

# **FROM CULTURAL CHAMELEONS TO PYGMALION PERFORMERS: IMPACT OF SERVICE EMPLOYEES' ACCULTURATION BEHAVIORS ON CUSTOMER SATISFACTION AND COMMITMENT**

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## **ABSTRACT**

This paper explores the impact of four types of acculturation behaviors (assimilation, integration, separation and marginalization) used by service employees on the satisfaction and commitment of their customers. A field-survey with retail banking customers in New Zealand (N=377), shows that assimilation and integration have significant positive effects on customer satisfaction and commitment. In contrast, marginalization (but not separation) have a negative effect on customer satisfaction and commitment. Moreover, the effects of the three types of acculturation behaviors on customer commitment are fully mediated by customer satisfaction. We discuss the conceptual contribution and managerial implications of these findings in this paper.

## **INTRODUCTION**

With rapid globalization of the world economy, most developed countries are fast becoming multicultural melting pots (Koopmans 2013). While such cultural diversity presents new business opportunities in today's competitive environment as new consumer segments (Nathan and Lee 2013, Sebastiani et al. 2013), it also poses some serious challenges for the managers. For example, front-line service employees and customers may find it difficult to understand each others' expectations and perceptions due to their diverse cultural backgrounds (Sharma et al. 2009, 2012, 2015; Sharma and Zhan 2015; Tam et al. 2014).

To face these challenges service employees can use acculturation process to develop a high level of understanding and respect for cultural differences and by adapting their attitudes and behaviors in intercultural encounters (Comer and Nicholls 2000; Lopez and McMillan-Capehart 2007). Such acculturation by customers and employees may involve altering their business communication style (Eckert 2006), physical appearance (Lichental and Tellefsen 2001), speech (Escobar and Verga

2000), etiquette (Jiang 2013), negotiation style (Bradford and Sherry 2014) and even their level of compromise (Kuczynski and Knafo 2013).

Acculturation is a process of cultural adjustment and adaptation to different intercultural relationships (Omar et al., 2003). Lopez and McMillan-Caperhart (2002) found that service employees' desire to acculturate with customers from different cultures is influenced by their own individual characteristics, the company for which they work, and external influential agents such as competitors and business associates. While some service employees acculturate to their customers (Lineberry, 2012) others find acculturation difficult (Jamal and Chapman, 2000).

Berry (2005) proposes four types of acculturation: a) *Integration* refers to people's intentions to maintain their own cultural values while at the same time adopting some elements of the host culture; b) *Separation* occurs when people deny the host culture's influence and remain attached to their own native culture; c) *Assimilation* involves service employees' full adaptation to the host culture and a relinquishing of the culture of origin; and d) *Marginalization* occurs when service employees reject both their own culture and the host culture.

Although acknowledged as an essential ingredient of intercultural interaction, there is little research on acculturation in service research (Poulis, Poulis and Mo, 2013) and it mostly focuses on the customers' perspective (Liu, 2000; Podoshen, 2006). We address this gap by investigating four types of acculturation behaviors used by service employees and their effects on customer satisfaction and commitment, with a survey-based study of retail banking customers in New Zealand.

## METHODOLOGY

We used a snowballing approach to collect data from ethnic Asian retail banking customers (N=377) in New Zealand, consisting mostly of North Asians (Chinese, Japanese, Taiwanese, Hong-Kongese, and Korean) who have lived in New Zealand for an average of 5 to 10 years. All the constructs were measured using existing scales, which show good reliability and validity (convergent and discriminant).

We used multiple regression analysis to test all the direct effects and found that except separation ( $\beta = -.03$ ,  $p \leq .398$ ), all other independent variables, integration ( $\beta = .13$ ,  $p \leq .002$ ), assimilation ( $\beta = .17$ ,  $p \leq .000$ ) and marginalization ( $\beta = -.17$ ,  $p \leq .002$ ) have significant effects on

customer satisfaction in the expected directions. Next, only integration ( $\beta = .10, p \leq .05$ ) has a significant effect on customer commitment.

Finally, we tested the mediation effect of customer satisfaction between the four acculturation behaviors and customer commitment. We found that adding customer satisfaction in the model, makes the direct effect of integration ( $\beta = .10, p \leq .014$ ), assimilation ( $\beta = .06, p \leq .166$ ) and marginalization ( $\beta = -.04, p \leq .473$ ) on customer commitment non-significant suggesting full mediation. Similarly, Sobel test results also confirm full mediation by customer satisfaction of the relationships between integration ( $\beta = .05, SE = .02, p \leq .004, Z = 2.854$ ), assimilation ( $\beta = .07, SE = .02, p \leq .001, Z = 3.414$ ), marginalization ( $\beta = -.06, SE = .02, p \leq .004, Z = -2.915$ ) and customer commitment.

## DISCUSSION AND CONTRIBUTION

Our research shows clear differences in the effects of the four types of acculturation behaviors used by service employees on their customer satisfaction and commitment. Assimilation and integration have positive effects, whereas marginalization has a negative effect and separation has no effect. Hence, acceptance and adaptation of the customers' culture (e.g., customized sales offers and communication, appearance and presentation style) seems to help service employees create a sense of comfort, desire for contact and mutual acceptance with their customers. In contrast, avoidance or rejection of customers' culture (e.g., ignore, misbehave or disrespect) seems to restrict the service employees' ability to establish any meaningful relationships with their customers.

We also show a full mediating role of customer satisfaction in the process by which the four acculturation behaviors influence customer commitment. We show that satisfying the culturally different customers by using the appropriate acculturation behavior is the only way to build healthy long-term relationships with them (Macintosh, 2007) by enhancing customer commitment (Abdul-Muhmin, 2005). Committed customers are happy to spread positive word of mouth and more likely to stay loyal to the company (Bansal et al., 2004). Thus, service employees' ability to correctly understand customers' needs and provide error-free service is critical to ensure customer satisfaction and commitment. In contrast, offering wrong products or services due to a lack of understanding about their needs and expectations is a recipe for disaster.

**Note:** References available upon request.