

# When and Why a Squeakier Wheel Gets More Grease: The Influence of Cultural Values and Anger Intensity on Customer Compensation

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Journal of Service Research  
1-18  
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DOI: 10.1177/1094670519838623  
journals.sagepub.com/home/jsr  


## Abstract

When customers express anger, do they gain greater returns, as suggested by the proverb “the squeaky wheel gets the grease”? If so, does the intensity of the squeak matter? In four studies, we explore employee compensation responses to customers who express relatively high- versus low-intensity anger in service-failure settings. The studies demonstrate that the cultural value of power distance (PD) moderates the relationship between emotional intensity and customer compensation: High-PD service employees offer less compensation to customers expressing higher intensity anger, and low-PD service employees offer more to customers expressing higher intensity anger. For high-PD service employees, this relationship between emotional intensity and compensation is mediated by the perceived appropriateness of the anger expression; for low-PD employees, it is mediated by perceived threat. However, when perceptions of threat are mitigated, low-PD service employees offer higher compensation to lower intensity anger, and this effect is mediated by perceptions of appropriateness. This research is the first to examine the effect of anger intensity in service-failure settings. For managers, the findings illuminate the importance of adopting a cultural lens when designing emotion management training programs and when setting practices for compensating angry customers.

## Keywords

service failure, negotiation, anger, power distance, anger intensity, logic of appropriateness, customer compensation

The old American saying “the squeaky wheel gets the grease” suggests that expressing anger yields higher gains. Does this mean that a “squeakier wheel gets even more grease”? Would a higher intensity expression of anger lead to higher customer compensation following a perceived service failure than a relatively low-intensity expression of anger? Common perceptions support this notion (Derfler-Rozin, Connealy, and Rafaeli 2016), yet empirical findings in negotiation contexts have demonstrated the opposite effect: People often concede more to lower intensity anger in comparison to higher intensity anger (Adam and Brett 2018). To unravel this contradiction, this article explores how differences in cultural values, particularly power distance (PD), moderate the impact of customer anger intensity on the level of compensation paid by a service employee for service failure.

Understanding the cognitive mechanisms that underlie the tendency to financially compensate angry customers has important theoretical and practical implications for customer service settings. Customer anger leads to a variety of negative consequences for service employees, including negatively influencing their job satisfaction and well-being (Akkawanitcha et al. 2015; Harris and Daunt 2013), as well

as contributing to emotional exhaustion and absenteeism (Grandey, Dickter, and Sin 2004). It also hampers problem-solving by employees (Rafaeli et al. 2012). The importance of customer satisfaction to the business also makes organizations sensitive to customer anger (Fullerton and Punj 2004; Yagil 2008). Understanding how employees perceive and react to customer anger—and in doing so, learning how to

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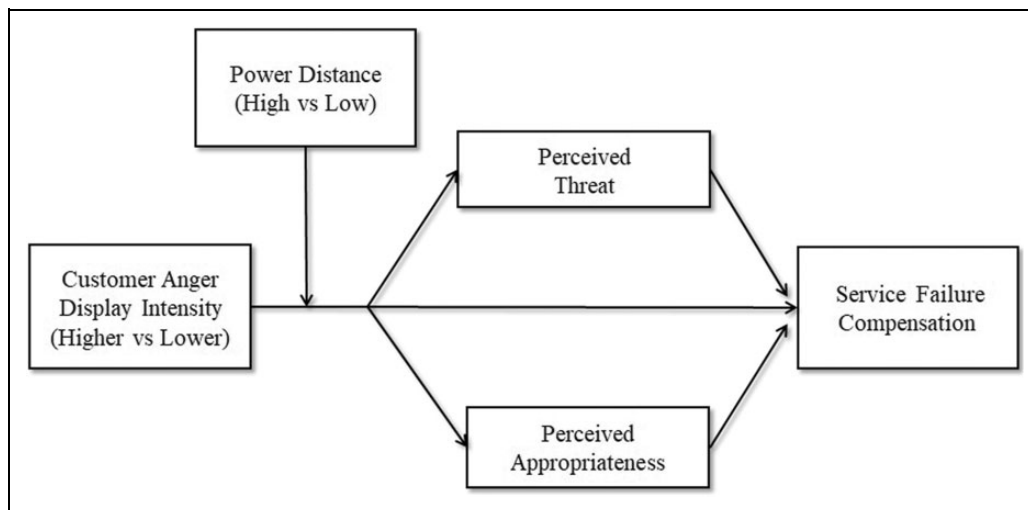
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**Figure 1.** Conceptual model.

help employees and organizations address customer anger when it arises—is thus a crucial area of study. Whereas past research has extensively examined an array of variables that influence the interactions between customers and service employees (Wirtz and Jerger 2017), research on employees’ reactions to customers who express anger, particularly in how employees compensate these customers, has been scarce (Hareli et al. 2009; Jerger and Wirtz 2017; Rafaeli et al. 2017). We explore how differentiating between relatively high versus low intensities of displayed anger can provide organizations with a more nuanced understanding of employee reactions to customer anger in terms of their compensation behaviors. From our findings, we then suggest constructive ways for organizations to improve corporate policies and practices to help employees effectively address customer anger in the service-recovery process.

Contributing to service, negotiation, emotions, and culture in decision-making research, we explore how cultural values such as PD (Hofstede 1991) moderate service employees’ tendencies to compensate higher versus lower intensity anger. We build on extensive research that has demonstrated the importance of adopting a cultural lens to understand the role of emotions in service (e.g., Baker, Meyer, and Chebat 2013; Chan, Yim, and Lam 2010; Patterson, Brady, and McColl-Kennedy 2016; Ringberg, Odekerken-Schröder, and Christensen 2007; Zourrig, Chebat, and Toffoli 2009) and, more broadly, of applying a culturally informed *logic of appropriateness* framework (Kopelman 2009; Kopelman et al. 2016) to understand resource allocation in socially interdependent settings. We integrate this perspective with research on emotional expression in customer service settings and on cultural differences in emotional expression (Adam, Shirako, and Maddux 2010; Cheshin, Amit, and Van Kleef 2018; Grandey et al. 2010; Kopelman and Rosette 2008; Miron-Spektor and Rafaeli 2009) to explore the relationship between cultural values and the role that lower versus higher intensity customer anger plays in service settings.

As a cultural value, PD reflects the level of acceptance of power inequalities and assumptions about social hierarchy. High PD has been associated with expressing emotions that communicate respect for existing status differences and are therefore typically of lower intensity (Fernández et al. 2000). In contrast, low PD has been related to higher levels of freedom in emotional expression, especially in the display of negative emotions (Fernández et al. 2000; Matsumoto, Yoo, and Chung 2010; Safdar et al. 2009). With regard to negative emotions, research on negotiation has identified two distinct cognitive perceptions associated with displays of anger—threat and appropriateness (Adam and Brett 2018; Kopelman and Rosette 2008; Tiedens 2001; Van Kleef and Côté 2007)—that may help us understand the relationship between PD and compensation. On the one hand, anger influences concessions in negotiation by inducing threat (Sinaceur et al. 2011); on the other, anger may not have this effect when it is perceived as inappropriate (Adam and Brett 2018; Kopelman and Rosette 2008; Van Kleef and Côté 2007). Building on this literature, we suggest that the cultural value of PD moderates service employees’ perceptions of lower versus higher intensity customer anger and influences compensation through different cognitive mechanisms (see Figure 1).

## Literature Review and Hypotheses

### Consequences of Anger Displays

The importance of the customer, translated into the widespread philosophy that “the customer is always right,” makes organizations highly responsive to customer anger (Fullerton and Punj 2004; Yagil 2008). In fact, such a philosophy can facilitate the harmful customer belief that it is acceptable to express anger toward service employees (Grandey et al. 2010), despite the devastating effect of customer anger on these employees (Grandey, Dickter, and Sin 2004). This philosophy may contribute to the assumption that customer anger is rewarded

(Derfler-Rozin, Connealy, and Rafaeli 2016), thereby encouraging customers to express higher versus lower intensity anger. Indeed, Wirtz and McColl-Kennedy (2010) found that some customers believe that aggressive and angry behavior in service-recovery situations leads to more generous service-recovery compensation. However, the actual tendency by employees to compensate customers based on the intensity of their anger has yet to be adequately examined.

Similar to any other emotion, anger is experienced and displayed in varying degrees of intensity (Brehm 1999; Cheshin, Amit, and Van Kleef 2018; Frijda et al. 1992; Gibson et al. 2009; Miron-Spektor and Rafaeli 2009). The intensity of the anger display may play an important role in employee perceptions of, and reactions to, customer anger (Adam and Brett 2018; Geddes and Callister 2007; Miron-Spektor and Rafaeli 2009). Taken to the extreme, intense customer anger, when not treated appropriately, may lead to customer rage (e.g., when service failures recur; Surachartkumtonkun, McColl-Kennedy, and Patterson 2015; see also results from a recent customer rage survey, Carey School of Business 2017) and to destructive behavior toward service providers or the organization (Grégoire, Tripp, and Legoux 2009; McColl-Kennedy et al. 2009).

Notable cultural differences in the likelihood of expressing rage and revenge are present in customer service contexts (Zourrig, Chebat, and Toffoli 2009). For example, customers in Western countries are more likely to exhibit rage than customers in Eastern cultures. However, when the expression of rage is initiated, customers in Eastern cultures tend to express their rage by being more physically aggressive and vengeful toward frontline employees than customers in Western countries (Patterson, Brady, and McColl-Kennedy 2016). Overall, research on customer rage and aggressive behaviors has emphasized the importance of understanding service providers' initial reactions to customer anger (Surachartkumtonkun, McColl-Kennedy, and Patterson 2015). It is therefore important to address the impact of cultural values and behaviors on employees' initial reactions to displays of anger before it escalates into extreme negative behaviors.

Negotiation research suggests that displaying anger can, but does not always, yield higher gains for the angry individual (Adam and Brett 2015; Friedman et al. 2004; Kopelman and Rosette 2008; Kopelman, Rosette, and Thompson 2006; Sinaceur and Tiedens 2006; Van Kleef, De Dreu, and Manstead 2004; Van Kleef et al. 2008). For example, in a deal-making negotiation context, negotiators conceded more to an opponent who communicated anger (e.g., Sinaceur and Tiedens 2006; Van Beest, Van Kleef, and Van Dijk 2008; Van Kleef and Côté 2007; Van Kleef, De Dreu, and Manstead 2004). However, Adam and Brett (2018) found a curvilinear relationship between anger intensity and concessions: Low and medium levels of anger led to more concessions than either no anger or high-intensity anger. In a customer service negotiation setting, anger displays had a different impact depending on culture (Kopelman and Rosette 2008). The negotiation context may

thus play a critical role in determining whether displayed anger is beneficial to the angry person (Adam and Brett 2015).

The social interaction between a customer and a service employee is a unique type of negotiation interaction. Similar to employee-recruiting negotiations, one party (the customer) represents itself, whereas the other (the service employee) represents the organization. Customer service scenarios may also be asymmetrical in relative emotional investment: The act of complaining signals the customer's high involvement and concern for justice, whereas the service employee may perceive the angry individual as just one customer out of many (Akkawanitcha et al. 2015; Liao 2007; Liao and Chuang 2004; Orsingher, Vaentini, and de Angelis 2010; Roschk and Gelbrich 2014). In addition, whereas the outcome of the interaction has immediate and direct implications for the customer (e.g., compensation), for the service employee, as well as the organization as a whole, compensation in a specific situation contributes to indirect, long-term considerations such as employee burnout and customer loyalty (Wirtz and Jerger 2017). Overall, customer service interactions provide fertile ground for understanding negotiation outcomes in an emotion-laden business setting.

To explore the effect of customer anger intensity in a service-failure context, we draw on the theory that emotions serve as social information (emotions as social information theory; Van Kleef 2009) and that both the interpretation and the relative influence of this interpretation are significant to the perceiver (e.g., Fridlund 1997). We also draw on research demonstrating that cultural differences can significantly influence how emotional expressions are interpreted (e.g., Gendron et al. 2014; Kopelman and Rosette 2008), such that the mechanisms driving individuals' reactions to angry expressions of varying intensities may differ depending on culture. Conceptually, resource allocation in emotionally dynamic negotiation contexts such as compensation in customer service settings may thus be better understood through a culturally informed logic of appropriateness framework (Kopelman 2009; Kopelman et al. 2016; Rees and Kopelman (forthcoming)).

### *The Cultural Value of PD*

PD, a cultural value, is one of the elements defined by Hofstede (1991) as the software of the mind: cultural beliefs, values, and norms that shape behavior. Cultural values define what is right and wrong and specify individuals' typical or general preferences in a given context (Adler 2005). The cultural value of PD refers to the degree to which individuals, groups, or societies accept inequalities between people as unavoidable, legitimate, or functional (e.g., inequalities in power, status, or wealth; Hofstede 1991); that level of acceptance (the degree of PD) shapes cultural views about how individuals should behave and interact (Javidan and House 2001). In high-PD cultures, individuals with high power are seen as superior and elite, whereas those with less power are expected to accept their lower place in society and be deferential. In contrast, low-PD cultures distinguish less between high-power and low-power individuals.

Differences in PD manifest in national culture contexts and in organizational contexts (Daniels and Greguras 2014) and influence a variety of organizational processes and emotional dynamics.

Research considering the role of cultural models in customer service (Ringberg, Odekerken-Schröder, and Christensen 2007) has focused primarily on the customer's perspective, including customer satisfaction (Morgeson et al. 2011; Schoefer 2010), behaviors, and emotional expressions (Patterson, Brady, and McColl-Kennedy 2016). For example, Surachartkumtonkun, Patterson, and McColl-Kennedy (2013) compared U.S. (low PD) versus Thai (high PD) customers' perceptions of service failure and ineffective service-recovery attempts. They found that U.S. customers reported significantly higher rates of unresponsive behavior from service employees than Thai customers. Related to the cognitive mechanisms of interest in this study, Thai customers reported higher rates of inappropriate responses from service employees (rude behavior, impolite manner, etc.) than U.S. customers (Surachartkumtonkun, Patterson, and McColl-Kennedy 2013). Donthu and Yoo (1998) found that individuals with high PD had lower expectations about the responsiveness and reliability of service quality and were more willing to tolerate poor service. Similarly, Furrer, Liu, and Sudharshan (2000) found that high PD is related to higher tolerance toward service failure. Dash, Bruning, and Achaya (2009) compared Indian (high PD) and Canadian (low PD) banking customers and consistently found that PD correlated significantly with what was perceived as important to customers (Dash, Bruning, and Achaya 2009). For example, they found that customers with low PD expect highly responsive and reliable service, whereas customers with high PD attach higher importance to tangible service attributes (Dash, Bruning, and Achaya 2009). In general, it seems that high-PD customers have lower expectations regarding the quality of service than low-PD customers (Donthu and You 1998; Furrer, Liu, and Sudharshan 2000). However, high-PD customers are more sensitive to tangibles such as financial outcomes (Dash, Bruning, and Achaya 2009) and to the politeness of service providers (Surachartkumtonkun, Patterson, and McColl-Kennedy 2013).

We build on this research by studying the impact of PD on the perceptions and behaviors of service employees rather than customers, particularly in terms of what happens when employees deal with customer anger. Drawing on cross-cultural research on emotions that has demonstrated differences in general norms for displaying anger (Eid and Diener 2001; Matsumoto, Yoo, and Chung 2010; Safdar et al. 2009), Grandey and colleagues (2010) examined the effect of PD on norms for displaying anger in the service context. Comparing four countries (France, Israel, Singapore, and the United States), the authors found that Singapore (high PD) exhibited the lowest tolerance toward displaying anger (i.e., low perceived appropriateness) and Israel (low PD) exhibited the highest tolerance. This pattern of findings is consistent with that of Kopelman and Rosette (2008), who found that East Asians, as compared to Israelis, were less likely to accept an offer when anger was

displayed. Similarly, Moran, Diefendorff, and Greguras (2013) reported that in Singapore the rules regarding the expression of anger at work are significantly stronger than in the United States (low PD). Further, variance in cultural values and norms also exists within and not just between groups (Brett 2007), highlighting the importance of understanding how employee PD influences the perceptions of and reactions to anger from same-culture customers. We explore whether a service employee's PD influences the interpretation of interpersonal information conveyed by a customer expressing anger and the relative influence of that information.

### *Cognitive Mechanisms: Threat and Appropriateness*

Anger can be perceived in different ways by its target; for example, anger can be perceived as a threat (Goos and Silverman 2002; Lerner and Tiedens 2006; Marsh, Ambady, and Kleck 2005). Threat has been shown to be a mediating mechanism that explains why anger leads to higher concessions compared to neutral expressions (Adam and Brett 2018; Sinaceur et al. 2011). However, negotiation research has also demonstrated that angry expressions yield lower concessions from targets when the expression of anger is perceived as inappropriate (Kopelman and Rosette 2008; Kopelman, Rosette, and Thompson 2006; Van Kleef and Côté 2007). To this point, Adam and Brett (2018) have found that perceptions of (in)appropriateness mediate the tendency to concede more to low- and medium-intensity expressions of anger in contrast to high-intensity expressions of anger. Geddes and Callister (2007) similarly suggested that displaying high-intensity anger may be perceived as inappropriate and therefore may lead to less positive outcomes. Building on research linking norms for displaying emotion and cultural values, we propose that differences in the effects of anger on anger recipients may be related to the cognitive mechanisms that are influenced by the cultural value of PD. Specifically, we investigate whether the influence of anger on compensation decisions is due to perceived threat or perceived inappropriateness.

Individuals with low PD believe that power relations can be changed or renegotiated from moment to moment because individuals' specific power in a given episode is not predetermined (Daniels and Greguras 2014). Low-PD individuals are sensitive to cues that confirm or challenge their own status and are therefore more attentive to a challenging "power move" from a customer. This reasoning further suggests that low-PD individuals will be more sensitive to the threatening aspects of anger than will high-PD individuals, whose hierarchical position is relatively fixed. That is, low-PD individuals might associate the other person's angry expression with certainty about the outcome, control over the situation (Ellsworth and Scherer 2003), and perceptions of dominance and toughness (Sinaceur et al. 2011).

Indeed, both perceived toughness (Sinaceur and Tiedens 2006; Van Kleef and De Dreu 2010) and dominance (Belkin, Kurtzberg, and Naquin 2013) have been shown to mediate the relationship between anger and increased concessions in a

negotiation context. In the same vein, perceived threat is likely to be relevant for low-PD individuals: Anger can be threatening to the receiver, and feelings of threat can increase the tendency to monetarily compensate the angry person, given the relative precariousness of the receiver's social standing. As such, individuals who feel threatened by another person's expressed anger might concede more to higher versus lower intensity anger. In a study that supports this argument, Adam, Shirako, and Maddux (2010) found that anger expression elicited larger concessions from European American negotiators than from Asian American negotiators.

In contrast, high-PD individuals are more likely to perceive expressions of anger as inappropriate behavior (Fernández et al. 2000) than as a threatening behavior. High-PD cultures tend to avoid expressions of anger because of the potential of such expressions to disturb the harmony of interpersonal relationships and because of their symbolic association with disrespect and lack of regard for face (Du, Fan, and Feng 2010; Fombelle, Bone, and Lemon 2016; Grandey et al. 2010; Kopelman and Rosette 2008; Matsumoto, Yoo, and Chung 2010; Patterson, Brady, and McColl-Kennedy 2016). In high-PD cultures, self-perception is inherently tied to notions of the collective and whether behavior is in accordance with the standards of the collective to which one belongs (e.g., Kitayama et al. 1997). In this way, emotional displays are also likely to be viewed in the larger context of the surrounding social milieu rather than simply as internally focused individual experiences. Displays of anger may be perceived as socially disruptive, signaling that the expresser has lost control, fallen short, and failed to behave in a socially normative way. The lower tolerance for expressions of anger (or for intense emotions in general) among high-PD individuals (Fernández et al. 2000) suggests that the most salient social information conveyed by the expression of anger is its (lack of) appropriateness (e.g., Geddes and Callister 2007; Kopelman and Rosette 2008; Kopelman, Rosette, and Thompson 2006).

Drawing on a culturally informed logic of appropriateness framework to understand resource allocation (Kopelman 2009; Kopelman et al. 2016), we suggest that the level of compensation in response to displays of lower or higher intensity anger depends on how the cultural value of PD influences the interpretation of anger expressions. We hypothesize that:

**Hypothesis 1 (H<sub>1</sub>):** PD moderates the influence of anger intensity on compensation. Specifically, (a) high-PD service employees will provide more compensation to customers expressing relatively lower intensity anger than to those who express higher intensity anger. In contrast, (b) low-PD service employees will provide more compensation to customers expressing relatively higher intensity anger than to those who express lower intensity anger.

**Hypothesis 2 (H<sub>2</sub>):** The moderating effect of PD will be determined by different mediators. Specifically, (a) for high-PD service employees, the relationship between anger intensity and compensation will be mediated by the

perceived appropriateness of the anger expression. In contrast, (b) for low-PD service employees, the relationship between anger intensity and compensation will be mediated by the perceived threat of the anger expression.

We also explore whether this culturally informed pattern of compensation tendencies is malleable. Malleability is important to investigate because a tendency in low-PD service employees to reward higher anger intensity may have unintended negative consequences for service employees and customers, namely by encouraging customers to express higher levels of anger to secure increased compensation. To explore a theoretical boundary condition of the first two hypotheses and illustrate a key managerial implication for customer service settings, we examine whether mitigating the perception of threat will lead low-PD employees to provide more compensation when faced with lower (compared to higher) anger intensity (H<sub>3</sub>). We expect that in the absence of a perceived threat, low-PD service employees will focus on the (in)appropriateness of higher intensity anger displays (H<sub>4</sub>).

**Hypothesis 3 (H<sub>3</sub>):** When perceived threat is mitigated for low-PD service employees, they will provide more compensation to customers expressing lower intensity anger than to those who express higher intensity anger.

**Hypothesis 4 (H<sub>4</sub>):** When perceived threat is mitigated for low-PD service employees, the relationship between anger intensity and compensation will be mediated by the perceived appropriateness of the anger expression.

## Overview of Studies

We conducted four studies to test our hypotheses. In Study 1, we benchmarked how anger displays are experienced by service employees. In Study 2, we examined the moderating effect of PD (H<sub>1</sub>) by testing the tendency to financially compensate higher versus lower anger intensity and comparing individuals from a low-PD culture (Israel) to those from a high-PD culture (Singapore). In Study 3, we examined PD at an individual-difference level and compared low-PD to high-PD individuals in the United States to replicate the effect predicted by H<sub>1</sub> and test the proposed cognitive mechanisms of perceived threat (low PD) and appropriateness (high PD) on financial compensation (H<sub>2</sub>). In Study 4, we tested whether individuals with low PD compensate lower intensity anger more than higher intensity anger when threat is mitigated (H<sub>3</sub>), and whether perceived appropriateness mediates the relationship between anger intensity and compensation for low-PD individuals in a mitigated-threat context (H<sub>4</sub>).

## Study 1

Although the prevalence of customer anger in service contexts is well-documented (Grandey, Dickter, and Sin 2004; Harris 2013; Jerger and Wirtz 2017), there is little evidence to determine whether and to what degree the intensity of customer

anger perceived by service employees varies. Therefore, we conducted a survey of service employees to examine how expressions of customer anger are commonly experienced in the workplace, particularly in regard to how intense these expressions commonly seem.

## Method

### Participants

A sample of 50 individuals (64% male, average age 32.2) with at least 1 year of customer service experience from Amazon's online Mechanical Turk survey platform responded to the survey for a modest payment.

### Overview and Procedure

Participants were asked to recall the most recent episode in which a customer expressed anger toward them as a result of a service failure. To increase the salience of this episode (cf. Ashton-James and Chartrand 2009), participants were asked to write in as much detail and as vividly as they could, so that people reading their accounts might feel as if they were actually present at the scene. Participants then responded to a series of questions as described below.

### Measures

Participants responded to single items asking how long ago the event occurred, the perceived gender of the customer, and the perceived ethnicity of the customer as either similar to or different from the participant's ethnicity. Finally, participants indicated the perceived intensity of the customer's anger using 2 items: how angry and how irritated the customer seemed (1 = *to a very small extent*, 5 = *to a very large extent*;  $r = .78$ ), which were combined into a single composite score.

## Findings and Discussion

Participants recalled incidents from a range of time frames including as recent as a few hours ago (2% of respondents), a few days ago (12%), a few weeks ago (34%), a few months ago (24%), and a few years ago (28%). The recalled incidents featured 51% male customers, and the majority included customers who were of the same gender (64%) and ethnicity (58%) as the respondent. Consistent with past research, the results demonstrate that customer anger is not uncommon across a range of service-employee demographics.

The mean intensity level of recalled customer anger was high ( $M = 4.40$ ,  $SD = 0.90$ ). This intensity level informs our calibration in the subsequent studies of relatively high versus low anger intensity levels. Recalled anger intensity did not depend on whether the customer was the same gender as the employee,  $M_{\text{same gender}} = 4.27$ ,  $SD = 1.02$ ;  $M_{\text{different gender}} = 4.64$ ,  $SD = 0.59$ ;  $t(48) = 1.43$ ,  $p = .16$ , nor on whether the customer was of similar ethnicity,  $M_{\text{similar ethnicity}} = 4.43$ ,  $SD =$

$0.99$ ;  $M_{\text{different ethnicity}} = 4.36$ ,  $SD = 0.78$ ;  $t(48) = 0.29$ ,  $p = .78$ . Additionally, given that recalled incidents from longer ago (a few months or more, 52% of the sample) were of higher anger intensity ( $M = 4.85$ ,  $SD = 0.34$ ) than were recalled incidents from a few weeks ago or less,  $M = 3.92$ ,  $SD = 1.06$ ;  $t(27.343^1) = 4.11$ ,  $p < .001$ , we also examined gender and ethnicity differences for perceived anger intensity when accounting for recency. We found no differences based on gender or ethnicity similarity/differences for either more recent, gender:  $t(22) = 1.33$ ,  $p = .20$ ; ethnicity:  $t(22) = 0.38$ ,  $p = .71$ , or less recent, gender:  $t(24) = 0.35$ ,  $p = .73$ ; ethnicity:  $t(24) = 0.14$ ,  $p = .89$ , incidents. There were also no differences based on gender,  $F(1, 47) = 1.54$ ,  $p = .22$ , or ethnicity,  $F(1, 47) = 0.13$ ,  $p = .72$ , similarity/differences when recency was included as a simple control variable rather than by splitting the sample.

Overall, these findings demonstrated that service employees experienced episodes following a service failure in which customers expressed relatively high- and low-intensity anger toward them. These results inform and provide guidance for the development of realistic manipulations of customer anger in the following studies.

## Study 2

To test the moderating role of PD ( $H_1$ ), Study 2 was conducted as a 2 (lower vs. higher anger intensity)  $\times$  2 (low vs. high PD) experimental design. Anger intensity was experimentally manipulated using written scenarios in which a customer was presented as expressing lower versus higher intensity anger in a complaint about a service failure. PD was included as a quasi-experimental design at the macro (country) culture level, whereby respondents in a low-PD culture (Israel) were compared to respondents in a high-PD culture (Singapore). We selected these two countries because they have prototypical levels of PD, have a similar population size, and have been compared productively in past work on psychological processes (e.g., Kurman and Sriram 1997) and service-employee contexts (e.g., Grandey et al. 2010).

## Method

### Participants

A sample of 160 business school students in Singapore ( $n = 68$ ) and Israel ( $n = 92$ ) participated for partial course credit. Using a sample of students familiar with the financial concepts included in the service-failure scenario (e.g., banking fees) but not connected to a particular organization enabled us to examine an overarching cultural tendency to reward anger. Firms vary in their explicit or implicit rules on compensating anger, and such policies can override cultural norms for service interactions (Geddes and Callister 2007; Liao and Chuang 2004). Three participants who provided incomplete responses were not included in the analysis, yielding a final sample of 157 participants (Israel: 57% female, average age 24.7; Singapore: 59% female, average age 22.4).

**Table 1.** Studies 2 and 3 Compensation Fund Table.

Available Funds for Compensation Purposes	Date	Compensation Paid
\$8,390	July 5	\$200
\$8,190	July 7	\$1,200
\$6,990	July 10	\$500
\$6,490	July 10	\$670
\$5,820	July 13	\$300
\$5,520		

Note. This table shows the history of compensation paid to customers and the maximum funds available. The currency fitted the participants' country.

### Overview and Procedure

The study was introduced as a "Banking Relationship Negotiation" exercise conducted in a simulated customer service environment in the participants' local context (e.g., as an intracultural interaction, with the assumption that customers in the scenario were from the same country as the participants). As background information, participants read an overview of the role of the service employee and of the company policy on how to handle complaints. The explanation of the employee's role included a table that showed the amount of compensation recently paid by the company to disgruntled customers. The table did not mention reasons for compensating these customers. Rather, it appeared as a report including the date and amount of compensation paid and stated that five customers received sums ranging between \$200 and \$1,200 in the past week and that \$5,520 was still available for compensation to other customers (see Table 1).

Participants next read a short scenario describing a customer complaint, which included the anger-intensity manipulation. They were then asked to rate the emotional state of the customer (manipulation check), write a brief note to the customer responding to the complaint (as if they were the service employee tasked with handling the complaint, to increase the realism of the study), and specify the compensation amount to be paid to the customer (the dependent variable).

### Manipulation of Customer Anger

Participants were randomly allocated to one of two experimental conditions that differed only in the intensity of the anger expressed by the customer. We manipulated the anger intensity conveyed in the text via slight differences in the written text and the use of exclamation marks, as shown in Table 2. The financial and personal descriptions of the customer, such as the portfolio, the amount of investment, and gender (male), were identical across conditions.

To ensure item equivalence, a critical consideration in a cross-cultural study, we asked research assistants who were not aware of the research hypotheses to conduct in-depth interviews with five Israeli and five Singaporean students about the experimental stimuli. The interviews confirmed a similar understanding of the instructions, the scenario (including the

**Table 2.** Studies 2 and 3 Text Manipulations Used to Convey Customer Anger Intensity.

Lower anger intensity condition	I went through the reports you sent me and I am really angry. You charged me a 1.3% commission per quarter. This commission is too high. This is not what your representative had promised me. My friend is paying you much less. I am very displeased with the commission. Please lower it and compensate me.
Higher anger intensity condition	I went through the reports you sent me and I am really angry! You charged me a 1.3% commission per quarter! This commission is too high!!! This is not what your representative had promised me! My friend is paying you much less! How dare you! I'm really angry about the commission! Lower it and compensate me immediately!

intended differences between the lower and higher intensity anger conditions), and the measures.

### Measures

The customer anger manipulation check consisted of the same two questions used in Study 1 (for more details, see Table 3). Customer compensation was the monetary amount that participants indicated they would give the customer in response to the complaint.

### Findings

To address the differences in sample size (Israel:  $n = 67$ , Singapore:  $n = 90$ ), we tested the differences in variance between the samples on the dependent variable (compensation) using a Welch's test (Zhang 2014). The results were insignificant ( $1.06$ ;  $p = .31$ ), suggesting that these differences did not result in unequal variance.

The descriptive statistics and correlations are reported in Table 4. The manipulation check confirmed the intended differences between higher and lower intensity anger conditions,  $F(1, 158) = 11.92$ ,  $p < .001$ ;  $M_{\text{lower anger}} = 3.92$ ,  $SD = 0.91$ ;  $M_{\text{higher anger}} = 4.41$ ,  $SD = 0.88$ , Cohen's  $d = 0.55$ . Respondent gender and age had no significant impact on compensation and were not included in further analyses.

$H_1$  was supported by a two-way analysis of variance (ANOVA),  $F(1, 154) = 4.65$ ,  $p = .004$ ,  $\eta^2 = .08$ . Specifically, in the low-PD culture (Israel), higher anger intensity was compensated significantly more ( $M_{\text{higher anger}} = \$259$ ,  $SD = \$314$ ) than lower anger intensity,  $M_{\text{lower anger}} = \$132$ ,  $SD = \$134$ ,  $t(92) = 2.99$ ,  $p < .001$ , Cohen's  $d = 0.53$ ; see Figure 2. In contrast, in the high-PD culture (Singapore), higher anger intensity was compensated significantly less ( $M_{\text{higher anger}} = \$76$ ,  $SD = \$112$ ) than lower anger intensity,  $M_{\text{lower anger}} = \$218$ ,  $SD = \$304$ ,  $t(66) = 2.47$ ,  $p = .008$ , Cohen's  $d = 0.62$ .

**Table 3.** Measures Used in Studies 2–4.

Constructs and Item Descriptions	M (SD)			Factor Loadings		Cronbach's $\alpha$		
	Study 2	Study 3	Study 4	Study 3	Study 4	Study 2	Study 3	Study 4
Power distance (Dorfman and Howell 1988)								
Managers should make most decisions without consulting subordinates	—	2.25 (0.88)	2.14 (0.74)	.62	.48	—	.76	.85
Managers should seldom ask for the opinions of employees	—	1.66 (0.80)	1.51 (0.25)	.83	.84			
Employees should not disagree with management decisions	—	1.93 (0.79)	1.7 (0.32)	.64	.64			
Managers should not delegate important tasks to employees	—	1.83 (0.83)	1.97 (0.20)	.69	.66			
Manipulation check						.79	.75	.70
The customer is angry	4.23 (.90)	2.48 (0.86)	2.90 (1.06)	.87	.53			
The customer is irritated	4.10 (.88)	3.10 (1.06)	3.08 (0.78)	.68	.86			
Perceived appropriateness (Surachartkumtonkun, McColl-Kennedy, and Patterson 2013)							.78	.87
The customer is polite	—	2.08 (0.94)	2.51 (1.32)	.59	.85			
The customer is rude (reverse item)	—	3.06 (1.08)	2.2 (1.8)	.60	.96			
The customer is respectful	—	2.58 (1.08)	3.44 (1.2)	.78	.90			
The customer is acting in a polite manner	—	2.69 (0.83)	—	.66	—			
Perceived threat (Sinaceur et al. 2011)							.72	.79
The customer is threatening	—	3.44 (0.91)	3.50 (1.01)	.51	.67			
The customer is very likely to harm the service company reputation	—	3.04 (0.99)	3.00 (1.29)	.69	.73			
The customer is very likely to tell others about this complaint	—	3.99 (0.75)	3.14 (0.96)	.66	.48			
Perceived severity of damage							.81	
The customer experienced damage	—	3.18 (0.82)	—	.90	—			
The customer was treated badly	—	2.98 (0.77)	—	.52	—			

Note. Variables were measured on 5-point Likert-type scales (1 = completely disagree to 5 = completely agree); “—” means not applicable.

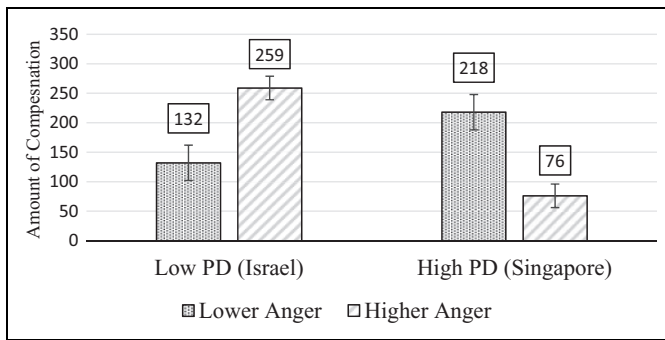
**Table 4.** Studies 2–4 Descriptive Statistics and Correlation Matrices.

Variable	Mean	SD	1	2	3	4	5	6
Study 2								
1. Anger intensity	0.5	0.5						
2. PD (Israel vs. Singapore)	—	—	.02					
3. Manipulation check	4.17	0.90	.42**	.18				
4. Compensation	172.3	240.7	.03	-.08	.11			
Study 3								
1. Anger intensity	0.5	0.5						
2. PD	2.25	0.83	.09					
3. Manipulation check	2.79	0.96	.54**	-.16				
4. Perceived appropriateness	2.60	0.98	-.56**	-.22*	-.54**			
5. Perceived threat	3.49	0.88	.45**	.24*	.39**	-.45**		
6. Compensation	109.6	128	.01	-.01	.03	.06	.19*	
7. Perceived severity of damage (control var.)	3.08	0.80	.06	.09	.17*	.04	.12	.06
Study 4								
1. Anger intensity	0.5	0.5						
2. PD	1.83	0.67	.17					
3. Manipulation check	2.99	0.92	.25**	.01				
4. Perceived appropriateness	2.73	1.32	-.70**	-.18	-.10			
5. Perceived threat	3.21	1.11	.18	.08	.29**	-.19		
6. Compensation	23.79	12.65	.27**	.07	.06	.43**	.07	

Note. PD = power distance.

\* $p < .05$ . \*\* $p < .01$ .





**Figure 2.** Study 2 means and standard errors of recommended customer compensation.

## Discussion

Consistent with  $H_1$ , Study 2 confirmed that in a high-PD culture (i.e., Singapore), lower intensity anger is compensated more than higher intensity anger, whereas in a low-PD culture (i.e., Israel), customers expressing higher intensity anger were offered more compensation than those expressing lower intensity anger. However, although this study was methodologically aligned with prior research (Grandey et al. 2010; Patterson, Brady, and McColl-Kennedy 2016), one limitation was the use of national culture as a proxy for individuals' PD. Studies 3 and 4 address this limitation by measuring PD on the individual level and also further explore our proposed hypotheses.

## Study 3

Study 3 was designed to replicate our initial test of  $H_1$  through conceptualizing and measuring individual-level variations in high versus low PD (Erez 2011; Maznevski et al. 2002) and to test the proposed mediating mechanisms of perceived threat for low-PD individuals and perceived appropriateness for high-PD individuals ( $H_2$ ).

## Method

### Participants

MBA students in a large U.S. university ( $n = 135$ ) participated in the study for partial course credit. Four participants provided incomplete responses and were excluded from the analysis, yielding a final sample of 131 participants (73% male, average age 28.3, 84% reported having more than 3 years of working experience, and 53% had experience working in a service context). The study was designed as a between-subjects experiment with two conditions, relatively low- versus relatively high-intensity customer anger.

### Overview and Procedure

Consistent with Study 2, the experiment was introduced as a "Banking Relationship Negotiation" exercise conducted in a simulated customer service environment in the participants'

local context (i.e., intracultural). More than a week before the beginning of the experiment, participants were asked to complete a questionnaire that included individual measures of PD, age, gender, work experience, and experience in service delivery. During the experiment, participants read the background information, received the customer complaint with the anger manipulation, responded to the manipulation check, and rated their perceptions of how threatening and (in)appropriate the customer's behavior seemed. Finally, participants indicated their recommended compensation for the customer.

## Measures

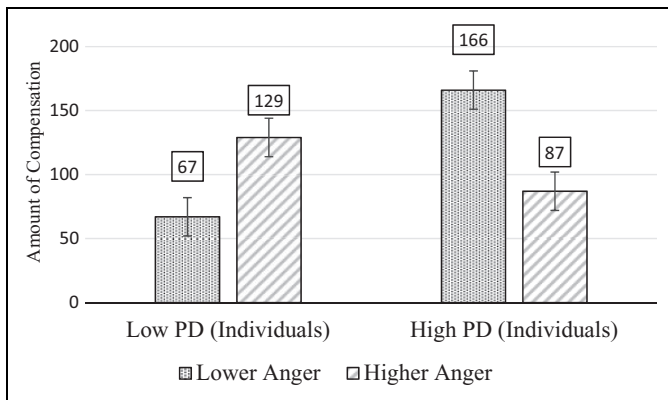
Similar to Study 2, the dependent variable of customer compensation was measured as the amount, in dollars, that participants indicated they would give to the customer in response to the complaint. To assess the perceived appropriateness of the customer's anger, we followed Surachartkumtonkun, Patterson, and McColl-Kennedy's (2013) suggestion that appropriateness is related to politeness and respect, which are highly relevant in this context. To control for the possibility that customer anger intensity might be perceived as a signal of the severity of the damage caused, thereby influencing recommendations for compensation, we also asked participants to rate their perception of the level of damage experienced by the customer. In contrast to Study 2, we assessed individual levels of PD according to Dorfman and Howell's (1988) scale. These and all other measures used in Study 3 are described in Table 3.

## Findings

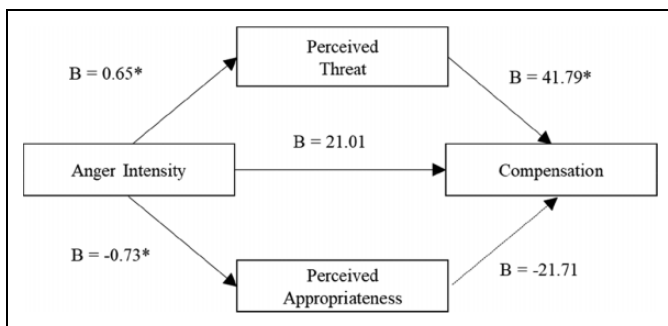
Descriptive statistics and a correlation matrix are presented in Table 4. The manipulation check confirmed that the manipulation worked as intended, showing a significant difference in participants' perceptions of customer anger between the higher and lower anger intensity conditions,  $F(1, 129) = 54.71$ ,  $p < .0001$ ;  $M_{\text{lower anger}} = 4.00$ ,  $SD = 0.57$ ;  $M_{\text{higher anger}} = 4.66$ ,  $SD = 0.44$ , Cohen's  $d = 1.30$ .

$H_1$ , which proposed that PD moderates the impact of anger intensity on compensation, was supported by a two-way analysis of covariance (ANCOVA) with participants' gender, age, and previous service experience as covariates, along with the perceived severity of the damage. The ANCOVA revealed a significant moderation model,  $F(7, 120) = 2.66$ ,  $p = .05$ ,  $\eta^2 = .13$ . The model without the covariates (ANOVA) was also significant,  $F(1, 129) = 4.54$ ,  $p = .004$ ,  $\eta^2 = .10$ . In further support of  $H_1$ , simple slopes analyses confirmed significant slopes for both high-PD,  $+1 SD$ ;  $t(125) = -2.35$ ,  $p = .01$ , and low-PD individuals,  $-1 SD$ ;  $t(125) = 2.74$ ,  $p = .004$ .

To further compare individuals with low versus high PD, we created a dichotomous measure of individual PD based on the measured median (Iacobucci et al. 2015). We found that low-PD individuals gave significantly higher compensation in the higher anger intensity condition than in the lower anger intensity condition,  $t(74) = 2.42$ ;  $p = .01$ . In contrast, high-PD individuals gave significantly higher compensation in the



**Figure 3.** Study 3 means and standard errors of recommended customer compensation.



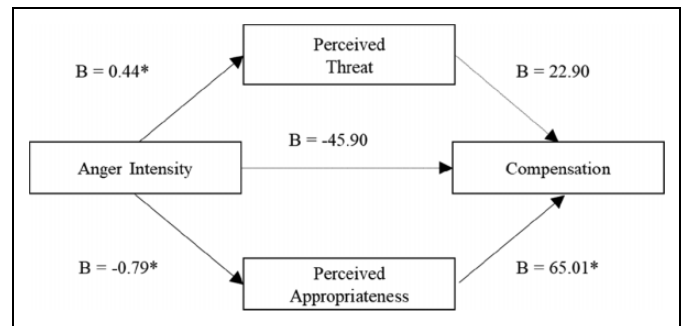
**Figure 4.** Study 3 mediation model for low-PD individuals. \* $p < .05$ .

lower anger intensity condition than in the higher anger intensity condition,  $t(51) = 2.03, p = .03$ ; see Figure 3. These findings are consistent with  $H_1$  and with our findings in Study 2.

Separating participants into low- versus high-PD individuals also allowed us to test the proposed cognitive mechanisms (threat vs. appropriateness) predicted in  $H_2$ . To test simultaneous mediators, we used the SPSS24 macro PROCESS (Model 6; Hayes 2013), a common statistical software package for the psychological sciences. The advantage of PROCESS is that it can simultaneously test the significance of different hypothesized mediation paths using a bootstrapping technique (for similar use, see Moser et al. 2018).

To test  $H_{2a}$ , which proposed perceived threat as a mechanism explaining the relationship between anger and compensation for low-PD individuals, we used a bootstrap analysis of 1,000 samples. The test included both mediators (threat and appropriateness) and, as predicted, confirmed a significant mediation for threat, 95% CI = 27.22,  $SE = 19.51$ , LL-UL [2.92, 77.62] confidence interval, which does not include 0 (MacKinnon, Fairchild, and Fritz 2007). However, there was no significant mediation for appropriateness, 95% CI = 15.88,  $SE = 23.49$ , LL-UL [-20.06, 73.42] confidence interval, which includes 0. For further details, see Figure 4.

$H_{2b}$  proposed perceived appropriateness as a mechanism explaining the relationship between anger and compensation



**Figure 5.** Study 3 mediation model for high-PD individuals. \* $p < .05$ .

for high-PD individuals. Again we used a bootstrap analysis of 1,000 samples. The test included both mediators and confirmed significant mediation for appropriateness, 95% CI = 50.98,  $SE = 23.79$ , LL-UL [109.89, 16.05], but not for threat, 95% CI = 9.96,  $SE = 13.85$ , LL-UL [-11.57, 44.56], see Figure 5. For both mediation analyses, controlling for perceived damage caused to the customer did not change the results.

## Discussion

The results of Study 3 replicated  $H_1$  with PD operationalized at the individual level (in the United States), consistently demonstrating that PD moderated the effects of anger intensity on compensation. Study 3 confirmed  $H_2$  by demonstrating that the cognitive mechanisms influencing compensation differed for high- versus low-PD individuals. Specifically, low-PD individuals based their compensation decision on the threat they perceived from the customer’s anger, whereas high-PD individuals based their decision on the perceived inappropriateness of the displayed anger.

## Study 4

Study 4 was designed to test  $H_3$  and  $H_4$ . Given that for low-PD individuals the relationship between higher intensity anger and increased compensation was mediated by the perception of threat, Study 4 explored whether mitigating the perception of threat in the context of compensation decisions would instead focus service employees’ attention on the perceived (in)appropriateness of displays of higher intensity anger, and how this would in turn impact employees’ compensation behaviors.

## Method

Similar to Study 3, we manipulated anger intensity and measured PD. The written scenarios were adapted to minimize the perceived threat associated with customer anger, as described below.

## Participants

Eighty service providers participated in an Amazon Mechanical Turk study and were compensated for their

**Table 5.** Study 4 Text Manipulations Used to Convey Customer Anger Intensity.

Lower anger intensity condition	I went through my most recent checking account statement and I am a little angry. You charged me \$30 for overdrawing on my account last week. I only overdrew \$31.76 on accident, as I didn't realize my paycheck deposit was delayed because of the holiday last weekend. This fee is too high. This basically doubles the amount I paid. This is not what your account policy promises. This was only my first violation. I am very displeased with the fee and your customer service regarding this issue. Please lower the fee and compensate me.
Higher anger intensity condition	I went through my most recent checking account statement and I am really angry! You charged me \$30 for overdrawing on my account last week! I only overdrew \$31.76 on accident, as I didn't realize my paycheck deposit was delayed because of the holiday last weekend. This fee is too high!!! This basically doubles the amount I paid!! This is not what your account policy promises! This was only my first violation! How dare you! I'm really angry about the fee and your customer service regarding this issue! Lower the fee and compensate me immediately!

participation. Thirteen participants were excluded from the sample for not following the instructions, providing inconsistent ratings, failing the attention question (for a similar procedure, see Bock, Folse, and Black 2016), or as outliers indicating a high level of PD ( $n = 2$ ), yielding a final sample of 65 participants (53% female, average age 37.9, average years of service experience 7.9).

The average PD in this study was equivalent to the low-PD condition from Study 3,  $t(137) = 1.4, p = .09$ ;  $M_{\text{Study 3 for low PD}} = 1.70, SD = 0.30$ ;  $M_{\text{Study 4 PD total sample}} = 1.83, SD = 0.67$ , Cohen's  $d = 0.25$ , indicating that this sample's PD was sufficiently low to test the effects of mitigating perceived threat as a mechanism.

### Procedure and Measures

Similar to Studies 2 and 3, the experiment was introduced as an exercise entitled "Banking Relationship Negotiation" and designed to simulate a customer service environment. However, to simplify the scenario further, the context was changed to a customer expressing anger at having received an overdraft fee for a personal bank account.

During the experiment, participants read one of two anger scenarios (see Table 5). Next, participants saw a notification stating that in this firm, customers do not have the ability to harm service providers and that service providers do not feel threatened by customers. Subsequently, participants completed

**Table 6.** Study 4 Compensation Fund Table.

Available Funds for Compensation Purposes	Date	Paid Compensation
\$2,390	January 6, 2018	\$10
\$2,380	January 20, 2018	\$120
\$2,260	February 1, 2018	\$8
\$2,252	February 9, 2018	\$25
\$2,227	February 12, 2018	\$30
\$1,997		

the anger manipulation check and responded to the same scales as in Study 3 on perceived threat, appropriateness, and PD (see Table 3 for items and factor loadings; see Table 4 for descriptive statistics and the correlation matrix). Similar to Studies 2 and 3, the dependent variable was the recommended customer compensation (see Table 6).

### Findings

The manipulation check confirmed a significant difference between the participants' perceptions of customer anger in the higher and lower anger intensity conditions,  $F(1, 64) = 4.66, p = .03$ ;  $M_{\text{lower anger}} = 2.86, SD = 0.65$ ;  $M_{\text{higher anger}} = 3.16, SD = 0.44$ , Cohen's  $d = 0.54$ .

To test  $H_3$ , we first examined the effect of anger intensity on compensation using a one-way ANOVA. The effect was significant, demonstrating that higher intensity anger received less compensation compared to lower intensity anger,  $F(1, 64) = 5.65, p < .05$ ;  $M_{\text{lower anger}} = \$27.72, SD = 15.41$ ;  $M_{\text{higher anger}} = \$20.62, SD = 7.44$ , Cohen's  $d = 0.59$ , thus supporting  $H_3$ .

The results also confirmed that the higher anger condition was perceived as significantly less appropriate than the lower anger condition,  $F(1, 64) = 68.33, p < .001$ ;  $M_{\text{higher anger}} = 1.78, SD = 1.01$ ;  $M_{\text{lower anger}} = 3.68, SD = 0.83$ , Cohen's  $d = 2.06$ . There was no significant difference in perceived threat,  $F(1, 64) = 2.50, p = .12$ . We used bootstrapping to test the hypothesized mediation model ( $H_4$ ), controlling for perceived threat (Hayes 2013, Model 4). The test confirmed significant mediation through appropriateness, 95% CI = 9.94,  $SE = 4.13$ , LL-UL [3.14, 20.16]. As expected, the impact of perceived threat on compensation was insignificant ( $b = 2.10, p = .11$ ), and threat had no effect on the mediation. Thus, the results supported  $H_4$ .

### Discussion

The goal of Study 4 was to test the impact of anger intensity on compensation behaviors of low-PD individuals in a situation of minimal threat. Consistent with our hypotheses, when perceived threat was mitigated, low-PD service employees compensated customers who expressed lower intensity anger more than customers who expressed higher intensity anger, and perceptions of appropriateness explained the compensation behavior.

## General Discussion

We examined the complex relationship between customers' expressions of anger and service-recovery compensation. Adopting a cultural lens, we found that service employees' level of PD, whether conceptualized at the group (e.g., national culture) or individual level, moderated the relationship between the relative intensity of a customer's anger expression and the level of recommended financial compensation. Low PD was associated with providing more compensation to customers who expressed higher intensity anger, whereas high PD was associated with providing more compensation to customers who expressed lower intensity anger. The cognitive mechanisms explaining compensation decisions were culturally informed in that the social information conveyed by anger intensity was influenced by PD. Low-PD employees perceived higher anger intensity as threatening and therefore provided more compensation, whereas high-PD employees perceived higher anger intensity as inappropriate and therefore provided less compensation. Exploring a boundary condition of this cognitive mechanism, we also demonstrated malleability in the impact of the social information associated with expressions of customer anger and their implications for compensation behaviors. We found that when perceptions of customer threat were mitigated, perceptions of appropriateness impacted the compensation decisions of low-PD service employees so that low-PD individuals demonstrated a pattern of compensation similar to that of high-PD individuals (i.e., compensating lower intensity anger more than higher intensity anger).

### Implications for Theory

Our research contributes to a better understanding of interpersonal dynamics between service employees and customers (Groth et al. 2019; Jerger and Wirtz 2017; Rafaeli et al. 2017). In particular, these findings expand our knowledge of anger perception and compensation tendencies following customer complaints about a perceived service failure. More generally, and building on burgeoning research on anger intensity (Adam and Brett 2018; Cheshin, Amit, and Van Kleef 2018), our findings highlight the need to continue exploring the consequential influence of emotion at varying intensity on people's perceptions and behaviors in organizational settings (Barsade and Gibson 2007; Elfenbein 2007; Geddes and Callister 2007; Gelfand, Erez, and Aycan 2007; Gibson et al. 2009; Miron-Spektor and Rafaeli 2009; Ybarra et al. 2013). The cumulative effects of negative customer emotions and behaviors over time (e.g., through repeated service failures; Gregoire et al. 2009; Patterson, Brady, and McColl-Kennedy 2016; Surachartkumtonkun, McColl-Kennedy, and Patterson 2015) emphasize the importance of a fuller understanding of the social psychological factors that shape the interpersonal dynamics of negative emotions experienced in service-failure situations.

Grounded in a culturally informed logic of appropriateness (Kopelman 2009; Kopelman et al. 2016), our research

contributes to theory on emotions as social information (Van Kleef 2009) and the impact of culture and displayed anger in customer service settings (Akkawanitcha et al. 2015; Grandey, Dickter, and Sin 2004; Harris 2013; Harris and Daunt 2013; Jerger and Wirtz 2017). A key contribution of our research is demonstrating the moderating role of the cultural value of PD, at both macro (national culture) and micro (individual differences) levels, on compensation responses to customer anger. Extending prior work that explored the impact of PD on customer service expectations (Dash, Bruning, and Achaya 2009; Zhang, Beatty, and Walsh 2008) and customer satisfaction (Du, Fan, and Feng 2010; Mattila and Patterson 2004; Morgeson et al. 2011; Schoefer and Diamantopoulos 2009; Wirtz and Mattila 2004; Zhang, Beatty, and Walsh 2008), our findings illustrate how PD shapes the cognitive and behavioral implications for service employees as recipients of expressed customer anger.

The role of PD in compensation decisions suggests additional theoretical implications for understanding power and status in emotionally charged customer service settings. Prior research on PD suggests that the relative power of a customer and a service provider in a given situation is an important moderator of service interactions (Zhang, Beatty, and Walsh 2008). Consider a high-power customer (e.g., a VIP) expressing anger toward a low-power employee (e.g., a temporary or seasonal worker), which may induce different outcomes than when anger is expressed by a low-power customer (e.g., a low-income client) toward a high-power employee (e.g., a regional bank manager). Customer status is also relevant to understanding employees' emotional and behavioral reactions to customer anger (Jerger and Wirtz 2017). For example, anger-intensity dynamics may play out differently depending on whether customers and service providers prioritize loss of status or loss of time (Chan, Wan, and Sin 2009), and these dynamics may be complex in multicultural interactions (e.g., Kopelman et al. 2016; Mattila 1999).

Overall, it is important to have a culturally grounded theoretical understanding of whether anger is perceived as (in)appropriate or whether it is perceived as a threat. Demonstrating that anger intensity is perceived differently by low- versus high-PD individuals, our findings thus contribute to a better understanding of the theoretical landscape of decision-making, emotion as information, and culture in negotiated customer service settings.

### Managerial Implications

The findings of this study point to multiple ways for service firms to prepare their employees to deal more effectively with customer anger. Given the cultural diversity of employees in service organizations and the ever-increasing globalization of work environments, there is a growing need for firms to understand how the culturally informed tendencies of service employees influence customer service in general and responses to service failures in particular. Compensation is a key aspect of distributive justice in the service-recovery process, and

together with interactive and procedural justice, it determines customer satisfaction with the recovery (Wirtz and Mattila 2004). Inadequate compensation may lead to increased customer rage, frustration, and stress (Surachartkumtonkun, McColl-Kennedy, and Patterson 2015) and, consequently, the decision to switch to alternative providers (Van Vaerenbergh et al. 2014). Specifically, our findings suggest that low-PD employees might overcompensate highly angry customers, while potentially overlooking the needs of customers who express relatively low levels of anger. In contrast, high-PD employees might overlook or undercompensate customers who express higher intensity anger. Appropriately addressing customer anger can prevent the escalation of customer frustration or rage (Patterson, Brady, and McColl-Kennedy 2016) and help to maintain the well-being of service employees (Akkawanittha et al. 2015). Organizations taking time to understand the various cognitive mechanisms that drive employees' behavioral responses to displayed anger may improve employees' emotional competence, enabling them to more effectively understand and navigate customers' emotions (Delcourt et al. 2016).

Our research suggests that firms would directly benefit from providing emotion management training to employees to reduce the degree to which employees perceive customer anger as threatening and to help employees judge the inappropriateness of displayed anger in a nuanced manner. Recent advances in emotion training programs have demonstrated that emotion perception—an important precursor to the effective management of one's own emotions and those of others—may be improved through straightforward and minimally disruptive training (Herpertz, Schütz, and Nezlek 2016). Exploring such training in customer service settings should be culturally sensitive not only for service employees who work globally but also for local employees, especially given the frequency with which individuals move to new cultures, which challenges assumptions about what is perceived as intracultural versus intercultural social interactions.

Beyond mere perception of emotion (i.e., noticing that an emotion has been expressed), another managerial implication of our findings is the importance of training service employees to attune themselves to the relative intensity and interpretation of the emotions displayed by customers. Such training should explicitly address how cultural tendencies toward compensation depend on the intensity of the anger expressed. For low-PD service employees, managers might minimize perceptions of threat by fostering a climate of support and helping employees feel protected by the organization. As demonstrated in Study 4, the mitigation of threat has a significant impact on the compensation decisions of low-PD employees. In contrast, training for employees in cultures with high PD might emphasize the importance of customers to the organization and the need to think carefully about how best to serve customers without automatically penalizing an emotional tone considered to be inappropriate (e.g., higher intensity anger).

More broadly, managers can modify the way an organization communicates and manages its service climate, thus

mitigating potentially vicious circles of negative interactions between customers and service providers (Groth and Grandey 2012). For example, employees' management of customer anger would also benefit from clear service-recovery policies and from direct and clear communication to both employees and customers about the potentially detrimental impact on the service-recovery process of behavior perceived as inappropriate or threatening.

For employees, clear communication that fosters an organizational culture of trust and care can attenuate their perceptions of threat from customers in general and from customers with high-intensity anger in particular. Employees' understanding that the customer is important but not necessarily always right can enhance their perceptions of relative power and threat in negative customer interactions (cf. Wirtz and Jerger 2017), and this can lead to more effective responses to customer anger.

For customers, although service failures may be emotionally upsetting, it is also important to be mindful of how their emotions play out in these negotiation settings (Kopelman 2014). If customers' emotional displays are perceived as inappropriate or threatening by service employees, such displays may actually backfire (Côté, Hideg, and Van Kleef 2013) and lead to less favorable outcomes and negative exchange spirals (Groth and Grandey 2012), even in an assumed "customer is always right" context. Service organizations can use signs in their servicescapes to remind customers to treat employees with dignity and respect.

### *Limitations and Future Research*

These findings and the limitations of these studies suggest numerous directions for future research. First, given the influence of anger intensity on compensation by service employees, future research might also explore how other displayed discrete emotions, such as sadness (Sinaceur et al. 2015) or anxiety (Brooks and Schweitzer 2011; Rosette, Kopelman, and Abbott 2014), expressed at higher versus lower intensity impact service providers. It would also be interesting to explore the relationships between the intensities of various emotional displays (e.g., anger, sadness, or anxiety), cultural values (e.g., PD), and compensation behaviors across organizations that vary in terms of what and how emotions are typically expressed (e.g., because of differences in service climate, job expectations, workload, or compensation policies). For example, strong situations, such as those created by strict organizational policies and service climates, may attenuate the impact of PD or anger intensity (or the intensity of other emotions) on employees' behaviors (Jerger and Wirtz 2017). Somewhat relatedly, although we did not find a relationship between gender and perceptions of anger intensity, different general display norms for, and interpretations of, anger expressed by women versus men in varying contexts (e.g., Moran, Diefendorff, and Greguras 2013) may be a promising area for additional investigation.

Second, whereas our research focused on monetary compensation, which directly relates to customer satisfaction (Wirtz

and Mattila 2004), future research could explore how anger intensity influences nonmonetary procedural aspects of the customer interaction such as the speed of recovery, use of apologies (Liao 2007; Liao and Chuang 2004; Wirtz and Mattila 2004), and the speed of service delivery (Roschk and Gelbrich 2014). Anger has been connected to the tendency to move away from the angry counterpart (Yip and Schweinsberg 2017), to engage in reciprocal uncivil behaviors (Walker, van Jaarsveld, and Skarlicki 2017), or quite plausibly even for employees to sabotage customers (e.g., see Wang et al. 2011, for a related examination of customer mistreatment and employee sabotage).

Third, although emotional displays have been shown to be consistent across modalities as wide-ranging as pictures, video clips, written text, and emoticons (Van Kleef et al. 2015; see also Van Kleef et al. 2011, for a review), employees' interpretations of and reactions to varying intensities of customers' emotions may differ across communication modalities, leading to different emotional dynamics. As noted earlier, expressions of customer anger may be an antecedent to rage (Surachartkumtonkun, McColl-Kennedy, and Patterson 2015); research on how the display of anger at different intensities and across modalities of communication is perceived would help employees understand and manage their interactions with a frustrated customer before an already emotional situation escalates.

## Conclusion

This article provides empirical evidence for the importance of the intensity of displayed anger and the cultural value of PD in understanding how service employees tend to compensate angry customers following a perceived customer service failure. Service employees with high PD are likely to perceive higher intensity anger as less appropriate and will compensate lower intensity more than higher intensity anger. We find that "the squeakier wheel gets the grease" only when service employees with low PD perceive higher intensity anger as threatening. Managers seeking to help these service employees handle customers' higher intensity anger more effectively would be advised to explore ways to reduce the perception of threat associated with higher intensity anger.

## Acknowledgments

We thank the editor and anonymous reviewers for their constructive feedback and are grateful to our colleagues who provided helpful comments.

## Declaration of Conflicting Interests

The author(s) declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

## Funding

The author(s) received no financial support for the research, authorship, and/or publication of this article.

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## Supplemental Material

Supplemental material for this article is available online.

## Note

1. Degrees of freedom are taken from adjusted values based on a significant Levene's test for equality of variances. The results are the same when the full degrees of freedom are used.

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