

WHY DID THAT HAPPEN: UNDERSTANDING THE IMPACT OF WITNESSING
EMPLOYEE CUSTOMER-DIRECTED HELPING BEHAVIOR

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ABSTRACT

The involvement of other customers in a retail store or service setting has always been a unique component of the service experience. Interestingly, a missing component of the literature is an understanding of how the service experience changes for the customer who witnesses an encounter between another customer and an employee of the retail store or service establishment, particularly with regards to positive service encounters that are witnessed. In this dissertation, understanding these customer bystanders, those customers who witness an external event in which they are not the primary actor, was an important step in understanding the true ramifications of a service encounter or a service strategy on customers. In order to better understand how witnessed external events influence customer bystanders, two studies were conducted. The first study used a critical incident technique survey to explore the types of employee-customer interactions customer bystanders witness. The results of study one indicated that employee customer-directed helping behavior was the major positive witnessed type of event and serves as the primary focal employee-customer interaction for this dissertation. The second study in this dissertation, a scenario-based experimental survey, examined the evaluative judgments, emotions, and behavioral intentions of customer bystanders when witnessing an employee engaged in helping another customer when this action has no direct impact on the customer bystander his or herself. The employee customer-directed helping behavior was evaluated through customer bystanders' perceived views of the effort given by an employee in helping the other customer. The findings from study two provide firms with insights into the

potential pros and cons of employee helping behavior and the impact of the overall service environment on customer bystanders by showing that customer bystanders are influenced by witnessed perceived employee effort. Theoretically, the findings provide researchers with information about the psychological evaluations, emotional reactions, and behavioral intentions of customer bystanders to witnessing different employee effort levels with regards to helping other customers, and the findings extend understanding of the impact of the overall service or retail environment on evaluations by customers.

LIST OF ABBREVIATIONS AND SYMBOLS

<i>ANOVA</i>	Analysis of variance explained
<i>ANCOVA</i>	Analysis of covariance explained
<i>AVE</i>	Average variance explained
<i>CFA</i>	Confirmatory factor analysis
<i>CFI</i>	Comparative fit index
<i>CIT</i>	Critical incident technique
<i>CMB</i>	Common method bias
<i>CMV</i>	Common method variance
<i>df</i>	Degrees of freedom
<i>e.g.</i>	Exempli gratia: for example
<i>et al.</i>	Et alia: and others
<i>F</i>	Fisher's F ratio: a ratio of two variances
<i>H</i>	Hypothesis
<i>i.e.</i>	Id est: that is
<i>n</i>	Sample size
<i>p</i>	Probability associated with the occurrence under the null hypothesis of a value as extreme or more extreme than the observed value
<i>RMSEA</i>	Root mean square error of approximation
<i>S-D Logic</i>	Service dominant logic
<i>SRMR</i>	Standard root mean square residual

t	computed value of t test
<i>Std Dev</i>	Standard deviation
<i>WOM</i>	Word of mouth
β	Beta: the standardized estimated path loading
χ^2	Chi-square: measure of the significant between statistical values
Δ	Delta: difference or change in value between two values
<	Less than
>	Greater than
=	Equal to

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

Companies are continually expecting their employees to go above and beyond their job duties in order to retain customers in today's business climate. With threats such as the multi-channel revolution, online shopping, show-rooming, and mobile shopping to traditional brick and mortar establishments, the need for great front line employees is readily apparent. Furthermore, the ability of a customer to switch to similar companies or to competitors is becoming easier. It is becoming apparent that one of the key ways companies can still differentiate themselves is through providing extraordinary service or service that is perceived as better than these competitors. Thus, companies are aware of the need to hire employees who have the skills and personality types to provide excellent customer service in order to differentiate themselves from the large assortment of competitors. While companies are aware of the strengths associated with utilizing employees that go above and beyond their normal job duties, particularly with relation to customers, an understanding of any potential unintended consequences is limited.

The goal of this dissertation is to uncover some of these unintended consequences by examining how a customer who witnesses another customer receiving some special benefit (i.e. a customer bystander) interprets and reacts to the event. Essentially, this dissertation will determine the ramifications of employee-customer interactions on those customers in the retail or service setting who have no initial investment in the encounter or event. Interestingly, the impact

of the witnessed event could be either positive or negative. Therefore, it is essential that an analysis of the implications of customers witnessing events in service and retail settings be established as this can potentially increase understanding of the overall effect of these employee-customer interactions on all present parties.

One way front line employees are able to achieve or provide excellent customer service is through their extra-role behaviors, specifically those targeted at customers, called customer-directed extra-role behaviors. These customer-directed extra-role behaviors may be regarded as any behavior in which the front line employee expends effort to go beyond the duties normally required of him/her to help resolve some particular customer issue (Maxham and Netemeyer 2003). The key to these extra-role behaviors is that they occur both spontaneously and altruistically, but strategically, they provide instrumental gains for the company (Grandey et al. 2005; Eastman 1994). Unfortunately, although there are many classifications or types of extra-role behaviors (see Organ 1988; Mackenzie, Podsakoff, and Fetter 1993; Van Dyne, Graham, and Dienesch 1995), there is limited understanding of employee extra-role behaviors directed at customers even though these behaviors could possibly have more benefits for the firm than the often examined employee-employee extra-role behaviors (Maxham and Netemeyer 2003). However, extra-role behaviors is a vast and broad multi-dimensional construct making it extremely difficult to examine the entire construct in one study. Therefore, although there is an identified lack of research on customer-directed extra-role behaviors, this dissertation, through qualitative analysis, identifies and focuses on one particular dimension of extra-role behavior that is readily identifiable by the customer receiving the benefit and any person that may be a witness to the event; helping behavior (Van Dyne and Lepine 1998).

Helping behavior, also classified as altruism or giving behavior, is an extra-role behavioral dimension that focuses on how and why people engage in behavior that goes above and beyond normal interactions, or in the case of an employee above and beyond their normal job duties, in regards to assisting or serving another; in this dissertation, a customer (Polonsky, Shelley, and Voola 2002). Specifically, Van Dyne and Lepine (1998) identify helping behavior as an affiliative, promotive behavior. That is, it is an extra-role behavior that is both interpersonal and cooperative (affiliative) and proactive (promotive). It is a behavior that is intended to strengthen relationships and to encourage or cause things (hopefully positive) to happen within a particular relationship (Van Dyne and Lepine 1998; Van Dyne, Graham, and Dienesch 1994). Helping behavior is thus associated with the “Good Samaritan Effect,” and much research has focused on the antecedents of helping behavior and the consequences, positive or negative, of helping behavior on the relationship between the helper and the individual receiving help or on the performance of, if employee-to-employee, the individual receiving help and overall group performance (Batson 1997; Bendapudi, Singh, and Bendapudi 1996; Bachrach et al. 2006). Interestingly, although helping behavior is well established, and varying types of helping behaviors have been identified, there appears to be limited understanding of helping behavior within the context (extra-role behavior) of employees helping customers and the influence of differing amounts of effort exerted by the employee to assist the customer. To this researcher’s knowledge, with specific regards to customer-directed employee helping behavior, there is no adequate examination of the impact of varying levels of employee effort with regards to helping behavior (effort exerted by the employee to satisfy or fulfill an identified need) on the relationship between the company, employee, and customer receiving help. Furthermore, as discussed below, the impact of witnessing customer-directed employee helping behavior (the

focus of this dissertation), has also not been examined. An evaluation of differing amounts of effort exerted by the employee, and witnessed by other customers, allows this dissertation to fill a gap in the literature identified by Maxham and Netemeyer (2003) concerning the identification of specific customer-directed employee extra-role behaviors. Furthermore, it extends understanding of the extra-role dimension, helping behavior, by identifying that all helping behaviors may not be equal in their evaluation by customers. That is, there is a range or an extent of helping behavior, dictated by the amount of employee effort involved, that an employee could potentially use to fulfill a customer need. Finally, because varying amounts of effort on the employee's part in providing customer-directed helping behavior are utilized in this dissertation, this dissertation will be able to determine if there are differences in customer bystander evaluations or perceptions of an event in which the customer bystander witnesses another customer receive "special treatment" via customer-directed employee helping behavior.

Customer Bystanders are customers within a service or retail setting who witness an external event between an employee and another customer in which they are not the primary actor. These customers are extremely important to the servicescape and the overall service experience because there are very few instances in which only employees and the customers they are helping are present. The overall environment including the social environment influences a consumers consumption or service experience (Berger and Heath 2007; Tanner et al. 2008). Therefore, as customers use multiple cues to gauge their own service experience, it is important to consider the direct impact of witnessing an employee-customer interaction. Most literature on "other" customers has primarily focused on the impact or influence of other customers on the service setting (Zhang, Beatty, and Mothersbaugh 2010; Rosenbaum and Massiah 2007; Grove and Fisk 1997). This is inherently different than customer bystanders as defined for this

dissertation in that previous research has only looked at other customers in the sense of general atmospherics (e.g. the store is busy) or customer to customer similarity evaluations (e.g. this store has customers that look like me; Zhang, Beatty, and Mothersbaugh 2010). Most literature has not examined explicitly witnessing another customer and an employee engage in an encounter and the impact of witnessing that particular event or encounter on the witnessing customers - customer bystanders. The limited amount of literature that has looked at witnessing other customer interactions with employees has focused on negative employee-customer interactions such as the impact on the customer bystander of witnessing service failures and subsequent service recovery attempts (Wan, Chan, and Su 2011; Cowley 2005). However, what happens when a customer bystander witnesses a positive employee-customer interaction? Will they also feel or notice the positive benefits associated with the interaction, will they wonder why they were not special or lucky enough to receive such attention from the employee, or is there some interaction or internal conflict in which they actually have both positive and negative reactions simultaneously? Unfortunately, this phenomenon has been overlooked and the impact of other customers on the service experience has been left to chance (Clark and Martin 1994). Therefore, the purpose of this dissertation is to examine and determine how customer bystanders evaluate an encounter in which they witness another customer receive special treatment in the form of employee customer-directed helping behavior, the impact of witnessing this event on their attitudes and behavioral intentions, and the implications of these customer evaluations for companies and managers.

1.1 Purpose and Contribution of Dissertation

This research has several potential theoretical contributions. The primary contribution is the thorough examination of customers witnessing events in which they are not the primary

actors and the impact of these events on their own perceptions and behavioral intentions. This is an important gap in the literature to address as other customers are a known and important aspect or entity of service encounters and more research is needed to understand how customers use social cues in evaluating their overall service experiences (Belk 1985; Grove and Fisk 1983; 1997; Andrade and Ho 2009; Dahl, Argo, and Morales 2012). Furthermore, the primary assessments of customers witnessing events during a service encounter have either focused on witnessing negative encounters such as service failures or on non-incident self-comparisons such as women evaluating themselves relative to the perceived attractiveness of other women (Wan, Chan, and Su 2011; Dahl, Argo, and Morales 2012). In this dissertation, the focus is on what is normally considered a positive event in the literature; an employee engaging in customer-oriented helping behavior. However, in this case, the assessment of that event is not solely captured by the actors in the incident itself but also by customer bystanders who witness the event and, it is expected, use the event in their evaluation of the service climate or of their own service experience.

This dissertation also utilizes and integrates three theories, social comparison theory, equity theory, and cognitive appraisal theory, to help explain the evaluation of an event in which one only serves as a witness to the event and the emotions and behaviors that occur due to the evaluation of the event. To the researcher's knowledge, this is the first attempt at integrating these three extant literature streams.

1.2 Overview of Research Methodology

The dissertation includes multiple data collections in order to better assess the research questions of interest (described in Table 1.1). The first data collection in this study was qualitative in nature. Study 1 was an open-ended critical incident technique (CIT) analysis that

focused primarily on how customers responded to witnessing other customers receive some special benefit from an employee. This study was not limited only to customer-directed helping behaviors. It broadly examined many potential types of "special treatment" that a customer bystander may witness during a service encounter. This broad based approach was determined to be a necessary first step because it is important to conceptually determine what types of special treatment events are easily recognizable and to what do those witnessing the behavior (customer bystanders) attribute it to. Based on Study 1, it was established that customers do notice these "special treatment" events, and frequently, this is a positive service event (employee customer-directed helping behavior). Thus, Study 1, along with theory, established and contributed to the development of the hypothesized model and the experimental scenarios. Next, a pretest data collection of the scenario-based experiment developed for this dissertation was conducted. Once scenarios were established, the pretest utilized a student-recruited sample of students and non-students. This pretest further refined the scenarios used for the final study, Study 2. The final study, Study 2, tests the hypotheses using a scenario-based experiment.

Table 1.1

Description of Data Collection

Study 1: Critical incident technique (CIT) and content analysis of customer responses to other customers/employees interactions.
Pretest: Pre-test of scenario based experiment including testing of manipulations. Manipulation and realism check with a student recruited student and non-student sample.
Study 2: Scenario-based experiment with a non-student sample (using an Amazon Mechanical Turk consumer panel).

1.3 Overview of the Model and Hypotheses

The hypothesized model for this dissertation is presented in Figure 1.1, and the definitions for the constructs utilized in the hypothesized model can be found in Table 1.2. In

order to assess employee customer-directed helping behavior, perceived employee effort was used as the measurable construct. Three levels of perceived employee effort are included in the model. In the no effort condition, the employee does not go out of his/her way in order to help a customer. This employee simply says they cannot help. This serves as the baseline or control condition in which no customer-directed helping behavior is present. In the low effort condition, the employee goes above and beyond to help the customer, but does not spend a tremendous amount of time with the customer and does not see that the customer need is completely fulfilled. In the high effort condition, the employee goes above and beyond to help the customer in such a way that the customer issue is fully completed or rectified by the employee.

Based on theory, Study 1, and the pretest, the following hypothesized relationships are expected:

H1: Perceived Employee Effort is positively related to Perceived Inequity.

H2: Perceived Employee Effort is positively related to Perceived Service Quality

H3: Perceived Inequity is negatively related to (a) Customer Bystander Happiness and positively related to (b) Envy, and (c) Customer Bystander Frustration.

H4: Perceived Service Quality is positively related to (a) Customer Bystander Happiness and negatively related to (b) Envy, and (c) Customer Bystander Frustration.

H5: Customer Bystander Happiness is positively related to (a) Customer Bystander Satisfaction, (b) Positive Word-of-Mouth, and (c) Repatronage Intentions.

H6: Envy is negatively related to (a) Customer Bystander Satisfaction, (b) Positive Word-of-Mouth, and (c) Repatronage Intentions.

H7: Customer Bystander Frustration is negatively related to (a) Customer Bystander Satisfaction, (b) Positive Word-of-Mouth, and (c) Repatronage Intentions.

Figure 1.1

A Model of Witnessing Employee Customer-Directed Helping Behavior

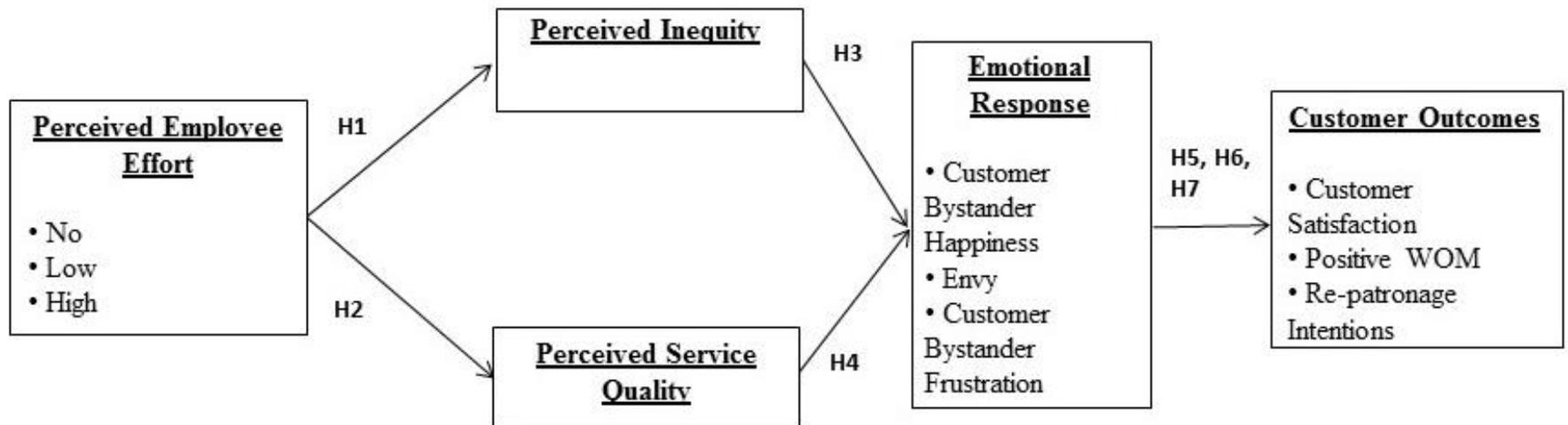


Table 1.2

Variable Definitions

Variable Name	Variable Components	Definition
Perceived Employee Effort	Perceived Employee Effort	Amount of energy or exertion a customer bystander believes that an employee invested in executing the helping behavior (Huang 2008; Mohr and Bitner 1995)
Perceived Inequity	Perceived Inequity	Evaluation of the extent to which one feels that he/she is not getting as much of something as someone else...i.e. customer believes that outcomes received by them are lower than those received by others (Brady, Voorhees, and Brusco 2012)
Perceived Service Quality	Perceived Service Quality	Customer assessment or perceptions of quality of service provided by the company versus the quality of service expected...i.e. evaluation of the quality of service provided (Brady and Cronin 2001)
Emotional Response	Customer Bystander Happiness	A positive emotional response expressed by individuals who are feeling pleasure or contentment after witnessing another customer receive help from an employee (Labroo and Patrick 2009)
	Envy	A negative emotion, considered malicious or destructive in nature, that is generally associated with a negative assessment of one's worth in comparison to another (Van de Ven, Zeelenberg, and Pieters 2011; Smith and Kim 2007)

Variable Name	Variable Components	Definition
Emotional Response (Cont)	Customer Bystander Frustration	An emotional response that occurs when a negative outcome presents itself, yet a positive outcome was actually desired. It is the feeling of disappointment or annoyance felt when the customer bystander believes, after evaluation, that the customer receiving the employee customer-directed helping behavior received more than they did (Strebel, O'Donnell and Myers 2004; Roseman 1991)
Customer Outcomes	Customer Bystander Satisfaction	The degree of satisfaction with the firm after witnessing the employee customer-directed helping behavior (Oliver and Swan 1989)
	Positive Word of Mouth	Informative communication, either positive or negative, between parties regarding the evaluation of some good and/or service (Reichheld 2003; Anderson 1998)
	Re-Patronage Intentions	Degree to which a customer expects to return or continue a relationship with a particular business or service provider in the future (Hess, Ganesan, and Klein 2003)

1.4 Organization of Dissertation

This dissertation contains eight chapters. Chapter Two introduces the foundational premise of this paper by examining Social Comparison Theory, Cognitive Appraisal Theory, and Equity Theory as the underpinnings by which customer bystanders will compare themselves to others. Chapter Three examines and reviews the relevant literature for this dissertation. Chapter Four presents a qualitative study, Study 1, whose results were used in the development and formation of the hypothesized model in conjunction with theory. Chapter Five presents the model and establishes the reasoning and rationale of the hypotheses established by the model. Chapter Six explains the research design and results from a pretest conducted on the scenario-based experiment. Chapter Seven presents the updated scenario-based experiment, the research methodology, data analysis, and results from Study 2. Finally, Chapter Eight provides the general discussion of the findings of Study 2, the theoretical and managerial implications related to these findings, the limitations of this dissertation, and potential future research directions.

CHAPTER TWO

THEORIES

2.0 Introduction

This chapter reviews the various theories relevant to studying customer bystanders and the impact of witnessing employee customer-directed helping behavior on these customer bystanders. The major overarching theory for this dissertation is Social Comparison Theory while Equity Theory and Cognitive Appraisal Theory fill varying roles in helping explain the phenomenon of interest. Therefore, an examination of Social Comparison Theory will be discussed first followed by discussions of Equity Theory and Cognitive Appraisal Theory.

2.1 Social Comparison Theory

Social comparison theory, developed by Festinger (1954), is a self-assessment or self-evaluation theory that potentially drives behavior. It focuses on the concept “that individuals are motivated to evaluate their opinions and abilities, and when objective information concerning the adequacy of their opinions and abilities is not available, they will attempt to obtain such information by comparing their opinions and abilities to those held by other individuals” (Mumford 1983, p. 874). Taking this further, Fiske (2004) discusses how social comparison theory utilizes the idea that people will compare themselves to some referent other to assess how they specifically are doing overall or in a given moment. Jones and Gerard (1967) propose that social comparisons made by individuals can be based on reflected or comparative appraisal. Reflected appraisal is a social comparison made by individuals in the evaluation of oneself to another in which the individual has some form of direct interaction with the referent other.

Comparative appraisal, on the other hand, is an evaluation based on witnessing and observing the behavior of the referent other without having direct interaction with the referent other (Jones and Gerard 1967).

Social comparison theory also proposes that individuals will not necessarily compare themselves to any one person or group in particular (Festinger 1954). Generally, people compare themselves laterally to those who seem, or who the individual believes to be, similar to them on a particular factor because of the belief in this comparison granting more relevant and comparative information (Richins 1991; Wills 1991; Mumford 1983). The reasons people set out to compare themselves to others are to provide a general assessment of their overall worth or value as a way to determine if improvement is needed and to determine if their self needs enhancement (Taylor, Wayment, and Carillo 1995). Overall, this comparison provides a self-evaluation of that particular person's self-worth (Fiske 2004). However, not all comparisons are sought; with unsought comparisons also occurring in which a comparison to others not similar to oneself occur (Richins 1991). For example, the plethora of magazine articles with beautiful models, and television shows and movies with happy, successful individuals can force people to compare themselves even when there was no intention to compare (Argo, White, and Dahl 2006; Richins 1991; Goethals 1986). Regardless of whether the comparison is sought or unsought, everyone uses social comparison to understand how they are doing in relation to others, to feel better about themselves through comparing themselves downward, or to determine how to improve themselves through comparing themselves upward (Zhang 2005; Fiske 2004).

Within the marketing and psychology literature, social comparison theory has been used to uncover a number of ways in which consumers evaluate themselves. Using social comparison theory, Mochis (1976) examined social comparison processes and influences in informal

reference groups finding that consumers seek information from their peer or similar group members in order to determine their own standing within the peer network. Sheeran, Abrams, and Orbell (1995) examined the link between unemployment, self-esteem, and depression using social comparison theory and found that the impact of unemployment on peoples' self-worth was dependent on how they compared their particular circumstances to others in their group. Richins (1991) uses social comparison theory to examine how young females compared themselves, and thus their self-worth, to models in magazines and other advertising images finding that such comparisons led to highly negative views of the self. Tylka and Sabik (2010) further study the issue of self-esteem and self-worth using social comparison theory by examining sexual objectification and determining its negative consequences such as body shame and eating disorders. Argo, White, and Dahl (2006) use social comparison theory to show that self-threatening social comparisons lead or motivate consumers to lie in order to protect themselves. Zhou and Soman (2003) examine customer waiting or queuing, finding that customers rationalize their own waiting time (making themselves feel better) by comparing themselves with others in line behind them.

Concerning this dissertation, social comparison theory, particularly comparative appraisal (Jones and Gerard 1967), appears to encapsulate and explain, at a macro or overarching level, the influence that witnessing other customers in a service or retail setting and comparing one's self to those customers will have on a customer's experiences. Witnessing another customer receive a benefit, through employee customer-directed helping behavior, will cause witnessing customers to evaluate their own situation and make determinations based on this assessment that influence their behaviors for the duration of their own service encounters and potentially into the future as well.

2.2 Equity Theory

Equity theory is a relationship theory that attempts to explain how people respond to their evaluation of inputs and outcomes put into a relationship by themselves and others (Carrell and Dietrich 1978). The theory describes how, within evaluation, if individuals perceive inequity within the relationship, they will experience greater levels of dissatisfaction and cognitive dissonance than when the relationship is equitable (Hatfield, Salmon, and Rapson 2011; Carrell and Dietrich 1978; Adams 1963). Inequity exists within the relationship whenever peoples' "inputs and/or outcomes stand psychologically in an obverse relation to what [they perceive] are the inputs and/or outcomes of others [the other actors in the relationship]" (Adams 1963, p. 424). This inequity can manifest itself either as pity or guilt if individuals feel they have over-benefitted from the relationship, or it will manifest as anger or resentment if they feel they have under-benefitted from the relationship (Hatfield, Salmon, and Rapson 2011). When people find themselves in inequitable relationships or in states of inequity, they will find ways to reduce the stress incurred by "restoring psychological equity, actual equity, or abandoning the relationship" (Hatfield, Walster, and Berscheid 1978, p. 6). In this way, individuals are essentially altering their performance in order to achieve equitability again (Carrell and Dietrich 1978).

In order to assess the equitability of a relationship, Carrell and Dietrich (1978) propose that "a more fruitful approach to assessing perceptions of equity and their effects may be to measure perceptions of the net balance or overall fairness of the relationship of the input/outcome ratios of an individual and comparison persons" (p. 206). Furthermore, the comparison does not have to derive from a comparative individual but can come from some internally derived standard comparison of the expected outcome to the actual received outcome based on expected levels of equity or fairness with regards to a particular situation or encounter

(Carrell and Dietrich 1978). In this way, equity and the perceived fairness of a relationship or situation and its outcome are one in the same (Carrell and Dietrich 1978).

Equity theory has been used extensively in the marketing literature. Brady, Voorhees, and Brusco (2012) examine the consequences of sweethearting on customers, finding that those customers who engage in sweethearting with an employee have greater levels of positive inequity and satisfaction towards the company. Kwon and Jang (2012) used equity theory to investigate customers' views of a firm's service recovery efforts following a service failure. They found that perceived fairness or equity in the relationship increased after service recovery if additional compensation was offered. Glass and Wood (1996) examine software piracy using equity theory finding that software piracy is influenced by customers' evaluations of perceived social outcomes to inputs. Oliver and Swan (1989) examine consumer perceptions and feelings towards various aspects of automobile purchasing and the customer-salesperson relationship finding that perceived fairness and preference are related to the inputs and outcome judgments.

Equity theory is appropriate for understanding the evaluative judgment of customers witnessing another customer receive some benefit they did not also receive. Witnessing such an event will cause customer bystanders to assess their own relationships with a company and determine whether the additional components that another customer received from the same company beyond what they received were perceived as equitable or not. If customer bystanders perceive some inequity, or a lack of fairness, they may feel distress and attempt to rectify the situation through their future behavioral intentions such as complaining to management, complaining to others, or, potentially, not returning to the firm. If customer bystanders perceive the exchange as equitable, essentially not viewing the additional benefit the other customer received as a threat to their own relationship with the firm, they will probably continue the

relationship with the firm and may exhibit other positive emotions and assessments of the interaction and of their own relationship with the firm. Determining whether customer bystanders' equitability assessments are positive or negative after witnessing positive employee-customer interactions through employee customer-directed helping behavior is a focal component of this dissertation.

2.3 Cognitive Appraisal Theory

Cognitive appraisal theory asserts that when an event occurs an interpretation of the event is made and an individual must decide how or what to feel based on the interpretation of the event (Lazarus 1991). Within individuals, emotions result or appear based on the overall appraisal of a given event or situation and the evaluation of the impact of the event on these individuals' self or well-being (Johnson and Stewart 2005; Bagozzi, Gopinath, and Nyer 1999; Lazarus and Folkman 1991). This interpretation or appraisal will then determine the emotions that they will feel and dictate their future behavioral intentions (Roseman 1984). Furthermore, individuals will appraise and react to events differently. Regarding the same event, some may see it as stressful, and that it puts a strain on their psychological resources, while others may not be bothered by it at all (Lazarus and Launier 1978). In addition, those that see the event as stressful are likely to attempt to cope, both cognitively and behaviorally, with the perceived consequences of the event (Stephens and Gwinner 1998; Folkman and Lazarus 1991).

Cognitive appraisal theory has been used extensively in the marketing literature to uncover customer interpretations of a given event. Ruth, Brunel, and Otnes (2002) use cognitive appraisal theory to assess appraisals relative to various consumption emotions finding that customer interpretations of the service encounter systematically influence the emotions felt and that not all emotions are impacted by the appraisal or interpretation in the same way. Stephens

and Gwinner (1998) use cognitive appraisal theory to propose how and why consumers complain about a particular dissatisfying service experience and why every dissatisfying experience is not complained about. They find that particularly stressful appraisals lead to larger emotional reactions to the experience, and the larger the emotional response, the more likely a consumer is to complain. White, Varadarajan, and Dacin (2003) find that the extent of the appraisal and the subsequent emotional response influences how managers perceive a particular market situation with market situations that are seen as controllable being identified as opportunities for the firm. Nyer (1997) finds that word-of-mouth communication is driven by appraisal of a given exchange experience.

In the context of this dissertation, cognitive appraisal is appropriate for understanding and identifying how customer bystanders will emotionally assess witnessing an event in which another customer receives an added or special benefit from an employee. Furthermore, in conjunction with equity theory (see above), cognitive appraisal theory will allow an assessment of how these emotions generate certain behavioral intentions. The way in which customer bystanders perceive the equitability of the given witnessed interaction may cause the customer bystanders to cognitively evaluate the situation, potentially leading to negative or positive emotions. Based on this assessment, customer bystanders may then respond behaviorally in either a positive or negative way towards the firm.

CHAPTER THREE

LITERATURE REVIEW

3.0 Introduction

This chapter reviews the literature relevant to customer bystanders, extra-role behavior, and helping behavior as the specific extra-role behaviors of interest.

3.1 Customer Bystanders

The service experience or service encounter is influenced by many different factors that interplay with one another during a given event (Belk 1985; White and Dahl 2006). In fact, the overall environment, including the social environment, may influence the perceptions of a consumers' service encounters or experiences (Berger and Heath 2007; Tanner et al. 2008). One extremely important aspect of service encounters is the impact of other customers on that particular encounter (Belk 1985; Grove and Fisk 1983; 1997). Traditionally, the way this phenomenon is generally approached is through customer-customer interactions and a determination of whether those interactions influence the service experience (Zhang, Beatty, and Mothersbaugh 2010; Rosenbaum and Messiah 2007; Grove and Fisk 2007). For example, Jones (1995) classifies customer-customer interactions into three categories: 1. They are either a central part of the service experience such as interactions during a sporting event or live concert, 2. They are an additional component of the service experience such as when two customers are interacting at a nail salon, or 3. They are non-existent or limited such that the interaction has no role or consequence to the service experience such as customers waiting at the DMV or to

complete a banking transaction. Zhang, Beatty, and Mothersbaugh (2010), examine these three types of customer-customer interactions finding support for Jones' (1995) framework and extending the framework by determining how the prominence of each of the three categories fluctuates across service settings. Jones' (1995) framework and the extension provided by Zhang, Beatty, and Mothersbaugh (2010) is limited in that the framework reflects how individuals' direct interactions with other customers influence their service experiences. However, it does not account for the indirect effect of witnessing on customers' service experience. Missing from this literature on customer-customer interactions is a greater understanding of the influence that the customer-employee interactions exert on other customers that are not directly involved with the service encounter. That is, those who do not have direct interactions with an employee or customer during a particular exchange may still be influenced by the interaction or exchange between the employee and the other customer. Therefore, it is possible that the influence of other customers on the focal customer's service experience is not limited only to direct interactions between the two.

An important aspect of this dissertation is that it views the encounter from a "witnessing" perspective. In this way, the customers of interest are not actually engaged in a specific interaction, but rather "witness" another customer engaging in some kind of exchange with an employee. This essentially brings in a three-way interaction that has generally been overlooked in the literature. Instead of only looking at the interaction between customers, whether direct or indirect, or at the interaction between a customer and an employee, this viewpoint focuses on the impact of an employee-customer interaction on these other "witnessing" customers - customer bystanders. Customer Bystanders are customers within a service or retail setting who witness an external event between an employee and another customer in which they are not the primary

actor. These customers are extremely important to the service encounter and the overall service experience because there are many instances in which an employee-customer interaction is being observed by other customers.

As mentioned above, most literature has not examined explicitly a customer witnessing another customer and an employee engage in an encounter and the impact of that observation on the witnessing customers' reactions. The scant literature that has looked at witnessing other customer interactions focuses either on negative employee-customer interactions, such as the impact on the customer bystander witnessing service failures and the subsequent service recovery attempts (Wan, Chan, and Su 2011; Cowley 2005), or the actual interaction being witnessed provides the context or background for examining another phenomenon of interest, such as waiting time and wait expectations (Cowley 2005; Grewal et al. 2003). For example, Wan, Chan, and Su (2011) examined how a service failure that is observed by a customer influences the observing customer's service evaluation. They found that observing customers will attribute more (less) blame to the company if the customer involved in the service failure is personally similar (not similar) to themselves. These attributions then influence the observing customers in forming negative evaluations of the service quality of the firm. Grewal et al. (2003) conclude that customers' wait expectations influence their patronage intentions such that the longer the expected wait, the less likely the customer is to continue to patronize a particular store. Thus, the customer waiting is negatively influenced from a waiting time perspective by the amount of time an employee spends with a different customer. Cowley (2005) examines how "other customers" attribute blame for an unsuccessful service encounter and how it forms their expectations of their own encounter that is going to occur. She finds that observing or witnessing customers are more likely to attribute the service outcome to the service provider's disposition

than to the customer's disposition or to external, situational constraints. Furthermore, her work is the first attempt to move past only examining waiting time with regards to observing other customers. Her work extends the literature on other customers by demonstrating that the observations made by observing customers (customer bystanders) are an important aspect of the formation of their own service encounter experiences. Therefore, as customers do use a variety of cues to gauge their own service experiences, it is necessary for the direct impact of witnessing an employee-customer interaction to be identified and evaluated.

3.2 Extra-Role Behavior and Helping Behavior

Extra-role behavior is a positive and discretionary behavior demonstrated by employees that consists of three parts: it is not specified in advance by role prescriptions, it is not recognized by a formal rewards system, and it is not a source of punitive consequences when not performed by an employee (Van Dyne and Lepine 1998). Extra-role behaviors occur spontaneously, yet they strategically provide instrumental gains if the help given is effective and accurate (Grandey et al. 2005; Eastman 1994; Podsakoff and MacKenzie 1994). Interestingly, the study of employee behaviors or performance that goes beyond normal job duties and behaviors is not cohesive (Maxham and Netemeyer 2003). In fact, what actually constitutes an extra-role behavior is defined differently among employees and between employees and their employers (Morrison 1994). Podsakoff et al. (2000) find that employee extra-role behaviors can be directed towards the firm, towards other employees, and towards customers. Further demonstrating the lack of cohesiveness in the literature, Maxham and Netemeyer (2003) identify four different research streams that have examined the particular phenomenon; organizational citizenship behavior, prosocial behavior, contextual performance behavior, and customer-directed extra-role behavior. Organizational citizenship behaviors (OCBs), or extra-role behaviors, appear to be the

most studied, focusing on employee-employee interactions and behaviors an employee does for the firm rather than employee-customer interactions (Organ 1988; Mackenzie, Podsakoff, and Ahearne 1998; Netemeyer et al. 1997; Mackenzie, Podsakoff, and Fetter 1993). Interestingly, the least researched, but potentially most beneficial outcome classification proposed by Podsakoff et al. (2000) is the extra-role behaviors directed towards customers, known as customer-directed extra-role behaviors (Maxham and Netemeyer 2003; Bettencourt, Gwinner, and Meuter 2001; Bettencourt and Brown 1997). Because of the potential benefits of understanding the impact of customer-directed extra-role behaviors and the limited understanding of it in the literature, in this dissertation, the focus will be on a specific, customer-oriented extra-role behavior - helping behavior. Interestingly, helping behavior is a behavior that overlaps or transcends classifications and has its roots in both OCBs and customer-directed extra-role behaviors (McLean-Parks and Kidder 1994; Podsakoff et al. 2000; Maxham and Netemeyer 2003). Therefore, it is important to understand the transcendence of helping behavior across both literature streams. To help with cohesiveness, an overview of OCBs and customer-directed extra-role behavior are discussed.

Organizational citizenship behaviors (OCBs) or extra-role behaviors are defined as an employee's discretionary behaviors that directly promote the effective functioning of an organization independent of that employee's objective productivity (Organ 1988; Podsakoff et al. 2000). According to Organ (1988), there are three forms of OCBs: civic virtue, sportsmanship, and helping behavior. These three extra-role behaviors are oriented towards other employees rather than as behaviors towards customers. For example, helping behavior, as defined by Organ (1988), is about helping co-workers solve or avoid work-related issues or problems. Studies have found that employee extra-role behaviors (OCBs) are related to job performance (Van Dyne and Lepine 1998). Furthermore, it has been found that employees who are satisfied and committed to

their jobs engage in extra-role behavior (Organ 1988). Mackenzie, Podsakoff, and Ahearne (1998) determined the antecedents and consequences of extra-role behavior in the form of extra-role performance. Examples of OCBs include altruism, generalized compliance, courtesy, sportsmanship, and civic virtue (Podsakoff et al. 2000; Tang et al. 2008). Altruism, or helping behavior, is particularly relevant for this dissertation as it is the most active extra-role behavior, it is an extra-role behavior that can be directed at all other employees, and it is an extra-role behavior that can potentially also be directed at customers (Podsakoff et al. 2000; McLean-Parks and Kidder 1994).

Customer-directed extra-role behaviors, as opposed to OCBs, are behaviors that occur when a service employee goes beyond his/her job duties to help resolve a customer problem or need whether the customer is aware of the issue or not (Maxham and Netemeyer 2003; Bettencourt and Brown 1997). Furthermore, Borman and Motowidlo (1993) propose that employees representing the organization in a positive light to customers is a behavioral role that goes beyond the actual task performance required of employees. Bettencourt and Brown (1997) and Bettencourt, Gwinner, and Meuter (2001) conceptualize three customer-directed extra-role behaviors they term loyalty (employee advocates interest or image of firm), participation (effort expended in employee initiatives to improve service), and service delivery (employee response to customer concerns or needs). The customer-directed extra-role behavior of interest to this dissertation is service delivery. Service delivery, or customer-directed helping behavior, is defined as “conscientious employee efforts to effectively respond to customers’ concerns” (Maxham and Netemeyer 2003, p. 47). Unfortunately, as noted in the discussion above, little empirical research has assessed these customer-directed extra-role behaviors. Maxham and Netemeyer (2003) examined customer-directed extra-role behaviors from the perspective of

handling customer complaints, while Wuyts (2007) examined customer-directed extra-role behaviors within an interpersonal buyer-seller business-to-business relationship. The lack of understanding regarding customer-directed extra-role behaviors represents a major gap in the literature.

In this dissertation, the impact of customer-directed extra-role behaviors on customers witnessing an event will be examined helping close this gap. However, instead of broadly studying customer-directed extra-role behaviors, the focus will be limited to one particular type of customer-directed extra-role behavior - helping behavior. Employee customer-directed helping behavior is an extra-role behavioral dimension that focuses specifically on how and why people employ behaviors that reach or extend beyond normal interactions or job duties. Employee customer-directed helping behavior is an effort based behavior that is interpersonal, cooperative, and proactive (Van Dyne and Lepine 1998). It occurs when a service employee goes beyond his/her job duties to help resolve a customer problem or need whether the customer is aware of the problem or not. Research on helping behaviors has focused on the antecedents of helping behavior and the potential consequences of helping behavior on the relationship between the helper and the individual receiving help (Batson 1997; Bendapudi, Singh, and Bendapudi 1996; Bachrach et al. 2006). However, there appears to be limited understanding of helping behavior within the context of employees helping customers and the influence of differing types or levels of helping behavior. Therefore, examining only employee customer-directed helping behavior is appropriate because of the context of the study (employee-customer interactions), it is a behavior that can be witnessed, and it is appropriate to only study one type of extra-role behavior because of the scattered and convoluted nature of extant extra-role behavior literature (Organ 1997; Maxham and Netemeyer 2003).

CHAPTER FOUR

QUALITATIVE RESEARCH

4.0 Introduction

A qualitative study was conducted in order to develop and refine a conceptual model and determine appropriate hypotheses for this dissertation. Study1 assessed open-ended questions using the critical incidence technique (CIT) to determine the impact of witnessing employee-customer interactions in general. This helped preliminarily answer the research question regarding the impact of witnessing events on customer bystanders, particularly service quality, and it allowed for the identification of employee customer-directed helping behavior as the main type of behavior that customer bystanders actually can witness and respond to.

4.1 Study One

A CIT was conducted in order to understand, at a foundational level, what type of special benefits given to customers are actually witnessed by other customers and why customer bystanders believe this special benefit was given to another customer. A CIT was beneficial at this stage because it assisted the researcher in uncovering and understanding the basis of the phenomenon in question (Bitner, Booms, and Tetreault 1990). The literature is limited in its examination and understanding of customer bystanders and witnessing in general. Therefore, it was necessary to gather as much foundational data as possible with CIT being the best instrument to do so because a CIT is able to provide detailed information similar to qualitative depth interviews and allows for a relatively large sample size to be collected in a reasonable amount of time (Gremler 2004).

4.1.1 Data Collection

It is important to note that for Study 1, the interaction between an employee and another customer was not limited specifically to employee customer-oriented helping behaviors. Instead, customers were asked to recall an incident in which another customer received some type of special benefit from an employee.

A pre-test was conducted before a large-scale collection was initiated. Peers were recruited to respond to the CIT survey in full, and to examine the survey for any flaws, confusing wording, errors, rationale, general feedback, and realism. In this survey, respondents were asked to recall a time in the recent past when they had witnessed another customer receiving some type of special benefit from an employee. Respondents were then directed to recall the incident in as much detail as possible and were asked questions specific to that particular incident regarding the impact of the incident on their own service experiences. Analysis of the pre-test revealed some wording issues and clarification with regards to realism, but every question was adequately answered requiring only slight modification.

After using the feedback generated in the pretest to update the survey, a larger data collection was initiated. Respondents were recruited in one of two ways for this study. The first way involved asking students from two undergraduate marketing classes at a large southeastern university to recruit respondents by contacting them and providing them with a link to the survey. The student recruiters were awarded one point on their final grade if they were able to recruit five (5) or more respondents. In order to mitigate any potential skewing of the data and movement away from the true population, students were informed that two of the people recruited (including the student him/herself) could take the survey, but three of the recruited respondents should be non-students. Please see Appendix A for the full recruitment document. A

link posted to the website Reddit (Reddit.com) by the researcher provided the second recruitment method used for this study. The researcher created a post on Reddit in the subgroup reddit.com/r/samplesize which is the primary location on Reddit to post links to surveys and ask for feedback. The survey itself can be found in Appendix B.

Overall, seventy-six respondents completed the survey. Sixty-two percent of the respondents were female, 93% were Caucasian, and 41% were over the age of 25 (25% over 45). All demographic information for this study is presented in Table 4.1. Furthermore, Table 4.2 shows the breakout of the context or setting (retail setting versus service setting) in which the described event took place with 63% of the described events occurring in a retail setting.

Table 4.1

Study 1 - Demographics

Gender	
Male	38.2%
Female	61.8%
Age	
19-24	59.2%
25-34	11.8%
35-44	3.9%
45-54	15.8%
55+	9.2%
Ethnicity	
White/Caucasian	93.4%
Black/African American	5.3%
Other	1.3%

Table 4.2

Study 1 - Event Settings

Event Setting	
Retail Setting	63.2%
Service Setting	36.8%

4.1.2 Data Analysis

To analyze the data, the classification system proposed by Bitner, Bernard, and Tetreault (1990) was used. In this system, content analysis of the data allowed the researcher to place recall events into various groups or categories based on examined similarities among the given incidents (Bitner, Bernard, and Tetreault 1990; Holloway and Beatty 2008). In order to achieve the best results with this type of analysis, Bitner, Bernard, and Tetreault (1990) suggest that continual and repeated readings of the incidents must occur before sorting the incidents into groups, and it must continue as the incidents are sorted. Furthermore, the incidents are continually sorted into groups and resorted until all the incidents in a particular category are more similar to each other than they are to the incidents in other categories.

4.1.3 Categorization of Type of Special Benefits Witnessed

The overall assessment of the data began with categorizing or determining the type of special benefits received by other customers that are actually witnessed by customer bystanders. The overarching themes into which the witnessed special benefits could be classified were other customers receiving a discount or coupon (33%), other customers receiving some type of free merchandise or upgrade (29%), other customers receiving explicit preferential treatment (20%), and other customers receiving general assistance or help from an employee (18%). The four categories identified, the definition or explanation for each category, and examples of incidents that fall into each category are located in Table 4.3.

Table 4.3

**Categorization of Type of Special Benefits Witnessed
n=76**

<i>Type of Special Benefit</i>	<i>Definition/Explanation</i>	<i>Example Incidents</i>
<p><i>Discount/Coupon</i> (33%)</p>	<p>Receiving a discount or coupon on regular purchase price from employee</p>	<p>I was at H&M in New York city, the person told the cashier that they had a coupon for 25% off and left it at home. / The cashier scanned the coupon they had behind the counter and gave them the discount. I was behind them in line.</p> <p>Shopping with my mother at bath and body works, they always mail my mother coupons she is getting older and left the coupon in the car, she told the cashier and the cashier went ahead and credited her the discount of the coupon.</p>
<p><i>Free Merchandise</i> (29%)</p>	<p>Receiving free merchandise, getting meals compensated, or getting an upgrade from employee</p>	<p>I travel a great deal in my work and on my last flight, I noticed a fellow traveler upgraded on a flight. I noticed it, because I was in queue for a similar upgrade but did not receive it.</p> <p>Customer at restaurant received free drink and dessert. / They were ahead of me in line. It was their first time there. / It was two people, and the one who'd been before got a drink, but the one who hadn't did not buy a drink. The n00b [new customer to store] came back after their transaction was complete to buy a drink. By that time the cashier was helping me. Rather than interrupt my transaction, the cashier said "this time it's on me. You'll come back." The cashier and I then joked about how it was a trap (referencing the internet meme joke).</p>

<i>Type of Special Benefit</i>	<i>Definition/Explanation</i>	<i>Example Incidents</i>
<i>Preferential Treatment (20%)</i>	Receiving special attention or being attended to first by employee	<p>I was at the Piggly Wiggly shopping for wine (like you do) and the lady selling the wine was definitely biased towards guys. I mean, I tried to get her to recommend any good rosa [wine] and it was like "pulling teeth" to get her opinion on the matter. But she had no problem talking to this young, good looking guy about pinot noir for an hour. She was like, "pinot noir this, and pinot nior that." I wanted to say something, like "He's not going to sleep with you lady" but I held my tongue.</p> <p>The last one I remembered was this past Saturday after the game. I was at the bar waiting to get a drink and had been waiting for probably around 5 minutes. The bartender was going in order down the bar and right as it was my turn. The bartender's friend walked up and was immediately served.</p>
<i>General Assistance (18%)</i>	Receiving generalized help or assistance from an employee	<p>A sales associate in a department store helping a customer order using an in store kiosk.</p> <p>Clerk told customer which stores in the mall to try to find what he was looking for, since the customer either wasn't happy with the selection at the clerk's store or the store didn't have the item.</p>

Discounts or coupon usage incidents occurred as a consequence of either customer or employee initiation. Essentially this was a special benefit that occurred either because the witnessed customer asked for it and the employee complied or agreed to fulfill that request, or it occurred because the employee decided to give a particular discount to a certain customer for whatever reason. Potential reasons for giving this and the other types of special benefits are

provided below in section 4.1.4. Free merchandise incidents occurred when the witnessed customer received something of value from the employee for free. Preferential treatment occurred when the witnessed customer was attended to first even when not the first customer needing assistance or the main attention of the employee was directed at or shifted to that customer whether the employee was engaged with others or not. Finally, general assistance incidents occurred when a witnessed customer received general help, such as locating an item in the store, from an employee.

4.1.4 Reasons for Customer Getting Special Benefit

Once type of benefits were established, the perceived reasons why the witnessed customer was receiving that special benefits were categorized. These categories were perceptions or inferred conclusions made by the customer bystander as to the rationale for why the witnessed customer was granted a particular benefit by the employee. Three distinct categories and four subcategories emerged. The overarching categories identified as reasons why the witnessed customer received a special benefit were employee helping behavior, known customer, and discrimination. Helping behavior, the largest category identified, occurred when the customer bystander identified that the witnessed customer was receiving the special benefit because the employee had identified a need or concern of the witnessed customer and was attempting to fulfill that need. Known customer occurred when the customer bystander identified that the witnessed customer appeared to a friend or family member of the employee, the customer appeared to be a loyal or return customer of the firm, or a large purchase was being made. Finally, discrimination occurred when a customer bystander identified that the witnessed customer was receiving the special benefit because of some type of employee bias. Within known customer, two subcategories were established: family/friend and VIP/large purchase.

Within discrimination, two subcategories were established: appearance/gender preference discrimination and age discrimination. Appearance/gender discrimination refers to times the customer bystander believed the witnessed customer received a special benefit because of the way they looked (i.e. this looks like a person who can afford to be in this store) or because the employee was trying to flirt with that customer. Age discrimination refers to the customer bystanders' belief that the witnessed customer received special treatment because he/she appeared age appropriate to be in that store. Example incidents for each category/subcategory are found in Table 4.4

Table 4.4

**Categorization of Reason for Special Benefit Received
n=76**

<i>Category</i>	<i>Subcategory</i>	<i>Example Incidents</i>
<i>Helping Behavior</i> (45%)	Helping Behavior (45%)	They wanted to help the customer and provide them with an enjoyable shopping experience. She wanted the customer to be pleased with the hotel and knew or thought she would want a bigger room.
<i>Known Customer</i> (38%)	Family/Friend (21%)	The customer was a friend of the employee and the employee would buy items for the customer using their discount. I was shopping with my daughter and we were at a pretty expensive clothing store when we witnessed the event. The girl next to us was talking to an employee who I guess was a close friend and the employee told her she can get it at a very low price. I wondered how so I listened in and heard that she was going to lie and say that this friend was "family" and give her the family discount.
	VIP/Large Purchase (17%)	Customer was frequent shopper and was given employee discount to ensure they would continue to return. Because she was buying a good amount of clothes so the discount would be more beneficial to her.
<i>Discrimination</i> (17%)	Appearance/Gender (14%)	If I had to point to just one reason I think she was looking for some "party-action" with the hot, young guy who wanted some pinot noir. The customer was wearing nicer clothing and an obviously "rich Asian tourist" typical of the groups that come through Innsbruck. He basically had a giant euro symbol posted on his forehead.
	Age (3%)	They received this benefit just on the fact of their age and knowledge and nothing else.

Category 1: Helping Behavior. Overall, 45% of respondents reported that witnessed customers received a special benefit from the employee because the employee genuinely wanted to help fulfill a need. That is, the employee's helping behavior was a key driver in a witnessed customer receiving some type of special benefit. Customer bystanders realized in these situations that employees want to make customers happy and will try to assist them if possible. Many times customer bystanders note that the customer receiving the special benefit did not request help, but the employee identified that the customer needed assistance and reacted quickly to help that customer. For example, one customer bystander noted that the witnessed customer received a discount/coupon from the cashier at the retail store because the customer was dealing with her young children and looked flustered. The employee, noticing this struggle, offered the mother a discount on the diapers she was buying. In another example, a family was eating breakfast at a restaurant when the owner or manager came over to talk with them. The manager/owner found out that this was the family's first time at the restaurant and within a few minutes had brought the table a full bag of freshly baked bagels for the family to take home at no charge and thanking them for trying the restaurant.

Category 2: Known Customer. Thirty-eight percent of respondents reported that they believed witnessed customers received special benefits due to them being known to the employee. Sometimes customer bystanders reported that witnessed customers appeared to be a family members or friends of the family. In other instances, customer bystanders reported that the witnessed customer appeared to be making a large purchase or was considered a loyal or return customer by the employee.

Category 2A: Family/Friend. Fifty-five percent of the known customer category, or 21% of all respondents, reported that the witnessed customer was receiving the special benefit from

the employee because that customer was a family member or friend of the employee. For example, one customer bystander respondent reported that he saw an employee at a restaurant bar giving his friend free drinks throughout the course of the night.

Category 2B: VIP/Large Purchase. Seventeen percent of all respondents (or 45% of customer bystander respondents within the known customer category) reported that the witnessed customer received a special benefit from an employee because they were making a large purchase or were a loyal customer. For example, a respondent reported that the witnessed customer received a discount from the employee because that customer was spending over \$200 on that purchase. Another respondent reported that the witnessed customer received a special benefit because "she was probably a known customer who came into the store often and spends a good amount of money there."

Category 3: Discrimination. Seventeen percent of respondents believed that certain customers were given special benefits due to discrimination on the part of the employee. Essentially, customer bystander respondents noted that employees seemed to be nicer, pay more attention to, and offer more perks to certain customers who may match certain biases. Two identified biases that were further uncovered include appearance/gender discrimination and age discrimination.

Category 3A: Appearance/Gender Discrimination. Fourteen percent of respondents (85% of those reporting some form of discrimination) attributed the special benefit received by a customer to appearance/gender discrimination. For example, one customer bystander noted that a sales employee at a large department store only helped and approached customers who were dressed nicely. Another customer bystander reported that a male waiter noticed a group of young

women sitting at one of his tables and began to focus solely on that table, including giving them free drinks, at the detriment of the other tables he was supposed to be serving.

Category 3B: Age Discrimination. 3% of respondents, or 15% of the respondents who reported discrimination, reported that the special benefit was given because of age. For example, one customer bystander reported that older customers were allowed to cut in line and check out even though a younger customer had been patiently waiting for several minutes.

After these categorizations were identified, a cross-tabulation of the three broad categories on the four different types of special requests was conducted. This is an important step in the analysis of this data because it allowed for a comparison of the various reasons why a special benefit may be given to customer across the different types of benefits. In this way, potential trends in how a customer bystander interprets the reasoning for another customer receiving a particular type special benefit can be established. The cross-tabulation results can be found in Table 4.5. Unfortunately, the significance of this cross-tabulation could not be identified. In order to determine the significance of a cross-tabulation, at least 80% of the cells must include a sample size of five or greater. In this analysis, only 50% of the cells met this criteria. However, it is still possible to discuss differences or trends present in the data.

Of particular note is the wide distribution of helping behavior across the different types of special benefits given. Of the 34 times customer bystander respondents reported helping behavior as the reason for the special benefit being given, 13 (38.2%) were free merchandise given by the employee to the customer, and 11 (32.4%) were general assistance provided by the employee. Another important finding related to helping behavior customer did not believe that it was a major reason for the benefit being given if the assistance was preferential treatment. Of the 34 helping behavior incidents reported by customers, only 2 (5.9%) were attributed to

preferential treatment. This appears to indicate that very few respondents believe that overt special attention at the expense of other customers in the store was being given to that customer when they believed the employee was helping the customer altruistically.

In addition, customer bystanders attributed most of the discrimination incidents, 8 of 13 (61.5%) to preferential treatment given by the employee to a customer. Finally, 14 of the 29 known customer incidents (48.3%) occur when customer bystanders see coupons or discounts being given to other customers and 8 (27.6%) occur when free merchandise is given. That is, customer bystanders believe employees give discounts, coupons, and free merchandise as special benefits to customers when the customer receiving the benefits is known.

Table 4.5

Reason for Special Benefit by Type of Special Benefit Received

<i>Type of Special Benefit</i>	Helping Behavior		Known Customer		Discrimination		<i>Row Subtotal</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Discount/Coupon	8	23.5	14	48.3	3	23.1	25	32.9
Free Merchandise	13	38.2	8	27.6	1	7.7	22	28.9
Preferential Treatment	2	5.9	5	17.2	8	61.5	15	19.7
General Assistance	11	32.4	2	6.9	1	7.7	14	18.5
<i>Column Total/Row Percentage</i>	34	44.7	29	38.2	13	17.1	76	100.0

4.2 Discussion

In Study 1, various types of incidents in which customer bystanders were influenced by an interaction between an employee and another customer were determined. To gain a broader understanding of the types of incidents customer bystanders actually witness and the reasons

they feel these other customers were given the benefit, a CIT study was conducted. The results indicate that there are four main categories of types of special benefits that customer bystanders witness employees giving other customers: discount/coupon, free merchandise, preferential treatment, and general assistance. Furthermore, there are three distinct categories relative to why customer bystanders believe another customer received a particular special benefit from an employee: helping behavior, known customer, or discrimination.

The results of Study 1 provide a more insightful and thorough understanding of events customer bystanders actually witness and recall and it provides clearer insights into how customer bystanders attribute the granting of these special benefits to other customers. Overall, the results suggest that the most recognizable types of special benefits are discount/coupon and free merchandise. These potentially stand out to the customer because there are tangible benefits associated with the granting of this benefit.

With regards to special benefit attribution, almost half of the time, customer bystander respondents suggest that the special benefit was given to the other customer because of employee helping behavior. That is, they believed the employee was doing it in order to fulfill a particular customer's need. This is potentially beneficial to firms because it demonstrates that such extra-role behavior directed at customers makes a noticeable impression on customers who witness the event. However, further analysis of this type of behavior, specifically with regards to the impact of this behavior on those witnessing the incident, is required. This analysis is limited because the direct impact of this event on customer bystanders is unclear. Furthermore, because this study relied on event recall, the immediate reaction and impact of such events has not been measured. While it is telling that customer bystanders remember witnessing helping behavior-type incidents in a positive way, this is not necessarily what their immediate reaction to the event was nor does

it necessarily reflect how their view of similar events may be influenced by how much the witnessed incident influences or changes their perceptions of the quality of service provided. Thus the purpose of this dissertation is to quantitatively assess the impact of employee customer-directed helping behaviors on customer bystanders.

CHAPTER FIVE

MODEL AND HYPOTHESIS DEVELOPMENT

5.0 Introduction

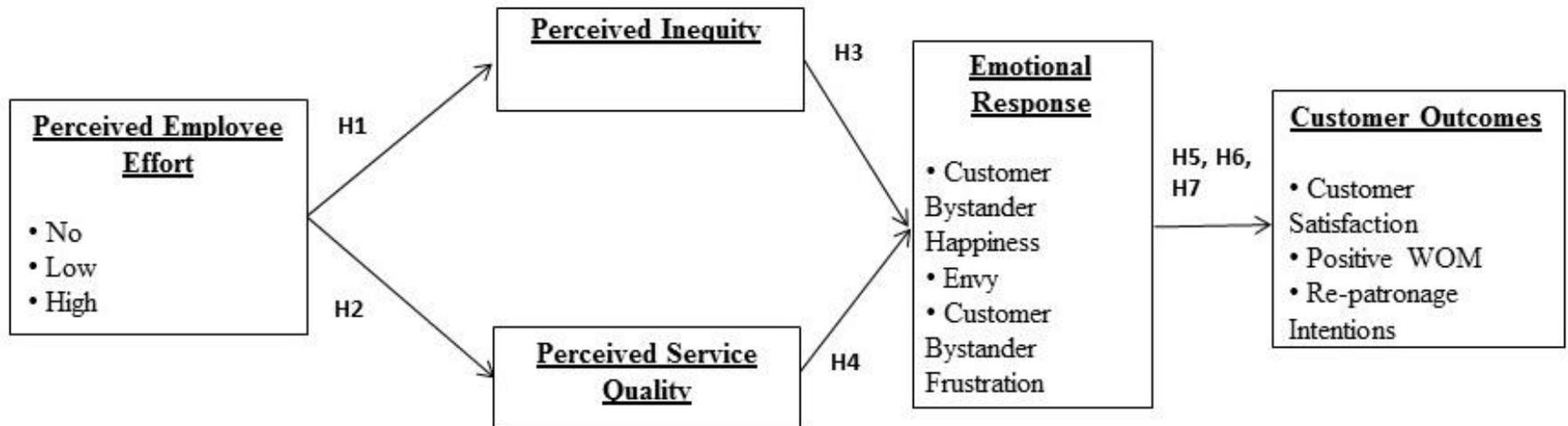
Chapter 5 presents the research model, the hypotheses, and the rationale for the hypotheses. First, the conceptual model will be presented. Next, the rationale for each hypothesis will be discussed by integrating the three theories, social comparison theory, equity theory, and cognitive appraisal theory, and past research findings, as necessary.

5.1 Conceptual Model

Based on previous literature, theories, and emerging themes/findings from Study 1, a conceptual model was developed. Figure 5.1 shows the proposed customer bystander model. In this model, the perceived employee effort given in helping a customer causes the customer bystander to make both an equity-based evaluative judgment, and to evaluate the service quality of the firm. That judgment leads to several customer outcomes that are mediated by the emotional response of the customer bystander after witnessing the event.

Figure 5.1

A Model of the Hypotheses



5.2 Hypothesis Development

5.2.1 Perceived Employee Effort

In order to accurately evaluate the witnessing of employee customer-directed helping behavior by customer bystanders, a construct representative of that behavior needs to serve as proxy due to the bystander not being directly involved in the event. That is, the customer bystander is only witnessing the event and can only judge the event as an outsider. Therefore, based on social comparison theory and equity theory, the focal construct of interest in the customer bystander evaluation of an employee helping another customer is “Perceived Employee Effort.” Perceived employee effort is the amount of energy or exertion a customer bystander believes an employee invested in the execution of the helping behavior (Huang 2008; Mohr and Bitner 1995). It is the amount of persistence or overall time spent in the resolution of the identified need (Huang 2008; Mohr and Bitner 1995). From an equity theory perspective, customers utilize perceived employee effort as an interpretation of the overall value contributed/added to the service encounter by employees based on their activity related to the effort (Mohr and Bitner 1995). Research suggests that the more effort employees exert in helping customers the more satisfied customers will be with the service encounter irrespective of the valence of the encounter (Huang 2008; Mohr and Bitner 1995).

5.2.2 Perceived Inequity

Perceived inequity is a fairness evaluation of the extent to which individuals feel they are not getting as much as someone else. That is, customers perceive inequity when they believe that outcomes they receive are lower than those outcomes received by other customers (Brady, Voorhees, and Brusco 2012). Social Comparison Theory stipulates that people compare themselves to others and determine if they are better or worse off than the relevant others to

which they are comparing themselves (Festinger 1954). Furthermore, according to equity theory, people are predisposed to attempt to maximize their outcomes (Adams 1963). Thus, when they perceive that maximization of outcomes is not occurring, they become distressed and may feel that they are in an inequitable relationship. They may then attempt to rectify this situation by trying to restore equity within the relationship or by abandoning the relationship altogether (Hatfield, Salmon, and Rapson 2011; Hatfield, Walster, and Berscheid 1978). On the other hand, if they feel that they are maximizing their outcomes, people will seek ways to maintain, reinforce, or strengthen the relationship (Hatfield, Salmon, and Rapson 2011; White, Breazeale and Collier 2012). For example, White, Breazeale, and Collier (2012) analyzed the perceived fairness among customers of self-service technology policies that has been pushed on them by companies, finding that those who perceived this as fair were more likely to continue patronizing the store, and in some instances, actually plan on increasing their future spending with the store. However, they also found that those who perceived the store's policy as unfair or inequitable, were less likely to seek ways to maintain the relationship and may engage in activities such as negative word-of-mouth in order to restore equitability in their eyes.

Based on social comparison theory and equity theory, customer bystanders who witness employees helping other customers will make fairness evaluations of that encounter with relation to themselves. When customer bystanders witness other customers receiving special benefits from employees that they are not necessarily receiving, both a comparison and an equitability assessment of the situation are made. Customer bystanders observe or witness other customers receiving special treatment or a special benefit from employees. They will psychologically evaluate this interaction discerning how this relates to their own situation and expectations. Essentially, customer bystanders will evaluate their own situations and make inferences based on

these assessments including an equitability assessment as to whether these interactions observed relative to other customers and other employees and the employees' allocation of resources (benefits given to other customers that may or may not be available to others) are fair. *No perceived employee effort* serves as the baseline response. It is a lack of employee helping behavior. For *low perceived employee effort*, customer bystanders will perceive the event as less removed from normally expected service and will not perceive that their own outcomes are that different from the customer receiving the benefit. Moreover, some customer bystanders may use the event as an indicator of the good decision they made in maintaining a relationship with this company (this company does great things for customers), decreasing their perceptions of inequity of the event. Under *high perceived employee effort*, however, customer bystanders may perceive the helping behavior as deviating far from the normal or expected service leading them to perceive inequity (this person got something special, would I also get it? Why are they getting more than I am?). These rationales produce the following hypothesis.

H1: Perceived Employee Effort is positively related to Perceived Inequity.

5.2.3 Perceived Service Quality

Witnessing an employee customer-directed helping behavior given to another customer through the amount of perceived effort exerted by the employee will cause customer bystanders to assess their own service quality (Vargo and Lusch 2008; Brandy and Cronin 2001; Parasuraman, Zeithaml, and Berry 1985). Service quality has been a widely researched topic that focuses on customers' quality perceptions based on a comparison of the perceived service they received against the service they actually expected (Gronroos 1984). The disconfirmation paradigm originally proposed by Gronroos (1984) serves as the basis or foundation for the well-known SERVQUAL model initially proposed by Parasuraman, Zeithaml, and Berry (1985).

This model, using the disconfirmation paradigm, determines the gap between expected and perceived service by measuring five different dimensions (reliability, responsiveness, assurances, empathy, and tangibility) of service quality.

While SERVQUAL served as foundational assessment for understanding customer perceptions of service quality, research verifying these dimensions as originally proposed has been inconclusive with many follow-up studies unable to pinpoint the true dimensionality of the construct proposed by SERVQUAL (Parasuraman, Zeithaml, and Berry 1994; Smith 1999; Caruana, Ewing, and Ramaseshan 2000; Brady and Cronin 2001). As such, there have been several attempts to reconsider the construct itself and propose competing dimensionality assessments (e.g. Brady and Cronin 2001; Rust and Oliver 1994). Brady and Cronin (2001), using the original dimensions developed by Rust and Oliver (1994) and blending them with various SERVQUAL dimensions, proposed a multidimensional service quality construct that measured overall service quality as the integration of interaction quality (quality of the customer-employee interaction), the perception of the service environment, and the technical or outcome quality with these three factors further disaggregated into multiple components. Thus, Brady and Cronin (2001) found that service quality is a multidimensional, hierarchical construct that examines the overall quality of the service experience itself.

The focus of the Brady and Cronin (2001) service quality model on the overall experience of the customer is important to note because the literature has continued to move towards more understanding of many distinct aspects of the service experience on the customer. Therefore, as the focus on services and the service experience itself have increased, understanding customer participation and evaluation of the quality of service provided has become a key priority for both academics and practitioners. This is demonstrated by the rise of

the service dominant logic (S-D logic) paradigm proposed by Vargo and Lusch (2004). S-D logic asserts that service is the foundation of exchange, and the beneficiary of the service always determines the value derived from the service (Vargo and Lusch 2008). As all exchanges are service based, the customer makes value judgments and determines the overall level of the service experience he or she receives (Vargo and Lusch 2008; 2006; 2004). Put another way, it is the evaluation by a customer of the quality of service provided during a service encounter that matters (Brady, Vorhees, and Brusco 2012).

Therefore, while the psychological assessment that occurs when comparing one's own situation to another is occurring (evaluating the perceived inequity of the witnessed event), the customer bystander is also potentially making an overall assessment of the service quality provided by the firm. In this study, customer bystanders are purely observing an employee helping another customer (with their own service levels remaining stable across changes in the service levels of others they are observing). Thus, witnessing employees going beyond what is normally expected could cause customer bystanders to perceive higher service quality provided by the organization. Furthermore, as employees engage in greater effort to help customers, customer bystanders witnessing this effort may perceive that the service quality offered by the company is greater even though they are only witnessing the event. This broad assessment of the quality provided by the firm is in direct contrast to the self-evaluation that occurs internally as customer bystanders draw a comparison between themselves and the other customer receiving the helping behavior or special benefit from the employee. These rationales produce the following hypothesis.

H2: Perceived Employee Effort is positively related to Perceived Service Quality.

5.2.4 Emotional Response

According to Cognitive Appraisal Theory, when an event occurs, an interpretation of the event is made and an individual must decide how or what to feel based on the interpretation of the event (Lazarus 1991). Thus, individual levels of perceived inequity and perceived service quality will lead to an emotional response by the customer bystander and this emotional response will in turn cause the individual to behave in a particular or certain way (Roseman 1984). Essentially, emotions result from both the overall appraisal of a given event or situation on individuals and the evaluation of the impact of the event on these individuals' selves or well-being (Lazarus and Folkman 1991). Merging Social Comparison Theory, Equity Theory, and Cognitive Appraisal Theory together allows for an understanding of the effect of an individual's emotional assessment of a particular event even when an event has no physical or direct impact on the individual. Thus, when customer bystanders witness another customer receive a special benefit from an employee, they may compare themselves directly to the customer receiving the benefits (Social Comparison Theory) interpreting whether the benefit received by the other customer is equitable or inequitable (Equity Theory). Furthermore, customer bystanders will also evaluate the overall perceived service quality provided by the employee and, through the employee, the firm. Then, based on these interpretations, an emotional response from the customer bystanders are generated (Cognitive Appraisal Theory). Furthermore, their emotions then produce certain behavioral intentions, causing them to react or behave in a manner generally consistent with their specific emotional response (Roseman 1984).

Generally, emotional assessment has been conducted with broad groupings categorized by whether the emotions were positive or negative. Using broad emotional scales such as PANAS-X, researchers attempt to capture the general emotional response of an individual given

a particular event (Watson and Clark 1994). However, research within marketing is moving towards testing specific emotions rather than broad groupings because not all positive or negative emotions should be assumed to elicit the same type of customer behavior (Zeelenberg and Pieters 2004). For example, happiness is a specific positive emotions that specifically related to a person's feelings of pleasure at a given moment in time (Labroo and Patrick 2009). Envy and frustration, on the other hand, are both considered negative emotions, yet one involves feelings of resentment while the other involves feelings of disappointment. Behaving in a particular way due to envy should not be assumed to be similar to behavior relating from disappointment. Therefore, in this dissertation, specific emotions are targeted. I will look at one positive emotion (customer bystander happiness) and two negative emotions (envy and customer bystander frustration). These three emotions were specifically picked because they seem to have relevance to peoples' assessments of their own well-being with respect to direct comparisons with someone else satisfying the major tenet of Social Comparison Theory, and because they have relevance in the overall assessment of the type and quality of service provided by the establishment.

Happiness is a positive emotional response expressed by individuals who are feeling pleasure or contentment at a particular moment in time (Labroo and Patrick 2009). When customer bystanders witness another customer receiving something special from an employee, and this event elicits a fairness judgment by the customer bystanders, it is likely the customer bystanders will have feelings of happiness both for the person receiving the benefit and for their decision to have a relationship or patronize that particular establishment. In this dissertation, happiness relates specifically to this feeling of pleasure and contentment in the person witnessing an event - the customer bystander. Thus, it will be referred to as "customer bystander happiness."

Envy is a negative emotion, considered malicious or destructive in nature, that is generally associated with a negative assessment of one's own worth in comparison to another he or she sees as superior (Van de Ven, Zeelenberg, and Pieters 2011; Smith and Kim 2007; Bers and Rodin 1984; Schoeck 1969). Furthermore, it is a feeling of hostility or resentment that arises when someone else has something that an individual wants (Van de Ven, Zellenberg, and Pieters 2011). Thus, when customer bystanders witness another customer receiving something from the employee that they did not or will not also receive, an evaluative judgment that this is unfair may cause an abrupt emotional response of discontentedness or resentfulness in the customer bystanders. That is, customer bystanders may be envious of the customer receiving the special benefit from the employee because they also wish or desire to have or receive that type of benefit or extra effort given to them on the employee's part.

Frustration is an emotional response that occurs when a negative outcome presents itself, yet a positive outcome was actually desired (Strebel, O'Donnell and Myers 2004; Roseman 1991). Essentially, frustration is an emotion that is "caused by circumstances that are inconsistent with current motives and result in punishment or absence of a reward" (Strebel, O'Donnell and Myers 2004, p. 1061). When customer bystanders witness another customer receive a special benefit from an employee and this event causes an evaluative judgment of inequity, the customer bystanders will feel that they are being punished for circumstances that may be outside their control. Similar to customer bystander happiness, because this feeling of frustration is explicitly related to witnessing an action, it will be referred to as "customer bystander frustration." These rationales produce the following hypotheses.

H3: Perceived Inequity is negatively related to (a) Customer Bystander Happiness and positively related to (b) Envy, and (c) Customer Bystander Frustration.

H4: Perceived Service Quality is positively related to (a) Customer Bystander Happiness and negatively related to (b) Envy, and (c) Customer Bystander Frustration.

5.2.5 Outcomes

Customer bystanders' emotional responses felt in witnessing and assessing the fairness of another customer receiving a special benefit from an employee and their assessment of this event on the overall service quality provided will have ramifications on the potential future behavior of the customer bystanders towards the firm in terms of the customer bystanders' satisfaction with the firm, the customer bystanders' word-of-mouth communication about the experience witnessed, and the repatronage intentions of the customer bystanders after witnessing the event. A major goal of all firms is to enhance revisits or repatronage to their retail or service locations. An incident that decreases satisfaction with the firm is likely to have dire consequences for the firm, and the chance of the customer returning to the store is likely to decline. Another major outcome for the firm is the word-of-mouth communication of customers who patronize a store and then tell others about the experience. Word-of-mouth is the informative communication between parties regarding the evaluation of some good and/or service (Anderson 1998). This communication can be either positive or negative and is found to have major impact of overall firm growth (Reichheld 2003). This is especially true with regard to dissatisfied customers because dissatisfied customers are much more likely to participate in word-of-mouth communications than those with a positive experience (Anderson 1998). How customer bystanders evaluate their own situations concerning witnessing another customer receive a benefit not received by them and the overall service quality provided will influence the customer bystanders' future behavior (Festinger 1954; Jones and Gerard 1967). Furthermore, cognitive appraisal theory asserts that the emotions felt by customer bystanders dictate their future

behavioral intentions (Roseman 1984). Therefore, customer bystanders who have experienced negative emotional responses following witnessing another customer receive a special benefit from an employee will be more likely to engage in negative behaviors following the witnessing of the event, and customer bystanders who have more positive emotional responses and service quality experiences are more likely to engage in positive behaviors. These rationales produce the following hypotheses.

H5: Customer Bystander Happiness is positively related to (a) Customer Bystander Satisfaction, (b) Positive Word-of-Mouth, and (c) Re-patronage Intentions.

H6: Envy is negatively related to (a) Customer Bystander Satisfaction, (b) Positive Word-of-Mouth, and (c) Re-patronage Intentions.

H7: Customer Bystander Frustration is negatively related to (a) Customer Bystander Satisfaction, (b) Positive Word-of-Mouth, and (c) Re-patronage Intentions.

5.3 Summary

Chapter 5 proposed and discussed an overarching framework of how customer bystanders react when witnessing an employee customer-directed helping behavior that was provided to another customer. The final model proposes several hypotheses that will provide unique and valuable insight into the retail and service literature that has heretofore been unknown.

CHAPTER SIX

PRETEST

6.0 Introduction

The main study of this dissertation was an online experiment utilizing scenario-based manipulations in order to uncover the underlying attitudinal and behavioral intentions of customer bystanders in a controlled environment. In this way, potential outside factors, not of interest in this dissertation, are controlled for, minimizing their possible influence. Therefore, an essential first step was to conduct a pre-test of the manipulations before moving onto the main study. Thus, the goals of the pre-test were to determine if the manipulations developed for the scenario-based experiment were working properly (if not, how to adapt them further), if there were any demand effects influencing the scenarios, whether the scenarios were realistic, thus applying to real-world situations, and whether the scenarios were easy to understand.

The need to study the phenomenon of interest in this dissertation within both a retail and a services context led to both a sporting goods store (retail) and a hotel (services) being chosen to serve as the representative context for the manipulations. Both of these contexts provide for scenarios that should facilitate a realistic evaluation of observing or witnessing an employee engaged with another customer. For example, a customer bystander can be walking down an aisle within a sporting goods store and witness an employee helping or in discussion with another customer in the store. In a hotel, there is ample opportunity to witness the interactions between hotel staff and customers, especially in the lobby of the hotel. Furthermore, because both of these places serve as relatively easy places to witness interactions of others in the

environment, witnessing employee customer-directed helping behavior and the effort exerted by the employee in providing that helping behavior to the customer can be observed. This should allow for realistic and representative responses from respondents to the scenarios.

6.1 Procedure

Once the scenarios were created and independently evaluated, they were placed into Qualtrics, an online survey software platform. Then, feedback was sought from several graduate students asking them to evaluate the scenarios and provide feedback or questions as needed. In particular, these evaluators were asked to critique the thoroughness and clarity of the scenarios (are the scenarios complete and easy to read/comprehend) and to check for the realism of the scenarios (could you imagine this actually happening to you). Based on the feedback they each provided, the scenarios were further refined, specifically increasing the clarity of the amount of effort given by the employee in helping the witnessed customer. After this final refinement, a total of six scenarios were developed (3 perceived employee effort levels x 2 contexts). Table 6.1 provides a brief list of the manipulations used in each of the six cells of this pretest experiment.

Table 6.1

Manipulation Check by Cell

Cell Number	Manipulation
1	No Employee Effort x Sporting Goods Store
2	Low Employee Effort x Sporting Goods Store
3	High Employee Effort x Sporting Goods Store
4	No Employee Effort x Hotel
5	Low Employee Effort x Hotel
6	High Employee Effort x Hotel

6.2 Data Collection

For this pretest, snowball sampling technique was used to gather responses. With this procedure, an initial set of participants are asked to pass along the survey for others to take. In

this way the number of participants “snowballs” as more participants pass the survey on. The initial participants for this study were undergraduate students in upper-level marketing research courses. For their participation, the students were awarded extra credit for taking the survey and for passing the survey along to their family, friends, acquaintances, etc. The survey instructions given to students appears in Appendix C. The survey respondents completed for this pretest appears in Appendix D. Overall, 461 participants were recruited for this pretest. Forty-one participants’ survey results were removed from the analysis due to incomplete or missing data, leaving 420 complete surveys. Overall, the sample was 71% female and 91% Caucasian with an average age of 33. The age range was this sample was 19 to 86 years old with 61% of the sample being under 30 years of age.

6.3 Manipulation Check Results

While each participant only saw one of the six cells and evaluated them accordingly, the introduction to the scenario was exactly the same. The introductory statement is as follows:

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers. You will now be presented with a situation in which you witness an employee interacting with another customer. Afterwards, you will answer several questions relative to your feelings and interpretations about what happened between the employee and the other customer. Please read the situation below carefully, and imagine it actually happening to you.

Overall, the introduction to the specific scenario, no matter the effort manipulation utilized, involved the survey participant witnessing an employee interacting with another customer in either a sporting goods store or a hotel. The introduction to the three sporting goods scenarios is as follows:

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the

store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and approaches the customer. After a few moments of discussion with the customer, you hear the employee say....

The introduction to the three hotel scenarios is as follows:

As you and your friend are walking through the lobby of a hotel in which you've been staying, known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognized that the other customer has an issue and approaches the customer. After a few moments of discussion with the customer, you hear the employee say...

After reading these introductions to the scenarios, each participant was provided with a level of employee effort exerted by the employee in this situation. The levels were no employee effort, low employee effort, and high employee effort. The two no employee effort manipulations are as follows:

Goods Store: "Sorry, we don't have any of your size in stock, and I don't know when a new shipment will arrive."

Hotel: "Sorry, we overbooked and do not have any rooms."

The two low employee effort manipulations are as follows:

Sporting Goods Store: "Sorry, we don't have any of your size in stock. However, one of our other three stores in the area may have the size you need. Let me get you their numbers and addresses so you can see if they do have your size in stock."

Hotel: "Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. Let me get you their numbers and addresses so you can see if they do have a room available."

The two high employee manipulations are as follows:

Sporting Goods Store: "Sorry, we don't have any of your size in stock. However, one of our other three stores in the area may have the size you need. If you can wait a few minutes, I will call each of them and see if they have your size in stock. If they do, I'll make sure they reserve it for you."

Hotel: “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. If you can wait a few minutes, I will call each of them and see if they have a room that fits your needs. If they do, I’ll go ahead and reserve it for you.”

After reading the given scenario, each participant was asked to answer three manipulation check questions regarding the amount of effort exerted by the employee in helping the customer. The three questions or items were adapted from perceived employee effort scale developed by Mohr and Bitner (1995). Using SPSS 22.0, the three items were averaged to form the composite perceived employee effort scale. The scale items used for this manipulation check along with the reliability of the composite perceived employee effort scale can be found in Table 6.2.

Table 6.2

Perceived Employee Effort Manipulation Check

Variable	Items
Perceived Employee Effort $\alpha = .82$	The employee exerted a lot of energy.
	The employee was very persistent
	The employee did not spend much time in this situation.

Using this scale, an analysis of variance test (ANOVA) was conducted to test the means of three effort manipulations (no effort, low effort, and high effort). An ANOVA is appropriate because the difference between the three effort levels needed to be determined. The results are provided in Table 6.3. The results indicated that a difference does exist between the groups. However, in order to explicitly understand the exact differences between the three groups or levels, a post hoc test must be examined. In this case a Tukey HSD post hoc test was conducted to examine the differences between the three effort levels. The results of the Tukey HSD test appear in Table 6.4. The results of this Tukey HSD post hoc test indicated that there was a significant difference between high employee effort and both no employee effort and low

employee effort. However, there was not a significant difference between the no employee effort and low employee effort conditions. This indicated that the participants were not able to differentiate between these two scenarios.

Table 6.3

Perceived Employee Effort Manipulation Results

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	35.453	2	17.726	9.510	.000
Within Groups	777.298	417	1.864		
Total	812.751	419			

Table 6.4

Tukey HSD Post Hoc Test: Perceived Employee Effort

Manipulation		Mean Difference	Std. Error	Sig.
No Effort	Low Effort	-.17	.16	.541
	High Effort	-.68	.16	.000
Low Effort	No Effort	.17	.16	.541
	High Effort	-.51	.16	.006
High Effort	No Effort	.68	.16	.000
	Low Effort	.51	.16	.006

Table 6.5

Individual Means: Perceived Employee Effort

Level of Effort	N	Mean
No Effort	138	4.10
Low Effort	138	4.28
High Effort	144	4.78

Although, there was no significant difference between these two scenarios, in the final study (see Chapter Seven), all three scenarios were again utilized. A reanalysis of the scenarios

indicated that the time dimension of effort, “the employee did not spend much time in this situation,” was not manipulated well. This potentially caused the lack of differentiation between the no effort and low effort scenarios. Therefore, the scenarios were adjusted in the final study to reflect a stronger time component and all three levels of perceived employee effort were used.

6.4 Realism Check Results

In order to ascertain the realism of the scenarios, the participants were asked to respond to three questions. These questions served as a proxy in gauging how well participants felt the scenarios provided could actually occur in the “real world.” Participants responded to these three questions on a 7-point scale ranging from strongly disagree (1-point) to strongly agree (7-point). Table 6.6 lists the three realism questions and their corresponding means. All of the means for the three realism questions are above 5.50. Furthermore, a frequency analysis found that only 15% of respondents responded with a 4 or lower (neither agree nor disagree or lower) for realism question one, 6.2% for realism question two, and 11% for realism question three. This indicated that participants believed that the scenarios, as given, approximated reality.

Table 6.6

Realism Check: Realism Items and Means

Item	Mean
1. It was easy for me to imagine this experience happening to me in real life.	5.63
2. This experience could happen to me in real life.	5.98
3. The experience seemed realistic.	5.44

6.5 Ease of Understanding Check Results

The next question participants answered concerned whether they believed the scenarios were easy to understand. This check provides confirmation that participants understood what they were reading and, thus, could answer questions adequately and accurately concerning what

they just read. The ease question was provided on a 7-point scale ranging from strongly disagree (1-point) to strongly agree (7-point). The question they responded to stated: “the scenario was easy to understand.” The mean response for this questions was 5.44 with only 19% of the participants answering that they neither agreed nor disagreed with the statement or lower (only 19% of participants answered 4 or lower on the 7-point scale). This indicated that the scenarios are easy to understand and comprehend.

6.6 Demand Check Results

The last question participants were tasked with answering concerned the purpose of the study. Participants were asked an open-ended question asking them “what do you think this study is about?” An analysis of the qualitative data indicated that the majority did not know or they answered generally that the survey was about customer service. As such, no participants needed to be eliminated from the data. This indicates that there is no evidence of a demand effect in these scenarios.

6.7 Conclusion

This pretest provided overall evidence that the scenarios and manipulations used are ready for the main dissertation data collection, Study 2. The only concern uncovered in this pretest was the lack of difference between the no effort and low effort manipulations for the perceived employee effort variable. However, a reanalysis of the scenarios indicated that the effort manipulation used for this pretest did not adequately manipulate the time dimension of employee effort. It was determined that this was the cause for the lack of differentiation between the no effort and low effort conditions. As such, the scenarios were redeveloped for the main study with an emphasis on differentiating the amount of time the employee spent helping the customer in each of the three conditions. In this way, all three levels of perceived employee

effort could be used for the final data collection. The results of the manipulation check on the new scenarios for the final study (Study 2) appear in Chapter Seven. Therefore, Study 2 tested the proposed hypotheses developed in Chapter Five. In Study 2, participants were randomly assigned to a scenario and they answered questions, using scaled items from developed scales, which make up the constructs proposed and developed in the conceptual model.

CHAPTER SEVEN

STUDY TWO

7.0 Introduction

The main study for this dissertation, Study 2, is the extension of the scenario-based experiment that was pre-tested in Chapter 6. The purpose of this chapter is to test the hypotheses previously outlined and discussed in Chapter 5. As discussed in Chapter 6, some changes and improvements to the manipulations tested in the pretest, particularly the manipulation of employee effort, were made in an effort to ensure the validity and strength of any uncovered results.

7.1 Research Design

A scenario-based experiment was developed in order to test the proposed hypotheses. In this experiment one variable, employee effort, is manipulated over two different contexts: a retail context (sporting goods store) and a services context (hotel). This results in a 3x2 factorial design for this study or 6 unique scenarios. A rule of thumb when conducting experimental designs is that each experimental cell (the six unique scenarios in this study) should have at least twenty observations (Hair et al. 2006). Thus, a minimum of 120 observations were needed. However, a more robust determination of appropriate sample size for this study was conducted in order to ensure adequate power was obtained. Therefore, before data were collected, an a priori power analysis was conducted in G*Power3 to determine the appropriate sample size based on the number of predictors used in the model, an estimated effect size, and an estimated power level.

In this study, the total number of predictors possible was 61. This included all of the items and covariates measured in the survey instrument, not just those in the conceptual model. An effect size of .15 was tested as the baseline effect size, and power was set equal to .95. The results of the analysis indicated that a total sample size of at least 353 respondents would adequately test the hypothesized model.

The experiment was created online using Qualtrics. It was then posted to Amazon Mechanical Turk. Eligible users (those located in the United States only) were provided a link to the research study within the MTurk worker dashboard. This link only appeared to those respondents who meet the eligibility criteria. Upon clicking the link, the potential respondents were sent to the MTurk recruitment page for this study and presented with the following information:

The research study that you have been asked to participate in is about a specific service encounter where you have witnessed employees and other customers in the store or service setting. The goal of this research study is to learn about how customers respond to witnessing other customers/employees service encounters including your attitudes towards the encounter and your behaviors following the encounter.

In this survey, you will be presented with a scenario in which you witnessed a service encounter between another customer and an employee. You will then answer a few questions regarding the scenario given. Please make sure to read the scenario carefully as you will not be able to go back and read the scenario later. Also, please make sure that you try to imagine yourself in the situation presented in the scenario as much as possible. The survey should take about 10 minutes to complete.

This survey is voluntary, each participant will remain anonymous, and any personal information provided will remain completely confidential. Work you do here can be linked to your MTurk worker ID. This information will not be shared with anyone. Furthermore, your MTurk worker ID number will only be used for the purposes of distributing compensation. This information will stay separate from your survey responses. This will ensure confidentiality and anonymity of the responses you provide within this survey. For participating in this survey you will earn \$.50. This is payable only if the survey is completed and accurate. Please read each question carefully. In order to take the survey you will be prompted to enter a password. Please enter this code: 2522262

Make sure to leave this window open as you complete the survey. When you are finished, you will return to this page to paste the code you were provided at the very end of the survey (after submission) into the box. This is not the same code as the one provided to start the survey.

Only respondents who fully completed the survey were compensated \$.50 for their participation. Data collection lasted 5 business days. A total of 585 respondents took and fully completed the survey. In order to ensure the results were answered accurately, that participants were actually reading the survey, and that no cheating in order to obtain compensation were present, two attention filters were added to the survey. Twenty-five respondents were eliminated from the final data set due to inaccurately answering the first attention filter in the survey (“Please select somewhat disagree”). An additional nine respondents were eliminated due to answering the second attention filter incorrectly (“What is your favorite color? If you are reading this, please select teal.”). After these respondents were removed, respondent speeding (completing the survey in 5 minutes or less) and respondent straight-line answers were evaluated. This led to an additional 15 respondents being removed from the data. Thus, the final sample size for Study 2 is 536 respondents.

7.2 Sample Characteristics

Overall the sample was 60.6% male (325 respondents) and 39.4% female (211 respondents). The respondents ranged in age from 19 to 76 with an average age of 31.68. 53.5% of the respondents were under the age of 30 while 8.2% of the respondents were over 50. The majority of the respondents identified as White/Caucasian (78.5%; 421 respondents). An additional 49 respondents (9.1%) identified as Asian or Pacific Islander, 28 (5.2%) as Black or African American, and 22 (4.1%) as Hispanic or Latino.

7.3 Measures

The scales and measures used in this study were all adapted from previously established scales, except customer bystander happiness which was created for purposes of this study. Each of the constructs and their corresponding measures are discussed below.

Perceived Employee Effort

Perceived employee effort is the amount of energy or exertion a customer bystander believed an employee invested in the execution of the helping behavior (Huang 2008; Mohr and Bitner 1995). It is the amount of persistence or overall time spend in the resolution of the identified need (Huang 2008; Mohr and Bitner 1995). Perceived employee effort was measured using a three-item scale adapted from Mohr and Bitner (1995). These items were measured on a seven point scale with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability appear in Table 7.1.

Table 7.1

Perceived Employee Effort Items

Construct	Items
Perceived Employee Effort $\alpha = .86$	The employee exerted a lot of energy.
	The employee was very persistent
	The employee did not spend much time in this situation (reverse coded).

Perceived Inequity

Perceived inequity is an evaluation of the extent to which people feel that they are not getting as much of something as someone else; i.e. customers believed that their own outcomes received were lower than those received by others (Brady, Voorhees, and Brusco 2012).

Perceived inequity was measured using a three-item scale adapted from Brady, Vorhees, and Brusco (2012) and Oliver and Swan (1989). These items were measured on a seven point scale

with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability appear in Table 7.2.

Table 7.2

Perceived Inequity Items

Construct	Items
Perceived Inequity $\alpha = .84$	The other customer got better treatment than me.
	The other customer got more than they deserved.
	The other customer got more benefits than me.

Perceived Service Quality

Perceived service quality is a customer assessment of or the perceptions of the quality of service provided by the company versus the quality of services expected (Brady and Cronin 2001). Perceived service quality was measured using a four-item scale adapted from Brady and Cronin (2001). These items were measured on a seven point scale with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability appear in Table 7.3.

Table 7.3

Perceived Service Quality Items

Construct	Items
Perceived Service Quality $\alpha = .97$	I believe the company offers excellent service.
	I would say that the company provides superior service.
	Overall, I consider the service quality to be excellent.
	I felt good about what this company provides to its customers.

Customer Bystander Happiness

Customer bystander happiness is a positive emotional response expressed by individuals who are feeling pleasure or contentment after witnessing another customer receive help from an employee (Labroo and Patrick 2009). Customer bystander happiness was measured using a

three-item scale created for the purpose of this study. These items were measured on a seven point scale with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability appear in Table 7.4.

Table 7.4

Customer Bystander Happiness Items

Construct	Items
Customer Bystander Happiness $\alpha = .94$	If I had actually witnessed this situation, I would have been happy.
	If this situation happened to me, I would feel happy.
	Overall, I would feel happy if I witnessed this encounter.

Envy

Envy is a negative emotion, considered malicious or destructive in nature, that is generally associated with a negative assessment of one's own worth in comparison to another (Van de Ven, Zeelenberg, and Pieters 2011; Smith and Kim 2007). Envy was measured using a four-item scale adapted from Smith et al. (1996). These items were measured on a seven point scale with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability are found in Table 7.5.

Table 7.5

Envy Items

Construct	Items
Envy $\alpha = .88$	I would have been envious that the customer received the benefit.
	I would have resented that the other customer received the benefit.
	I would have felt inferior in this situation because I do not think I would receive the same benefit if the situation happened to me.
	I would have felt hostility towards the employee because they went out of their way for the other customer.

Customer Bystander Frustration

Customer bystander frustration is an emotional response that occurs when a negative outcome presents itself, yet a positive outcome is actually desired. It is the feeling of disappointment or annoyance felt when the customer bystander believes, after evaluation, that the customer receiving help from the employee received more than they did (Strebel, O’Donnell and Myers 2004; Roseman 1991). Customer bystander frustration was measured with a three-item scale adapted from Peters, O’Connor, and Rudolf (1980). These items were measured on a seven point scale with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability appear in Table 7.6.

Table 7.6

Customer Bystander Frustration Items

Construct	Items
Customer Bystander Frustration $\alpha = .91$	If I had actually witnessed this situation, I would have been frustrated.
	If this situation happened to me, I would feel frustrated.
	Overall, I would feel frustrated if I witnessed this encounter.

Customer Bystander Satisfaction

Customer bystander satisfaction is the degree of satisfaction with the firm after witnessing the employee help another customer (Oliver and Swan 1989). Customer satisfaction was measured with a four-point scale adapted from Oliver and Swan (1989) and Reynolds and Beatty (1999). These items were measured on a seven point semantic differential scale. The scale items and the overall reliability appear in Table 7.7.

Table 7.7

Customer Bystander Satisfaction Items

Construct	Items
Customer Bystander Satisfaction $\alpha = .97$	Please indicate how satisfied you would have been with the business after witnessing this event by checking the space that best gives your answer. I would have Been displeased/pleased Been disgusted/contented Been very dissatisfied/very satisfied Felt very unfavorable/favorable

Positive Word-of-Mouth

Positive word-of-mouth (WOM) is positive informative communication between parties regarding the evaluation of some good and/or service (Reichheld 2003; Anderson 1998). Positive WOM was measured with a three-item scale adapted from Verhoef, Franses, and Hoekstra (2002). These items were measured on a seven point scale with 1=strongly disagree and 7=strongly agree. The scale items and the overall reliability appear in Table 7.8.

Table 7.8

Positive Word-of-Mouth Items

Construct	Items
Positive Word-of-Mouth $\alpha = .98$	I would say positive things about this service provider to people I know.
	I would recommend this service provider.
	I would encourage relatives and friends to do business with this service provider.

Repatronage Intentions

Repatronage intentions are the degree to which a customer expects to return or continue a relationship with a particular business or service provider in the future (Hess, Ganesan, and Klein 2003). Repatronage intentions was measured with three-item scale adapted from Hui et al.

(2004). These items were measured on a seven point scale semantic differential scale. The scale items and the overall reliability appear in Table 7.9.

Table 7.9

Repatronage Intentions Items

Construct	Items
<p>Repatronage Intentions $\alpha = .98$</p>	<p>Using the items below and based on the scenario information provided, please indicate the likelihood that you would go back to this establishment again</p> <p>Unlikely/likely Definitely no/definitely yes Not inclined to/inclined to</p>

Control Variables

This survey also assessed various demographic variables that could have an influence on the hypothesized model. Specifically, gender of the respondent and the respondents ages (measured continuously) are included in the analysis of the hypothesized model because they could impact the focal variables within the study.

7.4 Manipulation Check

After the scales were, a manipulation check of employee effort and a context check were conducted. There were a total of six scenarios (3 employee effort levels x 2 contexts). Table 7.10 provides a list of manipulations in each of the six cells. A list of the manipulations appears in Appendix E. An example of the survey instrument as seen by respondents appears in Appendix F. The IRB approval document for this survey appears in Appendix I.

Table 7.10

Manipulation Check by Cell

Cell Number	Manipulation
1	No Employee Effort x Sporting Goods Store
2	Low Employee Effort x Sporting Goods Store
3	High Employee Effort x Sporting Goods Store
4	No Employee Effort x Hotel
5	Low Employee Effort x Hotel
6	High Employee Effort x Hotel

7.4.1 Employee Effort Manipulation

As mentioned in Chapter Six, the manipulation for employee effort was adapted after the pretest participants failed to differentiate between the no effort and low effort conditions.

However, a reanalysis of the scenarios indicated that the problem may arise from the weak time dimension manipulation within the effort construct. Therefore, the scenarios were redeveloped for Study 2.

While each participant only saw one of the six cells and evaluated them accordingly, the introduction to the scenario was exactly the same. The introductory statement is as follows:

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers. You will now be presented with a situation in which you witness an employee interacting with another customer. Afterwards, you will answer several questions relative to your feelings and interpretations about what happened between the employee and the other customer. Please read the situation on the very next page very carefully, and imagine it actually happening to you.

Overall, the introduction to the specific scenario, no matter the effort manipulation utilized, involved the survey participant witnessing an employee interacting with another customer in either a sporting goods store or a hotel. The introduction to the three sporting goods scenarios is as follows:

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue.

The introduction to the three hotel scenarios is as follows:

As you and your friend are walking through the lobby of a hotel in which you've been staying, known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue.

After reading these introductions to the scenarios, each participant was provided with a level of employee effort exerted by the employee in this situation. The levels were no employee effort, low employee effort, and high employee effort. The two no employee effort manipulations are as follows:

Goods Store: After hardly spending any time with the customer, the employee says, "Sorry, we don't have any of your size in stock, and I don't know when a new shipment will arrive. There is nothing I can do."

Hotel: After hardly spending any time with the customer, the employee says, "Sorry, we overbooked and do not have any rooms available. There is nothing I can do."

The two low employee effort manipulations are as follows:

Sporting Goods Store: After spending a little time with the customer, the employee says, "Sorry, we don't have any of your size in stock. However, one of our other three stores in the area may have the size you need. Let me get you their numbers and addresses so you can see if they do have your size in stock."

Hotel: After spending a little time with the customer, the employee says, "Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. Let me get you their numbers and addresses so you can see if they do have a room available."

The two high employee manipulations are as follows:

Sporting Goods Store: After spending a lot of time with the customer, the employee says, “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. If you can wait a few minutes, I will call each of them and see if they have your size in stock. If they do, I’ll make sure they reserve it for you.”

Hotel: After spending a lot of time with the customer, the employee says, “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. If you can wait a few minutes, I will call each of them and see if they have a room that fits your needs. If they do, I’ll go ahead and reserve it for you.”

After reading the given scenario, each participant was asked to answer three manipulation check questions regarding the amount of effort exerted by the employee in helping the customer. The three questions or items were adapted from perceived employee effort scale developed by Mohr and Bitner (1995). Using SPSS 22.0, the three items were averaged to form the composite perceived employee effort scale. The scale items used for this manipulation check along with the reliability of the composite perceived employee effort scale are found in Table 7.11.

Table 7.11

Perceived Employee Effort Manipulation Check

Variable	Items
Perceived Employee Effort $\alpha = .86$	The employee exerted a lot of energy.
	The employee was very persistent
	The employee did not spend much time in this situation. (recoded)

Using this scale, an analysis of variance test (ANOVA) was conducted to test the means of three effort manipulations (no effort, low effort, and high effort). An ANOVA is appropriate because the difference between the three effort levels needed to be determined. The results are provided in Table 7.12. The results indicate that a difference does exist between the groups. However, in order to explicitly understand the exact differences between the three groups or

levels, a post hoc test must be examined. In this case a Tukey HSD post hoc test was conducted to examine the differences between the three effort levels. The results of the Tukey HSD test appear in Table 7.13. The results indicate that there is a significant difference between all three effort levels indicating that respondents were able to differentiate between all three scenario conditions. The individual means for the three levels of effort appear in Table 7.14.

Table 7.12

Perceived Employee Effort Manipulation Results

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	698.112	2	349.056	276.382	.000
Within Groups	673.152	533	1.263		
Total	1371.264	535			

Table 7.13

Tukey HSD Post Hoc Test: Perceived Employee Effort

Manipulation		Mean Difference	Std. Error	Sig.
No Effort	Low Effort	-1.99	.12	.000
	High Effort	-2.67	.12	.000
Low Effort	No Effort	1.99	.12	.000
	High Effort	-.67	.12	.000
High Effort	No Effort	2.67	.12	.000
	Low Effort	.67	.12	.000

Table 7.14

Individual Means: Perceived Employee Effort

Level of Effort	N	Mean
No Effort	182	2.58
Low Effort	173	4.57
High Effort	181	5.25

7.4.2 Context Check

Additionally, as there are two contexts being analyzed in this study, a context effect was conducted. Because only one manipulation (level of perceived employee effort) was varied within two different sample contexts (sporting goods store and hotel), an analysis of whether the overall assessment of effort across the two contexts is equal was conducted. This was done to verify that effort was consistent across the two contexts. This would verify that respondents for either context viewed perceived employee effort similarly. I conducted another independent sample t-test to determine if there were perceived differences in the scenario based only on the context that the respondent was provided. Thus the sample was split between those who saw a scenario with the sporting goods store context (N=274) and those who saw a scenario with the hotel context (N=262). The results of this test appear in table 7.15. The results indicate that there is not a difference between the two contexts. Thus the employee effort manipulation is similar across both contexts.

Table 7.15
Context Effect

Variable	Mean	t-value (independent sample t-test)
Sporting Goods Store	4.13	$t = .122$
Hotel	4.12	$p = .903$

7.5 Perceived Realism of the Scenarios

In order to ascertain the realism of the scenarios, the respondents were asked to respond to three questions. These questions serve as a proxy in gauging how well participants felt the scenarios provided could actually occur in the “real world.” Respondents responded to these three questions on a 7-point scale ranging from strongly disagree (1-point) to strongly agree (7-

point). Table 7.16 lists the three realism questions and their corresponding means. All of the means for the three realism questions are above 6.1. Furthermore, a frequency analysis found that only 4.7% of respondents responded with a 4 or lower (neither agree nor disagree or lower) for realism question one, 4.3% for realism question two, and 3.7% for realism question three. This indicated that participants believed that the scenarios, as given, approximated reality.

Table 7.16

Realism Check: Realism Items and Means

Item	Mean
1. It was easy for me to imagine this experience happening to me in real life.	6.14
2. This experience could happen to me in real life.	6.23
3. The experience seemed realistic.	6.18

7.6 Ease of Understanding Check Results

The next question respondents answered concerned whether they believed the scenarios were easy to understand. This check provided confirmation that participants understood what they were reading and, thus, could answer questions adequately and accurately concerning what they just read. The ease question was provided on a 7-point scale ranging from strongly disagree (1-point) to strongly agree (7-point). The question they responded to stated: “the scenario was easy to understand.” The mean response for this questions was 6.30 with only 3.2% of the participants answering that they neither agreed nor disagreed with the statement or lower (only 3.2% of participants answered 4 or lower on the 7-point scale). This indicates that the scenarios are easy to understand and comprehend.

7.7 Involvement with Survey Check Results

The next questions respondents evaluated checked whether the respondents believed he or she took the responsibility of answering the survey, especially with regards to the survey

seriously. These questions were asked on a 7-point scale ranging from strongly disagree (1-point) to strongly agree (7-point). Table 7.17 lists the three involvement questions and their respective means. All means were greater than 6.1 indicating that respondents believed that they took this survey seriously.

Table 7.17

Involvement Check: Items and Means

Item	Mean
1. I did not take the task of evaluating this scenario seriously. (reverse coded)	6.31
2. I really read the scenarios as if I was actually experiencing the event.	6.15
3. I took extra care in making a sound evaluation of the scenario.	6.12

7.8 Demand Check Results

The last question respondents answered concerned the purpose of the study. Participants were asked an open-ended question asking them “what do you think this study is about?” An analysis of the qualitative data indicated that the majority did not know or they answered generally that the survey was about customer service. Therefore, no respondents were removed from the data analysis, and it was determined that no demand effects were present.

7.9 Overall Measurement Validity

Next, a confirmatory factor analysis (CFA) was conducted on the data using Mplus 6 (Muthen and Muthen 2010). A CFA assesses the reliability and validity of all of the scale items and measures used in Study 2. The measurement model consists of all nine variables for this study: perceived employee effort, perceived inequity, perceived service quality, customer bystander happiness, envy, customer bystander frustration, customer satisfaction, positive word-of-mouth, and repatronage intentions.

In order to conduct a CFA, a three stage process is used. The first stage consists of examining the significance and strength of the loadings on each items respective latent factor. If an item insignificantly loads on its focal latent factor is removed from the analysis (dropped). Items are also removed if they fail to load on their focal latent factor at less than .60 (weak loading). The second stage involves evaluating the overall model fit. This helps determine how well the observed and theorized covariance structures fit. Finally, the modification indices are examined to see if the model can be improved by correlating error covariances or by removing any problematic items such as items that are trying to load on more than one latent factor.

However, before an overall confirmatory factor analysis can be interpreted, an assessment of whether the two different contexts (sporting goods store and hotel) could be combined needed to be determined. The means of the latent variables between the two groups (sporting goods store and hotel) can only be compared (and potentially combined) if, and only if, measurement invariance across the groups has been established. In order to test for measurement invariance, I followed a fixed sequence of model comparison tests that consisted of comparing and contrasting three different models (Vandenberg and Lange 2000; Cheung and Rensvold 2000; Byrne, Shavelson, and Muthen 1989). The first model tests for configural invariance between the two groups. In this model, the same factor structure is imposed on both groups. If the CFA provides good model fit, it can be inferred that the same overall factor structure fits both groups the same. The second model developed tests for weak invariance. In this model the factor loadings are constrained to be equal across the two groups. Then a chi-square difference test is conducted between model 1 and model 2. If the chi-square difference test is insignificant, weak measurement invariance is established. If this is established, the final model, model 3, can be run which test for strong invariance. In this model both the factor loadings and intercepts are

constrained to be equal across groups. A chi-square difference test is again run and, if insignificant, strong invariance has been established.

The first model run tested for configural invariance and consisted of a number of iterations. After the initial run, all items loaded on their intended focal latent factor significantly and at greater than .60. However, the model fit was only marginally acceptable. Looking at the modification indices, the error terms between two of the customer bystander happiness items and two of the employee effort items could be correlated in order to reduce chi-square and improve model fit. First the two customer bystander items were correlated with each other and a new iteration run. This improved the model, but more could be done. Thus, the two effort items were correlated and another CFA iteration conducted. This run produced acceptable model fit ($\chi^2 = 1354.98$, $df = 733$ $p < .001$, $\chi^2/df = 1.85$, comparative fit index (CFI) = .97, root mean square error of approximation (RMSEA) = .06, and standardized root mean square residual (SRMR) = .06.

Overall this indicates that the two groups have configural invariance meaning that the same factor structure holds across both groups. The next model, model 2, tests for weak invariance. As with the first model two customer bystander items errors and two employee effort items errors needed to be correlated with each other. The final run produced a model with acceptable fit ($\chi^2 = 1407.78$, $df = 755$ $p < .001$, $\chi^2/df = 1.86$, CFI = .97, RMSEA = .06, SRMR = .06). A chi-square difference test between model 1 and model 2 was significant ($\Delta\chi^2 = 52.80$, $\Delta df = 22$ $p < .05$) indicating model 1 had better fit than model 2. Thus, weak measurement invariance is not established. Because weak invariance is not established, a test of strong measurement invariance is unnecessary.

In summation, the two groups have the same factor structure. However, they do not have equal factor loadings or intercepts. Thus, the two groups must be analyzed separately.

7.9.1 Measurement Validity for Sporting Goods Store Sample

After the sample was split into its two respective sample groups, sporting goods store and hotel, a CFA on the sporting goods store group was conducted. This CFA was conducted in a number of iterations. First, all of the initial items were tested to determine if each loaded significantly on its corresponding focal construct and if each of those significant loadings possessed the appropriate strength of .60 or greater. The results of the first run indicate that all items load significantly on their corresponding focal constructs and each loading is greater than .60. This indicates that no items need to be dropped from the model. Furthermore, the model demonstrates acceptable fit without need for modification ($\chi^2 = 736.35$, $df = 369$ $p < .001$, $\chi^2/df = 2.00$, CFI = .97, RMSEA = .06, SRMR = .06). However, the modification indices suggest that two of the perceived effort items (Effort1 and Effort2) and two of the customer bystander happiness items (Happy1 and Happy3) could correlate with each other to improve model fit. Two more iterations were run and model fit did improve marginally ($\chi^2 = 695.29$, $df = 367$ $p < .001$, $\chi^2/df = 1.89$, CFI = .97, RMSEA = .05, SRMR = .05). Therefore, the factor structure with the two perceived effort items correlated with each other and the two customer bystander happiness items correlated with each other is maintained.

Table 7.18 provides all item loadings, squared multiple correlations (SMC) for all variables, Cronbach's alpha for each corresponding scale based on the items, and the average variance explained by the items (AVE). Overall, all item loadings are positive, statistically significant, and load greater than .60. This indicates unidimensionality and it established convergent validity (Anderson 1987). SMC for all the observed variables are greater than the

recommended .5 except the second perceived inequity item (IN2). However, the overall contribution (per its significant factor loading) is high enough to justify keeping it in the model. Next, all reliabilities are greater than .7, and finally, the AVEs of all latent variables is above the recommended .50 minimum suggested by Nunnally and Bernstein (1994).

Table 7.18

Confirmatory Factor Analysis for Sporting Goods Store

Construct	Items	Standardized Loadings	SMC	Cronbach's Alpha	AVE
Perceived Employee Effort	Effort1	.80	.63	.86	.66
	Effort2	.76	.58		
	Effort3	.87	.73		
Perceived Inequity	IN1	.83	.69	.84	.62
	IN2	.62	.39		
	IN3	.88	.77		
Perceived Service Quality	SQ1	.96	.93	.97	.90
	SQ2	.94	.89		
	SQ3	.95	.90		
	SQ4	.94	.89		
Customer Bystander Happiness	Happy1	.89	.80	.94	.86
	Happy2	.95	.90		
	Happy3	.94	.88		
Envy	Envy1	.88	.78	.88	.67
	Envy2	.79	.63		
	Envy3	.88	.77		
	Envy4	.72	.51		
Customer Bystander Frustration	Frus1	.92	.84	.91	.78
	Frus2	.81	.66		
	Frus3	.92	.84		
Customer Bystander Satisfaction	Satis1	.96	.93	.97	.91
	Satis2	.92	.85		
	Satis3	.96	.92		
	Satis4	.97	.94		
Positive WOM	WOM1	.96	.92	.98	.93
	WOM2	.98	.96		
	WOM3	.96	.93		
Repatronage Intentions	Repat1	.97	.94	.98	.93
	Repat2	.96	.92		
	Repat3	.96	.92		

Scale means, standard deviations, and correlations for the sporting goods store sample are provided in Table 7.19. The correlations for each level of perceived employee effort appear in Appendix G. Discriminant validity between the constructs was assessed using the test developed by Fornell and Larcker (1981). Discriminant validity occurs when the amount of variance within the scale is greater than the amount of variance that exists between two variables. To test whether discriminant validity exists for this measurement model, the AVEs are determined based on the standardized factor loadings comprising the measurement model. Then, the square roots of these AVEs are calculated and placed on the diagonal of the correlation matrix (see Table 7.19). Finally, the square roots of the AVEs are compared to the correlations between the constructs across both the corresponding rows and columns. If the square roots of the AVEs are greater than any of the correlations in the corresponding row or column, discriminant validity exists for that measure. The results indicate that all measures in this measurement model demonstrate discriminant validity.

Table 7.19

Means, Standard Deviations, and Correlations for Sporting Goods Store

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	4.13	1.60	.81								
2. Perceived Inequity	2.81	1.10	.15*	.78							
3. Perceived Service Quality	4.62	1.73	.79**	.17**	.95						
4. Customer Bystander Happiness	4.01	1.71	.75**	.12*	.84**	.93					
5. Envy	2.31	1.15	-.11	.59**	-.20**	-.15*	.82				
6. Customer Bystander Frustration	3.03	1.59	-.61**	.15*	-.73**	-.68**	.52**	.88			
7. Customer Bystander Satisfaction	4.76	1.63	.76**	.10	.85**	.83**	-.24**	-.75**	.95		
8. Positive WOM	4.43	1.64	.79**	.14*	.89**	.84**	-.18**	-.72**	.87**	.97	
9. Repatronage Intentions	5.02	1.66	.75**	.06	.84**	.80**	-.26**	-.72**	.87**	.89**	.96

N = 274; * (p<.05); ** (p<.001)

Note: Square roots of the AVEs are on the diagonal.

7.9.2 Measurement Validity for Hotel Sample

Next, a CFA on the hotel group was conducted. As with the sporting goods store CFA, this CFA was conducted in a number of iterations (item significance, strength greater than .60, model fit, potential modification indices). The results of the first run indicate that all items load significantly on their corresponding focal constructs and each loading is greater than .60. This indicates that no items need to be dropped from the model. Furthermore, the model demonstrates acceptable fit without need for modification ($\chi^2 = 687.89$, $df = 369$ $p < .001$, $\chi^2/df = 1.86$, CFI = .97, RMSEA = .05, SRMR = .06). However, the modification indices suggest that two of the perceived inequity items (IN1 and IN3) could correlate with each other to improve model fit. One more iterations was run and model fit did improve marginally ($\chi^2 = 673.025$, $df = 368$ $p < .001$, $\chi^2/df = 1.89$, CFI = .97, RMSEA = .05, SRMR = .05). Therefore, the factor structure with the two perceived inequity items correlated with each other is maintained.

Table 7.20 provides all item loadings, SMC for each measure, Cronbach's alpha for each corresponding scale based on the items, and the AVE for each construct. Overall, all item loadings are positive, statistically significant, and load greater than .60. This indicates unidimensionality and it establishes convergent validity. SMC for all the observed variables are greater than the recommended .50, all reliabilities are greater than .70, and finally, the AVEs of all latent variables are above the recommended .50 minimum.

Table 7.20

Confirmatory Factor Analysis for Hotel

Construct	Items	Standardized Loadings	SMC	Cronbach's Alpha	AVE
Perceived	Effort1	.80	.63		
Employee Effort	Effort2	.77	.59	.86	.68
	Effort3	.90	.81		
	IN1	.73	.53		
Perceived Inequity	IN2	.79	.62	.84	.62
	IN3	.83	.69		
	SQ1	.95	.90		
Perceived Service Quality	SQ2	.96	.92	.97	.90
	SQ3	.94	.87		
	SQ4	.94	.88		
	Happy1	.90	.80		
Customer Bystander Happiness	Happy2	.90	.81	.94	.82
	Happy3	.92	.85		
	Envy1	.76	.58		
Envy	Envy2	.84	.71	.88	.64
	Envy3	.81	.65		
	Envy4	.78	.60		
	Frus1	.93	.86		
Customer Bystander Frustration	Frus2	.77	.60	.91	.78
	Frus3	.94	.88		
	Satis1	.97	.95		
Customer Bystander Satisfaction	Satis2	.91	.83	.97	.89
	Satis3	.96	.93		
	Satis4	.94	.89		
	WOM1	.97	.94		
Positive WOM	WOM2	.98	.95	.98	.95
	WOM3	.97	.96		
	Repat1	.98	.96		
Repatronage Intentions	Repat2	.97	.93	.98	.95
	Repat3	.97	.95		

Scale means, standard deviations, and correlations for the sporting goods store sample appear in Table 7.21. The correlations by level of perceived employee effort for the hotel sample appear in Appendix G. Discriminant validity between the constructs was assessed using the test developed by Fornell and Larcker (1981). The results indicate that all measures in this measurement model demonstrate discriminant validity.

Table 7.21

Means, Standard Deviations, and Correlations for Hotel

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	4.13	1.60	.82								
2. Perceived Inequity	2.81	1.10	.29**	.78							
3. Perceived Service Quality	4.62	1.73	.79**	.29**	.95						
4. Customer Bystander Happiness	4.01	1.71	.76**	.40**	.83**	.91					
5. Envy	2.31	1.15	-.12	.56**	-.12	.02	.80				
6. Customer Bystander Frustration	3.03	1.59	-.64**	-.07	-.75**	-.68**	.34**	.88			
7. Customer Bystander Satisfaction	4.76	1.63	.79**	.28**	.87**	.83**	-.17**	-.75**	.95		
8. Positive WOM	4.43	1.64	.77**	.27**	.86**	.82**	-.16*	-.74**	.89**	.97	
9. Repatronage Intentions	5.02	1.66	.72**	.19**	.79**	.73**	-.22**	-.72**	.87**	.88**	.97

N = 262; * (p<.05); ** (p<.001)

Note: Square roots of the AVEs are on the diagonal.

7.10 Common Method Variance for Both Samples

Common method variance (CMV), and specifically common method bias (CMB), may exist within the data used for this dissertation due to both the exogenous and endogenous variables being collected at the same time, from the same source, and within the same survey instrument (Podsakoff et al. 2003). Furthermore, the data collected for this dissertation was self-reported another potential indicator of CMV (Podsakoff et al. 2003). Therefore, understanding whether CMV presents a problem within this data is necessary.

According to Conway and Lance (2010), however, post hoc statistical strategies for controlling or determining the prevalence of CMV within a dataset are unnecessary. Conway and Lance (2010) argue that providing evidence that CMV was proactively considered during the design of the study, a demonstration of why self-report data is the appropriate methodology to study the phenomenon of interest, evidence of construct validity, and ensuring lack of overlap in items for different constructs, are sufficient in dismissing the impact of CMV on the data. For this dissertation, this pre-study control of CMV was utilized.

Evidence of minimization during the design phase of the study is provided using techniques suggested by Podsakoff et al. (2003). First, Podsakoff et al. (2003) suggest that methodological separation of measurement occur in the measurement instrument. This means that the measurement of the predictor and criterion variables be separated via time lag. Further this can be strengthened by introducing tasks not related to the measurements of importance to the study, and using different response formats during collection. In this study, predictor and criterion variables were separated in time by interspersing measures not used in this analysis, and making sure that measures appeared on different “pages” during the online survey taking process. Furthermore, the main predictor variable, perceived employee effort, was collected next

to last. Throughout the study, Likert-type scales, semantic differential scales, and open-ended questions were interspersed in order to change up any issues with seeing the same measurement time over and over. In addition, before the scenario was introduced, the respondents were asked to discuss a time they had witnessed an event in the store. Second, Podsakoff et al. (2003) suggest counterbalancing question order to limit the influence of the predictor on the criterion variables. As noted in the previous paragraph, this was done by asking questions related to the main predictor variable after asking questions related to the criterion or dependent variables in this study. The next suggestion involves improving scale items to limit CMV. In this study, previously created scales were all adapted for all measures except one (customer bystander happiness). This scale was found to demonstrate discriminant validity. Thus, all scales were determined to meet this criteria. Finally, Podsakoff et al. (2003) suggest protecting respondent confidentiality and reducing an evaluation apprehension. This suggestion was satisfied by informing respondents that all of their responses are anonymous, that they could quit the survey without penalty at any time, that there are no right or wrong answers to the questions, and that the event they were responding to was only something they witnessed.

Conway and Lance's (2010) next suggestion is to validate why self-reports are appropriate for this data collection. In this dissertation, I needed to determine personal evaluative judgments of a witnessed event, the emotions experienced, and the behavioral intentions of witnessing such an event. Furthermore, as the predictor variables and the evaluative judgment variables were perceived, self-reports are the most relevant measurement method theoretically (Judge, Bono, and Locke 2000). Conway and Lance's (2010) third suggestion is providing evidence of construct validity. As the CFA for each sample exhibits satisfactory fit, and convergent and discriminant validity have been shown with this data, the evidence for construct

validity has been verified. Finally, the lack of overlap in items for different constructs must be shown (Conway and Lance 2010). As mentioned above the use of previously established scales and the evidence for convergent and divergent validity suggest that this was established. Thus, CMV does not appear to be a problem with the data used in this dissertation.

7.11 Test of Hypotheses

This section presents the test results of the hypotheses. A discussion of the results appears in the next chapter, Chapter 8. The hypotheses were tested for each of the samples. Figure 7.1 below displays the conceptual model. Please note that the conceptual model is the same for both groups. Table 7.22 presents the relationships tested in this section. It should be noted that the two control variables used in this study (gender and age) were treated as latent variables in the model and the direct effects of both were tested on each of the other nine variables in the model (the hypothesized variables). The analysis reveals that in both samples (sporting goods store and hotel) discussed below, neither gender nor age had a significant impact on any other variable.

Figure 7.1

A Model of Tested Hypotheses

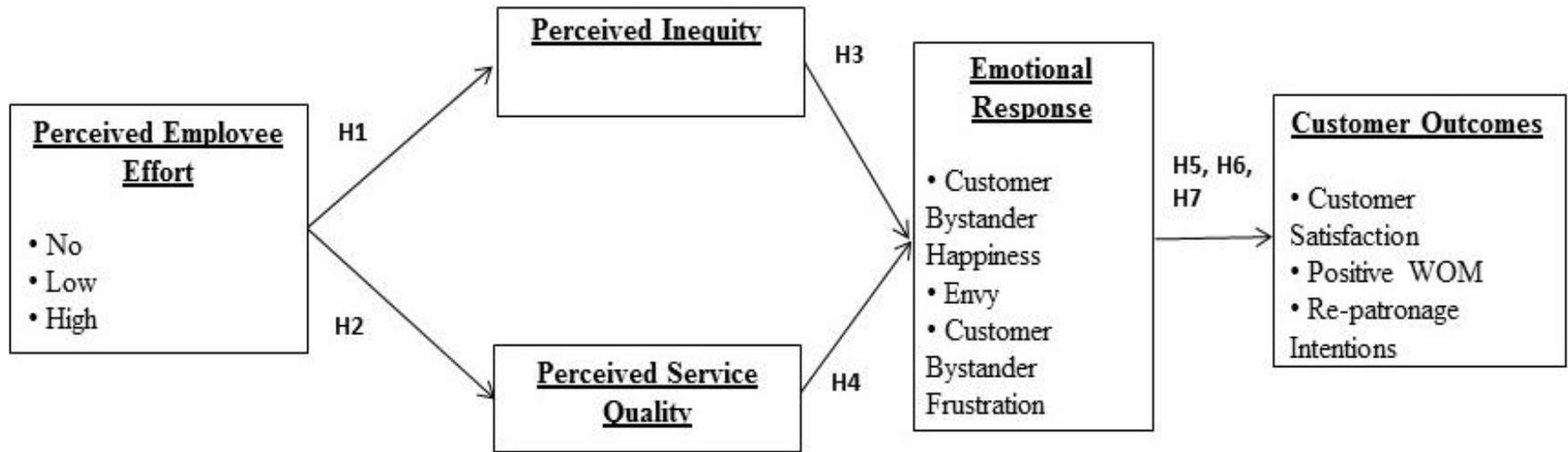


Table 7.22

Hypotheses Tested

Hypothesis	Relationship Tested
H1	Perceived Employee Effort → Perceived Inequity
H2	Perceived Employee Effort → Perceived Service Quality
H3a	Perceived Inequity → Customer Bystander Happiness
H3b	Perceived Inequity → Envy
H3c	Perceived Inequity → Customer Bystander Frustration
H4a	Perceived Service Quality → Customer Bystander Happiness
H4b	Perceived Service Quality → Envy
H4c	Perceived Service Quality → Customer Bystander Frustration
H5a	Customer Bystander Happiness → Customer Bystander Satisfaction
H5b	Customer Bystander Happiness → Positive Word-of-Mouth
H5c	Customer Bystander Happiness → Repatronage Intentions
H6a	Envy → Customer Bystander Satisfaction
H6b	Envy → Positive Word-of-Mouth
H6a	Envy → Repatronage Intentions
H7a	Customer Bystander Frustration → Customer Bystander Satisfaction
H7b	Customer Bystander Frustration → Positive Word-of-Mouth
H7c	Customer Bystander Frustration → Repatronage Intentions

7.11.1 Test of Hypotheses for Sporting Goods Store Sample

The hypotheses for the sporting goods store sample were tested using structural equation modeling (SEM) techniques. SEM was the most appropriate technique for the testing and analysis of this model and hypotheses because it allowed for the testing of all the variables in the model simultaneously. Thus, a more holistic and complete picture of the relationships hypothesized within the model was found. The SEM analysis undertaken for this dissertation was a linear effects model testing with mediation analysis using Mplus 6 (Muthen and Muthen 2010). This model tests for both the direct and indirect effects of the relationships between variables in the model. In addition, gender and age were entered as covariates loading onto all endogenous latent variables in the model.

All results are shown in Table 7.23. Overall, the fit statistics demonstrate that the model was a good fit to the data (RMSEA = .06; CFI = .96; TLI = .95, SRMR = .06). Perceived employee effort had a significant effect on perceived inequity (H1: $\beta = .27$; $p < .001$) and perceived service quality (H2: $\beta = .88$; $p < .001$). Perceived inequity had an insignificant effect on customer bystander happiness (H3a: $\beta = .01$; $p = .87$), but yielded a significant effect on envy (H3b: $\beta = .97$; $p < .001$) and customer bystander frustration (H3c: $\beta = .51$; $p < .001$). Perceived service quality had a significant effect on customer bystander happiness (H4a: $\beta = .88$; $p < .001$), envy (H4b: $\beta = -.40$; $p < .001$), and customer bystander frustration (H4c: $\beta = -.91$; $p < .001$). Customer bystander happiness had a significant impact on customer bystander satisfaction (H5a: $\beta = .54$; $p < .001$), positive WOM (H5b: $\beta = .55$; $p < .001$), and repatronage intentions (H5c: $\beta = .54$; $p < .001$). Envy did not have a significant impact on customer bystander satisfaction (H6a: $\beta = .15$; $p = .20$), positive WOM (H6b: $\beta = .23$; $p = .10$), and repatronage intentions (H6c: $\beta = .12$; $p = .36$). Finally, customer bystander frustration had a significant impact on customer bystander happiness (H7a: $\beta = -.50$; $p < .01$), positive WOM (H7b: $\beta = -.52$; $p < .05$), and repatronage intentions (H7c: $\beta = -.46$; $p < .05$)

Table 7.23

Hypotheses Tests and Results for Sporting Goods Store

Hypothesis	Relationship Tested	β – Coefficient	Hyp Supported
H1	Perceived Employee Effort → Perceived Inequity	.27***	Yes
H2	Perceived Employee Effort → Perceived Service Quality	.88***	Yes
H3a	Perceived Inequity → Customer Bystander Happiness	.01	No
H3b	Perceived Inequity → Envy	.97***	Yes
H3c	Perceived Inequity → Customer Bystander Frustration	.51***	Yes
H4a	Perceived Service Quality → Customer Bystander Happiness	.88***	Yes
H4b	Perceived Service Quality → Envy	-.40***	Yes
H4c	Perceived Service Quality → Customer Bystander Frustration	-.91***	Yes
H5a	Customer Bystander Happiness → Customer Bystander Satisfaction	.54***	Yes
H5b	Customer Bystander Happiness → Postive Word-of-Mouth	.55***	Yes
H5c	Customer Bystander Happiness → Repatronage Intentions	.54***	Yes
H6a	Envy → Customer Bystander Satisfaction	.15	No
H6b	Envy → Positive Word-of-Mouth	.23	No
H6c	Envy → Repatronage Intentions	.12	No
H7a	Customer Bystander Frustration → Customer Bystander Satisfaction	-.50**	Yes
H7b	Customer Bystander Frustration → Postive Word-of-Mouth	-.52*	Yes
H7c	Customer Bystander Frustration → Repatronage Intentions	-.46*	Yes

N = 274; * $p < .05$, ** $p < .01$, *** $p < .001$

Next a total effects analysis was conducted on the impact of perceived employee effort, perceived inequity, and perceived service quality on the three customer outcome variables (customer bystander satisfaction, positive WOM, and repatronage intentions). The purpose of looking at the total effects of these three variables in particular on the customer outcome variables was to assess the strength of each on customer bystanders' behavioral intentions. The previous analysis demonstrated that perceived employee effort had a strong effect on a customer bystander's initial reactionary assessment of the witnessed event (i.e. H1 and H2 supported). This revealed that customer bystanders do have an internal struggle between internalizing the witnessed event and wondering if they would be treated the same (is this event I am witnessing

fair?; H1), and between the externalized evaluation that this is a good thing employees are doing (helping customers in need; H2). The results of the total effects appear in Table 7.24. Overall, perceived employee effort and perceived service quality had strong total effects on all three customer outcome variables indicating that an employee's level of effort in helping customers impacts customer bystanders' future behavioral intentions towards the firm. Furthermore, customer bystanders' perceived service quality similarly impacted customer outcomes. As the perceived level of service quality witnessed increases, positive behavioral intentions will increase as well. Finally, the total effect of perceived inequity on repatronage intentions was significant while the total effect of perceived inequity on customer bystander satisfaction and positive WOM were insignificant. However, an analysis of the underlying indirect effects revealed that the impact of perceived inequity on customer bystander satisfaction was significant through customer bystander frustration ($\beta = -.14$ $p < .01$; positive WOM: $\beta = -.04$; $p < .05$; repatronage intentions: $\beta = -.06$; $p < .05$). This indicated that the relationship between perceived inequity and customer bystander satisfaction was fully mediated by customer bystander frustration. The relationship between perceived inequity and positive WOM remained insignificant. Additional total effects analyses appear in Appendix H.

Table 7.24

Total Effects Analysis for Sporting Goods Store

Relationship Tested	Total Effects β –Coefficient
Perceived Employee Effort → Customer Bystander Satisfaction	.81***
Perceived Employee Effort → Positive Word-of-Mouth	.85***
Perceived Employee Effort → Repatronage Intentions	.80***
Perceived Inequity → Customer Bystander Satisfaction	-.09
Perceived Inequity → Positive Word-of-Mouth	-.02
Perceived Inequity → Repatronage Intentions	-.09*
Perceived Service Quality → Customer Bystander Satisfaction	.79***
Perceived Service Quality → Positive Word-of-Mouth	.77***
Perceived Service Quality → Repatronage Intentions	.75***

N = 274; * $p < .05$, ** $p < .01$, *** $p < .001$

Finally, an alternative model was compared to this model. Testing against potential alternative models is important within SEM because atheoretically, the relationships could exist in many different orders. Therefore, because of the abundance of possible alternative models, theory must always be a driver behind any potential alternative models tested for comparison. Furthermore, in order to be tested, the hypothesized model and any alternative model must be nested. That is, one of the models must be a subset of the other model (Fidell and Tabachnick 2006).

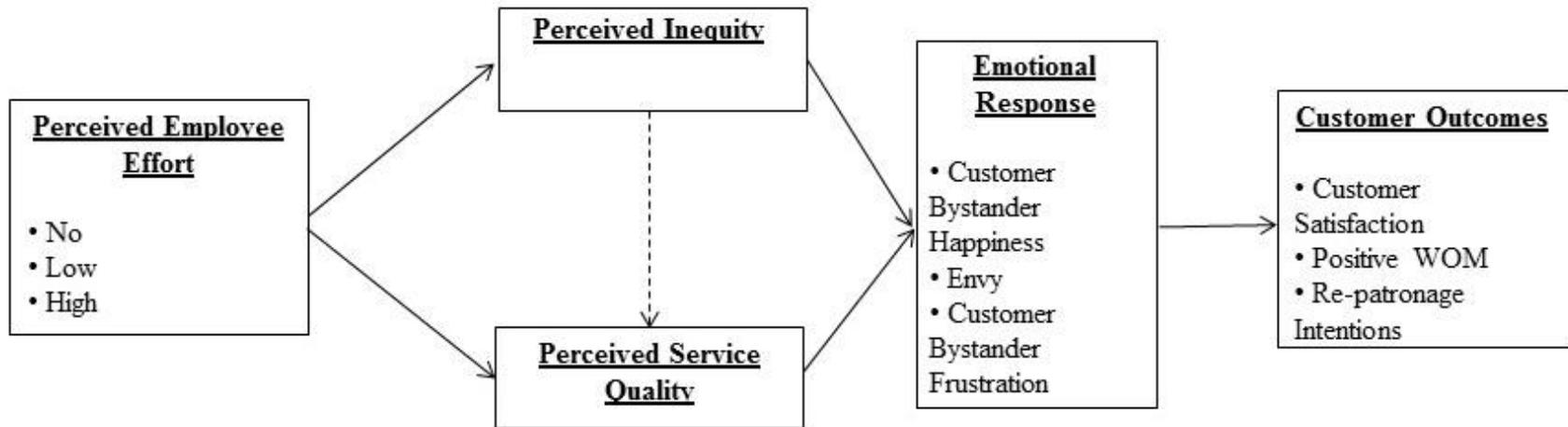
Of particular concern for the hypothesized model in this dissertation is that service quality (perceived service quality in this model) has been found to be influenced by fairness perceptions (perceived inequity in this model) (Berry 1995; Andaleeb and Basu 1994). Within the SERVQUAL framework (Parasuraman, Zeithaml, and Berry 1994) and with regards to S-D logic's assertion that a service quality evaluation is determined from the value of the exchange as perceived by the beneficiary (Vargo and Lusch 2008), it is possible that when witnessing an employee help another customer, the fairness of that exchange with regards to the customer

bystander will be determined (social comparison theory), then based on that assessment of the exchange (instead of concurrently like dictated in the hypothesized model), the customer will then make an evaluative judgment of the perceived service quality offered. Thus, if the customer bystander believes it was unfair that another customer received a benefit that he or she may not be privy to, it may diminish his or her service quality. Given this, the alternative model presented in Figure 7.2 is tested. The only difference between this model and the hypothesized model is the direct relationship between perceived inequity and perceived service quality.

Overall, the model fit of the alternative model was acceptable (RMSEA = .06; CFI = .96; TLI = .95, SRMR = .06). All relationships tested in the hypothesized model behaved similarly in the alternative. That is, there are no differences (loss of significance; change in effect direction, etc.). Next the relationship between perceived inequity and perceived service quality was tested and found to be insignificant ($\beta = -.01$; $p = .85$). Additionally, a chi-square difference test between the hypothesized and alternative model revealed that the alternative model was not significantly better than the alternative model ($\Delta\chi^2(1) = .03$; $p = .86$). Therefore, this model does not provide additional, useful information beyond that of the hypothesized model. Thus, the hypothesized model is retained.

Figure 7.2

Alternative Model



7.11.2 Test of Hypotheses for Hotel Sample

The hypotheses for the hotel sample were tested using structural equation modeling (SEM) techniques exactly as tested for the sporting goods store sample. All results appear in Table 7.25. Overall, the fit statistics demonstrate that the model is a good fit to the data (RMSEA = .06; CFI = .96; TLI = .96, SRMR = .06). Perceived employee effort had a significant effect on perceived inequity (H1: $\beta = .34$; $p < .001$) and perceived service quality (H2: $\beta = .89$; $p < .001$). Perceived inequity had a significant effect on customer bystander happiness (H3a: $\beta = .23$; $p = .87$), envy (H3b: $\beta = .84$; $p < .001$), and customer bystander frustration (H3c: $\beta = .28$; $p < .001$). Perceived service quality had a significant effect on customer bystander happiness (H4a: $\beta = .85$; $p < .001$), envy (H4b: $\beta = -.44$; $p < .001$), and customer bystander frustration (H4c: $\beta = -.88$; $p < .001$). Customer bystander happiness had a significant impact on customer bystander satisfaction (H5a: $\beta = .74$; $p < .001$), positive WOM (H5b: $\beta = .74$; $p < .05$), and repatronage intentions (H5c: $\beta = .58$; $p < .001$). Envy had a significant impact on customer bystander satisfaction (H6a: $\beta = -.11$; $p < .001$), positive WOM (H6b: $\beta = -.10$; $p < .05$), and repatronage intentions (H6c: $\beta = -.12$; $p < .05$). Finally, customer bystander frustration had a significant impact on customer bystander happiness (H7a: $\beta = -.24$; $p < .001$), positive WOM (H7b: $\beta = -.22$; $p < .05$), and repatronage intentions (H7c: $\beta = -.31$; $p < .001$).

Table 7.25

Hypotheses Tests and Results for Hotel

Hypothesis	Relationship Tested	β – Coefficient	Hyp Supported
H1	Perceived Employee Effort → Perceived Inequity	.33***	Yes
H2	Perceived Employee Effort → Perceived Service Quality	.89***	Yes
H3a	Perceived Inequity → Customer Bystander Happiness	.23***	No
H3b	Perceived Inequity → Envy	.84***	Yes
H3c	Perceived Inequity → Customer Bystander Frustration	.28***	Yes
H4a	Perceived Service Quality → Customer Bystander Happiness	.85***	Yes
H4b	Perceived Service Quality → Envy	-.44***	Yes
H4c	Perceived Service Quality → Customer Bystander Frustration	-.88***	Yes
H5a	Customer Bystander Happiness → Customer Bystander Satisfaction	.74***	Yes
H5b	Customer Bystander Happiness → Postive Word-of-Mouth	.74***	Yes
H5c	Customer Bystander Happiness → Repatronage Intentions	.58***	Yes
H6a	Envy → Customer Bystander Satisfaction	-.11***	Yes
H6b	Envy → Positive Word-of-Mouth	-.10*	Yes
H6a	Envy → Repatronage Intentions	-.12*	Yes
H7a	Customer Bystander Frustration → Customer Bystander Satisfaction	-.24***	Yes
H7b	Customer Bystander Frustration → Postive Word-of-Mouth	-.22*	Yes
H7c	Customer Bystander Frustration → Repatronage Intentions	-.31***	Yes

N = 262; * $p < .05$, ** $p < .01$, *** $p < .001$

Next a total effects analysis was conducted on the impact of perceived employee effort, perceived inequity, and perceived service quality on the three customer outcome variables (customer bystander satisfaction, positive WOM, and repatronage intentions). The results of this analysis appear in Table 7.26. Overall, perceived employee effort and perceived service quality had strong total effects on all three customer outcome variables. This suggests that an employee’s level of effort in helping customers impacts customer bystanders’ future behavioral intentions towards the firm. Furthermore, customer bystanders’ perceived service quality similarly impacts customer outcomes. As the perceived level of service quality witnessed increases, positive behavioral intentions will increase as well. Finally, the total effect of

perceived inequity was insignificant. However, an analysis of the underlying indirect effects reveals that the impact of perceived inequity on all three customer outcome variables is significant through customer bystander frustration (customer bystander satisfaction: $\beta = -.05$; $p < .05$; positive WOM: $\beta = -.04$; $p < .05$; repatronage intentions: $\beta = -.06$; $p < .05$). In other words, the relationship between perceived inequity and the three customer outcome variables is fully mediated by customer bystander frustration. Additional total effects analyses appear in Appendix H.

Table 7.26

Total Effects Analysis for Hotel

Relationship Tested	Total Effects β –Coefficient
Perceived Employee Effort → Customer Bystander Satisfaction	.85***
Perceived Employee Effort → Positive Word-of-Mouth	.83***
Perceived Employee Effort → Repatronage Intentions	.77***
Perceived Inequity → Customer Bystander Satisfaction	.01
Perceived Inequity → Positive Word-of-Mouth	.01
Perceived Inequity → Repatronage Intentions	-.06
Perceived Service Quality → Customer Bystander Satisfaction	.72***
Perceived Service Quality → Positive Word-of-Mouth	.74***
Perceived Service Quality → Repatronage Intentions	.69***

N = 262; * $p < .05$, ** $p < .01$, *** $p < .001$

Finally, the theorized alternative model was compared to this model. Overall, the model fit of the alternative model is acceptable (RMSEA = .06; CFI = .96; TLI = .96, SRMR = .06). All relationships tested in the hypothesized model behave similarly in the alternative. That is, there are no differences (loss of significance; change in effect direction, etc.). Next the relationship between perceived inequity and perceived service quality is tested and found to be insignificant ($\beta = .11$; $p = .32$). Additionally, a chi-square difference test between the hypothesized and alternative model revealed that the alternative model was not significantly better than the alternative model ($\Delta\chi^2(1) = 2.18$; $p = .14$). Therefore, this model does not provide additional,

useful information beyond that of the hypothesized model. Thus, the hypothesized model is retained.

7.12 Summary

The purpose of Study 2 was to test the hypotheses proposed and developed in Chapter Five. Using a scenario-based experiment, the hypotheses were tested in both a retail and a service setting. Based on a measurement invariance test, it was determined that the two samples could not be combined. Thus, they were analyzed separately. The summary results of the analysis on both samples is presented in Table 7.27 while the comparison of the total effects analysis between the two samples is found in Table 7.28. Overall, the results indicated support for many of the hypothesized relationships. Specifically, in the hotel sample, only one hypothesized relationship is insignificant (H4a), while in the sporting goods sample, only four of the seventeen hypothesized relationships were insignificant. Thus, the results showed that customer bystanders do evaluate and are influenced by positive service encounters and exchanges between employees and other customers even when they are not the primary actors in that exchange. Interestingly, two opposing evaluations, the feelings of inequity that another customer perhaps received something that the customer bystander may not and the increase in the perceptions of service quality that are provided by the firm are both significant. This indicates that the evaluation process a customer bystander undergoes after witnessing an employee help another customer is complex and warrants further evaluation.

In both samples, the relationship between perceived inequity and customer bystander happiness was unsupported. A post-hoc analysis of the items for this scale indicated that it may not have accurately reflected how a customer bystander would evaluate a witnessed event. Further, the wording of the scale was vague. The scale lacked specification of what each

respondent was referencing when indicating whether he or she was happy or not. Therefore, this variable was eliminated from the overall evaluation of the findings (see Chapter Eight), even though it has statistically significant relationships with perceived service quality and the customer outcome variables. Again this is done because interpretation is disingenuous with the unclear representation of the emotion “happy.” Furthermore, an overall interpretation of envy and its impact on the customer outcomes was impossible due to the conflicting results between the two samples. Additionally, the overall effect size of envy on the customer outcomes was relatively low even when significant (the hotel sample). This serves to indicate that, as with customer bystander happiness, it does not explain the emotional mechanism between the two initial evaluative judgments (perceived inequity and perceived service quality) and the customer outcomes. This could be because it was an inappropriate emotion to measure in this particular scenario. Many emotions could potentially be felt after witnessing employee helping behavior. However, only three were measured in this dissertation. It is possible that another emotion besides envy (or customer bystander happiness) serves as an emotional reaction that customer bystanders make when witnessing this event. Unfortunately, this dissertation is unable to assess any other emotional responses. Thus, due to these limitations, no overall interpretation for envy is made in this dissertation either.

In addition to an analysis of the hypotheses for this dissertation, an overall assessment of the strength of the focal variables, perceived employee effort, and the two evaluative judgment variables, perceived inequity and perceived service quality, on the customer outcome variables was conducted. An analysis of the total effects of perceived employee effort and perceived service quality on the three customer outcome variables revealed that each of these variables strongly influences a customer bystander’s behavioral intentions across both samples. While not

as strongly associated with the outcome variables (potential reasons discussed in Chapter Eight), perceived inequity does appear to influence the customer outcome variables. Furthermore, as will be discussed in Chapter Eight, it is possible that as the witnessed event impacts the customer bystander directly more, the perceived inequity judgment could increase strengthening its relationship to the three outcome variables.

Chapter Eight will provide more detail to the importance of these findings and the implications of these findings theoretically and managerially. Furthermore, Chapter Eight will assess the limitations of this research and will identify potential avenues for future research.

Table 7.27

Comparison of Hypothesized Test Results

Hypothesis	Relationship Tested	β – Sporting Goods	Hyp Supported- Sporting Goods	β – Hotel	Hyp Supported - Hotel
H1	Perceived Employee Effort → Perceived Inequity	.27***	Yes	.33***	Yes
H2	Perceived Employee Effort → Perceived Service Quality	.88***	Yes	.89***	Yes
H3a	Perceived Inequity → Customer Bystander Happiness	.01	No	.23***	No
H3b	Perceived Inequity → Envy	.97***	Yes	.84***	Yes
H3c	Perceived Inequity → Customer Bystander Frustration	.51***	Yes	.28***	Yes
H4a	Perceived Service Quality → Customer Bystander Happiness	.88***	Yes	.85***	Yes
H4b	Perceived Service Quality → Envy	-.40***	Yes	-.44***	Yes
H4c	Perceived Service Quality → Customer Bystander Frustration	-.91***	Yes	-.88***	Yes
H5a	Customer Bystander Happiness → Customer Bystander Satisfaction	.54***	Yes	.74***	Yes
H5b	Customer Bystander Happiness → Postive Word-of-Mouth	.55***	Yes	.74***	Yes
H5c	Customer Bystander Happiness → Repatronage Intentions	.54***	Yes	.58***	Yes
H6a	Envy → Customer Bystander Satisfaction	.15	No	-.11***	Yes
H6b	Envy → Positive Word-of-Mouth	.23	No	-.10*	Yes
H6c	Envy → Repatronage Intentions	.12	No	-.12*	Yes
H7a	Customer Bystander Frustration → Customer Bystander Satisfaction	-.50**	Yes	-.24***	Yes
H7b	Customer Bystander Frustration → Postive Word-of-Mouth	-.52*	Yes	-.22*	Yes
H7c	Customer Bystander Frustration → Repatronage Intentions	-.46*	Yes	-.31***	Yes

$N_{\text{sporting_goods}} = 274$; $N_{\text{hotel}} = 262$; * $p < .05$, ** $p < .01$, *** $p < .001$

Table 7.28

Total Effects Analysis for Both Samples

Relationship Tested	Total Effects – Sporting Goods β –Coefficient	Total Effects – Hotel β –Coefficient
Perceived Employee Effort → Customer Bystander Satisfaction	.81***	.85***
Perceived Employee Effort → Positive Word-of-Mouth	.85***	.83***
Perceived Employee Effort → Repatronage Intentions	.80***	.77***
Perceived Inequity → Customer Bystander Satisfaction	-.09	.01
Perceived Inequity → Positive Word-of-Mouth	-.02	.01
Perceived Inequity → Repatronage Intentions	-.09*	-.06
Perceived Service Quality → Customer Bystander Satisfaction	.79***	.72***
Perceived Service Quality → Positive Word-of-Mouth	.77***	.74***
Perceived Service Quality → Repatronage Intentions	.75***	.69***

$N_{\text{sporting_goods}} = 274$; $N_{\text{hotel}} = 262$; * $p < .05$, ** $p < .01$, *** $p < .001$

CHAPTER EIGHT

DISCUSSION, IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

8.0 Introduction

In this chapter the findings and a discussion of both the initial qualitative study, Study 1, and the quantitative study, Study 2, are presented. Then the theoretical and managerial implications of this dissertation are discussed along with the limitations and potential areas for future research.

8.1 Study One Discussion

In this study, the goal was to determine if customer bystanders witnessed interactions between an employee and another customer in a retail or service setting. This represented an important first step for this research as it needed to be foundationally determined that “people watching” occurs in these settings. Furthermore, once this determination was made, an understanding of the different types of witnessed events needed to be classified. In this way, a clearer understanding of the types of events that are most witnessed could be classified.

Using CIT methodology, it was found that there are four main categories of types of special benefits that customer bystanders witness employees giving other customers: discount/coupon, free merchandise, preferential treatment, and general assistance. Furthermore, there are three distinct categories relative to why the customer bystander believes another customer received a special benefit from an employee: helping behavior, known customer, or discrimination.

The results of Study 1 provide an insightful understanding of events customer bystanders witness and recall and it provides clearer insights into how customer bystanders attribute the granting of these special benefits to other customers. Overall, the results suggest that the most recognizable types of special benefits are discounts/coupons and free merchandise. These benefits potentially stand out to the customer because they represent tangible benefits associated with the granting of this benefit.

With regards to special benefit attribution, almost half of the time, customer bystander respondents suggest that the special benefit was given to the other customer because of employee helping behavior. That is, they believed the employee was doing it in order to fulfill a particular customer's need. This is potentially beneficial to firms because it demonstrates that such extra-role behavior directed at customers makes a noticeable impression on customers who witness the event.

This analysis is limited because the direct impact of this event on customer bystanders is unclear. Furthermore, because this study relied on event recall, the immediate reaction and impact of such events has not been measured. While it is telling that customer bystanders remember witnessing helping behavior-type incidents in a positive way, this is not necessarily what their immediate reaction to the event was, nor does it necessarily reflect how their view of similar events may be influenced by how much the witnessed incident influences or changes their perceptions of the quality of service provided. However, the results of this qualitative study provided direction for the theoretical foundation of this dissertation and allowed for the development of the model and hypotheses that were tested. Specifically, this study confirmed that customer bystanders do notice interactions, both positive and negative, between employees

and other customers. Furthermore, this study provided evidence that the potential impact of employee helping behavior is not limited to the customer receiving help from the employee.

8.2 Study Two Discussion

In this section, a discussion of the findings from the hypotheses tested in this study across the two contexts analyzed is provided. Specifically, this study evaluated customer bystanders' responses to the witnessing of employee helping behavior given to another customer. In order to evaluate employee customer-directed helping behavior, perceived employee effort served as the focal variable on which customer bystanders evaluated the event. Perceived employee effort was chosen as an operationalization of employee customer-directed helping behavior because it is something that is readily identifiable in an employee's behavior towards a customer. The customer bystander cannot say whether or not what the employee is doing should be classified as an extra-role behavior, specifically helping behavior. Customer bystanders may not know the rules, procedures, or policies of the firm. Thus, they cannot say for certain whether it is an event in which the employee is doing more than the company expects. However, they can see the amount of effort the employee puts into fulfilling the identified customer need they come across.

The first hypothesis, Hypothesis 1, proposed that perceived employee effort would have a positive effect on perceived inequity. The analysis of both samples provided support for this hypothesis. This finding suggests that as an employee increases the amount of effort he or she exerts in helping a customer (Huang 2008), the higher the level of perceived inequity that will be felt by a witnessing customer bystander. This is an important finding because it suggests that customer bystanders internalize witnessed events and compare their own experiences to those that they witness even when the witnessed event has no noticeable, direct effect on their experience. Further, as the perceived amount of effort given by the employee in helping the

witnessed customer increases, the comparison to that customer becomes more negative. Once this positive helping event is witnessed, customer bystanders do begin to feel that they are in an inequitable position with the employee or firm with regards to the level of service that the customer they witnessed received. They start wondering if the customer they just witnessed receiving help from an employee is in fact receiving better treatment or more benefits than themselves. This provides support for both social comparison theory (Festinger 1954) and equity theory (Carrell and Dietrich 1978).

Hypothesis 2 proposed that perceived employee effort would have a positive effect on perceived service quality. The findings from both samples provide support for this hypothesis. The findings from both samples suggest that as the perceived level of employee effort given in helping another customer increases, the customer bystander will evaluate the perceived quality of service provided by the firm as greater. This finding is consistent with previous literature in that it finds that customers will constantly evaluate the quality of service provided during a service encounter (Brady, Vorhees, and Brusco 2012). However, this finding extends previous literature by suggesting that service quality evaluations are not solely determined by experiences directly occurring to customers. In fact, this dissertation supports the notion that even witnessed service experiences (indirect experiences) have the potential to change a customer's evaluation of the quality of service provided during a service or retail shopping experience.

Viewed concurrently, hypothesis 1 and hypothesis 2 are interesting findings because they represent competing and opposite evaluative judgments by customer bystanders. Perceived inequity represents an internalized comparative assessment of whether the customer bystander thinks the witnessed customer is probably receiving better service than he or she would while perceived service quality represents an externalized assessment in which the customer bystander

evaluates the level of service provided by the firm. Thus, as perceived employee effort increases, customer bystanders determine that the quality of service provided by the firm becomes greater but they begin to believe that they would not receive the same type of service or help from the customer at the same time. Based on an analysis of the total effects of each of these on the behavioral intentions or customer outcomes of the customer bystanders reveals that with this particular scenario and contexts provided, perceived service quality is the stronger evaluation. That is, customer bystanders based their future intentions on the externalized assessment (perceived service quality) more so than on the internalized assessment (perceived inequity). In this dissertation, perceived service quality has a strong direct effect on all three customer outcomes in both samples. Perceived inequity, conversely, had a direct effect only on repatronage intentions in the sporting goods store sample. The relationship between perceived inequity and customer bystander satisfaction was fully mediated by customer bystander frustration while there was not significant relationship between perceived inequity and positive WOM in the sporting goods store sample. In the hotel sample, the relationship between perceived inequity and the three customer outcome variables was fully mediated by customer bystander frustration. However, as noted previously, this context involves a weak manipulation on the customer bystander. This means that the observable event has no direct impact on the customer. Interestingly, even though perceived inequity does not impact the customer outcomes as strongly as perceived service quality, the fact that they seem to start assessing what they are witnessing as inequitable as perceived employee effort increases appears to indicate that as the manipulation or the impact on their own service or shopping experience increases, this perception of inequity may perhaps also increase and could perhaps eventually override the other assessment, perceived service quality.

Following cognitive appraisal theory (Lazarus 1991; Roseman 1984), hypotheses 3 (a, b, and c) and 4 (a, b, and c) stated that perceived inequity and perceived service quality respectively, would influence a customer bystander's emotional responses. The emotional responses operationalized in this dissertation were customer bystander happiness (Labroo and Patrick 2009), envy (Van de Ven, Zeelenberg, and Pieters 2011), and customer bystander frustration (Strebel, O'Donnell, and Myers 2004). The three emotions were conceptually determined to be the three most relevant to this dissertation and to the focal variables (perceived inequity and perceived service quality) under study.

Overall, for hypothesis 3, both samples demonstrated a lack of support for the relationship between perceived inequity and customer bystander happiness (hypothesis 3a). In the sporting goods store sample, the relationship was insignificant. In the hotel sample, the relationship was significant but in the opposite direction as proposed in hypothesis 3a. Because of this differentiating finding, a post-hoc analysis was conducted. This analysis revealed that the items for this scale potentially did not reflect how a customer would evaluate this specific event. Furthermore, the wording of the items was vague in their specification of what the scale is referencing. Thus, an identification of what specifically the customer bystander was responding to was unclear. Therefore, it was determined that even the significant but opposite of hypothesized relationship uncovered in the hotel sample is dubious and any interpretation invalid. Although hypothesis 3a was not supported, the relationships between perceived inequity and both envy and customer bystander frustration were supported. This suggests that as perceived inequity increases feelings of envy and customer bystander frustration also increase. This finding supports previous research which has found that fairness-type evaluative judgments influence emotions (Weiss et al. 1999).

Both samples provide support for all parts of hypothesis 4, i.e., a, b and c. These findings appear to suggest that as perceived service quality increases emotional feelings of customer bystander happiness increases while feelings of envy and customer bystander frustration decrease.

Hypotheses 5, 6, and 7 propose that the three emotional variables in this dissertation impact three customer outcomes that measure behavioral intentions (customer bystander satisfaction, positive WOM, and repatronage intentions). In both samples, the relationship between customer bystander happiness and all three customer outcomes appears to support hypothesis 5. However, as mentioned above, any interpretation involving the customer bystander happiness measure in this dissertation is suspicious due to the vagueness of the items measured. Therefore, no interpretation of this significant relationship is made.

Hypothesis 6 (a, b, and c) proposed that relationships exist between envy and the three outcome variables. However, this hypothesis was only supported in the hotel sample. Before a comparison of these results was initiated, a post-hoc analysis of the envy measures was conducted to determine if any issue was prevalent with the measures themselves. Although nothing with the items specifically stands out, in contrast to the issues with customer bystander happiness, the differing results appear to indicate that this is a weak measure of the underlying emotional response that customer bystanders use to determine their behavioral intentions. This is further verified by looking at the significant relationships found between envy and the customer outcomes in the hotel sample. Although they were significant, the loadings on this relationship in comparison to the other loadings found throughout this model appear to indicate that this relationship is weak. Therefore, envy does not appear to serve as an appropriate measure of the emotional mechanism in this dissertation. Furthermore, the lack of significance in the sporting

goods store sample and the low loadings in the hotel sample could suggest that envy is not an emotional response that customer bystanders have when witnessing events that have no direct impact on them. These contrasting results also may suggest that as the event impacts a customer bystander more directly, envy could be an important emotional variable that then influences their customer outcomes.

In hypothesis 7 (a, b, and c), negative relationships between customer bystander frustration and the three outcome variables were proposed. In both samples, the relationships were supported. This appears to suggest that as frustration with what was witnessed increases, satisfaction, positive WOM, and repatronage intentions decrease. These findings provide support for previous research which has found that emotions have an impact customer's intended future behaviors (Roseman 1984).

Finally, the overall impact of perceived employee effort on the three customer outcome variables was assessed. Perceived employee effort served as an operationalization of employee's helping behavior because the amount of effort exerted in helping a customer with specific needs had the potential to be witnessed by other customers (customer bystanders) in the environment (Huang 2008; Mohr and Bitner 1995). The total effects analysis of this variable on the three outcome variables in this dissertation appears to support the idea that simply witnessing an employee go above and beyond to help a customer has a significant positive impact on the behavioral intentions of a customer bystander. This appears to assert that employees going above and beyond for customers positively impacts customers who are only witnessing the event take place.

8.3 Theoretical Implications

Overall, this research makes several theoretical contributions to existing literature. First, this dissertation adds to the customer bystander/customer witnessing literature by going beyond an analysis of witnessing customer-customer interactions (Zhang, Beatty, and Mothersbaugh 2010; Rosenbaum and Massiah 2007; Grove and Fisk 1997) and negative employee-customer interactions (Wan, Chan, and Su 2011; Cowley 2005). This dissertation provides a framework for the impact of witnessing positive employee-customer interactions through employee customer-directed helping behavior. To the best of this researcher's knowledge, no research in marketing to date has examined the impact of positive interactions in retail or service settings on other customers in that setting. Findings from this dissertation support the notion that positive events are evaluated by customer bystanders who witness the event and this evaluation influences their behavior intentions.

Secondly, this dissertation contributes to marketing literature by its identification and use of perceived employee effort as an important variable in customer bystanders' evaluations of employee customer-directed helping behavior. To this researcher's knowledge, no research to date has linked employee effort to employee customer-directed helping behavior. This operationalization of customer-directed helping behavior as employee effort is an important contribution because, as evidenced in this dissertation, the amount of effort given in helping another customer is easily witnessed by customer bystanders. Additionally, the strong impact of perceived employee effort on perceived inequity, perceived service quality, and the three customer outcome variables demonstrates that perceived employee effort is a valuable construct in assessing the overall service and retail environments.

Thirdly, this dissertation contributes to marketing literature by combining social comparison theory, equity theory, and cognitive appraisal theory. Specifically, the finding that customer bystanders do internalize and evaluate witnessed employee customer-directed helping behavior by wondering if they too will receive the same benefit confirms the integration of social comparison theory and equity theory. It appears that customer bystanders will compare themselves to others and assess the fairness of a situation even when that situation has no direct impact on their own experience. Further, this evaluation trends negative as the level of perceived employee effort increases. That is, when customer bystanders see an employee going above and beyond to help another customer, they may feel as though they would not get the same treatment. When they internalize and compare themselves to the other customer in this situation, they begin to believe that they might not receive the same type of treatment from the employee.

With regards to social comparison theory and equity theory, the customer bystander seems to see the other customer as a referent other, comparing his or her own experience in the retail or service setting with theirs. Then, it appears that some type of equitability assessment is made, perhaps with the onlooker asking would I get that same outcome if I were that customer. The results indicate that customer bystanders may come to the realization that they might not receive the same treatment. This is a significant finding in this dissertation because the witnessed event has no direct impact on the witnessing customer bystander. The experimental scenario was specifically designed to minimize any direct impact on the witnessing customer bystander. Thus, the finding that customer bystanders still appear to assess whether they too would receive something like what they witnessed supports the idea that customers may be continually considering their potential service levels and the service others are receiving and assessing relative fairness. As the event more strongly influences the customer bystander, the negative

assessment could potentially become more pronounced, potentially producing a stronger negative effect on the customer bystander's future behavior. This may be especially true as the witnessed event becomes more of a zero-sum game. That is, as the employee spends more time with the other customer, there is less potential time the employee could utilize to help the customer bystander if the customer bystander also needed assistance.

Furthermore, potential evidence of this social comparison and equity evaluation on a customer bystander's behavioral intentions (customer outcomes) was found to be mediated through an emotional reaction (customer bystander frustration) confirming the integration of cognitive appraisal theory with social comparison theory and equity theory. The findings of this dissertation suggest that the relationship between perceived inequity and the three customer outcome variables is fully mediated by customer bystander frustration in the hotel sample. In the sporting goods sample, only the relationship between perceived inequity and customer bystander satisfaction is fully mediated by customer bystander frustration while a direct relationship exists between perceived inequity and repatronage intentions and no significant relationship exists between perceived inequity and positive WOM. Although only one measurable emotion (customer bystander frustration) held and this only held for all three customer outcomes in one of the measured sample contexts (hotel), this finding is theoretically significant because it again demonstrates that there is potential for customer bystanders' behaviors to be negatively influenced by a positive event,- employee customer-directed helping behavior. As mentioned above, even though the evidence of this occurring in this dissertation is relatively weak, as the positive event has a more direct impact on the witnessing customer bystander, it is possible that a stronger relationship between this fairness evaluation and the customer bystander's behavioral intentions could be uncovered.

Finally, the influence of service quality has been extended in this dissertation. The service quality or SERVQUAL literature stream is a large and growing stream of literature. However, many articles focus solely on the quality of service provided directly to the customer, how this is evaluated, and its impact on future behavior. This dissertation provides evidence that this view of service quality is limited. It is not only the quality of service provided directly to the customer that influences a customer's behavior but the quality of service given to others and witnessed by other customers that also influences their behavioral intentions. This is an important contribution to the service quality literature because it demonstrates that customers are influenced by events that have no direct impact on them. Merely witnessing good service quality positively influences the witnessing customer's (customer bystander) behavior intentions. Furthermore, with regards to service quality, this dissertation provides evidence that supports the view that perceived employee effort is a strong antecedent on the evaluation of a firm's service quality when witnessing events. As employees provide more effort in helping other customers, customer bystanders perceive higher levels of service are being provided by the firm.

Additionally, the finding that perceptions of service quality are impacted by witnessed events extends the level of evaluative judgments made by customers as proposed by S-D Logic (Vargo and Lusch 2008; 2006; 2004). S-D Logic proposed that service is the foundation of exchange and the beneficiary of the service determines what value was derived from the service (Vargo and Lusch 2008). Thus, S-D Logic asserts that customers make value-type judgments (like perceived service quality) by determining the overall level of service or service experience received (Vargo and Lusch 2008; 2006; 2004). However, the findings from this dissertation support the view that value-type judgments are not only reliant on the service experience directly received but also on service experiences between other customers and employees witnessed by

customers. In summary, the finding in this dissertation that witnessed events impact customer value-based evaluative judgments (e.g. perceived service quality) potentially increases the relevance of the S-D Logic paradigm within marketing because it may now encapsulate both direct and indirect service experiences.

8.4 Managerial Implications

The findings of this dissertation also offer several implications for managers. Most importantly, firms must recognize the importance of the bigger picture when determining the appropriate levels of service they provide. This dissertation provides evidence that all customers have the potential to witness the interactions between customers and other customers in the store. These interactions then have the potential to influence the witnessing customers (customer bystanders) own service experiences. Thus, everything that occurs in a retail store or service environment has the potential to influence customers even though there may be no direct interaction with those customers.

Alarming for firms, customers can have both positive and negative evaluations of witnessed positive experiences. Generally, it could be assumed that doing something nice (helping behavior) was something that should only produce positive benefits to the firm. While this may be the case for those customers who directly receive the benefits of the employee customer-directed helping behavior, it is less clear-cut for those who witness these types of positive events. The findings of this dissertation support the idea that customer bystanders have an initial reaction with regards to their behavioral intentions (perceived employee effort) and competing evaluative judgments of employee customer-directed helping behavior. The impact of perceived employee effort on the three customer outcomes was significant. This finding appears to indicate that firms should encourage employees to go above and beyond when helping

customers and not just “go through the motions” because anyone can witness this event occurring and will respond to the event. While both the negative (perceived inequity) and positive (perceived service quality) judgments are significant, when the event does not have any impact on the customer bystander, the positive experience appears to dominate their overall evaluation of the event. However, this dissertation only tested these positive events in a way that did not directly impact the customer bystander. The fact that the customer bystanders had negative judgments of the event even though the witnessed event had no direct impact provides evidence that as the event witnessed has more of a direct impact on the customer bystander, the negative judgment will likely increase as well. This could lead to the internalized negative assessment of perceived inequity trumping the positive externalized assessment of perceived service quality. This could render the good deed of the employee as something that could have a detrimental effect on the firm.

Thus, firms should encourage employees to go above and beyond for customers if they believe it will not directly impact the experiences of other customers in the store. However, if they feel that dedicating effort to one customer limits an employee’s ability to help another customer or impacts other customers in some other way, it may be better to treat customers uniformly even when one may have a specific need. Essentially, firms must be aware that anything they do to increase or better the service experience of one customer means that there is potential for another customer to perceive it as inequitable to their own experience. This may become especially true when having a direct impact on the customer bystander. For example, time is a finite resource. The amount of time an employee spends helping one customer is time he or she could not spend with another customer. Thus, the more effort an employee uses to help a customer limits his or her ability to help another customer which could potentially cause a

negative evaluation or perceptions of inequity from the customer bystander (the customer not served). If this customer bystander has to wait to be served or finish their transaction while the employee helps another customer, they may feel that this is highly inequitable to him or her causing the customer to experience greater levels of frustration and potentially lead to negative behaviors in relation to this event.

Finally, firms should be aware that the type of service environment has an impact. The impact of witnessing an event by customer bystanders can only occur if events are actually witnessed. Thus, in most online settings where the only interface is the firm to the customer (no other customer transaction is witnessed), these findings have no impact. However, in traditional brick and mortar retail stores and in service settings with a physical presence (hotels, restaurants, airports, car rentals, etc.), the impact of witnessing the interactions between employees and other customers could be great.

8.5 Limitations and Future Research

The studies conducted in this dissertation do have limitations as with all research. However, these limitations provide several potential avenues for potential future research. Firstly, the contexts for this dissertation were limited to a sporting goods store and a hotel. Because Study 2 implemented a scenario-based experiment to test the hypotheses of interest, the context was limited. Every effort was taken to include both a retail context (sporting goods store) and a services context (hotel). However, each of these contexts may not represent the entirety of retail or services shopping. For example, the interactions that customers have or witness at an airport or car rental kiosk may be different than those witnessed at a hotel. Furthermore, witnessed events may only occur in traditional physical store settings and locations. This potentially limits the generalizability of the findings as more commerce shifts to mobile and

internet channels. Thus future research, should look at different specific contexts within both retailing and services to verify the generalizability of the findings here.

Secondly, only one positive-type interaction, employee customer-directed helping behavior, was assessed in this dissertation. As discussed in the literature review on extra-role behaviors, there are many different types of positive behaviors that could potentially be witnessed by customer bystanders, and their impact on the customer bystander may be different than the findings that appear here. In this dissertation, employee customer-directed helping behavior was selected as the positive witnessed event to study because it was found to be the highest witnessed events that customers could recall in Study 1. However, future research should look at many other positive events that could be witnessed and have an impact on customer bystanders.

Thirdly, this dissertation only assessed the indirect evaluation of witnessing a positive employee-customer interaction (employee customer-directed helping behavior). While this was useful in uncovering base evaluative judgments, the extent of the findings can only be generalized in terms of only witnessing events. However, many witnessed events will have some sort of direct impact on witnessing customer bystanders such as waiting for their own transaction to be completed while the employee helps the other customer. Essentially, employee-customer interactions are not zero-sum. Tradeoffs are involved including time spent with other customers. Therefore, as the witnessed event shifts to directly impacting customer bystanders, a different evaluation of the witnessed event may occur. This has the potential to change the strengths and directions of the findings here. Thus, future research should evaluate several boundary conditions on the witnessing of positive employee-customer interactions specifically those conditions which cause the witnessed event to directly impact the customer bystander.

Fourthly, due to this being a scenario-based survey, the implications or underlying reasons for the employee helping the customer were limited to genuine helping behavior only. However, Study 1 uncovered several other underlying reasons for why customers think that employee would give special treatment or benefits to other customers in the store such as discrimination and service sweethearting (Brady, Voorhees, and Brusco 2012). Even though an extra-role event may appear positive on the service, it is possible that the way this event is perceived by customer bystanders could immediately be negative due to their belief that this is a form of discrimination or sweethearting (giving to or helping friends/known customers). Thus, future research should uncover more about other factors that customer bystanders may attribute the “positive” event to and the impact of this on their behaviors.

Fifthly, several emotional variables in this study were found to be inadequate for various reasons such as inappropriateness to the context or vagueness of the items. This led to the strength of cognitive appraisal theory and its fit with both social comparison theory and equity theory to be called into question. Future research should assess more, relevant specific emotional responses in an effort to determine which emotions are engaged and drive behavioral intentions or behavior in customer bystanders who witness positive employee-customer interactions.

Finally, this dissertation looked only at behavior intentions (customer outcomes) due to the limitation of an online scenario-based experiment. Believing that one will behave in a particular way and actually behaving in that way are separate evaluations. Therefore, future research should utilize real world experimentation or observation to determine the actual behaviors of those customer bystanders who witness positive employee-customer interactions.

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APPENDIX A: INSTRUCTIONS AND EMAIL SENT BY STUDENTS TO RECRUIT PARTICIPANTS FOR STUDY ONE

To: All students MKT 473

From: William Magnus Northington

Subject: Extra credit opportunity

Date: 11/20/12

You are being asked to distribute a survey for extra credit. **All you have to do is find five people to fill out the survey. You will receive 1 extra credit point on your final grade after getting five or more respondents. Each person that you ask to fill out the survey should be 19 years or older. Two participants can be students (you can be one of these) and three should be non-students.**

The survey will be available until Tuesday, December 11, 5pm. After December 11, you will not have an opportunity to earn the one (1) extra credit point toward your final grade.

In order for you to receive the extra credit, the individuals filling out the survey **must put your name** at the end of the survey when asked. They must also put an **email address** where **they** can be contacted to verify authenticity. Please make sure that you tell them this in your email and that you give them all of the appropriate information.

Please copy and paste the description of the study (see below) into the email you send out asking individuals to participate. If you have any questions please feel free to email me at north001@cba.ua.edu.

Thanks,
William Magnus Northington

The study that you have been asked to participate in is about specific service encounter that you have witnessed either in retail stores or in service settings such as hotels, airports, restaurants, etc. The goal of this study is to learn about how customers respond to witnessing other customers/employees service encounters including your attitudes towards the encounter and your behaviors following the encounter.

In this survey, you will be asked to recall a time you witnessed a service encounter between another customer and an employee and be able to describe it in as much detail as possible. You will then answer a few more questions regarding each situation. If you are unable to recall a specific service encounter that fits what we are looking for, a scenario will be given to you and you will answer questions based on that specific scenario. The survey should take about 15 minutes to complete.

This survey is voluntary, each participant will remain anonymous, and any personal information provided will remain completely confidential.

At the end of the survey, you will need to put the name of the student who recruited you to participate in this study so they will receive class credit for your participation. Further, you will be asked to please include an email address where **YOU** can be reached in case any information you provide needs to be verified.

Please click on the link below or copy it into your browser if you would like to participate in this study.

http://alabama.qualtrics.com/SE/?SID=SV_54oDImLsZUIVsi1

APPENDIX B: STUDY ONE - CUSTOMER BYSTANDER SURVEY

The study that you have been asked to participate in is about a specific service encounter that you have witnessed either in retail stores or in service settings such as hotels, airports, restaurants, etc. The goal of this study is to learn about how customers respond to witnessing other customers/employees service encounters including your attitudes towards the encounter and your behaviors following the encounter. In this survey, you will be asked to recall a time you witnessed a service encounter between another customer and an employee and be able to describe it in as much detail as possible. You will then answer a few more questions regarding each situation. If you are unable to recall a specific service encounter that fits what we are looking for, a scenario will be given to you and you will answer questions based on that specific scenario. The survey should take about 15 minutes to complete. This survey is voluntary, each participant will remain anonymous, and any personal information provided will remain completely confidential. At the end of the survey, you will need to put the name of the student who recruited you to participate in this study so they will receive class credit for your participation. Further, you will be asked to please include an email address where YOU can be reached in case any information you provide needs to be verified. Only the researchers involved in this study will have access to the survey data. If you have any questions about this study, please contact William Northington in the Department of Management and Marketing at the University of Alabama at (205) 348-6183 or north001@cba.ua.edu. I have read this consent form. I understand this request to participate in the research project, and I freely agree to take part in it.

- Yes
- No

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see other customers communicating with employees. These other customers may be strangers or they may even be someone that you know. Sometimes, these other customers, while talking with an employee, may receive some kind of special benefit from the employee. These benefits may include but are not limited to discounts, special deals, an added bonus with purchase, a surprise gift, etc. You will be asked to recall and describe in as much detail as possible a time where you have seen or witnessed something like this occurring. The most recent event you can think of is preferable. You will then be asked several questions regarding this service encounter. Remember, the encounter or event can have occurred in any type of store or service setting; you are not limited in where you may have seen something like this happened. Further, you are not limited in describing what the benefit received may have been. Whatever service event or encounter that comes to mind and the benefit(s) received are acceptable. Do not worry if you are unable to recall a specific service encounter. If you cannot think of one, a scenario will be given to you and you will answer questions based on that scenario.

Can you recall a time in the recent past when you have witnessed another customer receiving some type of special benefit from an employee?

- Yes
- No

Please describe the event or encounter in as much detail as possible.

Where did this event or encounter occur?

When did this event or encounter occur?

- In the past week
- In the past month
- 1-2 months ago
- 2.1 to 6 months ago
- 6.1 to 12 months ago
- More than a year ago

Who (the customer or the employee) initiated the service event or encounter?

- The customer
- The employee
- Other _____
- Don't know/don't remember

Why do you think the person who initiated the service event or encounter did so?

Why do you think the customer may have received the special benefit (e.g. defective product, customer and employee are friends, customer had coupon, etc.)?

How did witnessing this customer receive the special benefit make you feel?

	Not at all	Very slightly	A little	Moderately	Quite a bit	Extremely
Happy	<input type="radio"/>					
Delighted	<input type="radio"/>					
Excited	<input type="radio"/>					
Upset	<input type="radio"/>					
Angry	<input type="radio"/>					
Irritable	<input type="radio"/>					
Disappointed	<input type="radio"/>					
Amazed	<input type="radio"/>					
Surprised	<input type="radio"/>					
Astonished	<input type="radio"/>					

Please explain why you felt this way.

I believe that the special benefit received by the customer from the employee was:

	1	2	3	4	5
Unfair:Fair	<input type="radio"/>				
Unacceptable:Acceptable	<input type="radio"/>				
Unreasonable:Reasonable	<input type="radio"/>				

Please explain why you feel this way.

How did you respond to witnessing this service event or encounter (e.g. ignore it, ask for the same benefit, get angry, etc.) (please be as specific as possible).

Did it affect you and the service you received in any way?

- Yes
- No

Please describe how it affected the service you received?

Did it change how you view the company?

- Yes
- No

How did it change your view of the company?

Has your relationship with this company changed since you witnessed this service event or encounter?

- Yes
- No

How has it changed your relationship with the company?

Have you continued patronizing (shopping with) this company?

- Yes
- No

What is your gender?

- Male
- Female

What is your age?

- 19-24
- 25-34
- 35-44
- 45-54
- 55 or older

What is your race?

- White/Caucasian
- Hispanic/Latino
- African American
- Asian American/Pacific Islander
- Native American
- Multiracial/Multicultural
- Other _____

What is the name of the student who asked you to participate in this study?

Please provide an email address where you may be reached if any information needs to be verified (your email address will remain completely confidential).

APPENDIX C: INSTRUCTIONS AND EMAIL SENT BY STUDENTS TO RECRUIT PARTICIPANTS FOR PRETEST

To: All students MKT 473

From: William Magnus Northington

Subject: Extra credit opportunity

Date: April 22, 2014

You are being asked to distribute a survey for extra credit. All you have to do is ask people (friends, family, co-workers, etc.) to fill out the survey (including yourself). Each person that you ask to fill out the survey should be 19 years or older. You can recruit as many people as you wish. However, try to recruit a relatively equal number of students to non-students.

You will receive 2 extra credit points for every respondent you recruit. You are not limited in the number of people you can recruit. The survey will be available until April 30th, noon. After that, you will not have an opportunity to earn the extra credit.

In order for you to receive the extra credit, the individuals filling out the survey **must put your name and class time (8, 11, or 12:30)** at the end of the survey when asked. They must also put an **email address** where **they** can be contacted to verify authenticity. Please make sure that you tell them this in your email and that you give them all of the appropriate information.

Please copy and paste the description of the study (see below) into the email you send out asking individuals to participate. If you have any questions please feel free to email me at north001@cba.ua.edu.

Thanks,

William Magnus Northington

The study that you have been asked to participate in is about a specific service encounter where you have witnessed employees and other customers in the store or service setting.

The goal of this study is to learn about how customers respond to witnessing other customers/employees' service encounters including your attitudes towards the encounter and your potential behaviors following the encounter.

In this survey, you will be presented with a scenario in which you witnessed a service encounter between another customer and an employee. You will then answer a few questions regarding the scenario given. Please make sure to read the scenario carefully as you will not be able to go back and read the scenario later. Also, please make sure that you try to imagine yourself in the situation presented in the scenario as much as possible. The survey should take about 10 minutes.

APPENDIX D: CUSTOMER BYSTANDER PRETEST SURVEY

The study that you have been asked to participate in is about a specific service encounter where you have witnessed employees and other customers in the store or service setting. The goal of this study is to learn about how customers respond to witnessing other customers/employees service encounters including your attitudes towards the encounter and your behaviors following the encounter. In this survey, you will be presented with a scenario in which you witnessed a service encounter between another customer and an employee. You will then answer a few questions regarding the scenario given. Please make sure to read the scenario carefully as you will not be able to go back and read the scenario later. Also, please make sure that you try to imagine yourself in the situation presented in the scenario as much as possible. The survey should take about 10 minutes to complete. This survey is voluntary, each participant will remain anonymous, and any personal information provided will remain completely confidential. At the end of the survey, you will need to put the name of the student who recruited you to participate in this study so they will receive class credit for your participation. Further, you will be asked to please include an email address where YOU can be reached in case any information you provide needs to be verified. Only the researchers involved in this study will have access to the survey data. If you have any questions about this study, please contact William Northington in the Department of Marketing at the University of Alabama at (205) 348-6183 or north001@cba.ua.edu. I have read this consent form. I understand this request to participate in the research project, and I freely agree to take part in it.

- Yes
- No

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers in some way. In this survey, you will be asked a series of questions related to witnessing employees engaged with other customers in the store.

Please answer the following questions about your experience with watching or witnessing employees engage with other customers.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
When out shopping, I usually notice interactions between an employee and other customers in the store.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to watch other people when I am out shopping.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People-watching is something I do on a regular basis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Has an interaction between an employee and another customer ever affected your own service experience at that store?

- Yes
- No

Please describe in as much detail as possible a particular time where an interaction you witnessed in a restaurant or retail store influenced or affected your own service experience.

Please answer the following general statements about yourself as best as you can.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
On the whole, I am satisfied with myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I have a number of good qualities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to do things as well as most other people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I am a person of worth.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a positive attitude about myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers. You will now be presented with a situation in which you witness an employee interacting with another customer. Afterwards, you will answer several questions relative to your feelings and interpretations about what happened between the employee and the other customer. Please read the situation below carefully, and imagine it actually happening to you.

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and casually walks over to the other customer to see if they can help with this issue. As the employee interacts with the other customer more, it seems like the employee is only really attempting to help the other customer because it is required. The employee seems to simply be following company policy and shows little interest in helping the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we don’t have any of your size in stock, and I don’t know when a new shipment will arrive.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and enthusiastically walks over to the other customer to see if there is any way they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is sincerely attempting to help the customer with this issue. The employee seems to really care and to be genuine in their efforts to help the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we don’t have any of your size in stock, and I don’t know when a new shipment will arrive.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and casually walks over to the other customer to see if they can help with this issue. As the employee interacts with the other customer more, it seems like the employee is only really attempting to help the other customer because it is required. The employee seems to simply be following company policy and shows little interest in helping the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. Let me get you their numbers and addresses so you can see if they do have your size in stock.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not

have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and enthusiastically walks over to the other customer to see if there is any way they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is sincerely attempting to help the customer with this issue. The employee seems to really care and to be genuine in their efforts to help the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. Let me get you their numbers and addresses so you can see if they do have your size in stock.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and casually walks over to the other customer to see if they can help with this issue. As the employee interacts with the other customer more, it seems like the employee is only really attempting to help the other customer because it is required. The employee seems to simply be following company policy and shows little interest in helping the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. If you can wait a few minutes, I will call each of them and see if they have your size in stock. If they do, I’ll make sure they reserve it for you.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and enthusiastically walks over to the other customer to see if there is any way they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is sincerely attempting to help the customer with this issue. The employee seems to really care and to be genuine in their efforts to help the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. If you can wait a few minutes, I will call each of them and see if they have your size in stock. If they do, I’ll make sure they reserve it for you.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer

has an issue and casually attempts to see if they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is only really attempting to help the other customer because it is required. The employee seems to simply be following company policy and shows little interest in helping the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we overbooked and do not have any rooms.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and enthusiastically attempts to see if they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is sincerely attempting to help the customer with this issue. The employee seems to really care and to be genuine in their efforts to help the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we overbooked and do not have any rooms.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and casually attempts to see if they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is only really attempting to help the other customer because it is required. The employee seems to simply be following company policy and shows little interest in helping the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. Let me get you their numbers and addresses so you can see if they do have a room available.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and enthusiastically attempts to see if they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is sincerely attempting to help the customer with this issue. The employee seems to really care and to be genuine in their efforts to help the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we overbooked and do not have any rooms.

However, there are three other hotels in the immediate area that may have rooms available. Let me get you their numbers and addresses so you can see if they do have a room available.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and casually attempts to see if they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is only really attempting to help the other customer because it is required. The employee seems to simply be following company policy and shows little interest in helping the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. If you can wait a few minutes, I will call each of them and see if they have a room that fits your needs. If they do, I’ll go ahead and reserve it for you.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and enthusiastically attempts to see if they can help the other customer with this issue. As the employee interacts with the other customer more, it seems like the employee is sincerely attempting to help the customer with this issue. The employee seems to really care and to be genuine in their efforts to help the customer. After a few moments of discussion with the customer you hear the employee say “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. If you can wait a few minutes, I will call each of them and see if they have a room that fits your needs. If they do, I’ll go ahead and reserve it for you.”

Did you feel that the employee going out of their way to help the other customer was

	1	2	3	4	5	6	7
Unfair:Fair	<input type="radio"/>						
Unacceptable:Acceptable	<input type="radio"/>						
Unreasonable:Reasonable	<input type="radio"/>						

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
The other customer seemed to get better treatment than I would.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The other customer seemed to get more than they deserved.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The other customer seemed to get more benefits than I would.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall, this event seemed fair to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It seems fair that the other customer received the treatment from the employee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This event seemed reasonable to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

After witnessing this event, I believe the company offers excellent service.	<input type="radio"/>						
After witnessing this event, I would say that the company provides superior service.	<input type="radio"/>						
Overall, I consider the service quality to be excellent.	<input type="radio"/>						
I feel good about what this company provides to its customers.	<input type="radio"/>						
Please select somewhat disagree.	<input type="radio"/>						

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I would have been envious that the customer received the benefit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would have resented that the other customer received the benefit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would have felt inferior in this situation because I do not think I would receive the same benefit if the situation happened to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>I would have felt hostility towards the employee because they went out of their way for the other customer.</p>	<input type="radio"/>						
<p>If I had actually witnessed this situation, I would have been frustrated.</p>	<input type="radio"/>						
<p>If this situation happened to me, I would feel frustrated.</p>	<input type="radio"/>						
<p>Overall, I would feel frustrated if I witnessed this encounter.</p>	<input type="radio"/>						
<p>If I had actually witnessed this situation, I would have been happy.</p>	<input type="radio"/>						

If this situation happened to me, I would feel happy. Overall, I would feel happy if I witnessed this encounter.	<input type="radio"/>						
	<input type="radio"/>						

Please indicate how satisfied you would have been with the business after witnessing this event by checking the space that best gives your answer. I would have

	1	2	3	4	5	6	7
been displeased:been pleased	<input type="radio"/>						
been disgusted:been contented	<input type="radio"/>						
been very dissatisfied:been very satisfied	<input type="radio"/>						
been unhappy:been happy	<input type="radio"/>						
felt very unfavorable:felt very favorable	<input type="radio"/>						

Please continue to think about this situation presented as if it actually happened to you, and carefully read the following statements indicating the degree to which you agree or disagree.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I would say positive things about this service provider to people I know.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would recommend this service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would encourage relatives and friends to do business with this service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your favorite color? If you are reading this survey select teal.

- Blue
- Red
- Green
- Pink
- Purple
- Orange
- Teal
- Magenta
- Yellow
- Brown
- Black
- White

Using the items below and based on the scenario information provided, please indicate the likelihood that you would go back to this store again.

	1	2	3	4	5	6	7
unlikely:likely	<input type="radio"/>						
definitely no:definitely yes	<input type="radio"/>						
not inclined to:inclined to	<input type="radio"/>						

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
The employee exerted a lot of energy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee was very persistent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee did not spend much time in this situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee did not try very hard.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee put a lot of effort into this situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After witnessing the employee helping the other customer, I believe the employee's helping behavior appeared genuine.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>After witnessing the employee helping the other customer, I believe the employee seemed to have integrity when helping the other customer.</p>	○	○	○	○	○	○	○
<p>After witnessing the employee helping the other customer, I believe, the employee seemed to not be fake or phony when helping the other customer.</p>	○	○	○	○	○	○	○

After witnessing the employee helping the other customer, I believe the employee seemed sincere in trying to help the other customer.	<input type="radio"/>						
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In the scenario I was provided,

- I was shopping with a friend in a sporting goods store.
- I was with a friend at a restaurant.
- I was with a friend at a bar.
- I was shopping with a friend in a department store.
- I was with a friend at a hotel.

What is your age (please use numbers)?

What is your gender?

- Male
- Female

Please indicate with which race or ethnicity you identify.

- White/Caucasian
- Hispanic
- Black or African American
- Native American
- Asian or Pacific Islander
- Other _____
- Multi-racial or multi-cultural
-

What did you think this study was about?

Please indicate the extent to which you agree or disagree with the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I did not take the task of evaluating the scenario seriously.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I really read the scenario as if I was actually experiencing the event.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I took extra care in making a sound evaluation of the scenario.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It was easy for me to imagine this experience happening to me in real life.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This experience could happen to me in real life.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The experience seemed realistic.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The scenario was easy to understand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is the name of the student who asked you to participate in this survey?

What class period is the student in?

- 8:00
- 11:00
- 12:30

Please enter an email where you can be reached if any information needs to be verified. This information will be held in the strictest confidence.

APPENDIX E: SCENARIOS FOR STUDY TWO

Introduction:

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers. You will now be presented with a situation in which you witness an employee interacting with another customer. Afterwards, you will answer several questions relative to your feelings and interpretations about what happened between the employee and the other customer. Please read the situation on the next page very carefully, and imagine it actually happening to you.

Scenario 1 (no effort x sporting goods store):

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue. After hardly spending any time with the customer, the employee says “Sorry, we don’t have any of your size in stock, and I don’t know when a new shipment will arrive. There is nothing I can do.”

Scenario 2 (low effort x sporting goods store):

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue. After spending a little time with the customer, the employee says “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. Let me get you their numbers and addresses so you can see if they do have your size in stock.”

Scenario 3 (high effort x sporting goods store):

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue. After spending a lot of time with the customer, the employee says “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have

the size you need. If you can wait a few minutes, I will call each of them and see if they have your size in stock. If they do, I'll make sure they reserve it for you.”

Scenario 4 (no effort x hotel):

As you and your friend are walking through the lobby of a hotel in which you've been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue. After hardly spending any time with the customer, the employee says “Sorry, we overbooked and do not have any rooms available. There is nothing I can do.”

Scenario 5 (low effort x hotel):

As you and your friend are walking through the lobby of a hotel in which you've been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue. After spending a little time with the customer, the employee says “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. Let me get you their numbers and addresses so you can see if they do have a room available.”

Scenario 6 (high effort x hotel):

As you and your friend are walking through the lobby of a hotel in which you've been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue. After spending a lot of time with the customer, the employee says “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. If you can wait a few minutes, I will call each of them and see if they have a room that fits your needs. If they do, I'll go ahead and reserve it for you.”

APPENDIX F: STUDY TWO SURVEY

The study that you have been asked to participate in is about a specific service encounter where you have witnessed employees and other customers in the store or service setting. The goal of this study is to learn about how customers respond to witnessing other customers/employees service encounters including your attitudes towards the encounter and your behaviors following the encounter. In this survey, you will be presented with a scenario in which you witnessed a service encounter between another customer and an employee. You will then answer a few questions regarding the scenario given. Please make sure to read the scenario carefully as you will not be able to go back and read the scenario later. Also, please make sure that you try to imagine yourself in the situation presented in the scenario as much as possible. The survey should take about 10 minutes to complete. This survey is voluntary, each participant will remain anonymous, and any personal information provided will remain completely confidential. For participating in this survey you will earn \$.50. This is payable only if the survey is completed and accurate. Please read each question carefully. Only the researchers involved in this study will have access to the survey data. If you have any questions about this study, please contact William Northington in the Department of Marketing at the University of Alabama at (205) 348-6183 or north001@cba.ua.edu. I have read this consent form. I understand this request to participate in the research project, and I freely agree to take part in it.

- Yes
- No

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers in some way. In this survey, you will be asked a series of questions related to witnessing employees engaged with other customers in the store.

Please answer the following questions about your experience with watching or witnessing employees engage with other customers.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
When out shopping, I usually notice interactions between an employee and other customers in the store.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I like to watch other people when I am out shopping.PW	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People-watching is something I do on a regular basis.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Has an interaction between an employee and another customer ever affected your own service experience at that store?

- Yes
- No

Please describe in as much detail as possible a particular time where an interaction you witnessed in a restaurant or retail store influenced or affected your own service experience.

Please answer the following general statements about yourself as best as you can.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
On the whole, I am satisfied with myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I have a number of good qualities.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am able to do things as well as most other people.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I feel that I am a person of worth.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I have a positive attitude about myself.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

While out shopping in a retail store or receiving service in any service setting (hotels, restaurants, airports, repair shops, etc.), you often witness or see employees interacting with other customers. You will now be presented with a situation in which you witness an employee interacting with another customer. Afterwards, you will answer several questions relative to your feelings and interpretations about what happened between the employee and the other customer. Please read the situation on the next page very carefully, and imagine it actually happening to you.

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue. After hardly spending any time with the customer, the employee says “Sorry, we don’t have any of your size in stock, and I don’t know when a new shipment will arrive. There is nothing I can do.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue. After spending a little time with the customer, the employee says “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. Let me get you their numbers and addresses so you can see if they do have your size in stock.”

As you and your friend are browsing the latest selection of sports equipment and apparel at a local sporting goods store known for its prompt and courteous service, you notice that another customer is attempting to buy a pair of running shoes. However, it appears that the store does not have the right size in stock at the moment. An employee currently in the shoe section recognizes that the other customer has an issue and walks over to the other customer to see if they can help with this issue. After spending a lot of time with the customer, the employee says “Sorry, we don’t have any of your size in stock. However, one of our other three stores in the area may have the size you need. If you can wait a few minutes, I will call each of them and see if they have your size in stock. If they do, I’ll make sure they reserve it for you.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does

not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue. After hardly spending any time with the customer, the employee says “Sorry, we overbooked and do not have any rooms available. There is nothing I can do.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue. After spending a little time with the customer, the employee says “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. Let me get you their numbers and addresses so you can see if they do have a room available.”

As you and your friend are walking through the lobby of a hotel in which you’ve been staying known for its prompt and courteous service, you notice that another customer is attempting to check-in at the front-desk. However, it appears that the hotel is overbooked, and the hotel does not have any rooms until the morning. A front-desk employee recognizes that the other customer has an issue and walks over to the other customer to see if they can help with the issue. After spending a lot of time with the customer, the employee says “Sorry, we overbooked and do not have any rooms. However, there are three other hotels in the immediate area that may have rooms available. If you can wait a few minutes, I will call each of them and see if they have a room that fits your needs. If they do, I’ll go ahead and reserve it for you.”

Did you feel that the employee helping the other customer was

	1	2	3	4	5	6	7
Unfair:Fair	<input type="radio"/>						
Unacceptable:Acceptable	<input type="radio"/>						
Unreasonable:Reasonable	<input type="radio"/>						

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
The other customer seemed to get better treatment than I would.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The other customer seemed to get more than they deserved.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The other customer seemed to get more benefits than I would.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall, this event seemed fair to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It seems fair that the other customer received the treatment from the employee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This event seemed reasonable to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

After witnessing this event, I believe the company offers excellent service.	<input type="radio"/>						
After witnessing this event, I would say that the company provides superior service.	<input type="radio"/>						
Overall, I consider the service quality to be excellent.	<input type="radio"/>						
I feel good about what this company provides to its customers.	<input type="radio"/>						
Please select somewhat disagree.	<input type="radio"/>						

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I would have been envious that the other customer received this benefit from the employee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would have resented that the other customer received the benefit from the employee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would have felt inferior in this situation because I do not think I would receive the same benefit from the employee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>I would have felt hostility towards the employee because they went out of their way for the other customer.</p>	<input type="radio"/>						
<p>If I had actually witnessed this situation, I would have been frustrated.</p>	<input type="radio"/>						
<p>If this situation happened to me, I would feel frustrated.</p>	<input type="radio"/>						
<p>Overall, I would feel frustrated if I witnessed this encounter.</p>	<input type="radio"/>						
<p>If I had actually witnessed this situation, I would have been happy.</p>	<input type="radio"/>						

If this situation happened to me, I would feel happy.	<input type="radio"/>						
Overall, I would feel happy if I witnessed this encounter.	<input type="radio"/>						

Please indicate how satisfied you would have been with the business after witnessing this event by checking the space that best gives your answer. I would have

	1	2	3	4	5	6	7
been displeased:been pleased	<input type="radio"/>						
been disgusted:been contented	<input type="radio"/>						
been very dissatisfied:been very satisfied	<input type="radio"/>						
been unhappy:been happy	<input type="radio"/>						
felt very unfavorable:felt very favorable	<input type="radio"/>						

Please continue to think about this situation presented as if it actually happened to you, and carefully read the following statements indicating the degree to which you agree or disagree.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I would say positive things about this service provider to people I know.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would recommend this service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I would encourage relatives and friends to do business with this service provider.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

What is your favorite color? If you are reading this survey select teal.

- Blue
- Red
- Green
- Pink
- Purple
- Orange
- Teal
- Magenta
- Yellow
- Brown
- Black
- White

Using the items below and based on the scenario information provided, please indicate the likelihood that you would go back to this store again.

	1	2	3	4	5	6	7
unlikely:likely	<input type="radio"/>						
definitely no:definitely yes	<input type="radio"/>						
not inclined to:inclined to	<input type="radio"/>						

Please continue to read the following statements and indicate the degree to which you agree or disagree.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
The employee exerted a lot of energy.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee was very persistent.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee did not spend much time in this situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee did not try very hard to help the customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The employee put a lot of effort into this situation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In the scenario I was provided,

- I was shopping with a friend in a sporting goods store.
- I was with a friend at a restaurant.
- I was with a friend at a bar.
- I was shopping with a friend in a department store.
- I was with a friend at a hotel.

What is your age (please use whole numbers only)?

What is your gender?

- Male
- Female

Please indicate with which race or ethnicity you identify.

- White/Caucasian
- Hispanic
- Black or African American
- Native American
- Asian or Pacific Islander
- Other _____
- Multi-racial or multi-cultural

What do you think this study is about?

Please indicate the extent to which you agree or disagree with the following statements.

	Strongly Disagree	Disagree	Somewhat Disagree	Neither Agree nor Disagree	Somewhat Agree	Agree	Strongly Agree
I did not take the task of evaluating the scenario seriously.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I really read the scenario as if I was actually experiencing the event.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I took extra care in making a sound evaluation of the scenario.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It was easy for me to imagine this experience happening to me in real life.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
This experience could happen to me in real life.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The experience seemed realistic.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The scenario was easy to understand.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

APPENDIX G: LEVEL OF PERCEIVED EMPLOYEE EFFORT BY CONTEXT CORRELATIONS

Means, Standard Deviations, and Correlations for Sporting Goods Sample (No Employee Effort)

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	2.50	1.11	1.00								
2. Perceived Inequity	2.62	1.09	.49**	1.00							
3. Perceived Service Quality	2.98	1.27	.69**	.49**	1.00						
4. Customer Bystander Happiness	2.41	1.08	.59**	.42**	.62**	1.00					
5. Envy	2.48	1.10	.28**	.55**	.09	.27**	1.00				
6. Customer Bystander Frustration	4.22	1.47	-.41**	-.12	-.57**	-.41**	.29**	1.00			
7. Customer Bystander Satisfaction	3.24	1.12	.53**	.29**	.66**	.62**	.04	-.66**	1.00		
8. Positive WOM	2.92	1.22	.64**	.27**	.85**	.63**	-.02	-.66**	.76**	1.00	
9. Repatronage Intentions	3.56	1.43	.51**	.09	.71**	.52**	-.11	-.58**	.74**	.81**	1.00

N = 94; * (p<.05); ** (p<.001)

Means, Standard Deviations, and Correlations for Sporting Goods Sample (Low Employee Effort)

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	4.61	1.03	1.00								
2. Perceived Inequity	2.91	1.27	.03	1.00							
3. Perceived Service Quality	5.07	1.32	.53**	.05	1.00						
4. Customer Bystander Happiness	4.55	1.39	.41**	.02	.75**	1.00					
5. Envy	2.29	1.22	-.14	.63**	-.24*	-.23*	1.00				
6. Customer Bystander Frustration	2.58	1.20	-.29**	.42**	-.62**	-.55**	.71**	1.00			
7. Customer Bystander Satisfaction	5.20	1.29	.44**	-.05	.72**	.69**	-.38**	-.64**	1.00		
8. Positive WOM	4.91	1.26	.49**	.13	.79**	.72**	-.16	-.55**	.76**	1.00	
9. Repatronage Intentions	5.48	1.22	.49**	.07	.71**	.74**	-.28**	-.56**	.77**	.83**	1.00

N = 89; * (p<.05); ** (p<.001)

Means, Standard Deviations, and Correlations for Sporting Goods Sample (High Employee Effort)

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	5.34	1.00	1.00								
2. Perceived Inequity	2.92	1.14	-.25**	1.00							
3. Perceived Service Quality	5.85	1.06	.52**	-.21*	1.00						
4. Customer Bystander Happiness	5.15	1.23	.48**	-.22*	.71**	1.00					
5. Envy	2.15	1.13	-.28**	.66**	-.37**	-.26*	1.00				
6. Customer Bystander Frustration	2.21	1.04	-.34**	.55**	-.53**	-.53**	.72**	1.00			
7. Customer Bystander Satisfaction	5.88	1.11	.51**	-.15	.76**	.71**	-.32**	-.50**	1.00		
8. Positive WOM	5.55	1.10	.62**	-.19	.73**	.74**	-.25*	-.43**	.73**	1.00	
9. Repatronage Intentions	6.07	1.13	.59**	-.26*	.73**	.69**	-.36**	-.55**	.83**	.80**	1.00

N = 91; * (p<.05); ** (p<.001)

Means, Standard Deviations, and Correlations for Hotel Sample (No Employee Effort)

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	2.67	1.16	1.00								
2. Perceived Inequity	2.25	1.07	.45**	1.00							
3. Perceived Service Quality	2.88	1.31	.63**	.31**	1.00						
4. Customer Bystander Happiness	2.41	1.17	.60**	.48**	.65**	1.00					
5. Envy	2.67	1.21	.15	.59**	.01	.31**	1.00				
6. Customer Bystander Frustration	4.79	1.54	-.39**	-.03	-.63**	-.45**	.21	1.00			
7. Customer Bystander Satisfaction	3.06	1.27	.56**	.34**	.79**	.64**	.02	-.64**	1.00		
8. Positive WOM	2.85	1.35	.58**	.35**	.80**	.62**	-.01	-.56**	.81**	1.00	
9. Repatronage Intentions	3.36	1.57	.47**	.14	.58**	.40**	-.17	-.57**	.73**	.73**	1.00

N = 88; * (p<.05); ** (p<.001)

Means, Standard Deviations, and Correlations for Hotel (Low Employee Effort)

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	4.55	1.36	1.00								
2. Perceived Inequity	2.88	1.46	.23*	1.00							
3. Perceived Service Quality	4.83	1.59	.76**	.23*	1.00						
4. Customer Bystander Happiness	4.12	1.55	.72**	.32**	.84**	1.00					
5. Envy	2.44	1.28	-.06	.61**	-.02	.12	1.00				
6. Customer Bystander Frustration	3.43	1.61	-.60**	-.02	-.75**	-.71**	.31**	1.00			
7. Customer Bystander Satisfaction	4.92	1.53	.78**	.16	.85**	.83**	-.11	-.73**	1.00		
8. Positive WOM	4.59	1.54	.71**	.22*	.83**	.83**	-.04	-.72**	.88**	1.00	
9. Repatronage Intentions	4.89	1.63	.72**	.15	.84**	.81**	-.05	-.74**	.89**	.88**	1.00

N = 84; * (p<.05); ** (p<.001)

Means, Standard Deviations, and Correlations for Hotel Sample (High Employee Effort)

Variable	Mean	Std Dev	1	2	3	4	5	6	7	8	9
1. Perceived Employee Effort	5.14	1.05	1.00								
2. Perceived Inequity	2.93	1.29	-.12	1.00							
3. Perceived Service Quality	5.46	1.29	.49**	.05	1.00						
4. Customer Bystander Happiness	4.61	1.51	.54**	.26*	.73**	1.00					
5. Envy	2.31	1.15	-.26*	.61**	-.15	-.05	1.00				
6. Customer Bystander Frustration	2.97	1.39	-.53**	.18	-.59**	-.56**	.47**	1.00			
7. Customer Bystander Satisfaction	5.32	1.38	.63**	.08	.75**	.73**	-.25*	-.65**	1.00		
8. Positive WOM	5.06	1.56	.67**	.02	.76**	.73**	-.26*	-.70**	.85**	1.00	
9. Repatronage Intentions	5.36	1.66	.64**	.01	.72**	.64**	-.33*	-.65**	.84**	.88**	1.00

N = 90; * (p<.05); ** (p<.001)

APPENDIX H: ADDITIONAL ANALYSIS OF HYPOTHESES

The total effect of the focal variable, perceived employee effort, on the three emotional responses and three customer outcome variables was tested using the analysis of variance (ANOVA) method in SPSS 22.0. The use of ANOVA allowed for the analysis of the impact of each level of effort that was manipulated in this dissertation (no effort, low effort, and high effort). Thus, a more transparent picture of the overall relationship between employee effort and the outcome variables was established. Additionally, the relative impact of the two evaluative judgment variables, perceived inequity and perceived service quality, on these relationships was tested using the analysis of covariance (ANCOVA) method within SPSS 22.0. This additional analysis for both samples was conducted in order further verify the strength of perceived employee effort on the outcome variables including the emotional response variables, and this analysis helps verify the causality of any such relationships. The two samples were again analyzed separately. First, the results for the sporting goods store sample are presented. Then the results for the hotel sample are presented.

As mentioned above, an ANOVA was run on the sporting goods sample in order to determine the impact of employee effort on the six measured outcome variables: customer bystander happiness, envy, customer bystander frustration, customer bystander satisfaction, positive word-of-mouth, and repatronage intentions. The results of this analysis are presented in the tables below. Overall, employee effort had a significant relationship with all outcome variables except envy. Additionally, a Tukey post-hoc analysis was conducted to determine if there were differences across all three levels of employee effort. As seen in Tukey post-hoc table, all three levels were significantly different for every significant variable except customer bystander frustration which showed no difference in the means between the low effort and high

effort conditions. All of the means across the three effort levels appear in the individual means table.

Outcome Variables by Perceived Employee Effort for Sporting Goods Store Sample

Variable		Sum of Squares	df	Mean Square	F	Sig.
Customer Bystander Happiness	Between Groups	384.136	2	192.068	125.083	.000
	Within Groups	416.128	271	1.536		
	Total	800.265	273			
Envy	Between Groups	4.933	2	2.466	1.867	.157
	Within Groups	358.041	271	1.321		
	Total	362.974	273			
Customer Bystander Frustration	Between Groups	212.628	2	106.314	60.872	.000
	Within Groups	473.304	271	1.747		
	Total	685.932	273			
Customer Bystander Satisfaction	Between Groups	347.215	2	173.607	125.076	.000
	Within Groups	376.152	271	1.388		
	Total	723.367	273			
Positive Word-of-Mouth	Between Groups	342.630	2	171.315	119.568	.000
	Within Groups	388.283	271	1.433		
	Total	730.914	273			
Repatronage Intentions	Between Groups	318.701	2	159.350	99.112	.000
	Within Groups	435.708	271	1.608		
	Total	754.409	273			

Tukey HSD Post Hoc Test: Sporting Goods Store Sample

Variable	Manipulation		Mean Difference	Std. Error	Sig.
Customer Bystander Happiness	No Effort	Low Effort	-2.14	.18	.000
		High Effort	-2.74	.18	.000
	Low Effort	No Effort	2.14	.18	.000
		High Effort	-.59	.18	.004
	High Effort	No Effort	2.74	.18	.000
		Low Effort	.59	.18	.004
Envy	No Effort	Low Effort	.19	.17	.506
		High Effort	.32	.17	.134
	Low Effort	No Effort	-.19	.17	.506
		High Effort	.14	.17	.709
	High Effort	No Effort	-.32	.17	.134
		Low Effort	-.14	.17	.709
Customer Bystander Frustration	No Effort	Low Effort	1.64	.19	.000
		High Effort	2.01	.19	.000
	Low Effort	No Effort	-1.64	.19	.000
		High Effort	.37	.19	.150
	High Effort	No Effort	-2.01	.19	.000
		Low Effort	-.37	.19	.150
Customer Bystander Satisfaction	No Effort	Low Effort	-1.96	.17	.000
		High Effort	-2.63	.17	.000
	Low Effort	No Effort	1.96	.17	.000
		High Effort	-.68	.17	.000
	High Effort	No Effort	2.63	.17	.000
		Low Effort	.68	.17	.000
Positive Word-of-Mouth	No Effort	Low Effort	-2.00	.18	.000
		High Effort	-2.59	.18	.000
	Low Effort	No Effort	2.00	.18	.000
		High Effort	-.60	.18	.003
	High Effort	No Effort	2.59	.18	.000
		Low Effort	.60	.18	.003
Repatronage Intentions	No Effort	Low Effort	-1.92	.19	.000
		High Effort	-2.51	.19	.000
	Low Effort	No Effort	1.92	.19	.000
		High Effort	-.59	.19	.006
	High Effort	No Effort	2.51	.19	.000
		Low Effort	.59	.19	.006

Individual Means for Sporting Goods Store Sample

Variable	Level of Effort	N	Mean
Customer Bystander Happiness	No Effort	94	2.41
	Low Effort	89	4.55
	High Effort	91	5.15
Envy	No Effort	94	2.48
	Low Effort	89	2.29
	High Effort	91	2.15
Customer Bystander Frustration	No Effort	94	4.22
	Low Effort	89	2.59
	High Effort	91	2.22
Customer Bystander Satisfaction	No Effort	94	3.24
	Low Effort	89	5.20
	High Effort	91	5.88
Positive Word-of-Mouth	No Effort	94	2.02
	Low Effort	89	4.92
	High Effort	91	5.51
Repatronage Intentions	No Effort	94	3.57
	Low Effort	89	5.49
	High Effort	91	6.07

Next, an ANCOVA was run to determine the impact of perceived inequity on the total effects model. The results are found in the table below. Overall, the model (corrected model in table) was now significant for all the outcome variables including envy. Significant relationships between perceived inequity and envy ($F = 163.899, p < .001$) and perceived inequity and frustration ($F = 30.391, p < .001$) were established. Furthermore, the addition of perceived inequity in the model caused the relationship between employee effort and envy to become significant ($F = 12.286, p < .001$). This indicated that perceived inequity had a mediating influence on this relationship. The relationships between employee effort and the other five outcome variables remained similar to the original ANOVA run indicating a lack of mediating influence by perceived inequity on these relationships.

ANCOVA: Testing Impact of Perceived Inequity – Sporting Goods Store Sample

Source	Dependent Variable	Type III SOS	df	Mean Square	F	Sig
Corrected Model	Customer Bystander Happiness	385.396	3	128.465	83.606	.000
	Envy	140.178	3	46.726	56.626	.000
	Customer Bystander Frustration	243.020	3	81.007	49.382	.000
	Customer Bystander Satisfaction	347.445	3	115.815	83.182	.000
	Positive Word-of-Mouth	345.159	3	115.053	80.529	.000
	Repatronage Intentions	318.846	3	106.282	65.883	.000
Intercept	Customer Bystander Happiness	597.505	1	597.505	388.861	.000
	Envy	14.528	1	14.528	17.606	.000
	Customer Bystander Frustration	193.079	1	103.079	117.701	.000
	Customer Bystander Satisfaction	881.801	1	881.801	633.339	.000
	Positive Word-of-Mouth	708.254	1	708.254	495.726	.000
	Repatronage Intentions	1035.416	1	1035.416	641.842	.000
Perceived Inequity	Customer Bystander Happiness	1.259	1	1.259	.820	.366
	Envy	135.245	1	135.245	163.899	.000
	Customer Bystander Frustration	30.391	1	30.391	18.527	.000
	Customer Bystander Satisfaction	.230	1	.230	.165	.685
	Positive Word-of-Mouth	2.528	1	2.528	1.770	.185
	Repatronage Intentions	.146	1	.146	.090	.764
Employee Effort	Customer Bystander Happiness	374.023	2	187.011	121.708	.000
	Envy	12.286	2	6.143	7.444	.001
	Customer Bystander Frustration	228.675	2	114.337	69.700	.000
	Customer Bystander Satisfaction	340.647	2	170.323	122.332	.000
	Positive Word-of-Mouth	331.417	2	165.708	115.984	.000
	Repatronage Intentions	316.054	2	158.027	97.959	.000
Error	Customer Bystander Happiness	414.859	270	1.537		
	Envy	222.796	270	.825		
	Customer Bystander Frustration	442.912	270	1.640		
	Customer Bystander Satisfaction	375.922	270	1.392		
	Positive Word-of-Mouth	385.755	270	1.429		
	Repatronage Intentions	435.563	270	1.613		
Total	Customer Bystander Happiness	5219.000	274			
	Envy	1824.188	274			
	Customer Bystander Frustration	3194.111	274			
	Customer Bystander Satisfaction	6919.750	274			
	Positive Word-of-Mouth	6106.778	274			
	Repatronage Intentions	7667.889	274			
Corrected Total	Customer Bystander Happiness	800.265	273			
	Envy	362.974	273			
	Customer Bystander Frustration	685.932	273			
	Customer Bystander Satisfaction	723.367	273			
	Positive Word-of-Mouth	730.914	273			
	Repatronage Intentions	754.409	273			

Finally, an ANCOVA was conducted to determine the impact of perceived service quality on the total effects model for the sporting goods sample. Overall, the full model was significant. As seen in the table below, a significant relationship was found between perceived service quality and all six outcome variables. Interestingly, the relationship between employee effort and customer bystander frustration ($F = 1.732, p = .227$) and employee effort and repatronage intentions ($F = 2.970, p = .053$) became insignificant at the .05 significance level. This indicated that perceived service quality had a mediating influence on these relationships. In addition the relationship between employee effort and envy ($F = .182, p = .834$) remained insignificant. In fact this relationship became less significant with the addition of perceived service quality. This suggested that the customer bystanders' feelings of envy were driven by perceived service quality in this model.

ANCOVA: Testing Impact of Perceived Service Quality – Sporting Goods Store Sample

Source	Dependent Variable	Type III SOS	df	Mean Square	F	Sig
Corrected Model	Customer Bystander Happiness	582.458	3	194.153	240.677	.000
	Envy	14.022	3	4.674	3.616	.014
	Customer Bystander Frustration	372.754	3	124.251	107.121	.000
	Customer Bystander Satisfaction	537.951	3	179.317	261.119	.000
	Positive Word-of-Mouth	589.909	3	196.636	376.524	.000
	Repatronage Intentions	539.525	3	179.842	225.970	.000
Intercept	Customer Bystander Happiness	11.077	1	11.077	13.732	.000
	Envy	158.833	1	158.833	122.896	.000
	Customer Bystander Frustration	618.681	1	618.681	533.383	.000
	Customer Bystander Satisfaction	44.749	1	44.749	65.163	.000
	Positive Word-of-Mouth	12.043	1	12.043	23.059	.000
	Repatronage Intentions	46.185	1	46.185	58.032	.000
Perceived Service Quality	Customer Bystander Happiness	198.321	1	198.321	245.845	.000
	Envy	9.089	1	9.089	7.032	.008
	Customer Bystander Frustration	160.126	1	160.126	138.049	.000
	Customer Bystander Satisfaction	190.736	1	190.736	277.748	.000
	Positive Word-of-Mouth	247.278	1	247.278	473.494	.000
	Repatronage Intentions	220.825	1	220.825	277.464	.000
Employee Effort	Customer Bystander Happiness	15.906	2	7.953	9.859	.000
	Envy	.471	2	.235	.182	.834
	Customer Bystander Frustration	3.463	2	1.732	1.493	.227
	Customer Bystander Satisfaction	11.312	2	5.656	8.236	.000
	Positive Word-of-Mouth	4.313	2	2.156	4.129	.017
	Repatronage Intentions	4.727	2	2.364	2.970	.053
Error	Customer Bystander Happiness	217.807	270	.807		
	Envy	348.952	270	1.292		
	Customer Bystander Frustration	313.178	270	1.160		
	Customer Bystander Satisfaction	185.416	270	.687		
	Positive Word-of-Mouth	141.005	270	.522		
	Repatronage Intentions	214.884	270	.796		
Total	Customer Bystander Happiness	5219.000	274			
	Envy	1824.188	274			
	Customer Bystander Frustration	3194.111	274			
	Customer Bystander Satisfaction	6919.750	274			
	Positive Word-of-Mouth	6106.778	274			
	Repatronage Intentions	7667.889	274			
Corrected Total	Customer Bystander Happiness	800.265	273			
	Envy	362.974	273			
	Customer Bystander Frustration	685.932	273			
	Customer Bystander Satisfaction	723.367	273			
	Positive Word-of-Mouth	730.914	273			
	Repatronage Intentions	754.409	273			

An ANOVA analysis was also conducted on the hotel sample. The results of this analysis are presented in the tables below. Overall, employee effort had a significant relationship with all outcome variables except envy. Additionally, a Tukey post-hoc analysis was conducted to determine if there were differences across all three levels of employee effort. As seen in Tukey post-hoc table, there was no significant difference between low effort and high effort for the five significant variables. There were differences between no effort and both low and high effort. All of the means across the three effort levels appear in the individual means table.

Outcome Variables by Perceived Employee Effort for Hotel Sample

Variable		Sum of Squares	df	Mean Square	F	Sig.
Customer Bystander Happiness	Between Groups	236.330	2	118.165	58.761	.000
	Within Groups	520.835	259	2.011		
	Total	757.165	261			
Envy	Between Groups	6.260	2	3.130	2.124	.122
	Within Groups	381.726	259	1.474		
	Total	387.987	261			
Customer Bystander Frustration	Between Groups	157.845	2	78.922	34.391	.000
	Within Groups	594.369	259	2.295		
	Total	752.214	261			
Customer Bystander Satisfaction	Between Groups	256.101	2	128.050	65.965	.000
	Within Groups	502.771	259	1.941		
	Total	758.872	261			
Positive Word-of-Mouth	Between Groups	236.572	2	118.286	53.660	.000
	Within Groups	570.928	259	2.204		
	Total	807.500	261			
Repatronage Intentions	Between Groups	194.214	2	97.107	37.020	.000
	Within Groups	679.374	259	2.623		
	Total	873.588	261			

Tukey HSD Post Hoc Test: Hotel Sample

Variable	Manipulation		Mean Difference	Std. Error	Sig.
Customer Bystander Happiness	No Effort	Low Effort	-1.71	.21	.000
		High Effort	-2.20	.21	.000
	Low Effort	No Effort	1.71	.21	.000
		High Effort	-.49	.21	.062
	High Effort	No Effort	2.20	.21	.000
		Low Effort	.49	.21	.062
Envy	No Effort	Low Effort	.24	.18	.403
		High Effort	.37	.18	.106
	Low Effort	No Effort	-.24	.18	.403
		High Effort	.13	.18	.754
	High Effort	No Effort	-.37	.18	.106
		Low Effort	-.13	.18	.754
Customer Bystander Frustration	No Effort	Low Effort	1.36	.23	.000
		High Effort	1.81	.23	.000
	Low Effort	No Effort	-1.36	.23	.000
		High Effort	.46	.23	.112
	High Effort	No Effort	-1.81	.23	.000
		Low Effort	-.46	.23	.112
Customer Bystander Satisfaction	No Effort	Low Effort	-1.85	.21	.000
		High Effort	-2.26	.21	.000
	Low Effort	No Effort	1.85	.21	.000
		High Effort	-.41	.21	.135
	High Effort	No Effort	2.26	.21	.000
		Low Effort	.41	.21	.135
Positive Word-of-Mouth	No Effort	Low Effort	-1.72	.23	.000
		High Effort	-2.20	.23	.000
	Low Effort	No Effort	1.72	.23	.000
		High Effort	-.48	.23	.089
	High Effort	No Effort	2.20	.23	.000
		Low Effort	.48	.23	.000
Repatronage Intentions	No Effort	Low Effort	-1.54	.25	.000
		High Effort	-2.00	.25	.000
	Low Effort	No Effort	1.54	.25	.000
		High Effort	-.47	.25	.141
	High Effort	No Effort	2.00	.25	.000
		Low Effort	.47	.25	.141

Individual Means for Hotel Sample

Variable	Level of Effort	N	Mean
Customer Bystander Happiness	No Effort	88	2.41
	Low Effort	84	4.12
	High Effort	90	4.61
Envy	No Effort	88	2.68
	Low Effort	84	2.44
	High Effort	90	2.31
Customer Bystander Frustration	No Effort	88	4.78
	Low Effort	84	3.43
	High Effort	90	2.97
Customer Bystander Satisfaction	No Effort	88	3.05
	Low Effort	84	4.91
	High Effort	90	5.32
Positive Word-of-Mouth	No Effort	88	2.86
	Low Effort	84	4.58
	High Effort	90	5.06
Repatronage Intentions	No Effort	88	3.35
	Low Effort	84	4.89
	High Effort	90	5.36

Next, an ANCOVA was run to determine the impact of perceived inequity on the total effects model. The results are found in the table below. Overall, the model was significant for all the outcome variables including envy which was insignificant in the ANOVA. Perceived inequity had a significant relationship with all outcome variables except customer bystander frustration ($F = .463, p = .497$) and repatronage intentions ($F = 2.334, p = .128$). Furthermore, the addition of perceived inequity in the model caused the relationship between employee effort and envy to become significant ($F = 14.140, p < .001$). This indicated that perceived inequity had a mediating influence on this relationship and was the primary driver of customer bystanders' feelings of envy. The relationships between employee effort and the other five outcome variables remained similar to the original ANOVA run indicating a lack of mediating influence by perceived inequity on these relationships.

ANCOVA: Testing Impact of Perceived Inequity – Hotel Sample

Source	Dependent Variable	Type III SOS	df	Mean Square	F	Sig
Corrected Model	Customer Bystander Happiness	385.396	3	128.465	83.606	.000
	Envy	140.178	3	46.726	56.626	.000
	Customer Bystander Frustration	243.020	3	81.007	49.382	.000
	Customer Bystander Satisfaction	347.445	3	115.815	83.182	.000
	Positive Word-of-Mouth	345.159	3	115.053	80.529	.000
	Repatronage Intentions	318.846	3	106.282	65.883	.000
Intercept	Customer Bystander Happiness	597.505	1	597.505	388.861	.000
	Envy	14.528	1	14.528	17.606	.000
	Customer Bystander Frustration	193.079	1	103.079	117.701	.000
	Customer Bystander Satisfaction	881.801	1	881.801	633.339	.000
	Positive Word-of-Mouth	708.254	1	708.254	495.726	.000
	Repatronage Intentions	1035.416	1	1035.416	641.842	.000
Perceived Inequity	Customer Bystander Happiness	1.259	1	1.259	.820	.366
	Envy	135.245	1	135.245	163.899	.000
	Customer Bystander Frustration	30.391	1	30.391	18.527	.000
	Customer Bystander Satisfaction	.230	1	.230	.165	.685
	Positive Word-of-Mouth	2.528	1	2.528	1.770	.185
	Repatronage Intentions	.146	1	.146	.090	.764
Employee Effort	Customer Bystander Happiness	374.023	2	187.011	121.708	.000
	Envy	12.286	2	6.143	7.444	.001
	Customer Bystander Frustration	228.675	2	114.337	69.700	.000
	Customer Bystander Satisfaction	340.647	2	170.323	122.332	.000
	Positive Word-of-Mouth	331.417	2	165.708	115.984	.000
	Repatronage Intentions	316.054	2	158.027	97.959	.000
Error	Customer Bystander Happiness	414.859	270	1.537		
	Envy	222.796	270	.825		
	Customer Bystander Frustration	442.912	270	1.640		
	Customer Bystander Satisfaction	375.922	270	1.392		
	Positive Word-of-Mouth	385.755	270	1.429		
	Repatronage Intentions	435.563	270	1.613		
Total	Customer Bystander Happiness	5219.000	274			
	Envy	1824.188	274			
	Customer Bystander Frustration	3194.111	274			
	Customer Bystander Satisfaction	6919.750	274			
	Positive Word-of-Mouth	6106.778	274			
	Repatronage Intentions	7667.889	274			
Corrected Total	Customer Bystander Happiness	800.265	273			
	Envy	362.974	273			
	Customer Bystander Frustration	685.932	273			
	Customer Bystander Satisfaction	723.367	273			
	Positive Word-of-Mouth	730.914	273			
	Repatronage Intentions	754.409	273			

Finally, an ANCOVA was conducted to determine the impact of perceived service quality on the total effects model for the hotel sample. As with the original model without perceived service quality, all relationships were significant except with regards to envy. As seen in the table below, no significant relationship was found between perceived service quality and envy ($F = 1.029, p = .405$) or employee effort and envy ($F = .621, p = .538$). Furthermore, all direct effects between employee effort and the outcome variables became insignificant with perceived service quality in the model. This indicated that perceived service quality has a mediating influence on all of these relationships. Furthermore, this suggested that it is perceived service quality which drives the emotional response and behaviors of customer bystanders within the hotel context.

ANCOVA: Testing Impact of Perceived Service Quality – Hotel Sample

Source	Dependent Variable	Type III SOS	df	Mean Square	F	Sig
Corrected Model	Customer Bystander Happiness	582.458	3	194.153	240.677	.000
	Envy	14.022	3	4.674	3.616	.014
	Customer Bystander Frustration	372.754	3	124.251	107.121	.000
	Customer Bystander Satisfaction	537.951	3	179.317	261.119	.000
	Positive Word-of-Mouth	589.909	3	196.636	376.524	.000
	Repatronage Intentions	539.525	3	179.842	225.970	.000
Intercept	Customer Bystander Happiness	11.077	1	11.077	13.732	.000
	Envy	158.833	1	158.833	122.896	.000
	Customer Bystander Frustration	618.681	1	618.681	533.383	.000
	Customer Bystander Satisfaction	44.749	1	44.749	65.163	.000
	Positive Word-of-Mouth	12.043	1	12.043	23.059	.000
	Repatronage Intentions	46.185	1	46.185	58.032	.000
Perceived Service Quality	Customer Bystander Happiness	198.321	1	198.321	245.845	.000
	Envy	9.089	1	9.089	7.032	.008
	Customer Bystander Frustration	160.126	1	160.126	138.049	.000
	Customer Bystander Satisfaction	190.736	1	190.736	277.748	.000
	Positive Word-of-Mouth	247.278	1	247.278	473.494	.000
	Repatronage Intentions	220.825	1	220.825	277.464	.000
Employee Effort	Customer Bystander Happiness	15.906	2	7.953	9.859	.000
	Envy	.471	2	.235	.182	.834
	Customer Bystander Frustration	3.463	2	1.732	1.493	.227
	Customer Bystander Satisfaction	11.312	2	5.656	8.236	.000
	Positive Word-of-Mouth	4.313	2	2.156	4.129	.017
	Repatronage Intentions	4.727	2	2.364	2.970	.053
Error	Customer Bystander Happiness	217.807	270	.807		
	Envy	348.952	270	1.292		
	Customer Bystander Frustration	313.178	270	1.160		
	Customer Bystander Satisfaction	185.416	270	.687		
	Positive Word-of-Mouth	141.005	270	.522		
	Repatronage Intentions	214.884	270	.796		
Total	Customer Bystander Happiness	5219.000	274			
	Envy	1824.188	274			
	Customer Bystander Frustration	3194.111	274			
	Customer Bystander Satisfaction	6919.750	274			
	Positive Word-of-Mouth	6106.778	274			
	Repatronage Intentions	7667.889	274			
Corrected Total	Customer Bystander Happiness	800.265	273			
	Envy	362.974	273			
	Customer Bystander Frustration	685.932	273			
	Customer Bystander Satisfaction	723.367	273			
	Positive Word-of-Mouth	730.914	273			
	Repatronage Intentions	754.409	273			

APPENDIX I: IRB APPROVAL DOCUMENT

Office for Research
Institutional Review Board for the
Protection of Human Subjects



June 9, 2014

William Magnus Northington
Department of Management & Marketing
College of Commerce and Business Administration
The University of Alabama
Box 870225

Re: IRB # 14-OR-218 "Why Did that Happen: Understanding the Impact of Witnessing Employee Customer-Directed Helping Behavior"

Dear Mr. Northington:

The University of Alabama Institutional Review Board has granted approval for your proposed research

Your protocol has been given expedited approval according to 45 CFR part 46. Approval has been given under expedited review category 7 as outlined below:

(7) Research on individual or group characteristics or behavior (including, but not limited to, research on perception, cognition, motivation, identity, language, communication, cultural beliefs or practices, and social behavior) or research employing survey, interview, oral history, focus group, program evaluation, human factors evaluation, or quality assurance methodologies.

Your application will expire on June 8, 2015. If your research will continue beyond this date, complete the relevant portions of the IRB Renewal Application. If you wish to modify the application, complete the Modification of an Approved Protocol Form. Changes in this study cannot be initiated without IRB approval, except when necessary to eliminate apparent immediate hazards to participants. When the study closes, complete the appropriate portions of the IRB Study Closure Form.

Please use reproductions of the IRB approved stamped informed consent form to obtain consent from your participants.

Should you need to submit any further correspondence regarding this proposal, please include the above application number.

Good luck with your research.

Sincerely,



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FAX (205) 348-7189
TOLL FREE (877) 820-3066

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Director of Research Compliance & Research Compliance Officer
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