Consumer Reactions to Socially Deviant Employee Behaviors: The Role of Societal Norms and Need-for-Closure

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Study Motivation

- Cross-cultural research has received increasing attention in the services literature.
- Yet, the impact of societal norms and constraints on customer perceptions has been largely ignored.
- To introduce a new cultural dimension – that of looseness vs. tightness - to the service recovery literature.
- Also, to introduce a new individual level variable - need for closure (NFC) - that might influence customer reactions to service failures.
- Need to understand personality traits when examining consumer reactions to service failures (Mittal, Huppertz & Khare 2008).
Tightness vs. Looseness

- The strength of social norms and the degree of sanctioning of those norms within a culture (Gelfand, Nishii, and Raver 2007).

- Individuals in tight societies feel a heightened scrutiny of their actions and expect stronger punishments for violations of social norms than do those living in loose societies.

- Examples of tight societies include Singapore, South Korea and Japan, while the US and New Zealand are typically categorized as loose.
How is this different from other cultural dimensions?

- Individualism-collectivism focuses on how behavior is shaped by in-groups but it does not reflect the degree of social norms or tolerance for deviance from such norms.

- Singapore is an example of a collectivist-tight society while Germany is an individualistic yet tight society (Triandis 1989).
How is this different from other cultural dimensions?

- **Power distance** which reflects the extent to which power is equally distributed within a society (Hofstede 1980)
  - Strong norms can be upheld in both societies with both high and low power distance

- **Uncertainty avoidance**, which refers to stress related to the unknown future (Hofstede 1980)
  - Singapore is a tight society yet it ranked the lowest in Hofstede’s index of uncertainty avoidance (Gelfand et al. 2006).
Our Predictions

- People in tight societies are more attentive to discrepancies from norms and perceive behaviors that violate societal norms in a negative light.
  - Employee violation of societal norms will result in higher levels of dissatisfaction and negative emotional responses among customers in tight societies than among customers in loose societies.

- People in tight cultures are more likely to impose stricter consequences for deviance from social norms.
  - Customers in tight societies are more likely to recommend strong punishment for employees violating social norms.
Need for Closure

- Defined as a desire for a definite answer to a question: any firm answer, rather than confusion, or ambiguity (Kruglanski 1989)

- One way to reduce uncertainty is to adhere to cultural norms (Van den Bos et al. 2005; 2007)

- Individuals high in NFC are particularly disturbed by violations of social norms (Pierro et al. 2004).

  Employee violation of societal norms will result in higher levels of dissatisfaction and negative emotional responses among customers who score high in Need for Closure than among customers with low NFC scores.
The Role of Tightness, Looseness & NFC on Post-Recovery Fairness Perception

- Social comparisons are an integral part of people’s fairness judgments and people’s perceptions are culturally-dependent (e.g., Leung 1997; Hui and Au 2001)

- **NFC will moderate the impact of social comparisons on consumers’ fairness perceptions.**

  - Individuals with high Need for Closure tend to adhere to situational norms (Kruglanski and Webster 1996; Kruglanski et al. 2007; Livi 2002)

  - Specifically, Need for Closure will have a positive impact on distributive justice ratings when equal compensation vis-à-vis other consumers is offered, while such an effect is not expected in over- or under compensation situations.
Overview of Research Design

- Socially Deviant Behavior
- Compensation
- Need For Closure
- Post Recovery Perceptions
- Tightness & Looseness
Methodology

- A 3 (social comparison outcomes: same, better or worse than another customer) x 2 (tightness – looseness: high vs. low) x 2 (Needs for closure: high vs. low) quasi-experimental, between-subjects design

- We used the cultural values of the individual as a unit of analysis (e.g., Yoo and Donthu 2002; Patterson et al. 2006)

- To avoid problems associated with dichotomizing continuous independent variables (e.g., Fitzsimons 2008), we opted for a regression approach

- Casual dining restaurants as context and cursing and rude behavior were used to exhibit norm violations (Bennett and Robinson 2000).
Measures

- Overall satisfaction (4 items, Cronbach $\alpha = .81$, US $\alpha = .81$, South Korea $\alpha = .85$)
- Negative emotions (angry, frustrated, irritated $\alpha = .80$, US $\alpha = .91$, South Korea $\alpha = .87$)
- Distributive justice (4 items, $\alpha = .84$, US $\alpha = .87$, South Korea $\alpha = .84$)
- Disciplining the front-line employee (2 items, $r = .71$)
- Tightness and looseness (six items, $\alpha = .68$)
  - Koreans scored significantly higher on this scale than did their US counterparts ($t = 7.05$, $p < .001$).
- NFC ($\alpha = .83$, US $\alpha = .82$; South Korea $\alpha = .85$ $\alpha = .83$)
Pre-test

- University students from the US (n=35) and Korea (n=42) were randomly assigned to the three experimental conditions
  - same compensation (both parties get a 20% discount), advantageous inequality (a 20% discount while another customer gets 10% off) and disadvantageous inequality (other customer gets 20% off while the focal customer receives a 10% discount)
  - compensation was not adequate given the severity of the service failure

- Scenario realism (M=6.46 and M=4.76 in the US and Korea, respectively)

- Tightness-looseness scale = 4.21 and 5.67 for US and Korea respectively; t=2.59, p<.05
Sample

- Undergraduate students (n=196 in the US and n=211 in Korea)
- Realism (M=6.33 in the US and M=4.77 in Korea)
  - Added as a covariate
- Power distance, individualism and uncertainty avoidance also added as covariates
## Table 1. Regression Results

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<th>Satisfaction</th>
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<th>Distributive Justice</th>
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</table>
Results

- As predicted, the regression coefficient for tightness-looseness is statistically significant for all three outcome variables (satisfaction, negative emotions and punishment)

  - tightness had a negative impact on consumers’ satisfaction while increasing their level of negative emotions and perceptions of unfairness with compensation practices

- Interaction between NFC and the compensation condition is significant

  - To make sense of this, we examined used spot analysis (see Fitzsimmons 2008 for a discussion on spot analysis)

  - The slope is significant and positive in the equal compensation condition (standardized beta of .175, p<.05)

  - the slope of NFC failed to reach statistical levels of significance with perceived under- or over compensation conditions.
Customers in tight societies such as Korea are highly sensitive to socially deviant employee behaviors

- less satisfied and showed a higher level of negative emotions
- more willing to recommend harsh punishment for the front-line employee

- these findings provide further evidence that people in tight cultures have low tolerance for deviations from social norms (Gelfand, Nishii, and Raver 2007; Scarr 1993)

Tightness was also negatively associated with distributive justice

- offering a discount in response to a violation of social norms might be less effective in tight societies
Discussion continued

- **NFC had a positive impact on distributive fairness when the compensation was equal to that offered to other customers.**
  - Consumers high in NFC showed lower levels of satisfaction and heightened levels of negative emotions
  - the desire to seek epistemic security through consensus enhances the tendency of high NFC individuals to be highly sensitive to social comparisons
  - unequal compensation practices might be perceived as less fair among high NFC consumers,
Managerial Implications

- Need to train employees to respect cultural norms, in particular in tight societies such as South Korea.
- Service providers in tight cultures might need to develop compensation practices that go beyond monetary compensation.
- Specific guidelines for monetary compensation, at least for frequently occurring failures.
  - high NFC individuals might perceive unequal compensation practices to be unfair.
Future Research Ideas

- Magnitude of the deviation might play a role in people’s reactions.
- Hence, future research should manipulate the perceived discrepancy of deviation to understand its effects on cross-cultural differences.
- How would this play out in Hong Kong?