Intercultural Service Encounters (ICSEs): Challenges and Opportunities

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Associate Editor
Journal of Business Research
Journal of Services Marketing

Regional Editor - Asia
Journal of Knowledge Management

15th SGBED International Conference
Society for Business and Economic Development
Beijing, 9 June 2018

Background
- Early research mostly descriptive in nature
  - Culture shock (Stauss and Mang, 1999), perceived discrimination (Barker and Härter, 2004), and behavioral biases in the employees’ responses (Martin and Adams, 1999; McCormick and Kinloch, 1986)
- Recent studies go deeper into the process
  - Cross-cultural interaction comfort (Paswan and Ganesh, 2005), ethnocentrism (Javalgi and Martin, 2007; Sharma, 2005a; Selschey et al., 2007), ethnic/cultural dissimilarity (Elgar and Fuchs, 2011), reactions to service failure and recovery (de Matas et al., 2011; Wang and Mattila, 2011)
  - Intercultural sensitivity of employees (Sizoo, 2006; Sizoo et al., 2005) and emotional stress and coping strategies for employees (Wang and Mattila, 2010)

Introduction
- Definition & Scope
  - Interaction between customers and employees from different cultures (Blau & Mang 1999) in terms of nationality, ethnicity, language, religion, customs etc.
  - Increasing importance with rapid increases in international travel, tourism and migration - almost 250 million immigrants (United Nations 2015) and 1.2 billion tourists (World Tourism Organization 2016)

  - Motivation
    - Understand the unique challenges posed by the differences in the perceptions, expectations and evaluations of culturally diverse customers and employees (Sharma et al., 2009)

- Methodology
  - Qualitative [50 in-depth interviews] with both customers and employees in five service categories (F&B, Retailing, Entertainment, Hospitality and Transportation)

- Scope
  - Introduces perceived cultural distance (PCD) as a key driver of interaction comfort and inter-role congruence
  - Highlights the focal role of intercultural competence (ICC) in intercultural service encounters
  - Examines key customer outcomes e.g. adequate and perceived service levels and satisfaction
  - Focuses on both customers and employees

Original ICSE framework (Sharma et al. 2009, JSR)

- P1 (-) Interaction (negative)
- P2 (-) Inter-role (negative)
- P3a (+) Intercultural competence (positive)
- P3b (-) Intercultural competence (negative)
- P4 (+) Perceived service level (positive)
- P5 (+) Perceived satisfaction (positive)
- P6 (+) Emotional stress and coping strategies (positive)
- P7 (+) Cross-cultural interaction comfort (positive)
- P8 (+) Ethnocentrism (positive)
- P9 (+) Attribution of success and failure in intercultural service encounters (positive)
- P10 (-) Discrimination (negative)

Modified ICSE framework (Sharma et al. 2012, JSM)

- **Scope**
  - Incorporates differences between customers and employees in the relationships among various constructs

- **Methodology**
  - Field-experiment using between-subjects design with 241 customers and 204 restaurant employees
  - Used imaginary scenario of a service failure in a restaurant setting with photos of waiters to manipulate PCD

- **Results**
  - Found support for most hypothesized relationships
  - PCD and ICC have unexpected effects on interaction comfort

Role of Cultural Attributions

- **Scope**
  - Examines the role of cultural attributions and intercultural competence to predict customer expectations and evaluations in intercultural service encounters.

- **Methodology**
  - Field-experiment using between-subjects design with 236 actual customers using mall-intercept
  - Used imaginary scenario similar to Sharma et al. (2012)

- **Results**
  - Cultural attributions partially mediate the influence of PCD on customer satisfaction in intercultural service encounters
  - ICC moderates this mediating role of cultural attributions
  - Explains the unexpected findings in Sharma et al. (2012)

Extended ICSE Framework (A)

- **Scope**
  - Service role and outcome as moderators in intercultural service encounters

- **Methodology**
  - 2 X 2 X 3 between-subjects experiment with undergraduate students to manipulate service role, outcome and PCD, using imaginary scenarios

- **Results**
  - Customers show higher PCD, lower interaction comfort, service quality and satisfaction, and stronger negative moderating effect of perceived cultural distance
  - Service failure leads to lower interaction comfort, service quality and satisfaction, and these effects are stronger for customers

Extended ICSE Framework (Sharma et al. 2015, JOSM)

- **Scope**
  - Explores moderating effects of service role (customer vs. employee) and service outcome (success vs. failure)
  - Direct and indirect effects of perceived cultural distance on interaction comfort, service quality and satisfaction

- **Methodology**
  - 2 X 2 X 3 between-subjects experiment with undergraduate students to manipulate service role, outcome and PCD, using imaginary scenarios

- **Results**
  - Customers show higher PCD, lower interaction comfort, service quality and satisfaction, and stronger negative moderating effect of perceived cultural distance
  - Service failure leads to lower interaction comfort, service quality and satisfaction, and these effects are stronger for customers
**Revised ICSE Framework**

(Sharma and Zhan 2015, JSM)

- **Scope**
  - Explores the contrasting moderating effects of consumer ethnocentrism and intercultural competence on the impact of service outcome and perceived cultural distance.

- **Methodology**
  - 2 X 2 between-subjects experiment with university students in Australia, using imaginary scenarios to manipulate service outcome (failure vs. success) and PCD (low vs. high).

- **Results**
  - Consumer ethnocentrism (Intercultural competence) negatively (positively) moderate the effects of service outcome (failure vs. success) on interaction comfort and perceived service quality, which in turn drive customer satisfaction.

**ICSE Attributions Framework**

(Tam et al. 2016, JSM)

- **Scope**
  - Investigates the mediating roles of four types of attributions (employee, firm, self and cultural differences), and moderating roles of four personal cultural orientations (independence, interdependence, power and social inequality).

- **Methodology**
  - Scenario-based field-experiment with 640 Chinese and Western customers using mall-intercept.

- **Results**
  - Both cultural and non-cultural attributions mediate the impact of service outcome on customer satisfaction.
  - Personal cultural orientations moderate many of these effects.
  - Extends prior work by Tam et al. (2014) on cultural attributions.

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**Extended ICSE Framework (B)**


**PCO Framework**

(Sharma, Zhan and Su 2016, JSM)

- **Scope**
  - Investigates the moderating effects of personal cultural orientations (e.g., independence, interdependence, risk aversion and ambiguity tolerance) on customer expectations and evaluations in intercultural service encounters.

- **Methodology**
  - 2 X 2 between-subjects experiment with 160 customers each in two countries (Australia and China) using imaginary scenarios.

- **Results**
  - Independence (Interdependence, risk aversion and ambiguity tolerance) lead to higher (lower) interaction comfort, service quality and satisfaction, and reduce (increase) the negative effects of high PCD and service failure.

**Role of Cultural Orientations**


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**ICSE Framework**

ICSE Attributions Framework


Personal Cultural Orientations - Adaptation - Independence - Power - Social Inequality

Service Delivery Outcome (Failure vs Success)

Attribution to service employee

Attribution to service firm

Attribution to customers (i.e. self)

Attribution to cultural differences

Customer Satisfaction

ICSE Acculturation Framework


• Scope
  - Impact of four types of acculturation behaviours (assimilation, separation, integration, and marginalization) of frontline service employees on customer satisfaction and commitment in ICSE

• Methodology
  - 377 ethnically diverse retail banking customers in New Zealand

• Results
  - Assimilation and integration have positive effects on both customer satisfaction and commitment.
  - Marginalization has a negative effect on both customer satisfaction and commitment.
  - Separation has a negative effect only on customer satisfaction and not on customer commitment.

SC-ISQ-EP Framework


• People with higher levels of independence prefer to act on their own unlike those with high levels of interdependence who are more likely to depend on each other and prefer working as a team (Oyserman et al. 2002).

• In a low service climate,
  - Employees with higher level of independence may not expect or rely on support from others or support others and this would have an adverse impact on their perceptions of ISQ, whereas
  - Employees with higher levels of interdependence may not take the initiative to provide a high level of service quality and instead, depend on others to perform their roles

• In a high service climate,
  - Difference between employees with high vs. low levels of independence and interdependence may not be high.