

Establishing the antecedents and outcomes of service climate

In brick-and-mortar retail outlets and other high-contact service organizations, the frontline employees can make or break a company. They are the employees who most interact with and serve customers. Therefore, their customer directed behaviours embody the brand in customers' eyes. These behaviours ultimately drive sales and determine customer satisfaction and loyalty.

Managers do not have full control over the customer directed behaviours of their frontline employees. Therefore, they create a service climate (plans and reward systems) for them to operate in, to facilitate service excellence. When it is set as a strategic priority, frontline employees' behaviours reflect this orientation.

Despite the rich body of research on the antecedents and outcomes of service climate, four specific issues remain unexplored, namely: the impact of delineated service orientated high performance work systems; the role of collective work engagement; the effect of service climate on satisfaction; and linking frontline employees across stores.

In this regard, empirical research was conducted by Theuns Gerhard Kotzé, a [Doctoral student in the Department of Marketing Management](#). The overall aim of this study was to develop and test four structural models of the antecedents and outcomes of service climate. Data was collected from frontline employees, store managers, and customers across 70 stores of a South African home improvement products retailer, following a quantitative survey methodology. The study was guided by the social information processing theory which explains how shared organizational climates, such as service climate, arise in work units.

Firstly, the study investigated the relationships between multiple service-oriented high performance work systems, service climate, and work engagement simultaneously in a single model. It explored to what extent the frontline employees' perceptions of six service-oriented high-performance work practices predict their work engagement. In particular, it analyzed the psychological service climate perceptions at an *individual level*. The results showed that service-oriented training predicted both psychological service climate and work engagement. Additionally, staffing and involvement also predicted service climate.

Secondly, the study compared two rival structural models about the interrelationships between service-oriented high performance work systems, collective work engagement, and service climate as predictors of frontline employees' collective in-role and extra-role service performance. As far as could be determined, this study is the first to do so. These models were analysed on *aggregated data at a store level*. The results showed support to the climate-centric model in which service climate is a direct antecedent of frontline employees' collective in-role and extra-role service performance.

Thirdly, the study tested an expanded *store-level* structural model in which service-oriented high performance work systems and collective work engagement predict service climate. Service climate, in turn, predicts customer satisfaction and ultimately also store loyalty. This model confirmed that service climate is a key mediator that links internal

organizational variables (i.e. service-oriented high performance work systems and collective work engagement) to important customer responses (i.e. overall customer satisfaction and store loyalty). Surprisingly, the relationships between frontline employees' collective in-role and extra-role service performance and customer satisfaction were not statistically significant. This may be due to customer satisfaction ratings being limited in range.

Overall, the study confirmed the importance of service climate by linking what frontline employees experience in their respective stores (i.e. service-oriented high-performance work practices and work engagement) to valued customer outcomes (i.e. customer satisfaction and store loyalty).

The research was conducted by Theuns Gerhard Kotzé , as part of the fulfilment of the requirements of a [Doctor of Philosophy \(PhD\) degree](#) with specialization in Marketing Management in the [Department of Marketing Management](#), under the supervision of [Prof P.G. Mostert](#).