**Differential effects of frontline employee feedback seeking behaviour towards customers in relational exchanges**


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The candidate confirms that the work submitted is his/her own and that appropriate credit has been given where reference has been made to the work of others.

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## Acknowledgements

**Dedication**

For Egulisanmi Elsie Adeniji, née Sagay.

**Abstract**

The primary purpose of this research is to study the effects of frontline employee (FLE) feedback seeking behaviour (FSB) towards customers on customer relationship quality (with the FLE vs the firm) and performance measures as distal outcomes. While previous FSB studies have focused on peers and supervisors as targets, this study proposes a new conceptualisation of FSB similar to Gong et al.'s (2017) typology; along foci (self and firm) and valence (positive and negative) where customers are the target of the FLE's FSB. Preliminary studies confirm the validity of the newly developed feedback seeking constructs. The main study uses hierarchical linear modelling to analyse survey data from 246 banking customers nested in 62 private banking reps across 47 branches of 13 of the largest commercial banks in Nigeria. The main study results show differential effects of the FSB types on customer relationship quality with the FLE vs the firm based on how FLEs frame FSB. In summary, the results show that the FLE's positive (negative) feedback seeking behaviour is positively (negatively) related to the customer's relationship quality with the FLE and the firm owing to mere measurement effects. The results also show moderating effects of customer and selling orientation on the relationship between firm FSB and customer relationship quality. Additionally, word of mouth was found to be a deterrent to the inherent risk of losing customers that stay loyal to their service reps should they defect to competing firms.

# Table of Contents

## List of Tables

## List of Figures

## List of Abbreviations

Study Constructs

| | |
|---|---|
| CO | Customer orientation |
| FN | Firm-negative |
| FP | Firm-positive |
| FLE | Frontline employee |
| FSB | Feedback seeking behaviour |
| LFR | Latent financial risk |
| RQ | Relationship quality |
| SN | Self-negative |
| SP | Self-positive |
| SO | Sales orientation |
| WOM | Word of mouth |

Analysis

| | |
|---|---|
| AVE | Average variance extracted |
| AGFI | Adjusted goodness of fit index |
| CFA | Confirmatory factor analysis |
| CFI | Comparative fit index |
| CMIN | Minimum discrepancy |
| CR | Composite reliability |
| EFA | Exploratory factor analysis |
| GFI | Goodness of fit index |
| HLM | Hierarchical linear modelling |
| IFI | Incremental fit index |
| NFI | Normed fit index |
| RMSEA | Root mean square error of approximation |
| SRMR | Standardised root mean squared residual |
| $X^2$ | Chi square |

Other

| | |
|---|---|
| GDP | Gross domestic product |
| RM | Relationship marketing |

# CHAPTER 1: INTRODUCTION

**1.0 Chapter Introduction**

This chapter introduces the entirety of the study. The research background explains the practice-inspired problem this study aims to contribute in solving- the role of proactive FLEs in the context of a multilevel selling relationship. The research focus and motivation show how the study fits into the marketing and sales literature, and presents a summary of previous study results which provide insights into the managerial problems explicated in the research background. The introduction then outlines the study's research objectives and contributions, followed by an outline of the dissertation.

**1.1 Research Background**

Firms recognise the informational value of customer feedback, thus formal feedback systems, where firms send questionnaires to their customers asking for service performance ratings and suggestions are ubiquitous. For example, Delta and KLM frequently ask passengers to give feedback on their journey from check-in to baggage claim; supermarkets in the United Kingdom (UK) such as Holland and Barrett and Sainsbury's often ask loyalty card customers to give feedback on their store experiences; UK mobile phone companies like O2 and Virgin Mobile send feedback requests to customers after they have an interaction with their sales and service staff; and UK banks such as Lloyds and Barclays also send feedback requests to their everyday banking clients following branch visits. Markey (2014) and Freed (2013) insist that making service improvements based on customer feedback can improve customer satisfaction, loyalty, sales, and even stock market performance. While it is true that these formal feedback seeking systems can positively impact repeat purchases, the more frequently customers are inundated

with these surveys, the less impact they can have on purchase behaviour (Flynn et al, 2017). Additionally, information derived from formal feedback systems can be unhelpful or inaccurate where samples are non-representative of the entire customer population, pre-scripted feedback is based on managers' preconceptions of business problems rather than allowing the customers to freely express their concerns, and when problems with technology and back-end support occur (Markey, 2013; Freed, 2013; Pernice, 2016).

Overall, formal feedback systems provide only surface level information, but the quality of information that frontline employees (FLEs) can elicit from customers is so much more valuable and useful. FLE roles in firms' feedback seeking strategies are becoming much more important because as technology becomes more prevalent in customer journeys, firms will have a harder time developing natural bonds with their customers, making switching a primary concern for firms (Rafaeli et al, 2017). Similarly, Arli et al. (2018) emphasise the continued need for face-to-face interactions and the limited use of technology, which should be used to aid the relationship manager role of the FLE. Thus, to better engage customers and improve performance metrics such as loyalty and market share, it is imperative that organizations hire proactive FLEs into customer-facing positions in order to remain competitive.

Although it is desirable for firms, especially in high-contact services, to have proactive FLEs seek feedback on their behalf, this situation may present a double-edged sword. Effectively, the proactive FLE is able to manage their own unique relationship with the customer, and also shape the customer-firm relationship. There is an inherent risk in this relationship structure in that on the one hand, customers that experience great service with their service rep are more

likely to stay loyal to the selling firm, but they may be even more likely to stay loyal to the rep when the rep changes employment to a competitor.

## 1.2 Research Focus and Motivation

Whether they are conscious of it or not, the way FLEs frame their communication with customers affects the customer-FLE relationship, as well as the customer-firm relationship. Although there may be a required standard or script in service interactions, adjustments to communication style can influence performance. Most Marketing studies have only explored the effects of either positive or negative feedback content on employee behaviour and performance. Building on Bone et al.'s (2017) study which used mere measurement theory to explain that companies who positively frame feedback seeking from customers can increase purchase behaviour, this study concurrently explores the impact of the valence and focus of FLEs' feedback seeking behaviour on customer service relationships. As there is no previous research modelling this behaviour between employees and customers, this study borrows from Gong et al.'s (2017) two-dimensional conceptualisation of feedback seeking behaviour (FSB) along focus (seeking feedback on one's own performance and others'- peers and supervisors- performance) and valence (positive and negative) based on goal orientation theory. From these two dimensions, the authors developed four types of feedback seeking behaviour motivated by learning and performance orientations, and found differential effects on employee job performance based on the different FSB types. Thus, this study would like to borrow from this typology to reconceptualise FSB in a service interaction context to see how the different FSB types would impact the customer-FLE relationship as well as the customer-firm relationship.

Previously, Packard et al. (2018) found that employees that used the personal pronoun 'I' rather than 'we' in service interactions made customers feel that the employee was invested in the service delivery, which led to greater satisfaction, purchase intentions, and purchase behaviour. Building on Packard et al.'s (2018) findings, this study shows that the manner and type of feedback sought by employees can have important consequences for the firm's service strategy and performance. Specifically, the main study finds that self-positive feedback seeking- an employee's inquiry of customers regarding positive aspects of the employee's service delivery- positively impacts the customer's relationship quality (trust, commitment, satisfaction) with the employee, which increases the risk of loss of market share if employees defect to competitors; self-negative feedback seeking- an employee's inquiry of customers regarding negative aspects of the employee's service delivery- negatively impacts the customer's relationship quality with the employee; and firm-positive feedback seeking- an employee's inquiry of customers regarding positive aspects of the selling firm's service delivery- positively impacts the customer's relationship quality with the firm, encouraging customer advocacy of the firm through word of mouth, which mitigates the risk of market share loss.

Studying moderation effects on the classic relational selling framework, where selling strategies influence relational assets and performance as a distal antecedent contributes to our knowledge of boundary conditions that impact selling relationships. In their role as relationship manager, one key challenge for salespeople is to know to what extent their customer-orientation drives performance (Arli et al., 2018). While customer orientation (CO) is often portrayed as desirable, this study shows that well-meaning customer-oriented FLEs can have a negative impact on the customer-firm relationship, which can then diminish

performance measures. This study finds that an FLE's CO in combination with soliciting negative information about the firm erodes the customer's relationship with the firm. Selling orientation (SO) is shown to have a similar effect. Whereas, firm-positive FSB should normally have a positive impact on the customer's relationship with the firm, an FLE's SO in combination with firm-positive FSB worsens the customer's relationship quality with the firm.

## 1.3 Research Objectives

This study has two main objectives. The first objective is to reconceptualise Gong et al.'s (2017) two-dimensional typology of employee feedback seeking behaviour- previously used to study intra-organizational phenomena- into a service context. The second related objective is devising a multilevel conceptual model where the employee's feedback seeking behaviour simultaneously acts on two levels of the customer's relationships- with the FLE and with the firm. I expand on these objectives below.

## 1.3.1 Reconceptualize FSB to fit the service context

The first objective of this study is to develop a scale to measure employee feedback seeking behaviour (FSB) targeted at customers. This scale is developed from Gong et al.'s (2017) typology for FSB along foci (self and other) and valence (positive and negative) based on goal orientation theory. While the advantages of FSB in employee-supervisor or employee-peer relationships have been well documented (Auh et al., 2019; Dahling et al., 2017; Lam et al., 2015), the Marketing literature has not explicitly explored how FSB impacts relational outcomes between employees and customers, primarily because there is no conceptualization of FSB to facilitate such a study. Furthermore, while most of the

studies in FSB focus on performance outcomes as measured by self-rated, supervisor-rated, or peer-rated evaluations, and in other cases objective sales data, the literature lacks information about how FSB affects other important groups of operational performance measures such as customer mind-set (brand equity, perceived quality, satisfaction, attitudinal loyalty) and customer behaviour (acquisition, retention, word of mouth) as outlined in Katsikeas et al. (2016). Studying the effects of FSB on this group of performance measures contributes to a more holistic understanding of how FLEs influence firm performance.

Most studies in Marketing have largely focused on the effects of feedback content (Jaworski and Kohli, 1991; Kohli and Jaworski, 1994; Voss et al., 2004), without accounting for the role of the employee in soliciting the feedback. Similar to the OB/Management domain, other studies in Marketing and Service research that have studied employee FSB have only shown the effects of the behaviour as targeted towards supervisors and peers (Menguc et al., 2007; Auh et al., 2019). Reconceptualising FSB as directed towards customers would allow researchers to study the behaviour as is relevant to solving and understanding important issues in Marketing. Specifically, this typology will facilitate multi-level or multi-actor studies in marketing, service, and sales research.

Following a thorough scale development process, this study develops an employee feedback seeking typology according to valence and focus, thus resulting in four related constructs: self-positive, self-negative, firm-positive, and firm-negative feedback seeking. The items for the constructs were developed with the cooperation of private banking professionals, and the construct validities were established through two pre-tests.

**1.3.2 Develop a multilevel relational framework to study the effects of FSB**

Following the lead of previous studies simultaneously examining multilevel customer relationships (i.e. customer-employee versus customer-firm) shown in **Table 1.1,** I devise a similar conceptual model to show how the FLE's FSB impacts the two tiers of customer relationships.

Unlike previous studies which used SEM and path analysis to explain multilevel relationships, this study uses hierarchical linear modelling (HLM) to account for each individual employee's characteristics on their customers using matched responses between FLEs and their clients. As HLM accounts for the non-independence of customer responses to the global employee measures, the results account for differences in how FLEs relate individually with each one of their clients, since it cannot be assumed that all customers interact with the same employee in the same way.

Fewer studies in relationship marketing have used a multi-level relational framework as a theoretical point of departure. One reason for this may be because of the changing nature of selling, which is less likely to only involve only two people in the buyer-seller dyad, as groups are now common on either side of the relationship. If a study were to take into consideration individual characteristics of each member of the buying or selling group, a multi-level relational framework might be less useful. Hence, although several RM studies using this multi-level relational framework have been conducted in the B2C context, RM studies in general tend to be in the B2B context (Palmatier, 2008). This study tests the familiar RM theoretical framework in a B2C context.

The phenomena (e.g. trust, commitment, loyalty) researched in relationship marketing tend to be more evident and pertinent in B2B contexts, as a business customer may command a disproportionate percentage of a firm's sales. Nevertheless, this same issue can be observed in B2C contexts, especially with high-contact, and bespoke services e.g. fine dining, salons and barbers, real estate management, and financial advisory. For example, in certain consumer service markets, customer segments may be very homogenous and inter-connected via social networks, online and offline. A single customer may be able to influence how other consumers view a business, determining how likely they will patronise that business or consider its competitors instead. While one client defection in B2B may result in a large loss for a business, the same result is just as likely if a group of important clients defect in a B2C context. These attributes mean that customers are likely to inform other consumers about their service experiences (i.e. word of mouth), and so the way relationships are managed even in B2C contexts matter.

Thus, a multi-level relational model was developed for this study and we find that the relationship between relational assets studied in classic RM studies work in a similar fashion in this study's context.

**Table 1.1 Overview of Prior Multilevel Relational Studies**

| Study | Sample | Context | Method of Analysis | Antecedents | Relational Mediators | Outcome | Key Findings |
|---|---|---|---|---|---|---|---|
| Reynolds and Beatty, 1999 | 330 customer responses from regional upscale clothing stores. | Retail, B2C (USA) | SEM | Social benefits, functional benefits | Satisfaction with salesperson/ company | Loyalty to salesperson/ the store, salesperson/company WOM, share of purchases. | Satisfaction with salesperson and company mediates positive relationships of social and functional benefits with performance outcomes |
| Reynolds and Arnold, 2000 | 388 customer responses across two large, regional department stores | Retail, B2C (USA) | SEM | Retail satisfaction | Loyalty to salesperson/ the store. | Share of purchases, WOM, competitive resistance. | Loyalty to salesperson linked to store loyalty, which then impacts share of purchases, WOM, and competitive resistance. |
| Sirdeshmukh et al., 2002 | Responses from 264 retail clothing consumers/ 113 airline customers | Retail, Aviation, B2C (USA) | Path analysis | Management policy and procedures/ Employee trustworthiness | Trust in management policy and procedure/ employee | Value, Loyalty | Employee problem-solving orientation (benevolent behaviours) has a dominant positive (negative) effect on performance |
| Palmatier et al., 2007a | Matched responses from 362 customers, 154 salespeople, and 34 sales managers | Various e.g. industrial supplies, telecoms, utility sub-components, B2B, (USA) | SEM | Relationship-enhancing activities | Loyalty to salesperson/selling firm | Latent financial risk, price premium, selling effectiveness, sales growth to customer | Salesperson loyalty directly affects sales growth and selling effectiveness, and latent financial risk. Both loyalty to salesperson and selling firm affect price premium. Selling firm loyalty capturing strategies enhance loyalty to selling firm and diminish loyalty to employee, but employee loyalty capturing strategies enhance both loyalty to employee and selling firm. |

| Palmatier et al., 2007b | Matched responses from 362 buyers, 154 salespeople, in 34 rep firms | Various e.g. industrial supplies, telecoms, utility sub-components, B2B (USA) | SEM | RM programs (social, structural, financial) | Relationship quality with the employee/ selling firm | Customer share, price premium, sales growth. | Relationship quality is moderated by buyer's perception of who controls RM programs. Firm entitativity enhances positive effect of selling firm relationship quality with performance outcomes. |
|---|---|---|---|---|---|---|---|
| **This study, 2019** | **Matched responses between 246 banking clients and 62 relationship managers across 47 branches of 13 commercial banks** | **Banking, B2C (Nigeria)** | **HLM** | **Feedback seeking behaviour (self-positive, self-negative, firm-positive, firm-negative)** | **Relationship quality with the employee/ selling firm** | **WOM, selling firm financial risk** | **Differential effects on relationship quality based on how employee frames FSB, i.e., positive FSB improves relationship quality, while negative FSB worsens relationship quality but only at customer-firm level. Customer and selling orientation worsen the positive effect of firm FSB on relationship quality with firm.** |

## 1.4 Research Contributions

This study proposes two main contributions to the Marketing literature. First, the results confirm the potential for proactive employees to simultaneously manipulate customers' relationships with the FLE and with the firm, which may have negative consequences for the firm. The second contribution entails the extension of the influence of mere measurement effects- previously found to impact customer attitudes and behaviours via satisfaction surveys- to the communication between the FLE and the customer. Specifically, this study proposes that mere measurement effects can be present in the forming of customer attitudes and behaviour concerning the FLE and the firm following the FLE's feedback seeking behaviour directed at the customer.

### 1.4.1 The role of FLE FSB in relationship marketing

This study shows that FLEs can be proactive in shaping their relationship with the customer as well as the customer's relationship with the firm. As previously mentioned, much of the research in relationship marketing tends to be in B2B contexts, such that it is usually the firm's actions in shaping customer relationships that is relevant. Nonetheless, in B2C contexts, firms still rely heavily on their service personnel to build relationships with customers on their behalf. While it is true that in both B2B and B2C contexts, customers relate with individuals in the course of doing business, B2B arrangements are often more complex. For example, it is not uncommon for business customers in B2B contexts to be represented by a group of individuals, and the same for the seller. Selling teams are common, and marketing research has tried to understand the dynamics of group selling and performance (Ahearne et al., 2010).

On the other hand, B2C contexts are often simpler, so that the unit of analysis is most often the customer-FLE dyad. While there have been previous attempts to show the impact of salespeople's or FLEs' feedback seeking behaviour (FSB) in selling contexts, no study has adequately studied FSB from the focal point of the customer-FLE dyad. Hence while it is understood how FSB impacts employees' intra-organizational relationships and performance, it has been untested how this same behaviour influences selling relationships. Understanding the role FSB plays in selling relationships is important because, being a proactive behaviour, it means that the FLE takes initiative to shape the selling relationship to meet goals, which may be task or career oriented. Thus for firms, it is important that the FLE's proactive behaviour to meet these goals is aligned with the firm's marketing strategy. Otherwise, the FLE can purposefully or inadvertently manipulate the customer relationship to the firm's loss.

This study shows that FLEs, through feedback seeking behaviour can simultaneously shape their relationships with customers, as well as the customer's relationship with the selling firm. The consequence is that a proactive FLE could manipulate customer relationships so that the customer becomes more loyal to the employee than to the firm, which would potentially affect market share if the FLE defects to a competitor firm.

Although FLE constructs which account for the FLE's role in influencing the relational selling ecosystem have been developed and shown to affect relational assets, they are often not re-examined. An example is the 16-item scale for relationship enhancing activities developed by Palmatier et al. (2007a), which has not been re-used, to my knowledge. This study aims to show that the multi-dimensional FSB construct has potential to be further explored in future studies.

**1.4.2 The role of mere measurement effects in shaping selling relationships**

Previous studies exploring the mere measurement effect have only studied the phenomenon in the context of customers responding to satisfaction surveys (Dholakia and Morwitz, 2002; Chandon et al., 2005; Bone et al., 2017). However, there is no reason to believe that the biases introduced into customers' attitudes and purchase behaviours when they respond to surveys cannot be induced in the course of conversation with their service representative. This proposition implies that the valence with which FLEs frame their feedback towards customers will have a corresponding effect on the valence of customer attitudes and subsequent behaviours.

Gong et al. (2017) developed their two-dimensional typology for FSB based on the goal orientation perspective, which was useful in explaining why employees employed different feedback seeking strategies. Goal orientation, a natural complement to self-regulation theory, was equally useful in explaining why different feedback seeking strategies by employees led to either positive or negative performance ratings from supervisors, as well as the employee's self-ratings of job satisfaction. However goal orientation as a complement to self-regulatory theory was unable to explain why one should expect differential effects of an employee's FSB from the customer point of view. On the contrary, mere measurement effects, supported by Feldman and Lynch's (1988) self-generated validity theory, presented a credible explanation alongside self-regulation theory.

This study finds that consistent with mere measurement effects, when FLEs seek positive (negative) feedback from customers, the positive (negative) aspects of the customer experience become more salient and inform attitudes and future behaviour consistent with the formed attitudes. In the case of this study, there is a corresponding effect on the customer's relationship quality with the FLE and with the

firm based on the valence of the FLE's feedback seeking behaviour. These mere measurement effects are then shown to translate to word of mouth behaviour and a measure of the customer's loyalty to the FLE over the firm- selling firm latent financial risk.

## 1.5 Structure of the Thesis

The thesis contains seven chapters which detail the development of the research problem, search for gaps in the literature, and the intellectual journey taken to fulfil the research objectives and demonstrate the contributions. **Figure 1** shows a diagrammatic overview of the thesis.

**Figure 1.1: Thesis Overview**



Chapter 1, the introduction, gives a summary of the research problems, theoretical background of the study, results and overview of how the study fits into the Marketing literature. The rest of the thesis is also mapped out in the introduction.

Chapter 2, the literature review, outlines some of the more pertinent papers and results related to FSB and the constructs common to RM studies, which are again empirically tested in this thesis. The primary purpose of the literature review is to expose gaps in the FSB and RM literatures, which then justify the thesis objectives and inform the research strategy. As mentioned earlier, the main gap in the FSB literature is that the behaviour as directed towards customers by employees has not

been empirically tested, and thus the context of relational selling presents an appropriate setting to study the reconceptualised FSB construct.

Chapter 3 presents the theoretical model and the study's hypotheses. The theoretical model borrows from the classic RM framework, where the relationship between relational strategies and relational outcomes (e.g. loyalty, WOM) are mediated by relational assets (e.g. trust, commitment, satisfaction). The hypotheses are grounded in the RM perspective, and Bandura's (1991) social cognitive theory of self-regulation, in conjunction with mere measurement effects, is used to explain the relationships between the newly developed FSB constructs and outcomes.

Chapter 4 shows how the reconceptualised FSB construct was developed. The chapter details the motivation for the reconceptualization and the processes involved in developing the construct items and the pre-test procedures. The survey items are a reconceptualised version of Gong et al.'s (2017) FSB scale based on goal orientation. However, the items are redeveloped using RM theory as well as examples from actual feedback surveys sent by service firms to their customers following service interactions. The chapter concludes by showing that the developed constructs has convergent and divergent validity, and is indeed a new construct.

Chapter 5 outlines the methodology used in testing the hypotheses. The chapter explains and justifies the research, details the measures used in the study, and gives descriptive statistics related to the research sample. This chapter also presents the results of the validation of study measures, including confirmatory factor analysis and test for common method variance. Overall, the chapter shows that the study measures are valid, and the results of the hypothesis tests are reliable.

Chapter 6 details the method used to test the hypotheses, hierarchical linear modelling (HLM). HLM is the appropriate method to test the hypotheses since the customer responses are nested in employee groups. Using HLM allows the study to correctly delineate the effect of the individual employee characteristics on the relational assets and outcomes presented in the theoretical model. The analysis was performed on R, and thus the chapter provides a step-by-step description of the analysis stages.

Chapter 7, the final chapter, provides a discussion of the results of the HLM testing, as well as practical implications for managers on how best to train their employees on communication strategies, and how the firm should frame direct communication with the customer. The chapter concludes by discussing the study's limitations, and ideas for future research which may improve on the study methods and contribute the FSB literature.

**1.6 Chapter 1 Summary**

This chapter has given an introduction to the thesis, showing the theoretical and practical justifications for the study, how it contributes to the academic literature in Marketing, and how the study results will be useful to managers. The introduction also mapped out the thesis, explaining what the reader can expect in each of the subsequent chapters. The next chapter is the literature review, where the relevant studies and results in the proactivity and relationship marketing perspectives will be discussed, and gaps outlined.

**CHAPTER 2: REVIEW OF THE PERTINENT LITERATURE**

**2.0 Chapter Introduction**

This chapter reviews pertinent studies in the feedback seeking and relationship marketing (RM) literatures. The study uses Bandura's (1991) social cognitive theory of self-regulation to explain the effects of employees' feedback seeking behaviour, a well-known construct in the proactivity literature, in a relationship marketing framework. This chapter presents and compares the findings from the most relevant literature concerning the constructs that make up the theoretical model. By means of a systematic review, the chapter highlights gaps in knowledge which then inform this study's direction and research strategy. Each of the constructs in the theoretical model are examined, and a critical evaluation of the papers are used to justify the relationships that are presented in the hypotheses development.

**2.1 Proactivity**

This study relies on developments in the proactivity literature to explain how certain employee behaviours affect customer attitudes and behaviours. The proactivity literature has largely focused on employee behaviours and how they affect attitudes of intra-organizational actors such as co-workers and supervisors. As such, proactivity constructs have been used sparingly in Marketing. This section introduces and explains proactivity, and shows how it can be employed in Marketing studies, specifically in a RM framework.

**2.1.1 Defining Proactivity**

Proactivity generally refers to two phenomena. At times, academics have used 'proactivity' to mean proactive personality- a trait or attitude. Proactive personality has its origins in the Psychology literature. According to Bateman and Crant (1993, p. 105) an individual with a proactive personality, "is relatively unconstrained by

situational forces, and who effects environmental change." Proactive personality has been well-researched in the applied Psychology literature, where its relevance to personnel management, workplace design and motivation has been well-established. Other times, proactivity has referred to proactive behaviour- observable and measurable actions. Many studies on proactive behaviour have been published in the Organizational Behaviour/ Human Resources (OB/HR) and Management literatures. In this study, 'proactivity' refers to proactive behaviour, specifically in a work or organizational context. **Table 2.1** shows the various ways proactive behaviour has been defined in the literature.

Bateman and Crant (1993) describe proactive behaviour as a *tendency* and *disposition*, words more associated with internal mechanisms than outward behaviour. This description does little to distinguish proactive personality from proactive behaviour despite the intentions of the authors,"Our focus in this study is on the measurement and correlates of proactive behaviour as a personal disposition- that is a relatively stable behavioural tendency" (Bateman and Crant, 1993, p. 104).

It is likely that as proactivity became more and more adopted in OB/HR and Management research, there was a need to conceptualise proactivity as a more observable phenomenon or action. In the decade that began in 2000, definitions of proactivity began to stress action as opposed to disposition or tendency. The definitions also dropped any notion of stability, as stressed in Bateman and Crant (1993). Although proactive personality is thought to be a stable trait, it does not presuppose that individuals with this trait will act proactively all the time in all situations. However, Green et al. (2018) have evidence to suggest that individuals that

are consistent in agreeableness and conscientiousness are more likely to display proactive behaviours more consistently, but only in similar and relevant situations.

Like Bateman and Crant (1993), researchers used theories from an interactionist perspective, and the definitions reflect a key premise of this perspective- the possibility for individuals to shape their environments. The Strauss and Parker (2018) definition differs partially from the rest because it was developed to mirror the cybernetic control perspective, where self-regulated behaviour helps individuals to meet set goals by effecting behaviour that closes the gap between a planned outcome and the status quo when there are discrepancies between the two values. In other words, a feedback mechanism ensures these individuals remain on track to reach their goals.

**Table 2.1: Definitions of Proactivity**

| Article | Definition |
| --- | --- |
| **Bateman and Crant (1993)** | The relatively stable tendency to effect environmental change. |
| **Crant (2000)** | Taking initiative in improving current circumstances or creating new ones; it involves challenging the status quo rather than passively adapting to present conditions. |
| **Griffin et al. (2007)** | The extent to which individuals engage in self-starting, future-oriented behaviour to change their individual work situations, their individual work roles, or themselves. |
| **Grant and Ashford (2008)** | Anticipatory action that employees take to impact themselves and/or their environments. |
| **Parker et al. (2010)** | Being proactive is about making things happen, anticipating and preventing problems, and seizing opportunities. It involves self-initiated efforts to bring about change in the work environment and/or oneself to achieve a different future. |
| **Strauss and Parker (2018)** | A way to reduce discrepancies between the current situation and a reference value. |

The two most common aspects of the definitions in **Table 2.1** are *change-directed actions*, and their corresponding intent on improving *future outcomes*. The change-directed actions involve taking initiative, anticipating, problem prevention, and taking advantage of opportunities. The definitions in **Table 2.1** also assume that these future outcomes are positive, or at least advantageous to the proactive individual.

Another quality implicit in the definitions is that proactive behaviour may result in actions that are not expected of the employee, i.e. extra-role or discretionary. However, since proactive behaviours may also be expected of employees, some conceptualisations of proactive behaviours have de-stressed this quality such as that of organizational citizenship behaviour (Podsakoff et al., 2014). If these actions are not necessarily part of the job description, does the employee engage in them for the good of the company or for 'selfish' purposes? The expected future outcomes in the definitions are not specified and may be for the good of oneself or the organization, despite initial conceptualisations of proactivity which assume that the employee engages in such behaviour for the benefit of the organization.

Overall, the majority of studies in proactivity insist that the intent of the employee's proactive behaviour is to create positive change in the workplace. For example, although Li et al. (2016) admit that taking charge- a proactive behaviour- has aspects of personal interest, the authors equally maintain that it does not change its conceptualisation as being largely prosocial or altruistic. On the other hand, Chiaburu et al. (2013) understand proactive behaviours, such as change-oriented citizenship behaviour, to be supportive of meeting organizational goals, and

necessarily prioritize the organization's goals over the individual's even where there is a misalignment of interests.

However, the literature has many examples contrary to an altruistic view of proactivity. For example, Nechanska et al. (2018) argue that voice is not necessarily geared towards advancing organizational goals. Griffin et al. (2007), Grant and Ashford (2008), and Parker et al. (2010) all recognise that proactive behaviour may be motivated by a need for self-improvement. Similarly, Hwang et al. (2015) included pro-self proactive behaviour, actions aimed at improving personal and career goals at work, as one of three dimensions in conceptualizing proactive behaviour. An example of this pro-self proactive behaviour was exhibited in a study by Hui et al (2000; cited in Grant et al, 2009, p. 35) where employees' helping behaviour increased temporarily when they anticipated a promotion, and then dipped after the promotion. The Griffin et al. (2007) definition in **Table 2.1** is especially self-centred, focusing first on benefits to the individual, which may then spill over to the organization. Interestingly, many composite scales for measuring proactivity are drawn or adapted from Griffin et al (2007). Even Frese et al. (1997) recognize that although they conceptualise personal initiative, a proactive behaviour, as pro-company action, it may well be directed against the company.

### 2.1.2 What Proactivity is not!

There are a few constructs in the literature that appear to be similar to proactivity, and share similar characteristics. This section presents four such constructs, and shows how they are distinct from proactivity, the focus of this study.

**Proactivity is not Creativity**. Amabile (1988) defines creativity as "the generation of useful ideas" (Gong et al., 2012, p. 1612). This definition restricts creativity to the conceptual stage, or what Parker et al (2010) would consider the goal generation stage, where planning and envisioning occur. However, proactivity necessarily requires action, which is why Tornau and Frese (2013) stress the importance of proactivity in being innovative. While ideas themselves can be innovative, the authors describe innovation as both the generation and implementation of creative ideas, and reiterate that the innovation process is only complete when implementation occurs.

There is evidence that proactive personality may influence creativity as both constructs are significantly correlated with openness and conscientiousness (Thomas et al., 2010; Zhou and George, 2001). However, where Thomas et al. (2010) found that conscientiousness contributed to individuals anticipating and planning actions accordingly, Zhou and George (2001) found that conscientiousness prevented individuals from being creative especially under close supervision and when in a negative work environment. Gong et al. (2012) claimed that the literature has not been able to identify the process by which proactive individuals manifest their creativity, which became the main justification for their research. Using the information exchange and psychological safety perspectives to explain how proactivity leads to creativity, Gong et al.'s (2012) model shows a pathway where employees' proactive personality positively impacted information exchange, trust in their supervisors, and then creativity. Likewise, several other studies have found a positive relationship between proactivity (behaviour) and creativity (Fuller and Marler, 2009; De Stobbeleir et al., 2011; Gong et al., 2012; Sijbom et al., 2018).

**Proactivity is not Improvisation**. Banin et al. (2016, p. 122) define salesperson improvisation as "a behaviour (exhibited in sales situations) that is not 'pre-scripted' but rather conceived and implemented extemporaneously." The primary difference between proactivity and improvisation is that the latter is not anticipated. The authors show that improvisation requires salespeople to respond immediately to the spontaneity of sales situations and environmental stimuli, specifically customer demandingness and resource availability. Using decision making theory to contextualise their model, Banin et al. (2016) found that salesperson improvisation led to higher sales performance but only in the presence of available resources- tangible and intangible factors that allow the individual to make sales-related decisions.

**Proactivity is not Adaptive Selling**. Although the two constructs share similar attributes, most conceptualisations of proactivity differentiate it from adaptive selling. The main difference is that proactivity is anticipated while adaptive selling is reactive. For example, Bateman and Crant (1993, p. 105) describe proactivity in the following way, "...we conceive of proactive behaviour as a process that is foreactive more than counteractive, transcendent more than acquiescent, a means of primary more than secondary control, and as agency more than passivity." Again, De Jong and De Ruyter (2004, p. 460) support this distinction between the two constructs, "while adaptive skills include listening to and considering customers' viewpoints and opinions in order to appropriately adjust their service approach, proactive behaviour involves behavioural initiative aimed at improving the current work circumstances in general or creating new ones."

On the contrary, unlike previous conceptualisations that differentiate proactivity from other reactive or passive responses to changes in the environment (Crant, 2000; Grant and Ashford, 2008, Nguyen et al., 2017), Strauss and Parker's (2018) introduction of stress theory assumes that proactive behaviour can in fact be reactive, since the individual takes certain measures to counter environmental stimuli that may result in undesired outcomes. The authors assume that there would have been no need for proactive behaviour if there were no gaps between reference values and planned outcomes. Thus, proactivity in this instance may refer to the foresight to plan redemptive action for possible situations that would result in lags between reference values and planned outcomes.

**Proactivity is not Engagement**. The Management, OBHR, and Applied Psychology literatures have conceptualised various forms of engagement, but the focus here will be job engagement. According to Wang et al. (2018, p. 1), the literature has conceptualised job engagement as "a simultaneous and extensive investment of physical, cognitive, and emotional energies by employees into their job roles." While there may be some parallels with proactivity in that both constructs aim most of the time to lead to positive organizational outcomes, proactivity requires extra-role behaviour and forward thinking. The subtle differences in the conceptualisation of the two constructs make them a natural pairing in studies of engagement and proactivity (Marinova et al., 2014; Schmitt et al., 2016; Eldor and Harpaz, 2016; Carse et al., 2017; Wang et al., 2019).

## 2.1.3 How Does Proactive Behaviour Manifest Itself?
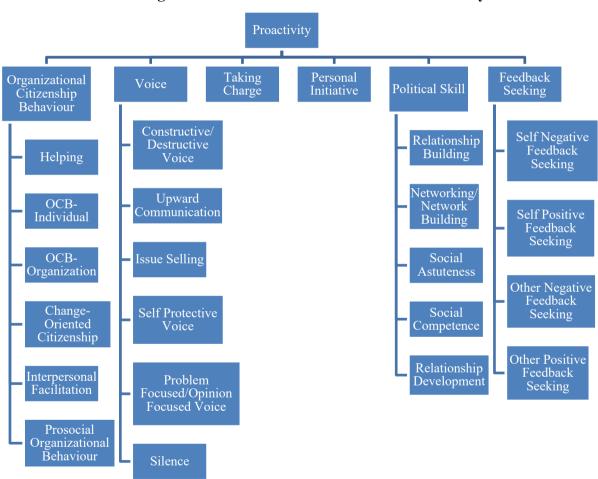
A range of proactive behaviours are likely to be displayed from individuals having a proactive personality. In fact, many studies have found that proactive personality was a driver of proactive behaviours (Parker and Collins, 2010; Williams et al., 2010; Liang and Gong, 2013; Bergeron et al., 2014; Zhang et al., 2014). Bateman and Crant (1993) state that the range of behaviours that proactive individuals might show are almost limitless, and this statement is confirmed by the many sub-constructs of proactivity that have been developed into distinct literature streams. **Table 2.2** defines six of the most researched proactive behaviours.

The appearance of proactive behaviours in the literature can appear haphazard and unstandardized. Some constructs appear under multiple names, but have a similar meaning. For example, although Chiaburu et al. (2013) list issue selling and voice as separate proactive behaviours, Morrison (2011, p. 377) describes issue selling as a subset of voice, specifically focused at communicating organization-level strategic challenges and opportunities. Again, in Hwang et al.'s (2015) study, the measure for interpersonal proactive behaviour, similar to a dimension of proactive behaviour labelled prosocial proactive behaviour from Belschak and Den Hartog (2010), was adapted to measure organizational citizenship behaviour towards other individuals (OCB-I), i.e. supervisors and peers. In another example, Hwang et al. (2015, p. 848) define interpersonal proactive behaviour as a focus on "promoting partners' benefits and maintaining high-quality relationships." However, from this definition, it is easy to see the connection to another proactive behaviour, relationship building, which has also been conceptualised as political skill in other studies (Ferris et al., 2005; Garcia-Chas,

2015). Wang and Kim (2013) listed relationship building as an example of proactive socialization behaviour, as did Kammeyer-Mueller et al. (2013), who also conceptualised proactive socialization on two levels; towards supervisors, and towards peers. **Fig 2.1** shows the six main types of proactivity constructs and their various other manifestations in the literature.

**Table 2.2: Proactive Behaviours**

| Construct | Definition | How is it Proactive? |
|---|---|---|
| **Voice** | Nonrequired behaviour that emphasizes expression of constructive challenge with an intent to improve rather than merely criticize (LePine and Van Dyne, 1998, p. 854). | Constructive, discretionary, challenging, and focused on changing the status quo (Morrison, 2011, p. 375) |
| **Organizational Citizenship Behaviour** | Individual behaviour that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization (Organ, 1988, p. 4). | Discretionary, directed toward meeting organizational goals, and can be outside of role specifications (Li et al., 2010, pp. 395-396) |
| **Personal Initiative** | Personal initiative is a behaviour syndrome resulting in an individual's taking an active, self-starting approach to work and going beyond what is formally required in a given job (Frese et al., 1997, p.140). | Actions are future-oriented and directed towards meeting organizational targets; persistent in spite of challenges; and self-starting (Crant, 2000, p. 441) |
| **Taking Charge** | Voluntary and constructive efforts by individual employees, to effect organizationally functional change with respect to how work is executed within the contexts of their jobs, work units, or organizations (Morrison and Phelps, 1999, p. 403). | Voluntary and constructive, aimed at effecting change in work environment (Tornau and Frese, 2013, p. 47) |
| **Feedback Seeking Behaviour** | Conscious devotion of effort toward determining the correctness and adequacy of behaviours for attaining valued end states (Ashford, 1986, p. 466). | Helps individual to understand environment better and thus to meet organizational goals (Lam et al., 2015, p. 4) |
| **Political Skill** | The ability to effectively understand others at work and to use such knowledge to influence others to act in ways that enhance one's personal and/or organizational objectives (Ferris et al., 2005, p.127). | Adaptive and flexible behaviour to other actors in environment in order to facilitate meeting organizational goals (Wihler et al., 2014, p. 5) |

**Figure 2.1: Different Manifestations of Proactivity Constructs**

Although studies such as Parker and Collins (2010) found that many proactive behaviours including voice, taking charge, and feedback seeking were distinct from each other, there is still considerable confusion over definitions and conceptualisations of the proactivity sub-constructs. This lack of universality in the proactivity literature has urged many authors to suggest an integrative theory and framework, but to no avail, since the constructs are usually conceptualised to fit their use in specific disciplines (Mowbray et al., 2015). For example, Crant (2000) showed that the proactivity construct has been applied in six domains: socialization, feedback seeking, issue selling, innovation, career management, and stress management. Parker and Collins (2010) sought to organize the sub-constructs in **Table 2.2** as well as a few others into higher order constructs: proactive work behaviour (taking charge and voice), proactive person environment fit behaviour (feedback seeking), and proactive strategic behaviour, thus grouping them according to key similarities. Another important objective of their paper was to determine if there were significant differences between the proactive behaviours, which was confirmed. Nevertheless, these higher-order constructs are yet to be adopted. Thus, despite many attempts to consolidate the sub-constructs, their conceptualisation continues to be modified to fit researchers' objectives.

One last challenge regarding the conceptualisation of proactivity and its sub-constructs is in measurement, where there has also been some inconsistency. Thomas et al. (2010) list proactive personality, voice, personal initiative, and taking charge as the primary sub-constructs in their meta-analysis of proactive behaviours. However, one could argue that proactive personality is more an antecedent to proactive behaviour than a sub-construct if it is agreed that an individual's proactive personality

increases the likelihood that they will display proactive behaviours (Williams et al., 2010; Liang and Gong, 2013; Zhang et al., 2014). As discussed earlier, some proactive behaviours are often combined into a composite measure of proactivity. For example, Lam et al. (2014) adapted several scales measuring different proactive behaviours- taking charge, voice, and issue selling- to develop a composite scale of proactivity relevant to the organizational context of their research, a support service management company in the healthcare industry. Again, in Schmitt et al.'s (2016) model of work engagement, where transformational leadership was hypothesized to relate to proactive behaviour, voice and personal initiative were used as proxies for proactive work behaviour. Likewise, Grant et al. (2009) used a composite variable formed of items from scales measuring voice, rational issue selling, and taking charge to operationalize proactivity. In essence, the reader must be careful to determine what the author refers to as proactivity, and how it is measured, when critically evaluating the results of hypothesized relationships with other constructs of a given research project.

## 2.2 Social Cognitive Theory of Self-Regulation

Bandura's (1991) Social Cognitive Theory of Self-Regulation has been widely used in research on proactivity (e.g. Zhang et al, 2016; Strauss et al, 2012) as well as adaptive selling behaviour (e.g. Panagopoulos and Ogilvie, 2015). Self-regulation theory stresses that humans are not solely motivated by external events, but rather a combination of external stimuli as well as internal mechanisms such as forethought and mental preparation for the unknown (Bandura, 1991, p. 248). Self-regulation theory differs from earlier management theories such as Vroom's (1964) expectancy theory and Locke and Latham's (1990) goal setting theory, which assumed employees

to be passive and motivated by various external stimuli (Parker et al, 2010, p. 828). Since the proactivity perspective assumes that individuals anticipate certain future outcomes, and take actions in the present to shape those outcomes, self-regulation theory is an appropriate framework to study proactive behaviours.

According to Bandura (1991), self-regulatory behaviour is manifested through three sub-functions: self-monitoring, judgment, and affective self-reaction. Self-monitoring requires the individual to pay attention to their performance, and the conditions under which they occur. Bandura (1991) insists individuals that constantly engage in self-monitoring are able to recognize patterns in their behaviour and how it impacts performance, such that greater understanding of themselves and their environment allows them to make corrective changes in their behaviour to ensure the realisation of a desired goal. Self-monitoring necessitates the setting of sub-goals to enable the individual have better information about their performance and progress towards attaining a final goal. By seeking feedback on performance, individuals are able to monitor their progress. Bandura (1991) insists that paying attention to one's successes positively affects self-efficacy, while a focus on failures does little to improve performance. However, diagnosing failures can be valuable if the individual is able to understand what changes need to be made to improve performance.

After monitoring one's behaviour, the individual must evaluate it through a judgment process. Bandura (1991) states that individuals make judgement to their progress based on personal standards. These standards are often taught or influenced by the social environment, such as comparing oneself to colleagues or norms established by a certain social group. Standards may also develop and evolve over

time through various experiences and the individual's own desired goals and expectations.

Finally, following the mechanisms of self-monitoring and judgment, self-reaction dictates how the individual regulates their behaviour. According to Bandura (1991), individuals are more likely to engage in behaviour that produces positive self-reaction and avoid behaviour that results in self-censure. Bandura (1991) believes that individuals tend to be more intrinsically motivated, and would thus behave in ways that promote self-respect and self-satisfaction.

Based on Bandura's social cognitive theory of self-regulation, its emphasis on goal setting and importance of performance feedback in helping individuals proactively attain their personal and career objectives, the research focuses on one proactive behaviour, feedback seeking. The research will show that frontline employees that proactively seek feedback from customers are able to influence their relationship with the customer, the customer's relationship with the firm, as well as distal performance outcomes. The next section discusses feedback seeking in more detail.

## 2.3 Feedback Seeking Behaviour

Drawing on previous work by Ashford and Cummings (1983), Ashford (1986, p.466) defines feedback seeking behaviour (FSB) as a "conscious devotion of effort toward determining the correctness and adequacy of behaviours for attaining valued end states." FSB may be done directly though inquiry (i.e. verbally) or indirectly through monitoring others' reactions or responses to one's behaviour.

FSB is one of several proactive behaviours borne of Management and Psychology research. According to Bateman and Crant (1993, p. 105) an individual with a proactive personality, "is relatively unconstrained by situational forces, and who effects environmental change." Proactive behaviours are conceptualised as extra-role behaviours, that is, not required for the job, but done at the individual's discretion. Parker and Collins (2010) believe the distinction between in-role and extra-role may lie completely with how the individual defines their role. Likewise, organizations may not have very strong job descriptions for certain roles, but may still expect the employee to engage in actions or tasks that may not be defined in the job description.

Context is a key determinant of the in-role/extra-role distinction especially for feedback seeking. In many marketing roles such as customer service or sales, where amassing consumer information can be very beneficial for firm performance, seeking customer feedback is prioritized and is expected. Even the words, "Is there anything else I can help you with?" are often said by employees in non-customer-facing departments when dealing with both internal and external stakeholders. However the manner, timing, and frequency with which feedback is sought can differ amongst individuals, even when there are organizational frameworks or control systems that dictate the rules for customer engagement. In essence, this study proposes that feedback seeking remains a discretionary behaviour even in customer-facing roles, and hence is appropriately classed as a proactive behaviour.

Although initially conceptualised as a unidimensional construct, several authors have studied the antecedents and outcomes of the inquiry and monitoring facets of FSB separately (Ashford, 1986; Gupta et al., 1999; Parker and Collins, 2010; De Stobbeleir et al., 2011). Since it is difficult to observe an individual's feedback seeking via monitoring, many studies have constrained feedback seeking to just the

inquiry facet (Lam et al., 2007; Wu et al., 2014; Lam et al., 2017; Dahling et al., 2012). A novel departure from the inquiry/monitoring distinction, Gong et al. (2017) devised a typology of feedback seeking based on goal orientation: self-negative FSB, where the employee attempts to discover via inquiry or monitoring areas of performance that require improvement; self-positive FSB, where the employee attempts to discover via inquiry or monitoring areas of performance that have been done well; other-negative FSB, where the employee seeks to discover via inquiry or monitoring areas of improvement regarding colleagues' performance; and other-positive FSB, where the employee seeks to discover via inquiry or monitoring areas that colleagues performed well. This study borrows this typology to develop a conceptualisation of feedback seeking that is directed at customers.

Developing a typology for feedback seeking based on goal orientation is consistent with definitions and conceptualisations of proactive behaviours, which insist that individuals engage in these behaviours to reach specific goals. Goal orientation is a natural complement to self-regulatory theory since individuals will change their behaviours through self-monitoring mechanisms to shape their environment in order to reach a specific goal. For example, Parker et al. (2010) show that proactive actions are self-starting, future-oriented, and change-focused. Consistent with the idea that proactivity requires *change-directed actions* to improve *future outcomes*, the authors viewed proactivity as a goal-driven process, comprising goal generation- the envisioning and planning stage, and goal striving- the execution or 'enacting' stage.

### 2.3.1 Feedback seeking and performance

Bandura (1991) was able to show that setting goals in conjunction with performance feedback was the most effective way for an individual to improve

performance. Although many studies have hypothesized and found a positive relationship between FSB and performance, a meta-analysis by Anseel et al. (2015) found the magnitude of this relationship to be small and insignificant. Likewise, despite many of the studies in **Table 2.1** finding predominantly positive relationships between FSB and performance, Ashford and Black (1996) and Porath and Bateman (2006) were unable to find conclusive evidence that FSB positively impacted manager-rated measures of employee performance. Gong et al. (2017) propose that inconsistencies with establishing a positive relationship between FSB and performance may be due to the type of feedback seeking being studied. The authors found self-negative, self-positive, and other-negative feedback seeking to be related to job performance. Their decision to expand the known typology of feedback-seeking behaviour contributed to a better understanding on the effects of performance. Other-positive and other-negative FSB is especially important in team environments or services that require cross-functional participation. For example, a customer-facing employee should find out from customers and other stakeholders about how their peers are performing, since team coordination can be influential in winning customer support.

**2.3.2 A new conceptualisation**

Thus far, the FSB literature has largely focused on studying the employee's feedback seeking behaviour within the organization i.e. employee-supervisor, and employee-peer. There is yet to emerge a stream of literature that studies employee FSB towards customers, and how it might impact relational assets and performance measures. As seen in **Table 2.1**, none of the performance measures include important groups of operational performance measures such as customer mind-set (brand equity, perceived quality, satisfaction, attitudinal loyalty) and customer behaviour

(acquisition, retention, word of mouth) as outlined in Katsikeas et al. (2016). In other disciplines such as Management and Psychology, attitudinal and behavioural outcomes of FSB have already been studied. **Table 2.1** leaves out such studies in the FSB literature which have found that FSB positively impacts outcomes such as creativity (Sijbom et al., 2018), task effectiveness, and social integration (Kim et al., 2009). Finally, all of the FSB measures in **Table 2.1** are either self-rated, peer-rated or supervisor-rated, thus no connection has been made between the customer's perception of the FLE's FSB and customer-rated performance metrics.

This study insists that FSB is just as important in customer facing roles, and many of the findings in previous literature can be applied to this novel area of study. FSB can aid frontline employees (FLEs) gain better knowledge of customers, allowing companies to become more efficient at serving customers, thereby reducing selling costs as revenues increase over the term of the customer relationship (Ryals and Knox, 2001). Additionally, understanding customers better through regular feedback seeking can help to identify which customers are unprofitable, and help a firm better manage its portfolio of customers. In order to meet the objectives of this study, FSB was reconceptualised based on Gong et al.'s (2017) typology along valence (positive and negative) and focus (self and other). Drawing on Gong et al.'s definitions for the different types, we redefined these FSB types for use in the service context.

Self-positive FSB is defined as an employee's inquiry of customers regarding positive aspects of the employee's service delivery. Consistent with self-regulatory theory and goal orientation, individuals may seek information on aspects of their tasks that they are performing well in order to understand how close or far they are from an ultimate goal, or to manage others' impressions of them. Gong et al. (2017) explain that individuals with a performance orientation are more concerned with impression

management than with skill or competency building, and are thus unlikely to create situations where their self-image may be compromised. Hence, these individuals are more likely to engage in self-positive FSB since it re-affirms their self-image. For example, a waiter could ask a customer if the customer was happy with the service in order to secure a tip, even if the waiter knew they only did an average job.

Self-negative FSB is defined as an employee's inquiry of customers regarding negative aspects of the employee's service delivery. Consistent with self-regulatory theory and goal orientation, individuals seek self-negative feedback in order to develop competencies (Gong et al., 2017). According Ashford and Cummings (1983), individuals would risk seeking potentially ego-damaging feedback for its informational value, helping to identify gaps in performance and areas of improvement. FLEs with this learning orientation would think nothing of asking customers if there was something they did wrongly, or were unable to meet expectations in order to improve their performance.

Firm-positive FSB is an employee's inquiry of customers regarding positive aspects of the selling firm's service delivery. Just as in the case for self-negative FSB, employees with a learning orientation may engage in firm-positive FSB to understand what the company does well, which can help FLEs to leverage on the firm's strengths when engaging in selling tactics. Additionally, for individuals higher in learning orientation, firm-positive FSB poses less risk to the ego than self-negative FSB, while allowing the FLE to understand how better to be of service to the customer. For example, an ego-conscious novice service representative may not understand how best to fulfil a client's needs, and may resort to asking the client what they have enjoyed about the firm's services, or which products the client thought was amazing, in an effort to build rapport and devise an appropriate service or selling strategy.

Firm-negative FSB is an employee's inquiry of customers regarding negative aspects of the selling firm's service delivery. Gong et al. (2017) suggest that individuals may seek negative feedback on behalf of a third party for its diagnostic value, but also because it deflects any suggestion of incompetency to others rather than the individual themselves (Gong et al. 2017). This reason is why an ego-conscious FLE may try to tease out ways in which the firm has disappointed the customer, perhaps in order to remedy the situation, and claim the credit, or to change the narrative of a bad service encounter to avoid blame. These actions would work to protect the FLE's image and ensure they are closer to their performance goals.

Reconceptualising FSB according to the Gong et al. (2017) typology presents a more holistic view of the diversity of communication that an FLE would have with customers. Anderson et al. (1987) explain that communication via frequent positive and negative feedback are important in establishing mutual trust and goal compatibility between two trading partners. Thus, FSB can be conceptualised as a form of communication, which is imperative in building trust, a central construct in the relationship marketing (Morgan and Hunt, 1994; Berry, 1995). Regarding FSB as communication is consistent with Grant and Ashford's (2008) proactivity process perspective, and with Gong et al. (2012), which found that employees that employed information exchange in the workplace, a type of communication, were better able to build trust with their colleagues. Communication was found to be one of the greatest drivers of relational assets (e.g. trust, commitment, satisfaction) in a meta-analysis by Palmatier et al. (2006). Palmatier (2008) cites several authors (Anderson and Narus, 1990; Mohr and Nevin, 1990; Morgan and Hunt, 1994) that have concluded that "bilateral communication builds stronger relationships by helping resolve disputes, align goals and expectations, and uncover new value- creating opportunities." More

recently, viewing relationship states as dynamic, Zhang et al (2016) found that seller communication and compromise with buyers are helpful in moving relationships from a damaged state to a transactional state. Therefore, the service conceptualisation of FSB in this study incorporates the end goal of "attaining valued end states" as described in the Ashford (1986) definition, with the desired outcomes being "stronger relationships and uncovering new value-creating opportunities" as per Palmatier's (2008) description of the role of communication in RM. Furthermore, the proposed typology is particularly useful in negative aspects of an FLE's exchange with customers. For example, proactive employees that seek negative feedback are in essence drawing out complaints from customers. Bell et al. (2004) maintain that customer complaints can help companies make necessary changes to service quality and prevent losing customers to competitors.

This conceptualisation of FSB would also facilitate multilevel studies in service research, and in the instance of this project, to compare outcomes of the FLE's FSB of their performance versus the FLE's FSB of the firm's performance. Firms use formal feedback seeking systems to gather information on customer attitudes and behaviours, which then informs their overall strategy, and has been shown in the literature to positively impact customer satisfaction. For example, the firm's formal feedback system through post-interaction satisfaction surveys can have a positive effect on relationship quality (Flynn et al., 2017). The authors base their findings on the positivity effect in mere measurement theory, where asking customers to rate a company's satisfaction signals that they are genuinely invested in the relationship and dedicated to improving service where needed. Thus, the positive impact of firm-positive FSB, albeit by FLEs, can be explained this way. Additionally, Voss et al. (2004) explain that customers' satisfaction ratings are linked to a firm's service quality

and customers' expectations. Although their findings supported the use of formal feedback systems in driving customer satisfaction in the UK service context, where customers are less likely to directly voice complaints, their preface, which suggests the ease of employees in eliciting customer feedback in the US service context, points to the importance of informal FSB on customer satisfaction via customer interactions.

In summary, based on previous literature, this study positions FSB as communication (Morgan and Hunt, 1994), a functional benefit (Reynolds and Beatty, 1999), FLE trust-boosting behaviour (Sirdeshmukh et al., 2002), as well as a relationship-enhancing strategy (Palmatier et al., 2007a), and presents it in a familiar theoretical framework, where FLE behaviour influences customer relational states, which in turn have implications for diverse measures of performance.

### 2.3.3 Mere measurement effect

Gong et al. (2017) found differential effects of the FSB types on performance, role clarity, and social integration. While employees' performance was measured by managers, employees themselves rated their own sense of role clarity and social integration. For their study, goal orientation was sufficient in explaining the direction of the study outcomes. However, this study aims to see what sort of effects the different feedback seeking types will have on customer-FLE and customer-firm relationships. As customers will be asked to rate FLEs on outcomes of the different FSB types, it was necessary to identify a mechanism that would explain differential effects in the service interaction context.

Morwitz et al. (1993) find that merely asking an intent question can change behaviour. Their research specifically found that when customers were asked about purchase intentions in a survey, it precipitated cognitive work that made their attitudes

towards the purchase more readily available, which in turn caused a change in behaviour. This phenomenon has also been found in a study by Chapman (2001) to explain the relationship between measuring intent and the accessibility of previously unmeasured attitudes. This mechanism is known as the mere measurement effect. Mere measurement effects have been found in previous studies to be driven by Feldman and Lynch's (1988) self-generated validity theory (Chandon et al., 2005). Self-generated validity theory has two main arguments: responding to questions regarding pre-existing attitudes makes these attitudes accessible in memory so that the respondent forms judgments on these attitudes; and having these pre-existing attitudes more accessible compared to other cognitive inputs, leads to future behaviour consistent with the pre-existing intentions (Chandon et al., 2005).

The relevance of mere measurement effects in marketing strategies has been demonstrated in several studies. For example, Dholakia and Morwitz (2002) found that asking satisfied (dissatisfied) customers to respond to a satisfaction survey resulted in higher (lower) purchase intentions, and higher (lower) relational behaviour-defection rates, number of accounts, and profitability. Additionally, these effects were found to persist for a significant amount of time following the survey responses. The authors explain that responses to satisfaction surveys are induced by the task of filling the survey rather than formed beforehand, such that upon answering the survey, the specific attitude concerning the service experience becomes more salient, and customers are more likely to behave in ways that are consistent with either their positive or negative responses (Dholakia and Morwitz, 2002).

While Dholakia and Morwitz (2002) show mere measurement effects where subsequent intentions are consistent with the valence of already established satisfaction levels, Bone et al. (2017) find that positively framing open-ended

questions on customer feedback surveys increases the accessibility of positive experiences and thus positively biases purchase intentions. The implication of their research was that firms could proactively shape the attitudes and behaviours of their customers to their benefit by positively seeking feedback on the customer's experiences. However, one limitation of this study is that it did not explore if there could also be a negative bias in attitudes and intentions if open-ended customer feedback surveys were negatively framed. Thus, this study builds on previous work of mere measurement effects to show that there may be differential effects of an FLE's FSB towards customers on relational outcomes. Using mere measurement effects as a supporting mechanism, this study also aims to show that FLEs themselves can be proactive in shaping customer's attitudes in order to reach their professional goals.

**Table 2.3: Sample Findings of the Impact of FSB on Performance**

| Study | Sample | Industry/Country | Proactive Behaviour(s) | Performance Measure | Main Finding of Proactivity Effect on Performance |
|---|---|---|---|---|---|
| Ashford and Black (1996) | 69 recent MBA graduates | Various (financial services, consulting, manufacturing, marketing)/ **USA** | Feedback seeking, information seeking, job-change negotiating, positive framing, relationship building | Self-reported performance where participants rate themselves relative to colleagues on a percentage basis based on recent work evaluation. | Only positive framing and relationship building had a direct positive significant relationship with performance. |
| Ashford et al. (2018) | 422 top management team members from 65 firms | Various/ **USA, Belgium** | Feedback seeking | Average of top management team members' evaluations of firm performance (scale measure) | CEO feedback seeking had a significant positive relationship with firm performance. |
| Auh et al. (2019) | Study 2: Matched responses between 133 employees and 40 managers | Clothing Retail/ **Turkey** | Feedback seeking | Supervisor-rated performance evaluation (scale measure) | Feedback seeking was positively related to performance, and this relationship was enhanced when employees' job satisfaction was low. |
| Chen et al. (2007) | Matched responses of 238 employees and their supervisors | Automobile/ **China** | Feedback seeking (negative) | Archival company data and supervisor performance evaluation (scale measure) | Negative feedback seeking had a positive and significant relationship with performance, and partially mediated the positive relationship between LMX and performance. |

| Dahling et al. (2012) | Matched responses of 199 MBA students (working part-time) and their supervisors. | Various/ **USA** | Political skill, feedback seeking | Supervisor-rated performance evaluation (scale measure) | Political skill strengthened the positive relationship between image enhancement motives and performance, mediated by feedback seeking. |
|---|---|---|---|---|---|
| Dimotakis et al. (2017) | 126 employees | Telecommunications/ **USA** | Feedback seeking | Performance measured as career progression; data from company records | There was a significant positive link from employees receiving positive feedback to better career progression mediated by self-efficacy and feedback seeking. |
| Gong et al. (2017) | Study 2: matched responses between 176 employees and their supervisors | Manufacturing/ **China** | Feedback seeking | Supervisor-rated performance evaluation (scale measure) | Self-negative (self-positive) feedback seeking was positively (negatively) related to job performance. Other positive feedback seeking was positively related to performance. |
| Lam et al. (2007) | Study 2: Matched responses of 240 employees and 84 immediate supervisors. | Automobile/ **China** | Feedback seeking (negative) | Archival company data | Supervisors' perceptions of employees' performance enhancement and impression management motives strengthened the positive relationship between feedback seeking and performance, mediated by LMX quality. |
| Lam et al. (2015) | Matched responses of 379 teachers and their supervisors in 13 schools. | Education/ **China** | Feedback seeking | Performance data from school records and Supervisor-rated performance | Feedback seeking has a positive relationship with performance. This relationship was strengthened when individual and group LMX quality was low. |

| | | | | evaluation (scale measure) | |
|---|---|---|---|---|---|
| Menguc et al. (2007) | 154 newcomer salespeople. | Various (manufacturing equipment, electronics and computers, heavy machinery, construction materials chemicals)/ **South Korea** | Feedback seeking, information seeking, relationship building, network building. | Self-evaluated sales performance (scale measure) | Feedback seeking had a positive significant effect on performance. |
| Porath and Bateman (2006) | 88 salespeople. | **IT/USA** | Feedback seeking | Archival company data (% of sales quota) | Feedback seeking, proactive behaviour, social competence, and emotional control mediated the positive relationship between learning and performance-prove orientations. |
| Wu et al. (2013) | Matched pairs of 419 employee-colleague responses about 179 employees | Consulting/ **Netherlands** | Feedback seeking (inquiry) | Peer-rated performance evaluation (scale measure) | Feedback inquiry mediated the positive relationship between attachment anxiety and performance. This relationship was stronger for employees with higher attachment anxiety. |

**2.4 Relationship Marketing**

Palmatier (2008, p. 3) defines relationship marketing as, "the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance. Morgan and Hunt (1994) explain that relational exchanges set the study of relationship marketing phenomena apart from discrete or transactional interactions- which have a defined beginning, short duration, and clear-cut ending. The authors explain that relational exchanges can take the form of long-term, ongoing relationships between a focal firm and four broad classes of partnerships: lateral- such as with competitors and governments; with buyers- both intermediate and final customers; internal- such as with employees and business units; and with goods and services suppliers.

While much of the research in relationship marketing has been focused on business-to-business (B2B) relationships, relationship marketing can equally be extended to study business-to-consumer (B2B) relationships. The concentration of studies analysing B2B relationships is likely due to the fact that the substance of these relationships is more likely to show a greater impact on the firm's performance than in B2C contexts (Palmatier, 2008). Previous research has shown that firms use relationship building strategies such as social programs and loyalty programs to influence customer relationships (Palmatier et al., 2007b; Verhoef, 2003) .Regardless, many researchers have taken note of the relatively fewer studies in B2C relationship marketing, and have shown that the same relationship-building strategies firms use to influence relational assets and performance in B2B services can be applicable in consumer services, especially concerning the employee's role in managing customer relationships (Reynolds and Beatty, 1999). The study of the salesperson's role in the firm-customer relationship is especially important since although increased loyalty to

the employee may translate to better sales performance for the firm whilst the firm-customer relationship is still active, firms risk losing their customers to competitors through employee defections (Palmatier et al., 2007a; Yim et al., 2008).

The relationship marketing framework complements the study of proactive behaviour since the former is concerned with improving performance by changing relationships, which is particularly more effective in the selling of services (Palmatier, 2008). Reynolds and Beatty (1999) suggest that the popularity of engaging in relationship marketing is due to the fact that it has a positive influence on customer satisfaction, loyalty, word of mouth (WOM), and purchases. Since service representatives are often evaluated based on the aforementioned measures, it is appropriate to build a conceptual model explaining how a proactive behaviour such as FSB can enable the FLE to meet performance goals, whilst also taking into consideration the effects of this behaviour on the customer-firm relationship. Hence, based on the relationship marketing literature, key constructs established in explaining both customer-firm and customer-FLE relationships are discussed in the rest of this chapter.

## 2.5 Relationship Quality

This study uses the combined measures of trust, commitment, and satisfaction to define relationship quality as a second order construct since these constructs together explain more holistically the state of buyer-seller relationships (Mullins et al., 2014). This choice of using a composite measure to measure relationship quality was supported by the result of a Palmatier et al. (2006) meta-analysis, which found that all three measures combined explained salesperson performance objectives better than they did individually. Palmatier et al. (2006, p. 138) define trust as "confidence in an

exchange partner's reliability and integrity"; commitment as "an enduring desire to maintain a valued relationship"; and satisfaction as the "customer's affective or emotional state toward a relationship, typically evaluated cumulatively over the history of the exchange". The components of relationship quality (trust, commitment, satisfaction) have traditionally played a mediating role in RM models, showing a logical path from relationship building activities to performance outcomes (Morgan and Hunt, 1994; Reynolds and Beatty, 1999; Palmatier et al., 2006; Palmatier et al., 2007b; Sirdeshmukh et al., 2002; Mullins et al., 2014; Scheer et al., 2015).

Exploring the effects of the customer's relationship with the employee versus the customer's relationship with the firm is a recurring theme in RM literature (Reynolds and Beatty, 1999; Palmatier et al, 2006; Palmatier et al., 2007b; Sirdeshmukh et al, 2002). Palmatier et al. (2007b) explain that there are likely to be different outcomes in performance based on the customer's relationship with the employee or firm. The authors use social judgment theory to explain that individuals build stronger impressions of other individuals than with groups, since behaviours tend to be consistent based on dispositional cues, and because groups are less likely to show the same consistent behaviour as an individual. This situation puts the proactive employee in a position to influence their relationship with the customer, but to also manipulate how the customer perceives the firm. Previous multilevel customer relationship research listed above has not explored the possibility that the FLE, through their actions, can not only influence elements of their relationship quality with the customer, but also whether knowingly or not influence the customer's relationship with the firm. This study explores the possibility that an FLE's FSB towards customers will have differential effects on customers' relationships with the FLE and the firm, and shows the consequences of this behaviour on distal performance outcomes.

## 2.6 Customer Orientation

Saxe and Weitz (1982, p.344) define customer oriented selling as "the degree to which salespeople practice the marketing concept by trying to help their customers make purchase decisions," with the aim to increase long-term customer satisfaction. The authors developed a 24 item scale to measure customer oriented selling, with employees scoring high on the scale putting customer needs and satisfaction above their sales targets and obligations. Typically, individuals scoring higher on the scale are said to have a customer orientation (CO), while individuals scoring lower on the scale are said to have a selling orientation (SO).

Recent studies on CO such as Menguc et al. (2016) contend that individuals' CO can be viewed as being behavioural as per Saxe and Weitz's (1982) original conceptualisation, or psychological (i.e., a trait or attitude) according to Brown et al. (2002). Although both views support CO being responsible for customer satisfaction, the behavioural view sees CO as an FLE behaviour key to carrying out the marketing concept, is an outcome of job stress, job engagement, and a predictor of individual performance; while the psychological view is a predisposition to meet customer needs in a work context, and is conversely, an antecedent to job stress and engagement (Zablah et al., 2012). Using job demands and resources (JD-R) as a theoretical framework, Zablah et al.'s (2012) meta-analytic study tested these two competing perspectives of CO, and found the psychological view to be superior. Nevertheless, variants and short forms of the Saxe and Weitz (1982) scale may still be used to measure CO as did Terho et al (2015) as long as the theoretical model treats CO according to the psychological perspective.

Thomas et al. (2001) developed a ten-item short form of the scale, with five items each describing customer oriented behaviour, and another five describing low

customer-centric behaviour and hard selling, also known as selling orientation (SO). In validating the short form of the scale, Thomas et al. (2001) confirmed that the two subscales, although related were distinct, evidenced from their negative correlation and significant difference in chi square. Some studies prefer to measure CO without the SO items as did Terho et al (2015) as did Menguc et al. (2016), who combined the CO items with five additional items from the Brown (2002) scale to measure two dimensions of CO; need and enjoyment.

However, to a lesser extent, other studies have separated the two constructs, treating SO as a unidimensional construct. For example, Kadic-Maglajlic et al. (2017) posit that CO and SO are not opposite ends of the same spectrum, but are qualities displayed simultaneously by salespeople in sales interactions. In two studies using the Thomas et al. (2001) scale in one and the Michaels and Day (1985) scale in the other, they found that both CO and SO have curvilinear effects on manager rated performance and buyers' repurchase intentions. The authors found that as CO decreases, so do managers' ratings of sales performance up to an inflexion point, where increases in CO decrease sales performance. Conversely, as SO increases, so do buyers' repurchase intentions decrease up to an inflexion point, where increases in SO lead to greater repurchase intentions. Gabler et al.'s (2017) study on the ambidexterity of FLEs that exhibit both CO and SO in service encounters supports the Kadic-Maglajlic et al. (2017) findings. Using polynomial regression, they showed that commitment to service was higher when CO was higher, and sales performance was higher when SO was higher. Consistent with contemporary research, the authors measured CO and SO using the needs dimension of the Harris et al. (2005) scale and the five items from Saxe and Weitz (1982) respectively.

This study agrees that employees can be both customer and sales oriented at the same time depending on the scenario, which may have different consequences on the employee-customer relationship. Specifically, this study wishes to explore the role of FLEs' customer-oriented or selling-oriented disposition in shaping customers' relationships with both the employee and the firm.

**2.7 Word of Mouth**

Heavily researched, there are several definitions of word of mouth (WOM) in the Marketing literature. De Matos and Rossi (2008) explain that WOM is informal conversation about a brand or product between customers or consumers. Given the convenience and ubiquity of e-commerce, most recent research study WOM in an online or digital context, i.e. e-WOM. There are also other WOM-like constructs like user-generated content (UGC) that have been studied in the context of WOM. For example, Presi et al. (2014) studied motivations for consumers engaging in UGC on digital platforms such as Twitter and Facebook after unfavourable service experiences. However, because of the intimate context of the service relationship in this research, WOM is conceptualised as offline. Unsurprisingly, Baker et al. (2016) found that positive (negative) WOM was positively (negatively) linked to repurchase intentions and retransmission, however the impact of these relationships were stronger offline. Also related to this study, Lim et al. (2017) found that in positive (negative) service encounters, similarity in non-verbal communication cues between employees and customers was positively (negatively) related to customer rapport, customer satisfaction and positive word of mouth.

Based on Sherman and Hamilton's (1996) social judgment theory, which supports stronger relationships at the interpersonal level than the customer-firm level,

Palmatier et al. (2007b) showed that the firm's financial outcomes were stronger based on the customer's relationship quality with the employee rather than with the firm. In a similar vein, Reynolds and Beatty (1999) compared differential effects of customers' satisfaction with the salesperson and with the company on salesperson WOM and company WOM. Their analysis found that the magnitude of the positive relationship between salesperson satisfaction and salesperson WOM was larger than the company satisfaction-company WOM relationship. Additionally, their analysis showed that salespeople-level antecedents had a larger effect on company WOM than did company-level antecedents, showing the importance of the salesperson-customer relationship in service industries. The Reynolds and Beatty (1999) study as well as many others analysed in De Matos and Rossi's (2008) meta-analysis of 127 studies between 1955 and 2007 show that trust, commitment, and satisfaction- three components of relationship quality- are all individually positively related to positive WOM. This present study shows the joint impact of all three relational assets, represented as relationship quality.

Palmatier et al. (2006) classed WOM as one of the customer-focused outcomes in their meta-analytic framework of factors influencing the effectiveness of RM. Similarly, Katsikeas et al.'s (2016) framework of performance measures show a logical path from customer mind-set outcomes (e.g. satisfaction, brand equity) to customer behaviour outcomes (e.g. WOM, retention). This study is consistent with the marketing literature in showing that customer perceptions and attitudes influence customer actions, and further shows that WOM can be a powerful tool in RM by combating a firm's risk of customer defection.

## 2.8 Latent Financial Risk

Palmatier et al. (2007a, p.187) define latent financial risk (LFR) as, "the potential negative impact the firm would bear if the salesperson were to defect to a competitor." Essentially, this construct can be thought of as a measure of customer loyalty (behavioural) to the employee. The construct has not appeared in any other study to date despite its relevance in competitive markets where salesperson interaction is key in securing the firm's financial outcomes. The construct also represents a sort of double-edged sword because firms should want their employees to build great relationships with their customers, as the firm ultimately reaps the benefits of that interaction, but run the risk of losing their customers to competitors if the salesperson defects. While Palmatier et al. (2007a) apply LFR in a B2B context, this study utilises the measure in a B2C context. LFR is particularly important in competitive service markets such as banking, mobile service, and internet service, where there is little product differentiation, minimal switching costs, and consumers can be swayed by personal relationships regardless of brand strength.

Palmatier (2008) suggests that RM research should also explore negative outcomes, or how relational exchanges can result in negative consequences. Palmatier et al. (2007a) believed that LFR signalled an impending risk of loss in market share especially to close competitors. One reason why it may not have been studied further is because there is little a firm can do to mitigate this risk, except to ensure strong direct communication with the customer well over the ongoing communications and interactions the service rep enjoys with the customer. Although the authors present LFR as negative, and a risk that firms should be aware of, it presents an opportunity to competing firms who are looking to gain competitive advantage through hiring. In other words, one firm's potential risk is another firm's potential gain. Palmatier et al.

(2007a) show only a direct relationship from salesperson-owned loyalty. This study advances knowledge of LFR by introducing a moderating variable to remedy LFR's negative impact on firm customer retention and market share.

**2.9 Chapter 2 Summary**

This chapter presented the findings of the most pertinent studies concerning the constructs for this study's theoretical model. During the course of the review, certain gaps were discovered and ideas for extending the FSB and RM literatures were taken into account for the design and positioning of the study. Most importantly, the review showed a need to reconceptualise FSB, and to study it according to the RM perspective. The next chapter presents the theoretical model and the hypotheses to be tested in this study.

# CHAPTER 3: THEORETICAL MODEL AND HYPOTHESES

**3.0 Chapter Introduction**

This chapter presents the theoretical model and hypotheses. Based on a review of the literature, this study builds a theoretical model that is consistent with the relationship marketing (RM) perspective, where relational assets such as trust, satisfaction, and commitment, mediate the relationship between RM strategies and outcomes. As feedback seeking behaviour (FSB) has only been used sparingly in Marketing, and never in a context of service interaction, the hypotheses show how Bandura's (1991) social cognitive theory of self-regulation, complemented by mere measurements effects explain the role of proactive behaviour in the RM framework. Effectively, the chapter argues how the mechanisms of self-regulation influence the customer-FLE and customer-firm relationships, and resultant customer behaviour.

**3.1 Theoretical Model**

**Fig 3.1** is a diagrammatic representation of the theoretical model for this study. The theoretical model is grounded in the RM framework, however the inclusion of the FSB types is borrowed from the proactivity literature, while the proposed effects are a combination of the expected influences of self-regulatory behaviour and mere measurement effects.

The theoretical model is consistent with seminal papers which have explored the importance of frontline employees (FLEs) in influencing relational assets between customers and the selling firm, with the inherent danger that the FLE retains much of the relational goodwill (Reynolds and Beatty, 1999; Reynolds and Arnold, 2000; Palmatier et al., 2007a; Palmatier et al., 2007b; Sirdeshmukh et al., 2002). The theoretical model is also consistent with an updated review of the relational selling literature by Arli et al. (2018), who reiterate that buyer-seller relationships are

characterised by a mediated model, where selling strategies (e.g. effective communication through FSB) impact selling mechanisms (e.g. relationship quality), which in turn impact selling outcomes (e.g. WOM, loyalty). Additionally, their framework shows customer orientation as moderating the relationship between selling strategies and selling mechanisms.

All the hypothesised paths in the model account for the explanatory effects of control variables; salesperson share of customer interaction, employee job satisfaction, employee ambiguity intolerance, and customer share of wallet. These controls are typical of RM studies such as those listed above, as well as studies on FLE behaviours.
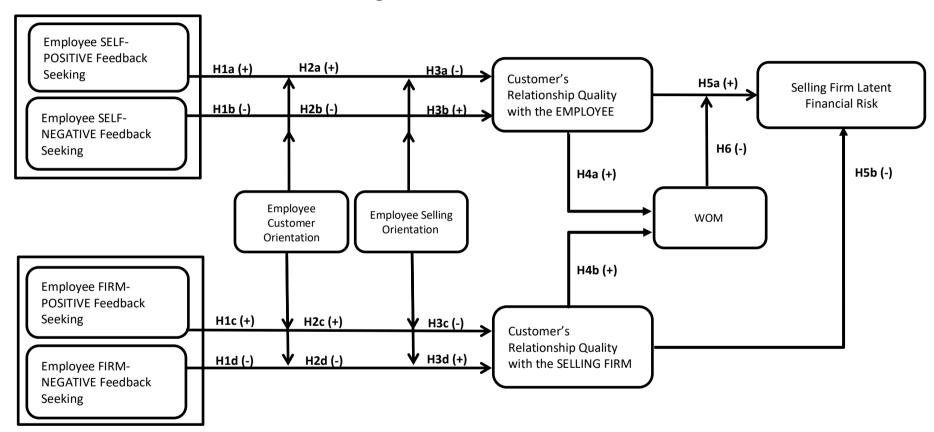
**Figure 3 1: Theoretical Model**



**Control variables on all outcomes:**
Salesperson share of customer interaction, share of wallet, *job satisfaction, ambiguity intolerance*

Normal text: Customer
*Italics: Employee*

**3.2 FSB as a Driver of Relationship Quality**

In the most simplistic terms, FSB can be understood to be communicative action initiated by one party to another in order to solicit information on progress towards a specific goal. Through the self-monitoring mechanism of self-regulatory behaviour, individuals interact with their social environment, i.e. communicate with others, to collect information that helps them to understand their progress towards their goals (Bandura, 1991).

Individuals may engage in FSB, a personal resource, for its instrumental value, which may be useful in reaching social and professional goals (Ashford and Cummings, 1983). Service employees are often evaluated on customer satisfaction, and other relational metrics, and thus striving to improve these metrics becomes one of their performance goals. Since FLEs are often evaluated based on customer satisfaction metrics and sales volumes, they are likely to engage in FSB that will give them information that aids in maintaining a good relationship with their customers, and positively impact performance (Dahling and Whitaker, 2016). Although there is much value to big data, FLEs' access to personal and tacit knowledge from 'small data' during service encounters can complement the explicit, general, and behaviour-driven insights from big data (Lam et al., 2017). Thus through FSB, employees are able to gather 'small data' which informs them on how best to customize service encounters and offer products that impact the customer's trust in, and commitment to the employee, as well as satisfaction with the service they provide.

While there are reasons to believe that FSB will be related to relationship quality, could there be directional differences in relationship quality based on the type of feedback sought? We already know that individuals are more likely to engage in

actions that increase self-efficacy and self-satisfaction, but avoid actions that are discouraging, induce self-doubt, or undermine self-efficacy (Bandura, 1991; Sedikes and Strube, 1997). Thus, there are likely to be differential effects of such actions in social interactions.

In addition to the instrumental value of feedback, individuals can also engage in FSB for impression management motives to maintain a desired self-view (Ashford and Cummings, 1983), which can be particularly useful in customer-facing roles. Individuals with a performance orientation are more likely to seek self-positive to confirm their self-view, seek firm-negative feedback to protect their ego (Gong et al., 2017). These FSB types aid the self-monitoring mechanism of self-regulatory behaviour in maintaining this self-view. Hence, FLEs can make strategic choices to seek self-positive feedback in order to put themselves in a positive light, or seek firm-negative feedback to deflect blame, both FSB types helping them receive better social outcomes such as relationship quality. On the other hand, the FLE with a learning orientation will seek self-negative feedback, which could signal incompetence to the customer, and have a corresponding negative effect on relationship quality. A more ego-conscious, but learning oriented FLE might instead choose to seek firm-positive feedback. Ultimately, the choice of FSB type will have different consequences on the customer-FLE and customer-firm relationship quality.

While self-regulatory theory explains motivations for the FLE in engaging in the specific type of feedback seeking, it does not explain how the behaviour will be perceived by third parties. In reference to mere measurement effects and self-generated validity theory, values, attitudes, and intentions are not necessarily established in memory, but can be shaped in response to a customer's self-query or in response to a survey (Morwitz et al., 1993). Answering questions based on attitudes

or intention then leads to the respondent's self-reflection which may change attitudes and intentions (Dholakia and Morwitz, 2002). While the mere measurement effect has been traditionally studied in regard to customer responses to satisfaction surveys from firms, I argue that this same effect can be exhibited in verbal exchanges between the FLE and their customer. In other words, the FLE's feedback seeking behaviour prompts the customer's memory and has the ability to shape the customer's values, attitudes, and intentions. Increasing the accessibility of the customer's positive attitudes towards the FLE by positively framing feedback regarding previous service encounters will lead to a subsequently more positive evaluation of the FLE, thus strengthening the components of relationship quality i.e. trust, commitment, and satisfaction.

Just as positively framing feedback seeking regarding the customer's attitudes and purchase intentions will likely have a positive effect on relationship quality, negatively framing feedback seeking will have a corresponding negative effect on customer attitudes and purchase intentions (Zanizewski and Chandon, 2007; Moore et al., 2012). Hence, during the course of a service relationship, engaging in negative FSB will call into memory and make more salient negative aspects of an FLE's performance, reinforce a negative impression of the individual, and negatively impact relationship quality, despite any informational value of the feedback received. In order to gain a customer's trust, commitment, and service satisfaction, a devoted FLE would want to ensure that they are seen in the best possible light. The role of the mere measurement effect in the FLE's impression management strategy is important in gaining customer trust in professional services like finance and legal, where there is always the risk of wealth or material loss. Hence, the FLE may want to engage in mostly positive FSB to promote a favourable perception of themselves, and stray from

negative FSB, so as not to raise the customer's doubts of the FLE's abilities, or suspicions with the products and services the FLE proposes to the customer.

The same mechanisms that drive the directional effects of self-FSB on relationship quality with the employee will hold in explaining the effects of firm-FSB on the relationship quality with the firm. Additionally, because the kind of feedback an employee will seek is inextricably linked to the level of service quality, when the FLE seeks firm-positive FSB, it makes previous positive customer experiences more salient, and thus positively influences the customer's relationship quality with the firm. Likewise firm-negative FSB accesses previous negative experiences from the customer's memory which in turn has a negative effect on the customer's relationship quality with the firm.

In summary, due to mere measurement effects, the customer's relationship quality with the FLE or with the firm will depend on the valence of the of the FLE's self-regulatory strategy, which may stem from seeking self-positive or firm-negative FSB in order to create a favourable impression of themselves, or self-negative and firm-positive FSB in order to learn from past mistakes. Thus this study proposes the following hypotheses regarding service interactions between FLEs and their customers:

H1:     *Employee self-feedback seeking influences the customer's relationship quality with the employee differently such that:*

   *(a) employee self-positive feedback seeking has a positive effect on the customer's relationship quality with the employee;*

   *(b) employee self-negative feedback seeking has a negative effect on the customer's relationship quality with the employee;*

*(c) employee firm-positive feedback seeking has a positive effect on the customer's relationship quality with the selling firm; and*

*(d) employee firm-negative feedback seeking has a negative effect on the customer's relationship quality with the selling firm.*

## 3.3 The Effects of SOCO on Relationship Quality

Social cognitive theory dictates that individuals judge progress towards their goals based on personal standards that are influenced by the social environment or established societal norms (Bandura, 1991). Since the customer is the best person to evaluate the quality of service delivered by the FLE, the customer's judgment becomes the standard by which the employee must also evaluate themselves. In striving towards a goal of excellence in customer service, the employee must behave in ways that align with the customer's standards of good quality service. Thus, proactive customer orientation should dictate that the FLE behaves in ways that ultimately put the customer's needs first, creating a favourable opinion of the FLE in the eyes of the customer and the product they sell (Homburg et al. 2012).

A proactive employee who is customer oriented is ultimately focused on meeting customers' needs. Consistent with social cognitive theory, the goal-directed behaviour of proactive individuals and the desire to serve customers should be a motivating factor to reach performance goals resulting from customer engagement behaviour. As customer-oriented FLEs are better service providers, customer orientation is expected to have a positive impact on customer relationship quality with the employee and with the firm (Mullins et al., 2014; Bateman and Valentine, 2015; Menguc et al., 2016).

Employees can seek feedback on behalf of the firm as part of the firm's communication strategy and formal feedback system to elicit crucial information that can help improve service quality and innovation. As mentioned earlier, this act of asking the customer's opinion concerning the firm's performance signals to the customer that firm has the customer's best interests at heart. Additionally, a customer-oriented employee who also has the customer's best interest at heart is likely to make past positive experiences regarding the firm's products and service quality more salient.

Although customer oriented behaviour usually results in positive outcomes, it can be detrimental to the FLE or firm when combined with negative feedback seeking. Customer oriented employees are more likely to pay attention to negative social cues than positive ones to satisfy customers (Mullins et al., 2014). Therefore, when customer-oriented FLEs seek negative feedback on their own performance or on behalf of the firm, they are more likely to side with the customer in emphasizing negative aspects of their own performance or the firm's service quality and policies, thus worsening the customer's impression of the FLE and the firm.

In summary, the combination of the customer's positive impression of the employee, and the company's service based on the FLE's customer oriented behaviour, as well as the mere measurement effect of positive FSB, will amplify the positive effect of positive FSB on both customer relationship quality with the employee and with the firm. Conversely, customer oriented FLEs, when seeking negative FSB will empathise with the customer, and stress negative aspects of their own performance and the firm's service quality, which consistent with mere measurement effects will diminish the customer's relationship quality with the FLE and with the firm. Hence, I propose the following hypotheses:

*H2a:   Employee customer orientation will strengthen the positive effect of employee self-positive feedback seeking on the customer's relationship quality with the employee.*

*H2b:   Employee customer orientation will strengthen the negative effect of employee self-negative feedback seeking on the customer's relationship quality with the employee.*

*H2c:   Employee customer orientation will strengthen the positive effect of employee firm-positive feedback seeking on the customer's relationship quality with the selling firm.*

*H2d:   Employee customer orientation will strengthen the negative effect of employee firm-negative feedback seeking on the customer's relationship quality with the selling firm.*

While customer oriented FLEs give priority to the customer's well-being, selling oriented proactive employees may be self-centred, thinking only of their career progression or compensation, and may make self-interested choices that favour contribute their own personal goals whether or not it aligns with the customer's well-being. Customer service performance is only one aspect that employees are evaluated on. Service employees are also evaluated on their ability to capitalise on their customer relationships to make sales. Thus, not only does the proactive employee need to strive for goals based on customer standards, but they also need to strive for goals based on organizational standards. However, if the employee bases their relationship with the customer solely on making sales to the detriment of service quality, this attitude would result in behaviours that are less likely to please the customer. Hence, where the

employee is more focused on their performance outcomes than with customer well-being, it is expected that SO will have a negative impact on relationship quality (Kadic-Maglajlic et al., 2017; Gabler et al., 2017).

FLEs high in customer orientation give more energy to customer satisfaction and problem solution (Saxe and Weitz, 1982). It follows then that individuals that tend more towards selling oriented behaviours will devote less time and energy to ensuring customer satisfaction and customer-focused problem solving. These selling oriented characteristics will then be reflected in the FLE's communication with customers; such as a lower interest in finding out positive outcomes of the FLE's own performance or the company's service quality. The reduced efficacy of positive feedback seeking by a selling oriented FLE will thus result in a lower level of the customer's relationship quality with the FLE and with the firm.

Just as a selling oriented FLE will devote less time and energy to seeking feedback on positive aspects of performance in order to increase customer satisfaction and solve customer problems, they will also devote less energy in seeking negative feedback which has informational value, and is necessary to make improvements. However, the lower propensity to seek negative feedback in service interactions makes negative customer experiences less salient, reducing the negative mere measurement effect of negative feedback seeking. In essence, selling orientation reduces the negative impact of negative feedback seeking on the customer's relationship quality with the FLE and with the firm.

In summary, the selling oriented FLE's reduced propensity to highlight the customer's positive experiences through positive feedback seeking will reduce the positive bias of mere measurement effects and result in a lower level of the customer's relationship quality with the employee and with the firm. Conversely, the mere

measurement negative bias of negative feedback seeking is less effective on diminishing relationship quality since the selling oriented FLE is less interested in the informational value of negative feedback to make improvements to their customer service performance or the customer's perception of the firm. Hence, I propose the following hypotheses:

H3a:   *Employee selling orientation will reduce the positive effect of self-positive feedback seeking on the customer's relationship quality with the employee.*

H3b:   *Employee selling orientation will strengthen the negative effect of self-negative feedback seeking on the customer's relationship quality with the employee.*

H3c:   *Employee selling orientation will reduce the positive effect of firm-positive feedback seeking on the customer's relationship quality with the selling firm.*

H3d:   *Employee selling orientation will strengthen the negative effect of firm-negative feedback seeking on the customer's relationship quality with the selling firm.*

## 3.4 Relationship Quality as a Driver of WOM

The relationship marketing perspective explains that that customers' perceptions of relationship quality will influence their behaviour in that relationship (Verhoef, 2003). Thus, common in RM frameworks, positive experiences by satisfied customers become motivation to engage in positive WOM about the firm (Eisingerich et al., 2014). When customers engage in WOM behaviour, they effectively become advocates of the firm, proselytising their positive experiences with the firm to family, friends, and colleagues. It is not uncommon for FLEs and firms to ask their satisfied customers for referrals. In fact, one of the items for each of the self-positive and firm-positive FSB scales concern the FLE soliciting the customer for referrals based on

good work or service (**See Section 5.4.2 Client Measures**). Here, mere measurement effects are also at play, since asking the customer to spread good word about the company is already linked to the customer's satisfaction with the FLE or firm. Following the principle of compatibility described by Dholakia and Morwitz (2002), the already established valence of the relationship quality (trust, satisfaction, commitment) with the FLE or firm through previous FSB concerning the customer-FLE relationship and customer-firm relationship will be applicable to other behaviours consistent with the attitudes the proactive FLE attempts to shape in the course of seeking feedback. Thus ideally, improved relationship quality should translate to positive performance outcomes that are all related, e.g. WOM, loyalty, purchase intentions.

Hence, in reaching crucial performance goals in competitive markets, firms would benefit from proactive FLEs soliciting their customers' advocacy. FLEs can easily increase their sales performance and commissions by asking their customers for referrals. Ultimately, the firm also profits from the customer's referral behaviour. However, such referrals are more likely to occur when the customer has built a good relationship with the employee or firm. Thus, this study proposes that:

H4a:   *The customer's relationship quality with the employee will have a positive effect on word of mouth.*

H4b:   *The customer's relationship quality with the selling firm will have a positive effect on word of mouth.*

## 3.5 Relationship Quality with Employee and Latent Financial Risk

The relationship marketing perspective posits that affectively committed customers develop strong connections, and show positive behaviour towards firms

(Verhoef, 2003). This situation can also apply to FLE-customer relationships. As the customer builds a bond with their service rep, there is reason to believe that the trust, commitment, and satisfaction built from previous encounters will build lasting loyalty, which increases the risk that the customer will allow the service rep to quote them offers, and later shift some of their purchases to a competitor if the service rep defects to a competing firm (Palmatier et al., 2007a).

The components of relationship quality have been previously shown to be drivers of loyalty (Watson et al., 2015). Additionally, trust and commitment allow customers to continue to invest in a relationship, shun short-term alternatives that may seem beneficial in favour of long-term benefits of a special relationship, and are more likely to be open to high-risk proposals with the mindset that the seller is unlikely to act in self-interest (Morgan and Hunt, 1994). Hence, it is expected that having built a strong relationship quality with their service rep over a period of time would translate to behaviour associated with loyalty. Although the customer may be happy with the present selling firm, and may not even consider patronising a competitor, a defected employee can leverage on the goodwill they have built with the customer to convince them to either try services at the new selling firm, or make purchases as a favour to help the service rep get established at their new role at the competing selling firm.

However, just as building a strong relationship with the FLE will translate to behaviour akin to loyalty with the FLE, a strong relationship with the firm may also work to guard against customer defection. Additionally, since the positive effects of mere measurement have been shown to reduce defection rates for up to 93 months (Dholakia and Morwitz, 2002), it is likely that the cumulative effect of the FLE's positive firm-FSB towards customers in long term relational exchanges will influence loyalty behaviour to the firm. Thus this study proposes that:

*H5a:*    *The customer's relationship quality with the employee will have a positive effect on selling firm latent financial risk.*

*H5b:*    *The customer's relationship quality with the firm will have a negative effect on selling firm latent financial risk.*

Customer-FLE relationships tend to be much stronger than customer-firm relationships, and the financial effects stemming from FLE loyalty operate independent of firm loyalty (Palmatier et al., 2007a). Thus, it is more likely that the proactive FLE will drive customer defection, than the firm will be successful at managing the risk, especially if part of the risk-management process depends on the assumption the FLE will be an advocate for the firm when seeking feedback from the customer. As a result of the FLE's advantage in driving loyalty behaviour, firms cannot bank on the efficacy of Hypothesis 5a, where the customer's relationship quality with the firm is proposed to have a negative effect on latent financial risk.

While there is little the firm can do to break up the loyalty a customer will have for their service rep after building a strong relationship, the firm can do their best to build their own unique relationship with the customer. This direct relationship can be built through direct communication with the customer, or as this study's theoretical model shows, asking the service rep to emphasise the firm's value proposition through firm-positive feedback seeking. As the customer's relationship quality with the firm turns to advocacy in the form of WOM, the chances that the customer will be interested in quotes from a competitor firm if their service rep defects becomes less likely. Additionally, customers that have high affinity for a brand, and perhaps enjoy special privileges of the relationship they have built with the firm through referral behaviour,

linked to WOM, would not want to be seen by the same people they promote the firm to as being duplicitous. As stated earlier, consistent with the principle of compatibility, the lasting mere measurement effects of firm-positive feedback, and its effect on WOM should also be related to other behaviours consistent with the established positive attitude towards the firm. Hence, as a customer engages in WOM concerning the firm, the probability that they will accept quotes for similar products from their defected service rep at a competitor will diminish. Thus this study proposes that:

*H6:  WOM will mitigate the positive effect of customer relationship quality with the employee on selling firm latent financial risk.*

## 3.6 Chapter 3 Summary

Chapter 3 presented the study's theoretical model and gave justification for the hypothesised relationships shown in the model. Drawing on the literature review, this study developed a theoretical model by combining Bandura's (1991) social cognitive theory of self-regulation and classic RM frameworks. Additionally, based on mere measurement effects, differential effects of the FSB types on customer-FLE and customer-firm were hypothesised. Ultimately, this chapter showed how the new conceptualisation of FSB could be integrated into the RM framework and its contribution to the marketing literature, using theoretical arguments from both the Organizational Behaviour and Marketing disciplines. The next chapter shows the process of developing this new conceptualisation of FSB from scale development to validity testing.

# CHAPTER 4: DEVELOPING A CUSTOMER FEEDBACK SEEKING SCALE

**4.0 Chapter Introduction**

This chapter details the development of the measurement scale for the reconceptualised feedback seeking behaviour (FSB) construct. The chapter begins with a summary of the scale development process modelled after procedures laid out by Churchill (1979) and Hinkin (1998). Following this summary, each step of the scale development process is discussed in detail, beginning with the need for a new conceptualisation of FSB as previous conceptualisations would be inadequate to study the phenomenon in a service context. Next, the chapter shows how the scale items were created based on theory and actual feedback surveys distributed by service firms to their customers. After creating the items, the scale was tested against the required validity criteria.

**4.1 Procedure for Scale Development**

A new scale based on the Gong et al. typology was developed using established processes for scale development suggested by Hinkin (1998) and Churchill (1979). The scale development process also closely mirrors the steps taken by Gong et al. (2017), and Saxe and Weitz (1982) who followed suggestions from the aforementioned authors in developing their scales for feedback seeking and customer orientation respectively.

Hinkin (1998) and Churchill (1979) devised similar procedures for developing measures, summarised in **Fig 4.1** and **Fig 4.2**.

**Figure 4.1: Hinkin (1998) Scale Development Procedure**
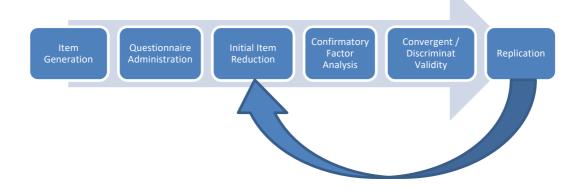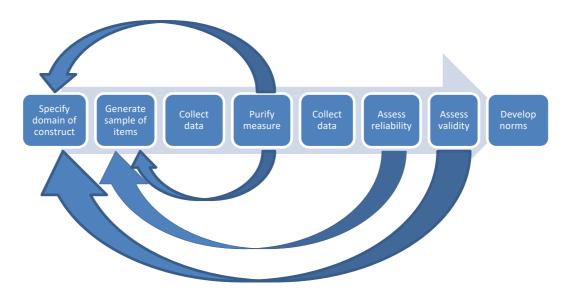


**Figure 4.2: Churchill (1979) Scale Development Procedure**



The steps carried out in developing the FSB measures for this study are outlined below, and elaborated in the sections that follow.

1. **Specify domain of construct**: Churchill (1979) advises that before developing a new construct, the literature in the domain of specification should be thoroughly researched, and justifications for a new scale should be given. The primary justification for the creation of a new feedback seeking scale is that while the Gong et al. (2017) typology has the desired structure in terms of valence and focus, it was difficult to adapt the wording of the scale to describe

FLE behaviours that would be expected in the course of service interaction. Additionally, up till now, no scale in the business literature adequately measures the FLE's action of seeking feedback from the customer.

Although Hinkin's (1998) diagram for scale develop begins with item generation, like Churchill (1979), he was very clear that it was necessary to begin with a clear definition of the domain of interest. While admitting that it was impossible to create a battery of items that would accurately measure every single aspect of the behaviour to be measured, Hinkin (1998) advised that a thorough review of the literature and clear construct definition would assure content validity. Hence the scale development process for the new FSB measures begins with a review of previous FSB scales, and an explanation of their shortcomings in meeting this project's objectives.

2. **Item development**: Based on a redefinition of Gong et al.'s (2017) FSB types, new items were constructed using the deductive method described by Hinkin (1998). The deductive method requires generating items based on a sufficient theoretical foundation and a thorough review of the literature. Likewise, in addition to an adequate review of the literature, Churchill (1979) suggests using experience surveys, product brochures, and articles in trade magazines. In developing the survey items, Gong et al.'s (2017) scale provided a foundation, then Sirdeshmukh et al.'s (2002) scale for FLE behaviours and management practices and policies was consulted since the outcome of the focal constructs were relational assets and outcomes i.e. trust and loyalty, which were also of concern in this project's theoretical model. Additionally, consistent with Churchill's (1979) advice, actual feedback seeking surveys

sent by firms to their customers were consulted to adequately model reality and assure content validity.

3. **Data collection and measure purification**: In developing the SOCO scale, Saxe and Weitz (1982) developed an initial pool of 104 items, which were then reduced and refined to 24 final items following scrutinization of expert judges and pre-sampling. Gong et al. (2017) began with an initial list of 28 items across the four FSB types, which were then reduced to 24 following scrutinization by 10 judges. Since the FSB measures developed for this study had the Gong et al. (2017) scale as a foundation, it was not deemed necessary to create an expansive list of items. Following Gong et al.'s (2017) procedure, an initial list of items was presented to judges who were a mix of academics and practioners to establish face validity. The items were then refined based on results of the exercise and suggestions offered by a couple of the judges. The refined items were then presented to personal bankers for their opinion on the items to establish content validity. Again the items were tweaked based on useful comments from the panel of bankers, before being piloted.

4. **Assess reliability and validity**: Following the first pilot, an exploratory factor analysis was run to ensure that the items fell into the desired FSB types. Similar to Gong et al. (2017), a second pilot was conducted, and a confirmatory factor analysis indicated that the items were reliable. Churchill (1979) insists that coefficient alphas should be the first measures calculated to assess reliability. The FSB items' alphas were within the acceptable range. Tests of discriminant validity also indicated that the FSB measures were different from customer orientation, as there was a risk that the behaviours described in the FSB scales were similar to customer oriented behaviour.

5. **Replication**: Consistent with Hinkin's (1998) advice, all the samples used in validating the FSB measures were completely independent i.e. the follow-up samples did not contain responses from participants in previous samples. The third round of data collection used for the main study constitutes a final replication. Again, confirmatory factor analysis and discriminant validity tests showed that the items adequately measured the FSB types.

## 4.2 The Need for a Customer-Centric Feedback Seeking Scale

Although technology has come to play a large role in the customer journey, many services still require one-on-one interactions between employees and customers. Services such as private banking, architecture, and legal services must still be performed by humans. The quality of service the customer receives is key in determining repeat purchases, and other forms of loyal behaviour. Frontline employees (FLEs) that interact with customers are in the best position to seek information from customers that will lead to service improvements, and strengthen the customer's relationship quality with the firm. Previous literature in FSB has already found that employees that frequently engage in FSB gain the trust and confidence of their supervisors and peers, and are better performers (Lam et al., 2015; Gong et al., 2017; Dahling et al., 2012; Dimotakis et al., 2017). Intuitively, it can be argued that FLEs that proactively seek customer feedback would be better able to keep customers satisfied and loyal, while also meeting their own professional goals. Thus, a measure for feedback seeking towards customers would be helpful in confirming similar outcomes of FSB in the service context, and extending the FSB literature to topics regarding customer interaction, which has both theoretical and managerial relevance.

However, the FSB literature does not have any measures that can be easily adapted for use in the context of employee-customer relationships. **Table 4.1** below shows various FSB scales that have been used in the literature. It is evident that they were constructed to be used in intra-organizational studies, as they concern FSB targeted at supervisors or peers. Many of the studies in the FSB literature use adapted items from Ashford and Black's (1996) study on newcomer proactive behaviours. Several other measures of FSB have also been modified to suit contemporary studies. For example, Dimotakis et al. (2017) adapted scales from Maurer and Tarulli (1994) and Maurer et al. (2002) to study the effects of positive and negative performance feedback on employee FSB and career advancement as a distal outcome. Like many FSB scales, the Dimotakis et al. (2017) scales measure FSB as a unidimensional construct, and only concern the inquiry aspect of FSB, ignoring the monitoring aspect. Nevertheless, other studies have measured the monitoring and inquiry aspects as separate constructs. For example, Parker and Collins (2010) used items from Ashford (1986) to measure feedback monitoring and feedback inquiry as distinct constructs. The monitoring aspect of FSB is usually included in studies where FSB is measured using self-reported scales, as it is otherwise difficult for third parties to accurately report on another individual's monitoring habits. For example, DeStobbeleir et al. (2011) used eight items to capture feedback monitoring by adapting scales from Ashford (1986) and Ashford and Tsui (1991).

**Table 4.1: Previous Measures of FSB**

**Ashford and Black (1996)**

To what extent have you:

- Sought feedback on your performance after assignments?
- Solicited critiques from your boss?
- Sought out feedback on your performance during assignments?
- Asked for your boss's opinion of your work?

**Dimotakis et al. (2017)**

- Asked for additional feedback and input from co-workers.
- Asked for additional feedback and input from my manager.
- Asked for additional feedback and input from direct reports.

**DeStobbeleir et al. (2011)**

- How frequently do you pay attention to how your boss acts toward you in order to understand how he/she perceives and evaluates your work?
- How frequently do you compare yourself with peers in your organization (i.e., persons at your level within the organization?)
- How frequently do you compare yourself with peers in other organizations (i.e., persons at your level within other organizations)?

**Parker and Collins (2010)**

How frequently do you...

- Observe the characteristics of people who are rewarded by your supervisor and use this information?
- Observe what performance behaviour your boss rewards and use this as feedback on your own performance?
- Pay attention to how your boss acts towards you in order to understand how s/he perceives and evaluates your work performance?

**Callister et al. (1999)**

- From their reactions, I can tell how well I am getting on with members of my work group.
- Because of the reactions I receive from my coworkers, I can tell whether I am doing the things that should be done.
- Through observing my coworkers' reactions, I can tell how well they think I'm doing.

**4.3 A Reconceptualization of Gong et al.'s (2017) FSB Measure**

In order to study FSB in service interaction contexts, this study introduces a measure that can be used across all types of service industries. This new scale is a reconceptualization of Gong et al.'s (2017) two-dimensional scale based on goal orientation theory, where employees' performance feedback seeking belongs to one of four types based on foci (self and other) and valence (positive or negative). The four possible combinations are thus self-negative and self-positive feedback seeking, and other-negative and other-positive feedback seeking. **Table 4.2** below summarizes the definitions of each FSB type, as well as the corresponding items for each sub-measure. Goal orientation was an appropriate framework to develop this FSB scale because it explains why individuals may take disparate actions based on their desire to learn, demonstrate competence, or manage others' impressions of one's image. Several studies have shown individuals higher in learning orientation seek more feedback, while individuals that are higher in performance orientation seek feedback less frequently (Tuckey et al., 2002; VandeWalle and Cummings, 1997; VandeWalle et al., 2001). Gong et al.'s (2017) typology was developed based on the premise that individuals higher in learning orientation are more likely to seek negative feedback so as to learn from their mistakes, even if it diminishes their reputation, while performance-oriented individuals are more likely to seek positive feedback, which encourages a positive self-image and does not risk hurting the ego. In relational selling, the customer's impression of the FLE is important, since presenting oneself in the best positive way can influence relational assets such as trust and satisfaction, which further influence purchase behaviour and loyalty. Goal orientation is additionally appropriate in developing the measures because it is compatible with a self-regulatory process,

where the individual proactively takes actions to maintain a goal of improving performance or impression management.

While Gong et al. (2017) carried out their research in the context of employees' interactions with peers and supervisors, this study aims to develop a scale based on a similar typology which can help to determine the outcomes of FLE feedback seeking as relating to customer interactions. The items in the Gong et al. (2017) scale are concerned with ratings of an employee's job performance and task engagement. For the purposes of this project, the items needed to reflect behaviours typical of service interactions. As the scale was being adapted, the items changed completely, necessitating a scale development procedure to ensure they were still valid. Additionally, Gong et al.'s (2017) scale had many items measuring feedback seeking through monitoring. This study conceptualises customer feedback seeking as through inquiry only, that is, employees' direct communication with customers. The primary reason for conceptualizing customer feedback seeking as only inquiry is because the measurement scale for the construct should be reported by customers, and it would be difficult and less reliable for customers to report on an employee's monitoring behaviour.

**Table 4.2: Gong et al. (2017) FSB Scale**

**Self-Negative:** refers to an employee's report of his or her information seeking regarding areas that he or she underperforms through inquiring and monitoring different sources.

- I often indirectly ask for information on what I failed to perform.
- I often observe my supervisor or colleagues to seek negative information on my performance.
- I often seek comments concerning what areas I did not do well in upon task completion.
- I often ask for my supervisor's comments concerning my below-expectation performance areas.
- I often seek negative comments on areas I did not perform well in during task engagement.
- I often ask my colleagues for negative information to understand my performance weaknesses.

**Self-Positive:** refers to an employee's report of his or her information seeking regarding areas that he or she performs well through inquiring and monitoring different sources.

- I often indirectly ask information on what I performed well in.
- I often pay attention to whether my job behaviour is emulated by others.
- I often seek information concerning what areas I performed well in upon task completion.
- I often ask my supervisor for information concerning what areas I performed well in.
- I often seek information on my good performance during task engagement.
- I often ask my colleagues for information concerning my performance strengths.

**Other-Negative:** refers to an employee's report of his or her information seeking regarding areas that peers underperform through inquiring and monitoring different sources.

- I often ask information from third parties (e.g., supervisor) regarding what colleagues failed to perform.
- I often pay attention to colleagues' negative moods upon the completion of a task.
- I often pay attention when colleagues are scolded by my supervisor during and after task engagement.
- I often pay attention to my supervisor's negative reactions to colleagues' work.
- I often pay attention to my supervisor's negative comments on colleagues' work.

- I often pay attention to my supervisor's or other colleagues' criticisms of a colleague's work.

**Other-Positive:** refers to an employee's report of his or her information seeking regarding areas that peers perform well through inquiring and monitoring different sources.

- I often ask information from third parties (e.g., supervisor) regarding what colleagues performed well in.
- I often pay attention to colleagues' positive moods upon the completion of a task.
- I often pay attention when colleagues are praised by my supervisor during and after task engagement.
- I often pay attention to my supervisor's positive comments on colleagues' work.
- I often pay attention to my supervisor's affirmation of colleagues' work.
- I often pay attention to my supervisor's or other colleagues' discussion of a colleague's work strengths.

## 4.4 Item Development

The first step of scale development was to adapt the Gong et al. (2017) scale to reflect the employee-customer relationship. The items were reconstructed following the deductive approach described by Hinkin (1998), which involves generating items based on theoretical foundations and corresponding theoretical definitions. Since this study borrows from Gong et al.'s (2017) typology, the definitions for each of the feedback seeking types were adjusted slightly to reflect a service interaction context, and the original items provided a base for item reconstruction. In this study, self-positive FSB is an employee's inquiry of customers regarding positive aspects of the employee's service delivery; self-negative FSB is defined as an employee's inquiry of customers regarding negative aspects of the employee's service delivery; firm-positive FSB is an employee's inquiry of customers regarding positive aspects of the selling firm's service delivery; firm-negative FSB is an employee's inquiry of customers regarding negative aspects of the selling firm's service delivery.

To fit the FSB items into a customer interaction context, the relationship marketing (RM) literature was consulted. The RM perspective was a useful place to start since it focuses on exchanges between firms and their customers, and how the quality of these exchanges can be managed to improve selling relationship variables such as trust, commitment, and satisfaction, which in turn influence distal performance outcomes such as loyalty, share of wallet, and sales. Since there is an interest in studying how FSB influences relational assets, Morgan and Hunt's (1994) key mediating variable (KMV) model offered a great starting point. Morgan and Hunt (1994) hypothesized and found that frequent and high-quality communication should lead to trust between exchange partners. However, the two items in Anderson et al.'s (1987) communication scale which Morgan and Hunt (1994, p.35) used (e.g. …my major supplier…keeps us informed of new developments…communicates well his expectations for our firm's performance) did not adequately capture the proactive nature of FSB from employee to customer needed for this study. The items need to show a desire for the employee to understand how the customer perceives the employee's service performance.

In researching the RM literature, building on the theoretical impact of Morgan and Hunt (1994), priority was given to articles that studied antecedents of relational assets (i.e. trust, commitment, satisfaction). Sirdeshmukh et al.'s (2002) study of the effects of FLE behaviours and management practices and policies (MPP) on consumer trust was useful because further FSB research would also be interested in the differential effects of the FSB types on customer relationship quality with the employee versus the firm. Sirdeshmukh et al. (2002, p. 18) grouped the FLE behaviours and MPPs into three types: operational competence, "the competent execution of visible behaviours as 'service in action'"; operational benevolence,

"behaviours that reflect an underlying motivation to place the consumer's interest ahead of self-interest"; and problem solving, "the consumer's evaluation of FLE and management motivations to anticipate and satisfactorily resolve problems that may arise during and after a service exchange". Although the survey items (see **Table 4.3**) for the FLE behaviours and MPP do not explicitly capture communication between employees and customers, the grouped attributes share commonalities with definitions of proactive behaviour, and so, some elements were incorporated into generating items for the customer feedback seeking scale. Specifically, it was ensured that the FSB items covered the three dimensions of FLE behaviours and MPP.

### Table 4.3: Sirdeshmukh et al. (2002) FLE Behaviour and MPP (Retail)

| The store employees... | The store... |
| --- | --- |
| **FLE Operational Competence** | **MPP Operational Competence** |
| Work quickly and efficiently | Is organized so as to make it easy to pick your clothing selection. |
| Can competently handle most customer requests | Is generally clean and free of clutter. |
| Can be relied upon to know what they are doing | Keeps checkouts staffed and moving so you don't have to wait. |
| **FLE Operational Benevolence** | **MPP Operational Benevolence** |
| Act as if they value you as a customer | Has policies that indicate respect for the customer. |
| Can be relied upon to give honest advice even if they won't make a sale. | Has policies that favor the customer's best interest. |
| Treat you with respect. | Acts as if the customer is always right. |
| **FLE Problem Solving Orientation** | **MPP Problem Solving Orientation** |
| Don't hesitate to take care of any problems you might have with clothing items purchased at the store. | Has practices that make returning items quick and easy. |
| Go out of their way to solve customer problems. | Goes out of the way to solve customer problems. |
| Are willing to bend company policies to help address customer needs. | Shows as much concern for customers returning items as for those shopping for new ones. |

While grounding item development in theory is important for the deductive method described by Hinkin (1998), there were concerns that the items developed would not accurately reflect reality, thus actual feedback surveys (see **Table 4.4**) from popular United Kingdom mobile service providers were consulted. These surveys were also compared with customer feedback surveys sent by banking, airline, and supermarket firms to their customers. Most of the surveys were similar and demanded the same information based on elements of service quality and satisfaction with every step of the customer journey. The structure of the survey items in **Table 4.4** were incorporated into the development of the FSB measures, making sure they also reflected feedback seeking according to the two-dimensional typology of feedback seeking used by Gong et al (2017). The items were also developed to be applicable to a wider range of service and selling relationships across industries, and in both B2C and B2B contexts.

Although both a self-reported and customer-reported scale were created, the items were developed from the point of view of the customer's observations. There will be situations where it is necessary to use a self-reported scale given data collection limitations or the researcher's theoretical objectives. However a customer-reported version is more reliable for two main reasons. Firstly, due to social desirability, employees are likely to be biased and will choose higher points on the scale, indicating higher frequency of feedback seeking, since this behaviour is considered desirous of good employees. Secondly, according to Tornau and Frese (2013), personality traits are stable, intrinsic, and divorced from environmental influences and thus, usually self-reported, while behaviours are the result of the interaction of the personality and environment, and observable by others. Thus, it follows that behaviours may be best captured by others rather than self-reported.

**Table 4.4: Sample FSB Items from UK Mobile Operators**

**Mobile Operator 1 (MO1)**

- First of all, how happy were you with your online advisor today?
- Based on your LIVE CHAT experience how likely are you to recommend MO1 to a friend or colleague? Where 10 is "Extremely likely" and 0 is "Not at all likely"
- Finally, is there anything we could do to make things better? We promise to use your feedback to improve our services where we can

**Mobile Operator 2 (MO2)**

- How satisfied are you with the chat you just had?
- How satisfied are you that the chat responses were warm and friendly in tone?
- How satisfied are you that the advisor you chatted to understood your needs?
- How easy was it to get your query handled today?
- How satisfied are you that you got all the information you needed to make an informed decision?
- How would you have contacted us if chat wasn't available?
- Is there anything further you'd like to tell us about your chat experience today?
- Overall, how satisfied are you with using MO2.co.uk to make your purchase today?
- How easy was it to place your order on MO2.co.uk today?
- Thinking about your recent purchase on MO2.co.uk, to what extent do you agree or disagree with the following?
  - *The information on the website was clear and easy to understand*
  - *You had all the information you needed to make an informed decision*
  - *The amount of information on MO2's main products and services was sufficient*
- Did you encounter any problems or difficulties with any of the following steps while making a purchase on MO2.co.uk?

**Mobile Operator 3 (MO3)**

- Based on your recent interaction, how likely are you to recommend MO3 to friends or family?
- How did the agent perform in this chat?
- Did we resolve your query today?
- What would you have done had you not chatted to us today (How would you have contacted us)?

Two versions- a self-reported scale and a customer-reported scale- were drafted. The initial list of items was developed using Gong et al.'s (2017) typology, the information derived from literature, and company feedback surveys. In order to be applicable to a wide range of industries, the survey items were general statements on the sort of feedback a proactive FLE would be expected to seek. Five items were developed for each of the four categories of feedback seeking and sent to 11 judges to critique face and content validity. The 11 judges were a mix of doctoral researchers, early career academics, and managers. Following Mackenzie et al.'s (1991) technique described by Hinkin (1998, p.109), judges were given a scrambled list of items, were provided with definitions of each of the feedback seeking categories, and were asked to match items with the category definitions. As shown in the **Table 4.5**, the average score of the exercise was 88%, with most of the items being correctly matched with their definitions. The judges that scored 70% likely confused the wording of some items, as there was a consistency to their errors, so the items were adjusted accordingly. Other suggestions given by judges were taken into consideration when refining the survey items. One very useful suggestion was to rename 'other feedback seeking' to more clearly show whom the feedback concerns. In the original Gong et al. (2017) scale, other feedback seeking referred to employees seeking positive and negative feedback on behalf of their supervisors and peers. For the service context, it is important to capture the employee seeking feedback on behalf of the company. The service contexts that would be most applicable to the use of this new scale are those where the majority of customer's interaction occurs with a focal or dedicated service representative. Thus, in seeking feedback from the customer, the employee should mostly be interested in information relating to the company as a whole. Given these considerations, other feedback seeking was changed to 'firm feedback seeking'.

**Table 4.5: Judges Scores of Item-Matching Exercise**

| Judge | Score | Comments |
|---|---|---|
| **Early Career Researcher (Computing Science)** | 19/20 | Missed item possibly because of 'they/their' wording. |
| **Early Career Researcher (Management)** | 18/20 | Suggested that "they/their" wording should be replaced, perhaps with he/she. Survey items with 'problem' could be made more specific to actions from service rep or company. Also suggested that 'Other Feedback' items should be renamed 'Organization' to better capture meaning. |
| **Retired Executive (Oil and Gas)** | 17/20 | N/A |
| **Doctoral Student (Medicine)** | 18/20 | N/A |
| **Chartered Accountant (ACCA)** | 14/20 | The use of "they/their" in the self-feedback seeking items was confusing and mistaken for other feedback seeking. |
| **Doctoral Student (Marketing)** | 14/20 | The use of "they" in the self-feedback seeking items was confusing. |
| **Writer** | 18/20 | N/A |
| **Doctoral Student (Marketing)** | 19/20 | Suggested that 'improve' could be used for both positive and negative contexts, and thus needed elaboration. |
| **Doctoral Student (Philosophy)** | 18/20 | N/A |
| **Early Career Researcher (Economics)** | 20/20 | Suggested that 'improve' could be used for both positive and negative contexts, and thus needed elaboration. |
| **Doctoral Student (Management)** | 19/20 | Was confused by ambiguous use of 'improve' since both positive and negative actions can be improved. |

After changes were made to the items, interviews were held with 9 private bankers from four of Nigeria's largest commercial banks to review and comment on the survey items. Additionally, the bankers were asked to explain why they would or would not engage in the behaviours described in the scale items. The bankers ranged in rank and responsibility, catering to a wide range of clients including high net worth individuals, small business owners, and corporate clients. The bankers were not informed about the grouping of the items into the various FSB types or the theoretical objectives of the study in detail. Given their responses, some of the scale items were adjusted again slightly.

## 4.5 Explanatory Factor Analysis (EFA) - Sample 1

The role of Exploratory Factor Analysis (EFA) is to extract factors from a dataset without the guidance of prior theoretical knowledge. Conducting an EFA is the first step in showing if the theoretical conceptualisation of the four feedback seeking types being proposed can be used as a valid measure in operationalizing the hypotheses in the theoretical model.

A market research company was employed to collect a field sample of 220 survey responses from participants comprising undergraduates as well as early career professionals working close to the University of Lagos campus in Nigeria. Hutcheson and Sofroniou (1999) suggest that for factor analysis, the sample size should be at least 150 cases or responses, and there should be at least three variables per likely factor. Thus, with a sample size of 220 and five items for each of the feedback seeking types, the data structure is appropriate to perform an EFA.

Student surveys were collected on the spot, but many of the responses from the professional subsample were collected after previously leaving the survey with them.

The maximum lag time between leaving the responses and collecting them did not surpass two weeks. The survey asked respondents to rate bank staff they interacted with regularly on the four different types of feedback seeking behaviour. Survey respondents provided demographic information and evaluated their bankers on 20 feedback seeking items along a seven point scale (*1= strongly disagree* to *7= strongly agree*). The average age of the respondents was 24.32, 39.1% were female, 30.5% of the sample were undergraduate students, and the average length of bank account ownership was 3.23 years.

Following the procedures of Gong et al. (2014, p. 8), based on the advice of Hinkin (1998) and Fabrigar et al. (1999), an EFA was conducted using maximum likelihood extraction and promax rotation on SPSS. Oblique rotational methods such as promax are advised when the correlations between the factors are greater than .32, showing that there is significant overlap in variance between the factors (Tabachnick and Fiddell, 2007). The EFA was run with 20 items, and gave satisfactory results. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) was .872. The KMO measures the proportion of variance in the variables of a data set that might be caused by underlying factors, and values less than .500 mean that factor analysis may not produce useful results (IBM, 2018). The data also passed the Bartlett Test of Sphericity (BTS), $X^2$= 3130.718, df = 190, sig. = .000. BTS tests the hypothesis that the correlation matrix is an identity matrix, showing that the variables are unrelated and unsuitable for structure detection (IBM, 2018). As the BTS for the sample data is significant at .000, the results of the factor analysis can be trusted and deemed useful. The results of the EFA showed four factors with no significant cross loadings greater than 0.4. **Table 4.6** shows the items with their factor loadings, and **Table 4.7** shows the correlations between the four factors extracted.

**Table 4.6: Explanatory Factor Analysis Results: Sample 1- Pilot Study**

| Items | Factor | | | |
|---|---|---|---|---|
| My banker often asks me: | 1 | 2 | 3 | 4 |
| **Self-Negative** | | | | |
| 1…if her/his advice made little difference | **.644** | .022 | .006 | .025 |
| 2...if (s)he was unable to solve my problem | **.794** | -.043 | .050 | -.091 |
| 3…for my opinion on how best to correct an error (s)he made | **.886** | .021 | .013 | -.018 |
| 4…for what ways the performance of her/his duties did not meet my expectations | **.866** | .039 | -.034 | .055 |
| 5…to express my dissatisfaction with her/his proposed solution | **.868** | -.052 | -.011 | .035 |
| **Self-Positive** | | | | |
| 1…if her/his solutions were helpful | -.067 | -.045 | **.836** | .108 |
| 2...how (s)he could improve an already satisfactory service experience | -.021 | .020 | **.910** | -.013 |
| 3…what I liked about the way (s)he resolved an issue | .054 | -.031 | **.836** | .002 |
| 4…if I understand her/his explanation of a product or service | .011 | .026 | **.767** | -.054 |
| 5…if I would happily recommend her/him to family, friends, or colleagues | .066 | .067 | **.608** | -.002 |
| **Firm-Negative** | | | | |
| 1…for what aspects of a competing bank's similar product I prefer | .105 | .081 | .021 | **.615** |
| 2...how this bank can improve a disappointing product or service | -.016 | .059 | .019 | **.808** |
| 3…if I am dissatisfied with this bank's rules and procedures | -.056 | -.067 | -.055 | **.995** |
| 4…for what ways this bank's service delivery is lacking | .005 | .000 | .020 | **.747** |
| 5…if I have any complaints about the quality of this bank's products or services | -.001 | -.053 | .043 | **.536** |
| **Firm-Positive** | | | | |
| 1...what I like about this bank's services | -.080 | **.676** | .091 | -.038 |
| 2…if I am happy with this bank's policies | .008 | **.817** | .017 | .030 |
| 3…if this bank's products/services suit my needs well | -.043 | **.962** | -.029 | -.025 |
| 4…for what ways this bank's service exceeded my expectations | .043 | **.839** | -.005 | .025 |
| 5…if I tell others about how great this bank is | .063 | **.735** | -.045 | -.008 |

**Table 4.7: Correlations between the Four FSB Factors: Sample 1 and 2**

| | Self-negative feedback seeking | Self-positive feedback seeking | Firm-negative feedback seeking | Firm-positive feedback seeking |
|---|---|---|---|---|
| Self-negative feedback seeking | - | .37 | .34 | .44 |
| Self-positive feedback seeking | .37 | - | .43 | .32 |
| Firm-negative feedback seeking | .45 | .41 | - | .35 |
| Firm-positive feedback seeking | .38 | .35 | .48 | - |

*Note*: Correlations for Sample 1 are presented above the diagonal, and correlations for Sample 2 are presented below the diagonal. All correlations are significant at p < .01.

**4.6 Confirmatory Factor Analysis (CFA) – Sample 2**

After extracting the desired factors from the EFA, a Confirmatory Factor Analysis (CFA) was conducted with a new sample. The purpose of a CFA is to validate a theoretical assumption that the indicators used to measure a given factor are indeed appropriate in measuring the factor in question. In other words, the CFA helped to confirm that the items developed to measure the various feedback seeking types are appropriate. A CFA also shows that a factor has convergent validity, i.e., that the ensemble of indicators measuring a specific factor are appropriate.

The same market research company collected a second sample comprising 296 responses from professionals and small business owners. The respondents were asked for demographics information and to rate their bankers on the different FSB types, as well as bankers' customer orientation using Thomas et al.'s (2001) 10 item SOCO scale. The average age of the respondents was 38.9, 36.1% were female, 50.7% of the

sample had completed an undergraduate degree, 38.2% had a postgraduate degree, and the average length of bank account ownership was 9.83 years. On average, undergraduates and individuals early in their career, especially in Nigeria, have not amassed enough wealth to warrant the need of personalized banking services. Thus, the demographics of the second sample are more appropriate for validating the scale, and in preparation for the context that future studies will occur in.

The CFA was performed using AMOS. The results showed that the four-factor model had a good fit to the data: $X^2$=305.154, p<.01; Root Mean Square Error of Approximation (RMSEA) = .056, Normed Fit Index (NFI) = .924; Comparative Fit Index (CFI) = .962; Incremental Fit Index (IFI) = .962. The four-factor model was also compared to three alternative models: (1) a two-factor model that combined the self and firm feedback-seeking items into the positive and negative dimensions; (2) another two-factor model that combined the negative and positive feedback-seeking items into the self and firm dimensions; and (3) a single factor model where all the feedback-seeking items were combined. The four-factor model showed much better fit than the alternative models. **Table 4.8** provides a summary of the fit indicators for all four models.

**Table 4.8: Model Comparisons of the Different FSB Factor Combinations**

| Model | $X^2$ | *df* | CMIN/df | RMSEA | NFI | CFI | IFI | SRMR | GFI | AGFI |
|---|---|---|---|---|---|---|---|---|---|---|
| 4-Factor Model | 305.154 | 158 | 1.931 | .056 | .924 | .962 | .962 | .0516 | .905 | .874 |
| 2-Factor: Neg/Pos | 1020.445 | 163 | 6.260 | .134 | .746 | .776 | .778 | .137 | .736 | .660 |
| 2-Factor: Self/Firm | 916.437 | 161 | 5.692 | .126 | .772 | .803 | .804 | .131 | .745 | .667 |
| 1-Factor | 1149.357 | 162 | 7.095 | .144 | .714 | .742 | .744 | .117 | .712 | .626 |

**4.5.1 Reliability- Cronbach's Alpha**

The most often reported reliability statistic is Cronbach's α, which measures the internal consistency of the factors or the consistency of responses across the sample to the individual items measuring a particular factor. According to Kline (2011, p. 69), if internal consistency is low, then the items purported to measure a single factor may be too heterogeneous to actually serve as measures for the same factor. The Cronbach's α for self-negative, self-positive, firm-negative, and firm-positive feedback seeking was .88, .88, .87, and .91 respectively. The Cronbach's α for customer orientation was .85.

**4.5.2 Discriminant Validity**

Discriminant validity serves to check that the indicators measuring one factor are sufficiently different from another set of indicators measuring another factor. Discriminant validity is established when a latent variable is able to account for the largest proportion of variance of the variables associated with it than measurement error or other constructs in the theoretical model (Farrell, 2010). CFA is also used in determining the discriminant validity of a construct, thus the discriminant validity of the feedback-seeking constructs was checked against customer orientation, measured using Thomas et al.'s (2001) ten item version of Saxe and Weitz's (1982) scale. Customer orientation was chosen to test discriminant validity because it is also a selling related construct.

The correlations of feedback seeking types with customer orientation and selling orientation were positive and significant but small, which is consistent with the theoretical model for this project, which predicts that customer oriented FLEs are more likely to seek customer feedback to reach their performance goals. Customer

orientation, as measured by the SOCO scale was related to self-negative feedback seeking (r=.39, p<.01), self-positive feedback seeking (r=.20, p<.01), firm-negative feedback seeking (r=.36, p<.01), and firm-positive feedback seeking (r=.30, p<.01). The low correlations between customer orientation and the feedback seeking show one evidence of discriminant validity.

Next, a CFA was performed with the SOCO scale and the four feedback seeking types, and then the five-factor model was compared to four other alternative two-factor models, where SOCO was combined with each of the individual feedback seeking types. Overall, all the models achieved reasonably good fit. However, the five-factor model comprised of SOCO and the four feedback seeking types achieved much better fit over all the others. The results of these CFAs are summarized in **Table 4.9.** Overall, the results indicate that the FSB measures were not another indicator of customer orientation.

**Table 4.9: Model Comparisons of FSB Factors with Customer Orientation**

| Model | $X^2$ | *df* | CMIN/df | RMSEA | NFI | CFI | IFI | SRMR | GFI | AGFI |
|---|---|---|---|---|---|---|---|---|---|---|
| FSB x SOCO | 973.903 | 416 | 2.341 | .067 | .831 | .895 | .896 | .074 | .821 | .787 |
| SN x SOCO | 373.229 | 85 | 4.391 | .107 | .829 | .861 | .862 | .078 | .851 | .790 |
| SP x SOCO | 398.499 | 84 | 4.744 | .113 | .812 | .844 | .846 | .086 | .844 | .777 |
| FN x SOCO | 424.304 | 86 | 4.934 | .115 | .796 | .828 | .830 | .092 | .833 | .767 |
| FP x SOCO | 435.472 | 85 | 5.123 | .118 | .819 | .847 | .849 | .093 | .829 | .759 |

**4.7 Reflective versus Formative Test**

In developing measurement models, constructs may be specified as reflective or formative. For reflective measures, the direction of causality flows from the construct to its indicators, while for formative measures, the direction of causality flows from the indicators to construct (Edwards and Bagozzi, 2000). Jarvis et al. (2003) give a summary of the comparison between reflective and formative measures in **Table 4.10**.

**Table 4.10: Summary of Comparison between Reflective and Formative Models**

| **Principal Factor (Reflective) Model** | **Composite Latent Variable (Formative Model)** |
|---|---|
| Direction of causality is from construct to measure. | Direction of causality is from measure to construct. |
| Measures expected to be correlated (Measures should possess internal consistency reliability). | No reason to expect the measures are correlated (Internal consistency is not implied. |
| Dropping an indicator from the measurement model does not alter the meaning of the construct. | Dropping an indicator from the measurement model may alter the meaning of the construct. |
| Takes measurement error into account at the item level. | Takes measurement error into account at the construct level. |
| Construct possesses 'surplus' meaning | Construct possesses 'surplus' meaning |
| Scale does not adequately represent the construct. | Scale score does not adequately represent the construct. |

Source: Jarvis et al. (2003, p. 201)

Diamantopoulos and Siguaw (2006) suggest that the choice of treating a construct as reflective or formative should be theoretically driven, since even a formative construct can be wrongly developed using scale development techniques, testing, and refinement meant for validating reflective measures. The authors explain that attitudes and personality are best measured using reflective scales, while measures that are usually a combination of other factors should be treated as formative, a position equally held by Jarvis et al. (2003).

Given these statements, it can be difficult to justify why FSB should be developed as a reflective construct. The FSB types were developed as reflective following the lead of Gong et al. (2017), which informed the measurement model and validation tests discussed in this chapter. However, following precedence in the literature is not necessarily correct. However, the direction of causality for reflective models is from the construct to the indicators, and Edwards and Bagozzi (1993) state that one of the determinants of causality is temporal precedence. As clients' ratings of bankers' FSB followed the interactions where the communication occurred, so that these ratings reflected past behaviour, the FSB types were perhaps best developed as reflective. This argument is similar to an example given by Edwards and Bagozzi (1993, p. 170), where the authors showed that Doney and Cannon (1997) wrongly modelled social interaction, a behaviour, as formative instead of reflective.

To ensure that the FSB scale was correctly treated as a reflective, rather than formative, the construct and indicators' characteristics were judged according to Jarvis et al.'s (2003) criteria. The criteria were developed to test the number of correctly specified measurement models in leading Marketing journals, and constructs were judged as either reflective or formative if they met a majority of the corresponding criteria. Jarvis et al (2003) found that misspecification of measurement models by wrongly classifying formative constructs as reflective can inflate paths emanating from the construct and deflate paths leading to the construct resulting in Type I and Type II errors respectively. Thus, in order to test the main hypotheses of this study, it is imperative that the FSB construct is classified correctly. The test is carried out below by responding to Jarvis et al.'s (2003) criteria concerning four main issues: direction of causality, interchangeability of indicators, covariation amongst indicators, and nomological net of constructs.

1. **Direction of causality:**

   a. **Are the indicators defining characteristics or manifestations of the construct?**

   Jarvis et al. (2003) suggest that a construct should be classed as formative if the indicators are defining characteristics of the construct, and as reflective if the indicators are manifestations of the construct. In developing the FSB scale, care was taken to include items that were exemplary of the behaviour. As stated previously, I conducted interviews with banking professionals where they confirmed having communicated in a way that was consistent with the FSB battery, as well as offered suggestions on improving the wording of the items. Hence, the items are manifestations of the FSB construct, as verified by professionals in the context the study eventually took place in.

   b. **Would changes in the indicators/items cause changes in the construct or not?**

   Jarvis et al. (2003) suggest that if changes in the indicators cause changes to the construct, then it is formative, otherwise, it should be classed as reflective. In developing the FSB items, the service literature served as the domain of interest. As the items were tweaked during the development process, care was taken to ensure that the item iterations were still consistent with the construct definition. I am confident that the items can be adapted in future studies by other authors to suit their research needs. As long as the adaptations are consistent with the construct definition and theoretical underpinning of the service literature, FSB should remain a reflective measure.

   c. **Would changes in the construct cause changes in the indicators?**

Jarvis et al (2003) explain that if changing a construct requires changing its indicators, then it is formative, otherwise, it is reflective. At its core, FSB requires seeking information from third parties in order to facilitate self-regulatory behaviour. If the definition of FSB is revised to exclude information seeking and self-regulatory behaviour, then the items would have to be changed, since they are (1) questions from the FLE to the customer seeking information which (2) ultimately informs the FLE of their performance standing. Therefore, the FSB reconceptualization is reflective.

2.  **Interchangeability of the indicators:**

    a.  **Should the indicators have the same or similar content? Do the indicators share a similar theme**

Jarvis et al. (2003) suggest that indicators of formative constructs do not need to have similar content, while indicators of reflective ones do. The items for each of the FSB types share similar content and themes. The positive and negative FSB types contain language that is typical of the valence of the specific FSB type. The self-FSB measures take into account actions that concern the FLE-client interaction, while the firm FSB types concern the firm's service delivery, product quality, and policies- all factors that contribute to improving relationship quality with the client. Additionally, the EFA in **Table 4.6** clearly shows a grouping of the items into the separate FSB types. This grouping would have been much more difficult if the items were too dissimilar. Thus, it appears that given shared content and theme, the FSB measures are reflective.

### b. Would dropping one of the indicators alter the conceptual domain of the construct?

Jarvis et al. (2003) suggest that dropping one of the indicators for a formative construct would alter its conceptual domain, but this rule would not be applicable to a reflective measure. As the items share similar content and theme, dropping one of them should not alter the conceptual domain of the construct. One measure to prove if the indicators are truly interchangeable or not is to examine the inter-item correlations between the indicators of the FSB types. The inter-correlations for the FSB items as measured from the second sample are shown in **Appendix A4**.

The lowest correlation (.444) between the self-positive FSB items are between the items, "my banker often asks me…if her/his solutions were helpful" and "…if I would happily recommend her/him to family, friends, or colleagues." For self-negative FSB, the items with the lowest correlation (.307) are, "my banker often asks me…if her/his advice made little difference" and "…to express my dissatisfaction with her/his proposed solution." The lowest inter-item correlation (.444) for the firm-positive FSB is between the items, "my banker often asks me… what I like about this bank's services" and "… if I tell others about how great the bank is." For firm-negative FSB, the items with the lowest correlation (.293) are "my banker often asks me… for what aspects of a competing bank's product I prefer" and "…if I have any complaints about the quality of this bank's products or services." All the other correlations are about 0.5 and higher.

Admittedly, given the content of the items with the low correlations, a few do not meet the interchangeability criteria, despite the consistency in theme- questions that could indicate past good and bad performance. However, the reliability of the measures was more than adequate with Cronbach's Alphas of .88, .88, .87, and .91

for self-negative, self-positive, firm-negative, and firm-positive feedback seeking respectively. To improve internal consistency, Churchill (1979) suggests dropping items with correlations near zero if the item pool is sufficiently large. However, as evident in **Appendix A4**, dropping any of these items would not significantly improve the reliability of the measures, thus it was deemed wise to keep them for further testing. Nevertheless, future research and scale validation studies may revise these items to further strengthen the internal consistencies of the FSB measures.

3. **Covariation among indicators:**

   a. **Should a change in one of the indicators be associated with changes in the other indicators?**

Jarvis et al. (2003) suggest that for formative constructs but not reflective ones, a change in one indicator would necessitate a change in the others. Essentially, the items should covary with each other. **Appendix A4** also contains the inter-item covariations for the items of the FSB types. Only two pairs of inter-item covariations were lower than .5. Consistent with two the low inter-item correlations shown earlier, the inter-item covariations between the same items for self-negative FSB (.460) and firm-negative FSB (.426) proved problematic. However, the alphas of the FSB types are sufficiently high. Hinkin (1998) suggests that alphas considerably higher than .7 are evidence of strong inter-item covariance for new constructs, and shows that the domain for item development has been adequately sampled suggesting that overall, the FSB types are reliable. Since only two pairs of indicators have lower than stellar covariations, we can conclude that the FSB constructs are reflective nonetheless.

4. **Nomological net of constructs:**

  a. **Are the indicators/items expected to have the same antecedents and consequences?**

Jarvis et al. (2003) state that the nomological net for indicators of formative constructs may differ, but not for indicators of reflective ones. As stated before, the relationship marketing literature was studied to ensure that the items that reflect the FSB types were actions that would lead to improving a customer's relationship quality with the FLE and firm. For example, some of the FSB items were modelled after Sirdeshmukh et al.'s (2002) measures for FLE behaviours and management policies and procedures as these constructs were shown to influence trust.

**Additional considerations and conclusion of reflective vs. formative test**

In addition to all the tests above, Coltman et al. (2008) suggest that adequate performance in certain empirical tests- alphas, factor loadings, convergent and discriminant validity, and CFA- can indicate the correct classification and development of a reflective construct. As the FSB types have been successfully put through these tests, one must agree that they are correctly classified as reflective. Also, Jarvis et al. (2003) show that while a majority of fit indices may not raise any red flags regarding the misspecification of measurement models, in a majority of cases, misspecifications from wrongly classing constructs will be evident by a poor GFI statistic, i.e. <.90. As all the fit indices, including the GFI for the four-factor FSB model shown in **Table 4.8** are well within acceptable levels, I am confident that the FSB construct was properly classified as reflective. However, if future studies were interested in antecedents or outcomes of a composite measure of the FSB types, that is, conceptualizing FSB as an aggregate of the different facets, following the advice of Jarvis et al. (2003) then the correct modelling should be reflective first-order,

formative second-order, since the FSB types can occur independent of each other and not interchangeable.

Although the FSB types each had a pair of items that did not correlate adequately, and two FSB types equally each had a pair of items with low covariations, the FSB types passed a majority of the tests that confirm that they are in fact reflective measures. As stated earlier, future validation studies may attempt to revise problematic items. Alternatively, these items may be dropped to ensure proper model fit. In fact, three of these problematic items were dropped in the main analysis (**see Section 5.4.2**).

## 4.8 Chapter 4 Summary

This chapter showed the processes related to the development of the reconceptualised FSB construct. The structure for the new scale was modelled after Gong et al.'s (2017) FSB scale based on goal orientation theory. Next, the RM literature was scoured to ensure the theoretical relevance of the scale items, and then the items were adjusted taking actual service firm feedback surveys into account as well as suggestions from academics and practitioners. The scale was validated across two pre-study samples. Finally, the chapter concluded with a discussion on reasons why the scale was developed as a reflective measure, as well as supporting tests. The next chapter discusses the methodology for the main study.

# CHAPTER 5: METHODOLOGY

**5.0 Chapter Introduction**

This chapter starts with a discussion of the research philosophy in Marketing research, which guided every stage of this research project. Next, the research context of commercial banking in Nigeria is explained, and justifications are given for this context as being worth exploring. The rest of the chapter then gives details of the data and measures collected for the main study, as well as all the validation exercises required to ensure that the subsequent analysis will provide credible results.

**5.1 Research Philosophy**

The Marketing discipline addresses many different parts of the transaction process between buyers and sellers, and has borrowed so much from other disciplines namely Economics, Psychology, Sociology, and Management to explain (social) actions within and across both parties. Hence, Marketing research uses a diverse range of perspectives and paradigms in explaining marketing phenomena.

Deshpande (1993) groups the main schools of thought in Marketing as positivism and idealism, which tends to divide Marketing academics into two factious camps, each defending the use of either quantitative or qualitative methods respectively. However, Hunt (1993) believes that most academics have confused the wide use of quantitative methods with a misperception of positivism being the dominant philosophy in Marketing. Guba and Lincoln (1994) believe that the question of whether to use quantitative or qualitative methods is secondary, as either could be used with any paradigm.

Marketing research finds value in qualitative research in preliminary studies for generating hypotheses and designing research tools (Deshpande, 1983). To

balance the emphasis on rigour proposed by the positivist paradigm, Welch et al. (2011) believe qualitative methods allow for greater contextualization in marketing research. Deshpande (1983) explains that both quantitative and qualitative methods serve equally important roles in theory verification and theory generation respectively, but he believes Marketing literature has been more preoccupied with verification. Shugan (2007) and Tsang (2009) agree that the goal of science includes both prediction and explanation. According to Tsang (2009, p. 986), "the role of explanation is more important in the social sciences because it is far more difficult to produce accurate predictions in the social than the natural sciences." The two methods often complement each other to perform a well-rounded study.

Consistent with contemporary practice in Marketing research, this study combined methodologies, and borrowed from disparate philosophies as at when appropriate in developing the new conceptualisation for the FSB construct, and in developing and testing subsequent hypotheses.

## 5.2 Research Context

In order to study the motivations for service employees' feedback seeking behaviour, and its impact on clients' relationship quality and performance measures, the research required paired responses between employees and their clients with whom they have developed a relationship either over a significant period of time or comprising a significant number of transactions. Additionally, both parties must have had enough current interaction to make the responses valid and relevant. Consequently, the personal banking service in the commercial banking industry was considered as an appropriate study context. Additionally, personal banking has been used as a research context in prior studies in relationship marketing (Chan et al., 2010;

Yim et al., 2012; Chen and Jaramillo, 2014; Lee et al., 2018). In studying the effects of customer participation enjoyment on satisfaction, Yim et al. (2012) chose the financial services industry because financial advisers and their clients end up having highly engaged relationships where a lot of time, energy, and personal resources are spent, such that the relational phenomena being studied has gravitas. In studying the effects of emotional intelligence and adaptive selling on customer loyalty to the salesperson, Chen and Jaramillo (2014) chose financial services because the characteristics of financial services requires more interaction and communication than would be found in other more transactional consumer services.

Personal interactions are becoming more important in commercial banking as rapid digitization means that traditional banks risk losing a lot of business, up to US$4.7 trillion to fintech startups, and in order to stay competitive, banks should hire employees that are talented at engaging customers regarding their banking needs (Yu and Li, 2016). Furthermore, to improve customer satisfaction and loyalty, these employees should not wait for customers to ask for help. Instead, employees need to be proactive in identifying customers' banking needs by asking relevant questions via regular conversations and inspecting customer analytics to offer useful advice.

The context for this research was the Nigerian commercial banking industry. In 2018, Nigeria (US$ 1.121 trillion) had Africa's second largest economy after Egypt (US$1.13 trillion), and ahead of South Africa (US$765.5 billion), and is expected to grow by 2.5% in 2019 (PWC, 2019).

Banking is a very important part of the Nigerian economy. Nigeria's demographics make it fertile ground for commercial banking. Although the last official census figures from 2006 showed that Nigeria had a population of 140 million, official estimates from the United Nations (2019) puts that figure at about 170 million,

while the World Bank (2019) estimates the population at 184 million as at 2018. Furthermore, the population is expected to more than double by 2050 to about 400 million, and surpass the United States, which is currently the third most populous country in the world (PWC, 2019). In 2018, Nigerians abroad sent home US$ 25 billion, equivalent to 6.1% of GDP (PWC, 2019).

Nigeria's growing consumer class enjoys high banking penetration in urban areas, and the use of mobile banking and other sophisticated financial products are commonplace (Fitch, 2019). In 2016, 44.2% of Nigerians aged 15 and above had a bank account at a regulated financial institution, higher than the regional average of 17.8% in West Africa (Fitch, 2019). In the fourth quarter of 2018, there were a total of 616,528,697 (mobile: 26,246,770) electronic transactions in Nigeria with a value of NGN39.15 trillion[1] (mobile: NGN593 billion) (NBS, 2019). However, one factor hindering growth in commercial banking is the high lending rates which averaged 19.1% between 2016 and 2017, reduced consumer purchasing power, and a history of non-performing loans (Fitch, 2019). Between 2016 and 2017, Nigerian banks lost 1.5 million active bank accounts (Fitch, 2019).

Nigeria was not immune to the global financial crisis that occurred a decade ago. In order to reform weak governance structures, and create a more trustworthy financial services environment by increasing transparency, the Central Bank of Nigeria (CBN) introduced new regulations to separate merchant banking and commercial banking, and also required financial services institutions to adopt

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[1] Market exchange rate USD/NGN was NGN363 at December 31, 2018 (XE, 2019)

International Financial Reporting Standards (IFRS) for year-end reporting (Fitch, 2019). At the height of the crisis in 2009, the CBN nationalised three banks, and also mandated the implementation of the Basel capitalization regulations (Fitch, 2019). In a further effort to prevent the destabilising effects of the financial crisis occurring again, in 2013 the CBN identified eight Systematically Important Banks (SIBs), who jointly account for more than 70% of Nigeria's banking assets, loans and deposits (Fitch, 2019). The SIBs are: First Bank of Nigeria, United Bank for Africa, Zenith Bank, Access Bank, Ecobank Nigeria, Guaranty Trust Bank, Skye Bank and Diamond Bank. These banks are monitored closely and are subject to stricter capitalization requirements. **Table 5.1** shows information and performance of the top ten commercial banks in Nigeria.

The competitive nature of the Nigerian banking context, where the acquisition and retention of customers is key to gaining a competitive advantage was perfect for the study. To remain competitive, bank FLEs should routinely seek customer feedback regarding service quality, satisfaction with the bank's policies and procedures, and comparative performance with competitors. With many consumers owning multiple bank accounts at different banks which offer similar services, it is imperative that personal bankers or Relationship Managers, as they are called, are proactive in keeping their customers satisfied, upselling, and loyal to the bank. However, there is a specific danger in losing customers to competitor banks when effective and proactive Relationship Managers defect to other banks, which is not an uncommon occurrence.

**Table 5.1: Top 10 Commercial Banks in Nigeria (2018)**

| Bank | Total Assets* (Millions of NGN) | Growth of Gross Loans | Loans (% of Customer Deposits) | Net Interest Income (% of Earning Assets) |
|------|------|------|------|------|
| Zenith Bank | 5,617,785 | -8.3 | 63.1 | 7.1 |
| First Bank of Nigeria | 5,060,694 | -4.0 | 69.7 | 6.9 |
| Access Bank | 4,555,173 | 1.0 | 84.1 | 5.3 |
| UBA | 4,507,166 | 0.3 | 53.9 | 6.4 |
| GTB | 3,433,197 | -8.3 | 62.1 | 9.6 |
| Ecobank Nigeria | 1,724,865 | -7.3 | 78.0 | 6.8 |
| Fidelity Bank | 1,680,804 | 11.6 | 89.9 | 6.9 |
| Union Bank of Nigeria | 1,581,762 | 5.0 | 66.8 | 8.6 |
| Diamond Bank | 1,554,928 | -3.7 | 73.4 | 8.0 |
| Stanbic IBTC Bank | 1,332,670 | 7.6 | 52.1 | 10.4 |

*Market exchange rate USD/NGN was NGN363 at December 31, 2018 (XE, 2019)

Source: Fitch (2019)

## 5.3 Sample Data

A research company was employed to collect data between November 2018 and January 2019. A research assistant was tasked with seeking survey responses from bankers and their clients. The sole research assistant approached bankers and clients in bank branches, explained the purpose of the research, and asked for their participation. The participants that agreed to take part signed a consent form, which outlined the purpose of the research, the anonymization of their responses and how the data would be used. Some surveys were completed in person with the research assistant. However, because bank branches tend to be very busy during business hours when bankers attend to clients, but also afterwards when bankers attend to various administrative tasks, the majority of the responses were dropped with the bankers to fill during their downtime and also to distribute to their clients, and returned in sealed envelopes. The completed banker and client surveys were then collected from the

branches within a week. After three months, the research assistant had collected completed responses from 66 bankers and 266 of their clients in 47 branches of 13 major banks. After checking the quality of the responses, 20 client responses and 4 banker responses were discarded for two main reasons. Firstly, on inspecting the data, it appeared that several clients rated their bankers at the very top or the very bottom of the scale for every item, thus the unusually high or low standard deviations represented outlier responses. The other main reason was that the subsequent analysis required at least three clients per banker to ensure enough variation in the banker ratings. Thus the responses of bankers and clients where the response ratio was less than 1:3 were discarded. The final sample comprised 62 bankers and 246 clients.

The average age of the banking clients was 37; 93.9% of the clients were aged 25 and above. 37.8% were female. 94.5% of the client respondents had either an undergraduate or postgraduate degree. The banking clients had one of three accounts; personal (52.8%), small business (27.2%), and corporate (19.9%). It was important for participants in the client sample to have reached professional working age, where financial independence and the necessity for financial products such as mortgages, personal and car loans would require discussion with their banker. 23.6% of the bankers were female and the average banker age was 33. 63.3% of the bankers had a postgraduate degree, and an average sales experience of 7 years.

For the clients to be in a good position to rate their bankers on the feedback seeking measures, they should have developed a relationship with them. Before the clients were given the survey to fill, they had to confirm that they had met with their banker at least once in the previous month. The validity of the relationships and quality of the data were judged according to two main criteria: salesperson share of customer interaction and relationship phase. Overall, 93.5% of the banking clients spent at least

35% of their time doing business at the bank with their dedicated relationship managers; the median time spent with the relationship managers was 70%. Additionally, 91% of the clients stated that their relationship with their bankers were either in the build-up or maturity phase. Given the adequacy of these measures, there was confidence in the quality of data collected.

## 5.4 Measures

All constructs unless otherwise mentioned, were measured using a seven point Likert scale. The control variables and demographic data collected for banker and customer responses are consistent with other sales and client interaction studies, and are thus theoretically relevant (e.g. Palmatier et al., 2006; Mullins et al., 2014). Additionally, the control variables show significant correlations with the outcome variables (see correlation matrix, **Table 5.3**).

## 5.4.1 Banker Responses

Banker responses served chiefly as control variables and additional checks to ensure data quality.

*Feedback Seeking*

The feedback seeking types developed for this project were administered to employees, and a CFA was performed with the client responses for the same feedback seeking measures to ensure that the validated items were commensurate across both the employee and client samples. The results of the CFA and further rationale for collecting both employee and client responses are discussed in the client responses section (**Section 5.4.2**).

| Self-negative FSB | Factor Loading |
|---|---|
| I often ask my customers… | |
| 1. If my advice made little difference. | **dropped** |
| 2. If I was unable to solve their problem. | .578 |
| 3. For their opinion on how best to correct an error I made. | .579 |
| 4. For what ways the performance of my duties did not meet their expectations. | .910 |
| 5. To express their dissatisfaction with my proposed solution. | .718 |

| Self-positive FSB | Factor Loading |
|---|---|
| I often ask my customers… | |
| 1. If my solutions were helpful. | .699 |
| 2. How I could improve an already satisfactory experience. | **dropped** |
| 3. What they liked about the way I resolved an issue. | 0.719 |
| 4. If they understand my explanation of a product or service. | 0.841 |
| 5. If they would happily recommend me to family, friends, or colleagues. | 0.935 |

| Firm-negative FSB | Factor Loading |
|---|---|
| I often ask my customers… | |
| 1. For what aspects of a competing company's similar product they prefer. | **dropped** |
| 2. How the company can improve a disappointing product or service. | 0.798 |
| 3. If they are dissatisfied with my company's rules and procedures. | 0.892 |
| 4. For what ways my company's service delivery is lacking. | 0.924 |
| 5. If they have any complaints about the quality of my company's products or services. | 0.691 |

| Firm-positive FSB | Factor Loading |
|---|---|
| I often ask my customers… | |
| 1. What they like about my company's services. | **dropped** |
| 2. If they are happy with my company's policies. | 0.737 |
| 3. For what ways my company's services exceeded their expectations. | 0.882 |
| 4. If my company's products/services suit their needs well. | 0.638 |
| 5. If they tell others about how great my company is. | 0.539 |

*Job satisfaction*

Job satisfaction was measured using a four-item scale Menguc et al. (2018) adapted from Chan et al. (2010). Job satisfaction has previously been used as a control variable in studies analysing the effects of employee level characteristics on service performance (Menguc et al., 2017). Previous literature has found job satisfaction to be related to measures of proactive work behaviour (Strauss et al., 2015; Boichuk and Menguc, 2013; Tornau and Frese, 2013), which in turn has a positive influence on measures of employee performance (Grant et al. 2009; Ahearne et al., 2010; Thomas et al., 2010; Gong et al., 2017; Menguc et al., 2007). As relationship quality, word of mouth, and loyalty are themselves various measures of performance, and it is reasonable to believe that employees high in job satisfaction would ordinarily excel in these measures, job satisfaction was used as a control variable to minimise any bias for omitted variables in testing all paths to the dependent variables.

| Job Satisfaction | Factor Loading |
|---|---|
| 1. I am satisfied with working at my company. | .922 |
| 2. My company is a good employer to work for. | .893 |
| 3. I enjoy working at my company. | .842 |
| 4. Overall, I am satisfied with my job at my company. | .808 |

*Ambiguity intolerance*

Ambiguity intolerance was measured using Sharma's (2010) scale to measure individual cultural orientation, as Hofstede's cultural dimensions have been criticised for empirical and conceptual fallacies in generalising national characteristics to fit individual citizens. Thus, Sharma (2010) developed cultural measures which were a reconceptualization of Hofstede's cultural dimensions, where ambiguity intolerance

was developed to be an alternative to uncertainty avoidance. Two items were dropped because from the five-item scale because they loaded very poorly.

Individuals with a low tolerance for ambiguity may exhibit more FSB to create more certainty in their work environment, and reduce the discomfort that uncertainty brings them (Anseel et al., 2015). Ambiguity has also been found to influence interpersonal information seeking and service evaluations. Additionally, according to Hofstede Insights (2019), Nigeria (55%) scores higher than the United Kingdom (35%) and the United States (46%) in uncertainty avoidance. Hence, ambiguity intolerance has been included as a control for all the dependant variables to account for any possible bias in the analysis.

| Ambiguity intolerance | Factor Loading |
|---|---|
| 1. I find it difficult to function without clear directions and instructions | **dropped** |
| 2. I prefer specific instructions to broad guidelines. | .404 |
| 3. I tend to get anxious easily when I don't know an outcome. | .746 |
| 4. I feel stressful when I cannot predict consequences. | .892 |
| 5. I feel safe when I am in my familiar surroundings. | **dropped** |

**Salesperson experience:** Bankers were asked to indicate how many years they had worked in a role that required selling. Previous research in salespeople behaviours has controlled for experience, as it is likely that this characteristic would have a significant effect in explaining desirable and efficacious work behaviour and performance (Rapp et al. 2006; Katsikeas et al. 2018; Auh et al. 2019; Mullins et al., 2014). While this measure was not used as a control in this research, it was used to check the quality of the data, as it is also reasonable to believe that even if an experienced salesperson had

a shorter relationship with a customer than the average relationship length of the sample, they would still exhibit the focal FLE behaviours in the study- FSB and customer orientation.

*Demographics*

Although prior research on sales people behaviours has used demographic information of salespeople as a control variable (Auh et al., 2019; Yim et al., 2012), it was used in this study primarily as a quality check. As the data collection was outsourced, some checks were put in place to audit the data. For example, some respondents were contacted, and some of their information such as the variables below, was verified.

**Age:** Respondents were asked to state their age in years.

**Gender:** Respondents were given a choice of male or female to pick from.

**Education:** Respondents were asked to indicate the highest level of education they had attained from three choices: secondary school, undergraduate, and postgraduate (masters, doctorate).

## 5.4.2 Client Responses

Clients were asked to report on their banker's characteristics, as well as relationship variables, and outcome behaviours influenced by their banking relationships.

*Feedback Seeking*

Four feedback seeking types were measured along focus (self and other) and valence (positive and negative) using the scale developed for this project. Each of the feedback seeking types contains five items. In this study, feedback seeking was

evaluated by both employees and clients. Burris et al. (2013) argue that in most cases, proactive behaviours are measured only from one perspective is problematic since the employee may believe they are being proactive while a third party (usually supervisors or colleagues in the literature) may not perceive the employee's actions as being proactive. Thus, the authors argued that measuring the behaviour from just one perspective was partly responsible for inconsistencies in the effect of the behaviour on performance in the literature. A CFA with the self-reported and customer-reported measures of FSB was performed. One item was dropped from each dimension due to poor loadings, and to make the measures uniform, showing agreement in both sources of measurement. The results of the CFA were: $X^2$=1213.463, p<.001; CMIN/df = 2.783; Root Mean Square Error of Approximation (RMSEA) = .085, Standardised RMR = .069; Normed Fit Index (NFI) = .796; Comparative Fit Index (CFI) = .858; Incremental Fit Index (IFI) = .859; GFI = .771; AGFI = .722.

| Self-negative FSB<br>My banker often asks me… | Factor Loading |
|---|---|
| 1. If her/his advice made little difference. | **dropped** |
| 2. If (s)he was unable to solve my problem. | .741 |
| 3. For my opinion on how best to correct an error (s)he made. | .782 |
| 4. For what ways the performance of her/his duties did not meet my expectations. | .870 |
| 5. To express my dissatisfaction with her/his proposed solution. | .868 |

| Self-positive FSB<br>My banker often asks me… | Factor Loading |
|---|---|
| 1. If her/his solutions were helpful. | .886 |
| 2. How (s)he could improve an already satisfactory service experience. | **dropped** |
| 3. What I liked about the way (s)he resolved an issue. | .669 |
| 4. If I understand her/his explanation of a product or service. | .868 |

| 5. If I would happily recommend her/him to family, friends, or colleagues. | .763 |
|---|---|

| Firm-negative FSB | Factor Loading |
|---|---|
| My banker often asks me… | |

| 1. For what aspects of a competing bank's similar product I prefer. | **dropped** |
|---|---|
| 2. How this bank can improve a disappointing product or service. | .742 |
| 3. If I am dissatisfied with this bank's rules and procedures. | .827 |
| 4. For what ways this bank's service delivery is lacking. | .843 |
| 5. If I have any complaints about the quality of this bank's products or services. | .825 |

| Firm-positive FSB | Factor Loading |
|---|---|
| My banker often asks me… | |

| 1. What I like about this bank's services. | **dropped** |
|---|---|
| 2. If I am happy with this bank's policies. | .842 |
| 3. If this bank's products/services suit my needs well. | .887 |
| 4. For what ways this bank's service exceeded my expectations. | .868 |
| 5. If I tell others about how great this bank is. | .732 |

*Relationship Quality*

Relationship quality was measured as a second-order factor comprising trust (four items), satisfaction (three items), and commitment (three items) using scale items from Palmatier et al. (2007). The trust items were from Sirdeshmukh et al. (2001), adapted from Morgan and Hunt (1994) and Ganesan (1994). Bank clients rated their banking reps as well as their banks separately on these dimensions. One of the trust items was dropped because it co-varied highly with another trust item.

| Trust in banker | Factor Loading |
|---|---|
| 1.  My banker is very dependable. | **dropped** |
| 2.  My banker is very competent. | .874 |
| 3.  My banker is of very high integrity. | .847 |
| 4.  My banker is very responsive to my needs. | .821 |
| **Commitment to banker** | |
| 1.  I am willing to 'go the extra mile' to do business with my banker. | .731 |
| 2.  I feel committed to my relationship with my banker. | .870 |
| 3.  I view the relationship with my banker as a long-term partnership. | .891 |
| **Satisfaction with banker** | |
| 1.  I have a very high-quality relationship with my banker. | .833 |
| 2.  I am happy with my relationship with my banker. | .928 |
| 3.  I am satisfied with the relationship I have with my banker. | .927 |

| Trust in bank | Factor Loading |
|---|---|
| 1.  My bank is very dependable. | **dropped** |
| 2.  My bank is very competent. | .885 |
| 3.  My bank is of very high integrity. | .830 |
| 4.  My bank is very responsive to my needs. | .820 |
| **Commitment to bank** | |
| 1.  I am willing to 'go the extra mile' to do business with my bank. | .744 |
| 2.  I feel committed to my relationship with my bank. | .857 |
| 3.  I view the relationship with my bank as a long-term partnership. | .790 |
| **Satisfaction with bank** | |
| 1.  I have a very high-quality relationship with my bank. | .811 |
| 2.  I am happy with my relationship with my bank. | .933 |
| 3.  I am satisfied with the relationship I have with my bank. | .911 |

*Customer Orientation*

Customer orientation was measured using the ten item version of the Saxe and Weitz (1982) SOCO scale validated by Thomas et al. (2001). The scale has five items that correspond each to customer orientation and selling orientation. One item from selling orientation was dropped because it loaded poorly.

| Customer orientation | Factor Loading |
| --- | --- |
| Your banker… | |
| 1. Tries to figure out what your needs are. | .839 |
| 2. Has your best interests in mind. | .805 |
| 3. Takes a problem solving approach in selling products or services to you. | .809 |
| 4. Recommends products or services that are best suited to solving problems. | .900 |
| 5. Tries to find out which kinds of products or services would be most helpful to you. | .887 |

| Selling orientation | Factor Loading |
| --- | --- |
| Your banker… | |
| 1. Tries to sell as much as they can rather than satisfying you. | .886 |
| 2. Finds it necessary to stretch the truth in their sales presentations. | **dropped** |
| 3. Tries to sell as much as they can convince you to buy, even if it more than wise consumers would buy. | .851 |
| 4. Paints a too rosy picture of the products or services to make them sound as good as possible. | .715 |
| 5. Makes recommendations based on what they can sell and not on the basis of your long-term satisfaction. | .877 |

*Word of Mouth*

Word of mouth was measured with three items based on Eisingerich et al.'s (2014) adaptation of a Zeithaml et al. (1996) scale.

| WOM | Factor Loading |
|---|---|
| 1.  I say positive things about this bank to other people. | .850 |
| 2.  I encourage friends and family to do business at this bank. | .928 |
| 3.  I recommend this bank to someone who seeks my advice on financial services. | .895 |

*Selling firm latent financial risk*

This measure was devised by Palmatier et al. (2006) to show the financial loss to a company of losing a one of their employees (service/sales rep). Only the first of the two items was used:

- the percentage of current purchases the client would allow the service rep to quote for them at a new firm (i.e. competitor); and

- the percentage of current purchases the client would likely shift to the service rep at the new firm over the next three years.

The second item was omitted since its inclusion would have been more appropriate with a longitudinal study, and its inclusion in the current study would not have been impactful. As this was a cross-sectional study, the research was more interested in the immediate threat of financial loss.

*Control Variables*

Control variables were included in the analysis to rule out model misspecification, and alternative explanations for the hypothesised relationships (Menguc et al., 2016). Two control variables were measured at the client level of

analysis, salesperson share of client interaction, and share of wallet. These variables are typically used in sales research, specifically concerning FLE attitudes and behaviours.

**Salesperson share of client interaction**: measured as percentage of time spent with banker relative to other bank staff during business interactions. Intuitively, as the proportion of the salesperson's share of the client's interaction increases, the more likely the salesperson will be able to influence relationship quality, word of mouth, and loyalty of the customer. Length and quality of a salesperson's relationship with a customer are typically used as controls in sales and relationship marketing research (Palmatier et al., 2017a; Ahearne et al. 2007). All the dependent variables were controlled for the effects of share of wallet.

**Share of wallet**: measured as the percentage of business the client does with their primary bank relative to other banks. It is expected that a firm's share of the customer's wallet will be related to measures of relationship quality, word of mouth, and loyalty (Palmatier, 2007b; Ahearne et al., 2007; Reynolds and Arnold, 2000). Likewise, higher customer share of wallet is linked to lower defection rates (Verhoef, 2003). Hence, share of wallet has been used as a control in sales research to increase the robustness of the results (Mullins et al., 2014; Verhoef, 2003). All the dependent variables were controlled for the effects of share of wallet.

**Client-Banker relationship duration:** measured as the number of years the banker has managed the client's account. This measure is typically used in relationship marketing studies as a control variable as it has been associated with better relationship quality (Palmatier et al. 2017a; Palmatier et al. 2017b; Verhoef, 2003; Ahearne et al. 2007; Fang et al., 2008; Chen and Jaramillo, 2014; Hoppner et al. 2015). However, rather than a control variable, this measure was included in the questionnaire to screen

the quality of the data and ensure that the banker-client dyads had indeed developed a relationship that fit the objectives of the research.

**Relationship phase:** Clients were asked to pick one of four relationship phases; exploration, buildup, mature, and decline. This measure for relationship phase is an adapted version of the Jap and Ganesan (2000) measure used by Mullins et al. (2014). This measure was also included as a check to ensure the quality of the responses from the banker-client dyads. Following guidance from Mullins et al. (2014), since the number of responses for the exploration and decline phases were each less than 5% of the sample, these two stages were consolidated into the other two (i.e. exploration responses were included in the buildup phase, and the decline responses were included in the mature phase).

*Demographics*

Demographic information has previously been used as a control when examining dependent variables reported by customers such as salespeople behaviours and performance (Kadic-Maglajlic et al., 2017), but as checks to ensure sample quality (Yim et al., 2012), as done in this research. As previously mentioned, the required sample of banking clients needed to have built a relationship with their banker. Given the researcher's knowledge of Nigeria's socio-cultural and economic dynamics, it was imperative that the average age of the client sample was at least 30, and that the average education level was at least an undergraduate degree, as there are very likely to be strong positive correlations between age, education, and wealth or social status. Ensuring that the client sample was older and educated would assure that they had accumulated enough wealth to have important relationships with their personal bankers.

**Age:** Participants were asked to indicate in number of years how old they were.

**Gender:** Participants were given a choice of two genders- male and female- to choose from.

**Education:** Respondents were asked to indicate the highest level of education they have attained from three choices: secondary school, undergraduate, and postgraduate (masters, doctorate).

**5.5. Normality Tests**

In order to test the hypotheses, one key assumption is that the data is normally distributed, and is also a prerequisite for parametric testing (Field et al., 2012). The data was tested for normality by measuring the skewness and kurtosis of the constructs. Skewness refers to the data's lack of symmetry, while kurtosis refers to the clustering of observations along the distribution which may result in 'pointiness' (Field et al., 2012). In a perfectly normal distribution, the skewness and kurtosis are 0. A perfectly normal distribution would be rare in practice, thus the threshold for skewness and kurtosis are between -1 and +1, and -3 and +3 respectively (Bulmer, 2003). **Table 5.2** shows the results of the skewness and kurtosis measures for the study's constructs. All the measures are within the parameters for what would be considered a reasonably normal distribution. Thus, the subsequent methods for hypothesis testing are valid. Histograms showing the frequency distributions of the latent constructs and the item descriptives can be found in the Appendix (**A5**).

**Table 5.2: Results of Normality Tests**

| | Skewness | | Kurtosis | |
|---|---|---|---|---|
| | Statistic | Std. Error | Statistic | Std. Error |
| 1. Employee Share of customer interaction | -.812 | .155 | .636 | .309 |
| 2. Share of wallet | .709 | .155 | -.547 | .309 |
| 3. Job satisfaction | -.644 | .155 | .098 | .309 |
| 4. Ambiguity Intolerance | -.497 | .155 | -.173 | .309 |
| 5. Customer orientation | -.699 | .155 | -.067 | .309 |
| 6. Selling orientation | -.226 | .155 | -.759 | .309 |
| 7. Self-Positive FB | -.904 | .155 | .552 | .309 |
| 8. Self-Negative FB | -.362 | .155 | -.739 | .309 |
| 9. Firm-Positive FB | -.900 | .155 | .356 | .309 |
| 10. Firm-Negative FB | -.419 | .155 | -.519 | .309 |
| 11. RQ with employee | -.819 | .155 | .119 | .309 |
| 12. RQ with firm | -.930 | .155 | .515 | .309 |
| 13. Word of mouth | -1.128 | .155 | .923 | .309 |
| 14. Latent financial risk | -.543 | .155 | -.633 | .309 |

## 5.6 Confirmatory Factor Analysis- Final Sample

Since the data came from two sources- the banking FLEs and their clients, two measurement models were estimated (Boichuk and Menguc, 2013).

The FLE CFA showed a reasonably good fit to the data given the small sample of 62: $X^2$=289.296, p<.001; CMIN/df = 1.346; Root Mean Square Error of Approximation (RMSEA) = .075, Standardised RMR = .09; Normed Fit Index (NFI) = .723; Comparative Fit Index (CFI) = .906; Incremental Fit Index (IFI) = .910; GFI = .737; AGFI = .662.

The CFA for the customer-rated measures also showed a reasonably good fit to the data: $X^2$=1955.978, p<.001; CMIN/df = 2.052; Root Mean Square Error of Approximation (RMSEA) = .066, Standardised RMR = .054; Normed Fit Index (NFI) = .836; Comparative Fit Index (CFI) = .908; Incremental Fit Index (IFI) = .909; Goodness of Fit (GFI) = .734; Adjusted Goodness of Fit (AGFI) = .698.

## 5.7 Discriminant Validity

The correlation table (**Table 5.3**) shows that although there were several high and significant correlations between the FSB dimensions and relational constructs, they did not exceed .7, the cut-off for establishing discriminant validity according to Spicer (2005) and Hair et al. (2010). Only one correlation lay on the border of that cut-off; self-positive FSB and customer relationship quality with the employee (r = .704, p<.01). However, these high correlations were inevitable given the cross-sectional nature of the data and the theoretical similarity of the constructs.

Another method of establishing discriminant validity is to check if the squared correlations for all pairs of latent constructs are smaller than the average variance extracted (AVE) for the constructs. The AVE is a measure of the average amount of variation a latent construct explains in the observed variables it is theoretically related to (Farrell, 2010). As already mentioned, the highest correlation amongst the constructs is .704, between self-positive FSB and customer relationship with employee. The squared value of that correlation is .496, which is smaller than the lowest AVE, that of ambiguity intolerance, .51. Thus, given these results and criteria, the data shows discriminant validity amongst the constructs.

**Table 5.3: Correlations and Descriptive Statistics**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Employee Share of customer interaction | | | | | | | | | | | | | | |
| 2. Share of wallet | 0.11 | | | | | | | | | | | | | |
| 3. Job satisfaction | -.16* | -0.09 | | | | | | | | | | | | |
| 4. Ambiguity Intolerance | 0.01 | -0.03 | .131* | | | | | | | | | | | |
| 5. Customer orientation | .13* | 0.13 | .182** | -.162* | | | | | | | | | | |
| 6. Selling orientation | -0.12 | -0.08 | 0.10 | .136* | -.143* | | | | | | | | | |
| 7. Self-Positive FB | 0.06 | .143* | 0.06 | -.151* | .608** | -0.06 | | | | | | | | |
| 8. Self-Negative FB | 0.02 | .133* | .135* | -.146* | .626** | -0.06 | .624** | | | | | | | |
| 9. Firm-Positive FB | 0.04 | 0.11 | .142* | -0.11 | .674** | -0.09 | .684** | .691** | | | | | | |
| 10. Firm-Negative FB | 0.00 | 0.11 | 0.10 | -0.09 | .475** | 0.01 | .567** | .696** | .574** | | | | | |
| 11. RQ with employee | 0.08 | 0.12 | 0.09 | -0.12 | .628** | -.169** | .704** | .463** | .592** | .416** | | | | |
| 12. RQ with firm | 0.09 | 0.04 | .233** | -.131* | .612** | -.172** | .557** | .507** | .626** | .374** | .621** | | | |
| 13. Word of mouth | 0.08 | 0.02 | .186** | -.138* | .660** | -.160* | .576** | .480** | .594** | .371** | .696** | .672** | | |
| 14. Latent financial risk | .286** | 0.12 | .129* | -0.10 | .417** | -.220** | .303** | .183** | .252** | .154* | .454** | .348** | .436** | |
| Mean | 0.68 | 0.36 | 5.37 | 4.71 | 5.09 | 4.08 | 5.16 | 4.44 | 5.04 | 4.37 | 5.35 | 5.42 | 5.58 | 0.65 |
| SD | 0.20 | 0.26 | 1.15 | 1.39 | 1.44 | 1.55 | 1.36 | 1.60 | 1.47 | 1.56 | 1.31 | 1.31 | 1.38 | 0.31 |
| AVE | N.A. | N.A. | 0.75 | 0.51 | 0.72 | 0.70 | 0.64 | 0.67 | 0.70 | 0.67 | 0.74 | 0.71 | 0.79 | N.A. |
| Composite Reliability | N.A. | N.A. | 0.92 | 0.74 | 0.93 | 0.90 | 0.88 | 0.89 | 0.90 | 0.88 | 0.96 | 0.96 | 0.92 | N.A. |
| Chronbach's α | N.A. | N.A. | 0.92 | 0.71 | 0.93 | 0.90 | 0.86 | 0.89 | 0.90 | 0.89 | 0.96 | 0.96 | 0.92 | N.A. |

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

**5.8 Common Method Variance**

Since the data in this study is cross-sectional, and the responses for the main constructs are customer-rated, it is prone to common method variance. Lindell and Whitney (2001) explain that research that asks participants about their current internal state (i.e. traits and personality) and about past behaviour at the same time may result in inflated correlations between internal states and behaviour. The study employed some ex-ante measures suggested by Podsakoff et al. (2013) to mitigate common method variance. For example, the research company assured participants of anonymity, that the purpose of the study was purely academic, and would not affect personal relationships or performance evaluations. Additionally, the predictor and outcome variables were separated in the questionnaire to counterbalance the question order. Furthermore, the FSB scale went through rigorous pre-tests to ensure high reliability. To statistically test for common method variance, the data was subjected to two widely used tests; Harman's single factor test and Lindell and Whitney's (2001) partial correlations test. The results follow below.

**5.8.1 Harman's Single-Factor Test**

The logic behind Harman's single-factor test is that all the items for all the latent constructs are subjected to an explanatory factor analysis (EFA), and if one factor accounts for a majority of the covariance for all the measures or only one factor emerges from the analysis, then common method variance exists. Podsakoff et al. (2013) critique this method explaining that it is highly unlikely in most research for only one factor to emerge in an EFA or for one factor to account for a majority of the covariance amongst the measures.

The results of the EFA in **Table 5.4** show that one factor accounts for 45% of the variance amongst the measures. According to Podsakoff et al. (2013), there is no specific threshold for how much variance a single factor is allowed to account for, but most researchers may put the limit at 50% to prove there is no significant common method variance. The sample's high variance by a single factor is also evident in the un-rotated factor solution, and is expected since a large number of the items relate to relationship quality with the employee and selling firm, and related relationship marketing constructs. The trust, commitment, and satisfaction items for these measures and despite the clear wording and demarcations in the questionnaire between the constructs, theoretically, one would expect these constructs to co-vary statistically.

**Table 5.4: EFA of Customer-Rated Construct Items - Total Variance Explained**

| | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings[a] |
|---|---|---|---|---|---|---|---|
| Factor | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total |
| 1 | 20.843 | 45.311 | 45.311 | 20.399 | 44.347 | 44.347 | 15.575 |
| 2 | 3.908 | 8.496 | 53.807 | 3.268 | 7.104 | 51.450 | 15.066 |
| 3 | 2.918 | 6.343 | 60.150 | 2.967 | 6.451 | 57.901 | 12.394 |
| 4 | 2.717 | 5.908 | 66.058 | 2.484 | 5.401 | 63.302 | 14.595 |
| 5 | 1.686 | 3.664 | 69.723 | 1.458 | 3.169 | 66.471 | 3.359 |
| 6 | 1.265 | 2.750 | 72.472 | .823 | 1.789 | 68.260 | 13.986 |
| 7 | 1.000 | 2.175 | 74.647 | .853 | 1.855 | 70.115 | 11.863 |

Harman's test can also be conducted via CFA. Following Malhotra et al. (2006), all the items for the customer-rated items were hypothesised to be a single latent factor. **Table 5.5** shows that the single latent model does not fit the data better than the original constrained model, allaying fears of common method variance. The

difference of 3905.83 (36) in $X^2$ (*df*) and other fit indices show that the original model is significantly better than the single latent factor model.

**Table 5 5: Model Fit Comparison- Harman's Single Factor Test**

| Model | $X^2$ | *df* | CMIN/df | RMSEA | NFI | CFI | IFI | SRMR | GFI | AGFI |
|---|---|---|---|---|---|---|---|---|---|---|
| Constrained | 1955.978 | 953 | 2.052 | .066 | .836 | .908 | .909 | .054 | .734 | .698 |
| Single Factor | 5861.808 | 989 | 5.927 | .142 | .509 | .553 | .555 | .112 | .357 | .297 |

## 5.8.2 Lindell and Whitney Partial Correlations Test

The Lindell and Whitney partial correlations test requires making an adjustment to the zero-order correlations of the constructs. If after making this adjustment, a large number of previously significant correlations become insignificant, it may be concluded that common method variance was responsible for falsely creating unsubstantial relationships between constructs.

In the first instance the inter-construct zero-order correlations for the customer-reported measures were adjusted using a factor, $r_{ijm}$. The equation for the adjustment factor is:

$$r_{ijm} = (r_{ij} - r_m) / (1 - r_m);$$

where $r_{ij}$ is the correlation between two constructs, i and j and $r_m$ is the lowest correlation between a marker variable and one of the main constructs. A marker variable can be measured in the questionnaire using a few items to measure a construct that is theoretically unrelated to the hypothesised relationships in the conceptual model.

However, since no marker variable was measured in the case of this study, Lindell and Whitney (2001) suggest that using the second lowest correlation between

the main constructs would be a conservative estimate of $r_m$. The second lowest

correlation in the matrix was between selling orientation and firm-negative feedback

seeking (r = 0.007), which served as the rm. **Table 5.6** shows the correlations and

adjustments for the customer-reported measures. The figures below the diagonal are

the standard correlations between the constructs, while the figures above the diagonal

are the adjusted correlations.

**Table 5 6: Zero-Order and Adjusted Correlations of Main Constructs**

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Share of customer interaction | | 0.100 | 0.121 | -0.129 | 0.054 | 0.011 | 0.038 | -0.003 | 0.077 | 0.085 | 0.073 | 0.281 |
| 2. Share of wallet | 0.106 | | 0.118 | -0.086 | 0.137 | 0.126 | 0.101 | 0.099 | 0.111 | 0.033 | 0.015 | 0.118 |
| 3. Customer orientation | 0.128* | 0.125 | | -0.152 | 0.605 | 0.623 | 0.671 | 0.471 | 0.625 | 0.609 | 0.658 | 0.413 |
| 4. Selling orientation | -0.121 | -0.078 | -0.143* | | -0.066 | -0.064 | -0.100 | 0.000 | -0.177 | -0.181 | -0.168 | -0.229 |
| 5. Self-positive FB | 0.061 | 0.143* | 0.608** | -0.059 | | 0.621 | 0.682 | 0.564 | 0.702 | 0.553 | 0.573 | 0.298 |
| 6. Self-negative FB | 0.018 | 0.133* | 0.626** | -0.056 | 0.624** | | 0.689 | 0.694 | 0.459 | 0.503 | 0.476 | 0.177 |
| 7. Firm-positive FB | 0.045 | 0.108 | 0.674** | -0.092 | 0.684** | 0.691** | | 0.571 | 0.589 | 0.623 | 0.591 | 0.247 |
| 8. Firm-negative FB | 0.004 | 0.106 | 0.475** | 0.007 | 0.567** | 0.696** | 0.574** | | 0.412 | 0.370 | 0.367 | 0.147 |
| 9. RQ with employee | 0.084 | 0.118 | 0.628** | -0.169** | 0.704** | 0.463** | 0.592** | 0.416** | | 0.618 | 0.693 | 0.450 |
| 10. RQ with firm | 0.092 | 0.040 | 0.612** | -0.172** | 0.557** | 0.507** | 0.626** | 0.374** | 0.621** | | 0.670 | 0.343 |
| 11. Word of mouth | 0.080 | 0.022 | 0.660** | -0.160* | 0.576** | 0.480** | 0.594** | 0.371** | 0.696** | 0.672** | | 0.432 |
| 12. Latent financial risk | 0.286** | 0.125 | 0.417** | -0.220** | 0.303** | 0.183** | 0.252** | 0.154* | 0.454** | 0.348** | 0.436** | |

Note: Standard correlations are below the diagonal, while adjustments are above.

In the next step, the t-values for the adjusted correlations were calculated to see if any significant correlations became insignificant, using the formula:

$$t\alpha/2;n-3 = r_{ijm} / [ (1- r^2_{ijm}) / (n-3)]^{1/2};$$

**Table 5.7** shows the adjusted correlations above the diagonal, and their corresponding t-values below the diagonal. Only one of the previously significant correlations (between customer orientation and salesperson share of customer interaction) became slightly insignificant at the 95% confidence level ($t \geq 1.96$). It may be argued that the $r_m$ used is too small to show any changes in significance. Thus the analysis was simulated using values (0.06 and 0.08) closer to the ones used in the Malhotra et al (2006) tests. At an $r_m$ of 0.06, there were no changes to the results. At an $r_m$ of 0.08, one more previously significant correlation (between latent financial risk and self-negative feedback seeking) became insignificant. Overall, Whitney and Lindell's (2001) partial correlations test, in addition to Harman's single factor test confirm that common method variance does not pose a significant problem to the results of the statistical analysis.

**Table 5.7: Adjusted Correlations of Main Constructs and Corresponding T-Values**

|  | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Share of customer interaction |  | 0.100 | 0.121 | -0.129 | 0.054 | 0.011 | 0.038 | -0.003 | 0.077 | 0.085 | 0.073 | 0.281 |
| 2. Share of wallet | 1.562 |  | 0.118 | -0.086 | 0.137 | 0.126 | 0.101 | 0.099 | 0.111 | 0.033 | 0.015 | 0.118 |
| 3. Customer orientation | **1.907** | 1.860 |  | -0.152 | 0.605 | 0.623 | 0.671 | 0.471 | 0.625 | 0.609 | 0.658 | 0.413 |
| 4. Selling orientation | -2.026 | -1.353 | -2.394 |  | -0.066 | -0.064 | -0.100 | 0.000 | -0.177 | -0.181 | -0.168 | -0.229 |
| 5. Self-positive FB | 0.842 | 2.154 | 11.846 | -1.039 |  | 0.621 | 0.682 | 0.564 | 0.702 | 0.553 | 0.573 | 0.298 |
| 6. Self-negative FB | 0.170 | 1.987 | 12.416 | -0.992 | 12.348 |  | 0.689 | 0.694 | 0.459 | 0.503 | 0.476 | 0.177 |
| 7. Firm-positive FB | 0.589 | 1.584 | 14.117 | -1.563 | 14.529 | 14.817 |  | 0.571 | 0.589 | 0.623 | 0.591 | 0.247 |
| 8. Firm-negative FB | -0.049 | 1.557 | 8.317 | -0.008 | 10.639 | 15.008 | 10.847 |  | 0.412 | 0.370 | 0.367 | 0.147 |
| 9. RQ with employee | 1.202 | 1.747 | 12.491 | -2.809 | 15.367 | 8.055 | 11.353 | 7.047 |  | 0.618 | 0.693 | 0.450 |
| 10. RQ with firm | 1.332 | 0.518 | 11.979 | -2.863 | 10.359 | 9.075 | 12.425 | 6.202 | 12.247 |  | 0.670 | 0.343 |
| 11. Word of mouth | 1.141 | 0.236 | 13.617 | -2.661 | 10.901 | 8.429 | 11.425 | 6.144 | 15.000 | 14.062 |  | 0.432 |
| 12. Latent financial risk | 4.564 | 1.856 | 7.071 | -3.664 | 4.863 | 2.808 | 3.966 | 2.324 | 7.864 | 5.694 | 7.463 |  |

**5.9 Chapter 5 Summary**

This chapter began with discussing the philosophical perspective that guided the research methodology. Next, a brief explanation of the Nigerian banking context was given, as well as evidence which make it worthy to be studied. Afterwards, the data collection strategy was explained, and details of the measures were given. The rest of the chapter went through various data validation exercises, with the conclusion that the data is of good quality and the results of the analysis in the next chapter can be trusted. The next chapter gives a step-by-step explanation of hierarchical linear modelling used to test the hypotheses.

# CHAPTER 6: HLM ANALYSIS

**6.0 Chapter Introduction**

This chapter gives a detailed step-by-step explanation of the hierarchical linear modelling analysis (HLM) of the data collected, as well as the results of the analysis. Multilevel modelling and HLM are synonymous terms, and this chapter will refer to the analysis as HLM from here on for clarity. Other terms used to refer to analyses that account for nested data are: random coefficient models, random effects models, and mixed-effect models (Bliese, 2016; Gelman and Hill, 2007). The HLM data analysis was performed on the statistical software package, R. The analysis closely follows the guidelines set by Bliese (2016), and the R scripts used in the analysis are displayed and explained throughout the chapter. There are other software packages such as HLM7, mlwin, Stata, and Mplus, which are all capable of handling HLM models. However, R was chosen for its convenience, ease of accessibility, and wide availability of resources.

**6.1 Justification for HLM**

Hofmann (1997) justifies the use of HLM in contexts where explaining the behaviour of an individual simultaneously requires an examination of the environment in which this same individual acts. Such a research design requires analysis at two levels. In this study's context, banking client responses were nested in FLE (banker) 'groups'. Additionally, FLE responses were incorporated into the research model as covariates, resulting in a hierarchical structure of the data with client responses at the lower level (level 1), and employee responses at the higher level (level 2).

Hofmann (1997) suggests three different methods that have been used to analyse hierarchical data. One suggestion would have involved assigning an aggregate value for bankers' FSB based on the bankers' ratings of their own behaviour single to

all the clients in the sample. However, because each banker-client dyad is certain to have different nuances in interaction and communication, the independence of each individual client's observation is violated, a key assumption of linear regression (Field et al., 2012). Additionally, it had already been established that it would be more reliable to use customers' ratings of FLEs' FSB in the analysis. The second suggestion would involve assigning an aggregation of clients' ratings of a banker's feedback seeking behaviour to all clients within each banker 'group', which erases any meaningful individual level variance in clients' ratings of their bankers. The final and recommended solution to analysing hierarchical data involves simultaneously accounting for individual variance within groups, as well as variance between groups. In effect, HLM allows simultaneous analysis across the level 1 units (i.e. clients), while taking into account differences in the influence of level 2 units (i.e. bankers).

To further explicate, since the clients are responding to questions regarding their relationships with their banker versus relationships with their bank, it is reasonable to believe that each customer's responses will be heavily influenced by the individual relationships they share with their banker and bank. Hence, one cannot expect, for example, that Customers A1, A2, A3, and A4's relationships with Banker A in Bank A to be similar to Customers B1, B2, and B3's relationships with Banker B in Bank B. We would reasonably expect that there are similarities within the banker-customer groups because each banker has a unique personality and style of doing business. As a result, we would also expect significant differences in how different customer groups perceive their relationships with their bankers, and also their banks across the entire sample. **Table 6.1** shows that there is a significant difference between customer-banker groups regarding banker behaviours, relationship quality, and

performance outcomes, thus the independence of responses across the sample cannot be assumed for further analysis.

**Table 6.1: Mean Score Differences for Independent Variables and Outcomes**

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Self-positive feedback seeking | Between Groups | 208.419 | 61 | 3.417 | 2.587 | .000 |
| | Within Groups | 242.971 | 184 | 1.320 | | |
| | Total | 451.389 | 245 | | | |
| Self-negative feedback seeking | Between Groups | 358.211 | 61 | 5.872 | 4.028 | .000 |
| | Within Groups | 268.276 | 184 | 1.458 | | |
| | Total | 626.487 | 245 | | | |
| Firm-positive feedback seeking | Between Groups | 275.113 | 61 | 4.510 | 3.252 | .000 |
| | Within Groups | 255.148 | 184 | 1.387 | | |
| | Total | 530.260 | 245 | | | |
| Firm-negative feedback seeking | Between Groups | 296.135 | 61 | 4.855 | 3.013 | .000 |
| | Within Groups | 296.439 | 184 | 1.611 | | |
| | Total | 592.573 | 245 | | | |
| Customer orientation | Between Groups | 281.086 | 61 | 4.608 | 3.738 | .000 |
| | Within Groups | 226.798 | 184 | 1.233 | | |
| | Total | 507.884 | 245 | | | |
| Selling orientation | Between Groups | 255.519 | 61 | 4.189 | 2.307 | .000 |
| | Within Groups | 334.037 | 184 | 1.815 | | |
| | Total | 589.556 | 245 | | | |
| Relationship quality with employee | Between Groups | 202.619 | 61 | 3.322 | 2.773 | .000 |
| | Within Groups | 220.422 | 184 | 1.198 | | |
| | Total | 423.041 | 245 | | | |
| Relationship quality with selling firm | Between Groups | 213.509 | 61 | 3.500 | 3.086 | .000 |
| | Within Groups | 208.694 | 184 | 1.134 | | |
| | Total | 422.203 | 245 | | | |
| Word of mouth | Between Groups | 217.353 | 61 | 3.563 | 2.604 | .000 |
| | Within Groups | 251.800 | 184 | 1.368 | | |
| | Total | 469.153 | 245 | | | |
| Latent financial risk | Between Groups | 10.579 | 61 | .173 | 2.536 | .000 |
| | Within Groups | 12.584 | 184 | .068 | | |
| | Total | 23.163 | 245 | | | |

In addition to checking the mean differences between the groups, the intra-class correlation (ICC) can also be used to confirm the viability of HLM for analysis.

**Table 6.2** below shows the ICC values for the theoretical model's constructs. There are two complementary types of ICC; ICC1 measures the percentage of variance for a variable of interest that is attributable to group membership, while ICC2 measures the reliability of ICC1 (Bliese, 2016). For example, **Table 6.2** shows that 29% of the variance in how customers perceive bankers' self-positive feedback seeking behaviour is as a result of the nested structure of the data, while an ICC2 of .61 means that customer groups can be reliably differentiated based on their perceptions of their bankers' self-positive feedback seeking behaviour 61% of the time (Bliese, 2016; Woltman et al., 2012). Woltman et al. (2012) state that there is no standard guideline for what the acceptable ICC levels are, but lower figures mean that HLM may not yield more meaningful results than a straightforward linear regression.

**Table 6.2: ICC Values for Focal Model Constructs**

| Construct | ICC1 | ICC2 |
|---|---|---|
| 1. Self-positive feedback seeking | .29 | .61 |
| 2. Self-negative feedback seeking | .43 | .75 |
| 3. Firm-positive feedback seeking | .36 | .69 |
| 4. Firm-negative feedback seeking | .34 | .67 |
| 5. Customer orientation | .41 | .73 |
| 6. Selling orientation | .25 | .57 |
| 7. Relationship quality with employee | .31 | .64 |
| 8. Relationship quality with selling firm | .34 | .68 |
| 9. Word of Mouth | .29 | .62 |
| 10. Latent Financial Risk | .28 | .61 |

Consequently, HLM is the appropriate method to analyse such nested data because it accounts for the non-independence between the customer-banker groups. Using HLM, the variances and covariances within the customer-banker groups and

between the groups are estimated separately using robust standard errors (Raudenbush and Byrk, 2002). The analysis that follows was performed using maximum likelihood estimates, providing deviance statistics that allowed comparison between models (Boichuk and Menguc, 2013). There are four main paths in the model to be tested, based on four outcomes: relationship quality with employee, relationship quality with selling firm, word of mouth, and latent financial risk. Each separate path needed to be evaluated progressively for goodness of fit and explanatory power. The objective of the HLM analysis is to build a progressively better model with greater explanatory power and less probability for error.

## 6.2 Centring Procedure

In preparation for the analyses, the customer-reported predictor variables were group mean centred. The centring was done by aggregating the sample means by employee-banker group, and then subtracting the group-aggregated mean scores from the individual raw mean scores. Employee responses used as control variables were grand mean centred. Grand mean centring was done by aggregating the mean score of the entire sample, and then subtracting the grand mean from the individual raw mean scores.

Bliese (2016), following advice from previous literature (Hox, 2002; Snijders and Bosker, 1999), states that group mean centred predictors should be used when it is believed that individual responses within the group are more important than their responses across the entire sample. Since the hypotheses are based on individual customers' interactions with their bankers, group mean centring is the appropriate treatment for the predictor variables. Additionally, following advice from Byrk and Raudenbush (1992) and Hofmann and Gavin (1998), Bliese (2016) states that within-

group slope estimates are better predicted using group mean centring especially for interaction models.

**6.3 Establishing Intercept Variance**

The first step in multilevel analysis is to run an unconditional means, unconstrained, or null model with no predictors, to calculate the ICC of the null model, and to check if there is significant intercept variation between groups (Bliese, 2016; Woltman et al., 2012). The formula for the null model is:

$$Y_{ij} = \gamma_{00} + u_{0j} + r_{ij},$$

where $Y_{ij}$ is the dependent variable, $\gamma_{00}$ the common intercept and fixed portion of the equation, while $u_{0j}$ is the between-group error term, and $r_{ij}$ the within-group error term, the latter terms being the variable portions of the model.

Following Bliese (2016), the null model was estimated using the lme (linear mixed effects) function in the most recent (2019) version of the Pinheiro and Bates 'nlme' package for R. The null model is a regression where the only predictor of the outcome is the mean value of the outcome, while allowing the intercept to vary. In the R scripts, the term before the equals sign represents the outcome of the regressed null model, which is stored as an object in R. The expression following the equals sign is a command to regress the outcome on the mean value (e.g. ERQ~1) and a varying intercept (random=~1), according to the grouping variable, here E_CODE, i.e., employee code. The data frame is specified in 'data=blu', and the 'control=list(opt= 'optim')' expression allows R to optimise the model, aiding convergence.

Next the between-group and within-group variances are estimated using the 'VarCorr' function. The intercept variance ($\tau00$) in the result is the between-group

variance, while the residual variance ($\sigma 2$) is the within-group variance. ICC is then measured using the equation:

$$(\tau_{00}/(\tau_{00} + \sigma 2))$$

The R scripts for the null models can be found in the appendix (**A6.1**). The ICCs are shown in **Table 6.3** below.

**Table 6.3: ICC Calculation using Variances of Outcome Variables**

|  | RQ with employee | RQ with selling firm | WOM | Selling firm LFR |
|---|---|---|---|---|
| *Intercept* |  |  |  |  |
| Variance | 0.541906 | 0.5959978 | 0.5558862 | 0.02618942 |
| Std Dev | 0.7361426 | 0.7720089 | 0.7455778 | 0.1618314 |
| *Residual* |  |  |  |  |
| Variance | 1.202136 | 1.1339435 | 1.3701086 | 0.06800673 |
| Std Dev | 1.0964196 | 1.0648678 | 1.1705164 | 0.2607810 |
| **ICC** | **0.3107184** | **0.3445191** | **0.3219911** | **0.2780307** |
| $(\tau_{00}/(\tau_{00} + \sigma 2))$ |  |  |  |  |

The ICCs calculated in this manner are similar to results given using the ICC1 function in the multilevel package, with the main difference being attributable to the fact that the ICC1 function relies on ANOVA estimates which assumes uniform group sizes (Bliese, 2016). The customer-banker groups vary only slightly between three and six customers per group, so we would expect the different ICC calculations to be similar.

The next step is to check if the intercept variances are significantly different from 0. In HLM, this is done by comparing the deviance (or -2*log likelihood values) of successive models (Gelman and Gil, 2007; Bliese, 2016). Log likelihood is also known as log predictive density and is important in comparing fit or predictive

accuracy between models (Gelman et al., 2014). Deviance is one measure of fit for HLM models. The model comparison output in R also provides statistics for the Akaike information criterion (AIC) and the Bayesian information criterion (BIC), which like deviance, should be significantly smaller when comparing successive models. If a variable is added to the model and does not improve the model's overall fit, the AIC becomes worse i.e. gets larger (Field et al., 2012). The formula for AIC is:

Deviance (i.e. -2*log likelihood) + (2*number of predictors)

AICs can only be compared between models with similar data, and there is no objective guideline for a 'good' AIC; it must just get smaller with each successive model (Field et al., 2012). BIC is a similar fit statistic that penalises a model for having a larger sample size (Gelman et al., 2014). The formula for BIC is:

Deviance (i.e. -2*log likelihood) + log n(2*number of predictors)

In the first step, the deviance of the null model must be compared with that of a model without a random intercept. A model without a random intercept can be estimated using the 'gls' function in the 'lme' package in R. The scripts for the 'gls' equations can be found in the appendix (**A6.2**).

The deviance statistic between the models can be compared using the 'anova' function. I used the 'anova' function with maximum likelihood estimation. Maximum likelihood helps to converge the models. The script command and results are available in the appendix (**A6.3**). As shown in the model comparisons, the null model with the varying intercept had a lower deviance (-2*log likelihood) than the non-intercept model, and the difference in deviance was very significant (p < 0.01). These results further show that there is significant variation in intercepts for each of the four

outcomes across customer-banker groups, and a model that allows random variation of intercepts is superior to one that does not.

## 6.4 Controls-Only Models

The controls used in the model are salesperson share of customer interaction (BNKR_TIME), job satisfaction (z.jsat), ambiguity intolerance (z.amb), and share of wallet (gc.sow). As the successive models are compared hierarchically, the next step requires comparing a regression model with the control variables to the null model. As in the previous step, the controls-only variable needs to show better fit and predictive accuracy. The R scripts for the controls-only models are available in the appendix (**A6.4**). After the objects for the controls-only models were created, they were then compared to the null models using the 'anova' function again with maximum likelihood estimation. The script commands and results are available in the appendix (**A6.5**).

Apart from the model comparison for relationship quality with employee, all the other model comparisons showed that for all the outcomes, the controls-only model fit better and had better predictive power than the null model. The difference in deviance for all the model pairs was significant ($p < 0.01$). The controls only model for relationship quality with employee was only marginally significantly better than the null model, ($p < 0.1$). Gelman and Hill (2007) state that on average, predictors need to reduce deviance by 2 in order to improve model fit. Since the deviance of the controls only model for relationship quality with employee reduced the deviance of the null model by about 4.5, it is still worthwhile to add the predictor variables in the next step. Additionally, since it is the explanatory power of the direct effects model

that is of primary interest, the marginal improvement at this stage of the analysis is acceptable.

## 6.5 Slope Variation and Main Effects Results

Up till now, the regression models have only accounted for intercept variation. However, with the testing of the direct and interaction effects, the slopes of the predictive terms should be allowed to vary as is supported by theory and is the most likely scenario empirically (Gelman and Hill, 2001; Bliese, 2016). Using the 'lattice' function in R, the slopes of the predictor variables against the outcomes were visualised. The graphs in **Fig 6.1** to **Fig 6.4** show differences in slopes between the predictors and outcomes across 12 out of the 62 customer-banker groups.

**Figure 6.1:** **Slope Variation for Predictors of Employee Relationship Quality across Customer-Banker Groups**
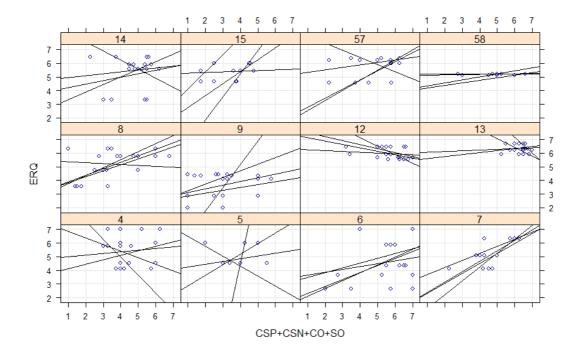
**Figure 6.2:** **Slope Variation for Predictors of Selling Firm Relationship Quality across Customer-Banker Groups**
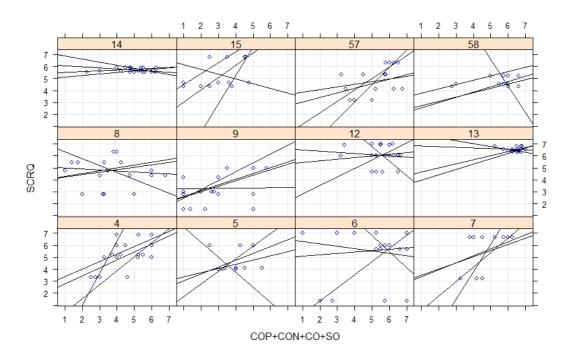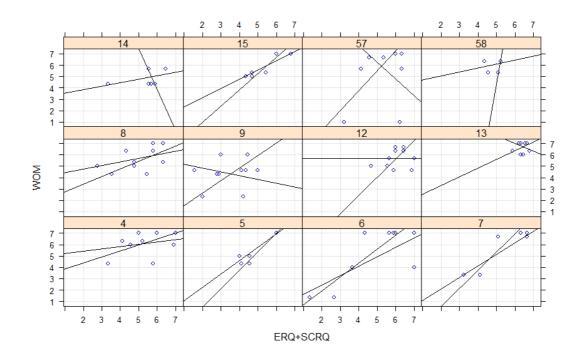


**Figure 6.3:** **Slope Variation for Predictors of Word Of Mouth across Customer-Banker Groups**
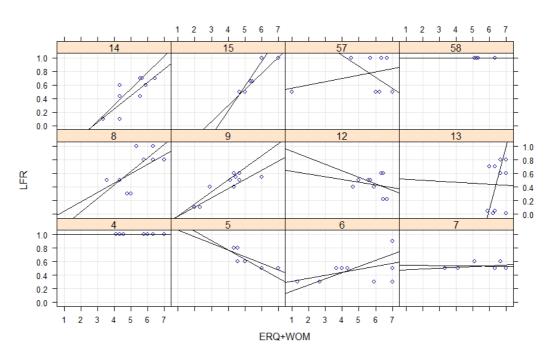
**Figure 6.4:** **Slope Variation for Predictors of Latent Financial Risk across Customer-Banker Groups**



It is clear from the figures that the slopes of the predictor variables for all four outcomes show variation in the sub-sample of customer-banker groups, thus the next step of the regression equations must account for this variation. For the direct effects model, both the intercepts and the slopes were allowed to vary by adding the predictor variables after the 'random=~' portion of the equation. Despite the '1' being replaced by the predictor variables, R still allows the intercepts to vary.

Although to properly model reality, it seems most appropriate to let all the predictor variables' slopes in the each outcome model vary, the added complexity may make it difficult for model convergence in R. Thus a test was devised to include the variables with the most significant slope variation where accounting for slope variation for all the predictor variables was too cumbersome. By allowing only the

significant slopes to vary where the model could become too complex (i.e. too many predictor slopes being allowed to vary), R converges the model more easily, without introducing unnecessary complexity to the analysis. The R scripts and test results are available in the appendix (**A6.6**).

For the relationship quality hypotheses which had four predictors each, before allowing a predictor variable's slope to vary in the direct effects equation, each predictor was tested uniquely as the main explanatory variable of the outcome. The test involved comparing regression models for the unique predictor variable where one model allowed only intercept variation, and the other model allowed the predictor variable's slope to vary as well. If the model with the slope variation for a particular predictor variable had a better fit (i.e. if deviance was lower), then that predictor's slope was allowed to vary in the direct effects model as well as in the interaction model.

For the relationship quality with employee model, only customer orientation ($p < .01$) and self-negative FSB ($p < .05$) showed significant slope variation individually. For the relationship quality with selling firm model, only customer orientation ($p < .001$) and firm-positive FSB ($p < .01$) showed significant slope variation individually. For the word of mouth model, both relationship quality predictors ($p < .001$) showed significant slope variation individually. Although the slopes for word of mouth, relationship quality with employee, did not vary significantly when tested in the latent financial risk model, they were included in the direct effects model since their inclusion was not too cumbersome for model convergence. Upon allowing the slope of customer relationship quality with the selling firm to vary in the equation, there were issues with convergence, so it was not included. The direct effects results were similar with or without slope variation i.e.

customer relationship quality with the employee was positively related to latent financial risk ($r = .07$, $p < .001$), while word of mouth and customer relationship with the employee had no significant relationship with latent financial risk for both the varying intercept and varying intercept and slopes direct effects models. The HLM specification for the four outcome models are shown in the appendix (**A6.7**) using the Raudenbush and Bryk (2002) notation.

### 6.5.1 Final Model (Direct Effects) Results

The direct effects models were created by adding the predictor variables (in bold) to the controls, and changing the command (in bold) to allow for slope variation. The R scripts for the final direct effects models are available in the appendix (**A6.8**). After the objects for the direct effects models were created, they were then compared to the controls-only models using the 'anova' function again with maximum likelihood estimation. As evident from the following model comparisons, the direct effects models were significantly better than the controls-only models. The script commands and results are below are available in the appendix (**A6.9**).

In interpreting the significance of the results, one-tailed tests were used for the direct effects and interaction models, while two-tailed tests were used for reporting the effects of the control variables. Sawyer and Peter (1983) regard statistical significant results as those unlikely to occur if the null hypothesis is confirmed. There have been a few criticisms on the overuse of two-tailed testing to determine statistical significance of hypotheses stating a unidirectional relationship. For example, Cho and Abe (2013) believe that two-tailed tests are used erroneously in hypothesis testing to project an image of conservatism, when in actual fact, most hypotheses propose a unidirectional relationship, that is, an independent variable is thought to either be positively or negatively related to a dependent variable, not both. On the other hand,

two-tailed tests for testing control variables are permissible since the aim of including controls is only to be able to explain the strength of association of the hypothesised independent variable to a dependent variable beyond that already explained by controls. Cho and Abe (2013) further suggest that two-tailed theoretical testing should only be used if the researcher does not have sufficient knowledge of the direction of the proposed relationship, or the hypothesis itself is proposed as non-directional. Since all the hypotheses in this study's theoretical model have a clear statement regarding the proposed direction of the associations between the independent variables and the dependent variables, on-tailed testing was used in determining the significance of the results.

The results of the direct effects models provided support for all the hypothesised main effects except for: $H_{1d}$, which stated that firm-negative FSB ($\gamma = .04$, NS) would have a negative impact on customer relationship quality with the selling firm; and $H_{5b}$, which stated that customer relationship quality with the firm ($\gamma = -.01$, NS) would have a negative impact on selling firm latent financial risk.

Supporting $H_{1a}$ and $H_{1c}$, the results showed that self-positive FSB ($\gamma = .57$, p < .001) and firm-positive FSB ($\gamma = .27$, p < .001) had a positive effect on the customer's relationship quality with the employee and with the selling firm. On the other hand, self-negative FSB ($\gamma = -.20$, p < .01) had a negative impact on the customer's relationship quality with the employee, supporting $H_{1b}$.

Supporting $H_{4a}$ and $H_{4b}$, both the customer's relationship quality with the employee ($\gamma = .30$, p < .001) and with the selling firm ($\gamma = .37$, p < .001) had a positive effect on word of mouth.

Supporting $H_{5a}$, the customer's relationship quality with the employee ($\gamma = .07$, $p < .001$) had a positive effect on selling firm latent financial risk.

## 6.6 Interaction Models Results

The final set of model comparisons was between the direct effects models and the interaction models for relationship quality with the selling firm and latent financial risk outcomes. For the interaction models, the intercepts and slopes of the selected predictor variables were allowed to vary. The only addition or improvement to the direct effects model was the interaction terms (in bold) which were entered as a product of the predictor variables. The R scripts for the interaction models are available in the appendix (**A6.10**).

After the objects for the interaction models were created, they were then compared to the direct effects models using the 'anova' function again with maximum likelihood estimation. As evident from the following model comparisons, the direct effects models were significantly better than the controls-only models, except in the case of customer relationship quality with the employee. The model comparisons showed that the interaction model for relationship quality with the selling firm was significantly better ($p < 0.001$) than the direct effects model. Similarly, the interaction model for latent financial risk fit significantly better ($p < 0.05$) than the direct effects model. Although there was not a large improvement in the fit statistics between the latent financial risk models, the significance of the interaction was worth the inclusion of the interaction term regardless of the BIC penalty. The script commands and results are available in the appendix (**A6.11**).

As the interaction model for relationship quality with the employee was not better than the direct effects model, none of the hypothesised interactions between the

self-FSB types and the SOCO variables are valid. Additionally, none of the interaction hypotheses for relationship quality with the employee were significant ($H_{2a}$, $\gamma = -.02$, NS; $H_{2b}$, $\gamma = -.02$, NS; $H_{3a}$, $\gamma = .003$, NS; $H_{3b}$, $\gamma = -.008$, NS). In the interest of conserving space, the interaction model for customer relationship with the employee was left out of **Table 6.4**.

Supporting $H_{2c}$, customer orientation positively moderated the positive relationship between employee firm-positive FSB and the customer's relationship quality with the firm ($\gamma = .14$, $p < .05$). Likewise, supporting $H_{2d}$, while the direct effect between firm-negative FSB and the customer's relationship with the firm was insignificant, the interaction between firm-negative FSB and customer orientation resulted in a negative effect on the customer's relationship quality with the firm ($\gamma = -.26$, $p < .001$).

The results supported $H_{3c}$, where selling orientation ($\gamma = -.12$, $p < .05$) negatively moderated the effect of firm-positive FSB on the customer's relationship quality with the selling firm. However, the interaction between selling orientation and firm-negative FSB had no significant effect ($\gamma = .004$, NS) on the customer's relationship with the selling firm. Hence, no support was found for $H_{3d}$.

Lastly, support was found for $H_6$, where WOM ($\gamma = -.03$, NS) negatively moderated the positive effect of the customer's relationship quality with the employee and selling firm latent financial risk.

A summary of the supported and rejected hypotheses can be found in **Table 6.4**, while **Table 6.5** and **Fig 6.9** give a summary of the study results. Additionally, interaction graphs were plotted according to the Dawson (2014) guidelines for two-way interactions and Excel tool to better visualise the moderated relationships.

The results showed that the effect of firm-positive FSB on customer relationship quality was significant, and that customer orientation further strengthened this relationship, as is evident in **Fig 6.5**. The figure shows that for FLEs higher in customer orientation, the slope of the firm-positive FSB line is steeper, showing that customer orientation makes a significant contribution to improving the customer's relationship quality with the selling firm when being solicited for positive feedback concerning the selling firm's performance.

In the absence of customer orientation, the data showed a small positive and insignificant relationship ($\gamma$ = .04, n.s.) between firm-negative FSB and customer relationship quality with the firm relationship. Similarly, **Fig 6.6** shows that at low values of customer orientation the relationship between low and high values of firm-negative FSB and customer relationship quality with the selling firm is positive, albeit insignificant. However, the interaction between customer orientation and firm-negative FSB is significant such that when employees are high in customer orientation, the more frequently they engage customers in firm-negative FSB, the lower the customer's relationship quality with the selling firm. **Fig 6.6** also shows that for high values of customer orientation, the slope of the firm-negative FSB line is negative. In other words, customer-oriented employees that seek firm-negative FSB regardless of frequency have a negative effect on customers' relationship quality with the selling firm.

**Fig 6.7** shows that firm-positive FSB positively impacts customer relationship with the selling firm regardless of how selling oriented the employee may be. However, the slope of the firm-positive feedback seeking line is less steep for higher values of selling orientation, suggesting that employees that are high in selling

orientation dampen the positive impact of firm-positive feedback seeking on customer relationship with the selling firm.

Finally, **Fig 6.8** shows that customer relationship quality with the employee has a positive impact on latent financial risk for both low and high values of word of mouth. However, the slope of the customer relationship quality line is less steep for higher levels of word of mouth, showing the mitigating effect of word of mouth on the latent financial risk when customers have a higher relationship quality with the employee.

**Figure 6.5:** **Customer Orientation as Moderator of the Relationship between Firm-Positive FSB and the Customer's RQ with the Selling Firm**
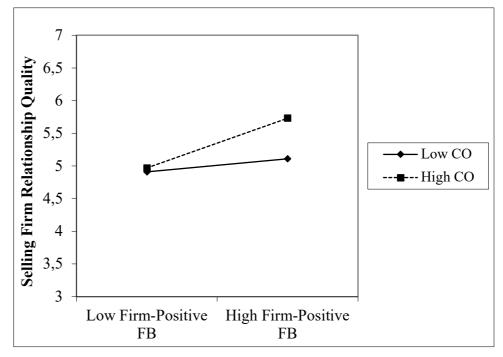


**Figure 6.6:** **Customer Orientation as Moderator of the Relationship between Firm-Negative FSB and the Customer's RQ with the Selling Firm**
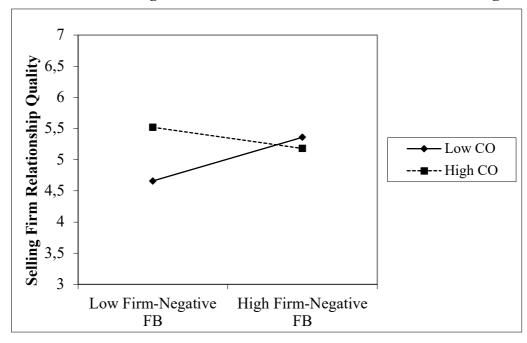
**Figure 6.7:** **Selling Orientation as Moderator of the Relationship between Firm Positive FSB and the Customer's RQ with the Selling Firm**
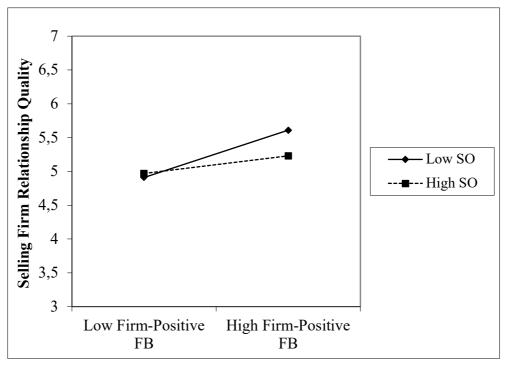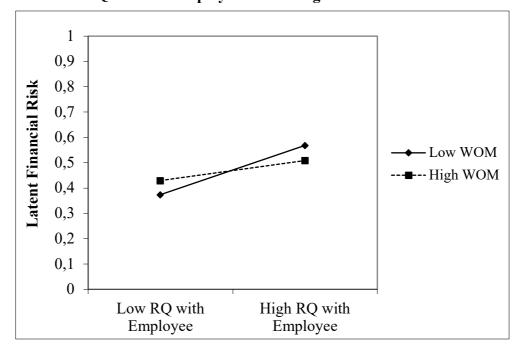


**Figure 6.8:** **WOM as Moderator of the Relationship between the Customer's RQ with the Employee and Selling Firm LFR**

**Table 6.4: Summary of Hypothesis Testing Results**

| Hypothesis | Hypothesised Path | Hypothesised Effect | Estimated Effect | Significant Result |
|---|---|---|---|---|
| $H_{1a}$ | Self-positive FSB $\rightarrow$ Relationship quality with employee | + | + | ✓ |
| $H_{1b}$ | Self-negative FSB $\rightarrow$ Relationship quality with employee | - | - | ✓ |
| $H_{1c}$ | Firm-positive FSB $\rightarrow$ Relationship quality with selling firm | + | + | ✓ |
| $H_{1d}$ | Firm-negative FSB $\rightarrow$ Relationship quality with selling firm | - | + | ✘ |
| $H_{2a}$ | Self-positive FSB x CO $\rightarrow$ Relationship quality with employee | + | - | ✘ |
| $H_{2b}$ | Self-negative FSB x CO $\rightarrow$ Relationship quality with employee | - | - | ✘ |
| $H_{2c}$ | Firm-positive FSB x CO $\rightarrow$ Relationship quality with selling firm | + | - | ✓ |
| $H_{2d}$ | Firm-negative FSB x CO $\rightarrow$ Relationship quality with selling firm | - | - | ✓ |
| $H_{3a}$ | Self-positive FSB x SO $\rightarrow$ Relationship quality with employee | - | + | ✘ |
| $H_{3b}$ | Self-negative FSB x SO $\rightarrow$ Relationship quality with employee | + | - | ✘ |
| $H_{3c}$ | Firm-positive FSB x SO $\rightarrow$ Relationship quality with selling firm | - | - | ✓ |
| $H_{3d}$ | Firm-negative FSB x SO $\rightarrow$ Relationship quality with selling firm | + | + | ✘ |
| $H_{4a}$ | Relationship quality with employee $\rightarrow$ WOM | + | + | ✓ |
| $H_{4b}$ | Relationship quality with selling firm $\rightarrow$ WOM | + | + | ✓ |
| $H_{5a}$ | Relationship quality with employee $\rightarrow$ Latent financial risk | + | + | ✓ |
| $H_{5b}$ | Relationship quality with selling firm$\rightarrow$ Latent financial risk | - | - | ✘ |
| $H_{6}$ | Relationship quality with employee x WOM $\rightarrow$ Latent financial risk | - | - | ✓ |

**Table 6.5: Summary Results of Multilevel Study**

| | RQ with the employee | | RQ with the selling firm | | | Word of mouth | | Latent financial risk | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Controls Model | Direct Effects Model | Controls Model | Direct Effects Model | Interaction Model | Controls Model | Direct Effects Model | Controls Model | Direct Effects Model | Interaction Model |
| Constant | 4.65*** | 5.03*** | 4.75*** | 5.08*** | 5.18** | 5.05*** | 5.90*** | 0.39*** | 0.47*** | 0.47*** |
| *Covariates* | | | | | | | | | | |
| Salesperson share of customer interaction | 1.01* | 0.63* | 0.97* | 0.67* | 0.50 | 0.78 | 0.02 | 0.40*** | 0.30** | 0.33*** |
| Job satisfaction | 0.13 | 0.09 | 0.30** | 0.36*** | 0.30*** | 0.25* | 0.14 | 0.04* | 0.03 | 0.03 |
| Ambiguity intolerance | -0.12 | -0.07 | -0.15 | -0.13 | -0.16* | -0.16 | -0.16** | -0.03 | -0.03 | -0.02 |
| Share of wallet | -0.31 | 0.44 | -0.26 | 0.40 | -0.17 | -0.48 | -0.38 | -0.004 | -0.04 | -0.05 |
| *Direct effects* | | | | | | | | | | |
| Customer orientation | | 0.27*** | | 0.17* | 0.17* | | | | | |
| Selling orientation | | -0.11** | | -0.07 | -0.08* | | | | | |
| Firm-positive FSB | | 0.57*** | | 0.27*** | 0.24** | | | | | |
| Firm-negative FSB | | -0.20** | | 0.04 | 0.09 | | | | | |
| RQ/employee | | | | | | | 0.30*** | | 0.07*** | 0.07*** |
| RQ/selling firm | | | | | | | 0.37*** | | 0.01 | -0.01 |
| WOM | | | | | | | | | 0.007 | 0.004 |
| *Interactions* | | | | | | | | | | |
| Firm-positive FSB x SO | | | | | -0.12* | | | | | |
| Firm-negative FSB x CO | | | | | -0.26*** | | | | | |
| Firm-positive FSB x CO | | | | | 0.14* | | | | | |
| Firm-negative FSB x SO | | | | | .004 | | | | | |
| RQ/employee x WOM | | | | | | | | | | -0.03* |
| Deviance (df) | 805.34(7) | 650.84(16) | 781.3(7) | 691.54(16) | 671.00(20) | 821.36(7) | 674.78(14) | 73.12(7) | 40.14(15) | 35.61(16) |
| Difference in deviance | 9.02 | 145.48 | 15.86 | 89.76 | 20.54 | 12.08 | 146.58 | 19.62( | 32.98 | 4.53 |
| (df) | (4) | (9)*** | (4)** | (9)*** | (4)*** | (4)* | (7)*** | 4)*** | (7)*** | (-1)* |
| Marginal $R^2$ | 0.04 | 0.27 | 0.09 | 0.22 | 0.27 | 0.07 | 0.22 | 0.09 | 0.13 | 0.16 |
| Conditional $R^2$ | 0.36 | 0.72 | 0.37 | 0.64 | 0.68 | 0.30 | 0.64 | 0.27 | 0.40 | 0.40 |

$*p < .05; **p < .01; ***p < .001$
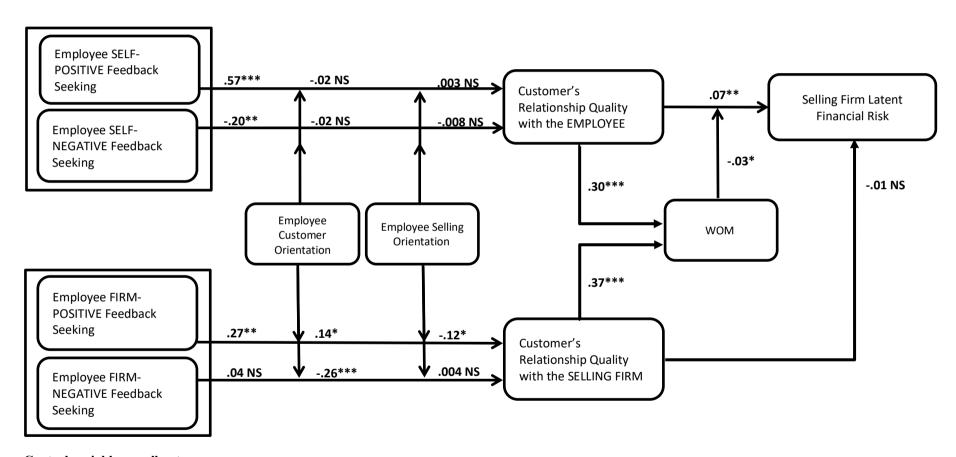
**Figure 6. 9: Theoretical Model and Results**



**Control variables on all outcomes:**
Salesperson share of customer interaction, share of wallet, *job satisfaction, ambiguity intolerance*

Normal text: Customer
*Italics: Employee*

**6.7 Chapter 6 Summary**

This chapter detailed the steps in analysing the data using HLM. Justification for using HLM was given, and then a step-by-step description of the analysis was presented. At each stage of the analysis, scripts used on the statistical software, R, were shown. With the exception of the non-significant relationship between firm-negative FSB and relationship quality with the selling company, all other results were consistent with the hypotheses. In the next chapter, the results are discussed in more detail, and the theoretical and practical implications of the findings are spelled out. Additionally, limitations of the research are discussed, as well as suggestions for improvement and future studies.

# CHAPTER 7: DISCUSSION, LIMITATIONS, AND FUTURE RESEARCH

**7.0 Chapter Introduction**

This chapter discusses the results of the HLM analysis from the previous chapter. The specific theoretical and practical contributions of the results are outlined. Briefly, one of the largest contributions of the project is showing differential outcomes of FSB based on how employees frame feedback seeking towards customers in service interactions. The valence of the FLE's FSB has a corresponding influence on relationship quality due to mere measurement effects. The chapter also discusses the interaction effects in greater detail, and their implications both theoretically and managerially. The chapter then concludes the thesis by discussing the study's limitations, and then suggesting ideas for future research.

**7.1 Theoretical Contributions**

Overall, this study has shown that the newly developed scale for FSB targeted at customers is compatible with established constructs and the classic multilevel customer-employee vs. customer-firm theoretical model in relationship marketing. The results show that the newly developed measures are reliable and can be used to advance research in Marketing. The results are also consistent with previous literature in proactivity which show FSB as an antecedent to shaping workplace environments to meet job or task related goals. We also find that FLE's FSB can also influence customer attitudes and behaviour through mere measurement effects. The specific contributions follow below.

**7.1.1 The Effects of FSB on Relationship Quality.**

This study mirrored Gong et al.'s (2017) two-dimensional conceptualisation and was able to find differential effects based on the type of FSB displayed by the employee. Although Gong et al. (2017) found inverse relationships based on the

valence of the self FSB types and performance (i.e. self-negative FSB positively linked to performance and vice versa), this study found that positive (negative) FSB had a positive (negative) impact on relationship quality. This study gives theoretical evidence to suggest that the valence of how the FLE frames the FSB has a corresponding effect on customer attitudes. These mere measurement effects had already been found to explain the same relationship between customers' responses to satisfaction surveys and their attitudes, as well as purchase intentions.

Another reason for the difference in this study's results may lie in the fact that work environments are more tolerating of learning, such that it is expected that errors would be made and correcting these errors contributes to the development of the employee. Hence, a manager would be more likely to favourably view an employee that sought self-negative FSB, as it is important for the employee's future performance and career progression. Conversely, customers demand perfection during service interactions, especially if it requires a financial disbursement. Self-negative feedback towards customers makes accessible negative aspects of the employee's performance, makes any signs of incompetence more salient, and makes the customer doubtful of the employee's abilities. There is less room for error when interacting with customers, especially in high-contact service contexts.

However, in reality, employees would seek a mix of both positive and negative feedback on their performance from customers. Seeking negative feedback may be unavoidable in certain situations, and benefits the FLE with its useful informational value. Additional analysis confirmed that FSB regardless of valence is valuable to both the employee and company. When the self-positive and self-negative items were consolidated into a single self-FSB construct, the result showed a positive impact on customer relationship quality with the employee ($\gamma = .43$, $p < .001$), showing that

proactive employees can engage concurrently in negative and positive feedback seeking and still develop a favourable relationship with the customer. Similar results also showed that grouping the firm-negative and firm-positive dimensions together to form a unidimensional construct for firm-FSB resulted in a positive impact on customer relationship quality with the firm ($\gamma = .31$, $p < .001$). These results may be due to the fact that over time employees and firms that engage in a healthy amount of negative FSB improve their service quality with customers. Essentially, the combination of positive and negative feedback results in an iterative process which allows the individual to understand which aspects of their performance aid in improving their relationship the customer.

Unexpectedly, the relationship between firm-negative FSB and the customer's relationship quality with the firm was found to be positive, though insignificant. One reason for this result may be that customers expect FLEs to ask them about negative aspects of the firm's performance, as service failure is bound to occur at some point. Perhaps this communication may serve as reassurance to the disgruntled customer, but does not materially affect their relationship quality with the firm either way. Future research would need to conduct specific situational analyses to further explore this point.

The results of the FSB types on relationship quality are also notable for two reasons. In the first instance, the effect size of positive FSB on relationship quality was much larger than that of negative FSB. In line with social cognitive theory, Bandura (1991) explained that individuals are more likely to engage in behaviour that boosts their feelings of self-efficacy and avoid behaviours that might be self-disparaging. Note that the mean responses for the positive FSB construct items were higher than the negative FSB construct items (i.e. self-positive FSB, 5.16; self-

negative FSB, 4.44; firm-positive FSB, 5.04; firm-negative FSB, 4.37). Secondly, the self-FSB constructs showed higher effect sizes as antecedents to customer relationship with the employee than did the firm-FSB constructs as antecedents of customer relationship with the firm. These differences were also present in the results of the additional analysis shown above, where the positive and negative FSB types were combined to show their respective effects on the customer-employee relationship versus the customer-firm relationship. The higher effects showed by self-FSB toward employee relationship quality versus firm-FSB toward selling firm relationship quality are consistent with findings from Packard et al. (2018), where FLEs' use of the personal pronoun 'I' versus 'we' in service interactions led customers to believe that the employee was more invested in their needs and satisfaction, and thus was positively related to purchase intentions and behaviour. Additionally, Palmatier et al.'s (2006) meta-analysis confirms that relational outcomes are stronger towards boundary spanners than towards firms, consistent with Sherman and Hamilton's (1996) social judgment theory.

The significance of the effects of the FSB types appear to be inextricably linked to the subject (i.e. employee or firm) of the feedback being sought. Additional analysis found no significant relationship between the self FSB types and relationship quality with the selling firm, and no significant relationship between firm FSB and the customer's relationship quality with the employee. One reason for this lack of relationship may be that since the content of the self and firm feedback types, as well as the relationship quality constructs singularly refer to either the FLE or the firm, the customer evaluates the two parties independently, so that there are no spill over effects in either direction at that stage of the theoretical model. These insignificant effects further validate the credibility of the FSB measures.

**7.1.2 The Moderating Effect of SOCO**

This study shows that customer and selling orientation play a moderating role on the effect of firm FSB on relationship quality, adding to previous research in relationship marketing that explored this dichotomy between the customer's attitude towards the employee versus the firm. Packard et al. (2018) explained that employees that adopted a customer orientation could increase firm agent actions in service interactions. This explanation was evident in the moderating role of customer orientation on the positive effect of firm-positive FSB on the customer's relationship quality with the selling firm. The results suggest that an FLE's customer orientation amplifies their ability to discover what the company is doing well in order to make the customer's service experience better. Additionally, increased attention to positive feedback seeking allows for greater mere measurement effects in shaping the customer's positive attitudes towards the firm.

On the other hand, the FLE's customer orientation can also work against the firm. The results suggest that when seeking firm-negative FSB, highly customer-oriented FLEs may side so much with the customer, such that they make the negative aspects of the firm's performance more salient, which then erodes the customer's trust and commitment to the selling firm, as well as overall satisfaction. Similarly, FLEs high in selling orientation, which may be more self-centred and thus less interested in finding out what the firm did rightly or wrongly to properly service the customer make positive aspects of the firm's performance less salient, thus reducing the positive impact of firm-positive FSB on the customer's relationship quality with the firm.

Noticeably, none of the hypothesised interaction paths worked at the FLE level, nor did the hypothesised interaction between selling orientation and firm-negative FSB on customer's relationship quality with the firm. One reason may be that

the effects of the FLE's FSB on customers' attitudes concerning the FLE are already established, such that any additional information concerning the FLE is irrelevant in further shaping the customer's perception of the FLE. Future studies would have to explore this issue further. In the case of the hypothesised interaction between selling orientation and firm-negative FSB on customer's relationship quality with the firm, while the result was in the predicted direction, it was insignificant. Nevertheless, it shows that employees high in selling orientation are less interested in diligently probing customers to discover how better to serve them.

### 7.1.3 Word of Mouth

The study results are consistent with Palmatier et al.'s (2006) meta-analysis, which showed that relational mediators had one of the strongest effects on WOM. Similarly, Voss et al. (2004, p. 216) recognised the influence of customer feedback on WOM and repeat purchases, and additionally quoted Dowling and Uncles (1997), who stated, "the only way a loyalty program can give extra leverage to a company's word-of-mouth marketing is if the loyal customers offer substantially more, or more effective positive comments." Hence, it is the role of the employee to elicit these positive comments by seeking positive FSB. Alternatively, the confident and proactive FLE could also seek negative feedback from customers when service failure is imminent in order to try and manage the situation. Proactively seeking negative feedback in this way, whether concerning the FLE's performance or the company's performance could possibly prevent negative WOM in the form of online user generation content (UGC), which Presi et al. (2014) found to be motivated largely by the customer's altruistic, vengeance, and economic motives. In times of service failure, it is the role of the proactive FLE to absorb the brunt of the customer's

negativity, find solutions, and prevent or at least reduce the negative tone of subsequent UGC.

While the results of the impact of relationship quality on WOM are not surprising, the larger effect size of customer relationship quality with the firm over the employee on WOM is likely because customers were only asked about WOM behaviour regarding the company. Reynolds and Arnold (2000) measured WOM using two items, one directed at the employee, and the other to the firm, and found slightly greater positive effects stemming from the customer's loyalty to the store (b = .21) than to the employee (b = .18). The greater effect on WOM in their study may be attributable to customers focusing on the entirety of the retail experience rather than just the interpersonal experience with the employee, in contrast to other studies that measure salesperson and firm WOM separately (e.g. Reynolds and Beatty, 1999).

## 7.1.4 Latent Firm Financial Risk

This study is the only one to the researcher's knowledge that has attempted to re-use the measure, latent financial risk, devised by Palmatier et al. (2007a). As mentioned in the measures section, only the first item, "the amount of current purchases the customer would allow the employee to quote at the new company," was used in this study. This study shows that relationship quality with the employee precipitates an immediate threat of losing market share to competitors, a testament to the lasting benefits of mere measurement effects when feedback is initially positively framed. Additionally, the principle of compatibility ensures that the customer's positive attitudes towards the FLE translate to a wide range of behaviours- WOM, loyalty, purchase intention- consistent with the favourable perception of the FLE. However, the results were insignificant in showing that the customer's relationship

with the firm would prevent FLE-led customer defection, as the FLE has an advantage in building customer relationships.

An alternative model was tested where the two original items for latent financial risk were combined to better show the potential long-term effect of relationship quality on selling firm financial risk. The results were significant ($\gamma = .05$, $p < .05$), but the lower effect size (compared to $\gamma = .07$, $p < .01$ for measure of latent financial risk in theoretical model) suggests that the risk brought about by a positive relationship between employees and customers can wane over time. As employee defection is rife in Nigerian banking context, it is probable that the power of employees to string customers along from competing firm to competing firm, which offer roughly homogenous products, would diminish over time.

The study results also show that WOM mitigated the detrimental effect of the customer's relationship quality with the employee on latent financial risk. Palmatier et al. (2007a) only showed a direct relationship between customer loyalty to the employee and latent financial risk, and while the authors only alluded to the possibility of reducing this threat by the firm's direct communication with the customer to strengthen the relationship with the firm, this study provides empirical evidence that customer advocacy through WOM can reduce the ever present threat of losing market share as a result of defecting employees. As was done in the case of the direct effects model, an alternative interaction model using both measures of latent firm financial risk was also tested, but the interaction was insignificant. This result is perhaps also a sign that in the longer term, WOM may not be so powerful in mitigating loss of market share in competitive consumer markets.

**7.2 Practical Implications**

Although the context for this study was banking, the findings are relevant and can be extended to other service contexts such as retail, hospitality, and professional services. Thus, the implications offered in this section are generalizable to other service industries.

**7.2.1 Encourage FLEs to seek positive FSB, and avoid negative FSB.**

The results show the power of positivity in communications with customers. It is already well-known that positively framing messages to customers as much as possible, even in negative contexts, gives the customer an overall positive experience and increases the likelihood of loyalty and repurchase behaviour. This study finds that mere measurement effects aid proactive solicitation of positive feedback in shaping customers' attitudes and behaviours. Thus, managers should continue to train FLEs to frame feedback seeking and all communication as positive as possible at all times.

Although seeking negative feedback internally may help employees develop their skills, especially with novel assignments, managers should discourage FLEs from seeking negative feedback from customers, as this makes negative aspects of the FLE's and firm's performance more obvious, and will negatively impact customer attitudes and behaviours towards the FLE and firm. In instances where learning is imperative, if the FLE could avoid self-negative feedback. Firm-positive feedback has the double benefit of not diminishing the customer's attitudes towards the FLE, while also bringing to prominence positive experiences the customer enjoyed with the firm, which have lasting effects long after these positive facts have been made salient (Dholakia and Morwitz, 2002).

Although customer-oriented FLEs may have good intentions when seeking feedback on behalf of the firm, their commitment to serving the customer will only be beneficial to the firm when they seek positive feedback from the customer. The results show that customer-oriented FLEs are better able to emphasise positive aspects of the firm's performance, which translates to positive attitudes about the firm. In service trainings, managers may want to emphasise that while FLEs should show empathy to the customer especially where it is necessary to seek firm-negative FSB during a service failure as this information is crucial to recovery, the FLE should not stray into hurting the firm's reputation more, and should perhaps highlight positive aspects of the customer-firm relationship and the attractiveness of the firm's value propositions as much as possible when finding a solution to customer problems. In a similar vein, managers should discourage FLEs from hard selling tactics when seeking positive feedback on behalf of the firm. A preoccupation with selling is less able to draw out positive aspects of the firm's performance which will encourage positive attitudes and customer behaviour that contributes to meeting firm performance goals. In a service context where the customer deals primarily with one member of staff, it is imperative that the FLE heeds this advice.

## 7.2.2 Positively frame referral requests, and reap additional benefits beyond customer acquisition

The results show that if a customer is asked to refer either the FLE or firm to others as part of positive FSB, then the customer is likely to engage in WOM, and additionally engage in other loyalty-based behaviours which could benefit the firm. As positive attitudes stemming from positively-framed feedback seeking lead to a range of behaviours consistent with this positive affect, when the customer engages in WOM behaviour based on their positive experiences with the company, then the risk

that they make purchases at a competitor firm even when their trusted service rep defects, decreases. Additionally, customers risk their reputation with friends, family, and other associates by engaging in WOM. Thus, to promote a company but patronise another company would be viewed not only as hypocritical and duplicitous, but ultimately inconsistent with the customer's own positive attitudes towards the firm. In fact, such an internal dilemma would prevent the customer from "self-betrayal." Hence, customers engaged enough with a firm to spread positive WOM are less likely to consider making purchases at a competitor.

### 7.2.3 Be aware of proactive FLEs' ability to capture customer loyalty

This advice is quite evident for customer-facing roles, but bears reiteration. Employees in high-contact services are more effective at building stronger customer relationships than firms can, which creates a risk of customer churn if the employee defects. Reward and bonus schemes should incentivise star FLEs to stay with the company should the company risk losing profitable customers due to the FLE's defection. Nevertheless, latent financial risk (LFR) is not something to be feared, but something to be aware of. While there is always a risk of losing star employees to the competition, this threat does not preclude managers from actively courting star employees from the competition as well. Having some knowledge of an individual's potential to influence LFR can help to determine the most valuable job candidates, hence the importance of screening candidates based on customer lists or even social media influencer status. Such FLEs are valuable to hiring firms since they bring with them the promise of new customers.

**7.2.4 Build a digital communication strategy based on the effects of the FSB types**

The results confirm that the FLE has an advantage in building a stronger relationship with the customer when the customer-firm relationship is also dependent on the actions of the FLE. This situation makes it difficult to control FLE-led customer defection. However, the firm can leverage on direct communication with the customer to strengthen loyalty.

As more and more customer interactions are ceded to automated processes facilitated by artificial intelligence, understanding what sort of questions to ask consumers is important in successfully implementing a digital strategy. As the results show that seeking positive feedback reinforces a stronger relationship quality with the customer, firms should train communication robots using algorithms that elicit positive responses from customers. As the robots learn how best to elicit these positive responses through various positive feedback seeking strategies, they will become better at managing customer perceptions of the firm. Since the study results show that establishing positive attitudes can influence a range of behaviours consistent with these positive attitudes, artificial intelligence in marketing can be used to encourage positive brand affect, brand loyalty behaviour, repeat purchases, and reduce defection rates more efficiently than FLEs and at a scale inhumanly possible.

Already, most of the top Nigerian banks are using digital avatars to respond to customer requests. The logical next step in developing these 'digital FLEs' are to train them to be proactive such that through positive feedback seeking, they are able to anticipate customer needs, and sell better through positively-framed communication. Making the feedback system more automated, but more human at the same time would be the next step in integrating digital interactions into future marketing strategies.

**7.3 Limitations and Future Research**

No study is without its limitations. In this section, I highlight key study limitations, and how future research can improve on them, as well as extend the literature.

**7.3.1 Cross-sectional data**

Due to resource and time constraints, the data in this study is cross-sectional. Future studies could attempt a longitudinal approach to better establish causality. Longitudinal studies are especially important to show the performance impact in subsequent time periods of the type of feedback employees ask for. Additionally, a longitudinal study could better explore how the valence and focus of FSB may influence the dynamism in the relationship between FLEs and their clients. Just as in Zhang et al. (2016), relationship dynamism may be analysed by allowing for loops in the conceptual model such that the focal antecedent and its outcomes are measured in successive time periods to better show the cumulative effect of the antecedent's impact on the measured outcomes.

**7.3.2 Antecedents of the new FSB conceptualisation**

Because the theoretical model focuses heavily on customer perceptions and behaviour, it does not explain how or why employees seek feedback. In other words, we do not know what motivates employees to seek the different kinds of feedback. The theoretical model in this study does not explain employees' motivations for seeking feedback from customers. While the FSB literature is full of studies that have explored antecedents of FSB in organizations such as goal orientation and impression management (VandeWalle and Cummings, 1997; Tuckey et al., 2002; Gong et al., 2017), it remains to see if these same motivations apply in the service interaction

context. Future research could also study if antecedents such as leadership and climate types, which have influenced prior conceptualisations of FSB have a similar influence on this new conceptualisation.

### 7.3.3 Interaction of FSB and other FLE attributes

FSB alone cannot be expected to inspire customer trust, satisfaction, and commitment. Future research could explore the role of mediators and moderators that explain the path of FSB to building customer relationships, and conditions where negative FSB could have a positive impact on relational assets. Future research needs to explore how FSB interacts with other FLE attributes such as solution involvement, defined by Panagopoulos et al. (2017, p. 146) as "the degree to which a salesperson engages in activities that help his/her firm provide end-to-end solutions to a salesperson's customers." Other salesperson attributes that would be a natural complement to FSB would be salesperson exploratory and exploitative learning, which were shown by Katsikeas et al. (2018) to impact salesperson performance either positively or negatively based on the type of supervisory control system and through interactions with customer decision-making complexity and the salesperson's preference for sales predictability.

Relationship phase is an important variable in RM research, as it can show how dynamic customer relationships can be over time. Relationship phases also help us understand which factors are most important in managing customer relationships at different lengths of the relationship. Although data was collected on relationship phases to check the quality of the data, there was not enough variability in the measure to conduct any meaningful analysis. Future research could study if the type of feedback seeking affects customers of different relationship phases differently. For example, is it wiser to seek negative feedback from newer customers rather than

established customers? This knowledge may also dictate what sort of tactics to employ to maintain good relationship quality, building on Zhang et al.'s (2016) study on dynamic relationship states.

**7.3.4 Objective performance data**

Due to the difficulty in sourcing good data in a timely fashion, this study was unable to include objective performance data, especially regarding employee performance. Future research could design the study to ensure that employee performance measures are collected. Although this study already argued that the effects of FSB on relational outcomes was scarce in the Marketing literature, it would be interesting to simultaneously compare the effects of FSB on different performance groups, a practice suggested by Katsikeas et al. (2016).

**7.3.5 Alternative research methods and design**

One reason why the Gong et al. (2017) typology was the favourite option with which to develop a new scale was that its typology assumed a range of situations both positive and negative that could take place in a long term service relationship. Hence, it was realistic to expect that having known their personal bankers for a number of years, the banking client respondents would have been able to relate to a majority of the FSB  items both on the positive and negative spectrums. However, this research design brings with it selection bias, since the matching of bankers and clients was non-random, thus the effects of the FSB types on the outcomes may be biased due to endogeneity. Certo et al. (2016) recommend using the two-stage Heckman (1979) process to correct for endogeneity resulting from sample selection bias. For example, future studies matching FLEs and clients could use Heckman's (1979) process which requires using a probit model in the first stage to estimate  the effect of unobserved

predictors in driving the pairing of the FLEs and clients, and then calculating the inverse Mills ratio from the first step to include as a covariate using ordinary least squares to predict the ultimate dependent variables (Shi et al., 2017).

Future studies could also improve on the research design is to ensure that the experience of the participants corresponds with the valence of the FSB type being responded to. One way to ensure this congruence in experience and measures would be selective sampling e.g. collect responses from clients shortly after a positive or negative service encounter. Given the difficulty in collecting paired sample data to begin with, this could be a very arduous task without the requisite help from participating firms. Perhaps the most convenient way to have a better congruence between participant experience and response would be via experimental design. The researcher could manipulate scenarios for participants that are typically and objectively positive or negative, and then ask for their responses shortly after. This manner of design would ensure greater validity of the responses.

## 7.4 Conclusion

In order to realise the main objectives of this study, a new conceptualisation of FSB was created, one directed at customers. Through several studies, the validity of the new measure was confirmed, and its usefulness in advancing theory and practice was demonstrated. The measure shows much versatility in that all dimensions can be combined and operationalised as a composite measure or broken down by focus and valence. Additionally, the valence types can be collapsed into the focal dimensions since it is unlikely that any individual or firm would only seek exclusively either positive or negative feedback. Future studies can thus explore motivations and outcomes of the different FSB types.

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# APPENDIX

**A4: Inter-item correlations and covariance of indicators of the FSB types**

## A4.1: Self-Positive FSB

**Inter-Item Correlation Matrix**

|  | SP1 | SP2 | SP3 | SP4 | SP5 |
|---|---|---|---|---|---|
| SP1 | 1.000 | .696 | .547 | .520 | .444 |
| SP2 | .696 | 1.000 | .678 | .518 | .463 |
| SP3 | .547 | .678 | 1.000 | .700 | .607 |
| SP4 | .520 | .518 | .700 | 1.000 | .704 |
| SP5 | .444 | .463 | .607 | .704 | 1.000 |

**Inter-Item Covariance Matrix**

|  | SP1 | SP2 | SP3 | SP4 | SP5 |
|---|---|---|---|---|---|
| SP1 | 1.385 | 1.005 | .816 | .743 | .652 |
| SP2 | 1.005 | 1.507 | 1.054 | .773 | .708 |
| SP3 | .816 | 1.054 | 1.606 | 1.078 | .958 |
| SP4 | .743 | .773 | 1.078 | 1.477 | 1.065 |
| SP5 | .652 | .708 | .958 | 1.065 | 1.552 |

**Item-Total Statistics**

|  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| SP1 | 21.35 | 17.415 | .655 | .863 |
| SP2 | 21.42 | 16.644 | .707 | .851 |
| SP3 | 21.23 | 15.813 | .775 | .834 |
| SP4 | 21.00 | 16.437 | .743 | .843 |
| SP5 | 20.84 | 16.914 | .660 | .862 |

## A4.2: Self-Negative FSB

**Inter-Item Correlation Matrix**

|  | SN1 | SN2 | SN3 | SN4 | SN5 |
|---|---|---|---|---|---|
| SN1 | 1.000 | .596 | .603 | .497 | .307 |
| SN2 | .596 | 1.000 | .708 | .654 | .528 |
| SN3 | .603 | .708 | 1.000 | .796 | .609 |
| SN4 | .497 | .654 | .796 | 1.000 | .676 |
| SN5 | .307 | .528 | .609 | .676 | 1.000 |

**Inter-Item Covariance Matrix**

|  | SN1 | SN2 | SN3 | SN4 | SN5 |
|---|---|---|---|---|---|
| SN1 | 1.389 | .799 | .764 | .674 | .460 |
| SN2 | .799 | 1.293 | .865 | .856 | .764 |
| SN3 | .764 | .865 | 1.155 | .984 | .834 |
| SN4 | .674 | .856 | .984 | 1.324 | .990 |
| SN5 | .460 | .764 | .834 | .990 | 1.621 |

**Item-Total Statistics**

|  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| SN1 | 19.95 | 15.977 | .572 | .883 |
| SN2 | 19.97 | 14.901 | .748 | .842 |
| SN3 | 19.99 | 14.712 | .836 | .823 |
| SN4 | 19.96 | 14.429 | .802 | .829 |
| SN5 | 19.82 | 15.042 | .617 | .876 |

## A4.3: Firm-Positive FSB

**Inter-Item Correlation Matrix**

|  | OP1 | OP2 | OP3 | OP4 | OP5 |
|---|---|---|---|---|---|
| OP1 | 1.000 | .652 | .648 | .583 | .467 |
| OP2 | .652 | 1.000 | .825 | .751 | .573 |
| OP3 | .648 | .825 | 1.000 | .779 | .636 |
| OP4 | .583 | .751 | .779 | 1.000 | .782 |
| OP5 | .467 | .573 | .636 | .782 | 1.000 |

**Inter-Item Covariance Matrix**

|  | OP1 | OP2 | OP3 | OP4 | OP5 |
|---|---|---|---|---|---|
| OP1 | 2.041 | 1.195 | 1.192 | 1.073 | .911 |
| OP2 | 1.195 | 1.644 | 1.362 | 1.241 | 1.005 |
| OP3 | 1.192 | 1.362 | 1.657 | 1.292 | 1.119 |
| OP4 | 1.073 | 1.241 | 1.292 | 1.660 | 1.378 |
| OP5 | .911 | 1.005 | 1.119 | 1.378 | 1.869 |

**Item-Total Statistics**

|  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Squared Multiple Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|---|
| OP1 | 20.19 | 21.623 | .658 | .468 | .912 |
| OP2 | 20.13 | 21.156 | .815 | .730 | .878 |
| OP3 | 20.12 | 20.819 | .845 | .752 | .871 |
| OP4 | 20.08 | 20.777 | .849 | .769 | .871 |
| OP5 | 19.91 | 21.713 | .693 | .617 | .903 |

## A4.4: Firm-Negative FSB

**Inter-Item Correlation Matrix**

|  | ON1 | ON2 | ON3 | ON4 | ON5 |
|---|---|---|---|---|---|
| ON1 | 1.000 | .527 | .535 | .452 | .293 |
| ON2 | .527 | 1.000 | .709 | .563 | .425 |
| ON3 | .535 | .709 | 1.000 | .791 | .525 |
| ON4 | .452 | .563 | .791 | 1.000 | .575 |
| ON5 | .293 | .425 | .525 | .575 | 1.000 |

**Inter-Item Covariance Matrix**
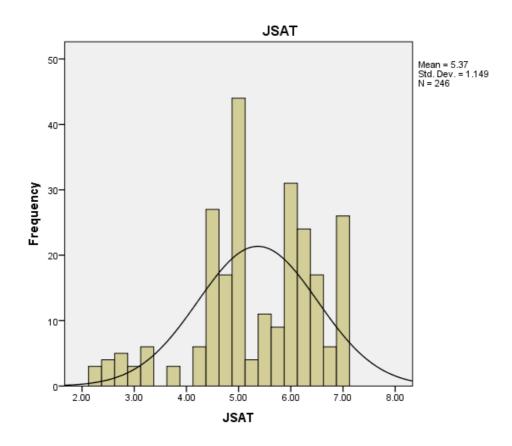
|  | ON1 | ON2 | ON3 | ON4 | ON5 |
|---|---|---|---|---|---|
| ON1 | 1.315 | .697 | .711 | .567 | .426 |
| ON2 | .697 | 1.328 | .947 | .710 | .621 |
| ON3 | .711 | .947 | 1.345 | 1.004 | .771 |
| ON4 | .567 | .710 | 1.004 | 1.196 | .795 |
| ON5 | .426 | .621 | .771 | .795 | 1.602 |

**Item-Total Statistics**

|  | Scale Mean if Item Deleted | Scale Variance if Item Deleted | Corrected Item-Total Correlation | Cronbach's Alpha if Item Deleted |
|---|---|---|---|---|
| ON1 | 20.27 | 15.167 | .538 | .852 |
| ON2 | 20.18 | 14.005 | .690 | .814 |
| ON3 | 20.27 | 13.071 | .819 | .778 |
| ON4 | 20.15 | 13.935 | .753 | .798 |
| ON5 | 19.96 | 14.456 | .543 | .855 |
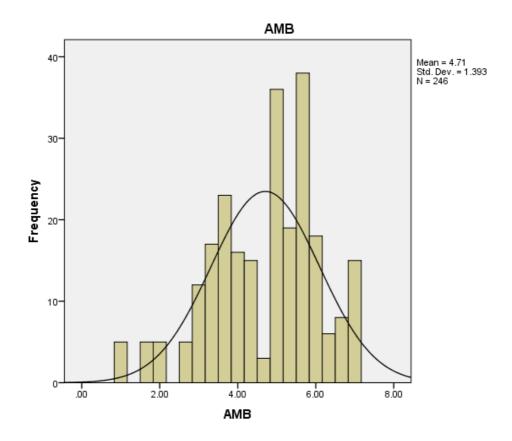
# A5: Latent Construct Frequency Distributions and Descriptive Results

## A5.1: Job Satisfaction
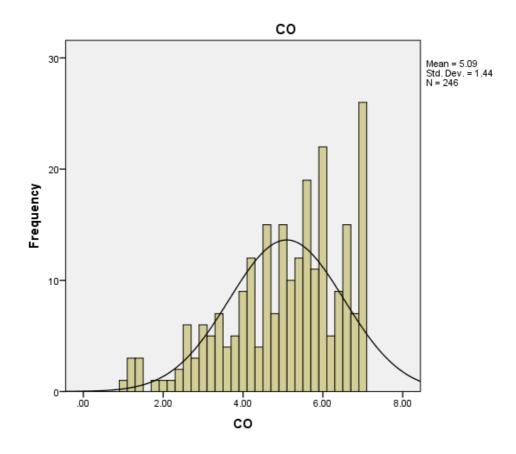


| Job Satisfaction | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. I am satisfied with working at my company. | 1.6% | 4.5% | 2.4% | 15.0% | 26.0% | 33.3% | 17.1% |
| 2. My company is a good employer to work for. | 1.2% | 2.0% | 5.3% | 4.5% | 35.8% | 36.6% | 14.6% |
| 3. I enjoy working at my company. | | | 6.1% | 13.8% | 32.5% | 25.2% | 22.4% |
| 4. Overall, I am satisfied with my job at my company. | | 2.4% | 8.9% | 14.6% | 25.6% | 21.5% | 26.8% |

## A5.2: Ambiguity Intolerance



Mean = 4.71
Std. Dev. = 1.393
N = 246
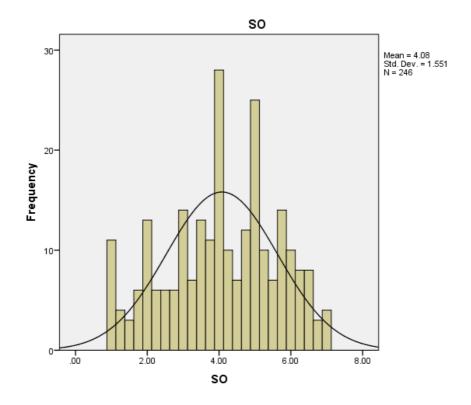
| Ambiguity Intolerance | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. I find it difficult to function without clear directions and instructions. (**dropped**) | 11.0% | 13.8% | 12.2% | 15.0% | 12.6% | 22.4% | 13.0% |
| 2. I prefer specific instructions to broad guidelines. | 3.3% | 9.8% | 6.5% | 11.4% | 17.1% | 28.5% | 23.6% |
| 3. I tend to get anxious easily when I don't know an outcome. | 5.3% | 12.2% | 13.4% | 10.2% | 19.9% | 26.8% | 12.2% |
| 4. I feel stressful when I cannot predict consequences. | 6.9% | 8.5% | 16.3% | 13.0% | 20.7% | 24.0% | 10.6% |
| 5. I feel safe when I am in my familiar surroundings. (**dropped**) | | 2.0% | 8.5% | 11.0% | 14.6% | 26.0% | 37.8% |

## A5.3: Customer Orientation



CO

Mean = 5.09
Std. Dev. = 1.44
N = 246

| Customer Orientation | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. Tries to figure out what your needs are. | 4.1% | 4.9% | 9.3% | 13.4% | 23.2% | 24.4% | 20.7% |
| 2. Has your best interests in mind. | 4.9% | 6.9% | 7.7% | 15.4% | 17.9% | 26.8% | 20.3% |
| 3. Takes a problem solving approach in selling products or services to you. | 5.3% | 6.5% | 8.5% | 11.8% | 23.2% | 22.8% | 22.0% |
| 4. Recommends products or services that are best suited to solving problems. | 3.3% | 2.0% | 8.5% | 12.2% | 26.0% | 24.4% | 23.6% |
| 5. Tries to find out which kinds of products or services would be most helpful to you. | 2.8% | 4.5% | 6.9% | 12.6% | 20.3% | 28.0% | 24.8% |

## A5.4: Selling Orientation



SO

Mean = 4.08
Std. Dev. = 1.551
N = 246
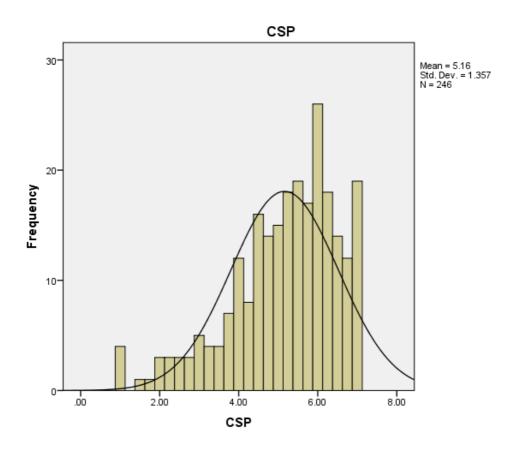
| Selling Orientation | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. Tries to sell as much as they can rather than satisfying you. | 10.2% | 16.7% | 13.0% | 20.3% | 19.5% | 12.6% | 7.7% |
| 2. Finds it necessary to stretch the truth in their sales presentations. (**dropped**) | 5.7% | 6.1% | 9.3% | 13.8% | 23.6% | 26.0% | 15.4% |
| 3. Tries to sell as much as they can convince you to buy, even if it more than wise consumers would buy. | 10.6% | 10.6% | 11.4% | 19.9% | 23.2% | 18.3% | 6.1% |
| 4. Paints a too rosy picture of the products or services to make them sound as good as possible. | 8.5% | 11.0% | 11.8% | 17.9% | 20.3% | 21.5% | 8.9% |
| 5. Makes recommendations based on what they can sell and not on the basis of your | 12.2% | 13.8% | 14.2% | 16.3% | 19.9% | 16.7% | 6.9% |
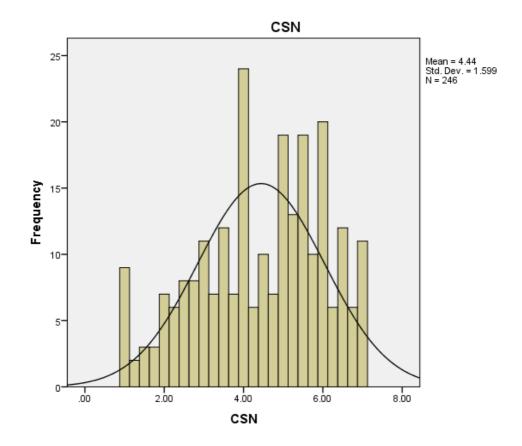
long-term
satisfaction.

## A5.5: Self-Positive FSB



CSP

Mean = 5.16
Std. Dev. = 1.357
N = 246
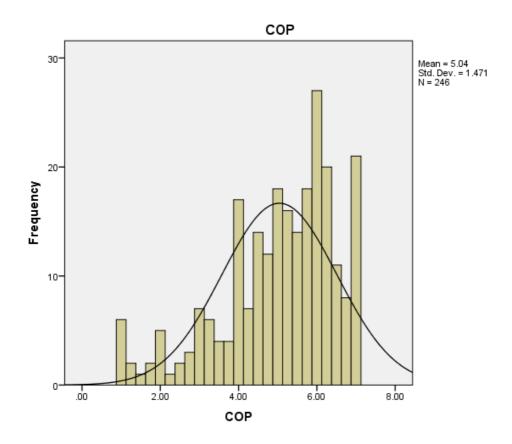
| Self-Positive FSB | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. If her/his solutions were helpful. | 4.9% | 3.3% | 8.9% | 10.2% | 24.4% | 26.4% | 22.0% |
| 2. How (s)he could improve an already satisfactory service experience. (**dropped**) | 12.6% | 6.9% | 9.8% | 9.8% | 17.9% | 29.3% | 13.8% |
| 3. What I liked about the way (s)he resolved an issue. | 11.0% | 6.5% | 9.8% | 13.0% | 19.1% | 26.4% | 14.2% |
| 4. If I understand her/his explanation of a product or service. | 2.0% | 3.3% | 5.3% | 9.8% | 26.0% | 32.5% | 21.1% |
| 5. If I would happily recommend her/him to family, friends, or colleagues. | 2.8% | 3.3% | 4.9% | 8.5% | 17.5% | 30.5% | 32.5% |

## A5.6: Self-Negative FSB



CSN
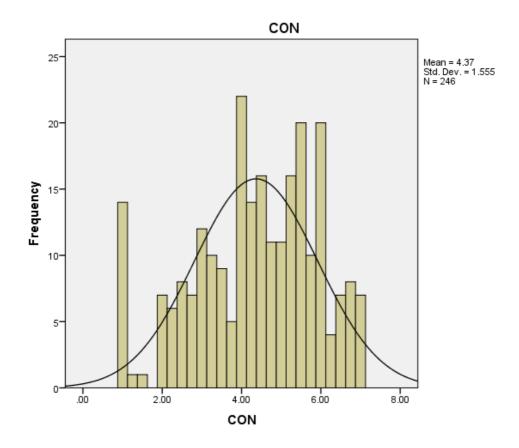
| Self-Negative FSB | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. If her/his advice made little difference. (**dropped**) | 6.5% | 6.1% | 10.2% | 11.8% | 28.5% | 23.2% | 13.8% |
| 2. If (s)he was unable to solve my problem. | 8.5% | 7.7% | 11.8% | 12.2% | 26.0% | 22.0% | 11.8% |
| 3. For my opinion on how best to correct an error (s)he made. | 18.3% | 6.9% | 11.0% | 11.8% | 20.3% | 19.5% | 12.2% |
| 4. For what ways the performance of her/his duties did not meet my expectations. | 11.4% | 7.7% | 11.8% | 10.2% | 27.6% | 17.9% | 13.4% |
| 5. To express my dissatisfaction with her/his proposed solution. | 8.1% | 5.3% | 11.0% | 13.8% | 24.4% | 24.8% | 12.6% |

## A5.7: Firm-Positive FSB
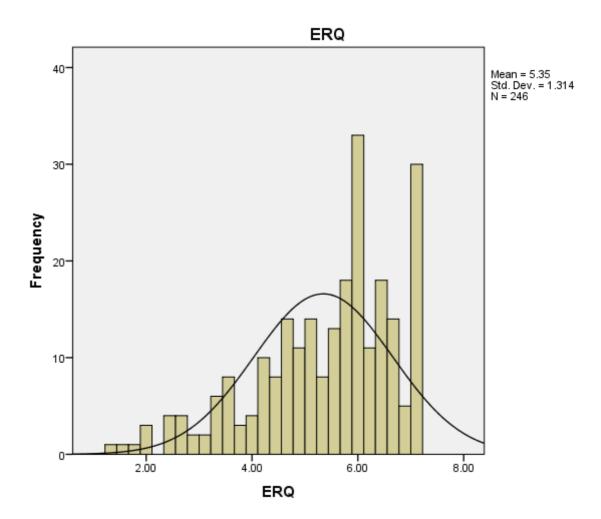


| Firm-Positive FSB | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. What I like about this bank's services. (**dropped**) | 8.1% | 5.3% | 8.5% | 13.8% | 18.3% | 28.9% | 17.1% |
| 2. If I am happy with this bank's policies. | 5.7% | 4.1% | 6.1% | 17.5% | 23.6% | 26.4% | 16.7% |
| 3. If this bank's products/services suit my needs well. | 6.5% | 3.7% | 6.9% | 15.0% | 21.1% | 26.0% | 20.7% |
| 4. For what ways this bank's service exceeded my expectations. | 8.1% | 6.1% | 8.5% | 13.0% | 22.4% | 26.4% | 15.4% |
| 5. If I tell others about how great this bank is. | 4.9% | 2.8% | 4.5% | 8.5% | 19.1% | 31.3% | 28.9% |

## A5.8: Firm-Negative FSB



| Firm-Negative FSB | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| 1. For what aspects of a competing bank's similar product I prefer. (**dropped**) | 13.8% | 6.1% | 13.0% | 15.0% | 24.0% | 17.1% | 11.0% |
| 2. How this bank can improve a disappointing product or service. | 14.2% | 8.9% | 8.9% | 15.0% | 18.7% | 24.0% | 10.2% |
| 3. If I am dissatisfied with this bank's rules and procedures. | 10.2% | 6.5% | 13.8% | 16.3% | 22.4% | 21.5% | 9.3% |
| 4. For what ways this bank's service delivery is lacking. | 12.2% | 8.5% | 12.6% | 18.3% | 22.0% | 19.1% | 7.3% |
| 5. If I have any complaints about the quality of this bank's products or services. | 8.5% | 5.3% | 9.8% | 15.9% | 24.4% | 20.3% | 15.9% |
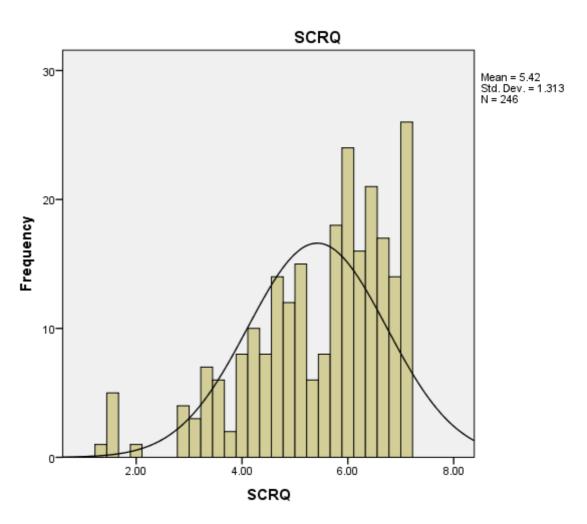
## A5.9: RQ with Employee



| Relationship Quality with Employee | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| Trust in Banker | | | | | | | |
| 1. My banker is very dependable. (**dropped**) | 3.3% | 2.0% | 3.3% | 7.7% | 26.0% | 32.9% | 24.8% |
| 2. My banker is very competent. | 1.6% | 2.8% | 4.9% | 11.8% | 20.7% | 33.3% | 24.8% |
| 3. My banker is of very high integrity. | 1.2% | 2.4% | 5.7% | 14.6% | 19.5% | 29.7% | 26.8% |
| 4. My banker is very responsive to my needs. | 1.6% | 5.3% | 6.5% | 9.3% | 18.7% | 32.9% | 25.6% |
| Commitment to banker | | | | | | | |
| 1. I am willing to 'go the extra mile' to do business with my banker. | 8.1% | 6.5% | 9.3% | 14.2% | 15.4% | 24.0% | 22.4% |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2. | I feel committed to my relationship with my banker. | 1.2% | 4.9% | 8.5% | 7.7% | 26.8% | 27.2% | 23.6% |
| 3. | I view the relationship with my banker as a long-term partnership. | 1.6% | 3.3% | 7.7% | 8.5% | 23.2% | 27.6% | 28.0% |
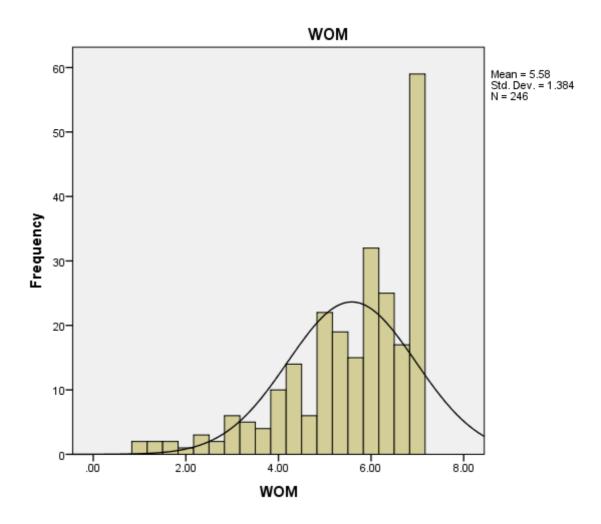
Satisfaction with banker

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 1. | I have a very high-quality relationship with my banker. | 1.6% | 4.9% | 5.3% | 12.6% | 15.9% | 38.6% | 21.1% |
| 2. | I am happy with my relationship with my banker. | 2.0% | 2.4% | 6.9% | 10.6% | 20.7% | 28.5% | 28.9% |
| 3. | I am satisfied with the relationship I have with my banker. | 2.0% | 4.1% | 4.9% | 12.2% | 19.9% | 30.5% | 26.4% |

## A5.10: RQ with Selling Firm

| Relationship Quality with Selling Firm | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|
| **Trust in bank** | | | | | | | |
| 1. My bank is very dependable. (**dropped**) | 2.8% | 1.6% | 4.5% | 9.3% | 19.9% | 26.4% | 35.4% |
| 2. My bank is very competent. | 2.4% | 2.8% | 5.7% | 9.8% | 19.1% | 29.7% | 30.5% |
| 3. My bank is of very high integrity. | 2.4% | 1.2% | 2.8% | 6.5% | 22.4% | 28.5% | 36.2% |
| 4. My bank is very responsive to my needs. | 3.3% | 2.4% | 8.9% | 13.8% | 17.5% | 26.4% | 27.6% |
| **Commitment to bank** | | | | | | | |
| 1. I am willing to 'go the extra mile' to do business with my bank. | 4.9% | 6.9% | 11.4% | 13.4% | 17.1% | 18.7% | 27.6% |
| 2. I feel committed to my relationship with my bank. | 2.0% | 3.3% | 7.3% | 9.3% | 24.0% | 27.6% | 26.4% |
| 3. I view the relationship with my bank as a long-term partnership. | 2.4% | 1.6% | 4.1% | 12.6% | 19.5% | 28.5% | 31.3% |
| **Satisfaction with bank** | | | | | | | |
| 1. I have a very high-quality relationship with my bank. | 2.4% | 4.1% | 5.7% | 13.8% | 18.3% | 26.0% | 29.7% |
| 2. I am happy with my relationship with my bank. | 2.8% | 2.8% | 3.3% | 13.0% | 21.5% | 24.4% | 32.1% |
| 3. I am satisfied with the relationship I have with my bank. | 2.0% | 2.8% | 6.5% | 12.2% | 20.3% | 26.4% | 29.7% |

**A5.11: Word of Mouth**



WOM

| WOM | | Strongly Disagree (1) | | | | | | Strongly Agree (7) |
|---|---|---|---|---|---|---|---|---|
| 1. | I say positive things about this bank to other people. | 2.0% | 3.3% | 4.1% | 9.3% | 19.1% | 29.7% | 32.5% |
| 2. | I encourage friends and family to do business at this bank. | 2.0% | 2.8% | 6.5% | 10.6% | 17.9% | 26.8% | 33.3% |
| 3. | I recommend this bank to someone who seeks my advice on financial services. | 2.8% | 1.6% | 6.1% | 7.3% | 20.7% | 24.8% | 36.6% |

## A6: R Scripts and HLM Model Specification

### A6.1: Null Models and ICC Calculations

*Relationship quality with employee (ERQ):*

>erq.null=lme(ERQ~1,random=~1|E_CODE,data=blu,control = list(opt="optim"))
>VarCorr(erq.null)
E_CODE = pdLogChol(1)

|             | Variance | StdDev    |
|-------------|----------|-----------|
| (Intercept) | 0.541906 | 0.7361426 |
| Residual    | 1.202136 | 1.0964196 |

ICC = 0.541906/(0.541906+1.202136) = **0.3107184**

*Relationship quality with selling firm (SCRQ):*

>scrq.null=lme(SCRQ~1,random=~1|E_CODE,data=blu,control = list(opt="optim"))
>VarCorr(scrq.null)
E_CODE = pdLogChol(1)

|             | Variance  | StdDev    |
|-------------|-----------|-----------|
| (Intercept) | 0.5959978 | 0.7720089 |
| Residual    | 1.1339435 | 1.0648678 |

ICC = 0.5959978/(0.5959978+1.1339435) = **0.3445191**

*Word of mouth (WOM):*

>wom.null=lme(WOM~1,random=~1|E_CODE,data=blu,control = list(opt="optim"))
>VarCorr(wom.null)
E_CODE = pdLogChol(1)

|             | Variance  | StdDev    |
|-------------|-----------|-----------|
| (Intercept) | 0.5558862 | 0.7455778 |
| Residual    | 1.3701086 | 1.1705164 |

ICC = 0.5558862/(0.5558862+1.1705164) = **0.3219911**

*Latent financial risk (LFR1):*

>lfr1.null=lme(LFR1~1,random=~1|E_CODE,data=blu,control = list(opt="optim"))

>VarCorr(lfr1.null)

E_CODE = pdLogChol(1)

|  | Variance | StdDev |
|---|---|---|
| (Intercept) | 0.02618942 | 0.1618314 |
| Residual | 0.06800673 | 0.2607810 |

ICC = 0.02618942/(0.02618942+0.06800673) = **0.2780307**


## A6.2: GLS Models

*Relationship quality with employee:*

>erq.gls=gls(ERQ~1,data=blu,control = list(opt="optim"))

*Relationship quality with selling firm:*

>scrq.gls=gls(SCRQ~1,data=blu,control = list(opt="optim"))

*Word of mouth:*

>wom.gls=gls(WOM~1,data=blu,control = list(opt="optim"))

*Latent financial risk:*

>lfr1.gls=gls(LFR1~1,data=blu,control = list(opt="optim"))


## A6.3: Comparison between GLS and Null Models

*Relationship quality with employee:*

>anova(update(erq.null,.~.,method="ML"),update(erq.controls,.~.,method="ML"))

|  | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| erq.null | 1 | 3 | 811.33 | 821.85 | -402.67 |  |  |  |
| erq.gls | 2 | 2 | 835.48 | 842.49 | -415.74 | 1 vs 2 | 26.15246 | <.0001 |

*Relationship quality with selling firm:*

> anova(update(scrq.null,.~.,method="ML"),update(scrq.gls,.~.,method="ML"))

|          | Model | df | AIC    | BIC    | logLik  | Test   | L.Ratio  | p-value |
|----------|-------|----|--------|--------|---------|--------|----------|---------|
| scrq.null | 1     | 3  | 803.16 | 813.68 | -398.58 |        |          |         |
| scrq.gls  | 2     | 2  | 835.00 | 842.01 | -415.50 | 1 vs 2 | 33.83115 | <.0001  |

*Word of mouth:*

> anova(update(wom.null,.~.,method="ML"),update(wom.gls,.~.,method="ML"))

|          | Model | df | AIC    | BIC    | logLik  | Test   | L.Ratio  | p-value |
|----------|-------|----|--------|--------|---------|--------|----------|---------|
| wom.null | 1     | 3  | 839.45 | 849.96 | -416.72 |        |          |         |
| wom.gls  | 2     | 2  | 860.93 | 867.95 | -428.47 | 1 vs 2 | 23.48801 | <.0001  |

*Latent financial risk:*

> anova(update(lfr1.null,.~.,method="ML"),update(lfr1.gls,.~.,method="ML"))

|           | Model | df | AIC    | BIC    | logLik  | Test   | L.Ratio  | p-value |
|-----------|-------|----|--------|--------|---------|--------|----------|---------|
| lfr1.null | 1     | 3  | 98.75  | 109.26 | -46.37  |        |          |         |
| lfr1.gls  | 2     | 2  | 120.88 | 127.89 | -58.44  | 1 vs 2 | 24.12673 | <.0001  |

## A6.4: Controls-Only Models

*Relationship quality with employee:*

>erq.controls=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow,random=~1|E_CODE
, data = blu,control = list(opt="optim"))

*Relationship quality with selling firm:*

>scrq.controls=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow,random=~1|E_CO
DE, data = blu,control = list(opt="optim"))

*Word of mouth:*

>wom.controls=lme(WOM~BNKR_TIME+z.jsat+z.amb+gc.sow,random=~1|E_CO
DE, data = blu,control = list(opt="optim"))

*Latent financial risk:*

>lfr1.controls=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow,random=~1|E_COD
E, data = blu,control = list(opt="optim"))

## A6.5: Comparison between Null and Controls-Only Models

*Relationship quality with employee:*

> anova(update(erq.controls,.~.,method="ML"),update(erq.null,.~.,method="ML"))

|  | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| erq.controls | 1 | 7 | 810.31 | 834.85 | -398.16 | | | |
| erq.null | 2 | 3 | 811.33 | 821.85 | -402.67 | 1 vs 2 | 9.01741 | 0.0607 |

*Relationship quality with selling firm:*

>anova(update(scrq.controls,.~.,method="ML"),update(scrq.null,.~.,method="ML"))

|  | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| scrq.controls | 1 | 7 | 795.30 | 819.84 | -390.65 | | | |
| scrq.null | 2 | 3 | 803.16 | 813.68 | -398.58 | 1 vs 2 | 15.86202 | 0.0032 |

*Word of mouth:*

>anova(update(wom.controls,.~.,method="ML"),update(wom.null,.~.,method="ML"))

|  | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| wom.controls | 1 | 7 | 835.36 | 859.90 | -410.68 | | | |
| wom.null | 2 | 3 | 839.45 | 849.96 | -416.72 | 1 vs 2 | 12.08351 | 0.0167 |

*Latent financial risk:*

> anova(update(lfr1.controls,.~.,method="ML"),update(lfr1.null,.~.,method="ML"))

|  | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| lfr1.controls | 1 | 7 | 87.12 | 111.66 | -36.56 | | | |
| lfr1.null | 2 | 3 | 98.75 | 109.26 | -46.37 | 1 vs 2 | 19.62484 | 6e-04 |

## A6.6: Slope Variation Tests

*Relationship quality with employee and customer orientation:*

```
>erq.drfx.co=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.co,random=~1|E_
CODE, data = blu,control = list(opt="optim"))
>erq.drfx.co1=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.co,random=~CO|
E_CODE, data = blu,control = list(opt="optim"))
```

```
>anova(update(erq.drfx.co,.~.,method="ML"),update(erq.drfx.co1,.~.,method="ML"
))
```

|           | Model | df | AIC | BIC | llogLik | Test | L.Ratio | p-value |
|-----------|-------|----|-----|-----|---------|------|---------|---------|
| erq.drfx.co | 1 | 8 | 760.98 | 789.02 | -372.49 | | | |
| erq.drfx.co1 | 2 | 10 | 753.99 | 789.04 | -367.00 | 1 vs 2 | 10.98401 | 0.0041 |

*Relationship quality with employee and selling orientation:*

```
>erq.drfx.so=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.so,random=~1|E_C
ODE, data = blu,control = list(opt="optim"))
>erq.drfx.so1=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.so,random=~SO|
E_CODE, data = blu,control = list(opt="optim"))
>anova(update(erq.drfx.so,.~.,method="ML"),update(erq.drfx.so1,.~.,method="ML"
))
```

|           | Model | df | AIC | BIC | llogLik | Test | L.Ratio | p-value |
|-----------|-------|----|-----|-----|---------|------|---------|---------|
| erq.drfx.so | 1 | 8 | 809.56 | 837.60 | -396.78 | | | |
| erq.drfx.so1 | 2 | 10 | 809.46 | 844.52 | -394.73 | 1 vs 2 | 4.092817 | 0.1292 |

*Relationship quality with employee and self-positive FSB:*

```
>erq.drfx.csp=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.csp,random=~1|E
_CODE, data = blu,control = list(opt="optim"))
>erq.drfx.csp1=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.csp,random=~C
SP|E_CODE, data = blu,control = list(opt="optim"))
>anova(update(erq.drfx.csp,.~.,method="ML"),update(erq.drfx.csp1,.~.,method="M
L"))
```

|           | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|-----------|-------|----|-----|-----|--------|------|---------|---------|
| erq.drfx.csp | 1 | 8 | 714.92 | 742.96 | -349.46 | | | |
| erq.drfx.csp1 | 2 | 10 | 716.77 | 751.83 | -348.39 | 1 vs 2 | 2.144906 | 0.3422 |

*Relationship quality with employee and self-negative FSB:*

```
>erq.drfx.csn=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.csn,random=~1|E
_CODE, data = blu,control = list(opt="optim"))
>erq.drfx.csn1=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.csn,random=~C
SN|E_CODE, data = blu,control = list(opt="optim"))
>anova(update(erq.drfx.csn,.~.,method="ML"),update(erq.drfx.csn1,.~.,method="M
L"))
```

|           | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|-----------|-------|----|-----|-----|--------|------|---------|---------|

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| erq.drfx.csn | 1 | 8 | 800.40 | 828.44 | -392.20 | | | |
| erq.drfx.csn1 | 2 | 10 | 796.67 | 831.72 | -388.34 | 1 vs 2 | 7.728841 | 0.021 |

*Relationship quality with selling firm and customer orientation:*

>scrq.drfx.co=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.co,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>scrq.drfx.co1=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.co,random=~CO|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(scrq.drfx.co,.~.,method="ML"),update(scrq.drfx.co1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| scrq.drfx.co | 1 | 8 | 757.79 | 785.83 | -370.89 | | | |
| scrq.drfx.co1 | 2 | 10 | 741.78 | 776.83 | -360.89 | 1 vs 2 | 20.01109 | <.0001 |

*Relationship quality with selling firm and selling orientation:*

>scrq.drfx.so=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.so,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>scrq.drfx.so1=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.so,random=~SO|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(scrq.drfx.so,.~.,method="ML"),update(scrq.drfx.so1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| scrq.drfx.so | 1 | 8 | 793.44 | 821.49 | -388.72 | | | |
| scrq.drfx.so1 | 2 | 10 | 795.44 | 830.49 | -387.72 | 1 vs 2 | 2.003965 | 0.3672 |

*Relationship quality with selling firm and firm-positive FSB:*

>scrq.drfx.cop=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.cop,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>scrq.drfx.cop1=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.cop,random=~COP|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(scrq.drfx.cop,.~.,method="ML"),update(scrq.drfx.cop1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| scrq.drfx.cop | 1 | 8 | 760.16 | 788.20 | -372.08 | | | |
| scrq.drfx.cop1 | 2 | 10 | 752.66 | 787.71 | -366.33 | 1 vs 2 | 11.50161 | 0.0032 |

*Relationship quality with selling firm and firm-negative FSB:*

>scrq.drfx.con=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.con,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>scrq.drfx.con1=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.con,random=~CON|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(scrq.drfx.con,.~.,method="ML"),update(scrq.drfx.con1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| scrq.drfx.con | 1 | 8 | 782.87 | 810.92 | -383.44 | | | |
| scrq.drfx.con1 | 2 | 10 | 781.54 | 816.59 | -380.77 | 1 vs 2 | 5.336671 | 0.0694 |

*WOM and relationship quality with selling firm:*

>wom.drfx.scrq=lme(WOM~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.scrq,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>wom.drfx.scrq1=lme(WOM~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.scrq,random=~SCRQ|E_CODE, data = blu,control = list(opt="optim"))

> anova(wom.drfx.scrq,wom.drfx.scrq1)

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| wom.drfx.scrq | 1 | 8 | 785.89 | 813.73 | -384.9430 | | | |
| wom.drfx.scrq1 | 2 | 10 | 762.03 | 796.83 | -371.0139 | 1 vs 2 | 27.85813 | <.0001 |

*WOM and relationship quality with employee:*

>wom.drfx.erq=lme(WOM~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.erq,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>wom.drfx.erq1=lme(WOM~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.erq,random=~ERQ|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(wom.drfx.erq,.~.,method="ML"),update(wom.drfx.erq1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| wom.drfx.erq | 1 | 8 | 769.20 | 797.25 | -376.60 | | | |
| wom.drfx.erq1 | 2 | 10 | 742.92 | 777.97 | -361.46 | 1 vs 2 | 30.28264 | <.0001 |

*Latent financial risk and relationship quality with employee:*

>lfr1.drfx.erq=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.erq,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>lfr1.drfx.erq1=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.erq,random=~ERQ|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(lfr1.drfx.erq,.~.,method="ML"),update(lfr1.drfx.erq1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| lfr1.drfx.erq | 1 | 8 | 63.58 | 91.62 | -23.79 | | | |
| lfr1.drfx.erq1 | 2 | 10 | 63.57 | 98.62 | -21.78 | 1 vs 2 | 4.013221 | 0.1344 |

*Latent financial risk and relationship quality with employee:*

>lfr1.drfx.scrq=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.scrq,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>lfr1.drfx.scrq1=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.scrq,random=~SCRQ|E_CODE, data = blu,control = list(opt="optim"))

>anova(lfr1.drfx.scrq, lfr1.drfx.scrq1)

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| lfr1.drfx.scrq | 1 | 8 | 114.30 | 142.14 | -49.15 | | | |
| lfr1.drfx.scrq1 | 2 | 10 | 114.18 | 148.98 | -47.09 | 1 vs 2 | 4.116345 | 0.1277 |

*Latent financial risk and WOM:*

>lfr1.drfx.wom=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.wom,random=~1|E_CODE, data = blu,control = list(opt="optim"))

>lfr1.drfx.wom1=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.wom,random=~WOM|E_CODE, data = blu,control = list(opt="optim"))

>anova(update(lfr1.drfx.wom,.~.,method="ML"),update(lfr1.drfx.wom1,.~.,method="ML"))

| | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| lfr1.drfx.wom | 1 | 8 | 74.01 | 102.05 | -29.00537 | | | |

lfr1.drfx.wom12  10  74.38 109.43 -27.18905   1 vs 2 3.632649 0.1626

## A6.7: HLM Equations

*Relationship quality with employee* (Only the direct effects model is shown since the interaction model was insignificant)

Level 1 Equation:

$$ERQ_{ij} = \beta_{0j} + \beta_{1j} (CSP_{ij}) + \beta_{2j} (CSN_{ij}) + \beta_{3j} (CO_{ij}) + \beta_{4j} (SO_{ij}) + \beta_{controls} (FControls_{ij}) + r_{ij}$$

Level 2 Equations:

$$\beta_{0j} = \gamma_{00} + \gamma_{control} (FControl_{j}) + \mu_{0j}$$
$$\beta_{2j} = \gamma_{20} + \gamma_{control} (FControl_{j}) + \mu_{2j}$$
$$\beta_{3j} = \gamma_{30} + \gamma_{control} (FControl_{j}) + \mu_{3j}$$

After substituting the level 2 equations into the level 1 equation, the final model specification is:

$$ERQ_{ij} = \gamma_{00} + \beta_{1j} (CSP_{ij}) + \gamma_{20} (CSN_{ij}) + \gamma_{30} (CO_{ij}) + \beta_{4j} (SO_{ij}) + Y_{controls} * FControls_{ij} + \mu_{0j} + \mu_{2j} + \mu_{3j} + r_{ij}$$

*Relationship quality with selling firm*

Level 1 Equation:

$$SCRQ_{ij} = \beta_{0j} + \beta_{1j} (COP_{ij}) + \beta_{2j} (CON_{ij}) + \beta_{3j} (CO_{ij}) + \beta_{4j} (SO_{ij}) + \beta_{5j} (CON_{ij} * CO_{ij}) + \beta_{6j} (CON_{ij} * SO_{ij}) + \beta_{7j} (COP_{ij} * CO_{ij}) + \beta_{8j} (COP_{ij} * SO_{ij}) + \beta_{controls} (FControls_{ij}) + r_{ij}$$

Level 2 Equations:

$$\beta_{0j} = \gamma_{00} + \gamma_{control} (FControl_{j}) + \mu_{0j}$$
$$\beta_{1j} = \gamma_{10} + \gamma_{control} (FControl_{j}) + \mu_{1j}$$
$$\beta_{3j} = \gamma_{30} + \gamma_{control} (FControl_{j}) + \mu_{3j}$$
$$\beta_{5j} = \gamma_{50} + \gamma_{control} (FControl_{j}) + \mu_{5j}$$
$$\beta_{7j} = \gamma_{70} + \gamma_{control} (FControl_{j}) + \mu_{7j}$$
$$\beta_{8j} = \gamma_{80} + \gamma_{control} (FControl_{j}) + \mu_{8j}$$

After substituting the level 2 equations into the level 1 equation, the final model specification is:

$$SCRQ_{ij} = \gamma_{00} + \gamma_{10}(COP_{ij}) + \beta_{2j}(CON_{ij}) + \gamma_{30}(CO_{ij}) + \beta_{4j}(SO_{ij}) + \gamma_{50}(CON_{ij} * CO_{ij}) + \beta_{6j}(CON_{ij} * SO_{ij}) + \gamma_{70}(COP_{ij} * CO_{ij}) + \gamma_{80}(COP_{ij} * SO_{ij}) Y_{controls} * FControls_{ij} + \mu_{0j} + \mu_{1j} + \mu_{3j} + \mu_{5j} + \mu_{7j} + \mu_{8j} + r_{ij}$$

*Word of Mouth*

Level 1 Equation:

$$WOM_{ij} = \beta_{0j} + \beta_{1j}(ERQ_{ij}) + \beta_{2j}(SCRQ_{ij}) + \beta_{controls}(FControls_{ij}) + r_{ij}$$

Level 2 Equations:

$$\beta_{0j} = \gamma_{00} + \gamma_{control}(FControl_j) + \mu_{0j}$$
$$\beta_{1j} = \gamma_{10} + \gamma_{control}(FControl_j) + \mu_{1j}$$
$$\beta_{2j} = \gamma_{20} + \gamma_{control}(FControl_j) + \mu_{2j}$$

After substituting the level 2 equations into the level 1 equation, the final model specification is:

$$WOM_{ij} = \gamma_{00} + \gamma_{10}(ERQ_{ij}) + \gamma_{20}(SCRQ_{ij}) + Y_{controls} * FControls_{ij} + \mu_{0j} + \mu_{1j} + \mu_{2j} + r_{ij}$$

*Latent Firm Financial Risk*

Level 1 Equation:

$$LFR_{ij} = \beta_{0j} + \beta_{1j}(ERQ_{ij}) + \beta_{2j}(WOM_{ij}) + \beta_{3j}(SCRQ_{ij}) + \beta_{4j}(ERQ_{ij} * WOM_{ij}) + \beta_{controls}(FControls_{ij}) + r_{ij}$$

Level 2 Equations:

$$\beta_{0j} = \gamma_{00} + \gamma_{control}(FControl_j) + \mu_{0j}$$
$$\beta_{1j} = \gamma_{10} + \gamma_{control}(FControl_j) + \mu_{1j}$$

$\beta_{2j} = \gamma_{20} + \gamma_{control} (FControl_j) + \mu_{2j}$

$\beta_{4j} = \gamma_{40} + \gamma_{control} (FControl_j) + \mu_{4j}$

After substituting the level 2 equations into the level 1 equation, the final model specification is:

$LFR_{ij} = \gamma_{00} + \gamma_{10} (ERQ_{ij}) + \gamma_{20} (WOM_{ij}) + \beta_{3j} (SCRQ_{ij}) + \gamma_{40} (ERQ_{ij} * WOM_{ij}) + Y_{controls}$ $* FControls_{ij} + \mu_{0j} + \mu_{1j} + \mu_{2j} + \mu_{4j} + r_{ij}$

## A6.8: Direct Effects Models

*Relationship quality with employee:*

>erq.drfx=lme(ERQ~BNKR_TIME+z.jsat+z.amb+**gc.co+gc.sow+gc.so+gc.csp+gc.csn,random=~CO+CSN**|E_CODE, data = blu,control = list(opt="optim"))

*Relationship quality with selling firm:*

>scrq.drfx=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+**gc.co+gc.so+gc.cop+gc.con,random=~COP+CO**|E_CODE, data = blu,control = list(opt="optim"))

*Word of mouth:*

>wom.drfx=lme(WOM~BNKR_TIME+z.jsat+z.amb+gc.sow+**gc.erq+gc.scrq,random=~ERQ+SCRQ**|E_CODE, data = blu,control = list(opt="optim"))

*Latent financial risk:*

>lfr1.drfx=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+**gc.erq+gc.wom+gc.scrq,random=~ERQ+SCRQ**|E_CODE, data = blu,control = list(opt="optim"))

## A6.9: Comparison between Controls-Only Direct Effects Models

*Relationship quality with employee:*

> anova(update(erq.drfx,.~.,method="ML"),update(erq.controls,.~.,method="ML"))

|  | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|---|---|---|---|---|---|---|---|---|
| erq.drfx | 1 | 16 | 682.83 | 738.92 | -325.42 | | | |

erq.controls    2       7       810.31 834.85 -398.16 1 vs 2 145.4828     <.0001

*Relationship quality with selling firm:*

>anova(update(scrq.drfx,.~.,method="ML"),update(scrq.controls,.~.,method="ML"))

|            | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|------------|-------|-----|--------|--------|---------|--------|----------|---------|
| scrq.drfx  | 1     | 16  | 723.54 | 779.63 | -345.77 |        |          |         |
| scrq.controls | 2  | 7   | 795.30 | 819.84 | -390.65 | 1 vs 2 | 89.75888 | <.0001  |

*Word of mouth:*

>anova(update(wom.drfx,.~.,method="ML"),update(wom.controls,.~.,method="ML"))

|            | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|------------|-------|-----|--------|--------|---------|--------|----------|---------|
| wom.drfx   | 1     | 14  | 702.78 | 751.85 | -337.39 |        |          |         |
| wom.controls | 2   | 7   | 835.36 | 859.90 | -410.68 | 1 vs 2 | 146.5855 | <.0001  |

*Latent financial risk:*

> anova(update(lfr1.drfx,.~.,method="ML"),update(lfr1.controls,.~.,method="ML"))

|            | Model | df | AIC | BIC | logLik | Test | L.Ratio | p-value |
|------------|-------|-----|-------|--------|---------|--------|----------|---------|
| lfr1.drfx  | 1     | 15  | 70.14 | 122.72 | -20.07  |        |          |         |
| lfr1.controls | 2  | 7   | 87.12 | 111.66 | -36.56  | 1 vs 2 | 32.97894 | <.0001  |

## A6.10: Interaction Models

*Relationship quality with employee:*

>erq.int=lme(ERQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.co+gc.so+gc.csp+gc.cs n+**gc.co:gc.csn+gc.so:gc.csp+gc.co:gc.csp+gc.so:gc.csn**,random=~CO+CSN|E_CO DE, data = blu,control = list(opt="optim"))

*Relationship quality with selling firm:*

>scrq.int=lme(SCRQ~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.co+gc.so+gc.cop+gc. con+**gc.co:gc.con+gc.so:gc.cop+gc.co:gc.cop+gc.so:gc.con**,random=~COP+CO|E_ CODE, data = blu,control = list(opt="optim"))

*Latent financial risk:*

>lfr1.int=lme(LFR1~BNKR_TIME+z.jsat+z.amb+gc.sow+gc.erq+gc.wom+gc.scrq+
**gc.wom:gc.erq**,random=~ERQ+WOM|E_CODE,    data    =    blu,control    =
list(opt="optim"))


## A6.11: Comparison between Direct Effects and Interaction Models

*Relationship quality with customer:*

> anova(update(erq.int,.~.,method="ML"),update(erq.drfx,.~.,method="ML"))

|         | Model | df | AIC    | BIC    | logLik  | Test     | L.Ratio   | p-value |
|---------|-------|----|--------|--------|---------|----------|-----------|---------|
| erq.int | 1     | 20 | 690.40 | 760.51 | -325.20 |          |           |         |
| erq.drfx | 2    | 16 | 682.83 | 738.92 | -325.42 | 1 vs 2   | 0.4268794 | 0.9802  |

*Relationship quality with selling firm:*

> anova(update(scrq.int,.~.,method="ML"),update(scrq.drfx,.~.,method="ML"))

|          | Model | df | AIC    | BIC    | logLik  | Test   | L.Ratio  | p-value |
|----------|-------|----|--------|--------|---------|--------|----------|---------|
| scrq.int | 1     | 20 | 711.00 | 781.11 | -335.00 |        |          |         |
| scrq.drfx | 2    | 16 | 723.54 | 779.63 | -345.77 | 1 vs 2 | 20.54076 | 4e-04   |

*Latent financial risk:*

> anova(update(lfr1.drfx,.~.,method="ML"),update(lfr1.int,.~.,method="ML"))

|           | Model | df | AIC   | BIC    | logLik  | Test   | L.Ratio  | p-value |
|-----------|-------|----|-------|--------|---------|--------|----------|---------|
| lfr1.drfx | 1     | 15 | 70.14 | 122.72 | -20.07  |        |          |         |
| lfr1.int  | 2     | 16 | 67.61 | 123.69 | -17.80  | 1 vs 2 | 4.535913 | 0.0332  |