THE SERVICE INDUSTRIES JOURNAL, 2016
VOL. 36, NOS. 15–16, 757–788
http://dx.doi.org/10.1080/02642069.2016.1278432

Routledge
Taylor & Francis Group

Managing service employees: literature review, expert opinions, and research directions

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ABSTRACT

This article reviews the service management and marketing literature on managing people with a particular emphasis on managerial relevance. This review explores the market and financial results of managing people effectively, emphasizing that it is probably harder to duplicate high-performing human assets than any other corporate resource. The challenges inherent in boundary-spanning frontline jobs are discussed, including role conflict and emotional labor. Next, recommended human resources (HR) strategies and practices related to recruitment, training, empowerment, service delivery teams, and employee motivation are reviewed. The literature review concludes with a section on service culture, climate, and leadership. Each section is complemented with further research suggestions that emerged from interviews with eight academic and practitioner experts. The last section outlines six themes for new research opportunities with high potential managerial relevance; they relate to (1) the financial impact of HR practices and strategies, (2) motivating service employees, (3) training, (4) emotional labor, (5) dealing with rude customers, and (6) the impact of technology on managing service employees.

ARTICLE HISTORY
Received 24 August 2016
Accepted 27 December 2016

KEYWORDS
Service employees; employee engagement; service excellence; service leadership; human resources

Introduction and method

The quality of a service organization's frontline employees plays a critical role in determining market success and financial performance (Heskett, Sasser, & Schlesinger, 2015). Behind most successful service organizations stands a firm commitment to effective management of human resources (HR), including the recruitment, selection, training, motivation, and retention of employees (Schneider, 1994). To succeed in the increasingly competitive service economy, service organizations have to pursue competitive advantage (Aragón-Sanchez, Barba-Aragón, & Sanz-Valle, 2003), which frequently is related to the management of frontline employees who are a key component of delivering service excellence (Altinay, Altinay, & Gannon, 2008; Berry, 2009; Salanova, Agut, & Peiró, 2005). In fact, proven HR strategies allied with strong management leadership at all levels often lead to a sustainable competitive advantage (Heskett et al., 2015; Hong, Liao, Hu,

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& Jiang, 2013). It is probably harder for competitors to duplicate high-performance human assets than any other corporate resource (Wirtz & Lovelock, 2016, p. 443), and the market, financial, and business results of managing people effectively for service advantage can be phenomenal (Chahal, Jyoti, & Rani, 2016; Heskett et al., 2015).

This article reviews and synthesizes the extant academic literature on managing service employees through a lens of managerial relevance. To do this, we first reviewed the past 15 volumes of key service journals (including *Journal of Service Management*, *Journal of Service Research*, and *Service Industries Journal*) and supplemented those with relevant research from key management, marketing, and psychology journals. Second, we reviewed the research from prominent academics who have made important contributions to the service employee literature (including Leonard Berry, David Bowen, Alicia Grandey, Anat Rafaeli, and Benjamin Schneider). Third, we reviewed key trade books on managerial practice (e.g. Heskett et al., 2015; Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994; Heskett, Sasser, & Schlesinger, 1997; Hsieh, 2010; Schneider & Bowen, 1993). Finally, to gain insights into future research opportunities with potentially high impact on management practice, we identified key themes highlighted in the literature and complemented this with email and telephone interviews with eight academic and practitioner experts on organizational behavior and human resource management (HRM) in service organizations.

The eight experts interviewed are (in alphabetical order): *Leonard L. Berry* (Professor of Marketing, Texas A&M University), *Niels Feldmann* (Researcher, Karlsruhe Service Research Institute), *Alicia A. Grandey* (Professor of Psychology, Pennsylvania State University), *Ron Kaufman* (CEO of UP! Your Service, practitioner expert and author on service culture and training), *Anat Rafaeli* (Professor, Technion-Israel Institute of Technology), *Benjamin Schneider* (Professor Emeritus of Psychology, University of Maryland), *Heather Yurko* (Senior Manager Service Logistics and Operations Systems, Cisco Systems Inc.), and *Kelly Wolske* (Trainer, Zappos.com). We thank all experts for their time and valuable contributions.

The interviewees were selected based on their prominence in service research and practice. We approached experts who have had a distinguished career in research and can arguably be considered as the most prominent researchers in this field (e.g. Schneider), have vast experience in driving change in service culture (e.g. Kaufman), are executives from highly innovative organizations that experiment with their HR (e.g. Wolske), or are experienced consultants and practitioners whom we were referred to by knowledgeable academics. We ensured that the experts covered key areas from different disciplines ranging from organizational psychology to service culture, and training and change management to new organizational designs.

The interviews were conducted via email (except in the case of Wolske who requested a phone interview). The literature review was presented as a backdrop, and a form was presented that listed key topics from the literature review on the left and open fields for respondents to enter their suggested research topics on the right. The experts were asked where they see the most significant research opportunities, specifically with a view on managerial relevance. We asked at each main section whether there are other promising topics for further research beyond what is covered in the literature review. That is, we adapted a soft positivism approach in our interviews and analysis (Kirsch, 2004; Ravishankar, Pan, & Leidner, 2011), whereby experts were guided to reflect on the literature review while they were also explicitly prompted to think beyond the topics

covered so that additional and unexpected research opportunities could emerge. The expert answers were analyzed using the content analysis and coding approach (Bitner, Booms, & Tetreault, 1990). Findings from both the literature review and the expert interviews were synthesized into managerially relevant recommendations for future service research directions. Throughout the manuscript, the names of experts who raised any particular point are provided in brackets.

The remainder of this article is organized around key topics and related research opportunities in the following order: (1) the role of frontline employees for organizational success, (2) HR challenges in service organizations, (3) HRM in service organizations, including recruitment, enabling employees, training and internal communications, empowerment, service delivery teams, and motivation, and (4) service culture, climate, and leadership. The article ends with key themes of potentially impactful managerially relevant research opportunities.

Service employees are critical for organizational success

Service employees are important for an organization's competitiveness for a number of reasons. First, the service employees are a highly visible service element for customers and a core part of the service product (Hennig-Thurau, 2004). Second, service employees represent the service organization from a customer's point-of-view (Berry, 2009), significantly shape the customers' service experience (Hausknecht & Langevin, 2010; Verhoef et al., 2009), and determine customer value and the brand promise (Sirianni, Bitner, Brown, & Mandel, 2013; Zhang, Liu, Wang, & Shen, 2011). Third, frontline employees tend to have a good understanding of customer needs and wants, and can adapt the service delivery accordingly, and thereby frequently help to establish personalized relationships with customers and build loyalty (Bove & Johnson, 2001; Rafaeli, Ziklik, & Doucet, 2008; Söderlund & Rosengren, 2008). Fourth, service personnel affects the firms' revenue as they often are tasked with generating sales in addition to their regular service work (Jasmand, Blazevic, & de Ruyter, 2012; Yu, Patterson, & de Ruyter, 2012). Finally, service employees impact operational productivity (Heskett et al., 2015).

Highly motivated employees showing discretionary effort are at the core of service excellence (Heracelous & Wirtz, 2010). Over 20 years ago, Heskett and colleagues provided ample case evidence regarding the strong relationship between employee and customer satisfaction, which they termed the *service-profit chain* (Heskett et al., 1994) and later called its basic prescriptions 'a way of life' for leading service organizations (Heskett et al., 2015). Their research demonstrates the chain of relationships among (1) employee satisfaction, retention, and productivity; (2) service value; (3) customer satisfaction and loyalty; and (4) revenue growth and profitability for the firm (Heskett et al., 1994).

'So-called shop-floor workers' in services (i.e. frontline staff) are in constant contact with customers while serving, and there is clear evidence showing that employee experiences of the service climate in which they work and customer satisfaction are significantly correlated (Schneider & Bowen, 1993). Satisfied, loyal, and productive service employees who demonstrate care toward customers are frequently viewed as a key opportunity for service differentiation (Heskett et al., 2015). A recent meta-analysis (Hong et al., 2013) and integrative literature reviews (Gabriel, Cheshin, Moran, & van Kleef, 2016; Subramony & Pugh, 2015) confirm these relationships.

Similarly, Barroso Castro, Armario, and Ruiz (2004) established the link between extra-role effort and customer satisfaction. There are many studies that have documented how and why employees have such a strong impact on customer satisfaction and customer loyalty (e.g. Delcourt, Gremmler, van Riel, & van Birgelen, 2013; Evanschitzky, Groening, Mittal, & Wunderlich, 2011; Gazzoli, Hancer, & Kim, 2013; Ranjan, Sugathan, & Rossmann, 2014). Interestingly, Grandey, Goldberg, and Pugh (2011) found that satisfied employees lead to satisfied customers even via affective transfer (i.e. emotional contagion) and performance motivation (i.e. extra-effort service behaviors).

We had not explicitly asked in our expert interviews on the financial impact of HR practices and strategies in service organizations, but this topic was highlighted by Yurko and Bridges (editor of SIJ) as an interesting area for quantitative research. Notwithstanding a large body of existing research, both felt that more large-scale quantitative research is needed on the financial implications and return on investment (ROI) for service organizations that invest in best HRM practices versus those that do not. Such research could follow the customer satisfaction literature that has already established such linkages through large-scale empirical studies and has shown that increasing customer satisfaction is linked to improved business performance (Anderson, Fornell, & Mazvancheryl, 2004; Anderson, Fornell, & Rust, 1997) and increased risk-adjusted equity returns (Aksoy, Cooil, Groening, Keiningham, & Yalcin, 2008; Fornell, Mithas, Morgeson III, & Krishnan, 2006), largely through the positive effects that customer satisfaction has on repeat purchase, cross-buying, and referrals. We need similar studies that link key HR strategies to improved customer satisfaction, loyalty, and subsequent financial returns.

HRM challenges in service organizations

The literature on organizational behavior entitles frontline service employees as *boundary spanners*. Service employees link the inside of an organization to the outside world, operating at the boundary of the organization and being responsible to both internal and external stakeholders (Agnihotri, Rapp, Andzulis, & Gabler, 2014). These roles frequently entail that frontline employees externally represent the firm to customers, conduct the service delivery, and internally represent customers and communicate their requests and needs. Because of their position in an organization, boundary spanners often have conflicting roles with a negative impact on their performance and well-being (Bettencourt & Brown, 2003). This multiplicity of roles in their service job frequently leads employees to experience role conflicts and role stress (Boles & Babin, 1996; Bowen & Schneider, 1985).

Sources of role conflicts and role stress

Role conflicts and role stress have three main sources. They are organization/client, person/role, and inter-client conflicts. Organization/client conflict is caused by frontline employees having to attend to frequently conflicting goals (e.g. Chan & Wan, 2012; Chung & Schneider, 2002), which include marketing (e.g. customer satisfaction, sales, cross- and up-sales; Jasmand et al., 2012) and operations goals (e.g. productivity and efficiency). Further, employees can even be responsible for enforcing rate integrity and pricing schedules that might be in direct conflict with achieving customer satisfaction.

Role conflicts are especially acute in organizations that are not customer-oriented as the integration of conflicting goals is pushed to the frontline (Wirtz & Lovelock, 2016, pp. 406–408).

Person/role conflict is caused when service employees perceive conflicts between what their job requires them to do, and their own personality, self-perceptions, and beliefs. For example, employees might be expected to smile and be friendly even to rude customers as part of the 'service with a smile' premise (Grandey, Rafaeli, Ravid, Wirtz, & Steiner, 2010).

Mahesh and Kasturi (2006) note from their consulting engagements with service organizations from around the globe that frontline employees consistently describe customers with negative attributes using phrases such as arrogant, overdemanding, and unreasonable. Providing high-quality service requires serving personnel to have an independent, warm, and friendly personality, and such personality traits are more likely to be found in staff with higher self-esteem. However, many service jobs are seen as low level and are associated with low education, low pay, and limited advancement opportunities (Wirtz & Lovelock, 2016, p. 407).

Inter-client conflicts are caused by clashes between customers, as it is usually the service employees who have to mediate misbehaving customers during service encounters (e.g. Bougie, Pieters, & Zeelenberg, 2003; Grandey, Dickter, & Sin, 2004). For example, conflicts between passengers have become increasingly common and are frequently triggered by crowded planes, small seats, and limited legroom (McCartney, 2016), and personality traits such as low self-control (Meldrum, 2016). Dealing with such situations can be stressful and unpleasant for service employees.

In summary, service employees may perform triple roles: satisfying customers, delivering productivity, and generating sales, which frequently results in role conflict and stress. Conflicting goals are a key cause of burnout (Ellway, 2014; Jasmand et al., 2012; Rod & Ashill, 2013), job dissatisfaction, and employee absenteeism (Chung & Schneider, 2002).

Emotional labor

Emotional labor, first introduced by Hochschild (1983) in her book *The managed heart*, emerges when way frontline employees' feelings differ from the emotions they are asked to display toward customers (also referred to as *emotional dissonance*) (Grandey, 2003; Van Dijk & Brown, 2006; Zapf, Vogt, Seifert, Mertini, & Isic, 1999). Frontline employees are expected to be cheerful, compassionate, genial, sincere, or even self-effacing – all emotions that can be conveyed to customers through facial expressions, gestures, and tone of voice (Mattila & Enz, 2002). Although some service organizations make an effort to recruit employees with a positive outlook and low levels of neuroticism (Hopp, Rohrmann, Zapf, & Hodapp, 2010), frequently enabled by psychometric testing (Bateson, Wirtz, Burke, & Vaughan, 2014), there will inevitably be situations when service employees do not feel positive emotions themselves, yet they are required to suppress their true feelings in interactions with customers in order to fulfill customer expectations of a nice and friendly employee (Grandey et al., 2010).

Making this even more difficult is that it is the authentic display of positive emotions rather than surface acting with faked emotions which affects customer satisfaction (Hur, Moon, & Jung, 2015; Wang & Groth, 2014). Emotional contagion for both positive and

negative emotions from service employees to customers (Rafaeli & Sutton, 1989), and how frontline employees physically display their handling of stress is important for the customer experience (Du, Fan, & Feng, 2011; Grandey et al., 2011). Furthermore, Biron and van Veldhoven (2012) found employees' psychological flexibility (i.e. handling emotions by accepting them) to mitigate the relationship between emotional demands and employee daily exhaustion, whereas surface acting worsened it, and deep acting had no significant impact. As Constanti and Gibbs (2005, p. 109) point out, 'the power axis for emotional labor tends to favor both the management and the customer, with the frontline employee [needs] … being subordinate,' thus creating a potentially exploitative situation for service employees.

It is clear that employees will experience ongoing stress and that service organizations should train their employees in dealing with emotional stress, cope with pressure from customers, and further get support from their team leaders. Here, high job autonomy buffers the impact of emotional regulation on emotional exhaustion (Grandey, Fisk, & Steiner, 2005). Emotional support seems particularly important when employees have to deal with unreasonable and dysfunctional customers (Gong, Yi, & Choi, 2014), of which service employees commonly encounter 7–10 abusive customers per day (Grandey et al., 2004). If little or no support is provided, employees will use various ways to resist the stress caused by emotional labor (Crosno, Rinaldo, Black, & Kelley, 2009; Hollander & Einwohner, 2004; Rod & Ashill, 2009; Seymour, 2000), which include avoiding contact with customers (Sandiford & Seymour, 2011), and developing intentions of leaving the organization (Kraemer & Gouthier, 2014). Improving self-efficacy (e.g. through training) is one way to reduce the negative effects of customer aggression on employee emotional exhaustion (Goussinsky, 2012). The service providers' mood can even be enhanced by a nicer service environment, which in turn translated into improved customer perceptions (Fowler & Bridges, 2012).

A number of research opportunities were mentioned by the experts related to the challenges discussed in this section and are summarized in Table 1.

HRM in service organizations

It is widely accepted that satisfied and engaged employees deliver better service quality, and foster more satisfying customer relationships (Heskett et al., 2015), and through increased customer loyalty, these strategies also pay off financially (Rust, Moorman, & Dickson, 2002). Therefore, pursuing good HRM strategies and practices is considered crucial so that organizations can hire, motivate, and retain engaged service employees who are willing and able to deliver quality service, productivity, and sales. Figure 1 shows the *Service Talent Cycle* which is used as the guiding framework for successful HR practices in service organizations, and is used as the organizing framework for the following sections.

Recruitment

Jim Collins (2001a) advocates that 'The old adage "People are the most important asset" is wrong. The right people are your most important asset.' To this Wirtz and Lovelock (2016, p. 417) added: ' … and the wrong people are a liability that is often difficult to get rid of.'

Table 1. Research opportunities related to HR challenges.

Topics	Expert comments
Role conflict	• How do service providers respond (and how do they personally feel) when customers make reasonable requests that violate company policy? (Berry) • What happens when management/supervisor actions are inconsistent with their stated values? What are the consequences of asking people to both sell and serve customers? What kind of training do people need in how to deal with difficult customers? What are the consequences of failure to support service employees' task performance with sufficient resources and/or asking service employees to violate ethical or fairness rules of interpersonal behavior? (Schneider) • Measure a baseline of frontline employees and conduct daily checkpoints on stress, productivity, and outcomes. I postulate that even if employees do not identify as being 'stressed' or consciously sense conflict and simply say they are 'having a bad day', it is often tied to role conflict. Also, I postulate that the higher the conflict, the lower the productivity, and the worse the outcomes for the organization and its customers. (Yurko) • The most pressing research opportunity is for me to dig deeper into how to resolve conflicts at the frontline, especially role conflicts relating to customer service (i.e. customer satisfaction) versus sales and versus productivity. At Zappos, we side-stepped the service-sales-productivity conflicts. We have a separate sales team, service staff is not required to sell, and we don't have KPIs regarding productivity (i.e. call duration). We address the person-role conflict by hiring people who are aligned with Zappos. However, we'd like to know more on how to reduce these conflicts further. At Zappos, we train empathy, and thereby hope to minimize frontline employee conflict. We adapted Brené Brown's work on empathy from a mental health context to service, and base a lot of our training on her work. I don't see empathy featured much in the services literature and feel that it should be integrated and explored with rigorous academic research on how empathy and training (and hiring) for empathy can help frontline employees. (Wolske)
Emotional labor	• What are the dimensions of emotional labor, and how do they differ in intensity in low-emotion services compared to high-emotion services? (Berry) • We could be asking about the emotional labor involved for employees performing services via 'chat', to learn more about how 'faking it' via written text is different than via face-to-face or voice. (Grandey) • For which kinds of people (what personality attributes) permit some employees to experience more or less stress in emotionally demanding jobs? Thus, being thoughtful, kind, interpersonally sensitive, and agreeable comes more naturally to some people than others; situations requiring such behaviors may not be emotional-labor for all people. (Schneider) • How can managers better prepare frontline service providers to respond to rude or offensive customer behavior? (Berry) • Measure the long term effects of working in an environment that requires high emotional labor. Because employees have to 'act' for most of the day in this environment, do they stop caring 'for real' over time? How long does it take? Does this behavior transfer into their personal lives? That is, do they act all of the time and forget their own beliefs and feelings? (Yurko) • This literature review assumes that positive emotions are critical to customer service. But then we know from available research that when times are busy emotions are less critical. We also know that customers want bottom line results over and above emotion. And research in psychology suggests some effects of positive and negative emotions that can challenge this assumption. So maybe investing in positive customer emotions and employee emotions when service is automated is less critical than might appear? (Rafaeli)
Other topics related to HR challenges	• To help managers make better decisions, we might question the expectation that employees always provide 'service with a smile', and instead set expectations to show value for both customers and employees. This means compensating employees better for effortfully maintaining positive interactions with customers, which makes such labor less dissatisfying, and having no tolerance for customer mistreatment of employees. Taking care of the financial and social experience of the high proportion of workers in service is also likely to improve their health and home lives. (Grandey) • What is required in different types of service jobs to prevent burnout? (Berry) • One of the challenges in conducting service research is that there are dyads (customer-employee) and triads (customer-employee-supervisor/coworker) that are constantly changing. Although a few studies have been successful in obtaining both employee and customer perceptions of the same interaction, obtaining customer reactions to the same employee (and vice versa) repeatedly over time is challenging. But this would provide insights about some recent theoretical models that take a dynamic and cyclical approach to service interactions. How does experiencing a friendly (or rude) service interaction affect the customer after they leave the store – do they 'pay it forward'? To what extent do experiences from one customer carry over to the next for employees? (Grandey) • We know quite a bit about employees' perception that customers mistreat them, but very little about (a) how that matches objective behaviors by customers, (b) how positive customer behaviors affect the reactions, and (c) how managers can encourage positive and discourage negative behaviors from customers. Attending to customers as co-producers of service interactions seems fruitful, but I have seen little work on this. (Grandey) • The increasing availability of information and services online may increase the complexity of demands on service employees, such that cognitive skills and training are even more necessary; and perhaps the status of these jobs will similarly increase. More research is needed on this topic as the existing evidence is scenario-based or perceptual, and mostly negative in focus. (Grandey)

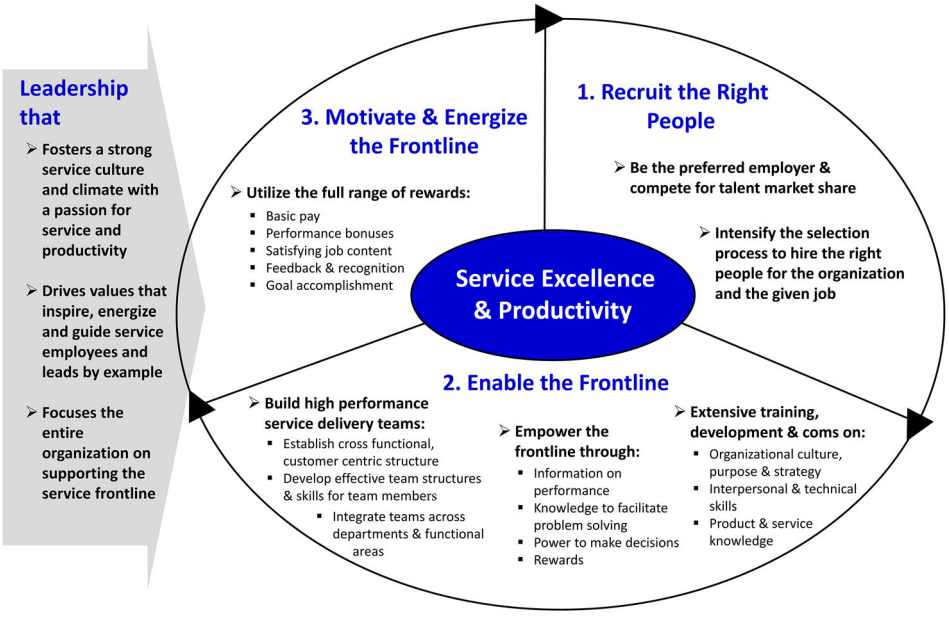


Figure 1. The service talent cycle. Source: Adapted from Wirtz and Lovelock (2016, p. 416).

Getting HR right definitely starts with recruiting the right people, which includes competing for applications from the most suitable candidates in the labor market and then selecting the best candidates from this pool for the specific jobs at hand.

Candidate pool

Service organizations have a brand in the labor market, and potential candidates prefer organizations that are known to be good to work for and that have an image that fits their own values and beliefs (Andreassen & Lanseng, 2010). Job seekers regularly approach current and former employees of an organization to learn about the working climate, salaries, benefits, and even interview questions (Keeling, McGoldrick, & Sadhu, 2013). All of this means that an organization has to first compete for talent market share (O'Reilly III & Pfeffer, 2000, p. 1).

To effectively compete in the labor market requires an attractive value proposition for potential employees. This includes having a positive image as an employer, being seen as delivering high-quality products and services, being seen as good corporate citizens and engaging in relevant corporate social responsibility (Korschun, Bhattavharya, & Swain, 2014), and having a reputation of the best employees already working in the firm (McCord, 2014), which together make employees feel proud to be part of the organization (Wirtz, Heracleous, & Pangarkar, 2008). Finally, reasonable compensation is another criterion needed to be perceived as a preferred employer (Heskett et al., 2015, p. 82). The offered compensation packages cannot be below average because it would violate applicants' fairness perceptions; it takes a salary in the range of the 60th to 80th percentile of the market to attract top performers to top organizations, less well-known organizations will have to pay higher salaries (Wirtz & Lovelock, 2016, p. 417).

Selection criteria

Outstanding service employees tend to have qualities that *cannot* be taught. That is, these qualities, such as energy, charm, and work ethics, are intrinsic which makes these employees so valuable to hire (Fromm & Schlesinger, 1994). Furthermore, recruiters should favor candidates who are customer-oriented by nature (Rafaeli et al., 2008). As emphasized by Collins (1999, p. 77) 'the right people are those who would exhibit the desired behaviors anyway, as a natural extension of their character and attitude, regardless of any control and incentive system.' Typically, this would include hiring people with a high level of extroversion, conscientiousness, and agreeableness, and a low level of neuroticism (e.g. Barrick & Mount, 2000; Ekinci & Dawes, 2009; Hopp et al., 2010; Judge, Woolf, & Hurst, 2009). Furthermore, service organizations might want to hire employees who are high on personal control as they experience 'service with a smile' and emotional labor as less stressful (Grandey et al., 2005).

However, there are no 'perfect employees.' Different positions in different organizations are typically best filled by employees with different skills, serving styles, and personalities. Brands have their own values and beliefs, and a good employee-brand fit should be ensured. That is, it should be natural for frontline employees to deliver the service in a way that is congruent with the organization's image, and the customer should perceive the employee's behavior as authentic (Löhndorf & Diamantopoulos, 2014; Sirianni et al., 2013). Furthermore, employees have mental models regarding the meaning of customer service, which can include satisfying customers' needs efficiently, filling the designated sales quota, and forming a mutually beneficial relationship with customers. The mental model of employees should further fit the organization's marketing strategy and positioning (Di Mascio, 2010).

Ideally, the recruitment and selection processes are explicitly designed to encourage a good fit between employees, the brand and the marketing strategy, which leads to employees having better identification with the brand and smaller skills gaps (Hurrell & Scholarios, 2014), and lower employee turnover intentions (Jung & Yoon, 2013). A good employee fit can be achieved by presenting key brand attributes in recruitment advertisement, encouraging potential candidates to reflect on their fit with the brand and marketing strategy in job interviews, designing selection tests that convey brand values and marketing strategy, further encouraging employees to make a self-assessment of their fit, and ensuring that recruiters are proactively looking out for fit and potential misfit when selecting employees (Hurrell & Scholarios, 2014; Wirtz & Lovelock, 2016, p. 419).

Tools to identify the best suited candidates

A number of tools are available to identify the candidates with the best fit; widely used approaches include interviews, personality tests, observations, and realistic job previews (Bateson et al., 2014; Schneider & Bowen, 1995).

First, successful recruiters like to use more than one interviewer and build structured interviews around job requirements to enhance their reliability and validity (Chapman & Zweig, 2005). Using more than one interviewer leads to interviewers being more careful in their assessments and it reduces the 'similar to me' bias of interviewers (Lin, Dobbins, & Farh, 1992; Wirtz & Lovelock, 2016, p. 420).

Next, personality tests help to assess how a candidate's traits fit the ones required for a particular position. There is a large body of literature on how to select employees based on their personality and personality traits. For example, willingness to treat customers with consideration, courtesy and tact, perceptiveness of customer service needs, and ability to communicate effectively with customers can be measured and used for selection (e.g. Brown, Mowen, Donovan, & Licata, 2002; Kusluvan, Kusluvan, Ilhan, & Buyruk, 2010; Liao & Chuang, 2004; Papadopoulou-Bayliss, Ineson, & Wilkie, 2001; Tews, Stafford, & Tracey, 2011). Usually, hiring decisions based on personality tests tend to be accurate, especially regarding the identification and rejection of unsuitable candidates (Bateson et al., 2014), and analytics are increasingly used to identify the characteristics of top performers in any given position (Davenport, Harris, & Shapiro, 2010).

Furthermore, good hiring decisions are often based on the observed behavior of candidates rather than the words recruiters hear in job interviews. As expressed by Wooden (1997, p. 66), 'Too often, the big talkers are the little doers.' Behavior can be observed by using behavioral simulations and assessment center tests using standardized service situations. Some service organizations let candidates know the realities of the job during the recruitment process by asking them to 'try on the job.' This allows candidates develop realistic expectations of their potential new job (Schlesinger & Heskett, 1991) and recruiters can observe how candidates respond to the job's realities and assess their fit to job requirements (Berry, 1995). Unsuitable candidates often withdraw their application if the job does not fit.

Finally, if behavior cannot be observed, past behavior and performance tend to be good predictors of future performance. For example, applicants who have won service excellence awards, received many compliment letters, and have great references from past employers are likely to be excellent candidates for a similar position as these are good predictors of the future performance of service employees (Wirtz & Lovelock, 2016, p. 420).

Recruitment-related research opportunities with a high potential impact on managerial practice suggested by the experts are provided in Table 2.

Enabling employees

After recruiting the right employees it is critical to enable them which requires training and development, internal communications, empowerment, and team building (Schneider & Bowen, 1995).

Training and internal communications

Excellent service organizations show a strong commitment to training and internal communications, which lead to better-skilled employees that deliver higher quality, customer satisfaction, and sales (Aragón-Sanchez et al., 2003). As Schneider and Bowen expressed it, 'the combination of attracting a diverse and competent applicant pool, utilizing effective techniques for hiring the most appropriate people from that pool, and then training the heck out of them would be gangbusters in any market' (1995, p. 131). Key aspects generally covered in training include (1) organizational culture, purpose, and strategy, (2) interpersonal and technical skills, (3) coping mechanisms, and (4) product knowledge.

Table 2. Research opportunities related to recruitment.

Topics	Expert Comments
Candidate pool	• How do the characteristics of a preferred employer vary depending upon type of service organization (e.g. healthcare versus leisure, or profit versus non-profit organizations)? (Berry) • Knowledge that a company is an excellent service provider will make a company a preferred employer. The logic is that if a company does well by its customers it will do well by its employees too, but research is required to understand the nuances here. For example, which kinds of service settings attract which kinds of recruits, and what role does company advertising play in attracting potential employees? (Schneider) • Studying connections between S&P500 companies and how they use their brand to recruit – how does the brand resonate with newly hired employees? (Yurko)
Selection criteria	• How do the personal success predictors vary for service providers in different types of service organizations? (Berry) • It is a myth that getting people with the right attitude is all it takes. People who have the required skills, knowledge and ability to do the job is definitely required. Abilities are difficult to teach so you have to hire for those. Customer orientation is a valid personality trait and can be used to get close to the attitude piece, but attitude will be helped by the environment (see service climate). Most service businesses have bought the Southwest mantra uncritically, but research is definitely required to establish how much ability matters relative to attitude in delivering service quality. (Schneider) • Re-defining what is 'right' for the services industry – servant leadership, team-focused/ highly collaborative employees, boundary spanners, T-shaped people. How do we move education in this direction? How can we measure how critical these skills are for profitability and differentiation … tying back into 'be the preferred employer'? (Yurko)
Selection tools	• It is likely that job simulations where behavior can be observed work better than paper and pencil tests, but research is required to clarify how well each tactic works relative to the other. (Schneider)
Other topics related to recruitment	• Is it better to hire family and friends, or to keep this element out of the workforce? (Kaufman) • How does positive onboarding/socialization experiences interact with the positive effects of hiring the right people? (Schneider)

Organizational culture, purpose, and strategy

Common recommendations include: (1) start strong and focus on getting emotional commitment from new hires to the service firm's core strategy; (2) promote and communicate core values such as commitment to service excellence, responsiveness, team spirit, mutual respect, honesty, and integrity; (3) use managers to teach, and focus on 'why,' 'how,' and 'what,' rather than on the specifics of the job (Berry, 1999, p. 161; Simo, Enache, Sallan, & Fernandez, 2014).

Interpersonal and technical skills

Interpersonal skills tend to be generic across service jobs, and include reading customers' needs, attentive listening, effective communications, understanding body language, and visual communications skills such as making eye contact and displaying appropriate facial expressions. Technical skills include the knowledge related to processes (e.g. how to handle a return), equipment (e.g. how to operate a cash machine), and rules and guidelines related to service processes (e.g. how to recover from a service failure). Both interpersonal and technical skills are necessary for high job performance (Tansik, 1990; Wilder, Collier, & Barnes, 2014).

Coping skills

In addition to interpersonal and technical skills, training should include coping mechanisms. These include on how to take complaining customers professionally, not personally, and to help employees toward engaging in deep acting (Huelsheger & Schewe, 2011).

Product knowledge

To deliver excellent service, employees need to be able to explain goods and services to customers effectively. For example, at service outlets of a mobile operator, employees need to be able to answer questions about subscription plans, value added services, contract details, phone features, and many other aspects of the operators' services including maintenance and repair, and payment options.

Internal communications

In addition to an effective training platform, culture has to be shaped by strong communication efforts. Internal marketing and communications play a vital role in maintaining and nurturing a corporate culture founded on specific service values, and establishing a strong service orientation for the entire organization (George, 1990; Rafiq & Ahmed, 2000). Leading service organizations use multiple tools to build their service cultures, including internal marketing and training, creating and sharing core principles, company events and celebrations.

Objectives and outcomes of training and internal communications

The aim of training and communications is to achieve observable changes in employee behavior and decision making. If employees do not apply what they learn, the investment will not yield returns. Here, supervisors play a crucial role by following up regularly on learning objectives and reinforcing key training lessons (e.g. on how to handle complaints and service recovery).

The outcomes of training and communications are to make service employees feel more professional, helps overcome their (self)-image of working in low-end jobs and enhance the customer's service experience (Bettencourt & Gwinner, 1996). For example, waiters who know about food, ingredients, cooking, wines, dining etiquette, and how to effectively interact with satisfied and dissatisfied customers, feel professional, have a higher self-esteem and are respected by their customers (Wirtz & Lovelock, 2016, p. 428). As such, training and internal communications can be highly effective in reducing person/role stress, and in enabling and energizing frontline employees to deliver service excellence and high productivity (Aragón-Sanchez et al., 2003). Finally, training and development combined with a good career development program has been shown to make employees feel that they are valued and taken care of, and in turn motivated them to meet customers' needs (Garlick, 2010; Hinkin & Tracey, 2010; Jackson & Sirianni, 2009).

The research opportunities related to training and internal communications are listed in Table 3.

Empowerment

After being seen as a preferred employer, having selected the right candidates, and having trained them well, the next logical step is empowering employees to make appropriate decisions about customizing service delivery and finding solutions to service problems (Chebat & Kollias, 2000; Lashley, 2001). It is important that frontline employees are self-directed as they operate frequently on their own and face-to-face with their customers, and it is difficult for supervisors to closely monitor them (Yagil, 2002). Furthermore, many legendary stories of employees who walked the extra mile for a customer, recovered

Table 3. Research opportunities related to training and internal communications.

Topics	Expert comments
Training	• Service employees must be equipped with the skills necessary to perform the job right the first time, especially if they are in constant interaction with customers. Constant interaction does not permit for do-overs, so they must be behaviorally equipped to handle a wide variety of difficult situations. The training must be behaviorally-based and not just lectures. However, what *kind* of behaviorally-based training is best for which kinds of situations requires research. (Schneider) • The efficacy of ethnomethodological studies in improving service delivery warrants research. For example, how much does observation and shadowing customers improve the performance of service employees? (Yurko)
Internal communications	• What are the opportunities to do 'internal' branding of the service to shape service providers' behavior? (Berry) • Research is needed to establish which modes of communication (e.g. emails versus face-to-face meetings; one-on-one meetings versus team meetings) are superior. (Schneider) • Does it matter who communicates (level of executive/team member) regarding a team's culture, foundational beliefs, and behaviors that will be rewarded? (Yurko)

from a service failure, or avoided some kind of disaster for a customer would not have been possible without empowerment. Research has linked high empowerment to enhanced customer satisfaction (Bowen & Lawler III, 1992; Bradley & Sparks, 2000; Raub & Liao, 2012; Schepers, Falk, de Ruyter, de Jong, & Hammerschmidt, 2012). Further, empowerment was positively associated with employee service-sales ambidexterity (Yu et al., 2012) and found to drive growth in small firms (Altinay et al., 2008).

Levels of empowerment

High levels of empowerment are likely to be important when: (1) The service is personalized and customized; (2) when the organization differentiates on service; (3) when there are extended relationships with customers; (4) when complex and non-routine technologies are used; and (5) when service failures tend to be non-routine (Bowen & Lawler III, 1992). However, when there is low heterogeneity of services, employee empowerment can be counterproductive and lead to lower productivity (Chebat & Kollias, 2000). Furthermore, good judgment is important as it is a fine line between going the extra mile for a customer and service sweethearting, such as, unnecessarily giving freebies to boost a unit's satisfaction rating, or to avoid a confrontation with a customer who is in the wrong (Brady, Voorhees, & Brusco, 2012).

Requirements for empowerment

Empowerment is based on the *involvement* (or *commitment*) model which assumes that employees will generate ideas and make good decisions if they are properly socialized, trained, and informed. The model also suggests that employees are capable of self-control and self-direction, and can be intrinsically motivated to perform. Specifically, Schneider and Bowen (1995, p. 250) emphasize that 'empowerment isn't just "setting the frontline free" or "throwing away the policy manuals". It requires systematically redistributing four key ingredients from the top downwards throughout the organization.' These four ingredients are: (1) *Information* about the performance of the organizational, team, and individual (e.g. operating results and measures of competitive performance); (2) *Knowledge* that enables employees to understand and contribute to organizational, team, and individual performance (e.g. problem-solving skills); (3) *Power* to make decisions

that influence work procedures and organizational direction at the higher level (e.g. through self-managing teams and quality circles), and transaction-specific decisions at the micro level (e.g. decisions regarding customization for a customer and service recovery); and (4) *Rewards* based on organizational, team, and individual performance, such as bonuses and profit sharing.

Pushing these four features to the frontline empowers and rewards high performers, fosters a culture of performance, and makes service firms more profitable overall (Girotra & Netessine, 2014; Netessine & Yakubovich, 2012). Furthermore, empowered employees can become an important source of organizational learning and innovation (Ye, Marionova, & Singh, 2012), especially when employees get involved in the design and implementation of new services (Cadwallader, Jarvis, Bitner, & Ostrom, 2010).

The research opportunities related to empowerment are shown in Table 4.

Service delivery teams

To provide customers seamless service, employees are often required to operate in teams, usually across functions. Effective teams, and especially the team leaders, support communication among their team members, share their knowledge, and drive team alignment. As many service teams are set up as small, self-managed units, they typically take on more responsibility for their activities, which in turn, requires less supervision compared to more traditional functionally organized customer service units (de Jong, de Ruyter, & Lemmink, 2004). Furthermore, self-managed teams have been shown to set higher performance targets for themselves than their supervisors would; within a well-functioning team, the pressure to perform tends to be high (Berry, 1995). Finally, a positive team environment has been shown to result in more positive service outcomes (Lin & Lin, 2011) and in higher sales growth (Batt, 2002).

Generally, too little attention is placed on hiring employees who work well in service teams. This is often as important as how good people work on their own, and individual stars can be outperformed by others through superior teamwork (O'Reilly III & Pfeffer, 2000, p. 9).

Team structure

It is important to make teams successful, especially so if employees are not well prepared to work in teams. The skills needed for teamwork include, for example, listening to others, cooperation, coaching and encouraging one another, an understanding of how to air differences, tell one another hard truths, and ask tough questions. All of these skills require training (Berry, 1995, p. 225; Schneider & Bowen, 1995, p. 141).

Table 4. Research opportunities related to empowerment.

Topics	Expert comments
Empowerment	• What is the relationship between empowerment levels and role conflict intensity? (Berry) • Research must establish the degree to which companies, by their policies, permit staff to earn autonomy/become empowered in their service behavior. Is it possible that people need to earn empowerment by their own behavior and that empowerment is a reward, not a right? (Schneider) • The difference between empowering new versus seasoned employees (those with more knowledge know how to best wield their power) has not been researched yet. (Yurko) • How can experience and training tie into empowerment under 'do the right thing for our customers and our company'? (Yurko)

Furthermore, a team structure needs to be established that helps teams to succeed, which includes identifying what the team should achieve, selecting members with care based on required skills, monitoring the team and providing feedback, keeping team members informed of goal progress and achievement, rewarding them for effort and performance, and coordinating and integrating them with other teams, departments, and functions to achieve the overall organizational objectives (Osheroff, 2007, p. 25/61). Finally, it is necessary to achieve congruent perceptions between service teams and their leaders regarding on aspects, including service leadership, service commitment, and service systems, to strengthen the overall team performance (Benlian, 2014).

Integration across departments and functional areas

Service employees report lacking interdepartmental support as a crucial barrier for them for delivering satisfaction to their customers (Sergeant & Frenkel, 2000). To reduce this barrier, cross-functional teams with responsibility to serve their customers from end-to-end can be deployed as kind of self-managing teams (de Jong et al., 2004), and frequently hold a coordinating role for communication and interaction (Melton & Hartline, 2012).

Other ways to reduce conflicts between departments, break down potential barriers, and enhance cooperation include: (1) job rotation and transfers to other departments to support the development of a more holistic, organization-wide perspective, and achieve better integration across departments (Ortega, 2001); (2) establishment of cross-departmental and -functional project teams to foster interdepartmental cooperation; (3) creation of cross-departmental or -functional service delivery teams; (4) appointment of individual employees to integrate specific objectives, activities, and processes between departments, or even from a department in charge of service experience management that integrates marketing and operations (Kwortnik & Thompson, 2009); (5) use internal marketing and training, and integration programs; and (6) top management commitment to ensure that the overarching objectives of all departments are integrated (Wirtz & Lovelock, 2016, pp. 433–434).

Research opportunities highlighted by our experts that relate to teamwork are provided in Table 5.

Motivation of service employees

Employee performance is a function of ability and motivation. Effective hiring, training, empowerment, and teamwork attains able people for an organization; performance appraisal and reward systems are key to motivating them (Schneider & Bowen, 1995). Service employees must get the message that performing high-quality service is the key to getting rewarded (Bowen & Johnston, 1999). Motivating and rewarding for service performance retains well-performing employees and also reduces their job stress (Bowen & Johnston, 1999; Chung & Schneider, 2002). If done well, employees quickly understand that promoted colleagues are great service performers and that those who do not deliver good services will not advance or even be let go (Wirtz & Lovelock, 2016, p. 434).

Table 5. Research opportunities related to service delivery teams.

Topics	Expert comments
Service delivery teams	• What are the characteristics of services that require high-performance teamwork? (Berry) • Differences between teams with members that have rotated across departments and/or through industries – will they perform better than those that have been in a position for extended periods of time? (Yurko) • If teams are required to serve customers, then the hiring of people who can work well together, and training them as a team are required; there is no short-cut to teamwork and research is needed to identify the parameters surrounding which kinds of people require what kinds of training and feedback to produce superior teamwork. (Schneider)
Other topics related to team work	• The whole issue of 'work from home' and 'telecommute' as it relates to building service teams requires research. What are the success factors for virtual service teams? (Kaufman) • There are questions that need answers with regard to the relative merits of rewarding individuals versus the teams of which they are a part when service is delivered by teams and/or in team settings (e.g. call centers). So, do you reward the call center team or just the individuals who work in the call center? (Schneider)

Basic pay and performance bonuses

Basic pay generally is not a sustained and effective motivator for service employees, and tends to provide mere short-term motivating (Hansen, Smith, & Hansen, 2002). However, bonuses that are contingent on performance and have to be re-earned in every assessment period tend to be more lasting in their effectiveness. Hansen et al. (2002) suggest a differentiation between rewards and recognitions as they represent different employee motivation mechanisms. Other, more lasting rewards include the job content itself, goal accomplishment, and recognition and feedback.

Job content

Service employees are often satisfied and motivated simply by knowing that they are doing a good job, and they feel good about themselves and like to reinforce that feeling. This applies especially if a job includes a variety of activities, allows the completion of whole and identifiable pieces of work, is seen as important in that it is seen as having an impact on the lives of others, allows autonomy and flexibility, and provides direct feedback about how well employees do their work (Frey, Bayón, & Totzek, 2013; Heskett et al., 2015; Schneider & Bowen, 1995).

Feedback and recognition

Employees derive a sense of identity and belonging from the recognition and feedback they receive from their customers, colleagues, and managers. If employees receive acknowledgment for good work in addition to periodic formal performance appraisals, they will be motivated to continue to deliver it. If done well, 'service employee of the month' – type of awards recognize excellent employee performance and can be highly motivating (Wirtz & Lovelock, 2016, p. 435).

Furthermore, it can be motivating for service employees when they are in direct touch with end-users and receive positive feedback from them (Nasr, Burton, Gruber, & Kitshoff, 2014). Positive effects were observed even if employees just saw pictures of customers or read stories of 'wow' experiences customers had with their service (Grant, 2011).

Goal achievement

Goals focus employee's energy, and if well-communicated and mutually accepted, they are effective and strong motivators, especially if they are specific, difficult but attainable, and accepted by employees. Specific goals result in higher performance than no goals, or vague goals (e.g. 'do your best'), or goals that are impossible to achieve (Locke & Latham, 1990).

For effective goal setting, a number of issues should be considered (for a review see Locke & Latham, 2002). When seen as important, achieving a goal is in itself a reward and still can be used as a basis for providing rewards, including bonuses, feedback, and recognition. Feedback and recognition from peers can be given faster and more cheaply than financial rewards, and they provide the added benefit of gratifying employee's self-esteem. Furthermore, progress reports about goal accomplishment (i.e. feedback), and goal accomplishment itself ideally should be public (i.e. recognition) if they are to satisfy employees' esteem needs. As long as the goal is specific, perceived as difficult but achievable, and accepted by employees, goal pursuit will result in goal accomplishment, even in the absence of other rewards. Finally, although goals should be specific, they can be intangible (e.g. improved employee courtesy ratings) (Wirtz & Lovelock, 2016, p. 436).

To measure performance, Heskett et al. (2015) suggest a mixture of both financial and non-financial measures – a balanced scorecard approach that includes employee, customer, and financial metrics. Here, the authors consider the employee portion of these metrics (e.g. employee engagement, loyalty, and productivity) as the most important as employees constitute the core part of service production and delivery (Heskett et al., 2015, p. 95).

Research opportunities highlighted by our experts that relate to the motivation of service employees are shown in Table 6.

Service culture, climate, and leadership

To deliver service excellence and achieve a competitive advantage, service organizations have to build a strong service culture and climate, and the supporting leadership structures (cf. Hong et al., 2013).

Service culture

Service organizations that strive toward delivering service excellence need to establish a strong service culture that is continuously reinforced and developed by management to achieve alignment with the firm's strategy. A *service culture* concerns the basic assumptions and values that govern an organization related to customer service (Bowen & Schneider, 2014; Schneider & Bowen, 1995). It includes the shared perceptions in the organization, shared values about what is right and wrong, a shared understanding of what works and what does not, and shared beliefs and assumptions about why these beliefs are important, and shared styles of working and relating to others (Bowen & Schneider, 2014).

Table 6. Research opportunities related to motivating service employees.

Topics	Expert comments
Job content	• Can routinized jobs be made more motivating, and if so, by what means? (Schneider)
Feedback and recognition	• How should team accomplishments be recognized and celebrated? Is it better to give informal feedback to staff or formal feedback, and how often should it be done? (Schneider) • When should we recognize service providers for excellent service individually, and when as a team? Where is the payoff greatest? (Kaufman) • At what point does feedback/recognition become meaningless? Whose feedback provides the most meaning and motivation? (Yurko) • If my workforce is global with different cultural preferences (e.g. individualistic Americans and collective Asians) how do I implement an effective feedback and recognition program across cultures? (Kaufman)
Goal achievement	• How specific and challenging should service quality goals be and how should accomplishment of those goals be recognized? Is money the best reward for goal accomplishment? (Schneider) • Does an achievement need to be publicly recognized in order to bring 'closure' to the goal? What kind of recognition is needed for short-, medium- and long-term goals? (Yurko)
Other topics related to motivating service employees	• How important are pay-based incentive systems in motivating service quality in service jobs? (Schneider) • Research is needed on which metric(s) to use (e.g. NPS, customer satisfaction), and when and how to use them to align and motivate (as well as observe and assess) service teams? (Kaufman) • How do we best reward to enhance the service-profit chain? How can we better tie individual and team rewards to profitability? (Yurko) • What are the consequences on service quality of rewarding people with high sales but poor service in sales and service teams? (Schneider) • Jobs provide both demands on staff and resources needed to do the job, but we do not yet know which kinds of resources are required to compensate for which kinds of demands across service delivery jobs (e.g. high versus low personal contact; routinized versus non-routinized; tangible versus less tangible). (Schneider) • The service-profit chain, even in the new version, makes too much of employee satisfaction and not enough of the importance of the situation, on the one hand, and personal service orientation and training on the other hand. People who are service-oriented and well-trained and well-resourced and supported will do a good job and be happy because of that. (Schneider) • How can firms help their service employees to align their personal career goals with business needs? How much does this alignment improve motivation and productivity? (Yurko) • Motivating Millennials in a service environment is not well understood (i.e. for people who expect to be rewarded regularly and do not stay in a job for a long period of time). How does this impact rewards and recognition within a services-based industry, especially one which requires deeper knowledge and more time in role? (Yurko) • Are we rewarding managers who reward the right behaviors – both in their teams and through their own actions/behaviors? Consistency in rewards – what kind of role conflict does it create when one team rewards and another does not within the same organization? (Yurko) • Does investing in new skills adequately motivate employees? (Yurko)

Essential of a strong service culture is the employees' belief that delivering service excellence and outstanding customer value is important, and effective leadership should bring out the employees' passion for delivering both. Some of the core values Berry (1995) found in superior service organizations include excellence, innovation, joy, teamwork, respect, integrity, and social profit. As such, it is the responsibility of the leaders of these organizations to create a service culture with values that inspire, energize, and guide service employees (Berry, 1995; Berry & Seltman, 2008).

Service climate

While culture is more holistic and value-focused, *organizational climate* is the part of the organization's culture that can be clearly felt and seen by employees. As a climate generally relates to something specific (e.g. to service, innovation, or safety), multiple climates often coexist within an organization. A climate for service includes clear goals and a strong drive and support to deliver superior customer value and service quality (Clark, Hartline, & Jones, 2009; Kasper, 2002). A service climate represents employees' shared perceptions about the practices, procedures, and types of behaviors that get supported and rewarded in a particular setting (Bowen & Schneider, 2014).

What employees perceive as important is what their organization and its leaders do. Therefore, employees gain their understanding concerning importance through their daily experiences with the policies, practices, and procedures of key departments such as HR, operations, marketing, and IT (cf. Heskett et al., 1994). As advocated by Chung and Schneider (2002), it is crucial to align all subsystems (e.g. HRM, marketing, operations, and IT) by establishing a strong climate for service. For example, a number of studies linked service climate to service innovation, customer loyalty (Kao, Pai, Lin, & Zhong, 2015; Salanova et al., 2005; Wang, 2015; Zhang et al., 2011), and financial performance (Schneider, Macey, Lee, & Young, 2009).

Service leadership

Service leaders are responsible for creating a supportive culture and climate for service. Sam Walton, the founder of Wal-Mart, highlighted the role of managers as servant leaders (Heskett et al., 1997, p. 236). Leaders do not require a larger-than-life personality; rather, leaders who aspire to take a company to greatness need to have personal humility blended with intensive professional will, ferocious resolve, and a willingness to give credit to others while taking the blame themselves (Collins, 2001b). Moreover, a service-oriented leadership has been shown to have a strong impact on service climate and implies appreciating high-quality service performances and setting high service standards (Hong et al., 2013; Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005).

Service climate research has contrasted two leadership styles: management of the basics versus transformational leadership that sets strategy and drives change (Bowen & Schneider, 2014). The persistent management of the basics and their endless details creates a strong climate for service. Furthermore, leaders who create a strong climate for service generally demonstrate a commitment to service quality, set high standards, recognize and remove obstacles, and ensure the availability of resources required to do it. This basic leadership style seems mundane compared to transformational leadership, but both are needed for a recognition of the importance of the mundane and providing a strong service vision that inspires and motivates everyone in the organization (Heskett et al., 1994).

Successful leadership often is aligned with the ability to model behavior and thereby focus the organization on the basics. One approach to achieve this is known as 'management-by-walking-around' (Peters & Waterman, 1982, p. 122), which involves regular visits by leaders, often unannounced, to various parts of the organization. This approach provides leaders with insights into both backstage and frontstage operations, gives

opportunities to observe and meet employees and customers, and allows to see how corporate strategy is implemented at the customer interface. For example, Disney World's management spends two weeks every year in frontline staff job such as sweeping streets, selling ice-cream, and working as the ride attendant, to gain a better appreciation and understanding of what happens on the ground (DeVrye, 2000). Furthermore, it can be motivating for employees when encountering senior leaders on such visits and it provides leaders with an opportunity to model service excellence.

Finally, empirical research has shown why it is so important for management to 'walk the talk.' Simons (2002) showed that behavioral integrity of a hotel's manager was highly correlated to employees' trust, commitment, and willingness to go the extra mile. In fact, of all manager behaviors measured, it was the single most important factor driving profitability.

Organizational focus on the frontline

A strong service culture implies that an organization is firmly focused on the frontline, truly acknowledging that it is the lifeline of its business and that revenues are largely driven by what happens at the customer interface. Top management shows by their actions that what happens at the frontline is crucially important to them (Mascarenhas, Kesavan, & Bernacchi, 2006).

Effective service leaders are not only interested in the big picture, but also in the details; they see opportunities in service nuances which competitors might consider trivial, and they believe that the way the service organization handles little things sets the tone for how it handles everything else. According to Hsieh, CEO of Zappos, 'this goes back to our belief that customer service shouldn't just be a department, it should be the entire company' (2010, p. 153).

Our experts mentioned a few interesting research opportunities related to service culture, climate, and leadership as presented in Table 7.

Directions for impactful managerially relevant research

The expert interviews allowed us to derive a number of exciting ideas and directions for future research with high managerial relevance which were presented at the end of

Table 7. Research opportunities related to service culture, climate, and leadership.

Topics	Expert comments
Service culture	• How do the highest-performing service organizations use middle managers to help build and sustain a strong service culture? (Berry)
Service climate	• What level of the organization needs to set a 'services-based' climate for the organization to be successful at meeting customer needs? (Yurko)
Service leadership	• Can you transition leadership to a 'servant-based' mindset – can it be learned, or must it be inherent in the people you hire? If it is inherent, what is the best instrument to detect servant leadership? (Yurko)
Organizational focus on the frontline	• Differentiation of organizations that do shadowing, learning, asking management to periodically work in frontline jobs versus those that do not. (Yurko) • How important is organizational design, alignment, and accountability to services success? Can an organization be successfully leveraging various designs, or is there a 'best fit'? How does one determine 'best fit'? (Yurko)

each main section of the literature review. In addition, a number of new, emerging topics were highlighted that were not covered in our review; they related mostly to the interfaces between new technologies, employees, and customers, and learning from the frontline (see Table 8). Finally, we highlight six key themes we find particularly promising and relate to comments from several experts.

Theme 1: financial impact of HR practices and strategies

There is a lot of anecdotal evidence on the market and financial outcomes of strategies following the service-profit chain. However, the large-scale financial impact of HRM practices and strategies is underresearched. The ROI on investing in employees and best practice HR is not well-established for service organizations (Yurko). For example, future research could contrast the financial and market impact of alternative HR strategies, such as comparing a strategy based on high employee retention through investments in best practices, compared to HR strategies that do not make these investments (Yurko). Similarly, though emotional labor is assumed to benefit the bottom line through customer loyalty and sales, the limited evidence that exists does not support this (Grandey). More research is needed for how the emotional culture of an organization or store affects the bottom line.

Theme 2: motivating service employees

The service-profit chain puts a lot of emphasis on employee satisfaction but not enough on the situation on the one hand, and personal service orientation and training on the other hand. As suggested in our expert interviews, service employees who are service-oriented, well-trained, well-resourced, and supported will do a good job and be happy because of that (Schneider). Research exploring intrinsic motivation would be of value.

Theme 3: training

The broader availability of information to customers is changing demands on employees, which then will likely lead to a stronger focus on employees' cognitive skills and training (Grandey). In addition, employees need all-round training to better respond to the great variety of different and potentially difficult situations in service encounters. Research is required in specific settings to determine the different training foci required (Schneider). Training related to new technologies (Rafaeli) and the usage of new technologies in training also offer interesting research opportunities.

Services are often provided by teams (e.g. consulting projects and restaurant services). That means, for service teams, hiring, training, monitoring, and feedback should focus on the team as well as individual mindset, and research on these team mindset issues is needed (Schneider). Furthermore, differences between the kinds of teams required for different kinds of services requires study (Berry). For example, high-performing teams are often those that include members with rotation experience through industries and include members who train new team members themselves (Yurko).

Table 8. Research opportunities related to emerging topics.

Topics	Expert comments
Employee and customer interfaces with new technologies (e.g. Robots and Artificial Intelligence)	• Much of the current research is based on face-to-face service or maybe call center service. However, service is increasingly delivered through Internet channels, through chat, Twitter, and Facebook. Employees are still a part of the story. But the contact between employees and customer is mediated through technology. This complicates things for employees, because the ability to fully understand customers is challenged. And it is threatening to employees because technology makes it easy to monitor everything about employees, so service work can easily turn into a modern sweatshop. (Rafaeli) • In a sense the employee now has to handle three managers: The formal manager, the customer, and the technology. This also means other issues will require new tools for assessments. Like employee effort – so what is effort in a phone or chat or twitter service? How can it be assessed? And how can it be communicated? When employees try to understand how to solve a customer problem in chat or twitter or even phone, they put a customer on hold. And this is annoying and alienating to customers, who have no knowledge of the employee effort. Effort can become a double edged sword. The remoteness makes the work of employees much more challenging and research is needed to better understand these dynamics. (Rafaeli) • Automated service raises a number of interesting and complicated issues, including what are the right things for an automated service agent to express; should a robot express emotions or not, and assuming so, what emotions? (Rafaeli) • The idea of hiring the right people also become challenging, because do we know who the right people are? What are their qualities, abilities, or traits? The ability to manage the technology becomes a central tenant. And it can also be a double edged sword, for employers and for customers. In general service employees can pose a risk to customers because of their access to personal information. Savvy employees with good technology skills can become a real risk. I suppose this relates to the issues of empowerment. Clearly, there are new challenges that need to be researched and managed. (Rafaeli) • A broadly stated research question would be 'how do the patterns and effects identified in previous research manifest in technology-mediated service?' For example, what do we know about the dynamics of busyness, or of stress in technology mediated service? And what do we know about employees expressing emotions or recognizing customer emotion in technology mediated service? We currently know very little. And it is critical to develop knowledge about this for effective management of modern day customer service. (Rafaeli)
Closing the feedback loop and innovation management	• Closing the feedback loop; that is, how can service organizations leverage the knowledge and experiences their service employees more effectively? In fact, building on the notion of service co-creation, we can say that, in many cases, service employees gain a solid understanding of their customers' needs, circumstances, organizational requirements, resources, etc. (e.g., Wirtz, Tambyah, & Mattila 2010). Hence, service employees can function as 'proxies for their customers' and as such be involved in management tasks, in particular in the area of service innovation (trend scouting, generating ideas for new services, idea selection, etc.). Frontline employees can be an incredible source of knowledge and a huge potential for innovation management that is rarely tapped in a structured way. Hence, identifying possibilities for opening up this source of knowledge and innovation, while at the same time not overloading frontline employees with yet another burden, is an interesting topic for further research. So far, we have seen a couple of approaches in the area of Enterprise 2.0 (e.g. forums, crowd voting, wikis, and idea contests). However, their success and sustainable adoption has been moderate. Recently, new approaches have been tested such as enterprise crowdsourcing (SAP, LEGO), or enterprise crowdfunding (IBM), serious games, and participatory budgeting. It would be interesting to conduct rigorous research on the contexts in which these different approaches are effective. (Feldmann)

Theme 4: emotional labor

Being emotional, sensitive, and thoughtful is a natural behavior for some service employees and not for others – not all employees feel the same way when operating at the frontline, and further research should explore this more deeply (Schneider). Regarding the customer service experience, research has not yet explored the different dimensions of emotional labor that can be distinguished, and how these dimensions differ in their intensity in different services (e.g. low- versus high-emotion services (Berry); one-time and ongoing service encounters, and online versus offline interactions (Grandey)). Employees are likely to deal differently with emotional labor in, for example, providing service via chat functions, whereby 'faking emotions' might feel very different compared to personal service contexts (Grandey). Future research should also examine the long-term effects of employees serving in a high emotional labor context. In particular, how does emotional labor take over from time to time at work, and does this perhaps transfer to the employees' personal life as well and affect their overall well-being (Yurko)?

Theme 5: dealing with rude customers

Managers need to better prepare their frontline employees to respond to offensive customers, and research needs to focus on helping to develop effective strategies (Berry), including employee training (Schneider). The 'service with a smile' premise should get questioned in such situations, as it is important not to tolerate customer mistreatment directed at employees and to take care of frontline employees' job satisfaction and health (Grandey). More research is needed to better understand how managers can encourage positive and discourage negative customer behaviors in service encounters (Grandey). Moreover, service encounters usually include dyads or triads between employees and customers, and require a more dynamic or cyclical research approach than used in the majority of past studies (Grandey).

One example is Zappos which trains its employees in empathy to help resolve conflicts with customers at the frontline before they escalate (Wolske). Zappos feels that empathy is critical, and more research should focus on the empathy in hiring and training of employees (Wolske). Furthermore, future work should explore deeper how negative employee experiences with one rude customer carry over to the next service interaction (Grandey).

Theme 6: impact of technology

Interactions between employees and customers are increasingly mediated by technology. The role of technology complicates service work for employees, as it is more difficult for them to fully understand their customers' needs, and customers can easier monitor the work of employees due to greater transparency (Rafaeli). Furthermore, future research could focus on how to integrate service employees and robots and other technologies such as the Internet of Things, and where service delivery will happen in a largely automated world (Yurko). These changes may mean that customer demands on employees increase, and the status of service jobs might change (Grandey). In addition, service employees increasingly have to handle three parties: their manager, customers, and technology, which will change the job requirements, skills for hiring, and training (Rafaeli).

Research is needed to better understand the effects technology will have on frontline employees.

Conclusions

This literature review shows that the quality of a service organization's people is crucial for its market success and financial performance. However, boundary-spanning frontline jobs are challenging, they often come with role conflict and emotional labor. Successful service organizations address those challenges and are committed to the effective management of HR, including best practices related to recruitment, training, empowerment, service delivery teams, employee motivation, and creating a strong service culture, climate, and effective service leadership. Excellent HR strategies with strong service leadership often result in a sustainable competitive advantage as it seems harder to duplicate high-performing human assets than any other corporate resource (Wirtz & Lovelock, 2016, p. 443).

For each main section we presented expert opinions on new research opportunities with high potential managerial relevance and we highlighted six main themes in the last section. We hope that this literature review combined with the expert interviews will encourage further research on the effective management of service employees. It is a fascinating and important topic that warrants the sustained emphasis of academic service research.

Acknowledgements

The literature review section of this article was adapted and updated from Jochen Wirtz and Christopher Lovelock (2016), Services Marketing: People, Technology, Strategy. 8th edition, World Scientific. The authors gratefully acknowledge the valuable feedback provided by Eileen Bridges, Editor of Service Industries Journal and Professor at Kent State University, Michael Frese, Amy Yi Ou and Sam K.C. Yam, from the National University of Singapore, David Bowen from Thunderbird School of Global Management, Richard Chase from USC Marshall School of Business, and Heather Yurko from Cisco.

Disclosure statement

No potential conflict of interest was reported by the authors.

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