in emotion-evoking service encounters may be at odds with their true inner feelings. This discrepancy has generally proven to be deleterious to employee well-being (Morris & Feldman, 1996; Xanthopoulou, Bakker et al., 2013). It makes the availability of a pool of – personal and job – resources extremely important.

In line with the findings from Chapter 3, work engagement, 'a positive, fulfilling, *psychological state of work-related well-being*' (Bakker, Schaufeli et al., 2008) is included in the model to investigate the relation between intercultural competences, supervisor support and emotional labor on the one hand and, work-related positive attitudes (job satisfaction, affective commitment and turnover intentions) on the other hand.

The goal of this study is, therefore, to assess how frontline employees' intercultural competences – in combination with supervisor support, and under emotional labor conditions – influence employees' work engagement and work-related attitudes. Secondly, it is investigated whether intercultural competences and also supervisor support moderate the negative effect of emotional labor on work engagement. The findings of this study are relevant for both academics and practitioners. From a theoretical perspective, the mechanism is exposed in which intercultural competences and supervisor support drive positive work-related attitudes through work-related well-being in a globalized service environment. From a managerial point of view, identifying relevant competences and resources for functioning optimally in a multicultural service environment should also help service organizations to optimize the recruitment and development of their frontline staff.

In the next three sections, the theoretical background of the study is explained, the conceptual model and hypotheses are presented and the methodology of the study is described. In the final two sections, the results are presented, managerial and theoretical implications are given and, limitations of the study and suggestions for future research are provided.

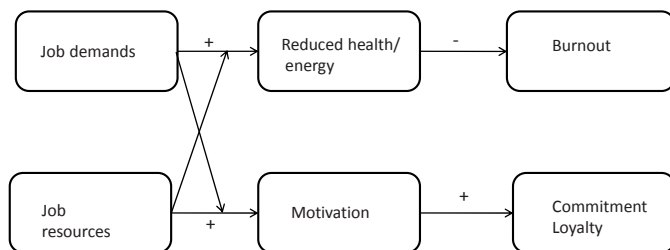
4.2 Theoretical background

4.2.1 The JD-R model of work engagement

The Job Demands – Resources (JD-R) model (Bakker, Demerouti et al., 2003) is the framework that supports the development of the conceptual model. It assumes that though every occupation has its own specific characteristics, these can be classified into general categories, i.e. *job resources* and *job demands*. *Job resources* refer to aspects of the job that 1) are instrumental to achieve work goals, 2) reduce job demands and 3) stimulate personal growth, learning and development. Although resources have direct positive effects (Bakker & Demerouti, 2007), they also buffer the demanding aspects of the job.

Job demands refer to those aspects of the job that require sustained physical and/or psychological effort or skills (Bakker & Demerouti, 2007). Examples are high work pressure or emotionally demanding interactions with customers. Although job demands are not always negative, they may turn into job stressors when meeting those demands requires high effort that exceed the employee's ability to recover. Job demands and job resources evoke two relatively independent psychological processes (see Figure 4-1). Job resources lead to organizational outcomes such as commitment and loyalty because they enhance motivation (Schaufeli & Bakker, 2004). On the other hand, job demands evoke a health impairment process because they exhaust employees' resources and lead to energy depletion and – sometimes – burnout (Maslach, Schaufeli et al., 2001). Indeed, several authors have found that job demands can lead to exhaustion (Halbesleben & Buckley, 2004; Lee & Ashforth, 1996). In addition to these main effects, the JD-R model proposes that resources buffer the relationship between job demands and exhaustion. Under demanding conditions, employees with high levels of resources are more capable to deal with these conditions (Bakker, Demerouti, Taris et al., 2003; Haines, Hurlbert et al., 1991). Whereas the research focus in the first five years of the 21st century rested on the health impairment process of the JD-R model, it has shifted recently to the positive, motivating process, in line with increasing attention for 'Positive Organizational Behavior' (POB) (Luthans, 2002). In this study, we focus on the motivational process of work engagement.

Figure 4-1 The original JD-R model

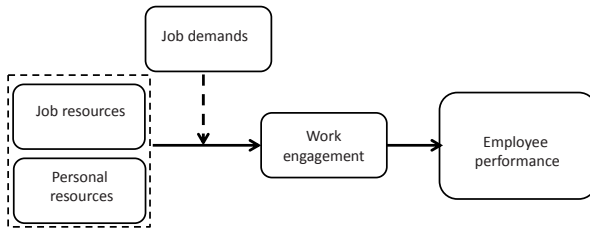


(Demerouti, Bakker et al., 2001)

The original JD-R model was extended with *personal resources* by Xanthopoulou and colleagues (2006). These personal resources are generally defined as ‘aspects of the self that are linked to resiliency and refer to individuals’ sense of their ability to control and impact upon their environment successfully’ (Xanthopoulou, Bakker et al., 2006, p. 123). Previous studies have shown that these personal resources can be important determinants of employees’ adaptation to work environments (Hobfoll, 1989; Judge, Locke et al., 1998), help them to deal more effectively with job demands and in turn prevent them from experiencing negative outcomes (e.g. Mäkikangas & Kinnunen, 2003).

Work engagement was added to the JD-R model as a mediator between personal and job resources/demands and organizational outcomes (Bakker & Demerouti, 2007). Work engagement, which has become a central construct in the organizational behavior literature over the past decade, is defined as ‘a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption’ (cf. Bakker & Demerouti, 2008). The managerial relevance of work engagement can be found in the need for employees who feel energetic and dedicated and who are absorbed in their work as expressed by firms across the globe (Bakker, Schaufeli et al., 2008) and is manifested in popular books such as ‘The 7 Habits of Highly Effective People’ (Covey, 2004). Work engagement has been shown to positively impact work-related attitudes and behaviors, such as job satisfaction, organizational commitment, and reduce turnover intentions (Demerouti, Bakker et al., 2001; Salanova, Bakker et al., 2006; Schaufeli, Taris et al., 2008). The JD-R model of work engagement is presented in Figure 4-2.

Figure 4-2 JD-R model of work engagement



(Bakker, Demerouti et al., 2004)

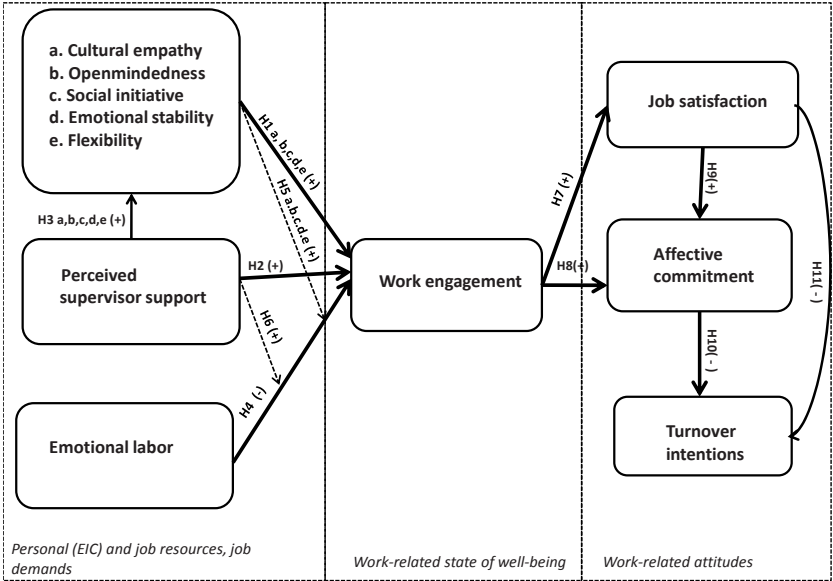
4.2.2 Conservation of resources theory

The Conservation of Resources (COR) theory (Hobfoll, 1989) functions as an auxiliary theory to support the assumption in the JD-R model that resources are not just important in their own right, but also helpful in dealing with job demands. The basic tenet of COR theory is that people strive to build, retain and protect resources (Hobfoll, 1989). Hobfoll argues that “success is more likely if individuals seek to create and maintain personal characteristics and social circumstances that will increase the likelihood of receipt of reinforcement and to avoid the loss of such characteristics or circumstances” (Hobfoll, 1989, p. 516). People can call upon their personal resources but also on their environment to increase chances of securing positive reinforcement. According to COR theory, social relations can provide or facilitate the preservation of valued personal resources and lead to the accumulation of resources in what have been aptly called ‘resource caravans’ (Karatepe & Olugbade, 2009). In a work environment marked by increasing cultural diversity of the customer-base, it can be argued that competencies that facilitate effective and appropriate interaction with culturally diverse customers are important personal resources. Not only will the enactment of these personal resources enhance the likelihood of receiving positive reinforcement from the organization and the customer, they are also likely to support employees in dealing with changing environmental circumstances caused by the increased heterogeneity of the customer-base. In interviews with managers (Chapter 2) the view was expressed that managers’ social support can enhance the development of these resources. Thus, COR theory adds to the JD-R work engagement model by positing that job resources (here: supervisor support) can foster the retention and development of personal resources (here: intercultural competences).

4.3 Conceptual model and Hypotheses

In the proposed conceptual model personal resources (intercultural competences), a job resource (supervisor support) and a job demand (emotional labor) are related to a psychological state (work engagement) and work-related attitudes (job satisfaction, affective commitment and turnover intentions) in a globalized service context. This is a specific application of the JD-R model work engagement (see Figure 4-2) to a globalized service environment. It is presented in Figure 4-3, followed by an explanation of the hypotheses presented in the model.

Figure 4-3 Conceptual model intercultural competences in the JD-R model of work engagement



4.3.1 Personal resources: the role of intercultural competence

It can be argued that in a work environment marked by cultural diversity of the customer base, *intercultural competences* are the most important personal resources that help employees flourish while simultaneously reducing the negative effect of job demands. Competences are “the potential capacity of an individual to successfully handle certain situations or complete a certain task or job” (Bücker & Poutsma, 2010a, p. 830). Intercultural competence is defined here as “the ability to communicate and behave effectively and appropriately in intercultural situations based on one’s intercultural knowledge, skills and attitudes” (Deardorff, 2006, p. 184). It has been proposed that, in order to communicate effectively with culturally diverse others, individuals

should be open to other cultures, possess a sufficient degree of sensitivity to note cultural differences and be willing to adapt their behavior flexibly, and in such a way as to show respect and accommodate to the 'other culture' counterpart (see Arthur & Bennett, 1995). Based on a review of existing models of intercultural communication, Matsumoto (2000) concludes that though knowledge and skills are essential, they are not sufficient and "must be combined with openness and flexibility of one's interpretations, and with the motivation to communicate effectively and build a successful relationship" (2000, p.367). The literature on intercultural competence (see e.g. Arasaratnam & Doerfel, 2005; Deardorff, 2006; Kealy & Ruben, 1983; Van der Zee & Van Oudenhoven, 2000; Ying & Han, 2006) generates a profile of such an intercultural-ly competent individual who is able to adjust successfully in multicultural environments: the multicultural personality.

The multicultural personality construct was developed by Van der Zee and Van Oudenhoven (2000). It is aimed at measuring those intercultural competences that can be regarded as antecedents of intercultural effectiveness in a professional context. This is reflected in their broad definition of intercultural competence as "success in the fields of professional effectiveness, personal adjustment and intercultural interactions" (Van der Zee & Van Oudenhoven, 2000, p. 293). In essence, an individual's intercultural competences are conceptualized on the basis of three criteria for successfully operating within multicultural environments: "the capacity to make things work, a feeling of psychological well-being in that environment, and an interest and ability to deal with individuals from a different cultural background" (Kealy & Ruben, 1983).

Within the multicultural personality framework, intercultural competences are conceptualized in terms of five distinct dispositions that have consistently been linked to intercultural success. They have been related most frequently to successful adjustment by expatriates abroad (Van Oudenhoven, Mol et al., 2003) and social adjustment by international students (Van Oudenhoven & Van der Zee, 2002). Although the five competences of the multicultural personality framework are derived from a review of dispositions generally regarded as relevant to success and thus compare to general personality traits as measured by e.g. the Big Five (Van Oudenhoven & Van der Zee, 2002, p. 680), they have been tailored "to cover more narrowly those aspects of traits that are relevant to multicultural success" (Van Oudenhoven, Mol et al., 2003, p. 160). The five individual competences of the multicultural personality framework are labeled as *cultural empathy*, *open-mindedness*, *social initiative*, *flexibility* and *emotional stability*. Each intercultural competence has been operationalized on the basis of items through which the participants can assess themselves on a variety of concrete behaviors or tendencies. These in turn are related to the three domains of intercultural effectiveness that were distinguished by Van der Zee and Van Oudenhoven (2000, 2001): Cultural empathy and open-mindedness relate to (1) "an interest and ability to deal

with individuals from a different cultural background”, emotional stability and flexibility are linked with (2) “a feeling of psychological well-being”, and social initiative with (3) “the capacity to make things work”.

The above-mentioned competences are likely to be conducive in achieving work-related goals and experiencing success in the work environment. Changes in customer profiles due to globalization will not puzzle or confuse this employee, but, in line with COR theory, will rather be seen as positive challenges (Van der Zee & Van Oudenhoven, 2013).

4.3.2 Work engagement as a work-related state of well-being

Recent evidence suggests that work engagement may be a core construct that explains a wide range of work-related attitudinal and behavioral outcomes (Alfes, Shantz et al., 2013; Rich, Lepine et al., 2010; Schaufeli & Bakker, 2004). In line with Schaufeli et al. (2006) work engagement is defined as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption.” It is considered as the positive *antithesis* of burnout (Maslach, Schaufeli et al., 2001). The work engagement construct is part of the Positive Organizational Behavior paradigm (POB) which studies individual positive psychological conditions and human resource strengths that are related to employee well-being (Luthans, 2002). It focuses on what makes people function optimally rather than what makes them ill or become burn-out (Bakker & Demerouti, 2008; Bakker, Schaufeli et al., 2008). Work engagement is generally seen as a very important predictor of personal-level well-being in a work environment. In a highly competitive business world dominated by service, frontline employees make a critical difference when it comes to organizational performance and, ultimately, business success (Vargo & Lusch, 2004).

In line with the JD-R model of work engagement and COR theory, we argue that intercultural competences are personal resources that facilitate the emergence of work engagement. In the literature, evidence has been found of a positive relationship of all five intercultural competences of the multicultural personality framework with several outcomes in the domain of psychological (and social) well-being (Leong, 2007; Mol, Van Oudenhoven et al., 2001; Peltokorpi & Froese, 2012; Yakunina, Weigold et al., 2012). Work engagement is considered as a work-related state of well-being per excellence. Overall, the above-mentioned studies provide support for the proposition that in order to thrive in rapidly evolving multicultural environments; intercultural competences are beneficial to an individual’s psychological well-being on the work floor.

A positive effect on work engagement is expected when an employee has a) the capacity to sense a culturally different person’s feelings and behave towards them in a positive and respectful way (cultural empathy), b) has a curious and unprejudiced attitude

towards out-groups and their different cultural norms and values which facilitates the employee's ability to put intercultural service encounters into perspective (open-mindedness), c) possesses the flexibility to adjust to different context and norms and see intercultural situations as a positive challenge (flexibility), d) is pro-active and able to build relationships which will facilitate the ability to control the work environment (social initiative) and, e) is not thrown off balance in intercultural service encounters (emotional stability). Therefore, we hypothesize that:

H1: Employee a) cultural empathy, b) open-mindedness, c) social initiative, d) flexibility, e) emotional stability have a positive effect on work engagement

4.3.3 Job resource: Perceived supervisor support

Consistent with past studies, perceived supervisor support is included as a job resource (Hakanen, Perhoniemi et al., 2008; Karatepe & Olugbade, 2009). General social support has proven to instigate a motivational process leading to job-related learning, work engagement and organizational commitment (Bakker, Hakanen et al., 2007; Saks, 2006). According to COR theory, it can also provide and facilitate the development and preservation of an individual's valued personal resources (Hobfoll, 2002). A particular kind of social support, namely the support of the supervisor, is considered as an important indicator of employee engagement (Bakker, Hakanen et al., 2007; Saks, 2006). In line with COR theory, supportive management provides psychological safety and allows employees to experiment and to try new things and even fail without fear of the consequences (Kahn, 1992). The JD-R model also proposes that job resources can foster the development of personal resources (Bakker & Demerouti, 2007). Employees tend to view their supervisor's orientation toward them as indicative of the organization's support, which has also been found to be indicative of work engagement (Bates, 2004; Rhoades, Eisenberger et al., 2001). Therefore, we hypothesize that:

H2: Perceived supervisor support has a positive effect on the employee's work engagement

Another tenet of COR theory (Hobfoll & Shirom, 2000) is that employees can engage their environment to facilitate the development and preservation of valued personal resources. Thus a supportive manager can stimulate employees to develop their intercultural competences in several ways: by being a role model of interculturally competent behavior, by providing advice in case of service failure caused by cultural differences, by positively reinforcing the employee's interculturally competent behavior, or by offering facilities, such as training. This proposition was supported by findings from interviews with managers, who consider themselves as experienced role models, and who indicated that their international experience had enhanced the development of language skills, cultural sensitivity, emotional resilience and an understanding of a

foreigner's acculturation process. Therefore, we do not only expect that a) the support of the supervisor leads directly to work engagement, but that b) this supervisor support also boosts the development of the employee's intercultural competences:

H3: Perceived supervisor support has a positive effect on the employee's a) cultural empathy, b) open-mindedness, c) social initiative, d) flexibility, e) emotional stability

4.3.4 Job demand: Emotional labor

In this study, we also focus on a particularly demanding aspect of frontline service jobs: emotional labor. Hochschild (1983) describes emotional labor as "the management of feelings to create a publically observable facial and bodily display" (p.7). In a series of interviews with hotel managers (Chapter 2), many indeed referred to frontline employees having to act in a "show" in which the service employee is the "actor", the customer is the "audience" and the work floor is the stage. This "acting" implies that frontline employees are required to display emotions in line with standard operating procedures, and suppress contrasting inner feelings. Such emotional dissonance can occur when customers give them a hard time, or when they receive negative feedback from them. Organizational behavior literature supports the notion that some occupations like hotel service, teaching and nursing are particularly vulnerable to emotional labor (Bakker, Schaufeli et al., 2000; Chu, Baker et al., 2012; Hochschild, 1983; Morris & Feldman, 1996).

There is evidence from the literature that intercultural service encounters are more likely to be emotionally demanding for frontline employees (Sharma, Tam et al., 2009; Wang & Mattila, 2010). Demonstrative behaviors, such as making eye contact, smiling and showing concern for customers are part and parcel of the employees' work and have been found to be emotionally demanding in several studies (e.g. Johanson & Woods, 2008; Kruml & Geddes, 2000; Pugliesi, 1999). Yet in order to meet the needs of culturally different customers, employees may have to adjust their communication and interaction styles even beyond displays required in standard operating procedures. For instance, they may have to display an amount of servitude that may conflict with their inner emotions, personal values or communication style.

Therefore, emotional labor is included in the model, defined as: "the degree of adjustment of one's inner feelings or outward behavior to display the appropriate emotion in response to display rules or occupational norms" (Chu & Murrmann, 2006, p. 1184). More specifically, we argue that frontline employees are vulnerable to emotional dissonance caused by the discrepancy between genuinely felt emotions and those that the employee is required to display in a service setting (Holman, Martinez-Iñigo et al., 2008). This emotional dissonance has been found to impact employee well-being negatively (Morris & Feldman, 1996). This may be well explained by the

health impairment process of the JD-R model (Bakker & Demerouti, 2007), which posits that energy investment in emotionally demanding conditions may exhaust employees' resources. When energy is depleted, job strain is likely to occur, which is the opposite of work engagement (Xanthopoulou, Bakker et al., 2013). Lee & Ok (2012) found that emotional dissonance of hotel staff had a direct effect on depersonalization and an indirect effect on job satisfaction through exhaustion. These two outcomes can also be considered as the opposite of work engagement. This idea is supported in interviews with managers (see Chapter 2) who indicate that the constant pressure to be friendly, even when you do not feel it inside can affect well-being. Because there is ample evidence of a negative effect of emotional labor on well-being in previous studies, this direct effect is included in the model as well and we hypothesize a direct relation between emotional labor and work engagement:

H4: Emotional labor has a negative impact on work engagement

4.3.5 The moderating role of intercultural competences

According to the buffering hypothesis of the JD-R model personal resources not only have a direct effect on work engagement, but also buffer the negative effect of demands on work engagement (Bakker, Hakanen et al., 2007). This is also in line with the assumption in COR theory that personal resources help individuals to deal with threatening situations and control their environment successfully. Crawford, Le Pine et al. (2010) showed that when employees have low personal resources, they appraise job demands as hindrances that negatively affect work engagement (Sweetman & Luthans, 2010). On the other hand, high levels of personal resources have been shown to reduce the negative effect of emotional demands on work engagement (Parker, 2000). In a recent study Xanthopoulou et al. (2013) found that the negative effect of emotional dissonance on work engagement was reduced when self-efficacy was high. These employees tend to have broad cognitive repertoires (Fredrickson, 2001) that help them to recognize that not showing their real feelings during a service encounter prevents a more demanding situation, for instance when a customer becomes angry and verbally abusive. Thus, their personal resources help them to be less affected by emotional demands.

Taking the above-mentioned mechanism to the case of intercultural competences, we argue that these are likely to support the frontline employee in coping with the demands of intercultural service encounters (Sharma, Tam et al., 2009; Wang & Mattila, 2010). As previously mentioned, individuals with high levels of intercultural competence are able to make things happen and control their environment in multicultural situations (Kealey, 1989). Additionally, in several studies, support was found for the coping and stress-buffering role of open-mindedness and social initiative (Van Erp, Giebels et al., 2011), cultural empathy (Song, 2009), flexibility (Van der Zee, Van

Oudenhoven et al., 2004) and emotional stability (Van der Zee & Van der Gang, 2007; Van der Zee, Van Oudenhoven et al., 2004). For instance, individuals with high levels of emotional stability are “more inclined to perceive cultural differences as a challenge rather than a threat and, are less inclined to respond to potentially threatening aspects of such situations with negative affect”(Van der Zee & Van Oudenhoven, 2013, p. 33). Moreover, the authors suggest that “the stress-buffering competences may help to protect against threats to the own identity that may have a serious impact on well-being” (p.33).

Therefore, we expect that intercultural competences are the card that frontline employees can play in intercultural service encounters to reduce the negative effect of emotional labor on work engagement. This negative effect could occur for instance when foreign customers display behaviors that force frontline employees to behave in a manner that contrasts with their inner feelings (Furnham & Bochner, 1986). An example that was given by a manager in Chapter 2:

“What we see is that customers from, say, the new economies, are often quite condescending to service staff. Sometimes they treat them like slaves. And that is not easy for our employees.” (19)

When a situation like the above-mentioned occurs, the employee is likely to perceive a discrepancy between felt emotions and displayed emotions. However, intercultural competences may regulate the way in which such a demanding situation determines work engagement. First of all the cognitive component implied in *cultural empathy* can help the employee to read the meaning behind the customer’s verbal and non-verbal expressions and thus reduce the negative effect of emotional dissonance on well-being. In the above-mentioned example, the employee could relate the customer’s behavior to differences in values relating to power. Moreover, *open-mindedness* implies an open and unprejudiced attitude towards culturally different others. This attitude will not take away the conflict between felt and shown emotions, but will facilitate the employee’s ability to put the customer’s behavior into perspective and reduce its impact on well-being. Furthermore, *emotional stability* helps the employee to stay balanced and calm in such an intercultural service encounter. Employees’ *flexibility* will facilitate the ability to switch between the preferred communication styles of culturally different customers and approach the situation as a challenge rather than a threat. Finally an employee’s *social initiative* is also likely to be supportive in this situation. In line with Parker (2000) and Crawford, Lepine et al. (2010), employees who are proactive are better able to control their environment successfully. Thus when calling upon these intercultural competences, the employee will be less affected by a discrepancy between felt and displayed emotions, because the employee knows that the effect of his/her behavior on the customer will prevent a more demanding situation.

Therefore, we propose that:

H5: Employee a) cultural empathy, b) open-mindedness, c) social initiative, d) flexibility and e) emotional stability reduce the negative effect of emotional labor on work engagement

4.3.6 The moderating role of perceived supervisor support

Several studies found support for a moderating effect of job resources on the relationship between job demands and negative affect (Bakker, Demerouti et al., 2005; Xanthopoulou, Bakker et al., 2006). For instance, Bakker, Demerouti et al. (2003) found that the impact of job demands (workload, physical demands and patient harassment) on feelings of exhaustion was weaker when home-care professionals possessed high levels of job resources such as autonomy, social support, supervisory coaching and feedback (Bakker, Demerouti et al., 2003). This agrees with the assumption of COR theory that posits that social support helps an employee to master or at least see through stressful circumstances (Hobfoll, 1989, p. 517). In the literature, support is found for the idea that people are less vulnerable when they are well-equipped with resources (e.g. Demerouti, Bakker et al., 2001; Salanova, Agut et al., 2005; Taris & Feij, 2004). In line with the buffering hypothesis of JD-R theory, supervisor support was also found to regulate the way in which emotionally demanding conditions determine work engagement. For instance in a study among Finnish teachers, Bakker, Hakanen et al. (2007) found that supervisor support buffered the negative effect of pupil's misbehavior on teacher's work engagement. In other words, when the employee is able to call on the supervisor for support, this is likely to help frontline employees to cope with demanding experiences in intercultural service encounters. We argue that the support of the supervisor can also help an employee to reduce the negative impact of emotional labor on work engagement. The supervisor can do this by being responsive to service gaps that an employee encounters in ICSEs, or by giving the employee advice on how to solve service failures with foreign customers. Therefore, we hypothesize that:

H6: Perceived supervisor support positively reduces the negative effect of emotional labor on work engagement

4.3.7 Work-related attitudes: job satisfaction, affective commitment and turnover intentions

In Chapter three we discussed the impact of intercultural competences and work engagement on extra-role behaviors. In this study, we focus on their effect on work-related attitudes.

It has been suggested that employees with high levels of work engagement are more likely to have a high quality relationship with their employer and display more

positive job-related attitudes and behaviors (Saks, 2006). Moreover, the organizational behavior and service marketing literature has paid considerable attention to the relation among work-related attitudes: job satisfaction, organizational commitment and turnover intentions (e.g. Meyer, Stanley et al., 2002; Tett & Meyer, 1993; Van der Aa, Bloemer et al., 2012; Yücel, 2012). This academic attention is very relevant because the service sector has been shown to be subject to high staff turnover. The Dutch hospital-ity sector for instance has an annual turnover of 11%, which causes the necessity for employers to recruit and train 39,661 new employees on an annual basis (Rijnders & Lub, 2012). This has considerable (financial) implications for these service providers. Therefore, they have a vested interest in the retention of skilled and experienced employees. This justifies an investigation of the relationships between intercultural competences and work engagement on the one hand, and job satisfaction, affective commitment and turnover intentions in our study.

First of all, job *satisfaction* is one of the most widely researched constructs within the organizational behavior literature. It is defined here as “a pleasurable or positive affective-emotional state, resulting from the appraisal of one’s job experience” (Locke, 1976, p. 1300). The importance of job satisfaction for services has been underpinned by many authors (e.g. Berry, 1988; Hartline & Ferrell, 1996; Heskett, Jones et al., 1994). The more so, because employees’ satisfaction with their job eventually has a positive effect on customers’ attitudes towards service (Harter, Schmidt et al., 2002; Schneider, 1987). Several studies have found support for a positive relation between work engagement and job satisfaction (Saks, 2006; Salanova, Agut et al., 2005). When employees frequently feel absorbed in their work, and energized and invigorated by it, this is likely to increase their level of satisfaction. Therefore, we propose that:

H7: Work engagement has a positive effect on job satisfaction

In line with Allen and Meyer (1990) we define *affective commitment* as an employee’s commitment to the goals and values of the organization and thus his or her identification with the organization. An employee needs to feel a sense of belonging in order to perform well and even simply enjoy work (Van der Aa, Bloemer et al., 2012). Affective commitment contrasts with other types of commitment. First of all, with normative commitment, which refers to a sense of responsibility and duty towards the organization, as a consequence of agreements and norms that the employee shares with the organization (Allen & Meyer, 1990). It also contrasts with continuance commitment which pertains to the intention to continue working for the same organization because of need, such as when a person’s age or work experience gives him/her a reduced chance of finding other work (Martin, 2004). Affective commitment distinct from engagement in that it is an attitude that refers to a person’s attachment towards their organization rather than a semi-permanent work-related state of well-being. As noted

by several authors, employees with high levels of work engagement are also likely to have a more positive attitude in terms of affective commitment (Bakker, Demerouti et al., 2004; Saks, 2006; Salanova, Agut et al., 2005). Secondly, when employees are satisfied with their jobs, they hold positive feelings about their job and are more involved with the goals and values of the organization, which gives them a sense of belonging (Van der Aa, Bloemer et al., 2012). This positive relation between job satisfaction and affective commitment has been documented in several studies (Donovan, Brown et al., 2004; Irving, Coleman et al., 1997; Yücel, 2012). Thus we propose the following hypotheses:

H8: Work engagement has a positive effect on affective commitment

H9: Job satisfaction has a positive effect on affective commitment

There is a substantial literature pertaining to antecedents of employees' reasons to be loyal to the organization. This research strongly links the concepts of job satisfaction and affective commitment to turnover intentions (Smith, Ockzkowski et al., 2011).

For example, job satisfaction has been shown to have an indirect effect on loyalty intentions, through affective commitment. Employees who are satisfied with their work and committed to the organization have a lower tendency to leave the organization (Alfes, Shantz et al., 2013; Mohamed, Taylor et al., 2006; Schaufeli & Bakker, 2004; Smith, Ockzkowski et al., 2011).

The path from affective commitment to turnover intentions has been supported among others in a study among call-center agents in the Netherlands by Van der Aa, Bloemer et al. (2013) and among employees in a Turkish manufacturing company (Yücel, 2012).

Therefore, we expect that:

H10: Affective commitments has a negative effect on turnover intentions

H11: Job satisfaction has a negative effect on turnover intentions

4.4 Methodology

4.4.1 Sample and Procedure

We tested our hypotheses using survey data collected from 325 front office employees in hotels in the Netherlands. In order to ensure that the participants interacted frequently with culturally diverse customers, we only invited employees to participate who worked in hotels with at least 30% international guests. We approached the Human Resource Departments of five hotel chains in the Netherlands. All H.R. directors agreed to participate and sent the digital survey link to their front office staff accompanied by an e-mail in which they were invited to participate. The confidentiality of their answers was strongly emphasized by the researchers in the introduction of the

questionnaire, as was the purely scientific purpose of the study. At the end of the questionnaire, anonymity was guaranteed once again by providing an e-mail address to which the respondents could refer, rather than asking the respondents to provide their mail-address. To increase the response rate, we raffled off 10 cash incentives worth €25.

A total of 574 questionnaire links were distributed. A total of 335 Front office employees completed the questionnaire (response rate 61%). Response rates from the five individual hotel chains ranged from 52% to 80%. It took respondents an average of 16 - 30 minutes to complete the questionnaire. As screening questions, participants were asked to indicate their nationality, whether they worked as a receptionist and the percentage of international guests in their hotel. On the basis of the answers to these screening questions, the dataset was reduced to 325 cases. The majority of the participants were female (69%). The mean age of the sample was 29 years, ranging from 18-61 years old ($SD = 8.103$).

4.4.2 Questionnaire development

This section describes the measurement instrument that was used. The entire questionnaire was in Dutch. All scales came from existing and validated instruments. English language scales were translated and back-translated by two qualified translators. Unless indicated otherwise, items were rated on a 7-point Likert Scale (e.g. '1 = completely disagree' – '7 = completely agree'). The questionnaire consisted of three sections. Section one contained background questions on gender, age, nationality, function and percentage of foreign guests. Section two consisted of 53 items measuring the constructs included in the conceptual model (see appendix 7.3 for an overview). Since the self-assessment scales may be susceptible to socially desirable responding (see Steenkamp, De Jong et al., 2010) we included the short 13-item version of the Marlowe Crowne Social Desirability Scale (Reynolds, 1982) in section three and incorporated it in our structural model as a control variable, together with age and gender. Below we describe the used scales in more detail.

4.4.2.1 Intercultural Competence

Intercultural competence was measured with the validated 30-item short version of the Multicultural Personality Questionnaire (Van der Zee & Van Oudenhoven, 2000; Van der Zee & Van Oudenhoven, 2013). This instrument integrates the cognitive, attitudinal and behavioral dimensions in a set of five intercultural competences which have predicted variance in criterion variables beyond the variance accounted for by Big Five personality measures (Ponterotto, 2008). The 12 items measuring the dimensions of *flexibility* and *emotional stability* were originally formulated in negative terms, e.g.

'Prefers to work according to fixed rules', 'is nervous'. Our test panel indicated that many of these items were not suitable in a hotel service context where working according to routine is considered as a positive foundation of delivering good service. Therefore, the flexibility and emotional stability items were slightly adapted to the hotel context and were reformulated in positive wording, e.g. 'dares to diverge from fixed rules', 'is relaxed'.

4.4.2.2 *Perceived supervisor support*

Perceived supervisor support was measured with the three-item perceived supervisor support scale (Beehr, King et al., 1990). An example of an item in this scale is 'I can depend on my supervisor when things get tough at work'.

4.4.2.3 *Emotional labor*

Emotional Labor was measured with the four items from the emotional dissonance dimension of the Hospitality Emotional Labor Scale that had the highest loadings in the original scale (Chu & Murrmann, 2006). An example is 'I fake a good mood when interacting with customers' (1 = rarely, 7 = always).

4.4.2.4 *Work Engagement*

Work engagement was measured by means of the short 9-item version of the Utrecht Work Engagement Scale (UWES) (Schaufeli, Bakker et al., 2006). This version includes items that refer to a) high levels of energy and resilience, the willingness to invest effort, not being easily fatigued, and persistence in the face of difficulties, b) deriving a sense of significance from one's work, feeling enthusiastic and proud about one's job, and feeling inspired and challenged by it and c) being totally and happily immersed in one's work and having difficulties detaching oneself from it so that time passes quickly and one forgets everything else that is around.

4.4.2.5 *Job Satisfaction, affective commitment and turnover intentions*

Job satisfaction was measured with two items from Mukherjee & Malhotra (2006): 'Generally I am satisfied with my job' and 'Overall, I am satisfied with the kind of work that I do'. We measured *affective commitment* with three items from Allen & Meyer (1990), for instance "I do feel like 'part of the family'" at my organization. Finally, *turnover intentions* was measured with two items from Singh, Verbeke et al. (1996). An example from this scale is 'I intend to leave this company during the next year.'

Prior to data-collection, the questionnaire was tested for readability and face validity by a panel consisting of three experts and ten Hotel Management students with at least six months work experience in the front office of a hotel. The panel evaluated the face validity of the instrument, paying specific attention to question content, wording, sequence, format, layout, question difficulty and instruction. Subsequently, the survey was pilot-tested with a sample of 58 Hotel Management students with at least six months experience in the front office of a hotel. On the basis of this pilot-test, a number of items were revised in order to make them more compatible with the hotel context. The turnover intentions items were reformulated in positive terms because the participants found them too sensitive. They were recoded in the analysis. Moreover, some changes were made to the routing and format of the questionnaire to enhance readability and prevent attrition. To avoid response bias, the 30 items of the Multicultural Personality Questionnaire and the 13 items of the Social Desirability Scale were divided in blocks of about 10 items and 'woven' through the questionnaire.

4.4.2.6 *Examination of common method bias*

Bias due to 'common scale formats' and 'social desirability' is a common problem in behavioral and marketing research (Podsakoff, MacKenzie et al., 2003; Steenkamp, De Jong et al., 2010)¹. We tried to minimize the potential for common method variance by using a range of procedures, as suggested by Conway and Lance (2010). First, we formulated the items as clearly, specifically and concisely as possible and used previously validated scales. Second, we used computer-administered questionnaires, which should reduce social desirability bias. In addition, the questionnaire introduction guaranteed respondents' anonymity and indicated that there were no right or wrong answers. Thirdly, we blocked the possibility to retrieve answers to earlier questions, which makes it more difficult for respondents to maintain artificial consistency between answers (Podsakoff, MacKenzie et al., 2003). Fourthly, we examined common method bias by means of Harmon's single factor test (Podsakoff, MacKenzie et al., 2003), which involves factor analyzing all scale items together and examining whether the unrotated factor solution yields only a single factor. Our collective factor analysis of the 53 items in the model yielded 11 eigenvalues greater than 1, while the first factor explained less than 40% of the variance. Finally, we controlled for social desirability contamination by incorporating it as a statistical control in our model as will be discussed in the structural model effects section. Thus, we may reasonably assume that in this study common scale method bias is not a substantial problem.

4.5 Results

4.5.1 Measurement model

Our conceptual model was tested using partial least squares structural equation modeling (PLS- SEM) with SmartPLS software (Ringle, Wende et al., 2005). The choice for the PLS method was based on several considerations. Because it uses regression, PLS softens the assumption of multivariate normality and has minimum demands regarding sample size (Henseler, Ringle et al., 2009). Our inspections of the univariate measures indeed showed deviations from univariate normality. PLS often provides more robust estimations of the structural model than covariance-based structural equation modeling (CB-SEM) (Reinartz, Haenlein et al., 2009; Ringle, Götz et al., 2009). PLS is also very suitable for models with many latent variables and large numbers of indicators (Reinartz, Haenlein et al., 2009), which is the case in our study. Additionally, PLS generally achieves high levels of statistical power, i.e. the likelihood of finding a statistically significant path estimate when a relationship really does exist in the underlying population (Reinartz, Haenlein et al., 2009). In this sense as well, PLS performs equal to regression or CB-SEM (Goodhue, Lewis et al., 2012). It should be noted that, because of the distribution-free approach of PLS, prediction-oriented, non-parametric evaluation criteria and resampling procedures must be applied to evaluate the model structure's adequacy (Chin, 2010). We applied bootstrapping with 325 samples in order to obtain inference statistics. Information about standardized outer loadings of the manifest variables can be found in appendix 7.3.

4.5.2 Reliability and validity

The reliability and validity of the constructs' measurement (see Table 4-1) were assessed based on the criteria formulated by Chin (2010) and Ringle (2012). All Cronbach's Alpha's exceeded the 0.7 threshold (Nunnally, 1978), the lowest being 0.75 (open-mindedness) and the highest being 0.95 (perceived supervisor support). Latent variable composite reliabilities (Fornell & Larcker, 1981) were all higher than 0.8 showing a high internal consistency of indicators measuring each construct and thus confirming construct reliability. In order to further assess reliability, standardized loadings for indicators were computed (see appendix 7.4). Most standardized loadings exceeded the 0.7 threshold level and were found to be significant at the 0.01 percent significance level. Twelve items from – respectively – the cultural empathy, emotional stability and open-mindedness scales had loadings lower than 0.7 (range: 0.52 - 0.69).

Table 4-1 Internal consistency, reliability, unidimensionality and discriminant validity

Construct	No. of items	Cronbach's α	Composite reliability	AVE	Construct correlations										
					1	2	3	4	5	6	7	8	9	10	11
1. Cultural Empathy	6	0.837	0.880	0.554	0.745										
2. Openmindedness	6	0.753	0.823	0.440	0.603	0.663									
3. Social Initiative	6	0.817	0.868	0.526	0.404	0.597	0.725								
4. Emotional Stability	6	0.811	0.862	0.513	0.476	0.586	0.590	0.716							
5. Flexibility	6	0.815	0.860	0.507	0.296	0.600	0.587	0.536	0.713						
6. Perceived Supervisor	3	0.952	0.969	0.913	0.143	0.229	0.246	0.239	0.157	0.956					
7. Emotional Labor	4	0.901	0.928	0.764	0.027	-0.021	-0.029	-0.083	-0.084	-0.008	0.874				
8. Work Engagement	9	0.920	0.934	0.613	0.442	0.469	0.516	0.484	0.358	0.342	-0.135	0.783			
9. Job Satisfaction	2	0.879	0.943	0.892	0.309	0.285	0.305	0.367	0.156	0.395	-0.178	0.726	0.944		
10. Affective Commitment	3	0.912	0.945	0.851	0.370	0.323	0.336	0.359	0.166	0.36	-0.018	0.638	0.650	0.922	
11. Turnover intentions	2	0.784	0.902	0.822	-0.299	-0.273	-0.292	-0.314	-0.12	-0.359	0.068	-0.596	-0.273	-0.743	0.906

Notes: Bold elements in the main diagonal of the construct correlation matrix represent the square roots of the AVE

As a rule, indicators with loadings between 0.4 and 0.7 should only be considered for removal from the scale if deleting this indicator leads to an increase in composite reliability above the suggested threshold level. As this was not the case with our data, we included all indicators and constructs in the final analysis on theoretical grounds. The average variance extracted (AVE, Fornell & Larcker, 1981) was higher than 0.50 for all constructs but one, indicating that the variance captured by these latent variables was significantly larger than variance due to measurement error. The only exception was open-mindedness, which had an AVE of 0.44 but was retained in the analysis on theoretical grounds. Thus, unidimensionality and convergent validity of the constructs is adequately demonstrated.

Discriminant validity was assessed by determining whether each latent variable shared more variance with its own measurement variables or with other constructs (Chin, 1998; Fornell & Larcker, 1981). To assess this, we compared the square root of the AVE for each construct with the correlations with all other constructs in the model (see Table 4-1). A correlation between constructs exceeding the square roots of their AVE would suggest lack of discriminant validity. This was not the case; all square roots of the AVEs (shown in boldface in the diagonal of the matrix) were higher than the absolute correlations between the other constructs. Moreover, the loadings of all indicators on their associated construct were higher than their cross-loadings with other constructs. Thus, we may conclude that all the constructs show evidence for acceptable discriminant validity.

4.5.3 Structural model: direct effects

The estimates of the direct effects in our model and their significance confirm our conceptual model to a large extent (see Table 4-3). All hypotheses of direct effects were confirmed, with the exception of the effects of open-mindedness ($H1b$, $\beta = .056$; $p > .05$) and flexibility ($H1e$, $\beta = -.002$; $p > .05$) on work engagement.

Table 4-2 Communalities, explained variance and goodness-of-fit

	Communality	R ²	
Cultural Empathy	0.550	0.020	
Open-mindedness	0.440	0.050	
Social Initiative	0.520	0.060	
Emotional Stability	0.510	0.050	
Flexibility	0.500	0.020	
Perceived Supervisor Support	0.910		
Emotional Labor	0.760		
Work Engagement	0.610	0.410	
Job Satisfaction	0.890	0.530	
Affective Commitment	0.850	0.480	
Turnover intentions	0.820	0.600	
Average	0.669	0.247	GOF = 0.406

Table 4-2 shows the explanatory power (through determination coefficient R^2) of the equations explaining the endogenous constructs. The proposed model shows a substantial explanatory power for work engagement (41%), job satisfaction (53%), affective commitment (48%) and turnover intentions (60%). The determination coefficients regarding the explanation of the five intercultural competences are lower, which was to be expected because our model offers a less detailed explanation of these constructs. The control variables included (age, gender and social desirability) did not produce any effects, with the exception of an effect of social desirability on turnover intentions (β -0.12, $p < .05$). The higher the employee's score on social desirability, the lower his/her turnover intentions. This effect is not unlikely, because turnover intentions are a potentially delicate issue in an employer-employee relationship, which may have affected the participants' responses on this variable. The overall fit of the model was evaluated using Tenenhaus, Vinzi et al. (2005) goodness-of-fit (GoF) measure. This measure is computed as follows: $\sqrt{(\text{Mean (communality)} * \text{Mean } (R^2))}$. The goodness-of-fit of the model is 0.41, which is considered as high by Wetzels, Odekerken Schröder et al. (2009).

Table 4-3 Structural model effects

Hyp. Path No.	Path Coefficient	T-value	Sign.	Hypothesis Confirmed
<i>Direct effects</i>				
1a Cultural empathy → work engagement	0.210	3.400	< .001	Confirmed
1b Open-mindedness → work engagement	0.056	0.754	n.s.	Not confirmed
1c Social initiative → work engagement	0.264	4.233	< .001	Confirmed
1d Emotional stability → work engagement	0.138	2.065	< .05	Confirmed
1e Flexibility → work engagement	0.002	0.031	n.s.	Not confirmed
2 Perceived supervisor support → work engagement	0.201	3.541	< .01	Confirmed
3a Perceived supervisor support → cultural empathy	0.142	2.446	< .05	Confirmed
3b Perceived supervisor support → open-mindedness	0.228	3.752	< .001	Confirmed
3c Perceived supervisor support → social initiative	0.245	4.804	< .001	Confirmed
3d Perceived supervisor support → emotional stability	0.239	4.252	< .001	Confirmed
3e Perceived supervisor support → flexibility	0.156	2.772	< .05	Confirmed
4 Emotional labor → work engagement	-0.119	2.475	< .05	Confirmed
7 Work engagement → job satisfaction	0.701	24.171	< .001	Confirmed
8 Work engagement → affective commitment	0.334	4.419	< .001	Confirmed
9 Job satisfaction → affective commitment	0.398	5.538	< .001	Confirmed
10 Affective commitment → turnover intentions	-0.569	8.666	< .001	Confirmed
11 Job satisfaction → turnover intentions	-0.201	3.070	< .01	Confirmed
<i>Interactions</i>				
5a Cultural empathy x emotional labor → work engagement	0.039	1.095	n.s.	Not confirmed
5b Open-mindedness x emotional labor → work engagement				Not tested
5c Social initiative x emotional labor → work engagement	0.060	2.093	< .05	Confirmed
5d Emotional stability x emotional labor → work engagement	0.754	2.191	< .05	Confirmed
5e Flexibility x emotional labor → work engagement				Not tested
6 Perceived supervisor support x emotional labor → work engagement	0.433	2.388	< .05	Confirmed
<i>Controls</i>				
Gender → job satisfaction	-0.071	1.822	n.s.	
Gender → affective commitment	0.022	0.561	n.s.	
Gender → turnover intentions	-0.022	0.631	n.s.	
Age → job satisfaction	-0.006	0.171	n.s.	
Age → affective commitment	0.054	1.481	n.s.	
Age → turnover intentions	-0.068	1.733	n.s.	
Social desirability → job satisfaction	0.070	1.921	n.s.	
Social desirability → affective commitment	0.018	0.473	n.s.	
Social desirability → turnover intentions	-0.124	3.044	< .05	

N.B. Hypotheses 5b and 5e were not tested because the direct effects of open-mindedness and flexibility were not significant.

4.5.4 Mediation analysis

Additionally, on the basis of the mediating role of work engagement that was found in the previous study (see Chapter 3), we tested a number of indirect effects as well. We follow the bootstrapping approach as recommended by Hayes, Preacher et al. (2011) and Preacher & Hayes (2004). This approach consists of two steps: causal steps analysis (Baron & Kenny, 1986) and additional bootstrapping. The causal steps approach is based on the assumption that if both the direct effects of the predictor on the mediator (path a) and from the mediator to the dependent variable (path b) are significant, and the coefficient of the direct path from the predictor to the dependent variable (path c')² is closer to zero than the coefficient of the indirect effect (the product of a.b, path c), then mediation is assumed. If c' is not statistically significant, the mediator completely mediates the effect of the predictor on the dependent variable. But if c'

remains significant, but closer to zero, then partial mediation is supported. Because of recent criticisms concerning this analysis, bootstrapping is advised as an add-on analysis (Hayes & Matthes, 2009). Bootstrapping generates an empirical representation of the sampling distribution of the indirect effect by treating the obtained sample of size n as a representation of the population in miniature, one that is repeatedly resampled during analysis as a means of mimicking the original sampling process. This procedure yields a percentile-based bootstrap confidence interval. If the interval does not cross zero, then the indirect effect is not zero.

In our study, the following indirect effects were found (flexibility and open-mindedness were left out of the analysis because they had no direct effect on the proposed mediator, work engagement). Work engagement fully mediated the relation between cultural empathy and job satisfaction ($c' = -.190$, $p = .762$; 95CI; .330; .598, $f^2 = 0.87$)³, and partially mediated the relation between cultural empathy and affective commitment ($c' = .195$, $p = .016$; 95CI; .313; .577, $f^2 = 0.12$). Work engagement fully mediated the relation between social initiative and job satisfaction ($c' = -.096$, $p = .059$; 95CI; .325; .554, $f^2 = 0.78$) and social initiative and affective commitment ($c' = .033$, $p = .612$; 95CI; .306; .556, $f^2 = 0.19$). Furthermore, work engagement fully mediated the relations between emotional stability and job satisfaction ($c' = .043$, $p = .453$; 95CI; .317; .547, $f^2 = 0.76$) and emotional stability and affective commitment ($c' = .091$, $p = .228$; 95CI; .321; .566, $f^2 = 0.21$). The relations between supervisor support and job satisfaction ($c' = .119$, $p < .001$; 95CI; .097; .226, $f^2 = 0.61$) and supervisor support and affective commitment ($c' = .135$, $p < .001$; 95CI; .101; .228, $f^2 = 0.20$) were partially mediated by work engagement. The indirect effects of emotional labor on job satisfaction and affective commitment were not significant; the 95% confidence interval crossed zero. Finally, the relationship between work engagement and affective commitment was partially mediated by job satisfaction ($c' = .488$, $p < .001$; 95CI; .259; .545, $f^2 = 0.16$) and the relation between job satisfaction and turnover intentions was partially mediated by affective commitment ($c' = -.347$, $p < .001$; 95CI; -.824; -.474, $f^2 = 0.43$).

4.5.5 Additional moderation analysis

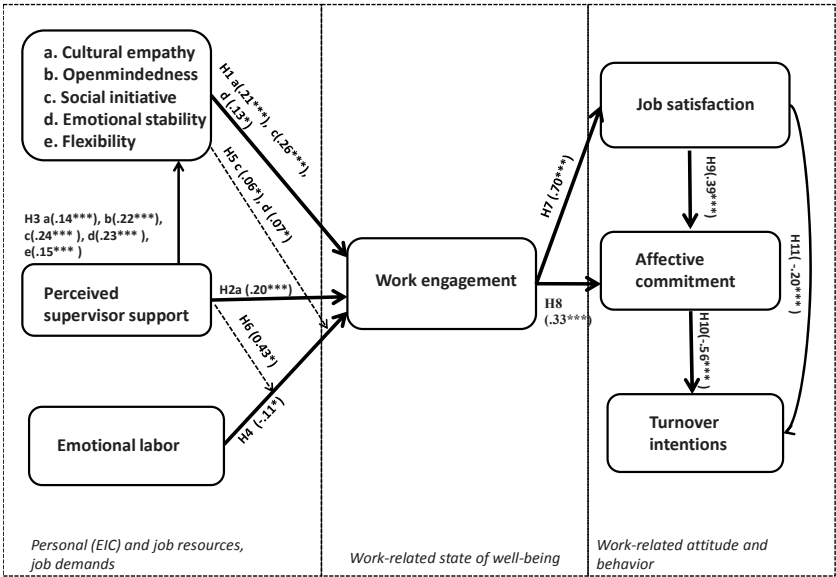
We would like to find out whether personal resources (intercultural competences) and job resources (supervisor support) buffer the negative effect of job demands (emotional labor) on work engagement. We hypothesized that levels of intercultural competences (H 5 a-e) and perceived supervisor support (H6) may influence the strength of the relationship between emotional labor and work engagement. Therefore, we extended our analysis by investigating these potential interaction effects. Technically, the interaction effects were tested by means of the two-stage approach as recommended by Chin (2003) and Henseler (2010). This approach performed equally well as the alternative product-indicator approach (Henseler & Chin, 2010; Henseler, Fassott et al.,

2012). We selected the two-stage approach because the product-indicator approach would result in too large numbers of latent variables in our model. The two stages are built up as follows: in the first stage, the main effect model is run to obtain estimates for the latent variable scores. The second stage is realized by multiple linear regression and bootstrapping as suggested by Hayes and Matthes (2009). When an interaction effect is found, it is important to probe the interaction, for theories and hypotheses often predict not just an interaction but a specific pattern of effects of the focal independent variable as a function of the moderator. This will help us to understand the conditions (i.e. the values of the moderator) under which the effect of emotional labor on work engagement is strong versus weak. The Johnson Neyman technique facilitates this process (Hayes & Matthes, 2009; Spiller, Fitzsimons et al., 2013). A single point and/or regions of the moderator variable are identified where the effect of, in our case, emotional labor on work engagement is statistically significant and not significant.

The results showed that the employee's level of social initiative significantly reduced the effect of emotional labor on work engagement ($B_{el*si} = .0606$, $t = 2.093$, $p < .05$). The coefficient for the interaction means that as social initiative increases by one unit, the effect of emotional labor decreases by 0.0606. To decompose this interaction, we used the Johnson-Neyman technique at an alpha level of 0.5 to identify the range of social initiative for which the effect of emotional labor on work engagement was no longer significant. This analysis revealed that there was no longer a significant effect of emotional labor on work engagement for employees with social initiative at a level higher than 5.45 ($B_{jn} = -.0517$, $SE = .0236$, $p = .05$). Secondly, an interaction between emotional labor and emotional stability was found ($B_{el*ems} = .0754$, $t = 2.191$, $p < .05$). The Johnson Neyman analysis revealed that for employees with emotional stability at a level higher than 5.50, there was no longer a significant effect of emotional labor on work engagement ($B_{jn} = -.0543$, $SE = .0276$, $p = .05$). Finally, the results revealed that perceived supervisor support interacts with emotional labor ($B_{el*ps} = .0433$, $t = 2.388$, $p < .05$). The Johnson Neyman point was 5.72, indicating that for employees whose perceived supervisor support was higher than this value, emotional labor no longer affected work engagement significantly ($B_{jn} = -.0558$, $SE = .0284$, $p = .05$). Contrary to our hypothesis, cultural empathy did not reduce the effect of emotional labor on work engagement ($B_{el*ce} = .0390$, $t = 1.095$, $p = .274$). However, this could be explained by the presence of two points of transition, meaning that as the moderator increases the effect of the focal predictor changes from insignificant to significant and then back to insignificant (or the other way around). Closer inspection of the Johnson Neyman results with a floodlight analysis (Spiller, Fitzsimons et al., 2013) indeed revealed that the effect of cultural empathy on work engagement was only significant at a range of values bounded by two Johnson-Neyman points at which p was exactly 0.5. At values

below 3.79 ($B_{jn} = -.1530$, $SE = .0788$, $p = .05$) and at values above 6.20 ($B_{jn} = -.0590$, $SE = .0300$, $p = .05$), the effect was insignificant. Thus employees with either very low or very high levels of cultural empathy were not affected by dissonance between their inner feelings and the feelings they have to display in a service context. Cohen's f^2 effect sizes for the three interactions were large for social initiative ($f^2 = 0.35$) and medium for emotional stability ($f^2 = 0.27$) and perceived supervisor support ($f^2 = 0.15$).

Figure 4-4 Structural model with effect sizes



4.6 Discussion

Given the consequences of globalization for services, combined with the realization that frontline employees play such a crucial role in the service profit process, there is clearly a need for a better understanding of the impact of employees' intercultural competences on work-engagement and work-related attitudes. Drawing on conclusions from multidisciplinary literature, we add to current thinking about intercultural competences by showing that they are important drivers of work engagement, and indirectly work-related attitudes. Moreover, we show that support from the supervisor fosters the development of employees' intercultural competences (personal resources) and that both personal resources and job resources function as buffers against the negative impact of emotional labor (job demand) on work engagement. In this way, our research adds to the JD-R model of work engagement by showing that its main tenets also hold in the context of globalized service environment, but that this environment requires specific personal resources; intercultural competences.

Our results demonstrate that three of the five *intercultural competences* in our model indeed have a direct, positive effect on work engagement (H1a,c,d); the employee's *cultural empathy*, *social initiative* and *emotional stability* all contribute to work engagement. In other words, the ability to sense the feelings and emotions of culturally different others, take the lead in intercultural situations and remain calm in unfamiliar situations are conducive to a work-related state of well-being manifested in feeling energized, absorbed and dedicated. The non-significant effect of *open-mindedness* in our study (H1b) may be rooted in the substantial attitudinal content of this competence; it is the furthest removed from actual behavior of all the five competences we included. The non-significant effect of *flexibility* (H1e) was similar to findings in a previous study (see Chapter 3). Again, it seems that frontline employees do not necessarily associate the freedom to diverge from fixed rules or planned behavior with well-being, to the extent that outbound intercultural communicators like expats do. This is not illogical, because these employees' (domestic) physical environment is familiar and stable, and so are the standard operating procedures that they must follow. Flexibility of frontline employees may be contextual and refer to the cognitive flexibility involved in responding to culturally diverse customers.

The *support of the supervisor*, perceived by the employee, also had a substantial effect on the employee's work engagement (H2). This in line with earlier findings from JD-R studies (e.g. Bates, 2004; Salanova, Agut et al., 2005) and Hackman and Oldham's (1980) job characteristics theory. Direct support of the supervisor is not only functional in achieving work-goals, but it also has a strong motivational potential. Employees, who feel that their direct supervisor supports them professionally and emotionally, are more willing to reciprocate by giving their best to the organization.

On top of that, and in line with COR theory, findings from the study suggest that the *support of the supervisor* also plays an important role in fostering the development of personal resources in terms of intercultural competences (H3 a-e). According to COR theory, social support can facilitate the accumulation of personal resources; the so-called resource caravans (Karatepe & Olugbade, 2009). Thus, when supervisors support their employees by giving advice and emotional support in case of service failures with culturally different customers, this is likely to stimulate the development of these personal resources by staff members.

As expected, *emotional labor*, conceptualized as dissonance between internal and displayed feelings, negatively impacts work engagement (H4). Our model diverged from the original JD-R model, in the sense that we hypothesized a direct relation between the job demand and work engagement, rather than the job demand functioning as a moderator of the relation between resources and work engagement. The results confirm our expectations with a moderate effect of emotional labor on work engage-

ment. Dissonance between feelings displayed towards the customer, and inner feelings leads to a reduction of energy levels, enthusiasm and absorption at work.

However, we also found that the negative effect of *emotional labor* on *work engagement* is reduced if *personal* (H5 c,d) and *job resources* (H6) are high. This confirms the buffer hypothesis of JD-R theory (Xanthopoulou, Bakker et al., 2013) and is in line with the tenet of COR theory that personal resources help individuals to deal effectively with threatening situations. Emotional dissonance limits engagement when employees have a low feeling of control over the environment and the related demands. Those who possess low personal resources are unable to control the environment successfully. Our results show that employees with high levels of social initiative are more proactive when it comes to the emotionally demanding aspects of intercultural situations (Parker, 2000) and are therefore less likely to be affected by their adverse impact. Similarly, employees with high levels of emotional stability are more likely to stay calm in these situations and develop strategies to deal with emotional dissonance. Employees high in social initiative and emotional stability are more able to protect themselves against the negative effect of emotional labor on work engagement. Moreover, our findings show that for cultural empathy, the effect of emotional labor on work engagement is insignificant at either very low or very high levels of cultural empathy. We interpret this as follows: for employees who have little ability to empathize with the feelings and emotions of culturally different others, the effect of emotional dissonance on work engagement is not significant because they are what has been called 'unconsciously incompetent' (Burch, 1973); they may not even be aware that they should make an effort to empathize with the customer. On the other hand, employees with very high levels of cultural empathy, who sense when a culturally different customer becomes irritated and are able to see things from the other's perspective, are also significantly less affected by emotional labor. It may well be that these employees are 'consciously competent' and therefore able to reconcile the dissonance between felt and displayed emotions because of this ability. For instance, when they are polite to a customer who does not reciprocate, they are less affected by this 'rude' behavior in the knowledge that this customer expects politeness of subordinates as part of his/her culture. An employee with high levels of cultural empathy *understands* the mechanism and is *able* to cope with it. This is in line with Pugliesi (1999) who argues that the ability to manage emotions displayed by customers can give the employee a feeling of superiority and empowerment (Pugliesi, 1999). The fact that we found this clear distinction in the effect of emotional labor on work engagement at three levels of intercultural competence only for cultural empathy can be explained by the fact that cultural empathy is the competence with the highest proportion of cognition. In order to be able to sense the feelings of culturally different others, one must develop cultural knowledge on an ongoing basis.

Besides the intercultural competences, also the support of the supervisor buffers the negative effect of emotional labor significantly (H6). The feeling of being able to call on the manager when things get rough, and to make use of their experience and knowledge may help the employee to place contrasting feelings into perspective.

In line with the JD-R model of work engagement, our results show that *work engagement* is an important *mediator* between personal resources, job resources and attitudinal outcomes. Intercultural competences do not substantially influence work-related attitudes directly; they impact these variables indirectly through increased work engagement. Thus, again, work engagement is shown to be a pivotal factor for organizations that wish to achieve competitive advantages by retaining talented employees.

Though the relationships between work engagement and work-related attitudes were not the primary focus of our study, our results once again highlight the important attitudinal and behavioral contributions that engaged employees make to organizations. The positive well-being that employees experience in their work (Schaufeli, Bakker et al., 2006) is translated into substantially higher levels of *job satisfaction* (H7), *affective commitment* to the organization (H8, H9) and, eventually, lower *turnover intentions* (H10, H11).

4.7 Academic relevance

This study adds intercultural competences to the JD-R model as important drivers of work-related attitudes. In accordance with COR theory, we demonstrate that: 1) the development of intercultural competences enhances an individual's work engagement on the work floor; 2) supportive leadership can boost the development of these competences. We also expose the mechanism in which, in a globalized service environment, intercultural competences and supervisor support drive positive work-related attitudes via work engagement, under emotionally demanding conditions. Important theoretical implications of our study are that both organizational behavior and service marketing researchers should pay more attention to intercultural competences, which are traditionally investigated within the domain of cross-cultural psychology. If they fail to consider their role, they will fail to understand what makes frontline employees thrive in a multicultural service environment and what buffers the negative impact of job demands on work-related well-being. Therefore, the contextual role of these intercultural competences and their impact on business performance should be taken into account.

4.8 Managerial relevance

From a managerial point of view, we have identified a number of relevant competences and resources for frontline employees in the light of an increasingly diverse customer and co-worker base. The relevance of intercultural competences for individuals' well-being and success in intercultural circumstances had already been convincingly demonstrated in expat and business contexts, but less so in service environments. Our results show that intercultural competences are drivers of well-being on the international work floor. Another important implication is that managers are the facilitators of the climate in which the importance of these competences can be consistently communicated. In line with COR theory, supervisors can be the instigators of personal 'resource caravans' (Karatepe & Olugbade, 2009); they create the climate in which cultural diversity is considered as an opportunity for business success, rather than a source of frustration and failure. In Deardorff's (2006) process model, intercultural competence development is depicted as an ongoing process. Cultural knowledge must be updated continually, because of the rapid development and mobility of cultures around the globe. As a consequence, an individual will never reach the final stage of intercultural competence, but will be challenged to develop him/her self in a process of life-long learning. Luckily, the intercultural competences included in our study are trainable (Van Oudenhoven, 2012). Findings from our interview study (Chapter 2) showed that service managers currently pay limited attention to the intercultural competences of their staff, even though they are concerned about the sometimes inappropriate behavior of their domestic staff towards culturally different guests and the number of critical incidents this generates. Managers predominantly take the 'culture specific' approach (Van Oudenhoven, 2012), meaning that they focus their training efforts on culture-specific knowledge that needs only be acquired when the size of a market segment warrants it. However, in all conceptualizations of intercultural competence, be it Deardorff's process model (2006) or Van der Zee and Van Oudenhoven's (2000) multicultural personality framework, culture -specific knowledge is only part of the equation, besides attitudinal and conative components, and subject to continuous change. Given the substantial effect of at least three of the five intercultural competences included in our study, service organizations should do well to optimize the recruitment and development of their frontline staff by including the assessment of intercultural competences of new staff and by training and developing not only the cultural knowledge, but also the intercultural competences of their staff members. Additionally, there is substantial evidence in our study that the relation between intercultural competences and work-related attitudes is mediated by work engagement. Since there is a general belief that there is a connection between employee engagement and business results (Harter, Schmidt et al., 2002), it is up to the managers to

provide their employees with the appropriate resources that will oblige them to reciprocate with higher levels of engagement. Managers should understand that this is a long term and ongoing process that requires continued attention over time. Rather than ad hoc sessions like 'how to deal with customers from country X', more generic training activity and ongoing attention is required that stimulates the development of employees' 'global mindset', makes them flourish in intercultural service environments and, ultimately motivates them to give their best to make the organization flourish as well.

4.9 Limitations and suggestions for further research

Obviously, this study has its limitations. First of all, only one job resource and one job demand was included in our model, in order to balance the number of latent variables, measurement items and the number of cases. Given the substantial effects of these constructs, it would be recommendable to include other job resources and job demands in future studies. Examples of job resources could be peer support, empowerment and organizational feedback. Examples of job demands, on the basis of the manager study (see Chapter 2) are ambiguous expectations of customers, role conflict and work pressure.

Secondly, though the multicultural personality scale has been extensively – and cross-culturally – validated, the poor results of the open-mindedness and flexibility scales from the multicultural personality questionnaire in terms of factor loadings, communalities and beta coefficients in our study, warrants further exploration of context-specific measures of intercultural competences for services. In the previous study (see Chapter 3), flexibility also yielded insignificant results. We tried to remedy this by changing the negative wording of the two scales, but the effect of flexibility remained insignificant, even though it is a highly relevant theoretical construct. Furthermore, the intercultural competences from the multicultural personality framework are conceptualized as dispositions; inclinations towards behavior and not the behavior itself. Though dispositions are closer to focal behavior than general personality measures, in future studies measures should be included that are even closer to focal behavior in intercultural situations. This would provide more insight into how frontline employees actually behave in intercultural service encounters. In order to counter the criticism that the intercultural competence construct is conceptualized as a loose set of facets, future research should address the issue of a comprehensive measurement instrument that overarches both the 'being' and the 'doing' side of intercultural competence.

Thirdly, the outcomes of this study were three work-related attitudes: job satisfaction, affective commitment and turnover intentions. Though these constructs are highly relevant, companies will be more inclined to invest in intercultural competences

when they see their effect on business performance. Therefore, the effect of intercultural competences on business results should be addressed in future research.

Fourthly, our respondents are all *front office employees* from *hotels in the Netherlands*. This emic approach may limit the generalizability of the results. Consequently, it would be interesting for further research to test a model with different types of service employees, across service sectors, across service relationships, and across countries.

Fifthly, respondents were asked to provide self-assessments of the focal constructs, which is an issue of concern because of the risk of social desirability bias. Furthermore, because one questionnaire was used to measure all constructs, single method variance may be a shortcoming of this study. However, every effort was made to reduce these risks. Social desirability was controlled for and respondents' anonymity was guaranteed as Conway and Lance (2010) advised. Nevertheless, in order to avoid the risk of over- or underestimating relations due to skewed error distributions, future research might use a multi-method approach, mixing qualitative and quantitative approaches. Future research could use experimental designs or observations to reduce self-assessment bias. Multilevel group designs can also be helpful in remedying the limitation of measuring only one side of the service dyad, as we did in our study. The perceptions and evaluations of employee's intercultural competence by supervisors and/or customers would facilitate understanding the mechanisms at work in intercultural service encounters.

Finally, this study is cross-sectional. Therefore, it is unknown how an employee's intercultural competences and the effect of employee intercultural competences on work relationship quality through work engagement would develop over time. This could be remedied by conducting longitudinal research.

Despite the above-mentioned limitations, this research demonstrates that including intercultural competences adds value to the JD-R model of work engagement. Since these competences enhance well-being and can be developed on a life-long basis, a global mindset is indeed a joy forever for employees working in a globalized service environment.

Notes

- 1 Methods to reduce the potential of common method bias were taken in this study upon comments received when presenting the paper based on Chapter 3 in which no such measures had been taken.
- 2 c' refers to the coefficient of the total effect of X on Y when controlled for the mediator; p refers to the significance of the beta for the effect of X on Y when controlled for the mediator. f^2 is the effect size of the mediation. It is based on the relationship of determination coefficients when including or excluding the mediator from the structural equation.

5 Frontline Employee's Intercultural Competence: Does it impact Customer Evaluations of an Intercultural Service Encounter?

In Chapters 3 and 4 of this dissertation, the effect of frontline employees' intercultural competence on their work-engagement, extra-role behavior towards the organization and culturally different customers and attitude towards the organization was investigated. However, because of the importance of a customer-orientation in services manifested in the service profit chain (Heskett, Jones et al., 1994), it is the effect of these employees' competences on the customer that eventually makes the difference to service firms. Therefore, in the final empirical study of this dissertation the effect of the frontline employee's intercultural competence (EIC) on the customer's affective and cognitive evaluations of an intercultural service encounter is investigated. A 2 x 2 x 2 full-factorial design is used with video-vignettes that manipulated employee intercultural competence (EIC), employee technical competence (ETC) and the cultural distance between the employee and the customer (CD). 322 participants took part in the experiment. MANOVA results show significant positive effects of EIC and ETC on customer comfort and encounter satisfaction. Moreover, EIC moderates the effects of ETC and CD, leading us to conclude that EIC is a powerful extra-role behavior with an additive effect on both the affective and cognitive evaluation of an intercultural service encounter, even when ETC is at a low level.

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The 2014 Annual ANZMAC Conference in Brisbane, Australia:

Hoefnagels, A., Bloemer, J., Pluymaekers, M., Kasper, H. (2014). *Frontline Employees' Intercultural Competence: Does it impact Customer Evaluations of an Intercultural Service Encounter?*

“Rituals associated with the visitor’s arrival at the gates and movement through them marked the shift of status from outsider to insider, one of ‘us’” (King, 1995)

5.1 Introduction

This study focuses on the effect of employee intercultural competences on customer evaluations of *intercultural service encounters* (ICSEs). Service encounters occupy a central place in service marketing because of their strong influence on customer satisfaction (Solomon, Surprenant et al., 1985; Wu & Liang, 2009). Because of this strong influence, service managers have always been challenged to facilitate high-quality interactions with their customers. But as a result of a globalized market, frontline employees increasingly encounter customers with different cultural backgrounds in so-called *intercultural service encounters* (ICSEs). Service encounter management is notoriously difficult because of its substantial reliance on employee performance. Globalization has added complexity to the service interaction, most notably due to cultural contamination and hybridization (Zhang, Beatty et al., 2008) which have led to an even greater diversity in customer profiles. As a result, employees’ *culturally -specific* knowledge of one or more market segments is no longer sufficient (Van Oudenhoven, 2004). Rather, this knowledge of particular segments or nationalities should be embedded in more *generic* intercultural competence, defined in this study as “the attitude, knowledge and skills required to deal appropriately and effectively with people from different cultural backgrounds” (Deardorff, 2006). Because employees may vary substantially in their capacity to build relations with customers and understand their needs (Bitner, Booms et al., 1990), developing a better understanding of the effect of employees’ intercultural competences in ICSEs is important.

Though there is a considerable body of research on service encounters, the role of employee behavior in *intercultural* service encounters is still underexplored (Barker & Hartel, 2004). Empirical research on the effects of employee competences on customer outcomes such as customer comfort (Lloyd & Luk, 2011) and customer satisfaction – variables that are ultimately related to customer loyalty (Gremler & Gwinner, 2000; Hennig-Thurau, Groth et al., 2006) and company profitability (Anderson, Fornell et al., 1994) – has emerged only recently (Sharma, Tam et al., 2009). This is surprising, because customer perceptions are considered the most accurate predictors of customer evaluations and customer loyalty (Bitner, Booms et al., 1990). Moreover, though there is support for the positive effects of intercultural competence in the contexts of expatriate business assignments (Peltokorpi & Froese, 2012) and education (Van Oudenhoven & Van der Zee, 2002), there is a paucity of studies on this subject in an international service context. Therefore, the purpose of this study is twofold. First we attempt to extend service marketing theory by conceptualizing EIC from a customer perspec-

tive and examining its effect on customer evaluations. Though employee *intercultural competence* is the focal construct of our study, we include employee *technical competence* (ETC) and *cultural distance* between the employee and the customer (CD) as well. Employee technical competence is included because prior research suggests that both interpersonal and technical competences are critical for customer evaluations (Berry & Bendapudi, 2007; Grandey, Fisk et al., 2005; Price, Arnould et al., 1995b). However, there is a gap in the literature as to if and how EIC and ETC interact in predicting customer evaluations of intercultural service encounters. Cultural distance is included in our model because exploratory studies showed that it influences customer perceptions and satisfaction (Kulik & Holbrook, 2000; Sharma, Tam et al., 2009). There is a gap in research on if and how employee intercultural competence and cultural distance interact in determining customer evaluations of intercultural service encounters.

A second contribution of the study is the use of an experimental design that enables a cause-and-effect investigation of the display of interculturally competent behavior. An understanding of the effects of employee intercultural competence on customer evaluations in relation to technical competence and cultural distance will eventually support service managers to develop policies to optimize their employee's interactions with culturally diverse customers.

The remainder of this article is organized as follows. First we describe the theoretical lens of our study; role theory and the similarity attraction paradigm. Then the central concepts of the study are reviewed and the conceptual model and hypotheses are presented. Next, we describe the design of the experiment, followed by the results of a MANOVA analysis and a discussion of the findings and their theoretical and managerial implications. Finally, we describe the limitations of the study and provide suggestions for future research.

5.2 Theoretical background

5.2.1 Theoretical underpinnings of the predictors

Two theoretical frameworks are useful in predicting how employee intercultural competence, employee technical competence and cultural distance can affect customer evaluations of an intercultural service encounter. First of all, according to *role theory* (Broderick, 1999) people are social actors who learn behaviors that are appropriate to the positions they occupy. The service encounter is assumed to contain learned and consistent behavior patterns to let the transaction proceed smoothly (Solomon, Surprenant et al., 1985). According to role theory, employee performance in a service encounter can be broken down into two elements: in-role and extra-role performance.

In-role performance concerns the task performance of an employee; the formal requirements in interacting with a customer (Van Dolen, Lemmink et al., 2002). This contrasts with the employee's extra-role performance, which refers to activities that help the customer, but are not explicitly required by the organization. Vilnai-Yavetz and Rafaeli (2003) refer to this distinction as the *skeleton-tissue framework*. Skeleton aspects of an interaction consist of the very basic and essential content of the interaction, without which an interaction would not even exist. In a hotel context, for instance, this would include looking up a reservation or processing the bill. The skeleton behaviors are recognized by participants as elements of routine interactions. They are taken for granted and therefore rarely recalled in descriptions of extra-ordinary encounters. However, like Hertzberg's hygiene factors (Hertzberg, 1966), skeleton behaviors, are dissatisfiers; they are likely to be explicitly noticed if something goes wrong. In contrast, the *tissue* aspects of the interaction are the social behaviors that 1) are recognized as plausible elements of an interaction, 2) are not deemed essential to the fulfillment of the formal goals of the interaction, and 3) influence how people feel during an interaction (Vilnai-Yavetz & Rafaeli, 2003). Tissue behaviors may include behaviors that are verbal (greeting, answering a question), non-verbal (eye contact, smile) and para-verbal (sound level, speed of talking). In a hotel-context, this could be manifested in a pleasant demeanor, making eye contact with the customer during the check-in or asking them about their journey. Similar to Hertzberg's motivation factors they are satisfiers; though they are not essential, they facilitate the accomplishment of formal, skeletal organization tasks. The skeleton-tissue framework helps us to divide the overall employee performance in ICSEs into two dimensions, realizing that ICSEs are generally considered to be more complex because rules and expectations related to service encounters are likely to vary considerably from culture to culture (Winsted, 1997). First of all employee's *technical competence*¹, which we define as the employee's ability "to complete the tasks in their area of expertise successfully" (Madhavan & Grover, 1998; Van Dolen, De Ruyter et al., 2004). Employees influence customer perceptions of technical competence by being efficient, accurate and knowledgeable (Berry & Parasuraman, 1991). The employee's technical competence (Van Dolen, De Ruyter et al., 2004) can be considered as skeleton behavior that is basically essential to meet a customer's needs. The second element of interaction behavior which we deem particularly important in ICSEs is employee's *intercultural competence*, which we define as "the attitude, knowledge and skills required dealing appropriately and effectively with people from different cultural backgrounds" (Deardorff, 2006). Being intercultural competent means that the employee accepts and has respect for cultural differences, is aware of how dynamic these differences are, conducts periodic self-assessment on him/herself regarding culture, develops cultural knowledge on an ongoing basis and has the resources and flexibility with service models to meet the needs of

culturally different customers (Karatepe, Haktanir et al., 2010). Intercultural competence is a component of employee interpersonal competence, i.e. the ability to build and maintain relationships and influence others, manifested for instance in listening behavior, communication skills, customer orientation and conflict management (De Ruyter & Wetzels, 2000; Price, Arnould et al., 1995b). Employee intercultural competence is distinct from other interpersonal competences, like for instance emotional competence. Emotional competence – i.e. skills that are concerned with the processing, regulation and utilization of emotions at the workplace (Delcourt, Gremler et al., 2013) – has the potential to enhance feelings of rapport with the customer (Hennig-Thurau, Groth et al., 2006). Yet emotions are particularly vulnerable to cross-cultural differences (Bagozzi, Wong et al., 1999; Von Glinow, Shapiro et al., 2004). Therefore, we argue, that in order to exceed customer expectations in ICSEs, a broader set of (intercultural) competences is required that also encompass an individual's ability to regulate the emotions of individuals with different cultural backgrounds. The extent to which interculturally competent behaviors are displayed is at the discretion of the employee. Interviews with hotel managers (see Chapter 2) show that these managers do not consider interculturally competent behaviour as part of the job description of their employees. Therefore, we consider displayed intercultural competence in this study as a tissue behavior that goes beyond the job description, is not essential to the fulfillment of the formal goals of the encounter, but enhances the affective tone and eventually the overall value of the encounter (Grandey, Fisk et al., 2005). Vilnai-Javetz and colleagues present a conceptual framework in which both the skeleton and the tissue are essential in order to satisfy customers, but it is the tissue that makes service experiences memorable. This framework has not been tested empirically yet.

Secondly, the *similarity-attraction paradigm* (Byrne, 1971) posits that people are more attracted to, feel more comfortable with, prefer and support relationships with others who have similar psychological characteristics because the interaction verifies and reinforces their own beliefs and self-esteem. This attraction results in favorable attitudes and behaviors towards similar others (e.g. Arthur, Bell et al., 2006). People who hold similar values share common aspects of cognitive processing and a common way of interpreting events and therefore experience reduced uncertainty and better interpersonal relationships (Zhang & Bloemer, 2008). It has been suggested that ICSEs are more successful when the customer perceives the frontline employee's cultural profile to be similar (Hopkins, Hopkins et al., 2005). When employees and customers share the same language, values and norms, this will facilitate communication and improve the predictability of their behavior. A lack of similarity in social interaction rules about, for instance, smiling, joking, touching, degrees of politeness and self-disclosure (Argyle, Henderson et al., 1986), may lead to more misunderstanding and

ultimately dissatisfaction compared to intra-cultural service encounters. Individuals from one country, while visiting another country, may also find it uncomfortable to interact with people from the hosting country if the differences in preferred communication styles are large. This level of discomfort in intercultural interactions is likely to be even greater in an unfamiliar environment (Paswan & Ganesh, 2005).

The similarity-attraction paradigm helps us to explain the effect of cultural distance in ICSEs. The concept of cultural distance has been widely researched in international business. For instance, it has predicted foreign market selection, entry mode choice and expatriate performance. In international education it has predicted student adjustment to studying abroad (Froese & Peltokorpi, 2011; Shenkar, 2001; Suanet & Van de Vijver, 2009) and in the context of hospitality and tourism it has predicted destination choice (Ng, Lee et al., 2007). Cultural distance is defined as the extent to which one culture is similar to, or different from, another culture (Ng, Lee et al., 2007; Shenkar, 2001). Extant literature has found national origin to be an important determinant of the magnitude of perceived cultural difference (Hofstede, 1984; House, Hanges et al., 2004). For instance, an individual from Western Europe who visits China is likely to experience more discomfort in interacting with a Chinese person than when visiting another country in Western Europe, due to the above-mentioned differences in language and cultural values. Reversely, a Chinese visitor in Europe may find an interaction with a Western employee less comfortable than with a Chinese employee. The extent to which cultural distance actually has an effect on comfort is likely to depend on the intercultural competence of the employee. Research by Yu, Weiler et al. (2002) established the need for systematic enquiry in the domain of tour guides' intercultural competence; their study of Australian tour guides and Chinese visitors suggested that the performance of the tour guide as a cultural mediator contributed to the perceived quality of Chinese visitors' travel experiences. Intercultural competence was considered as the degree to which the guide was capable of being an effective cultural mediator. The authors have not addressed if and how EIC and CD interact in predicting customer evaluations of ICSEs. It is likely that interculturally competent employees in services are able to bridge the culture gap, i.e. reduce the negative effect of cultural distance on customer outcomes.

5.2.2 Theoretical underpinnings of dependents: Affective and cognitive evaluations of service interactions

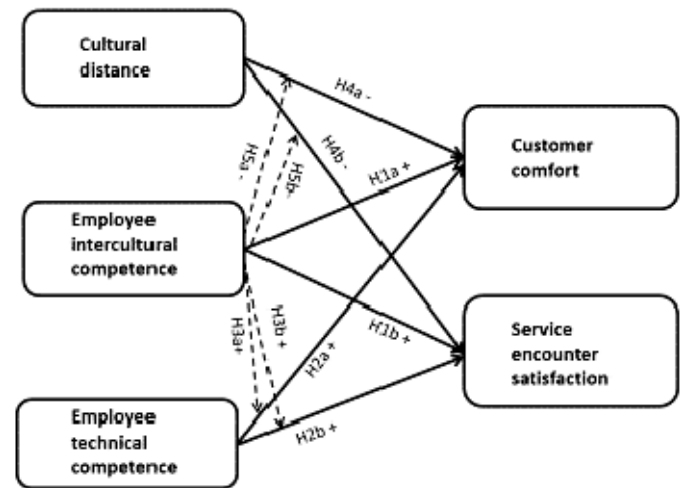
In the previous paragraph, the theories were described that explain our focus on intercultural competence, technical competence and cultural distance as influential conditions in ICSEs. In this paragraph the customer outcomes are described that are considered important in the context of these ICSEs. We focus on two outcomes that are considered particularly relevant to service organizations by service marketing scholars:

customer comfort and encounter satisfaction (Bloemer & Kasper, 1995; Paswan & Ganesh, 2005; Van Dolen, De Ruyter et al., 2004). First of all, *customer comfort* has been revealed as an important factor in the service interaction because feeling safe and comfortable with a service provider is considered critical in service evaluations (Dabholkar, Shepherd et al., 2000). Customer comfort is defined here as an emotion or a psychological state “wherein the customer’s anxiety regarding the service has been eased, and the customer enjoys peace of mind and is calm and worry free concerning the encounter with this provider “ (p.321). Comfort has been described as a feeling of relaxation arising from the social interaction with the service employee (Butcher, Sparks et al., 2001) or simply as the level of comfort during an interpersonal social interaction (Paswan & Ganesh, 2005). The idea that people use affect as a basis for evaluative judgments of services is generally accepted (Namasivayam & Mattila, 2007; Patterson & Mattila, 2008). Even in the evaluations of relatively brief and routine service encounters, the how-do-I-feel-about-it heuristic (Schwarz, 1990) is likely to come into play. Previous studies in social psychology and marketing have generated several good reasons why customer comfort levels should be high during service encounters. Most notably, comfort has been shown to lead to better relationship quality (Spake, Beatty et al., 2003). Customer comfort has also demonstrated salience in interactions where the participants come from different cultures; Paswan and Ganesh (2005) find considerable differences in interaction comfort across nationalities, with Europeans being more comfortable in their interactions with American peers and the general public than Asian counterparts (Paswan & Ganesh, 2005). However, despite the importance of comfort to the service encounter, there is a call for further research on the specific employee behaviors that elicit customer comfort (Lloyd & Luk, 2011). Secondly, *customer satisfaction* has been widely investigated in the service marketing literature (Luo & Homburg, 2007) and acknowledged as a crucial element of the customer’s evaluations of the service (e.g. Cronin & Taylor, 1992; Ekinci & Dawes, 2009; Gil, Berenguer et al., 2008; Laroche, Ueltschy et al., 2004). It is defined in this study as the cognitive assessment of a customer’s experience (Hennig-Thurau, Groth et al., 2006). Research suggests that customers distinguish between encounter and relationship satisfaction. In this study, the focus is on encounter satisfaction, which results from evaluating events and behaviors that occur during a single, discrete interaction (Van Dolen, De Ruyter et al., 2004), in our case an ICSE. Both customer comfort and encounter satisfaction have consistently demonstrated to be a major influence on loyalty and customer engagement (Bloemer & Kasper, 1995; Lloyd & Luk, 2011; Luo & Homburg, 2007; Yi & La, 2004). We therefore implicitly assume an impact of both affective and cognitive customer evaluations on behavioral loyalty, even though it is not the focus of this study.

5.3 Conceptual model and Hypotheses

The impact of employee intercultural competence, employee technical competence and cultural distance on customers' evaluations of intercultural service encounters constitutes the focus of this study. In the following section, the conceptual model of the study is presented and the proposed hypotheses are discussed.

Figure 5-1 Conceptual model of the study



5.3.1 The effects of employee intercultural competence on customer evaluations of intercultural service encounters

Individuals who possess intercultural competences are able to perceive behavioral cues from culturally different customers and are able to respond to them in an effective and appropriate manner. In services, they should also be able to create a positive service climate in which the customer feels comfortable (Paswan & Ganesh, 2005; Sharma, Tam et al., 2009). In accordance with role theory and the skeleton-tissue framework (Vilnai-Yavetz & Rafaeli, 2003), the display of interculturally competent behavior is considered here as an extra-role/ tissue behavior that is not essential to the completion of the service interaction, but that influences customer feelings of *comfort* during the interaction. Previous research has found that customer perceptions of other forms of employee interpersonal behaviors (e.g. familiarity, commercial friendship, listening behavior, customer orientation, emotional competence) also affect *customer satisfaction* (De Ruyter & Wetzels, 2000; Delcourt, Gremler et al., 2013; Grandey, Fisk et al., 2005; Price, Arnould, et al., 1995a). As a component of employee interpersonal

behaviors, we argue that employee intercultural competence is expected to be directly related to customer satisfaction with ICSEs. In line with the skeleton-tissue framework, these employees who display EIC go beyond the basic requirements in service interactions by their ability to tune into the customer's needs. At the encounter level, the behavior of the frontline employee is critical in diagnosing and addressing customers' needs and shaping their overall evaluation (Hartline & Jones, 1996). An appropriate appraisal of customer needs can increase customer satisfaction as Yu and colleagues (2002) found in a study of the effects of a tour guide's intercultural competence on visitor satisfaction. Therefore, we expect that:

- H1 Employee intercultural competence has a positive effect on a) customer comfort and b) encounter satisfaction

5.3.2 The effects of employee technical competence on customer evaluations of intercultural service encounters

Since, according to the skeleton-tissue framework, both the technical and interpersonal skills of the employee are critical in a service encounter (Kandampully, Mok et al., 2001), the effect of employee intercultural competence must be examined while taking employee technical competence into account. The frontline employee's technical competence is important in meeting the customer's expectations, because it enables the organization to deliver the 'skeleton' of the service. An employee who is efficient, accurate and knowledgeable (Berry & Parasuraman, 1991) is likely to meet the basic needs of the customer. By performing the technical aspects of the service adequately, the employee makes a professional impression. Research has shown that employee technical competence influences both customers' feelings (Price, Arnould, et al., 1995a; Van Dolen, De Ruyter et al., 2004), customer relationship satisfaction and overall customer satisfaction (Van Dolen, Lemmink et al., 2002). In intercultural service encounters, the customer may detect fewer verbal and non-verbal cues from the employee. Therefore, they are likely to find the skeleton aspects of the service salient input for their evaluations of the encounter. Consequently, we expect that:

- H2 Employee technical competence has a positive effect on a) customer comfort, b) encounter satisfaction

5.3.3 The interaction between intercultural competence and technical competence

While employee technical competence is important in meeting customer expectations, the interpersonal behavior of employees (of which intercultural competence is a component) is more important in exceeding customer expectations in service encounters, because favorable treatment of the customer is key in these experiences (Berry & Bendapudi, 2007).

The prevalent idea in the service marketing literature is that extra-role behaviors have the greatest effect on job performance ratings when the employee is performing in-role tasks effectively (e.g. Grandey, Fisk et al., 2005; Rotundo & Sackett, 2002). According to this rationale, if the service transaction is performed inefficiently and mistakes are made, the extra-role behavior of the employee should be unlikely to influence the evaluations of the service encounter because the basic requirements have not been met. Consequently, the hypothesis would be that EIC has a stronger effect on customer comfort and encounter satisfaction when ETC is high than when it is low. However, in accordance with the skeleton-tissue framework, our rationale is slightly different. Vilnai-Yavetz and Rafaeli ((2003) suggest that “the tissue is what produces the texture and the emotion of an interaction, establishing the spiritual experience of an interaction. It is the tissue that gives an interaction its “flavor” (p. 19). Since the skeleton relates to the immediate task of the frontline employee, it may appear to be more important since it constitutes the core of the service interaction. The tissue may seem to be more peripheral in this light. Yet the skeleton is where technology can replace people. We argue that customer perceived intercultural competence is a tissue behavior that, if performed well, is more likely to turn an ICSE into an experience that customers remember (Lovell, 2010). In this sense, it functions as a satisfier: its presence causes satisfaction, but its absence does not cause dissatisfaction (Bitner, Booms et al., 1990). When a customer feels that the employee gives something in addition to his/her formal role, and appears to tune into and understand the customer’s needs, they are also more likely to appreciate the professionalism with which the employee handles the routine aspects of the encounter. Therefore, we expect that employee’s intercultural competence gives a boost to the positive effect of the employee’s technical competence and propose that:

- H3 Employee technical competence has a stronger positive effect on a) customer comfort, b) encounter satisfaction when employee intercultural competence is high, than when it is low.

5.3.4 The effects of cultural distance on customer evaluations of intercultural service encounters

Cultural distance is defined here as the extent to which one culture is similar, or dissimilar to another culture (Ng, Lee et al., 2007). Cultural distance between the service employee and the customer was found to have a negative effect on customers’ perceived service levels, comfort and satisfaction (Goto & Chan, 2005; Paswan & Ganesh, 2005; Reisinger & Turner, 1998; Sharma, Tam et al., 2009). Barker and Hartel (2004) found evidence that culturally distant customers frequently perceived themselves to be the recipient of inequitable service and consequently evaluated ICSEs more negatively. Kim and Lee (2009) found similar evidence in a study of airline passengers from

different nationalities. It is indeed likely that when a customer fails to detect cultural similarity cues in an ICSE because the cultural background of the employee is very different, manifested for instance in non-verbal behavior such as eye contact, facial expression and body language, this has a negative effect on both the customer's affective and cognitive evaluations of the intercultural service encounter. Therefore, we expect that:

H4 Cultural distance has a negative effect on a) customer comfort and b) encounter satisfaction

5.3.5 The interaction between intercultural competence and cultural distance

However, we also argue that in an unfamiliar – i.e. – culturally distant environment, where the customer is less knowledgeable of the locally prevalent values and behavioral norms, an interculturally competent employee can help to reduce the discomfort that is likely to be experienced by this customer. A sense of 'cultural similarity' can be created by matching the culturally distant customer with an employee with a similar cultural background, a strategy which is sometimes adopted by hotels, but which poses practical and organizational challenges (Hopkins, Winter Nie et al., 2009). However, if a domestic frontline employee from the host country has high levels of intercultural competence, i.e. is able to 'read' the customer's cultural background and sense the needs of this customer, this may also eliminate the effect of cultural distance and consequently enhance the customer's comfort and satisfaction levels. Yu and colleagues (2002) proposed that interculturally competent tour guides were effective mediators who were able to positively impact satisfaction levels because they understood the cultural values, communication styles and customs of both parties. Thus, we argue that frontline employees with high levels of intercultural competence are better able to manage and therefore reduce the negative impact of cultural distance and propose:

H5 Cultural distance has a smaller negative effect on a) customer comfort and b) encounter satisfaction when employee intercultural competence is high, than when it is low

5.4 Methodology

5.4.1 Method

To assess the hypotheses posited above, we used a 2x2x2 between-subjects full factorial design in which we simulated intercultural service encounters with video vignettes. In creating these vignettes, we followed the recommendations made by Grandey, Fisk et al. (2005) and Victorino, Verma et al.(2012)². We manipulated the degree of EIC (low/high), ETC (low/high) and CD (low/high) and randomly assigned participants to one of the eight experimental conditions.

5.4.2 Context, manipulations and scenario

In order to represent the intercultural service encounter, we chose the example of a check-in situation in a hotel. This context was selected because: 1) the hotel industry is very international by nature and provides a realistic context for an intercultural service encounter, 2) the frontline employee was found to have a large impact on the service quality as perceived by the customer (Hartline & Jones, 1996), 3) a check-in is a very common service interaction that most people are likely to have experience with. We held a number of interviews and pilot tests to assure that our research design was realistic, practical and rigorous. The aim of the interviews was to gain insight into a) practical examples of procedures and incidents that are likely to happen during a check-in procedure, b) examples of service preferences and behavioral cues displayed by Dutch hotel guests abroad which could be applied within our vignettes. The input supported the development of the vignettes.

Within all eight scenarios, the following events took place: the hotel guest walks up to the front desk. The receptionist is making a phone call. The receptionist ends the phone call and greets the guest, asks for his name and looks up the reservation in the system. The hotel guest then asks for information about the room, which leads to an alteration in the booking. The receptionist announces that the guest will have to wait until the room is ready. After an hour, the guest returns to the reception desk, is greeted by the receptionist and receives his room card. The guest then asks for additional information. In all eight versions, the outcome is the same (the guest receives his room card, the check-in is completed), but the process of receiving this outcome varies as a result of different demonstrations of intercultural and technical competences by the employee (see appendix 7.4 for the full version of the script). The three independent variables were manipulated as follows:

1) Employee intercultural competence (EIC) was operationalized at two levels (low and high) based on the five competences of the multicultural personality framework (van der Zee and van Oudenhoven, 2000); cultural empathy, open-mindedness, emotional stability, flexibility and social initiative. In the high employee intercultural competence condition, the receptionist displayed behavior that reflected the five above-mentioned dimensions of intercultural competence; behavior that was culturally empathic, open-minded, flexible, pro-active and emotionally stable. In the low employee intercultural competence condition, the receptionist displayed behavior that was neutrally friendly; i.e. the receptionist did not make any effort to display culturally empathic, open-minded, flexible, pro-active and emotionally stable behavior.

2) Employee technical competence (ETC) was also manipulated at two levels: low employee technical competence and high employee technical competence. Employee technical competence was operationalized as capable, efficient and organized behavior (Price, Arnould et al., 1995b). In the high employee technical competence condition,

the receptionist displayed this behavior. In the low employee technical competence condition, the receptionist showed lack of capability, efficiency and organization. For instance, the receptionist did not have all the information the guest needed and made mistakes, for instance in looking up the reservation, calling a colleague, programming the room card.

Finally, 3) cultural distance (CD) was manipulated at two levels: low cultural distance and high cultural distance. We operationalized high cultural distance as an encounter between a Dutch guest and a Chinese receptionist and low cultural distance as an encounter between a Dutch guest and a French receptionist. Our selection of countries was based on our application of the cultural distance index formula as developed by Kogut and Singh which is based on the nine dimensions of the GLOBE study (House, Hanges et al., 2004) as recommended by Shenkar (2001). Applying this formula resulted in a much smaller cultural distance score for the Netherlands-France (2.34) than for the Netherlands-China (5.21)³.

5.4.3 Video development

In order to develop the video vignettes, three actors were contracted, one to play the role of receptionist in the low CD condition, one to play the same role in the high CD condition, and one to play the role of the guest in all eight scenes. The French receptionist was played by a professional actress, the Chinese receptionist was native Chinese with extensive experience as a front office staff member, and the customer was played by a member of the research team. The scripts were thoroughly rehearsed with all actors.

The dialogue and length of the video vignettes for all conditions were kept as similar as possible. Following Grandey, Fisk et al.'s (2005) recommendations, we minimized the influence of the on-screen guest on the participants by: 1) showing only the shoulder and the back of the head of the guest, thus preventing an effect of his facial expressions, and 2) keeping the guest's script to a minimum to limit vocal cues and 3) keeping it as similar as possible across all eight conditions.

We recorded the eight simulated service encounters at the front office of an international chain hotel. The actors who performed the role of receptionist wore a hotel uniform, and were trained to use all the equipment needed for front office operations, such as a computer terminal, a credit card machine, a cash register and room cards. The final clippings were embedded in a digital questionnaire tool ⁴.

5.4.4 Participants and procedures

Undergraduate students from the business faculties of a large Dutch university of applied science were invited to participate in the experiment (N = 322)⁵. The mean age of the participants was 20 (ranging from 17 to 29) and 51% of the participants were fe-

male. 86% of the participants had stayed in a hotel abroad over the past 12 months, indicating sufficient familiarity with the hotel context. The participants viewed the video vignette in groups of about twenty students, but they were individually assigned to one of the eight treatment conditions in a random fashion (see Table 1 for the cell sizes of each condition). In each group, the participants were seated in such a way as to minimize eye-contact or interaction (Grandey, Fisk et al., 2005). The participants were told that we were conducting research on the interactions between hotel guests and employees and they were about to watch a video recording of a check-in at a hotel. They were specifically asked to observe the check-in from the perspective of the hotel guest. In order to set the scene and keep the service expectations constant, the participants were told that they were about to travel to, respectively Paris and Shanghai, on a business trip. In order to enhance realism, their journey was simulated by a slideshow showing pictures of the journey. After watching the video, the participants completed a questionnaire. Subsequently, they were debriefed. In order to give back to the community, the experiment was followed by a tailor-made guest lecture on cross-cultural communication given by the principal researcher.

Table 5-1 Cell sizes eight conditions (N = 322)

	CD low		CD high	
	ETC low	ETC high	ETC low	ETC high
EIC low	34	37	46	45
EIC high	39	43	44	34

5.4.5 Questionnaire development

The questionnaire included a) manipulation checks of employee intercultural competence (EIC), employee technical competence (ETC) and cultural distance (CD); b) questions on the dependent variables customer comfort (CC), encounter satisfaction (SAT); c) demographic variables (gender, age) and behavioral variables (time spent abroad, number of hotel stays) and a measure of the participant's cultural openness (CO) (Shimp & Sharma, 1987) which were included as covariates.

5.4.6 Manipulation check measures

We were not aware of any scales that measured the customer's perception of intercultural competence displayed by frontline employees. Therefore, we measured the customer perception of employee intercultural competence (EIC) by asking the participants after watching the video to report their agreement with 6 items on the basis of the 5 competences of the multicultural personality questionnaire (MPQ) (Van der Zee & Van Oudenhoven, 2000): *Cultural Empathy, Open-mindedness, Flexibility, Social*

Initiative and Emotional Stability. The manipulation of employee technical competence (ETC) was measured with three items from Price, Arnould et al. (1995a) that capture the extent to which the employee is perceived as 1) capable, 2) efficient and 3) organized during the service encounter. The original scale contains an additional item, “thorough” which we did not include because of its limited suitability in the hotel context. We measured cultural distance (CD) as expected cultural distance prior to exposure to the video using three items from Suanet and Van de Vijver (2009). An example is “there are many differences between me and people from [country X]”, measured on a 7-point Likert scale (1= No, I totally disagree, 7 = Yes, I totally agree).

5.4.7 Measures dependent variables

Customer comfort (CC) was measured with three items from Spake and colleagues (2003) on a 7-point semantic differential scale with anchor points like “Uncomfortable-Comfortable”. The original scale consisted of eight items, but these were not all suitable in the context of a hotel service encounter, characterized by relatively short length and moderate intimacy (Price, Arnould et al., 1995b). Service encounter satisfaction was measured with three items from Van Dolen, De Ruyter et al. (2004) on a 7-point Likert scale (1= No, I totally disagree, 7 = Yes, I totally agree). An example is: “this encounter was a good experience”. Since the questionnaire was in Dutch, all questionnaire items were translated and back-translated by two qualified translators (See appendix 7.5 for the questionnaire).

5.5 Results

5.5.1 Manipulation checks and realism of the videos

In order to verify the differences between the conditions, we followed suggested procedures (Perdue & Summers, 1986) and conducted a 2 x 2 x 2 factorial analysis of variance predicting each manipulation check (see Table 5-2 for an overview).

Employee intercultural competence. The ANOVA results show that the manipulation of EIC has a significant effect on customer perceptions of EIC ($M_{\text{high EIC}} = 5.36$; $M_{\text{low EIC}} = 2.50$) [$F(5,325) = 503.232$, $p < .001$, $\eta^2 = 0.610$]. The main effect of ETC on customer perceptions of EIC ($M_{\text{high ETC}} = 3.49$; $M_{\text{low ETC}} = 4.31$) [$F(5,325) = 17.215$, $p < .001$, $\eta^2 = 0.053$] and the interaction effect between EIC and ETC [$F(5,325) = 4.776$, $p < .05$, $\eta^2 = .015$] also have significant effects, which is not uncommon in experimental designs in marketing and service research (see e.g. Barger & Grandey, 2006; Grandey, Fisk et al., 2005; Hennig-Thurau, Groth et al., 2006). Following the guidelines of previous studies, we examined the effect sizes. According to Perdue and Summers (1986, p.323), when effect sizes for the unintended variable (in this case ETC) are much smaller than the intended variable (i.e. EIC), there is no cause for concern about potential confounding.

In our case, the EIC manipulation had a much larger effect ($\eta^2 = 0.610$) on customer perceptions of EIC than the ETC manipulation ($\eta^2 = 0.053$) or the interaction effect ($\eta^2 = .015$). The main effect of CD on customer perceptions of EIC was not significant. Thus there is support for the successful manipulation of EIC.

Employee technical competence. The ANOVA results show that the manipulation of ETC has a significant effect on customer perceptions of ETC ($M_{\text{high ETC}} = 4.85$; $M_{\text{low ETC}} = 2.84$) [$F(5,325) = 139.182$, $p < .001$, $\eta^2 = 0.290$]. The main effect of EIC on customer perceptions of ETC ($M_{\text{high EIC}} = 4.81$; $M_{\text{low EIC}} = 2.93$) [$F(5,325) = 115.760$, $p < .005$, $\eta^2 = 0.260$] is also significant but the ETC manipulation had a larger effect on customer perceptions of ETC ($\eta^2 = 0.290$) than the EIC manipulation ($\eta^2 = 0.260$), thus providing support for the validity of the experimental manipulation of ETC.

Cultural distance. The ANOVA results show that the manipulation of CD has a significant effect on customer perceptions of CD ($M_{\text{high CD}} = 5.69$; $M_{\text{low CD}} = 4.49$) [$F(5,325) = 88.27$, $p < .001$, $\eta^2 = 0.210$]. The main effects of EIC and ETC on customer perceptions of CD, and the interaction effect of EIC and CD are insignificant, thus providing support for the successful manipulation of CD.

To evaluate the perceived realism of the videos, the participants were asked to respond to the item "I believe that such an incident can happen in real life" (Schoefer & Ennew, 2005) on a seven-point scale ($M = 5.86$; $SD = 1.376$). There were no significant differences between the perceived realism of the eight videos ($F(8, 313) = 1.208$, $p = .293$).

Table 5-2 Manipulation checks

Manipulation checks	M _{low}	M _{high}	F _{5,325}	p-value	Partial Eta Squared
<i>Intercultural competence (EIC)</i>					
EIC → EIC	2.50	5.36	503.23	0.000	0.610
ETC → EIC	4.31	3.49	17.21	0.000	0.053
CD → EIC	3.81	3.98	0.65	0.420	0.002
<i>Technical competence (ETC)</i>					
ETC → ETC	2.84	4.85	139.18	0.000	0.290
EIC → ETC	2.93	4.81	115.76	0.001	0.260
CD → ETC	3.88	3.82	0.10	0.750	0.000
<i>Cultural distance (CD)</i>					
CD → CD	4.49	5.69	88.27	0.000	0.210
EIC → CD	5.09	5.17	0.36	0.545	0.001
ETC → CD	5.19	5.07	0.39	0.393	0.002

5.5.2 Reliability and validity assessment

For the two dependent variables, means, standard deviations, composite reliability, Cronbach's alpha coefficients, correlations between constructs and square roots of average variance extracted (AVE) are reported in Table 5-3. All Cronbach's Alphas exceeded the 0.7 threshold (Nunnally, 1978). Composite reliabilities were all higher than 0.8, showing a high internal consistency of indicators measuring each construct and thus confirming construct reliability (Fornell & Larcker, 1981). The average variance extracted (AVE) was higher than 0.50 for the constructs, indicating that the variance captured by each variable is significantly larger than variance due to measurement error (Fornell & Larcker, 1981). Thus, unidimensionality and a high convergent validity of the constructs were adequately demonstrated. Discriminant validity was assessed by determining whether each latent variable shared more variance with its own measurement variables or with other constructs. To this end, we compared the square root of the AVE for each construct with the correlations with all other constructs in the model (Fornell & Larcker, 1981). A correlation between constructs exceeding the square roots of their AVE would suggest lack of discriminant validity. This was not the case; square roots of the AVEs (shown in boldface in the diagonal of the matrix) were higher than the absolute correlation between customer comfort and encounter satisfaction. Moreover, all indicators loaded higher on their associated construct than on other constructs. Thus, we may conclude that all the constructs show evidence for acceptable validity.

Table 5-3 Descriptive statistics, reliability and correlations

Construct	No. of items	Mean	SD	α	CR	AVE	1	2	3	4	5
1 EIC ^a (low: 0; high:1)											
2 ETC ^a (low: 0; high:1)											
3 CD ^a (low: 0; high:1)											
4 Customer comfort	3	3.89	1.53	0.88	0.93	0.81	0.75	0.66	0.09	0.90	
5 Encounter satisfaction	3	3.52	1.81	0.90	0.94	0.83	0.85	0.78	0.08	0.78	0.91

Notes: SD= Standard deviation; α = Cronbach's alpha; CR = Composite reliability.

Square root of average variance extracted is on the diagonal in bold.

All correlations are significant at the .001 level.

^a Since the manipulations (EIC, ETC and CD) are dichotomous variables, there is no figure for the number of items, mean, SD, CR and α .

5.5.3 Hypothesis tests

To test Hypotheses 1 - 5, a MANCOVA was conducted with customer comfort (CC) and encounter satisfaction (SAT) as dependent variables and employee intercultural competence (EIC), employee technical competence (ETC) and cultural distance (CD) as two-level factors (see Table 5-4). Age, gender, time spent abroad, number of hotel stays and cultural openness were initially included as covariates since these variables may influence the participants' perceptions of the ICSE. Since none of the covariates had a significant effect, they were left out of the final analysis. The multivariate test of the model shows that the main effects of EIC (Pillai's Trace = .589, $F(2,314)=224.813$, $p < .001$, $\eta^2 .589$) and ETC (Pillai's Trace = .214, $F(2,314) = 42.682$, $p < .001$, $\eta^2 .214$)⁶ were significant. The main effect of CD was insignificant (Pillai's Trace = .016, $F(2,314)= 2,542$, $p =.08$). Additionally, there were significant interactions between EIC and ETC (Pillai's Trace = .076, $F(2,314) = 12.960$, $p < .001$, $\eta^2 .080$) and between EIC and CD (Pillai's Trace = .019, $F(2,314) = 3.009$, $p = .05$, $\eta^2 .019$).

Table 5-4 Multivariate results

Effect	Pillai's Trace [PT]	$F_{2,314}$ ^b	p -value	Partial Eta Squared
<i>Main effects</i>				
Intercultural competence (EIC) ^a	0.589	224.813	0.000	0.589
Technical competence (ETC) ^a	0.214	42.682	0.000	0.214
Cultural distance (CD)	0.016	2.542	0.078	0.016
<i>Interaction effects</i>				
EIC*ETC ^a	0.076	12.96	0.000	0.080
EIC*CD ^a	0.019	3.099	0.046	0.019

Notes: ^aWilk's Lambda, Hotelling's Trace and Roy's Largest Root also significant at alpha level 0.000, ^bF-approximation

5.5.4 Univariate results for customer comfort

Additional univariate tests of all factors on the separate dependent variables (see Table 5-5 for an overview) revealed first of all a significant main effect of EIC on customer comfort [$F(5, 315) = 273.870$, $p < .001$, $\eta^2 .46$]. Customers feel more comfortable in the ICSE when the frontline employee displays high EIC rather than low EIC ($M_{\text{high EIC}} = 4.874$; $M_{\text{low EIC}} = 2.987$, $p < .001$). This confirms H1a. Employee technical competence also had a positive effect on customer comfort [$F(5,315) = 45.326$, $p < .001$, $\eta^2 .13$], but the effect size for EIC was larger than that for ETC. Still, high ETC elicits more comfort than low ETC ($M_{\text{high ETC}} = 4.366$; $M_{\text{low ETC}} = 3.496$, $p < .001$). This is in line with H2a. The main effect of CD was not significant [$F(5,315) = 0.917$, $p > .05$, $\eta^2 =.003$], meaning that H3a is rejected. The interaction effect of EIC and ETC was substantial and in the expected direction [$F(5,315) = 21.559$, $p < .001$, $\eta^2 .06$]. Additionally, we found a signif-

icant interaction effect of EIC and CD [$F(5,315) = 5.068, p < .05, \eta^2 = .017$]. We explain these interaction effects in more detail in a separate paragraph below.

5.5.5 Univariate results for encounter satisfaction

As expected, EIC had a positive effect on encounter satisfaction, confirming H1b [$F(5,315) = 390.500, p < .001, \eta^2 = .55$]. Encounter satisfaction is higher when the front-line employee displays high EIC rather than low EIC ($M_{\text{high EIC}} = 4.781; M_{\text{low EIC}} = 2.366, p < .001$). ETC also had a significant main effect on encounter satisfaction [$F(5,315) = 78.329, p < .001, \eta^2 = .20$]; high ETC elicits significantly higher satisfaction than low ETC ($M_{\text{high ETC}} = 4.180; M_{\text{low ETC}} = 2.966, p < .001$). This is in line with H2b. Additionally, there was a significant main effect of CD on encounter satisfaction [$F(5,315) = 5.068, p < .05, \eta^2 = .016$]. This effect is contrary to our expectations, namely positive. When CD is low, encounter satisfaction is lower than when CD is high ($M_{\text{low CD}} = 3,389, M_{\text{high CD}} = 3,757$). Thus, H3b is not confirmed. In addition, a significant interaction of EIC and ETC was found [$F(5,315) = 17.065, p < .001, \eta^2 .05$], confirming H4b. The interaction of CD and EIC on encounter satisfaction was not significant [$F(5,315) = 3.630, p = .058, \eta^2 = .016$]. We will elaborate on the interaction effects in the next paragraph.

5.5.6 Interaction effects of EIC and ETC and of EIC and CD

The analysis of our hypothesized interaction effects (see Figure 5-2a and 5-2b for a graphic representation) shows that the interaction between EIC and ETC on customer comfort is significant. High ETC leads to more comfort experienced by the customer in both low and high EIC conditions, but the effect is much stronger when EIC is high than when it is low (1.39 vs. 0.20) (See Figure 2a). Follow up analyses show that the effect of ETC on comfort even disappears when EIC is low ($t(160) = -1.275, p > .05$). This confirms H4a. The interaction effect of EIC and ETC on encounter satisfaction was also significant [$F(5,315) = 17.065, p < .001, \eta^2 .05$]. High ETC leads to more satisfaction at both levels of EIC, but the effect is much stronger when EIC is high than when it is low (1.67 vs. 0.57) (See Figure 2a), confirming H4b. Thus, in both the case of customer comfort and encounter satisfaction, the effect of ETC is strongest when EIC is high and weakest when EIC is low.

Additionally, we find a significant interaction effect of EIC and CD on customer comfort [$F(5,315) = 5.068, p < .05, \eta^2 = .017$]. We expected that CD would have a smaller negative effect on customer comfort when employee intercultural competence is high than when it is low. In the high EIC condition, cultural distance does not have a negative effect on CC ($M_{\text{low CD}} = 5.008, M_{\text{high CD}} = 4.738, p > .05$). As expected, when EIC is low, CD has a positive effect on customer comfort ($M_{\text{low CD}} = 2.708, M_{\text{high CD}} = 3.228, p < .05$) (see Figure 2b), although the values are much lower than in the high IC condition. Therefore, we can conclude that the effect of CD is opposite from what we ex-

pected (i.e. positive) when EIC is low, and that it is absent when EIC is high. Thus H5a is partially confirmed; since we hypothesized that there would be no effect of CD in the high EIC condition.

Figure 5-2 Two way interactions between employee intercultural competence (EIC) and employee technical competence (ETC)

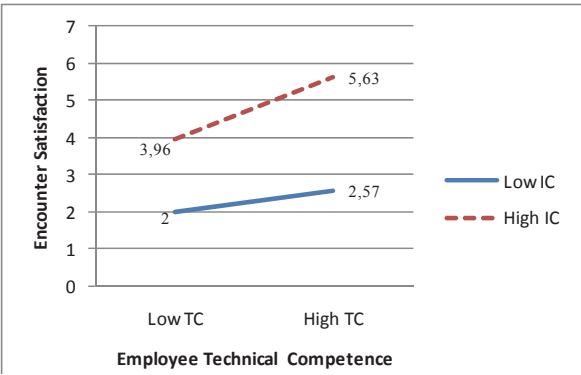
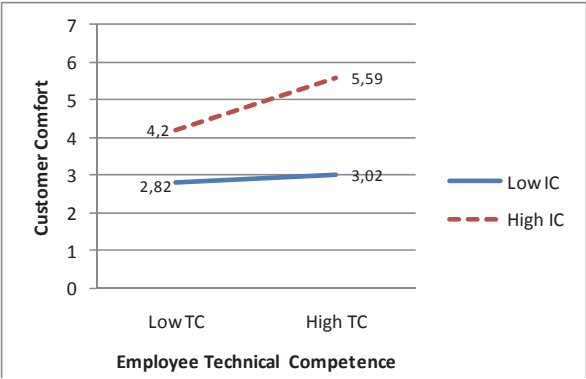
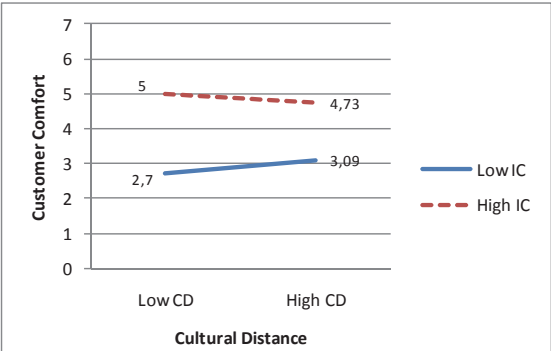


Figure 5-3 Two way interaction between employee intercultural competence (EIC) and cultural distance (CD)



In sum, the results reflected in the main and interaction effects present evidence that customer comfort and encounter satisfaction are influenced to a large extent by the employee's *intercultural competence* (multivariate $\eta^2 = .59$; univariate CC $\eta^2 = .46$; SAT $\eta^2 = .55$), to a moderate extent by the employee's *technical competence* (multivariate $\eta^2 = .21$; univariate CC $\eta^2 = .13$; SAT $\eta^2 = .20$) and that only customer comfort seems to be affected to a small extent by *cultural distance*, but not in the expected direction. The interaction effects are significant and in the expected direction in the case of EIC and ETC on both customer comfort and encounter satisfaction (multivariate $\eta^2 = .08$; univariate CC $\eta^2 = .06$; SAT $\eta^2 = .05$) and significant but not in the expected direction in the case of CD and EIC on customer comfort (multivariate $\eta^2 = .02$; univariate CC $\eta^2 = .02$).

Table 5-5 Univariate results

Effect	$F_{5,315}^a$	<i>p</i> -value	Partial Eta Squared	Hypothesis confirmed
<i>Main effects</i>				
<i>On customer comfort</i>				
Intercultural competence (EIC)	273.87	0.000	0.465	1a confirmed
Technical competence (ETC)	45.33	0.000	0.126	2a confirmed
Cultural distance (CD)	0.92	0.339	0.003	3a not confirmed
<i>On encounter satisfaction</i>				
Intercultural competence (EIC)	390.50	0.000	0.554	1b confirmed
Technical competence (ETC)	78.33	0.000	0.199	2b confirmed
Cultural distance (CD)	5.07	0.025	0.016	3b not confirmed
<i>Interaction effects</i>				
<i>On customer comfort</i>				
EIC*ETC	21.56	0.000	0.064	4a confirmed
EIC*CD	5.48	0.020	0.170	5a partially confirmed
<i>On encounter satisfaction</i>				
EIC*ETC	17.07	0.000	0.051	4b confirmed
EIC*CD	3.63	0.058	0.011	5b not confirmed

Notes: ^a F-approximation

5.6 Discussion

The purpose of this research was to assess the extent to which employee intercultural competence (EIC) influences customer comfort and encounter satisfaction in intercultural service encounters (ICSEs). By establishing the relationships among EIC, employee technical competence (ETC) and cultural distance (CD), we contribute to a better understanding of the impact that EIC may have on customer evaluations. Particularly, employees can meet customers' individual and dynamic needs better by learning from

and developing service relationships with culturally diverse customers (Vargo & Lusch, 2004). We contend that EIC is a crucial competence in ISCEs, facilitating employee perceptions and understanding of customer needs. Our results demonstrate that, in line with our expectations, the effect of employee intercultural competence, an extra-role/tissue behavior, on both the customer's affective and cognitive evaluation of the service encounter is substantial. Technical competence, an in-role/skeletal behavior displayed by the employee also positively impacts these outcomes, but the effect size is much smaller. Furthermore, employee intercultural competence strengthens the effect of employee technical competence on both types of evaluations. This is in line with previous studies that have suggested that a frontline employee can create a positive impression with customers by displaying both interpersonally and technically competent behavior (Tedeschi & Norman, 1985). The effect of employee technical competence on encounter evaluations is largest when employee intercultural competence is also high and lowest when employee intercultural competence is low. In accordance with the skeleton-tissue framework (Vilnai-Yavetz & Rafaeli, 2003) it seems indeed that, though the technical skeleton of the service is important, it is the tissue, in the shape of interculturally competent behavior, that makes the interaction 'come alive', gives it 'flavor' and turns it into a memorable experience that makes customers feel and think positively about the interaction. The presence of EIC even reflects on ETC, which is also appreciated more. Our findings thus diverge from the argumentation in prevalent studies in service marketing according to which extra-role behaviors have an effect on job performance ratings only when the employee is performing the in-role tasks effectively (Rotundo & Sackett, 2002). In our study the in-role behaviors have a stronger effect when extra-role behavior is performed at a high level. Sticking to the metaphor of Vilnai-Yavetz and Rafaeli (2003) the tissue gives substance to the body of the service interaction, even when the skeleton is fragile. This contrasts previous studies that suppose that the tissue can only flourish when it is supported by strong bones.

The effect of cultural distance on customer evaluations is less straightforward. On the basis of previous studies and the attraction-similarity paradigm, we expected that cultural distance would have a negative effect on customer comfort and encounter satisfaction (Paswan & Ganesh, 2005; Sharma, Tam et al., 2009), because similarity between the employee and the customer would lead to more favorable outcomes and behaviors (Arthur, Bell et al., 2006) and ICSEs would be more successful if the customer perceived the employee's cultural profile to be similar (Hopkins, Hopkins et al., 2005). Yet contrary to our expectations, in our study cultural distance has no effect on the comfort experienced by the customer, and a positive main effect on encounter satisfaction. This may indicate that the customer's cognitive evaluations of the performance of a culturally close employee are more critical than the performance of a culturally distant employee. This is in line with previous research which indicates that

tourists lower their expectations in encounters with culturally distant employees, enlarge their zone of tolerance after the encounter, and are more critical in their evaluations of intra-cultural than intercultural service encounters (Stauss & Mang, 1999; Weiermair, 2000). The above-mentioned mechanism does not hold for the affective evaluation of the ICSE. However, we did find a significant interaction between intercultural competence and cultural distance on customer comfort. Again, this partly contrasts our expectations. When the employee displays high levels of EIC, i.e. culturally appropriate tissue behavior, there is no negative effect of cultural distance. The customer rewards the employee for the display of culturally competent behavior by means of more positive affective evaluations, regardless of the cultural distance.

However, when an employee displays low levels of EIC, cultural distance has a positive effect on experienced comfort, although the values are much lower than in the high EIC condition; customer comfort scores are maximum 3.09 when EIC is low and minimum 4.72 when EIC is high. The reason for this could again be that customers attribute lack of comfort to cultural differences and are consequently less negatively affected by it.

5.7 Academic relevance

This study answers a call for further research on the role of EIC in ICSEs (e.g. Hopkins, Winter Nie et al., 2009; Yu, Weiler et al., 2002) and contributes to the service marketing literature in several ways.

Firstly, our results add to the understanding of factors that influence customers' affective and cognitive evaluations of ICSEs, drawing on the literature from service marketing and cross-cultural psychology. Our study addresses a gap in the service literature by providing evidence of the importance of EIC in ICSEs, adding to previous research that suggested the need for high levels of intercultural competence for expats, internationally operating businesspeople and educators (e.g. De Beuckelaer, Lievens et al., 2012; Van der Zee, Ali et al., 2007). To the best of our knowledge, no study has investigated the role of EIC in ICSEs so far. Therefore, the conceptual model we have developed and tested extends current thinking about the antecedents of outcomes of ICSEs by introducing EIC as an important antecedent of customers' affective and cognitive evaluations. Moreover, this study addresses the limitation of existing, self-reported measures of EIC which may be subject to bias and do not measure the effect of actual employee behaviors during an ICSE. The experimental approach allows making causal inferences about the relationships between EIC and customers' affective and cognitive evaluations of ICSEs.

Secondly, this study addresses the gap in the literature as to if and how EIC and ETC interact in predicting customer evaluations of ICSEs by shedding new light on prevalent ideas concerning the relation between extra-role/tissue behavior and in-role/skeleton behavior. So far, skeleton behaviors have been considered as dissatisfiers that are explicitly noticed only when something goes wrong. Tissue factors have been considered as satisfiers that are not essential to the accomplishment of formal goals, and are supposed to have an effect only when the skeleton of the service is at a high level. However, our study shows that in an ICSE, customers are affected to a larger extent by the tissue (i.e. the interculturally competent interaction) than by the skeleton (i.e. the technical aspects of the interaction). They appear to forgive the employee when lacking efficiency and structure, i.e. the skeleton of the interaction, when this is offset by a genuine effort of the employee to bridge the culture gap.

Thirdly, the results of this study address the gap in the service literature as to if and how EIC and CD interact in determining customer evaluations of ICSEs by providing evidence that when frontline employees succeed in displaying cultural similarity cues towards the customer, the customer feels better about the interaction. When the employee displays high levels of intercultural competence, there is no negative effect of cultural distance. Reflecting on the rationale of the similarity-attraction paradigm, it appears that an interculturally competent employee is able to create a similarity-attraction effect, even when the cultural background of the employee is different from the customer's.

Overall, the positive and significant effects of employee intercultural competence on the customers' affective and cognitive evaluations of ICSEs indicate that service marketing researchers must pay attention to employee intercultural competence. If they fail to consider its existence, they will likely fail to fully understand how customers evaluate service encounters in which the cultural backgrounds of the customer and the employee differ.

5.8 Managerial relevance

Our findings may improve managers' understanding of why EIC is important for front-line employees. More specifically, this study has the following implications for service managers. First of all, previous studies on standard operating procedures (Lovell, 2009; Ross, 2001) have demonstrated that scripted services force employees to behave in the same way across encounters. However, each encounter is a unique performance. Frontline employees in internationalized service settings meet a range of culturally diverse customers on a daily basis. Due to globalization, the customer profiles have become so diverse that employees cannot rely on stable culturally-specific knowledge

about customers (Van Oudenhoven, 2012; Youngdahl, Kellogg et al., 2003). After all, a Chinese customer may have studied in the U.S. and a U.S. customer may have Chinese ancestors. This makes the one-size-fits-all approach prevalent in scripted services increasingly undesirable. Therefore, if managers want to benefit from the effects of EIC on customer outcomes, they would do well to empower their employees to diverge from service scripts.

Secondly, this study shows the dynamics of service delivery in which there are certain behaviors without which a service process cannot exist and other behaviors that somehow add experiential value to the process (Vilnai-Yavetz & Rafaeli, 2003). In a hotel check-in context, examples of the skeleton of the interaction are the registration of the customer, the allocation of the room and the delivery of the room key. The tissue of the process is added by the interaction with the customer. Implications of this study are that EIC, i.e. frontline employees' efforts to behave in a manner that is appropriate and effective for culturally different customers, can enhance the affective and cognitive evaluations of ICSEs. Given the increasing tendency to introduce technology as a substitute for human interaction with the service provider, managers would do well to keep the 'human moment' in the operations intact (Hallowell, 1999). As Vilnai-Yavetz & Rafaeli (2003) argue, technology can replace the skeleton, but it is the tissue that makes the interaction come alive. In the case of ICSEs it is the intercultural competence of the employee that makes the difference for the customer. In short, we suggest that in ICSEs the display of intercultural competence by service employees is an essential condition to maintain effective service operations, particularly given the exponential growth of intercultural service encounters in both domestic and international service settings. Thus, it is certainly worthwhile for service companies to invest both in the recruitment of frontline service staff that possesses these intercultural competences and in the training and development of existing staff. As far as recruitment is concerned, we recommend that selection procedures for frontline employees should include a test of intercultural competence or intercultural readiness (Van der Zee & Brinkmann, 2004; Van Oudenhoven, 2004). Furthermore, studies in organizational psychology have demonstrated that intercultural competence can be learned and developed through training (Herfst, van Oudenhoven et al., 2008; Van Oudenhoven, 2004, 2012). Scientifically validated training should be focused on developing generic intercultural competences, rather than culture-specific knowledge about market segments. This investment is likely to pay off in positive organizational results like increased revenues from international customers eventually, regardless of which market is an emerging star on the economic firmament.

5.9 Limitations and suggestions for further research

This study serves as an initial empirical investigation of the impact of EIC on the customer and it will hopefully motivate future research. Below the limitations of the study are provided, coupled with avenues for future study.

First of all, even though the participants perceived the check-in scenario to be highly realistic, it is recommendable not only to use real customers in future studies, but also to conduct field studies with real intercultural service encounters.

Furthermore, even though video experimentation was found to be an effective and appealing way to examine the dynamic environment of services, future research would benefit from a multi-method approach, combining quantitative and qualitative methodology, for instance, interviews, observations and content analysis of ICSEs.

Another shortcoming of the study is that it was conducted from an *emic* perspective by using participants from only the Netherlands. In order to enhance generalizability, the study should be replicated in different countries.

Furthermore, we focused on only one type of service; group 1 of Bowen's (1990) taxonomy of services (i.e. high-contact services, directed at people, service lasts a moderate amount of time) and one service context, i.e. hotels, which also limits generalizability. It should be noted that many of the skills of hospitality employees are considered to be transferable, meaning that they could be used across various sectors outside the industry, such as retailing, banking and insurance (Kusluvan, 2003). The findings may be applicable to similar services where interactions and contact between the employee and the customer are salient (e.g. healthcare, public services). But future studies could also investigate other service types directly, such as semi-standardized and standardized services (Bowen, 1990). In those services, EIC may play a less important role.

We also recommend repeating the study including variables that mediate the relationship between EIC and satisfaction, like rapport and customer emotions (Delcourt, Gremler et al., 2013; Gremler & Gwinner, 2008), and other outcome variables like trust, commitment and (behavioral and attitudinal) loyalty (Bloemer & De Ruyter, 1999).

For the purpose of this study, we have developed a perceived intercultural competence manipulation check based on the five dimensions of an existing instrument, the MPQ (Van der Zee & Van Oudenhoven, 2001). Although, the measure showed sufficient psychometric properties, we recommend further development of a specific measure that is more directly related to observable interculturally competent behavior.

Another limitation of our study is the choice of conceptualizing cultural distance at the country level. In future research, the implications of other contextual factors such

as language and shared history should be included, as suggested by Chapman, Gajewska – De Mattos et al. (2008).

Additionally, intercultural and technical competence and cultural distance were operationalized at only two levels. For a more detailed assessment of the effects of these variables, future studies should make use of emerging techniques, such as moment-to-moment analysis (Tombs & McColl - Kennedy, 2013), which allows for a much more fine-grained measurement of customer experienced emotions during an intercultural service encounter.

Based on the unexpected positive effect of CD on customer comfort in the low EIC condition, additional research on potential differential approaches of culturally close and distant customers is required, but based on the size of the effect of employee intercultural competence, companies are likely to experience the benefits of their investment in intercultural competence, regardless of the magnitude of cultural distance to the customer.

Finally, customer-reported EIC was investigated, whereas in Chapters 3 and 4 employee self-reported EIC was examined. Further research could bring the two perspectives together to develop a dyadic perspective on EIC. To the best of our knowledge the role of the EIC construct in ICSEs has not been empirically tested through a dyadic approach.

Notes

- 1 Whereas we use the term technical competence (Madhavan & Grover, 1998) , in the service literature it is often referred to as 'competence' (Van Dolen, De Ruyter et al., 2004), 'technical skills' (Berry & Bendapudi, 2007) or 'professional competence' (Kealy & Ruben, 1983).
- 2 Generally, it is very difficult to assess service encounters in realistic settings, because the service experience cannot be standardized and is hard to capture due to its intimate nature (Patterson & Mattila, 2008). Therefore, it is very difficult to control for potential spurious or confounding variables and their effect on the dependent variables (McKinnon, Jordan et al., 2011). In order to enhance realism, videotaped vignettes of ICSEs were used. Video-based methods have become increasingly popular to explore research questions in services (Victorino et al. , 2012). According to Grandey, Fisk et al. (2005) videotaped vignettes provide more realistic, dynamic and emotional cues than written scenarios or field observations. Furthermore, video simulations produce similar psychological and behavioral effects to those that are observed in real service settings (McKinnon et al., 2011). They provide respondents with the opportunity to have a perspective of the service experience which is less susceptible to error variance than the interpretation of written cases (Victorino et al., 2012).
- 3 In order to further reduce potential confounding, the linguistic competence of the receptionist was kept constant; the receptionist spoke English clearly and grammatically correct, with a slight French or Chinese accent in all eight versions of the script.
- 4 A number of pilot tests were conducted in order to ensure the adequacy of the study design and to assess whether our manipulations were perceived as we intended. To check for confounding effects, five students were asked to watch two video clips (ECDlow/EIChigh /ETChigh and (ECDlow/EIClow/-

ETClow) and report the differences they perceived between the two scenarios. Secondly, five participants were asked to watch one of the videos, read the questionnaire and think aloud about their answers. Their comments while watching the video and filling in the questions were recorded in order to find out if they were able to place themselves in the position of the guest in the video. Thirdly, using random sampling, 45 students were selected for a pilot-test of one of the vignettes. The results showed that the mean score on the perceived realism of the video was 5.86 on a 7-point scale, which is more than adequate. Moreover, preliminary analyses indicated that the dependent measures showed sufficient reliability in terms of coefficient alpha.

- 5 Drawing on student samples is considered acceptable for examining causal relationships in experimental designs (Grandey et al., 2005; Hennig-Thurau, Groth et al. 2006; Kim and Mattila, 2010; Patterson & Mattila, 2008).
- 6 Wilk's Lambda, Hotelling's T^2 and Roy's greatest characteristic root statistics were all significant in the multivariate tests.

6 Conclusions

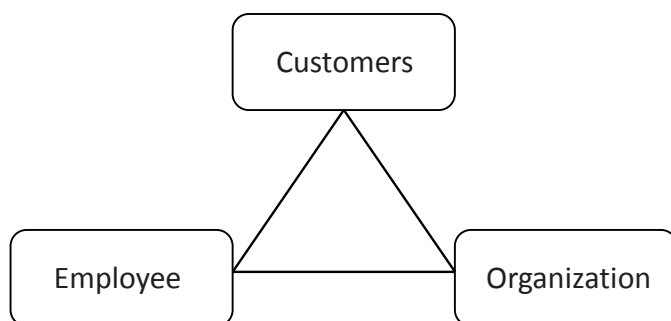
In this chapter, first a synopsis of the dissertation is presented. This synopsis is followed by the main conclusions of the four empirical studies. Next, the theoretical and managerial contributions are described. Finally the limitations of the studies and avenues for future research are provided.

"In the cherry blossom's shade, there's no such thing as a stranger."
Kobayashi Issa

6.1 Synopsis

This dissertation has investigated the role of employee intercultural competence (EIC) in intercultural service encounters (ICSEs). This investigation is justified by ongoing globalization of services which has made ICSEs a ubiquitous phenomenon in this sector. According to the rationale of the service profit chain (Heskett, Jones et al., 1994), customer outcomes are enhanced by organizational outcomes, which are affected by internal service quality. In this profit chain, the employee's role is crucial; the employee is the critical link between the organization and the customer. With a holistic approach all three perspectives of the service triangle were examined (Zeithaml & Bitner, 1996) (see Figure 6-1) ; the manager, the employee and the customer.

Figure 6-1 The service triangle



The relevance of this approach is illustrated by the following quotes from previous studies:

*"If service organizations around the globe are to be successful vis-à-vis increasing cultural diversity in their work force, there is a need for **managers** of these organizations to possess knowledge of how customer satisfaction might be affected during inter-cultural service encounters " (Hopkins, Winter Nie et al., 2009, p. 46).*

*"Considering the interactive nature of service encounters and the salience of service providers in shaping customer experiences (Bitner, 1997; Solomon, Surprenant et al., 1985), it is imperative to understand intercultural service from both the **customer's** and the **service employee's** perspective. The employee side not only contributes to scant intercultural research, but also helps the industry*

better design service processes and educate employees to achieve service excellence” (Wang & Mattila, 2010, p. 329).

In the introduction, the overall aim of the dissertation was specified: to uncover the effects of EIC on employee and customer outcomes of intercultural service encounters in ‘globalized’ service environments. After that, we developed more specific objectives for the individual chapters. In Chapter 2, the perspective of the manager as the representative of the organization was examined in order to reveal what service managers see as critical issues in ICSEs and which strategies they implement to suppress the negative salience of culture in these encounters. Chapter 3 dealt with the perspective of the employee. The effect of EIC on work engagement and extra-role behavior towards the organization and the customer was investigated. In Chapter 4, we investigated the effect of EIC, in combination with supervisor support and emotional labor, on work engagement and work related attitudes. In Chapter 5, the focus was on the customer evaluations of EIC in the ICSE. We examined the impact of EIC in relation to employee technical competence (ETC) and cultural distance (CD) on customer’s evaluations of ICSEs. In this chapter, an attempt is made to tie together the results of the four empirical studies.

6.2 Main conclusions from the four empirical studies

6.2.1 Manager study (Chapter 2)

This study investigated managers’ perceptions of critical issues in ICSEs and revealed the strategies that these managers implement to reduce the negative salience of culture in ICSEs. The findings of in-depth interviews show how managers explicitly and implicitly address the reduction of intercultural service gaps. However, though managers acknowledge the complex role of culture in intercultural service encounters, they tend to downplay its importance and focus on other aspects of customer identity. Moreover, managers claim that every customer deserves unique treatment, but tend to categorize customers on national stereotypes and train their staff on ‘do’s and don’ts’ at the country level. Additionally, managers are concerned about domestic frontline staff attitude in intercultural service encounters, but do not develop an explicit strategy to reduce its impact. The current strategies to reduce the potentially negative salience of culture in ICSEs are primarily ad-hoc, and based on a culturalist approach. Managers either lack awareness of, or do not prioritize the opportunities of enhancing service levels by incorporating EIC in the recruitment and development of service employees. In this way, they fail to rise to the occasion of incorporating the ‘culture factor’ into their service and human resource policies as a positive force that may enhance competitive advantage. The findings of the study reveal several variables

that provide input for the employee studies. Most notably work engagement, which is considered by the managers as a much desired and even conditional feature for employee performance in service interactions, and specific demands (i.e., emotional labor) and resources (i.e., supervisor support) that are considered to influence employee performance in ICSEs. Thus, this study contributes to a better understanding of service managers' view on the role of culture in services. Given the discrepancy between the managers' current strategies and suggestions from the service marketing literature, a further investigation of EIC as an antecedent of employee and customer outcomes is warranted. This is done in Chapters 3, 4 and 5.

6.2.2 Employee study (Chapter 3)

This study examined a) employee intercultural competences as an antecedent of work engagement, b) employee's extra-role behavior towards the organization (i.e. organizational citizenship behavior) and towards the customer (i.e. service attentiveness) as outcomes of work engagement and, c) the mediating role of work engagement of the intercultural competence –extra-role behavior relationship in a work environment characterized by a large number of ICSEs. Work engagement is the focal variable in the process model of work engagement, which has become an established framework in the study of 'Positive Organizational Behavior' over the past decade; individual psychological states and human strengths that are related to employee well-being and influence performance (Luthans & Youssef, 2007). PLS results of a cross-sectional survey among hotel frontline staff suggest that intercultural competences are important drivers of extra-role behavior towards the organization and the customer, mediated by work engagement. The results of the study demonstrate that intercultural competences are important in a service setting characterized by cultural diversity of the customers and are linked to employees' positive work-related psychological state of mind. This warrants further extension of the nomological network that contains intercultural competences and work engagement with new outcomes, namely work-related attitudes and behaviors (Chapter 4).

6.2.3 Employee study (Chapter 4)

In this chapter, intercultural competences were included as personal resources in the JD-R model of work engagement (Bakker & Demerouti, 2007). By means of a cross-sectional survey among hotel frontline staff a model was tested in which EIC and work engagement were retained as variables, emotional labor (job demand) and perceived supervisor support (job demand) were added as independent variables and job satisfaction, affective commitment and turnover intentions (work-related attitudes) were selected as dependent variables. The results of a partial least squares analysis demonstrate the mechanism by which, in a globalized work environment, intercultural com-

petences (specifically: cultural empathy, social initiative and emotional stability) and supervisor support drive positive work-related attitudes via work engagement, and buffer the negative effect of emotional labor on work engagement. Thus, intercultural competences can be added to the JD-R model of work engagement as personal resources that enhance employee well-being on the globalized work floor, and that buffer the negative impact of emotional demands on employee work engagement. Now that we are aware of the perspective of the manager, and of the positive impact of EIC on employee outcomes, it is important to investigate whether these positive outcomes also extend to the customer. This is done in Chapter 5.

6.2.4 Customer study (Chapter 5)

Service marketing research is ultimately customer-oriented, i.e. the effects of service strategies on customers are what eventually make the difference to service firms. Therefore, the fourth and final empirical study of this dissertation investigated the effect of employee intercultural competences on customer evaluations of ICSEs. Particularly, the effects of three factors were examined that play a role in ICSEs, i.e. employee intercultural competence (EIC), employee technical competence (ETC) and cultural distance (CD) on customers' affective and cognitive evaluations of intercultural service encounters. MANOVA results suggest that EIC enhances the service encounter experience (i.e. increases service encounter satisfaction and perceived customer comfort) to a much larger extent than ETC. Moreover, EIC boosts the positive effect of ETC and eliminates the negative effect of CD on customers' evaluations. These results provide evidence that interculturally competent behavior displayed by employees has a direct positive effect on customer's evaluations and therefore has implications for the firm's overall performance.

6.3 Contributions

6.3.1 Theoretical contributions

The results of this dissertation increase our understanding of the role of EIC in ICSEs in several ways. First of all, our studies extend findings from previous research in international business and educational contexts that demonstrate the positive impact of an individual's intercultural competence on several outcomes such as general well-being, psychological health and effectiveness in multicultural contexts. We provide evidence of the positive impact of EIC on several relevant outcomes for employees and customers in globalized service settings. In this way, this dissertation adds to findings from studies by Yu, Weiler et al. (2002), Sharma, Tam et al. (2009), Wang and Mattila (2010) and Hopkins, Winter Nie, et al. (2009), who suggest that EIC is a solution for service gaps in ICSEs, but do not test this empirically.

From an organizational behavior perspective, we have found evidence of the relation between EIC and work engagement (Chapter 3). We have added EIC to the Job-Demands Resources model of work engagement as a context-specific personal resource that leads to a more positive work-related psychological state, buffers the negative effect of emotional demands and leads, indirectly, to extra-role behavior towards the customer and the organization (Chapter 3) and to positive work-related attitudes (Chapter 4).

Moreover, from a service marketing perspective, this dissertation has shed more light on employee behaviors in service encounters that deviate from the standard, i.e. intercultural service encounters, answering to a call from several researchers (e.g. van Dolen et al. 2002). It has provided causal evidence of a positive impact of intercultural-ly competent behavior displayed by service employees on customer's cognitive and affective evaluations of intercultural service encounters.

By including a customer perspective, this study is, to the best of our knowledge, the first to bridge research from the domains of cross-cultural psychology and service marketing by means of examining the effect of employee intercultural competence on customers in ICSEs. More specifically, we have demonstrated that EIC is the key to enhancing customer evaluations of ICSEs. Employee technical competence has a much stronger effect when the employee displays high levels of intercultural competence. This counters the prevailing idea that interpersonal competences only have an effect when technical competences are at a high level (Rotundo & Sackett, 2002). Moreover, when an employee has high levels of intercultural competence, the negative effect of cultural distance on the comfort experienced by the customer is eliminated.

Additionally, by providing evidence of the positive relation between EIC and customer evaluations, this dissertation has demonstrated that EIC has the potential to turn the 'culture factor' in the service delivery process into a source of competitive advantage, rather than a negative factor that needs to be controlled and contained. Rather than investigating how differences in cultural values and behaviors create misunderstandings and frustration, we have focused on intercultural competence as a positive personal resource that is able to bridge cultural differences between the service provider and the customer. In this respect, the studies in this dissertation answers to a call for transformative service research from several service marketing scholars. They raised the questions of how positive customer-service employee interactions can contribute to consumers' and employees' everyday affective state, how organizations can incorporate cultural differences into their services to increase well-being and, how provision of culturally sensitive service quality can influence customer wellness (Ostrom, Bitner et al., 2010; Spiller, Fitzsimons et al., 2013).

Next, in accordance with the rationale of the service profit chain (Heskett, Jones et al., 1994) this dissertation has addressed the following critical elements of the service

profit chain: a) how can managers design customer service- and human resource policies that are conducive to optimizing the relationship with culturally diverse customers (the internal service quality); b) how can employee intercultural competence lead to relevant employee outcomes (employee satisfaction and employee retention); c) how can services be designed and delivered to meet targeted customers' needs (external service value, customer satisfaction).

Finally, this dissertation has examined both the individual employee's disposition towards displaying culturally competent behavior (Chapters 3, 4) and the employee's actual display of intercultural competent behavior (Chapter 5), thus adding to previous research that advocates that intercultural competence research should focus on both 'being' and 'doing' (Bücker & Poutsma, 2010b). Deardorff (2006) labelled this the 'internal' and 'external' outcomes of intercultural competence. After an extensive study of the intercultural competence literature, it was decided not to develop yet another instrument to measure intercultural competence, but to rely upon an existing and well-validated framework of intercultural competences developed by Van der Zee and Van Oudenhoven (e.g. 2000). This framework conceptualizes intercultural competences as so-called 'dispositions', inclinations towards behavior that are narrower and closer to the specific behaviors needed than basic personality traits (Brown, Mowen et al., 2002). This framework is broad enough to suit the service context, but narrower than for instance generalized personality traits or social competences. It allowed us to capture not only cognitive and affective, but also behavioral characteristics of intercultural competences in our studies (Chapters 3 and 4). But on top of that, we have conceptualized intercultural competences as behaviors in an experimental setting (Chapter 5), thus fully capturing the 'doing' aspect of intercultural competence. To the best of our knowledge this has not been done before in a service marketing study.

Overall, the positive and significant direct and indirect effects of EIC on employee work engagement, service attentiveness, organizational citizenship behavior, job satisfaction, affective commitment and turnover intentions, combined with the positive impact of EIC on customers' affective and cognitive evaluations of ICSEs, demonstrate that both organizational behavior and service marketing researchers must pay attention to this competence. If they fail to consider its existence, they are likely to fail to understand the mechanisms underlying intercultural service encounters.

6.3.2 Managerial contributions

This dissertation provides several relevant implications for service managers. First of all, the results show it makes sense for service organizations to raise awareness of intercultural competence and incorporate it in their human resource policies. In this way, employees get insight in their abilities to cope with intercultural service encounters and are provided with information about how they can become more effective in

these encounters. This can already be done in the recruitment stage: screening tools can help to eliminate applicants with prejudicial and intolerant attitudes towards people from different cultures and ethnicities. Even when employees are recruited who are already manifestly or latently culturally competent, managers can put the theme of 'global mindset' on the organization's agenda, or even reward the display of intercultural competences by their employees to show that they put their money where their mouth is. Secondly, the results give rise to a call on managers to take the management of ICSEs seriously and address the gaps in the currently imposed strategies to reduce the negative salience of culture in ICSEs and enhance internal service quality: 1) neglecting cultural background in the negotiation of customer identity, 2) failure to include intercultural competence in the recruitment and training of frontline staff, 3) a predominantly culturalist approach to knowledge sharing and knowledge transfer. The results of the four empirical studies indicate that being able to deal effectively with cultural differences may well be the unique selling point that differentiates service organizations from one another. Managers currently justify the lack of attention for the development of their employee's intercultural competence by referring to *resource* and *market* constraints (Chapter 2). However exactly those constraints can be addressed by means of an 'intercultural competence' approach to service delivery in ICSEs.

First of all, *resource* constraints can be overcome by recruiting and training employees with high levels of EIC because these are able to put their own cultural values and preferred communication styles into perspective, monitor their own behavior and tune into the needs and service preferences of their culturally diverse customers. Our results contrast the somewhat cynical idea expressed in some service management books that service operations should be designed in such a way that the limited resources of employees cannot endanger them (e.g. Dasu & Chase, 2013). We argue that it is better to recruit and/or train interculturally competent employees. Training programs could enable the employees to be aware of their prejudicial attitudes and address them by learning effective and appropriate behavioral responses in an ICSE. Firms offering fairly routine service - like retail, transport, financial services - might find it useful to train their employees on regulating their attitudes and behaviors in order to provide equitable service to all customers irrespective of their cultural background. Firms offering more complex and personalized service - like hospitality, education, health care - should go one step further and train their employees to be more aware of cultural differences in customer expectations, empower them to diverge from service scripts and treat each culturally different customer as a unique individual. On top of that, the third empirical study (Chapter 4) demonstrates that interculturally competent employees who are energetically connected and enthusiastic about their

work environment are more likely to stay with the organization. This would have the additional benefit of addressing the serious turnover rates in the service sector.

Secondly, the argument of *market* constraints, i.e. the conviction that the development of new markets is too fickle to take the cultural background of the customer into consideration, is also countered by our studies. Intercultural competences are generic, which means that employees who possess these qualities are able to treat every customer as a unique human being and are able to negotiate the different identities of the customer, such as the cultural, socio-economic and generational identities, regardless from which market they originate.

Thirdly, as demonstrated in Chapters 3 and 4, EIC influences employee well-being, which in turn influences the customer's service experience (Chapter 5) and, according to the rationale of the service profit chain, ultimately the firm's performance. Accordingly, to improve customer outcomes in ICSEs, service managers should stimulate the display of interculturally competent behavior of their employees. Managers could consider EIC in their recruitment process. Job candidates' EIC can be assessed by means of validated tests (Van der Zee & Brinkmann, 2004; Van der Zee & Van Oudenhoven, 2001) or by case studies that address critical incidents in job-related intercultural encounters. Moreover, EIC can be learned, and improved/maintained with training. There are validated training programs available that address this subject (Herfst, van Oudenhoven et al., 2008; Van Oudenhoven, 2012).

Fourthly, the results of the experimental study (Chapter 5) give further insight into how the customer experience in an ICSE can be improved. Obviously, the customer's experience is optimal when an employee displays high levels of both EIC and ETC. But when EIC is high, this reflects on ETC as well. Our findings demonstrate that an interculturally competent employee can boost the perception of technical performance. And whereas ETC can be replaced by technology, the human element of EIC should be part and parcel of the customer experience in ICSEs. A 'hands-free' employee, i.e. an employee who does not have to devote attention to computer screens and printers, can devote all attention to the interaction with the customer and be a genuine host to the culturally different customer. The employee has much more time to pick up and interpret (non)verbal signals of the culturally different customer. The finding that the effect of EIC is strong even when ETC is low, shows that it is worthwhile not to cut back on frontline staff, even when they are relatively untrained in the technical aspects of the job. Increasing numbers of frontline staff, for instance by recruiting interns, could help to create an impression of 'all hands are on deck for the customer' rather than lean and streamlined service focused on the efficient processing of customers.

Fifthly, provided they pay more than lip service to it, service firms are recommended to adopt an intercultural approach and incorporate it into their marketing communication strategies. First of all, they could explicitly mention the term 'intercul-

tural competence' or the more user-friendly 'global mindset' in their labor market communication, e.g. in recruitment ads, advocating the opportunity of an 'international work environment at home'. Moreover, service firms could strategically inform their customers about the organization's sensitivity to their cultural needs.

Sixthly, the managers themselves can be role models for their employees and create 'spirals of success' (Salanova, Bakker et al., 2006) by stimulating a service climate in which cultural diversity is considered as an opportunity for business success, rather than a source of frustration or failure. This is a service climate in which the development of their own and their staff members' intercultural competences are fostered on an ongoing basis. Rather than incidental, culture-specific training on 'how to deal with customer from country X', more generic training will stimulate the development of employee intercultural competence and motivates them to flourish and give their best to make the organization flourish as well.

Finally, the results of this dissertation provide support for the inclusion of intercultural competence development in the curriculum of hotel schools both at vocational and management level. Since hotel service skills are considered to be highly transferable to other sectors (Kusluvan, 2003), the above-mentioned recommendations are also aimed at other management curricula, such as retail management, commercial management and health care management. Schools should allow and stimulate the consistent development of their students' intercultural competences. This can be done by stimulating students to take part in international classrooms, spend internships abroad, letting students write weblogs or keep diaries about their intercultural experiences and measuring and monitoring the development of students' intercultural competences. As a result, firms will have access to staff who are already able to provide excellent customer experiences to their culturally diverse customers and who will be a role model for their employees in their future career.

6.4 Limitations

At the end of each chapter, specific limitations and suggestions for future research were provided. In this paragraph, the focus is on general limitations and a number of avenues for the future study of intercultural competence in ICSEs.

From a methodological point of view, the dissertation has a number of limitations. First of all, though both quantitative and qualitative methodologies were used and three perspectives were investigated (manager, employee, customer), the manager was examined only qualitatively and the employee/ customer only quantitatively. In future research, triangulation would be recommended for each separate perspective. Secondly, we used self-reported measures of intercultural competence in the employee studies in Chapters 3 and 4. This entails a certain risk because when employees are

aware that they are subject to measurement, this potentially modifies attitudes, beliefs and behaviors because of social desirability bias and rationalization. Because the data were acquired cross-sectionally and from one source, this may have led to common method variance. However, we have made an effort to reduce CMV, following recommendations by Chang (2010). In future studies, we recommend the use of multi-level research techniques. For instance, combining an employee's self-assessment of intercultural competence with an assessment by a supervisor and/or an appraisal of the displayed behavior by a group of customers. This would result in group EIC data at the employee level and individual level data for relevant customer outcomes. We found that hotels were not willing to allow us access to their customers. This is regrettable but understandable, because customer service is a delicate and intimate process. Hopefully, the positive results of the three empirical studies will encourage hotel groups to participate in future studies in which employee and customer perspectives are integrated.

Another limitation lies in the generalizability of the studies. The manager study (Chapter 2) was a case-based investigation of hotel managers, implying that the findings are sector biased, and therefore cannot be considered as representative for the service sector at large. In the employee studies (Chapters 3,4), we examined hotel receptionists. In the experiment (Chapter 5) we used bachelor students as participants. Though hospitality skills are considered highly transferable to other sectors (Kusluvan, 2003), and the students we investigated were selected on the basis of relevant educational profiles (Chapter 5), this limits the generalizability of the results beyond the hotel sector and beyond the student level. Therefore, replication of the interviews and surveys in different service sectors and replication of the experiment with mature business travelers is highly recommended.

A further limitation of the dissertation lies in the emic research perspective (Berry, 1989). The phenomenon of EIC has been investigated only in the Dutch culture; the intercultural competences of Dutch receptionists have been investigated and the evaluation of displayed EIC has been assessed through the lens of Dutch students. However, we used the Multicultural Personality Questionnaire (Van der Zee & Van Oudenhoven, 2000) as our primary research tool in Chapters 3, 4, and 5 and this instrument has been validated cross-culturally (see e.g. Leone, Van der Zee et al., 2005; Ponterotto, Costa-Wofford et al., 2007). Nevertheless, Berry (1989) recommends that after research in one's own culture, the study should be at least replicated in another culture. Particularly, there is a paucity of studies that compare evaluations of displayed employee intercultural competence cross-culturally which opens up avenues for future research.

Another limitation is that in the surveys (Chapter 3, 4) we collected cross-sectional data on the effects of EIC on employee outcomes. In the experiment (Chapter 5) we

collected cross-sectional data at the end of the encounter. However, both intercultural competence and intercultural service encounters are dynamic phenomena. Therefore, future studies would benefit from time series analysis (i.e. collecting data at different points in time) or moment-to-moment analysis in case of the ICSE (Tombs & McColl - Kennedy, 2013) which would allow for a much more fine-grained measurement of a) the development of EIC and b) customer experienced emotions and thoughts during the ICSE. Furthermore, future research would benefit from a multi-method approach, combining quantitative and qualitative methodology, for instance, interviews, observations and content analysis of ICSEs.

6.5 Suggestions for further research

6.5.1 Other studies, other variables

For pragmatic reasons we had to be selective in our choice of employee and customer outcomes in the survey and experimental studies. Though our selected outcomes are highly relevant for service research and for service organizations, there are a number of interesting variables that are eligible for future research of which two are mentioned here. First of all, recent research (Delcourt, Gremler et al., 2013) shows that rapport, i.e. 'click' may function as an important mechanism through which employees' competences influence customer outcomes such as satisfaction and loyalty. Investigating this mediator in a service context would further improve our understanding of how EIC may determine important employee and customer related outcomes, such as relationship quality. Secondly, service firms are interested in the ultimate outcome of the Service-Profit Chain: revenue growth and profitability. Research that would provide more insight into the financial effects of incorporating intercultural competence in service design and human resource policies would definitely help service firms to decide whether it is worthwhile to invest in recruiting and training their employees.

6.5.2 Language

The manager study (Chapter 2) revealed that language usage is considered an important feature in globalized services. Frequently, difficulties in ICSEs are caused by language barriers between the employee and the customer. However, for pragmatic reasons we have not further examined the role of employee linguistic competence in this dissertation. Even though there is no evidence of a causal relation between linguistic and intercultural competence (Van Oudenhoven, 2012), in previous research several positive correlates were indeed found between linguistic competences and intercultural competences (Bloemer, Pluymaekers et al., 2013; Dewaele & Van Oudenhoven, 2009; Korzilius, van Hooft et al., 2011). Speaking foreign languages is known to facilitate interaction, reduce anxiety in intercultural interaction (Lambert, 1994) and create

positive feelings (Kelly & Toshiyuki, 1993). Several studies have demonstrated that language influences how consumers perceive a service encounter and that consumers prefer using their native language, even when they speak more than one language (Holmqvist, 2011). Holmqvist and Grönroos (2012) suggest that minority speakers are less used to being served in their language and might be pleasantly surprised when an employee does so, leading to higher satisfaction and loyalty. All in all, the scenario in which consumers and service employees speak the same language cannot be taken for granted. In a globalized world, English may have emerged as a lingua franca, but the vast majority of the world population does not speak English (Crystal, 2003). Even in Europe, only 38% of the population speaks English as a second language (Eurobarometer, 2012). Because of the interactive and intangible nature of services, language will increasingly influence how customers perceive, execute and evaluate their service interactions with companies. Therefore, in order to further insight into the mechanisms underlying ICSEs, we strongly recommend including employee linguistic competence in future service research.

6.5.3 Co-customer interaction

In this dissertation, we have not addressed the effects of co-customer interaction in ICSEs. Previous studies have shown that co-customer service gaps can occur if customers are confronted with other customers who behave in manners that are contrary to their home culture (Stauss & Mang, 1999). Therefore, it would be interesting to investigate co-customer behavior in ICSEs. For example whether and how the behavior of culturally different co-customers may affect customer evaluations of services. Or to examine whether an employee's intercultural competent behavior towards a customer would enhance the evaluation of another culturally different co-customer. Research has demonstrated that consumers use information about effort exerted towards others as a general heuristic for the quality of produced work (Thompson & Ince, 2013).

6.5.4 Generation issues

An interesting avenue for future research lies in investigating generational differences with respect to the development of intercultural competence. Generation Y, broadly defined as people born between 1981 and 1999, can be distinguished from other cohorts in terms of systematic differences in values, preferences and behaviors that are stable over time (Bolton, Parasuraman et al., 2013). This generation is now delivering professionals and managers that may learn what it takes to be intercultural competent more easily because of more exposure to cultural exchange, increased use of English and access to and use of social media. Social media on the one hand boosts individual's social capital and enhances self-esteem (Valkenburg & Peter, 2008). On the

other hand a meta-analysis has shown that narcissism, manifested in exaggerated self-perceptions of intelligence, is higher in Generation Y college students than in previous generations of college students (Twenge & Campbell, 2008). Therefore, (future) managers may be subject to 'cultural over-confidence' (Fenwick, Edwards et al., 2003) in their self-assessment of intercultural competence. Moreover, easy access to cultural knowledge does not necessarily imply the ability to display competent behavior or reflect upon this behavior. Therefore, it would be interesting to do comparative research between different generations of employees.

6.5.5 Customer stereotypes

More research could be done on the development of customer stereotypes. How do peer and supervisor coaching influence the development of customer stereotypes in frontline employees? And secondly, it is necessary to better understand the trade-offs that must be considered in the management of the intercultural service encounter. For example, what is the weighting of equal treatment in relation to personal treatment? And how does culture play into such weightings? These are worthy topics of research because the issues have not been generalized across cultures and because these issues are frequently raised by practitioners.

6.6 Concluding remarks

Concluding from the above, this dissertation has hopefully given managers and the scientific community more insight into the role of intercultural competence in intercultural service encounters. I also hope that it will stimulate future researchers to explore this field further and its results will convince service organizations that being able to deal appropriately and effectively with cultural diversity may well be the unique selling point that distinguishes service organizations in an irrevocably globalizing world.

7 Appendices

7.1 Sample characteristics (Chapter 2)

Interviewee	Age group	Type of hotel
1	40-45	International hotel group
2	35-40	International hotel group
3	60-65	National hotel group
4	40-45	International hotel group
5	35-40	International hotel group
6	60-65	International hotel group
7	45-50	International hotel group
8	50-55	International hotel group
9	55-60	International hotel group
10	55-60	International hotel group
11	35-40	International hotel group
12	55-60	International hotel group
13	35-40	Independent hotel
14	50-55	Independent hotel
15	45-50	National hotel group
16	35-40	Independent hotel
17	35-40	Independent hotel
18	30-35	Independent hotel
19	45-50	Independent hotel
20	65-70	International hotel group
21	60-65	International hotel group
22	40-45	International hotel group
23	35-40	International hotel group

For confidentiality purposes the name, exact age, gender and company name of the interviewees are excluded

7.2 Employee study questionnaire (Chapter 3)

Construct and scale item	Factor loading CR	AVE	Cronbach's alpha
<i>Cultural empathy (CE) (Van der Zee & van Oudenhoven, 2001)</i>	0.83	0.62	0.70
CE 1 Pays attention to the emotions of others	*		
CE 2 Understands other people's feelings	*		
CE 3 Sympathizes with others	0.75		
CE 4 Senses when others get irritated	0.84		
CE 5 Is a good listener	*		
CE 6 Notices when someone is in trouble	0.75		
<i>Open mindedness (OPN) (Van der Zee & van Oudenhoven, 2001)</i>	0.80	0.50	0.68
OPN 1 Has a broad range of interests	*		
OPN 2 Tries out various approaches	0.78		
OPN 3 Seeks contact with people from another background	0.51		
OPN 4 Is looking for new ways to attain his/her goal	0.75		
OPN 5 Gets involved in other cultures	*		
OPN 6 Is open to new ideas	0.77		
<i>Flexibility (FLX) (Van der Zee & van Oudenhoven, 2001)</i>	0.86	0.58	0.84
FLX 1 Wants to know exactly what will happen	*		
FLX 2 Works mostly according to a strict scheme	0.74		
FLX 3 Looks for regularity in life	0.63		
FLX 4 Likes routine	0.65		
FLX 5 Works according to strict rules	0.92		
FLX 6 Works according to plan	0.77		
<i>Emotional stability (ES) (Van der Zee & van Oudenhoven, 2001)</i>	0.87	0.54	0.83
ES 1 Worries	0.58		
ES 2 Is under pressure	0.82		
ES 3 Is apt to feel lonely	0.71		
ES 4 Is insecure	0.72		
ES 5 Is nervous	0.87		
ES 6 Gets upset easily	0.66		
<i>Social initiative (SI) (Van der Zee & van Oudenhoven, 2001)</i>	0.86	0.61	0.80
SI 1 Is often the driving force behind things	0.74		
SI 2 Is inclined to speak out	0.66		
SI 3 Makes contact easily	*		
SI 4 Takes initiatives	0.87		
SI 5 Takes the lead	*		
SI 6 Likes to speak in public	0.85		
<i>Work engagement (WE) (Schaufeli, Bakker & Salanova, 2006)</i>	0.92	0.56	0.90
WE 1 At my work, I feel bursting with energy	0.69		
WE 2 At my job, I feel strong and vigorous	0.79		
WE 3 When I get up in the morning, I feel like going to work	0.69		
WE 4 I am enthusiastic about my job	0.82		
WE 5 My job inspires me	0.78		
WE 6 I am proud of the work that I do	0.71		
WE 7 I feel happy when I am working intensely	0.75		
WE 8 I am immersed in my work	0.76		
WE 9 I get carried away when I am working	0.72		
<i>Service attentiveness (Sizoo et al., 2005)</i>	0.86	0.61	0.81
SA 1 When serving foreign customers, I adjust my service style depending on the needs of the guests	0.50		
SA 2 When serving foreign customers, I make a special effort that results in the customer feeling comfortable	0.81		
SA 3 When serving foreign customers, I recognize and deal efficiently with the special needs of the customer	0.90		
SA 4 When serving foreign customers, I have the ability to anticipate the customer's needs and fulfill those needs	0.85		
<i>Organizational citizenship behavior (OCB) (Spector, Bauer & Fox, 2010)</i>	0.89	0.51	0.87
OCB 1 Volunteered for extra work assignments	0.67		
OCB 2 Tried to recruit a person to work for my employer	0.74		
OCB 3 Worked weekends or days off to complete a project or a task	0.71		
OCB 4 Brought work home to prepare for the next day	0.76		
OCB 5 Gave up meal and other breaks to complete work	0.60		
OCB 6 Volunteered to work at after-hours	0.73		

7.3 Employee study questionnaire (Chapter 4)

Construct and scale item	Factor loading	CR	AVE	Cronbach's alpha
<i>Cultural empathy (CE) (Van der Zee & van Oudenhoven, 2001)</i>		0.88	0.55	0.83
CE 1 Pays attention to the emotions of others	0.59			
CE 2 Understands other people's feelings	0.74			
CE 3 Sympathizes with others	0.83			
CE 4 Senses when others get irritated	0.74			
CE 5 Is a good listener	0.76			
CE 6 Notices when someone is in trouble	0.78			
<i>Open mindedness (OPN) (Van der Zee & van Oudenhoven, 2001)</i>		0.82	0.44	0.75
OPN 1 Has a broad range of interests	0.69			
OPN 2 Tries out various approaches	0.73			
OPN 3 Seeks contact with people from another background	0.52			
OPN 4 Is looking for new ways to attain his/her goal	0.64			
OPN 5 Gets involved in other cultures	0.74			
OPN 6 Is open to new ideas	0.63			
<i>Flexibility (FLX) (Van der Zee & van Oudenhoven, 2001) (Rephrased according to context)</i>		0.86	0.51	0.82
FLX 1 Doesn't need to know exactly what will happen	0.72			
FLX 2 Doesn't always work according to a strict scheme	0.78			
FLX 3 Looks for variety in life	0.64			
FLX 4 Likes change	0.75			
FLX 5 Dares to diverge from strict rules	0.62			
FLX 6 Is able to improvise	0.76			
<i>Emotional stability (ES) (Van der Zee & van Oudenhoven, 2001) (Rephrased according to context)</i>		0.86	0.51	0.81
ES 1 Is worry-free	0.72			
ES 2 Is relaxed	0.76			
ES 3 Is able to be alone	0.58			
ES 4 Is self-assured	0.73			
ES 5 Is calm	0.76			
ES 6 Doesn't get upset easily	0.69			
<i>Social initiative (SI) (Van der Zee & van Oudenhoven, 2001)</i>		0.86	0.52	0.82
SI 1 Is often the driving force behind things	0.79			
SI 2 Is inclined to speak out	0.68			
SI 3 Makes contact easily	0.62			
SI 4 Takes initiatives	0.82			
SI 5 Takes the lead	0.77			
SI 6 Likes to speak in public	0.63			
<i>Perceived supervisor support (PSS) (Beehr, King and King, 1990)</i>		0.97	0.91	0.95
PSS 1 My supervisor is willing to listen to my problems	0.96			
PSS 2 My supervisor is easy to talk to	0.96			
PSS 3 I can depend on my supervisor for help when things get tough at work	0.95			
<i>Emotional labor (EL) (Chu & Murrmann, 2006)</i>		0.92	0.76	0.90
EL 1 I fake a good mood when interacting with customers	0.85			
EL 2 I put on a mask in order to express the right emotions at work	0.90			
EL 3 I put on an act in order to deal with customers in an appropriate way	0.88			
EL 4 I display emotions that I am not actually feeling	0.86			
<i>Work engagement (WE) (Schaufeli, Bakker & Salanova, 2006)</i>		0.93	0.61	0.92
WE 1 At my work, I feel bursting with energy	0.75			
WE 2 At my job, I feel strong and vigorous	0.84			
WE 3 When I get up in the morning, I feel like going to work	0.68			
WE 4 I am enthusiastic about my job	0.83			
WE 5 My job inspires me	0.86			
WE 6 I am proud of the work that I do	0.73			
WE 7 I feel happy when I am working intensely	0.72			
WE 8 I am immersed in my work	0.81			
WE 9 I get carried away when I am working	0.79			
<i>Job satisfaction (JS) (Mukherjee & Malhotra, 2006)</i>		0.94	0.89	0.88
JS 1 Generally, I am satisfied with my job	0.95			
JS 2 I am generally satisfied with the sort of work I do in this job	0.94			
<i>Affective commitment (AC) (Allen, 1990)</i>		0.94	0.85	0.91
AC 1 Do feel like 'part of the family' at my organization	0.90			
AC 2 I do feel a strong sense of belonging to my organization	0.96			
AC 3 This organization has a great deal of meaning to me	0.90			
<i>Turnover intentions (TI) (adapted from Singh & Rhoads, 1991)</i>		0.90	0.82	0.78
TI 1 I consider this company as my first choice (R)	0.92			
TI 2 I am planning to stay with this company the coming years (R)	0.90			

7.4 Guest experiment design, scenario and screen shots (Chapter 5)

Development of the experimental stimulus

A hotel check-in scenario was developed to assess the intercultural service encounter. This setting was selected for two reasons: 1) the hotel industry is international by nature and thus intercultural service encounters are very common, and 2) support has been found that, of all the hotel departments and functions, the front office staff has the largest impact on the service quality as perceived by the customer (Hartline & Jones, 1996).

In order to ensure the realism of the script, four hotel managers with extensive international experience were interviewed about a) procedures and incidents that are likely to happen during a check-in procedure, b) their experiences with behavioral cues displayed by Dutch hotel guests abroad. Their input supported the development of the script. The first version of the script was read by two experienced front office managers who provided comments on the employee's cues, sequence of events and the vocabulary used. As a consequence, several adjustments were made to the script. The front office managers judged the scripts to be very realistic.

In all eight versions, the following events took place: the hotel guest walks up to the front desk. The receptionist is making a phone call. The receptionist ends the phone call and greets the guest, asks for his name and looks up the reservation in the system. The hotel guest then asks for information about the room, which leads to an alteration in the booking. The receptionist announces that the guest will have to wait until the room is ready. After an hour, the guest returns to the reception desk, is greeted by the receptionist and receives his room card. The guest then asks for additional information. In all eight versions, the outcome is the same (the guest receives his room card, the check-in is completed), but the process of receiving this outcome varies as a result of different demonstrations of intercultural and technical competences by the employee.

In the recording of the video vignettes, efforts were made to minimize the potential for procedural confounds. To begin with, for the sake of parsimony, and to reduce potential confounds, intercultural competence was operationalized on the basis the five dimensions of the Multicultural Personality and other aspects of intercultural competence such as linguistic competence were kept constant.

Two actors were hired, one for the low CD condition, one for the high CD condition, to play the role of receptionist in all four EIC/ETC conditions. One actor played the role of the guest in all eight scenes. The French receptionist was played by a professional actress; the Chinese receptionist is an amateur actress with experience as a front office staff member. The scripts were read and rehearsed with both actresses in several sessions before the recording took place. The dialogue and length of the video

vignettes for all conditions were kept as similar as possible. Following Grandey and colleagues' (2005) recommendations, we minimized the influence of the on-screen guest on the participants by: 1) showing only the shoulder and the back of the head of the guest, thus preventing an effect of his facial expressions, and 2) keeping the guest's script to a minimum to limit vocal cues and by keeping it as similar as possible across all eight conditions.

The eight simulated service encounters were filmed at the front office of an international chain hotel. Recording was done between 10 a.m. and 5 p.m., after morning check-out time, which tends to be busy. Filming the scenarios in a real hotel provided authentic background noises, such as chatting guests and rolling suitcases, thus enhancing ecological validity. The actors who performed the role of receptionist wore a hotel uniform, and were trained to use all the equipment needed for front office operations, such as computer terminal, credit card machine, cash register and room cards.

Each of the two scenes was shot in eight different variations, in which the three independent variables, i.e. intercultural competence, technical competence and expected cultural distance, were manipulated. The film crew consisted of undergraduate multimedia-design students accompanied by a tutor. A HDD camera on a tripod, Bluetooth microphone and professional lighting system were used for the recording. Each camera shot was recorded several times to ensure the best quality and sound. Out of the total 20 shots, the best video and audio recordings were aligned into eight different film clips. To these clips, a slide show was added of the guest's journey to, respectively, Paris and Shanghai. To this slide show, an introduction text spoken by a voice-over was added in which the journey was described and the arrival at the hotel was announced. For this audio-track, a student was used with an accent-free voice. The final clippings were exported in a WAV format, to enable embedding in a digital questionnaire tool. After screening the clips to an audience of audio-visual experts and scientific staff, several minor technical and visual adjustments were made to the clips, such as the addition of a text slide between the first and the second scene, announcing the return of the guest to the reception desk.

Scenario

Business Guest checking in/ checking out of a hotel

Version 1: EIC high/ ETC high/CD low

Spoken introduction text (video):

Je hebt gesolliciteerd naar een functie bij een groot internationaal bedrijf. Inmiddels ben je doorgedrongen tot de laatste selectieronde. Daartoe heb je morgen een sollicitatie gesprek op het hoofdkantoor in Parijs. Je hebt een kamer geboekt in een hotel in het centrum van Parijs en bent daar met de TGV naartoe gereisd. Na een treinreis en

een paar keer overstappen met de metro ben je bij het hotel aangekomen. Je loopt de lobby van het hotel binnen en loopt naar de balie om in te checken.

(The receptionist is making a phone call. The scripts differ on the basis of low and high cultural distance (Paris/ Beijing))

R The receptionist notices the guest, *makes eye contact with the guest* and rounds off her telephone conversation

R: (greet the guest *with a smile*) 'Good morning, how can I help you?'

G: 'I have a reservation'

R: 'Could I have your name please?'

R: (look up the reservation in the system and find it)

R: 'Mr de Boer from the Netherlands, a reservation of a single standard room with breakfast? *I hope I have pronounced your name correctly!*

G: 'It's all correct.'

R: 'Have you had a pleasant journey from the Netherlands?'

G: 'Yes, it was o.k.. I actually have a job interview tomorrow, so I really wanted to be on time and do some work as well.'

R: Oh, I understand! Is there anything I can do for you?

G: 'Well, actually there is. I would like to know if my room is quiet because I would really like to sleep well.'

R: Oh, I can imagine that. Let's see, your room is at the front side of the hotel. The backside is indeed quieter. I can check if there is a room at the back available?

G: (Nods) 'yes'.

R: (check the system) There is a standard room at the back of the hotel available. I can change the reservation for you, but this room is not ready yet. You will have to wait an hour I'm afraid. (Apologetic expression on your face)

G: (Express with a look that you do not like this.)

R: 'Yes, it's a bit inconvenient isn't it?'

'This often happens when guests arrive before 2 p.m. The hotel's been busy and housekeeping is still cleaning the rooms.' *'Let's see if I can arrange something for you.'*

'I will call a colleague; I will have to speak French for a moment.

'Bonjour Simone, ca va? Est-ce que le lounge est libre? Oui ? Alors, j'envoie un patron qui veut travailler un peu. D'accord ? Au revoir!' >

'Well, you can stay in the business lounge on the second floor. Normally, it's only for deluxe arrangements. You can have a coffee there and there is WIFI. The elevator is right over there (make a gesture). And in one hour you can pick up your room card here. '

G: 'Oh, thank you'

R: 'You are welcome'

Scene two

G: After an hour you return to the reception desk...

R: 'Oh, hello Mr. de Boer.' 'Here's your room card. Your room is on the eighth floor, at the back of the hotel.'

R: 'Breakfast tomorrow is in the restaurant on the ground floor. You can take either a French breakfast, which is a croissant and café, or a continental breakfast, which is more extensive. A continental breakfast would mean an extra charge of 20 Euros.

G: 'That's a bit expensive for me'.

R: 'I understand. Well, you can also have breakfast in one of the coffee places near the hotel. There is one just round the corner.'

R: 'Is there anything else I can do for you?

G: 'Do you have a city map? And do you know a place where I can have dinner with a friend tomorrow? '

R: 'Sure, here is the map' (put the map on the desk), what kinds of cuisine do you like and what budget range you are thinking of?

G: 'I would like a real French restaurant. But not too expensive.'

R: Ah, I see. Then you should go to " Le Marais " There are a lot of brasseries there with local dishes and these are not too expensive.'

G: 'Thank you for your help'

R: 'I hope you have a pleasant stay. And good luck with your interview tomorrow!

Screen shots from the video clips

Below screenshots from four of the eight different video clippings that were used as stimuli in the experiment are shown. The screen shots show the customer journey to, respectively Paris (low cultural distance condition) and Beijing (high cultural distance condition) and fragments from four versions of the intercultural service encounter.

Paris (Low CD)



High EIC/ High ETC



Low EIC/Low ETC



Beijing (High CD)



High EIC/ High ETC



Low EIC/Low ETC



7.5 Guest experiment questionnaire

Construct items	Factor loadings	AVE	CR	Cronbach's alpha
<i>Expected Cultural Distance (adapted from Suanet & Van de Vijver, 2009)</i>		0.74	0.89	0.83
1 My culture is very different from that of French/Chinese people	0.79			
2 I feel very different from French/Chinese people	0.91			
3 There are a lot of differences between me and French/Chinese people	0.88			
<i>Perceived intercultural competence (adapted from Van der Zee and Van Oudenhoven, 2000)</i>		0.76	0.95	0.93
1 This receptionist... - empathizes with my thoughts and feelings	0.92			
2 This receptionist... - has an open and unprejudiced attitude	0.85			
3 This receptionist ... - remains calm in a stressful situation	0.65			
4 This receptionist... - shows initiative	0.92			
5 This receptionist... - sees every new situation as a challenge	0.92			
6 This receptionist ... - easily adjusts to the situation	0.92			
<i>Perceived technical competence (Price, Amould & Tierney, 1995)</i>		0.85	0.94	0.91
1 This receptionist was... - able	0.92			
2 This receptionist was... - efficient	0.94			
3 This receptionist was... - structured	0.91			
<i>Customer comfort (Spake et al., 2003)</i>		0.81	0.93	0.88
1 I felt: very unpleasant - very pleasant	0.93			
2 I felt: very uncomfortable - very comfortable	0.92			
3 I felt: very tense - very relaxed	0.85			
<i>Encounter satisfaction (Van Dolen et al. , 2004)</i>		0.83	0.94	0.90
1 This check-in was exactly what I expected	0.85			
2 This check-in was a good experience	0.93			
3 I am satisfied with this check-in	0.95			
<i>Realism of the video (Schoefer and Ennew, 2005)</i>				
I am of the opinion that such a check-in can happen in real life				

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Samenvatting

Deze dissertatie vergroot het inzicht in de rol van de interculturele competenties van mensen die diensten verlenen aan cultureel diverse klanten. Het onderzoeken van het effect van de interculturele competenties van dienstverleners is van groot belang omdat, als gevolg van globalisering, het aantal interculturele ontmoetingen in deze sector het laatste decennium explosief is gestegen, en blijft stijgen. Maatwerk in service aan een cultureel diverse clientèle vereist een combinatie van kennis, vaardigheden en houding: de interculturele competenties (ook wel Global Mindset genoemd). In deze studie is specifiek de hotel sector onderzocht. Deze sector is een belangrijke economische speler die blijft groeien ondanks economische crises. De bijzondere kenmerken van hotel services maken deze bovendien uitermate geschikt voor het onderzoeken van face-to-face ontmoetingen in een internationale context. In deze dissertatie is gekozen voor een holistische benadering, hetgeen wil zeggen dat in de vier empirische studies niet alleen het perspectief van de manager, maar ook dat van de medewerker en de klant onderzocht wordt. Alle drie hierboven genoemden zijn immers volgens de argumentatie van de 'service-profit chain' (Heskett, Jones, et al., 1994) centrale actoren in interculturele dienstverlening. De manager, medewerker en de klant vormen dan ook gezamenlijk de zogenaamde 'service - driehoek' (Bitner, 1990).

In hoofdstuk twee van deze dissertatie is onderzocht welke problemen hotel managers ondervinden bij de dienstverlening aan internationale klanten en welke strategieën zij gebruiken om potentieel negatieve effecten van cultuurverschillen te reduceren. De resultaten van deze studie leveren inzicht in de manier waarop hotelmanagers op dit moment de dienstverlening aan cultureel diverse gasten organiseren. Bovendien wordt een aantal opvallende discrepanties in de argumentatie van de hotel managers blootgelegd. Zo erkennen de managers de negatieve effecten van cultuurverschillen op de klant-medewerker interactie, maar bagatelliseren zij het belang van een coherente aanpak door de nadruk te leggen op andere identiteiten van de klant dan de culturele, zoals reden van bezoek of sociaal-economische status, of te wijzen op de beperkte mogelijkheden om de service - interactie te verbeteren als gevolg van beperkte human resources, budgetten en fluctuaties in de marktsegmenten. Bovendien claimen de managers dat iedere klant uniek is, maar neigen zij in hun discours naar het categoriseren van klanten op basis van nationaliteit; daarom trainen zij hun medewerkers ook vooral op kennis over het land van herkomst. Daarnaast uiten vrijwel alle geïnterviewde managers hun zorg over de soms gebrekkige interculturele competentie van de

frontlijn - medewerkers, maar geven ze dit thema geen prioriteit in hun personeelsbeleid.

In hoofdstuk drie staat het perspectief van de medewerker centraal. Hier is met een survey-onderzoek onder 169 Nederlandse hotelreceptionisten onderzocht wat het effect is van de interculturele competenties van de medewerker op diens werkgerelateerde bevlogenheid, en diens extra-rol gedrag ten bate van de organisatie en de klant. Uit de resultaten blijkt dat vier van de vijf onderzochte interculturele competenties van de medewerker (culturele empathie, open-mindedness, emotionele stabiliteit en sociaal initiatief) een positief effect hebben op twee vormen van extra-rol gedrag dat in belangrijke mate gemedieerd worden door bevlogenheid. Dit is belangrijk omdat bevlogenheid een belangrijke indicator is van werkgerelateerd welbevinden. Dit resultaat toont het belang van het ontwikkelen van de interculturele competenties overtuigend aan en vergroot ons inzicht in de effecten van positieve kenmerken van medewerkers in internationale werkomgevingen.

Op basis van de resultaten van hoofdstuk drie, is in hoofdstuk vier wederom het perspectief van de medewerker gekozen. In deze studie is het nomologisch netwerk aangepast en uitgebreid op basis van het 'job-demands resources model' van Schaufeli en Bakker (2004). Hier onderzochten we met een survey-onderzoek onder 325 Nederlandse hotel receptionisten de effecten van de interculturele competenties van de medewerker, in combinatie met steun van de leidinggevende (een job resource) en emotionele arbeid (een job demand), op bevlogenheid, arbeidstevredenheid, affectieve toewijding aan de organisatie en de intentie om van baan te veranderen. De resultaten tonen aan dat drie van de vijf onderzochte interculturele competenties (culturele empathie, emotionele stabiliteit en sociaal initiatief) en de steun van de leidinggevende belangrijke drijvers zijn van arbeidstevredenheid, affectieve toewijding aan de organisatie en de intentie om werkzaam te blijven bij de organisatie. Wederom wordt dit effect in belangrijke mate gemedieerd door bevlogenheid. Daarnaast blijkt dat het negatieve effect van emotionele arbeid op bevlogenheid wordt gereduceerd wanneer de interculturele competenties van de medewerker sterk ontwikkeld zijn. De resultaten laten zien dat interculturele competenties relevante persoonlijke energiebronnen zijn voor mensen die werken in een geïnternationaliseerde dienstenomgeving; niet alleen omdat zij een bijzonder positief effect hebben op arbeidsgerelateerd welbevinden, maar ook omdat zij het negatieve effect van een emotioneel veeleisende werkomgeving verminderen.

In het vijfde hoofdstuk staat het perspectief van de klant centraal. Aan het einde van de 'service-profit chain' (Heskett, Jones, et al., 1994) is het immers de klant die bepaalt

of een onderneming winstgevend is en kan voortbestaan. Door middel van een experiment met 322 deelnemers is het effect onderzocht van de interculturele competentie van de dienstverlener op de cognitieve evaluatie (tevredenheid) en de affectieve evaluatie (comfort) van een interculturele ontmoeting door de klant. Bovendien zijn de technische competentie van de medewerker en de culturele afstand tussen medewerker en klant geïntegreerd in het onderzoeksontwerp. De resultaten laten zien dat de interculturele competentie van de medewerker een substantieel effect heeft op zowel de cognitieve als de affectieve evaluatie van de dienstverlening door de klant. De technische competentie heeft ook een positief effect, maar dat is veel kleiner. Tevens wordt geconstateerd dat de technische competentie van de medewerker een sterker effect heeft wanneer ook de interculturele competentie sterk ontwikkeld is. Dit zijn opvallende resultaten die afwijken van eerder onderzoek. In bestaande studies wordt gesteld dat de interactionele competentie van de medewerker – waarvan interculturele competentie een belangrijke component is – alleen een positief effect zou hebben wanneer de technische competentie ook sterk is. Onze studie toont echter aan dat de klanten veel positiever worden beïnvloed door een intercultureel competente behandeling dan door de technisch vaardigheid van de medewerker. Het onderzoek laat zien dat de klant het de medewerker als het ware vergeeft wanneer deze de technische aspecten van de interactie minder goed uitvoert, indien dit wordt gecompenseerd door een oprechte inspanning om het cultuurverschil tussen klant en medewerker te overbruggen. Daarnaast laat deze studie zien dat culturele afstand geen effect heeft op tevredenheid of comfort indien de medewerker intercultureel competent gedrag vertoont. Wanneer de medewerker echter een laag niveau van interculturele competentie vertoont, heeft culturele afstand een positief effect op het door de klant ervaren comfort. Dit lijkt contra-intuïtief, want men zou verwachten dat culturele afstand een negatief effect op ervaren comfort heeft. Maar het sluit aan bij de resultaten van eerder onderzoek waaruit blijkt dat klanten hun gevoel van ongemak bij een hoge culturele afstand toeschrijven aan cultuurverschillen en er dus minder last van hebben.

De resultaten van deze dissertatie vormen een aanvulling op bestaand onderzoek op het terrein van gedrag in organisaties en dienstenmarketing door het aantonen van het positieve effect van de interculturele competenties van medewerkers op een aantal relevante uitkomsten voor medewerkers en klanten in een geïnternationaliseerde service-omgeving. Bovendien dragen de resultaten van het onderzoek bij aan de roep om zogenaamd transformatief onderzoek in de dienstensector (Anderson, Ostrom et al., 2013) ; onderzoek naar a) manieren waarop klant-medewerker interacties kunnen bijdragen aan het welbevinden van beide actoren, b) manieren waarop organisaties cultuurverschillen kunnen incorporeren hun dienstverlening teneinde het welbevinden van de klant te vergroten. Als wetenschappers de mechanismen die een rol spelen in

interculturele dienstverlening verder willen onderzoeken, doen zij er derhalve goed aan om interculturele competenties daarin te integreren.

De resultaten van de vier studies hebben bovendien relevante implicaties voor dienstverlenende sectoren in brede zin. De interculturele competenties van de medewerker zouden van de 'cultuur-factor' in de dienstverlening van de 21^e eeuw een bron van concurrentievoordeel kunnen maken, in plaats van een bron van frustratie en miscommunicatie. Managers doen er daarom goed aan om de interculturele competentie van medewerkers te incorporeren in hun H.R. beleid. Zij kunnen dit bijvoorbeeld doen door tijdens de werving en selectie van personeel de interculturele competenties van kandidaten te testen en zo ook kandidaten met een bevooroordeelde en intolerante houding ten opzichte van mensen uit andere culturen en ethnische achtergronden af te wijzen. Maar ze kunnen ook de competenties van het huidige personeel trainen en ontwikkelen. Bedrijven die relatief routinematige diensten bieden – bijvoorbeeld detailhandel, financiële diensten en vervoer – zouden hun personeel dusdanig kunnen trainen zodat ze sensitief worden voor cultuurverschillen en in staat zijn om hun eigen gedrag en houding tenopzichte van cultureel diverse klanten te reguleren. Bedrijven die relatief complexe diensten leveren – bijvoorbeeld gastvrijheid, educatie en gezondheidszorg – zouden een stap verder kunnen gaan en hun personeel trainen om meer bewust te zijn van verschillen in de verwachtingen van gasten en deze mee te nemen in hun dienstverlening. Daarnaast toont ons onderzoek aan dat het effect van de interculturele competenties van de medewerker op de klant sterk is, zelfs wanneer de technische vaardigheden van de medewerker beperkt zijn. En waar de technische aspecten van de interactie kunnen worden vervangen door technologie – bijvoorbeeld door computers of robots - blijkt het menselijk element het hart van de dienstverlening te zijn. Een 'hands-free' medewerker die niet hoeft te staren naar schermen en printers, kan alle energie steken in de interactie en zo een echte gastheer/-vrouw zijn voor cultureel diverse klanten. Dus in plaats van te bezuinigen op frontlijn personeel, doen bedrijven er beter aan om het 'alle hens aan dek' gevoel voor de klant juist te vergroten, bijvoorbeeld door de inzet van stagiairs.

Tot slot worden aanbevelingen voor vervolgonderzoek gedaan; bijvoorbeeld naar het effect van het spreken van vreemde talen in interculturele interacties, naar de effecten van de interactie tussen cultureel diverse klanten op de klant-evaluatie van de dienst, en naar de ultieme uitkomst van de 'service-profit chain' (Heskett, Jones, et al., 1994): het effect van de interculturele competentie van de medewerker op de revenuen van de dienstverlener.

Summary

This dissertation increases our insight into the role of the service employee's intercultural competences in the service to culturally diverse customers. Investigating the effect of the intercultural competences of service employees is of major importance because, as a consequence of globalization, the number of intercultural service encounters has increased dramatically and still does. The delivery of service to a culturally diverse customer-base requires a combination of knowledge, skills and attitude; the intercultural competences (also known as Global Mindset). In this study the hotel sector has been investigated specifically. The hotel sector is an important economic player that continues to grow inspite of economic downturn. The special characteristics of hotel services make the sector also very suitable for the research of face-to-face encounters in an international context. In this dissertation, a holistic approach has been chosen, meaning that in the four empirical studies not only the perspective of the manager, but also that of the employee and the customer was investigated. All three of the above-mentioned are actors in intercultural service according to the argumentation of the 'service-profit chain' (Heskett, Jones, et al., 1994). Together, the manager, employee and the customer form the so-called 'service triangle' (Bitner, 1990).

In chapter two of this dissertation the problems that managers encounter in the service to international customers and the strategies they use to reduce the potentially negative salience of cultural differences have been investigated. The results of this study generate insight in the way that managers currently manage the service to culturally diverse customers. Moreover, a number of remarkable discrepancies in the argumentation of the hotel managers are uncovered. The managers acknowledge the negative effects of cultural differences on the customer-employee interaction, but tend to downplay the importance of a coherent approach by emphasizing the identities of the customer other than their cultural identity, for instance the purpose of the visit or the socio-economic status, or by pointing at the limited possibilities to improve the service interaction as a consequence of limited human resources, limited budgets and market fluctuations. Moreover, the managers claim that every customer is unique, but their discourse tends to categorize customers on the basis of nationality; that is why they train their staff primarily on knowledge of the country-of-origin. On top of that, practically all interviewed managers expressed their concern about the sometimes limited intercultural competence of the frontline-employees, yet this issue is not prioritized in their personnel policy.

In chapter three, the perspective of the employee is investigated. By means of a survey among 169 Dutch hotel receptionists, the effect of the employee's intercultural competence on work engagement and extra-role behavior towards the customer and the organization was investigated. The results show that four out of five investigated intercultural competences (cultural empathy, open-mindedness, emotional stability and social initiative) have a positive effect on two types of extra-role behavior. An effect that is mediated considerably by work engagement. This is important because work engagement is an important indicator of work-related wellbeing. This result increases our insight into the effects of positive employee characteristics in international service environments.

On the basis of the results of chapter three, chapter four again takes the perspective of the employee. In this study, the nomological network is adapted and extended on the basis of the 'job-demands resources model' by Schaufeli and Bakker (2004). Here we investigated, by means of a survey among 325 Dutch hotel receptionists, the effects of the employee's intercultural competences, combined with the support of the supervisor (a job resource), and emotional labor (a job demand) on work engagement, job satisfaction, affective commitment and intention to leave the organization. The results show that three of the four investigated intercultural competences (cultural empathy, emotional stability and social initiative) and the support of the supervisor are important drivers of job satisfaction, affective commitment to the organization and the intention to stay with the organization. Just as in chapter three, this effect is mediated to an important extent by work engagement. Besides that, the negative effect of emotional labor is reduced when the intercultural competences of the employee are high. The results show that intercultural competences are relevant personal energy resources for people who work in an international service environment; not only because they have a particularly positive effect on work-related wellbeing, but also because they reduce the negative effect of an emotionally demanding work environment.

The fifth chapter focuses on the perspective of the customer. After all, it is the customer at the end of the service – profit chain (Heskett, Jones, et al., 1994) who determines whether an enterprise is profitable and viable. By means of an experiment with 322 participants the effect was investigated of the intercultural competence of the service employee on the cognitive evaluation (encounter satisfaction) and the affective evaluation (comfort) of an intercultural service encounter by a customer. Moreover, the employee's technical competence and the cultural distance between employee and customer were embedded in the research design. The results show that the employee's intercultural competence has a substantial effect on both the cognitive and

the affective evaluation of the service encounter by the customer. The employee's technical competence also has a positive effect on these two outcomes, but this is much smaller. It is also found that the employee's technical competence has a stronger effect when the intercultural competence is also strong. These are remarkable results that diverge from earlier research. In previous studies it was found that the employee's interactional competence— of which intercultural competence is an important component – only has a positive effect when the technical competence is also strong. Our study shows however that customers are impacted much more positively by an interculturally competent treatment than by the technical skills of the employee. The research shows that the customer 'forgives' the employee when the employee carries out the technical aspects of the interaction less proficiently, if this is compensated by a sincere effort to bridge the cultural difference between customer and employee. Besides this, the study shows that cultural distance has no effect on satisfaction and comfort if the employee shows interculturally competent behavior. If the employee displays a low level of intercultural competence however, cultural distance has a positive effect on the comfort experienced by the customer. This seems counter-intuitive, because one would expect that cultural distance has a negative effect on comfort. However, this result matches that of earlier studies in which customers attribute their discomfort in a context of high cultural distance to cultural differences and are consequently less affected by it.

The results of this dissertation are an addition to and extension of existing research in the domains of organizational behavior and service marketing by showing the positive effect of intercultural competence on a number of relevant outcomes for employees and customers operating in a culturally diverse environment. Moreover, this dissertation contributes to a call for so-called transformative research in the service sector (Anderson, Ostrom et al., 2013); research of a) ways in which customer-employee interactions can contribute to the wellbeing of both actors; b) ways in which organizations can incorporate cultural differences in their service delivery to increase the wellbeing of the customer. If scientists want to further investigate the mechanisms that play a role in intercultural service, they should integrate intercultural competence into their design.

The results of the four studies also have relevant implications for service companies. The intercultural competence of the employee could well be able to turn the 'culture-factor' in 21st century service into a source of competitive advantage, rather than a source of frustration and miscommunication. Managers would do well to incorporate the intercultural competence of their employees in their H.R. policy. They could do this for instance by testing the intercultural competences of applicants and by screening

applicants with a prejudiced and intolerant attitude towards people from different cultures and ethnicities. But they can also train and develop the intercultural competences of their current staff. Companies that offer relatively simple routine services – such as retail, financial and transport service – could train their staff in such a way that they are sensitized on cultural differences and are able to regulate their own behavior and attitude towards culturally diverse customers. Companies that offer fairly complex services – such as hospitality, education and healthcare – could go one step further and train their staff on being aware of differences in customer expectations and consider these in their service provision. Moreover, our research shows that the effect of the employee's intercultural competence is considerable, even when the technical competence of the employee is limited. And whereas the technical aspects of the interaction can be replaced by technology – for instance by computers or robots - the human element appears to be the heart of the service. A 'hands-free' employee who does not have to stare at screens and printers can invest all energy in the interaction and thus be a genuine host(ess) for the culturally diverse customer. Thus instead of economizing on frontline staff, service firms would do well to enhance the 'all hands on deck' feeling for the customer, for instance by adding interns to the frontline team.

Finally, a number of suggestions for further research are provided; for instance research of the effect of speaking foreign languages in the intercultural service interaction, research of the effects of the interaction between culturally diverse customers on the customer evaluations, and research of the ultimate outcome of the service profit chain (Heskett, Jones, et al., 1994): the effect of the employee's intercultural competence on the service provider's turnover and profit.

About the author

Ankie Hoefnagels was born in Heerlen, the Netherlands. She holds a Bachelor's Degree in english language and literature and a Master's Degree in comparative literature studies from the University of Utrecht. Ankie works at Zuyd University of Applied Science where she is a senior lecturer in intercultural communication and cross-cultural management in the Bachelor and Master programme of Hotel Management School Maastricht and coordinator of its cultural awareness programme. She is also a researcher at the Research center for international relationship management where she leads the global mind programme. Ankie is a licensed consultant/trainer for the intercultural readiness check. She co-authored 'Grenzeloos: interculturele communicatie in de wereld van toerisme en gastvrijheid' (Hoefnagels & Van Egmond, 2010), a textbook on intercultural communication for hospitality and tourism management students. Ankie has written and presented several conference papers for Atlas, EuroChrie, EMAC, SMSF and ANZMAC and published in the Journal of Service Management. This co-authored paper received the 'JOSM Robert Johnson highly commended award' in 2014.

A Global Mind, a Joy Forever

