

The role of climate: implications for service employee engagement and customer service performance

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Abstract This research attempts to challenge the resource–engagement and engagement–performance linkage of the job demands–resources model by testing these links under the moderating role of two climates: performance-focused and service failure recovery. Two studies test a model on the boundary conditions of the linkages across four service industries. The results suggest that whether a resource (i.e., self-efficacy and job autonomy) positively or negatively affects engagement depends on whether (1) a climate is appraised as a challenge or hindrance demand and (2) a climate is deemed a complementary or compensatory resource. Using multi-respondent data from customer service employees and their supervisors in the health care industry, Study 1 conceptualizes climate as organizational climate and finds that performance-focused climate

strengthens (weakens) the positive effect of self-efficacy (job autonomy) on engagement while service failure recovery climate weakens the positive impact of self-efficacy on engagement. Study 2 generalizes the findings from Study 1 and provides broad support by testing the model using psychological climate in the financial services, tourism and hospitality, and retailing industries. This study closes with a configuration approach to climate research by discussing when multiple climates can co-exist under different types of resources.

Keywords Job demands–resources model · Self-efficacy · Job autonomy · Engagement · Climate · Service failure recovery

There is widespread consensus that the rewards of employee engagement, defined as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption” (Schaufeli et al. 2002, p. 465), range from more customer satisfaction, productivity, profitability, and earnings per share to less turnover, absenteeism, and service failure (e.g., Gallup 2013a; Harter et al. 2002; Salanova et al. 2005). Recent studies also indicate that highly engaged employees are more than four times as likely to recommend their company’s products and services as their disengaged counterparts (Temkin Group 2016). All evidence points to the strategic significance of having engaged employees as a foundation for customer engagement marketing (Harmeling et al. 2016).

Notwithstanding the benefits associated with employee job engagement,¹ the current state of engagement looks bleak both in the United States and globally. According to Gallup (2016), a modest 32% of the U.S. workforce and a dismal 13% of employees worldwide are engaged in their work. Even grimmer is that frontline service employees are

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¹ *Engagement* refers to employee job engagement hereinafter, unless specified otherwise.

among the least engaged (Gallup 2013a). Considering the consequences of engagement (Harmeling et al. 2016; Kumar and Pansari 2016), the pervasiveness of such highly disengaged service employees is troublesome. Therefore, deepening understanding of what firms can do to improve and capitalize on engagement is a strategic priority that merits further research attention.

Many studies on engagement have drawn from the job demands–resources (JD-R) model to explicate how people form engagement. Although the JD-R framework has garnered widespread support in marketing literature on sales (Miao and Evans 2013; Schmitz and Ganesan 2014) and frontline employees' customer service, customer orientation, and performance (Chan and Wan 2012; Singh 2000; Zablah et al. 2012), we argue that the JD-R model is overly simplistic and does not adequately capture the nuanced nature of how engagement is formed and affects performance. For example, according to the JD-R model, resources (e.g., supervisor and coworker support, feedback, role clarity) enhance engagement, while job demands (e.g., role ambiguity/conflict) hinder it (Bakker and Demerouti 2007; Demerouti et al. 2001). This perspective is fairly narrow, and research has attempted to broaden the basic relationships in the JD-R model. For example, research has proposed extensions to the framework, such as specifying the differentiated JD-R model, which further divides job demands into challenges (i.e., demands appraised as supporting personal growth and development) and hindrances (i.e., demands appraised as impeding learning, personal development, and growth), with the former positively and the latter negatively affecting engagement (Crawford et al. 2010).

We develop a model by extending the scope of the differentiated JD-R to capture organizational climate as either a resource or a demand and show how the same organizational climate as a resource or a demand can have different moderating effects (i.e., positive or negative) on the relationship between personal/job resources and engagement. Given the growing competition in the health care industry, hospitals are increasingly charged with delivering exceptional service performance and effective recovery after service failures (Taylor and Cronin 1994; Vinagre and Neves 2008). This study examines two types of organizational climates that reflect this growing trend in the health care context: performance-focused and service failure recovery. A performance-focused climate reflects service employees' shared perception that outperforming other employees is important and that high-performing employees receive the most attention. Service failure recovery climate entails service employees' shared perception that restoring service quality and customer satisfaction after a service failure is supported, expected, and rewarded. As we explain subsequently, we maintain that service failure recovery climate is an organizational resource, while performance-focused climate is an

organizational demand. The core of our argument is that the impact of personal (e.g., self-efficacy) and job (e.g., job autonomy) resources on engagement is more complicated than originally believed and is contingent on the type of organizational climate under examination. Furthermore, in contrast with research that relies on a universal positive effect of engagement on performance (for an exception, see Kumar and Pansari 2016), we outline boundary conditions of the engagement–customer service performance relationship by examining this link under different organizational climates. To this end, this research takes a more granular approach to the JD-R model in three respects.

First, we argue that the same demand (i.e., performance-focused climate) can either strengthen or weaken the impact of personal (e.g., self-efficacy) and job (e.g., job autonomy) resources on engagement depending on the resource it moderates. Implicit in the differentiated JD-R model is the notion that whether a demand is considered a challenge or a hindrance depends on how individuals who possess different types of personal or job resources appraise the demand. In support of this, in their call for further research, Crawford et al. (2010, p. 844, italics added) argue, “Most important, perhaps, researchers could examine *how demands are appraised* as a challenge or a hindrance and how these appraisals impact the cognitions, emotions, and coping strategies that ultimately translate to self-perceptions of engagement.”

Consequently, our central thesis is that service employees may appraise the same demand as either a challenge or a hindrance contingent on the types of personal or job resources they possess. For example, self-efficacious employees may appraise a performance-focused climate as a challenge because such a climate enables them to achieve development and growth, while employees who possess job autonomy may consider the same climate a hindrance because such a climate prevents them from experiencing discretion and latitude in how to accomplish their jobs. This line of reasoning departs from the dominant view in extant literature, which chiefly centers on the diminished impact of resources under demands (e.g., Demerouti et al. 2001) or the mitigated effect of demands under resources (e.g., Schmitz and Ganesan 2014). However, by extending the differentiated JD-R model, we take a more nuanced view by arguing that performance-focused climate as a demand may have a negative or even a positive moderating effect on engagement, depending on the resource with which it interacts.

Second, while the prevailing view in the JD-R literature is that resources lead to more engagement when accompanied by other resources, we show that personal and job resources can have either a positive or a negative effect on engagement depending on whether the moderating organizational resource is complementary or compensatory. For example, we show that service failure recovery climate as an organizational resource can either positively or negatively moderate personal

and job resources on engagement depending on whether the relationship between such a climate and resources is complementary or compensatory. Again, these predictions extend the literature that mainly focuses on positive interaction effects of resources on engagement (e.g., Bakker and Demerouti 2007).

Third, the boundary conditions of the engagement–performance linkage have received sparse attention (for an exception, see Kumar and Pansari 2016), and this study attempts to investigate this relationship under different types of organizational climate, an approach that has not been tested empirically. We add to this important linkage by showing that engagement’s effect on customer service performance needs to be taken into account under the conditioning role of different organizational climates.

Against this backdrop, this study sheds new light on why some resources encourage engagement while others discourage it under the same climate. We also show that the boundary conditions that shape the consequences of engagement are still poorly understood; thus, moving from a universal to a contingency lens provides a more fine-grained perspective of the engagement–customer service performance link.

Through two studies, we explain how our research broadens the JD-R framework by developing interaction hypotheses between personal (i.e., self-efficacy) and job (i.e., job autonomy) resources and the performance-focused and service failure recovery climates on engagement and also between engagement and the two climates on customer service performance. Study 1 tests the hypotheses in the health care industry by conceptualizing climate as organizational climate, while Study 2 tests the same model in the financial services, tourism and hospitality, and retailing industries by conceptualizing climate as psychological climate at the individual service employee level.

Theoretical background and hypotheses

Although prior research has argued that resources and demands have a positive and negative influence on engagement, respectively, we provide a more nuanced view of how engagement is formed and influences customer service performance. Table 1 summarizes the marketing literature on the drivers and outcomes of employee job engagement.

Differentiated JD-R model

We draw from Crawford et al.’s (2010) differentiated JD-R framework to develop our conceptual model (see Fig. 1). According to this perspective, not all demands negatively affect engagement. While some demands, known as hindrance demands (e.g., role ambiguity), discourage engagement, others such as challenge demands (e.g., workload) encourage engagement. Following

Cavanaugh et al. (2000), Crawford et al. (2010), and Bakker and Demerouti (2007), we define “hindrance demand” as physical, psychological, social, or organizational aspects of the job that hinder learning, personal growth, and development. Hindrance demands can obstruct personal goal achievement and ultimately impair service employees’ engagement in their jobs. We define “challenge demand” as physical, psychological, social, or organizational aspects of the job that have the potential to stimulate greater learning, personal development, and goal attainment. Although challenge demands can be stressful, unlike hindrance demands, when overcome and met, they can lead to personal growth and advancement.

Both Crawford et al. (2010) and Bakker and Sanz-Vergel (2013) clearly classify demands into hindrances and challenges, with the latter authors asserting that whether an employee classifies a demand as a challenge or a hindrance depends on occupation (e.g., a nurse may view work pressure as a hindrance demand, while a journalist may view the same demand as a challenge demand). However, our objective is to empirically show that the same demand, such as performance-focused climate, can function as a challenge or hindrance demand depending on the resource employees possess. For example, we subsequently explain why self-efficacy’s effect on engagement is strengthened under performance-focused climate, while job autonomy’s impact on engagement is mitigated. This prediction of the same demand exerting a positive moderating effect (when appraised as a challenge demand) on the one hand and a negative moderating effect (when appraised as a hindrance demand) on the other hand, contingent on the type of resource it interacts with, finds support in the literature (see Crawford et al. 2010).

We also argue that, in contrast with the dominant perspective that resources have a positive effect on engagement or are neutralized by demands, personal and job resources can interact with organizational resources (e.g., service failure recovery climate) to exert positive or negative effects on engagement. We examine self-efficacy and job autonomy as a personal and job resource, respectively. These two resources appear in many JD-R models (e.g., Schmitz and Ganesan 2014), and job autonomy is also a critical element of the job characteristics model (Hackman and Oldham 1980). The main difference between the two resources lies in the source of replenishment. Personal resources are self-generated and originate from the employee, while job resources come from the organization or from supervisors. We maintain that whether a personal or job resource exerts a positive or negative impact on engagement depends on the nature of the moderating

Table 1 Review of the marketing literature on the drivers and outcomes of employee job engagement

Study	Sample	Level of analysis	Theoretical framework	Conceptualization of employee engagement	Drivers of employee engagement	Outcome variables
Kumar and Pansari (2016)	52 manufacturing and 68 service firms	Firm	Strategic Fit	Satisfaction, Identification, Loyalty, Commitment, and Performance	Not Examined	Customer Engagement Firm Performance (Increase in Revenue and Net Income)
Santos-Vijande et al. (2016)	246 service firms	Firm	Service-Dominant Logic	Frontline employees' role in service innovation	–	New Service Market Performance
DeCarlo and Lam (2016)	Study 1: 357 B2B salespeople Study 2: 200 salespeople provided by a market research firm	Multilevel	Regulatory Focus	Customer Retention and Acquisition	Promotion Focus Prevention Focus	Profit Margins
Ye et al. (2012)	50 SBUs, 85 managers, and 1213 frontline employees from hospitals	Multilevel	Organizational and Individual Learning	Employee's converting generated knowledge into articulated knowledge	–	Group Level (Knowledge Articulation) Unit Level (Knowledge Updating, Customer Satisfaction, Service Efficiency and Revenue)
Miao and Evans (2013)	223 industrial salespeople	Individual-Level	JD-R	Adaptive Selling and Selling Effort	Job Demands (Supervisor's Outcome and Activity Control)	Salesperson Performance
Zablah et al. (2012)	323 samples reported in 291 studies (1979–2011) based on data provided by 99,641 frontline employees	Individual-Level Meta-Analysis	JD-R	Satisfaction and Organizational Commitment	Job Stress (Role Ambiguity & Role Conflict) Customer Orientation Job Stress (Role Conflict and Role Ambiguity)	Job Performance Propensity to Leave
Verbeke et al. (2011)	268 studies published between 1981 and 2008	Individual-Level Meta-analysis	Not specified	Enthusiasm Job Involvement Job Dedication Working Harder	Not examined	Sales performance
This study	800 frontline service employees in 25 hospitals (Study 1) 276 respondents from the financial services, tourism and hospitality, and retailing sectors (Study 2)	Multilevel Individual-Level	JD-R	Citizenship Behaviors Work-related state characterized by vigor, dedication, and absorption	Job Autonomy and Self-Efficacy	Customer Service Performance

This literature review is limited to studies published in *Journal of the Academy of Marketing Science*, *Journal of Marketing Science*, *Journal of Marketing*, and *Journal of Marketing Research* between 1990 and 2016

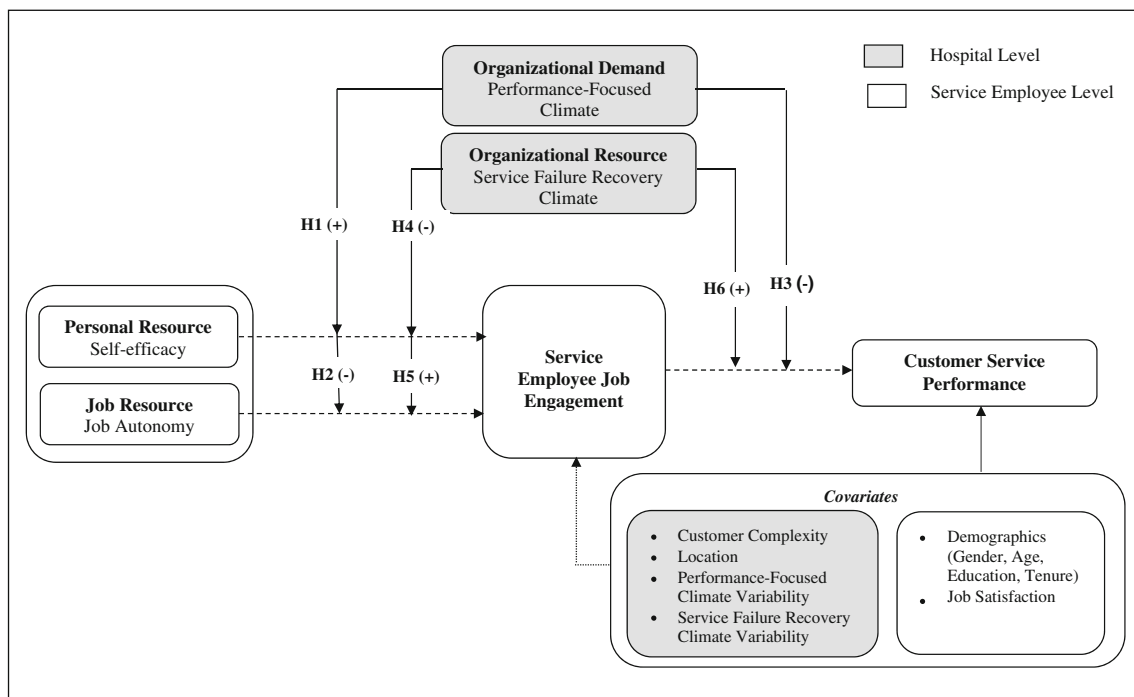


Fig. 1 The hypothesized model for service employee job engagement and customer service performance (Study 1). Note: The *dotted lines* indicate direct effects, which we neither hypothesize nor test as they have already received significant attention in the literature

organizational resource. If this resource is complementary, a positive effect is likely to occur; if it is compensatory, a negative effect is likely to occur.

Performance-focused and service failure recovery climate

“Organizational climate” refers to the collective and shared value and meanings that employees derive from their work environment through social and group interactions (Schneider and Reichers 1983). That is, organizational climates are the lens through which employees interpret and filter what is important, rewarded, and expected in their work environment (Schneider et al. 1998). We chose performance-focused and service failure recovery for this study after consulting with hospital administrative staffs about the most important organizational climates emphasized in employees’ daily operations. The first was an explicit focus on performance excellence. The second, which is consistent with the service literature, was the belief that no matter how much emphasis is put on performance excellence, mishaps are bound to happen, and thus how organizations respond when a service failure occurs is critical. The emphasis on a climate that underscores recovery after a service failure is consistent with research that shows that customers can become more satisfied with and loyal to a firm that handles recovery of service failure properly than had the service failure not happened in the

first place (McCullough and Bharadwaj 1992; Tax and Brown 1998). To corroborate our selection, we approached senior management staff at the hospitals and confirmed that these two climates best represented their hospital’s focus.²

We conceptualize performance-focused climate as an organizational demand and service failure recovery climate as an organizational resource. We argue that performance-focused climate is a demand because the overly heavy focus on high-performance standards reflected in the emphasis on performing better than colleagues and favoring high-performing employees puts significant physiological and psychological pressure on employees (Greenhaus et al. 1987). Such a climate involves a competitive and high-pressure work environment that can steer employees to compete against one another rather than collaborate, potentially building tension and conflict. Therefore, while we assert that performance-focused climate is a demand, employees appraise it as either a challenge or a hindrance depending on the type of resource they possess.

Service failure recovery climate is a resource because we conceptualize this climate as management’s support to employees in terms of providing training, resources, and empowerment as well as rewarding and recognizing them for restoring service quality and customer satisfaction after a service

² Other organizational climates that we identified were safety and innovation. However, these two climates were emphasized more for physicians and nurses than for service employees, who were the focus of this study.

failure. This definition is in line with the role of functional resources in achieving work goals and stimulating personal growth, learning, and development (Bakker and Demerouti 2007). Based on the above two climates, this study takes a configuration approach to climate research by showing when multiple climates can co-exist under different types of resources.

Moderating role of performance-focused climate

Self-efficacy–engagement link We do not hypothesize main effects between resources and engagement or between engagement and customer service performance because these links have already received attention in the literature (e.g., Christian et al. 2011; Schaufeli and Bakker 2004; Xanthopoulou et al. 2007, 2009). Instead, we focus on the interactions between the two climates (i.e., performance-focused and service failure recovery) and resources and the same two climates and engagement because less research has investigated the boundary conditions of the resource–engagement and engagement–customer service performance relationships.

We argue that self-efficacious employees will appraise performance-focused climate as a challenge because self-efficacy helps them cope with and meet high-performance expectations. Under a high-performance-focused climate, self-efficacious employees will feel motivated to leverage their knowledge and expertise to raise performance. When working in a performance-focused climate, they will sense the need to feel competent and make an impact, and when these needs are satisfied through self-efficacy, they will feel greater intrinsic motivation, leading to more engagement (Deci and Ryan 1985, 2000). Therefore, we posit that a performance-focused climate allows self-efficacy to manifest through greater motivation and the fulfillment of realized competency, and thus we predict a stronger positive effect of self-efficacy on engagement:

H1: The positive effect of self-efficacy on engagement is stronger under a high (vs. low) performance-focused climate.

Job autonomy–engagement link Service employees who have autonomy in their jobs tend to be engaged because of the increased control and latitude to make their own decisions (Deci and Ryan 1985, 2000), which enhance satisfaction. Job autonomy offers employees the discretion to be self-governing and independent; they can self-regulate and learn at their own pace for growth and development. However, we assert that these employees will appraise a performance-focused climate as a hindrance, thus mitigating job autonomy's effect on engagement, because the demand and

expectation to deliver only high performance thwart the motivation to design, pace, and control their work. A high performance-focused climate dampens the benefits associated with job autonomy because, while job autonomy enables employees to take charge of the process of work, a performance-focused climate puts heightened value on the final outcome, rendering the two incompatible. Under a performance-focused climate, we reason that the taxing and demanding pressure to produce high performance and outperform fellow colleagues will interfere with and thus diminish the intrinsic motivation that employees perceive from job autonomy, attenuating its impact on engagement:

H2: The positive effect of job autonomy on engagement is weaker under a high (vs. low) performance-focused climate.

Engagement–customer service performance link In this study, we define engagement as a work-related state of mind represented by vigor, dedication, and absorption (Schaufeli et al. 2002). Engaged employees feel more inspired, energetic, and enthusiastic about their work, and this feeling will be reflected in how they interact with customers (Salanova et al. 2005). Thus, engagement can lead to higher customer service performance, defined as an assessment of how well a service employee delivers in-role service performance to customers, because engaged employees have a more positive outlook of their work and are more dedicated to performing their job responsibilities and duties. Engaged employees approach customers quickly, listen to them carefully, and recognize needs that they may possess but are not able to identify; thus, they are able to explain certain service features and benefits to overcome customer objections (Liao and Chuang 2004).

According to social information processing theory (Salancik and Pfeffer 1978), employees interpret that their organizations appreciate hard results but not hard work (or the process) in a high performance-focused climate. Therefore, under a performance-focused climate, we expect the positive impact of engagement on customer service performance to be weakened because the sole emphasis on high performance impedes the channeling of engagement to better service customers. That is, a performance-focused climate hinders engaged employees from delivering high customer service performance as it creates a competitive work environment, which dampens engagement's positive effect on customer service performance. Consequently, we propose that a performance-focused climate mitigates the effect of engagement on customer service performance:

H3: The positive effect of engagement on customer service performance is weaker under a high (vs. low) performance-focused climate.

Moderating role of service failure recovery climate

Self-efficacy–engagement link We state our interaction argument between self-efficacy and service failure recovery climate by drawing from the information ceiling effect literature (Ettema and Kline 1977; Sama et al. 1994). According to the information ceiling effect, new information is less useful for information-rich than information-poor individuals. When applying this to our research, we propose that high self-efficacious employees will benefit less than low self-efficacious employees when management provides the resources and training for service failure recovery.

When employees have low self-efficacy³ but sense a high service failure recovery climate, they can be reassured that, despite lacking competency, management will provide them with the necessary tools and training to effectively recover from service failures. However, when employees are already self-efficacious and have the resources and skills necessary to effectively recover from a service failure, a high service failure recovery climate will not be as helpful and uplifting because the training, resources, or technical support offered under a high service failure recovery climate will have limited impact. Consequently, when already equipped with the required skill sets and knowledge to execute a recovery strategy, such efficacious employees do not benefit as much from a service failure recovery climate as those who lack recovery capabilities.

Our reasoning suggests that a high level of service failure recovery climate can compensate for low self-efficacy and a low level of service failure recovery climate can be compensated by high self-efficacy. That is, when employees sense that management cares about service failure recovery efforts, they may feel engaged regardless of their level of self-efficacy because they know they will receive support for service failure recovery. In this respect, service failure recovery climate and self-efficacy as resources have a compensatory relationship, and therefore we expect service failure recovery climate to mitigate the effect of self-efficacy on engagement.

H4: The positive effect of self-efficacy on engagement is weaker under a high (vs. low) service failure recovery climate.

Job autonomy–engagement link According to the job characteristics model, job autonomy leads to more

engagement because when employees possess autonomy, they sense more control of their jobs because of increased freedom, independence, and discretion (Hackman and Oldham 1980). Meta-analysis shows that work-enriching characteristics, such as job autonomy, give rise to increased perceptions of psychological empowerment (Seibert et al. 2011). When a service failure occurs under a high service failure recovery climate and employees have job autonomy, they do not need to wait or ask for supervisor approval on how to proceed and what should be done to recover from a failure. Therefore, they will be more engaged, knowing that they are empowered to make an impact on reversing what went wrong. We also submit that employees with job autonomy working under a high service failure recovery climate will feel more intrinsic motivation when they have control and latitude over how they can respond to service failures. In this respect, we argue that service failure recovery climate and job autonomy as resources have a complementary relationship. Therefore, service failure recovery climate will further enable employees to take advantage of the freedom, flexibility, and discretion that accompany job autonomy, leading to greater engagement.

H5: The positive effect of job autonomy on engagement is stronger under a high (vs. low) service failure recovery climate.

Engagement–customer service performance link Under a high service failure recovery climate, employees are provided with the necessary resources and training to handle unexpected outcomes effectively so that service quality and customer trust are restored. When employees sense such support from management, they are likely to feel self-determined because their need for competency, discretion, and control is fulfilled (Deci and Ryan 1985). We reason that a service failure recovery climate instills employees with a greater sense of empowerment and therefore bolsters engaged employees in performing customer service at a higher level. Our reasoning is consistent with recent studies that show that the impact of employee engagement on customer engagement is stronger when employees are empowered (Kumar and Pansari 2016). We therefore posit that the impact of engagement on customer service performance will be accentuated under a high service failure recovery climate:

H6: The positive effect of engagement on customer service performance is stronger under a high (vs. low) service failure recovery climate.

³ We argue that the ability to effectively implement a service failure recovery strategy is an important criterion of a self-efficacious service employee. Therefore, we assert that when employees possess self-efficacy, they feel competent in addressing customer complaints or service failures as part of their job description.

Study 1 (main study)

Research context

Our research context is a private health care company that owns 25 hospitals⁴ across Turkey. Turkey is the 17th largest economy in the world and 7th largest in Europe in terms of purchasing power, and the services sector contributes to 64.2% of gross domestic product (International Monetary Fund 2015). Although tourism, communications, and financial services still play a predominant role in creating wealth, the engines of growth in the Turkish health care sector have been increasing income, changing demographics, and widespread access to health care services (Investment Support and Promotion Agency of Turkey 2014). The private sector leads the growth in Turkey's health care sector, with the number of private hospital beds growing 23.6% between 2002 and 2012 (Investment Support and Promotion Agency of Turkey 2014).

The Turkish health care system has undergone reforms since 2003. Private hospitals have become more accessible to local patients, whether they have private health insurance or not. Turkish hospitals/medical centers have also experienced a 38% increase in foreign patients seeking treatment between 2008 and 2012 (Investment Support and Promotion Agency of Turkey 2014), and private hospitals assume a substantial role in making the country an attractive destination for health tourism. This trend increases competition among private hospitals in particular, and managers are now more concerned with sustaining and maintaining high levels of service quality to enhance patient satisfaction, loyalty, and retention (Taner and Antony 2006). Thus, a deeper understanding of the role of service employee engagement in demonstrating superior customer service performance may benefit managers striving to achieve a competitive advantage.

Sample and data collection procedure

We conducted this study at 25 private hospitals governed by a private health care company, with service employees working in the patient admission unit of each hospital as our target respondents. We distributed 1183 surveys across all 25 hospitals with the help of contact personnel assigned by the company. Service employees received the survey along with a return envelope and a letter explaining the purpose of the study. We asked the respondents to fill out consent forms on data confidentiality and anonymity as part of our agreement with the company. After completing the survey during work hours, service employees returned the survey directly to the contact personnel, who then forwarded completed surveys to the company headquarters through an internal mailing system.

⁴ A confidentiality agreement with the company prevents us from revealing any further information about the chain and its hospitals' operations.

We obtained 800 usable surveys from service employees, for a response rate of 67.6%. Seventy-one percent of employees were employed by 15 hospitals located in a metropolitan city. The number of service employee responses across hospitals ranged from 5 to 96, with a response rate ranging from 12.8% to 100%. Of the service employees, 79.6% were women, 47% were within the age range of 25–31 years, 66.8% were university graduates, and average job tenure was 2.5 years. There was a statistically significant difference across hospitals in terms of service employees' age ($F = 5.013$, $p < .01$) and tenure ($F = 6.913$, $p < .01$).

Survey design and measures

Service employees responded to the survey in Turkish. However, because a Turkish version of the scales necessary to measure multi-item constructs was not available, we designed the survey in English and translated it into Turkish through the translation/back-translation technique (Brislin et al. 1973). While designing the survey, we implemented all necessary procedural remedies to minimize the possibility for response bias (Podsakoff et al. 2003). That is, we informed respondents that there were no right or wrong answers to any of the scale items and that their responses would remain confidential. We controlled for priming effects and item-context-induced mood states by ordering different types of constructs (e.g., performance-focused climate, self-efficacy, customer complexity) and their respective scale items randomly so that they would not follow the same order as in the proposed model. Finally, we eliminated common scale properties between independent variables and the dependent variable by obtaining supervisors' responses to service employees' customer service performance using different anchor labels (Ostroff et al. 2002).

We measured all multi-item constructs except service failure recovery climate with existing scales drawn from the marketing/management literature. We used a five-point Likert format (1 = strongly disagree; 5 = strongly agree) for all measures except for supervisors' evaluation of service employees' customer service performance (see the Appendix).

Core constructs We measured job autonomy (three items) and self-efficacy (three items) with scales borrowed from Spreitzer (1995). We measured job engagement in terms of vigor (six items), dedication (five items), and absorption (six items) with scales borrowed from Salanova et al. (2005). We assessed performance-focused climate with the four highest-loading items of Seifriz et al.'s (1992) performance dimension of Perceived Motivational Climate scale, which they adapted from Ames and Archer's (1988) Achievement Goals Questionnaire. Drawing from Gonzalez et al. (2005), we measured service failure recovery climate with a

six-item scale we developed for this study by following Churchill's (1979) procedure.

Although the Turkish hospitals are autonomous in their management, they implement a uniform performance evaluation system for service employees. Two supervisors evaluate service employees' performance twice a year on five criteria (i.e., accurately anticipating and working to fulfill patients' needs, interacting professionally with patients, providing high-quality service to patients, attending to patients' needs and requests, and listening to patients to understand needs and determine how they can be met) on a five-point scale (1 = far below expectations; 5 = very successful). We obtained an average score of the five criteria from supervisors' evaluations of employees' customer service performance after the survey was completed. We matched these customer service performance scores with the survey data from service employees.

Control variables The engagement literature establishes that the level of employee job engagement is influenced by employee-level factors, such as demographics, core self-evaluation (e.g., self-efficacy), leadership, and job satisfaction, and group-level factors, such as job design (e.g., autonomy, task/outcome interdependence) and climate (e.g., Kahn 1990; Rich et al. 2010). Therefore, we controlled for service employee- and hospital-level variables with theoretical and statistical relevance in an attempt to minimize bias for omitted variables and to account for factors that explained significant variance in job engagement and customer service performance (see Carlson and Wu 2012).

At the service employee level, we controlled for gender (0 = male; 1 = female), age (in years), tenure (in years), education (1 = high school; 2 = college; 3 = graduate degree), and the level of job satisfaction. We performed log transformation for employee age and tenure, as these variables were not normally distributed. We measured job satisfaction with a three-item scale taken from Fast et al. (2014). At the hospital level, we controlled for customer (patient) complexity, location (dummy variable; 1 = metropolitan city; 0 = others), and the variability in service employees' perceptions of performance-focused climate and service failure recovery climate. We measured customer (patient) complexity with a five-item scale borrowed from Chowdhury and Endres (2010). We operationalized the variability in service employees' perceptions of climate at each hospital by computing the standard deviation of the average score of each climate measure across service employees.

Measure validation

We ran confirmatory factor analysis (CFA) to assess the reliability and validity of the model's multi-item constructs. Initial findings indicated that model fit could be improved by deleting one item with a low factor loading. The CFA with the remaining items (see the Appendix) resulted in good fit to

the data ($\chi^2 = 2030.52$, $df = 704$; GFI = .88; TLI = .92; CFI = .93; RMSEA = .05). In addition to statistically significant factor loadings (Anderson and Gerbing 1988), the average variance extracted (AVE) and composite reliability values for all constructs were greater than .50 and .70, respectively (Bagozzi and Yi 1988). The AVE estimates were also greater than the squared correlation between all pairs of constructs (Fornell and Larcker 1981). These findings indicate the convergent and discriminant validity of the constructs. Table 2 reports descriptive statistics, intercorrelations, and the reliability and validity measures of the constructs.

We conceptualized job engagement as a higher-order construct comprising three first-order dimensions: vigor, dedication, and absorption. The higher-order CFA indicated good fit to the data ($\chi^2 = 246.09$, $df = 101$; GFI = .96; TLI = .98; CFI = .98; RMSEA = .04). The three first-order dimensions were highly correlated ($r_{\text{vigor-dedication}} = .843$; $r_{\text{vigor-absorption}} = .763$; $r_{\text{dedication-absorption}} = .824$), and the importance weightings of vigor, dedication, and absorption were .884, .953, and .864, respectively. We created the higher-order construct of job engagement by multiplying the mean scores of all dimensions with their importance weightings.

Treatment for common method bias Although we relied on multi-respondent data for the second part of the model, using cross-sectional data and the resultant single-respondent effect for the first part of the model could result in common method bias (Podsakoff et al. 2003). Therefore, we re-estimated the measurement model by including an unmeasured common method factor, which loaded on all items of the focal constructs (Podsakoff et al. 2003). We found a significant chi-square difference between the measurement model and the unmeasured common factor model ($\Delta\chi^2 = 100.53$; $df = 40$, $p < .01$). Seventy-two percent of the variance was due to the trait factors (i.e., the constructs), 6% of the variance was accounted for by the method factor, and 22% of the variance resulted from unique sources. Although common method had little systematic influence on service employees' responses, we controlled for method bias by including the method factor while estimating the hypothesized relationships.

Treatment for social desirability bias Service employees' responses to the measures of job autonomy, self-efficacy, and job engagement may be influenced by social desirability rather than their genuine beliefs and opinions (Podsakoff et al. 2003). Therefore, we controlled for social desirability⁵ to partial out its unique variance on the model's variables (e.g., Donovan et al. 2004).

⁵ We measured social desirability (Cronbach's $\alpha = .89$) with a five-item, six-point Likert scale (1 = strongly disagree, 6 = strongly agree) taken from Donovan et al. (2004).

Table 2 Descriptive statistics, intercorrelations, and reliability/validity measures (Study 1)

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Employee gender															
2. Employee age (log)	.097**														
3. Employee education	.083*	.363**													
4. Employee tenure (log)	-.008	.363**	-.197**												
5. Self-efficacy	.001	-.038	.079*	.019											
6. Job autonomy	-.016	-.026	.020	.089*	.480**										
7. Job engagement	-.008	.006	.049	-.033	.419**	.320**									
8. Customer service performance	.022	-.058	.050	-.022	.329**	.224**	.334**								
9. Job satisfaction	.010	.041	.003	.005	.313**	.298**	.567**	.221**							
10. Customer complexity	-.001	-.041	-.006	-.015	.167**	.067	.079*	.125**	.081*						
11. Performance-focused climate (PFC)	-.013	.028	-.021	.059	.111**	.035	.000	.089*	.029	.548**					
12. PFC variability	.003	-.121**	.062	-.026	.076*	-.044	-.024	.030	-.006	-.067	-.199**				
13. Service failure recovery climate (SFRC)	-.039	-.008	-.040	.150**	.048	.082*	.126**	.003	.107**	.076*	.059	-.157**			
14. SFRC variability	.013	-.171**	-.015	-.204**	.091*	-.022	-.024	.078*	.005	.293**	.246**	.290**	-.358**		
15. Location	-.026	-.191**	-.045	-.107**	.038	.053	-.006	.033	.025	.085*	.129**	.165**	.339**	.319**	
Mean	.80	.21	1.70	1.30	4.45	3.88	3.53	3.79	3.72	3.89	3.86	1.01	3.56	1.03	–
SD	.40	.18	.49	.47	.69	.85	.64	1.08	.96	.17	.21	.14	.17	.12	–
Cronbach’s alpha	–	–	–	–	.92	.75	.93	–	.87	.80	.83	–	.87	–	–
Composite reliability	–	–	–	–	.92	.78	.93	–	.87	.83	.88	–	.84	–	–
AVE	–	–	–	–	.79	.54	.81	–	.70	.50	.55	–	.57	–	–

Employee age and tenure are log-transformed. Cronbach’s alpha for the aggregated constructs of performance-focused climate, service failure recovery climate, and customer complexity are .89, .87, and .79, respectively

* $p < .05$; ** $p < .01$ (two-tailed test)

Analytic approach

Our model proposes cross-level interactions, such that the two types of climate (performance-focused and service failure recovery) at the hospital level (1) interact with service employee-level resources (i.e., self-efficacy and job autonomy) to influence employee job engagement and also (2) interact with job engagement to influence customer service performance. Nevertheless, analysis of variance results indicated significant variation across hospitals in self-efficacy ($F_{(24, 775)} = 2.292, p < .01$), job autonomy ($F_{(24, 775)} = 1.600, p < .05$), and job engagement ($F_{(24, 775)} = 8.835, p < .01$). In addition, the ICC1 (interrater correlation coefficient) value suggested that hospital-specific factors (i.e., non-independence) affected service employees’ job engagement ($ICC1 = .20$) (Bliese 2000). Therefore, we performed latent means technique (Preacher et al. 2010) in Mplus 7.0 (Muthén and Muthén 2012) to estimate the model’s relationships simultaneously.

We operationalized performance-focused climate, service failure recovery climate, and customer (patient) complexity at the hospital level by aggregating service employees’

responses on the three measures.⁶ The within-hospital agreement (median r_{wg}) (performance-focused climate = .87; service failure recovery climate = .83; customer complexity = .83) and the reliability of hospital-level means (ICC2) (performance-focused climate = .76; service failure recovery climate = .83; customer complexity = .73) were well above the threshold value (LeBreton and Senter 2008), corroborating data aggregation.

Results

Model 1 (main effects) First, we tested the main-effects-only model. We found significant, positive effects of self-efficacy and job autonomy on job engagement and of job engagement on customer service performance. Second, we tested whether job engagement mediated the relationship among self-efficacy, job autonomy, and customer service performance. We re-

⁶ Previous researchers have treated “climate” variables as a resource or demand, testing it at the individual (Schmitz and Ganesan 2014) or group (Dollard and Bakker 2010) level. The current study takes into account within-group (i.e., shared) perceptions of performance-focused climate and service failure recovery climate.

Table 3 Multilevel path analysis results (Study 1)

Paths		Model 1		Model 2	
From	To	γ	SE	γ	SE
Main effects					
Self-Efficacy	Job Engagement	.221**	.031	.225**	.032
Job Autonomy	Job Engagement	.052*	.025	.063*	.025
Job Engagement	Customer Service Performance	.221**	.038	.222**	.042
Additional path					
Self-Efficacy	Customer Service Performance	.180**	.032	.184**	.033
Moderators					
Performance-Focused (PF) Climate	Job Engagement	-.187*	.110	-.018	.133
Service Failure Recovery (SFR) Climate	Job Engagement	.569**	.143	.527**	.174
PF Climate	Customer Service Performance	.142	.119	.151	.120
SFR Climate	Customer Service Performance	-.086	.174	-.120	.181
Cross-level interactions					
Self-Efficacy x PF Climate	Job Engagement			.412**	.132
Job Autonomy x PF Climate	Job Engagement			-.409**	.127
Job Engagement x PF Climate	Customer Service Performance			-.297*	.144
Self-Efficacy x SFR Climate	Job Engagement			-.349*	.177
Job Autonomy x SFR Climate	Job Engagement			-.002	.152
Job Engagement x SFR Climate	Customer Service Performance			.306*	.172
Service employee-level covariates					
Gender	Job Engagement	-.012	.044	-.005	.044
Age (log)	Job Engagement	.012	.107	.002	.107
Education	Job Engagement	.022	.037	.025	.037
Tenure (log)	Job Engagement	-.089*	.043	-.080	.041
Customer Complexity	Job Engagement	.212	.155	.271	.163
Job Satisfaction	Job Engagement	.297**	.020	.290**	.021
Location	Job Engagement	-.119*	.053	-.088	.059
Gender	Customer Service Performance	.038	.048	.028	.049
Age (log)	Customer Service Performance	-.183	.115	-.179	.116
Education	Customer Service Performance	.022	.040	.022	.041
Tenure (log)	Customer Service Performance	.016	.047	.006	.047
Customer Complexity	Customer Service Performance	.269	.152	.279	.147
Job Satisfaction	Customer Service Performance	.015	.025	.021	.025
Location	Customer Service Performance	.014	.056	.046	.062
Hospital-level covariates					
PF Climate Variability	Job Engagement	-.058	.176	.152	.197
SFR Climate Variability	Job Engagement	.270	.218	.322	.221
PF Climate Variability	Customer Service Performance	.136	.158	.170	.186
SFR Climate Variability	Customer Service Performance	.103	.228	-.017	.234
Between-level (hospital) effects					
Self-Efficacy	Job Engagement	.101	.177	.147	.195
Job Autonomy	Job Engagement	.157	.120	.269	.146
Self-Efficacy x PF Climate	Job Engagement			2.694**	.814
Job Autonomy x PF Climate	Job Engagement			-1.272	.761
Self-Efficacy x SFR Climate	Job Engagement			.022	.874
Job Autonomy x SFR Climate	Job Engagement			-.414	.699
Job Engagement	Customer Service Performance	-.023	.165	.083	.182
Job Engagement x PF Climate	Customer Service Performance			.260	.717

Table 3 (continued)

Paths		Model 1		Model 2	
From	To	γ	SE	γ	SE
Job Engagement x SFR Climate	Customer Service Performance			.512	.674
Social desirability effects					
Social Desirability	Self-Efficacy	.063**	.021	.063**	.021
Social Desirability	Self-Efficacy (Hospital Level)	.380**	.027	-.180**	.028
Social Desirability	Job Autonomy	.123**	.026	.123**	.026
Social Desirability	Job Autonomy (Hospital Level)	-.180**	.027	.380**	.026
Social Desirability	Job Engagement	-.008	.017	-.003	.016
Social Desirability	Job Engagement (Hospital Level)	.104**	.025	.104**	.016
Social Desirability	Job Satisfaction	.155**	.030	.155**	.031
Social Desirability	Customer Complexity	.061*	.027	.061*	.027
Social Desirability	PF Climate	-.214**	.033	-.214**	.034
Social Desirability	SFR Climate	.129**	.028	.129**	.028
Common method effects					
Common Method Factor	Self-Efficacy	.095**	.027	.095**	.027
Common Method Factor	Self-Efficacy (Hospital Level)	.305**	.036	.305**	.035
Common Method Factor	Job Autonomy	.053	.034	.053	.034
Common Method Factor	Job Autonomy (Hospital Level)	.095**	.035	.095**	.035
Common Method Factor	Job Engagement	.081**	.021	.081**	.022
Common Method Factor	Job Engagement (Hospital Level)	.256**	.033	.256**	.032
Common Method Factor	Job Satisfaction	.096*	.038	.096*	.038
Common Method Factor	Customer Complexity	.176**	.035	.176**	.036
Common Method Factor	PF Climate	.110*	.043	.110*	.043
Common Method Factor	SFR Climate	.153**	.036	.153**	.035
<i>Pseudo-R</i> ²	Job Engagement	.36		.40	
<i>Pseudo-R</i> ²	Customer Service Performance	.14		.16	

Model 1: main-effects-only model; Model 2: full hypothesized model. Unstandardized coefficients and robust standard errors (SE) are reported. Significant cross-level interaction effects are indicated in bold

* $p < .05$; ** $p < .01$ (one-tailed test for the hypothesized relationships and two-tailed test for covariates)

ran the model by adding direct paths from self-efficacy and job autonomy to customer service performance. The model’s fit could only improve (i.e., a significant change in Akaike information criterion [AIC]) when a direct path from self-efficacy to customer service performance was added to the model ($\Delta AIC = 28.368$). As Table 3 (Model 1) reports, self-efficacy ($\gamma = .221$, $p < .01$) and job autonomy ($\gamma = .052$, $p < .05$) are related positively to job engagement, and job engagement is related positively to customer service performance ($\gamma = .221$, $p < .01$). The effect of self-efficacy on customer service performance is positive and significant ($\gamma = .180$, $p < .01$).

In line with Zhao et al. (2010), we employed the parametric bootstrap method (Preacher et al. 2010) to test the indirect effects of self-efficacy and job autonomy on customer service performance. We found a significant indirect effect of self-efficacy ($\gamma = .048$, $p < .01$, 95% confidence interval [CI] [.030, .075]) and job autonomy ($\gamma = .011$, $p < .05$, CI [.001,

.025]) on customer service performance. Because both the direct and indirect effects of self-efficacy on customer service performance are positive and significant, self-efficacy serves as a complementary mediator. A significant indirect but non-significant direct effect of job autonomy on customer service performance indicates that job engagement serves only as an indirect mediator (Zhao et al. 2010). With these findings, we ran the hypothesized model by including the cross-level interaction effects in the main-effects model (e.g., Hofmann and Gavin 1998).

Model 2 (cross-level interactions) H1 posits that the positive effect of self-efficacy on job engagement is strengthened under a high (vs. low) performance-focused climate. Table 3 (Model 2) indicates that the cross-level interaction effect of self-efficacy and performance-focused climate on engagement is positive

($\gamma = .412, p < .01$). Self-efficacy has a more positive effect on engagement at high levels of performance-focused climate ($\gamma = .311, p < .01, CI [.204, .391]$) than at low levels ($\gamma = .139, p < .01, CI [.067, .217]$), with a significant difference between the two levels ($t = 2.963, p < .01$). These findings provide support for H1.

H2 posits that the positive effect of job autonomy on engagement is weaker under a high (vs. low) performance-focused climate. The interaction effect of job autonomy and performance-focused climate on job engagement is negative ($\gamma = - .409, p < .01$). Job autonomy has a positive effect on engagement at low levels of performance-focused climate ($\gamma = .148, p < .01, CI [.078, .227]$) but not at high levels ($\gamma = - .023, ns, CI [- .100, .044]$). Consequently, H2 is supported.

H3 posits that the positive effect of engagement on customer service performance is weaker under a high (vs. low) performance-focused climate. The cross-level interaction effect of engagement and performance-focused climate on customer service performance is negative ($\gamma = - .297, p < .05$). Job engagement has a more positive effect on customer service performance at low levels of performance-focused climate ($\gamma = .278, p < .01, CI [.177, .372]$) than at high levels ($\gamma = .159, p < .01, CI [.060, .267]$), with a significant difference between the two levels ($t = 1.990, p < .05$). Thus, H3 is supported. Fig. 2 shows significant cross-level interaction effects.

H4 posits that the positive effect of self-efficacy on job engagement is weaker under a high (vs. low) service failure recovery climate. The interaction effect of self-efficacy and service failure recovery climate to engagement is negative ($\gamma = - .349, p < .05$). Self-efficacy has a more positive effect on engagement at low levels of service failure recovery climate ($\gamma = .285, p < .01, CI [.200, .366]$) than at high levels ($\gamma = .164, p < .01, CI [.075, .257]$), with a significant difference between the two levels ($t = 2.040, p < .05$). Thus, H4 is supported.

H5 posits that the positive effect of job autonomy on engagement is stronger under a high (vs. low) service failure recovery climate. We find no cross-level interaction effect of job autonomy and service failure recovery climate on engagement ($\gamma = - .002, ns$). Therefore, H5 is not supported.

H6 posits that the positive effect of engagement on customer service performance is stronger under a high (vs. low) service failure recovery climate. The interaction effect of engagement and service failure recovery climate on customer service performance is positive ($\gamma = .306, p < .05$). Job engagement has a more positive effect on customer service performance at high levels of service failure recovery climate ($\gamma = .271, p < .01, CI [.165, .374]$) than at low levels ($\gamma = .166, p < .01, CI [.070, .271]$), with a significant difference between the two levels ($t = 2.001, p < .05$). These findings provide support for H6. Fig. 3 shows significant cross-level interaction effects.

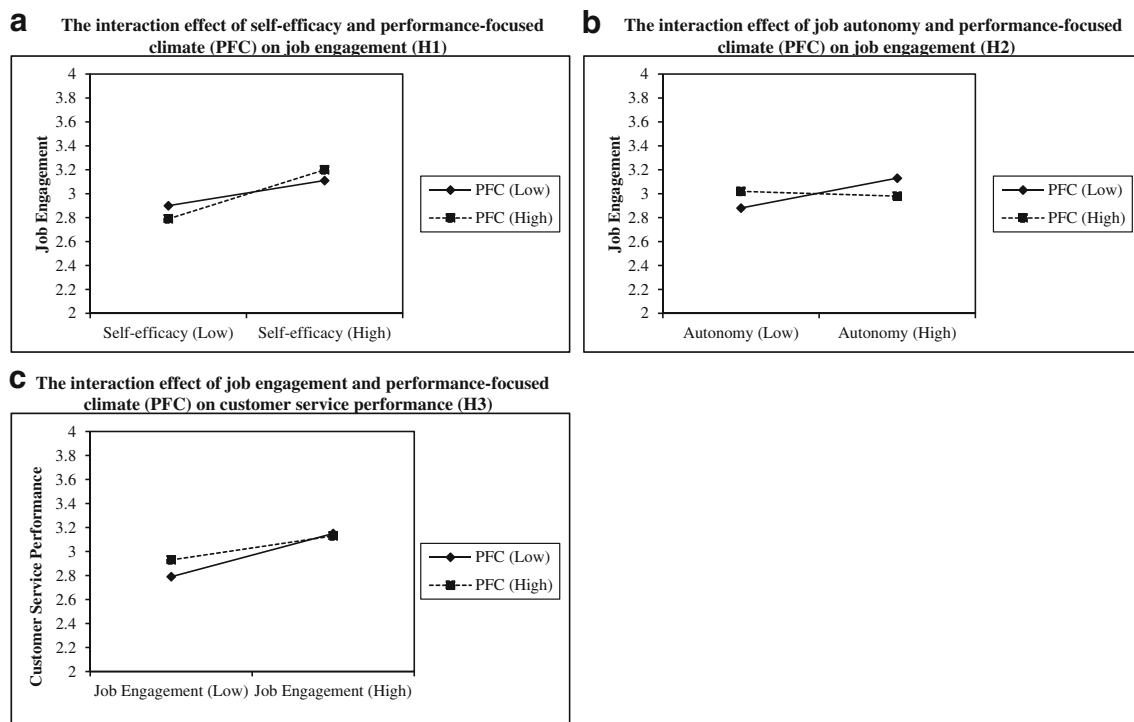


Fig. 2 The moderating role of performance-focused climate

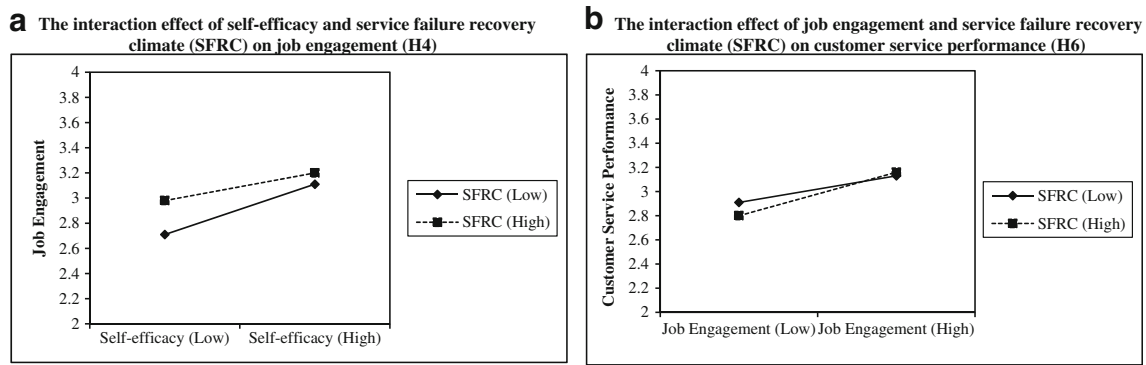


Fig. 3 The moderating role of service failure recovery climate

Post hoc tests We tested several alternative models to assess the robustness of the proposed model. First, we tested whether the effect of performance-focused climate on job engagement is moderated by the three resources (i.e., self-efficacy, job autonomy, and service failure recovery climate). Second, we tested whether service failure recovery climate moderates the effect of performance-focused climate on engagement and customer service performance. Third, the JD-R model posits that job resources and personal resources are not always independent (Bakker and Demerouti 2014). Therefore, self-efficacy (i.e., personal resource) and job autonomy (i.e., job resource) may also interact to influence job engagement. Finally, customer complexity might be considered either a job-related demand or a resource, such that it interacts with self-efficacy, autonomy, and the two climate variables to influence job engagement and customer service performance. Overall, the results did not support these alternative models, providing empirical evidence for the robustness of the proposed model.

Study 2 (follow-up study)

Purpose and sample

Although most of our hypotheses received support, Study 1 had two limitations, which we attempt to address in Study 2. First, the two organizational climates studied in Study 1 are emergent group-level constructs that represent shared and collective perceptions of employees within a group (Kozlowski and Klein 2000). That is, while personal and job resources were at the individual level, climate was at the group level. Although social information processing theory (Salancik and Pfeffer 1978) would predict that employees within the same group develop a similar view of the importance of performance and service failure recovery through social interactions, research suggests that climates can also be conceptualized and measured as a psychological climate

at the individual level (Ostroff et al. 2003). A psychological climate (Jones and James 1979) represents an individual’s “cognitive interpretations of the organizational context or situation ... and provide[s] a representation of the meaning inherent in organizational features, events, and processes” (Kozlowski and Doherty 1989, p. 547). Furthermore, appraisals are subjective assessments by individuals, not generalized situational assessments at the organizational level. Therefore, Study 2 tests climates as *service employees’* perceptions of rather than shared view on performance emphasis and service failure recovery. Specifically, we conceptualize and operationalize both climates as psychological climate at the individual level. Thus, we move from a multi-level model in Study 1 to a single-level model in Study 2 to further test the robustness of our conceptual model.

Second, we tested our model in Study 1 in the health care industry with hospitals. To increase the generalizability of our results to other industries and to provide more confidence that the two climates and resources are not confined to a particular industry, we test our model in Study 2 in the financial services, tourism and hospitality, and retailing sectors.

We conducted our survey with 276 participants from Amazon Mechanical Turk. The respondents were mostly men (76%), with an average age of 32.8 years and average work experience of 6.2 years. Eighty-four percent held graduate degrees. Forty-three percent were employed in the financial services sector, followed by tourism and hospitality (42%), and retailing (15%).

Study design and analytic approach

In this study, we used the same measures as in Study 1. In addition, we controlled for the effect of demographics (i.e., gender, age, education, and tenure), job satisfaction, customer complexity, and sector on job engagement and customer service performance.

We assessed the reliability and validity of the measures. The measurement model indicated good fit to the data after

Table 4 Descriptive statistics, intercorrelations, and reliability/validity measures (Study 2)

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Sector (Financial services)															
2. Sector (Tourism and hospitality)															
3. Sector (Retailing)															
4. Employee gender	.001	.006	-.006												
5. Employee age (log)	-.015	-.064	.062	.016											
6. Employee education	.085	.014	-.096	.129*	-.103										
7. Employee tenure (log)	-.042	.062	-.003	.144*	.592**	-.063									
8. Self-efficacy	-.250**	.086	.189**	-.001	.146*	.077	.071								
9. Job autonomy	-.141*	-.073	.195**	.054	.203**	-.016	.054	.543**							
10. Job engagement	-.190**	-.025	.208**	.082	-.063	-.008	-.123*	.199**	.156**						
11. Customer service performance	-.126*	.024	.109	.097	.095	.100	.157**	.459**	.344**	.274**					
12. Job satisfaction	.074	-.049	-.038	-.176**	.080	-.023	.005	-.054	.007	.129*	.081				
13. Customer complexity	-.193**	.038	.166**	-.052	-.008	-.012	-.008	.182**	.184**	.064	.294**	.068			
14. Performance-focused climate	.026	-.152*	.085	.003	.006	.162**	.037	.173**	.185**	.029	.102	.060	.054		
15. Service failure recovery climate	-.259**	-.056	.301**	-.048	.113	-.187**	.099	.316**	.225**	.243**	.147*	-.069	.219**	.135*	
Mean	—	—	—	.75	3.46	2.01	3.61	4.16	3.80	3.30	3.89	2.46	3.64	2.75	3.28
SD	—	—	—	.32	.23	.40	1.32	.84	.77	1.04	.75	1.03	.89	.90	.65
Cronbach's alpha	—	—	—	—	—	—	—	.92	.77	.89	.91	.85	.84	.84	.87
Composite reliability	—	—	—	—	—	—	—	.94	.77	.90	.92	.86	.86	.86	.89
AVE	—	—	—	—	—	—	—	.83	.53	.60	.69	.69	.56	.61	.58

Employee age and tenure are log-transformed

* $p < .05$; ** $p < .01$ (two-tailed test)

deletion of items with low factor loading ($\chi^2 = 2004.54$, $df = 953$; $GFI = .90$; $TLI = .93$; $CFI = .94$; $RMSEA = .06$). The composite reliability and AVE values were above .70 and .50, respectively (see Table 4). Conventional techniques supported convergent and discriminant validity of the measures. We operationalized job engagement as a higher-order construct by multiplying the mean score of its three dimensions with their importance weightings. We also controlled for common method bias and self-desirability bias in the same way as in Study 1.

The unit of analysis was an individual service employee. Therefore, we operationalized all constructs at the service employee level. To do so, we took into consideration service employees' perceptions of the two climate constructs rather than shared perceptions within a group.⁷ We employed the path analysis technique to account for measurement error while estimating the model (for details, see Brown and

Peterson 1994). We also incorporated the Monte Carlo technique (parametric bootstrapping) in our analyses to avoid the problem associated with non-normal distribution of interaction variables (Carson 2007).

Results

As Table 5 reports, the interaction effect of self-efficacy and perceived performance-focused climate on job engagement is positive ($b = .240$, $p < .05$), and the interaction effect of job autonomy and performance-focused climate on job engagement is negative ($b = -.219$, $p < .05$), in support of H1 and H2. However, H3 is not supported; the interaction effect of job engagement and perceived performance-focused climate on customer service performance is not significant ($b = .021$, ns). Furthermore, the interaction effect of job autonomy and perceived service failure recovery climate on job engagement is positive ($b = .354$, $p < .05$), while the interaction effect of self-efficacy and service failure recovery climate on job engagement is not significant ($b = -.168$, ns). These results provide support for H5 but not H4. Finally, the interaction effect of job engagement and service failure recovery climate on customer service performance is positive and significant

⁷ Considering the central role of individual appraisal of job demands and resources in JD-R theory, this study takes into account service employees' own perceptions of performance-focused climate and service failure recovery climate. In other words, we operationalized the two climate variables at the service employee (or individual) level.

Table 5 Path analysis results (Study 2)

Paths		Model 1		Model 2	
From	To	γ	SE	γ	SE
Main effects					
Self-Efficacy	Job Engagement	.217*	.086	.193*	.094
Job Autonomy	Job Engagement	.024	.091	.002	.094
Job Engagement	Customer Service Performance	.126**	.039	.098**	.039
Additional path					
Self-Efficacy	Customer Service Performance	.328**	.049	.330**	.049
Moderators					
Performance-Focused (PPF) Climate	Job Engagement	-.040	.066	-.035	.069
Service Failure Recovery (PSFR) Climate	Job Engagement	.308**	.097	.286**	.098
PF Climate	Customer Service Performance				
SFR Climate	Customer Service Performance				
Interaction effects					
Self-Efficacy x PF Climate	Job Engagement			.240**	.081
Job Autonomy x PF Climate	Job Engagement			-.219*	.096
Job Engagement x PF Climate	Customer Service Performance			.021	.067
Self-Efficacy x SFR Climate	Job Engagement			-.168	.152
Job Autonomy x SFR Climate	Job Engagement			.354*	.166
Job Engagement x SFR Climate	Customer Service Performance			.141**	.052
Covariates					
Sector (Financial services) ⁴	Job Engagement	-.214	.213	-.187	.211
Sector (Tourism and hospitality) ⁴	Job Engagement	.023	.264	.078	.265
Gender	Job Engagement	.853**	.267	.815**	.262
Age (log)	Job Engagement	-.088	.327	-.123	.326
Education	Job Engagement	-.288	.162	-.295	.158
Tenure (log)	Job Engagement	-.145**	.056	-.167**	.055
Customer Complexity	Job Engagement	-.015	.067	-.029	.067
Job Satisfaction	Job Engagement	.195**	.056	.180**	.056
Sector (Financial services) ⁴	Customer Service Performance	-.056	.137	-.056	.136
Sector (Tourism and hospitality) ⁴	Customer Service Performance	-.229	.171	-.230	.170
Gender	Customer Service Performance	.318	.178	.316	.176
Age (log)	Customer Service Performance	-.286	.213	-.334	.211
Education	Customer Service Performance	-.107	.106	-.137	.105
Tenure (log)	Customer Service Performance	.110**	.037	.117**	.037
Customer Complexity	Customer Service Performance	.187**	.044	.194**	.043
Job Satisfaction	Customer Service Performance	.066	.038	.080*	.038
Social desirability effects					
Social Desirability	Self-Efficacy	.208**	.055	.207**	.056
Social Desirability	Job Autonomy	.241**	.050	.247**	.051
Social Desirability	Job Engagement	.039	.108	-.044	.110

Table 5 (continued)

Paths		Model 1		Model 2	
From	To	γ	SE	γ	SE
Social Desirability	Job Satisfaction	-.063	.071	-.071	.072
Social Desirability	Customer Complexity	.134**	.061	.124*	.061
Social Desirability	PF Climate	.045	.061	.034	.062
Social Desirability	SFR Climate	.195**	.042	.175**	.042
Social Desirability	Customer Service Performance	.124	.070	.121	.070
Common method effects					
Common Method Factor	Self-Efficacy	-.149**	.054	-.149**	.054
Common Method Factor	Job Autonomy	-.077	.049	-.077	.049
Common Method Factor	Job Engagement	-.251**	.067	-.291**	.068
Common Method Factor	Job Satisfaction	-.034	.070	-.034	.070
Common Method Factor	Customer Complexity	.035	.059	.035	.059
Common Method Factor	PF Climate	-.113	.060	-.113	.060
Common Method Factor	SFR Climate	-.072	.042	-.073	.042
Common Method Factor	Customer Service Performance	-.043	.045	-.047	.045
R^2	Job Engagement	.21		.27	
R^2	Customer Service Performance	.34		.37	

Model 1: main-effects-only model; Model 2: full hypothesized model. Unstandardized parameter estimates and bootstrapped (1000 samples) standard errors are reported. Significant interaction effects are indicated in bold italic. Omitted sector is retailing

* $p < .05$; ** $p < .01$ (one-tailed test for the hypothesized relationships and two-tailed test for covariates)

($b = .141$, $p < .01$), in support of H6. These findings yield empirical evidence of the robustness of our model, such that the proposed relationships are largely supported even when we test the model using data collected from other types of service sectors and considering service employees' own perceptions of the two climates.

Discussion

Theoretical contributions

The role of service employees is critical in achieving customer-oriented goals such as customer satisfaction and service failure prevention (Albrecht et al. 2016; Lim et al. 2016), and ensuring employee engagement can only aid in accomplishing such goals. Despite the importance of engaged employees, however, little progress has been made in the literature beyond examining the antecedents and consequences of engagement. Thus, we proposed and tested a more nuanced model that extends the engagement literature by examining the boundary conditions of when resources lead to engagement and, in turn, when engagement results in customer service performance.

Despite the theoretical and managerial relevance of the JD-R model to workplace attitudes such as engagement (e.g., Zablah et al. 2012), studies that have applied this framework are few and far between. Even scarcer are studies that take a contingency rather than a universal approach to the antecedents and consequences of engagement. Apart from Auh et al. (2016), who examine the antecedents of engagement under the moderating role of power distance orientation, and Kumar and Pansari (2016), who show the boundary conditions of the engagement–performance relationship, the engagement literature has largely adopted a one-size-fits-all approach to the antecedents and consequences of engagement. To address this limitation, this study challenges the resource–engagement and engagement–customer service performance links, both core principles that make up the JD-R framework. We accomplish this by exploring the two linkages within the context of two climates: performance-focused and service failure recovery. Our study reveals distinct findings that contribute to the engagement literature.

Extending the engagement literature: climate as challenge or hindrance demand Bakker and Sanz-Vergel (2013) conclude that whether employees perceive a demand as a challenge or a hindrance depends on the occupation. By contrast, we argue that employees can view the same demand as either

a challenge or a hindrance depending on the resource with which it interacts. Our findings reveal that for the resource–engagement link, whether performance-focused climate strengthens or weakens the impact of a personal or job resource depends on how it is appraised—as a challenge or a hindrance. Across Studies 1 and 2, service employees with high self-efficacy viewed performance-focused climate as a challenge, accentuating the effect of self-efficacy on engagement. However, service employees with high job autonomy viewed such a climate as a hindrance, mitigating job autonomy’s impact on engagement. These results show that the same climate can be appraised as either a hindrance or challenge demand contingent on the type of resource employees possess and this appraisal, in turn, determines the nature of the resource–engagement relationship.

Such reasoning is in contrast with research that supports the view that resources lead to less engagement in the presence of demands (Bakker and Demerouti 2007). Our findings also extend the differentiated JD-R model by showing that challenge and hindrance demands have not only direct effects on engagement (i.e., main effects) but also conditioning effects by shaping the resource–engagement relationship.

Extending the engagement literature: climate as complementary or compensatory resources We view climates not only as demands but also as organizational resources. For an organizational resource such as service failure recovery climate, we show that the effects of self-efficacy and job autonomy on engagement are contingent on whether the relationship between service failure recovery climate and self-efficacy and job autonomy is complementary or compensatory. The findings suggest that job autonomy’s effect on engagement is strengthened under a service failure recovery climate because job autonomy and service failure recovery climate are complementary (Study 2). That is, service failure recovery climate represents a conducive condition by providing training, resources, and tools to facilitate, support, and continue the discretion and control that service employees value in their work environment.

Conversely, self-efficacy’s impact on engagement is diminished because service failure recovery climate and self-efficacy are compensatory (Study 1). This is consistent with the information ceiling effect literature, which argues that individuals who have rich information benefit less from new information than those who have poor information (Ettema and Kline 1977; Sama et al. 1994). That is, self-efficacious employees may be engaged regardless of what training, resources, or support management provides because they are already competent. Conversely, less efficacious employees will appreciate the support management provides and therefore be more engaged. Thus, a high service failure recovery climate can make up for low self-efficacy, and a low service failure recovery climate can be compensated by high self-

efficacy. Again, our results depart from the literature that mainly focuses on a positive interaction effect of resources (i.e., resources with complementary associations) on engagement. However, we show that the relationship between resources can be both complementary and compensatory.

Configurations approach to climate The findings from Study 1 imply a configuration approach to climate (i.e., the degree to which multiple climates can co-exist), which has strategic implications for increasing the effect of resources on engagement. Bowen and Schneider (2014) argue that multiple climates need to be examined to determine the possibility of complementary or competitive relationships between climates. More specifically, Kuenzi and Schminke (2009, p. 706) state that “exploring single climates in isolation is unlikely to be the most productive path to creating a full and accurate understanding of how work climates affect individual and collective outcomes within organizations.” Our study addresses these issues by showing that the degree to which different climates are compatible with one another in shaping the impact of self-efficacy and job autonomy on engagement varies. Post hoc tests reveal that self-efficacy’s effect on engagement is greatest under the combination of *high*-performance-focused climate and *low* service failure recovery climate (see Table 6, first-stage model). Conversely, job autonomy’s effect on engagement is greatest under the combination of *low*-performance-focused climate and *high* service failure recovery climate (see Table 6, first-stage model). These results corroborate our argument that (1) while performance-focused climate is a challenge demand for self-efficacy, it is a hindrance demand for job autonomy, and (2) while service failure recovery climate (as a resource) has a complementary relationship to job autonomy, it has a compensatory relationship to self-efficacy.

Extending the engagement–customer service performance linkage Although research widely agrees that engagement leads to high performance, our results reveal a more complicated relationship when considering engagement under different climate types. These new findings contribute to the engagement literature by delineating when engagement has more or less impact on customer service performance. Our findings build on the work of Kumar and Pansari (2016), who show that the engagement–performance link is stronger for service than manufacturing firms and for B2B than B2C firms. They also demonstrate that employee engagement leads to more customer engagement when employees are more empowered. We add to this area of research by showing that engagement results in different levels of customer service performance under different types of climates. Engagement under a service failure recovery climate led to higher customer service performance (Studies 1 and 2), while engagement

Table 6 Post hoc test: analysis of conditional direct, indirect, and total effects (Study 1)

		Self-efficacy (X1) → Job engagement (M) → Customer service performance (Y)				
Moderating variables		First stage	Second stage	Direct effect	Indirect effect	Total effect
Performance-focused climate	Service failure recovery climate	(X1→M)	(M→Y)	(X1→Y)	(X1→M) x (M→Y)	(Direct + Indirect)
Low	Low	.199** (.110; .283)	.226** (.110; .344)	.166** (.100; .235)	.045** (.017; .081)	.211** (.140; .282)
Low	High	.078 (-.019; .189)	.330** (.213; .442)	.166** (.100; .235)	.026 (-.006; .067)	.191** (.118; .275)
High	Low	.371** (.259; .480)	.107 (-.007; .222)	.166** (.100; .235)	.040 (-.002; .089)	.205** (.133; .286)
High	High	.250** (.131; .350)	.212** (.094; .333)	.166** (.100; .235)	.053** (.019; .100)	.218** (.145; .296)
		Job autonomy (X2) → Job engagement (M) → Customer service performance (Y)				
Moderating variables		First stage	Second stage	Direct effect	Indirect effect	Total effect
Performance-focused climate	Service failure recovery climate	(X1→M)	(M→Y)	(X1→Y)	(X1→M) x (M→Y)	(Direct + Indirect)
Low	Low	.148** (.062; .237)	.226** (.110; .344)	.035 (-.022; .090)	.033** (.012; .075)	.069* (.009; .129)
Low	High	.247** (.149; .345)	.330** (.213; .442)	.035 (-.022; .090)	.049** (.017; .088)	.084** (.020; .150)
High	Low	-.022 (-.119; .068)	.107 (-.007; .222)	.035 (-.022; .090)	-.002 (-.020; .007)	.033 (-.022; .085)
High	High	-.023 (-.113; .066)	.212** (.094; .333)	.035 (-.022; .090)	-.005 (-.027; .014)	.030 (-.024; .087)

Analyses are based on Bauer et al. (2006) and Edwards and Lambert (2007). LLCI (lower level of confidence interval at 95%) and ULCI (upper level of confidence interval at 95%) are reported in parentheses (1000 bootstrapping)

* $p < .05$; ** $p < .01$

under performance-focused climate resulted in lower customer service performance (Study 1). This suggests that while service failure recovery climate is compatible with engagement, performance-focused climate is incompatible. Post hoc tests in Table 6 again substantiate our argument, as the effect of engagement on customer service performance is highest (lowest) when performance-focused climate is low (high) and service failure recovery climate is high (low).

Managerial implications

According to a *McKinsey Quarterly* report, frontline employees are grossly disengaged in their work (Bazigos and Caruso 2016). The contrast between engaged and disengaged employees could not be greater. New Century Financial Corporation, a U.S. specialty mortgage banking company, learned that actively disengaged account executives in the wholesale division brought in 28% less revenue than engaged executives (Seijts and Crim 2006). Other statistics show that 84% of highly engaged employees believe that they can positively affect the quality of their organization's products, compared with only 31% of disengaged employees (Seijts and Crim 2006). Furthermore, 72% of highly engaged employees believe that they can positively influence customer service, versus 27% of disengaged employees (Seijts and Crim 2006). Therefore, understanding what contributes to and inhibits engagement is of paramount concern for managers. Our study sheds light by adding practical and strategic insights to this body of knowledge.

Maximizing engagement from resources The findings suggest that performance-focused and service failure recovery climates are incompatible when the goal is to build engagement from self-efficacy. We found that self-efficacy results in the highest level of engagement when the climate configuration follows a high-performance-focused and low service failure recovery climate combination (see Table 6, first-stage model). However, when trying to maximize engagement from job autonomy, a different configuration emerges. Engagement is maximized from job autonomy under a low-performance-focused and high service failure recovery climate combination (see Table 6, first-stage model).

Maximizing customer service performance from resources through engagement The results show that when an employee has self-efficacy, customer service performance benefits the most under a high-performance-focused climate and a high service failure recovery climate (see Table 7, total effect). This climate combination produces the greatest impact of self-efficacy on customer service performance through engagement. That is, engagement plays a critical role between self-efficacy and customer service performance when both climates are high, maximizing self-efficacy's impact through engagement. By contrast, when employees have high job autonomy, such discretion and leeway lead to greatest customer service performance when the climates for performance-focused and service failure recovery are low and high, respectively (see Table 7, total effect).

Table 7 Total effect of self-efficacy and job autonomy on customer service performance (Study 1)

Performance-focused climate	Service failure recovery climate	
	Low (-1SD)	High (+1SD)
Low (-1SD)	Self-efficacy (.211**) Job autonomy (.069*)	Self-efficacy (.191**) Job autonomy (.084**)
High (+1SD)	Self-efficacy (.205**) Job autonomy (.033)	Self-efficacy (.218**) Job autonomy (.030)

-1SD = one standard deviation below the mean; +1SD = one standard deviation above the mean

* $p < .05$; ** $p < .01$

It is noteworthy to mention that the climate configuration that produces the maximum level of engagement and customer service performance is identical (i.e., low-performance-focused and high service failure recovery) for job autonomy but different for self-efficacy. For self-efficacy, the ideal configuration for maximizing engagement is high-performance-focused and low service failure recovery, whereas the optimal configuration changes to high-performance-focused and high service failure recovery for maximizing customer service performance.

Our research sends a clear message to managers that resources should not be considered in isolation of the social context (e.g., different types of climate) in which they operate. Failure to include contexts such as climates can result in inaccurate conclusions and miss the nuanced and holistic picture of how resources lead to more or less engagement and when engagement results in varying levels of customer service performance.

Limitations and future research directions

Although this research has many strengths, including its coverage of four service industries and conceptualization and measurement of climate as organizational and psychological, it also has shortcomings, providing fertile ground for future research opportunities. First, we employed cross-sectional data to test the proposed hypotheses about the antecedents of engagement in our model, which limited us from making causality arguments about how the interaction between resources and climates affects engagement.

Second, we included only two resources and two climates in the model. Thus, future studies could broaden the set to include some of the more widely studied resources, such as coworker and supervisor support, feedback, or role clarity, and climates, such as service climate, justice climate, and innovation climate. Third, this study takes initial steps to better understand whether multiple climates are compatible or not. As our research initially shows, whether two climates are compatible and thus can co-exist largely

depends on which resources the climates are moderating. Therefore, from a strategic perspective, understanding when and how multiple climates can co-exist beyond the two examined in this study would be informative. Fourth, the customer service performance construct mostly captures employees’ provision of high service quality, but it could be expanded to include a broader set of items that also capture the success of service failure recovery efforts.

Third, although the results across the two studies were generally consistent, differences were found worth mentioning. For example, the engagement x performance-focused climate and the self-efficacy x service failure recovery climate interactions received support in Study 1 but not in Study 2. Further, while the job autonomy x service failure recovery climate interaction was upheld in Study 2, the same interaction failed to receive support in Study 1. Although there can be many reasons behind such inconsistencies, we posit that this may be due to the difference in the service sectors examined (healthcare in Study 1 vs. financial services, tourism and hospitality, and retailing in Study 2) and in the level of analysis of the climate construct (organizational level in Study 1 vs. individual level in Study 2).

Finally, according to Gallup’s (2013b) study, the level of employee engagement is affected by economic and cultural conditions as much as by conditions specific to company, industry, and job type. Actively disengaged service employees significantly outnumber engaged employees in countries with emerging economies such as Turkey (Gallup 2013b). We investigated the interactive role of climate (i.e., performance-focused and service failure recovery), job autonomy, and self-efficacy as driving forces of service employee engagement in the Turkish context (Study 1). Yet employees’ need for autonomy may be more (or less) pronounced in some cultures than in others, and therefore our findings may not generalize to other cultures. Further research might consider testing our model or similar ones in other cultural contexts.

Appendix

Table 8 Measures and results of CFA

Scales and items ^a	Factor loadings	
	Study1	Study 2
Service failure recovery climate		
In this hospital,		
We are provided with the necessary training to respond promptly to service failure.	.737	.589
We are empowered to take action to satisfy patients after a service failure.	.791	.895
We are equipped with the necessary resources to address patients' complaints after a service failure.	.794	.644
We have rules and guidelines in place on how to respond effectively after a service failure.	.771	.893
We are rewarded and recognized for dealing with service failure in a way that restores service quality.	.674	.697
We are expected to recover from a service failure that reassures the trust of patients.	.657	.807
Performance-focused climate		
In this hospital,		
...high performing service employees are favored.	.657	.913
...performing better than others is important.	.872	.927
...high-performing service employees are paid most attention.	.678	.799
...out-performing other service employees is important.	.786	.844
Self-efficacy		
My job is well within my scope of my abilities.	.903	.870
I am confident about my ability to do my job	.906	.923
I have mastered the skills to do my job.	.859	.938
Job autonomy		
I have significant autonomy in determining how I do my job.	.611	.915
I can decide on my own how to go about doing my job.	.847	.629
I have considerable opportunity for independence and freedom in how I do my job.	.728	.597
Job engagement		
Vigor		
At work, I feel full of energy.	.783	.813
In my job, I feel strong and vigorous.	.816	.812
When I get up in the morning, I feel like going to work.	.724	.774
I can continue working for very long periods at a time.	.728	.780
In my job, I am mentally very resilient.	.665	.799
At work, I always persevere, even when things do not go well.	.629	.728
Dedication		
I find the work that I do full of meaning and purpose.	.714	.871
I am enthusiastic about my job.	.856	.806
My job inspires me.	.861	.853
I am proud of the work I do.	.799	.824
I find my job challenging.	d	.623
Absorption		
Time flies when I am working.	.573	.731
When I am working, I forget everything else around me.	.508	.704
I feel happy when I am working intensely.	.704	.859
I am immersed in my work.	.703	.886

Table 8 (continued)

Scales and items ^a	Factor loadings	
	Study 1	Study 2
I get carried away when I am working.	.819	.847
It is difficult to detach myself from my job.	.762	.651
Job satisfaction		
All in all, I like working on this job.	.848	.817
Generally speaking, I am very satisfied with this job.	.828	.730
Overall, I think I am as happy as I could be with this job.	.830	.931
Patient complexity		
Patients' needs and wants are diverse.	.663	.732
Patients require customized services.	.647	.600
Patients require treatment that involves multiple departments.	.768	.767
Most patients require long-term treatment.	.756	.815
Most patients' treatment is routine and standardized. (r)	.693	.792
Customer service performance (Study 1: Supervisor response ^b ; Study 2: Service employee response)		
Accurately anticipating and working to fulfill patients' needs		.746
Interacting professionally with patients		.763
Providing high-quality service to patients		.895
Attending to patients' needs and requests		.879
Listening to patients in order to understand needs and determine how they can be met		.845

^a The measures above refer to the hospital context (i.e., Study 1). In Study 2, the items have been modified to refer to the context of the three industries (i.e., financial services, tourism and hospitality, and retailing) accordingly

^b Because we obtained an average score of the five criteria from supervisors' evaluations of employees' customer service performance, we did not perform CFA for this scale in Study 1

r = reverse-scored item; d = deleted due to low factor loading

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