



SOLUTIONS TO AVOID CONFLICT BETWEEN EMPLOYEES AND CUSTOMERS IN A SERVICE PROVIDER COMPANY

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ABSTRACT

In general, providing one's expectations and needs on different aspects of life is defined as "satisfaction". Today, all companies try to measure and attract the "satisfaction" of their customers for the provided services to attract more customers, higher lifetime value, and a stronger brand reputation. Accordingly, the conventional advice for employees facing customer complaints is to remain calm and provide high-quality responses to them. However, due to several reasons, this interaction may be pushed to a negative exchange with customer complaints. Because this negative exchange creates several problems for companies, this paper tries to review the literature to investigate the main features of this interaction. Moreover, concerning interaction between employees and customers in a service company, we examine the factors influencing the occurrence of conflicts and the solutions in a real case. Consequently, several solutions to control and manage such conditions are proposed. The guidelines presented in this paper could be practical for managers to avoid conflicts between employees and customers.

KEYWORDS: Customer satisfaction, Employee-customer interaction, Customer complaints

1. INTRODUCTION

In general, "satisfaction" refers to an individual's perspective on different aspects of their life (Kanning, et al., 2009). It is widely acknowledged that customer satisfaction is a crucial factor in the long-term success of a business. It is, therefore, not surprising that there exists a positive correlation between customer satisfaction and the financial performance of a company (McCull-Kennedy, et al., 2000). According to Keiningham et al. (2001), for every percentage increase in customer satisfaction, there is an average increase of 2.37% in return on investment. Additionally, satisfied customers tend to share their positive experiences with others, which can act as free marketing for the company. Hence, companies try to satisfy customers for their products and services.

Measuring customer satisfaction is a complex task, as personal attitudes toward quality vary among individuals (Milner, et al., 2017). According to Garvin (1984), "Quality lies in the eyes of the beholder". In other words, service quality could be considered excellent if it exceeds expectations, but bad if it fails to meet them (Teas, 1994). Brown (1989) believed that each customer has unique expectations about desired service, adequate service, and predicted service. This results in idiosyncratic demands on the employee that can be difficult to predict with each customer exchange. However, despite the subjectivity of this statement, there is considerable agreement between customers, especially when it comes to good and bad service.

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Nevertheless, customer perceptions of service quality are influenced usually by five essential dimensions: reliability, empathy, responsiveness, assurance, and tangibles. Reliability refers to consistent service provided by employees, empathy signifies a sincere interest shown by employees, responsiveness indicates employees' willingness to help, assurance relates to employees instilling confidence, and tangibles refer to the physical aspects of the service environment (Parasuraman, et al., 1988). However, numerous studies have consistently shown that the interpersonal aspects of frontline employees' service performance have a significant impact on how customers perceive service quality (Groth, et al., 2012).

Accordingly, the customer's subjective experience during interactions with frontline employees is often considered the service itself (Bitner, 1990). Simultaneously, the quality of the employee-customer interaction holds great significance for both parties, as it provides customers with valuable insights into a company's service quality standards while also impacting employee job satisfaction (Schneider, et al., 1985). However, these two parties inherently have contrasting objectives, which often leads to their interests diverging. Unluckily, this means that when interactions occur between customers and employees, there is a possibility of negative outcomes and significant consequences (Groth, et al., 2012).

Conversely, in the event of a negative interaction between an employee and a customer, the actions of one party can significantly influence the actions of the other. Moreover, once a negative interaction has been initiated, it can escalate rapidly and have far-reaching consequences within a single service exchange (Groth, et al., 2012). As a result, the reciprocal dynamics of these negative exchanges between employees and customers amplify the problem.

When the interaction between employees and customers goes into bad condition, customers usually have two possible responses to a perceived situation: discontinue their relationship with the service provider by walking away from the dissatisfying experience, or they can express their concerns by complaining (usually by showing their anger). In this case, when customers express anger (while anger can be a potent emotion, it can also be detrimental to others (Averill, 1983), it may be viewed as a transgression of social and moral norms (Harris, et al., 2003), which leads to unfair treatments with employees (Groth, et al., 2012). Hence, customer dissatisfaction can pose various challenges to the company's operations and overall business performance.

Now a question raised here is how the relation between employees and customers should be managed to avoid conflict between them. To contribute to addressing the aforementioned challenge, this paper, first, conducts a literature review. Meanwhile, interviewing a real case is considered in this process. Secondly, by analyzing the obtained information, this paper presents the found features of the employee-customer relationship. Also, this paper proposes several solutions to avoid conflicts in this relationship.

The rest of the paper is structured as follows: Section 2 explains the approach used to research. Section 3 states the main features of the relationships between employees and customers. Then, Section 4 proposed a few solutions to manage such relationships. Also, the paper ends with discussions and conclusions in Section 5 and Section 6, respectively.

2. RESEARCH METHODOLOGY

The methodology used in this work for the literature review includes three steps: search, selection, and analysis. The searches were restricted to articles written in English. The articles were searched in the Google Scholar database. The search strings were combinations of “employee”, “customer”, “service”, “relation”, “satisfaction”, and “interaction”. After searching the database, according to the targeted problems of the found articles, several of them were excluded from the analysis.

Moreover, to achieve more practical information, a case study was investigated in this research. For this, we interviewed a product owner of Datis Arian Qeshm Co. (referred to as “Dotin”, as an information technology company that has a long experience in providing banking services). In this interview, the employee, according to his experiences, presented his suggestions for communicating with customers.

3. INTERACTIONS BETWEEN EMPLOYEES AND CUSTOMERS

In the following, according to the literature, we present a few features of the relationships between employees and customers in providing service:

- Frontline employees serve as the face of the organization, and their interpersonal behavior greatly influences how customers perceive service quality. Therefore, any instance of poor treatment is interpreted as poor performance (Bitner, et al., 1990). Consequently, a single negative interaction with a customer can have significant repercussions, not only damaging that particular relationship but also affecting the entire organization (Bowen, et al., 1999).
- Since customers exist outside the organization, a negative exchange can extend beyond the current participants (due to indirect consequences such as negative word-of-mouth), potentially impacting other customers and employees (Andersson, et al., 1999). It is important to note that both the antisocial behaviors of a customer and an employee can influence observers of the initial negative spiral, potentially leading to a secondary spiral of exchanges (Groth, et al., 2012). Hence, not only the negative exchange is not isolated between two individuals, but also has the potential to spill over to third parties involved (subsequent customers and other employees). Andersson et al. (1999) introduced it as the "spiraling effect of incivility" effect in the workplace, when seemingly minor mistreatment, such as rudeness or thoughtless acts by coworkers, can quickly escalate into more aggressive behaviors between coworkers and between employees and customers.
- Unlike many coworker interactions, employee-customer interactions usually involve unequal goal expectations and power dynamics (Diefendorff, 2010). Indeed, statements such as "the customer is king" and "the customer is always right" contribute to a power imbalance between customers and service employees (Lee, 2022). In light of this power discrepancy and the inability of employees to choose their customers or distance themselves from negative situations, such events often elicit negative emotions in service providers, such as annoyance, anger, fear, sadness, frustration, disappointment, disgust, hurt, and unhappiness (Basch, 1998). On the other hand, employees may face constraints imposed by organizational roles that customers are not bound by and are often unaware of (Bettencourt, et al., 2005).
- Disparity in expectations makes it a challenge for both parties to meet each other's expectations and is the primary reason why employees and customers may perceive the same exchange differently. Furthermore, employees and customers are often strangers, with no prior or likely future interactions (Gutek, 1995). This lack of history and limited future interaction provides fewer incentives for both parties to actively avoid conflicts.
- Research by Dallimore, et al. (2007) revealed that service providers tend to mimic the facial expressions of customers and experience higher levels of negative affect when faced with angry customers. These findings align with emotional contagion theories, which propose that emotions can be transferred from one person to another.
- Negative interactions in the workplace are not a daily occurrence for most individuals, but they occur more frequently when interacting with customers who are external to the organization compared to interactions with internal colleagues (Grandey, et al., 2007).
- Antisocial behavior from customers occurs more frequently than from employees, primarily because employees are constantly in the spotlight when interacting with customers and have limited opportunities to disengage from unpleasant customer interactions.
- Observations of a customer mistreating an employee by coworkers can elicit negative emotions and thoughts similar to if they were the target, thus prompting heightened self-regulation in managing those emotions when dealing with their customers (Spencer, et al., 2009).

Nonetheless, based on the mentioned features and literature, it becomes evident that once a negative spiral is initiated between employees and customers, it often escalates rapidly, making it difficult to resolve. This is due to both exchange partners (customer and employee) believing they are in the right and viewing the other person's behavior as unjustified, without attempting to understand each other's perspectives. Furthermore, negative employee-customer interactions can be better comprehended as dynamic and interconnected spirals, where the outcome of one negative exchange becomes the catalyst for another. Unless intervention measures are

implemented, the situation can quickly deteriorate for both parties. Additionally, the negative exchange operates as an open-loop spiral. Given the public nature of service interactions, employees and customers may witness a negative exchange, leading to the initiation of additional spirals in other interactions (Groth, et al, 2012).

4. SOLUTIONS TO MANAGE THE INTERACTIONS

As mentioned in the previous section, it is clear that a negative interaction between employees and customers can cause serious problems for a service provider. According to the literature and case study, in the following, we try to suggest several solutions to avoid this condition:

- According to Menon, et al. (2000), rude and unhelpful behaviors by employees are the most common triggers of customer anger. Hence, it is essential to guide, train, empower, and motivate frontline employees to have a positive and professional response to complaining and angry customers (Dallimore, et al., 2007) to avoid displaying unhelpful behaviors.
- According to the case study, the employees who are involved in service providing, such as team leaders, managers, and frontline employees, should have plans and proper exchanges with customers to present their service with no contradiction, especially when dealing with difficult customers.
- Service failures often lead to customer anger (as a way for them to express their dissatisfaction) (Bougie, et al., 2003). Thus, it is crucial to prevent any service failures that may negatively impact customers. According to the lessons learned in the interview, a possible approach to address this issue is through product testing before its presentation to customers. In the case of software development, “beta testing” can serve to validate the product concept, eliminate performance problems before customer introduction, and even act as a sales promotion tool. However, a poorly designed plan for “beta testing” can damage relationships, obtain inaccurate data on product performance, and generate negative publicity (Dolan, et al., 1993).
- The emotional intelligence of employees, which refers to their ability to recognize and regulate emotions in themselves and others (Mayer, et al., 2011), has been shown can improve job performance in emotionally demanding roles such as frontline employees (Joseph, et al., 2010). It is worth noting that high emotional intelligence can potentially make employees or customers more sensitive to mistreatment, as they may perceive even subtle emotional cues (Elfenbein, et al., 2002). Nevertheless, if one party possesses the ability to regulate emotions, it can reduce the affective reactions to perceived failures or mistreatment and slow down negative exchanges. On the other hand, in service exchanges, negative exchange spirals are more likely to occur when both the employee and the customer have low emotional intelligence, especially in their ability to regulate emotions. However, as one or both parties’ emotional intelligence increases, the likelihood of negative exchange spirals decreases. Therefore, a solution to avoid conflicts with customers is selecting employees with high emotional intelligence for positions interacting with customers.
- Forcing frontline employees to constantly display positive emotions and ignoring that their actual feelings may often not match those they are expected to display, results in a negative effect on employees (Groth, et al., 2012; Liu, et al., 2019). Making a good relationship between managers and employees could create positive emotions for employees to establish proper relations with customers (Akgunduz, et al., 2022).
- High negative affect from both parties increases the likelihood of negative exchange spirals. However, when one exchange partner is high in positive affect, it reduces the likelihood of a negative exchange spiral starting or escalating. Therefore, training and guiding employees to have a positive effect can be a strategy to deal with the mentioned challenge.
- Re-evaluating interaction by either the employee or the customer can prevent or slow down negative exchange spirals. Indeed, if each side of the exchange tries to take a perspective from the other part (especially, considering the customer-focused perspective (Lee, et al., 2021)) of the exchange and evaluate the situation can make better decisions to deal with such conditions.

- Usually, the formation of negative exchanges with customers who frequently use the service provider is less likely (than customers who use the service provider one time). Accordingly, customer retention is a strategy to reduce such conflicts (Groth, et al., 2012).
- Organizational practices that enhance employee autonomy are more effective at reducing negative exchanges with customers than control displays or stipulating service recovery. Therefore, providing limited autonomy for employees in making decisions to interact with customers can help them avoid conditions to avoid conflicts (Groth, et al., 2012).
- Employees in a weak service climate expressed more anger and were less likely to resolve the problems of customers (with negative or positive actions) for provided services. In contrast, in a strong service climate, employee responses were less dependent on customer status and converged at a low level of anger. Hence, establishing a strong service climate is important for achieving effective service recovery (Jerger, et al., 2017). Providing an organizational or team climate that rewards and supports service employees will reduce negative exchange spirals.

The below table presents a summarization of the introduced features and solutions.

Table 1: Solutions to control employee-customer communications

Issue	References	Solution
<i>The behavior of frontline employees</i>	(Bitner, et al., 1990), (Bowen, et al. 1999), (Menon, et al., 2000), and (Dallimore, et al., 2007)	Teach employees to have positive responses to customers
<i>Dealing with customer</i>	Case study	Have a plan before beginning communication with customers
<i>System failure</i>	Case study, (Bougie, et al., 2003), and (Dolan, et al., 1993)	Test carefully the service, before its presentation to customers
<i>Emotion recognition</i>	(Elfenbein, et al., 2002), (Joseph, et al., 2010), and (Mayer, et al., 2011)	Place employees with high emotional intelligence to interact with customers
<i>Forcing for positive behavior</i>	(Groth, et al., 2012), (Liu, et al., 2019), and (Akgunduz, et al., 2022)	Managers should make positive relationships with employees to make employees positive emotions
<i>Disparity in expectations</i>	(Lee, et al., 2021)	Try to take a perspective from the customer side
<i>Known customer</i>	(Groth, et al., 2012)	Retain good customers
<i>Employee limitation</i>	(Groth, et al., 2012)	Provide limited autonomy for employees in making decisions
<i>Climate service</i>	(Jerger, et al., 2017)	Support frontline employees

5. DISCUSSIONS

As mentioned before, employees may perceive customers as difficult or rude, (for example, when they feel mistreated). On the other hand, customers may see themselves communicating their rights and wants (for example, when they behave compliantly). Similarly, an employee may view themselves as following organizational expectations or expressing an experienced injustice, (for example, when they fake emotions or engage in service sabotage). Conversely, a customer may perceive an employee as incompetent or rude when they experience service failure. In reality, what the customer sees as a service failure (e.g., slow service, rude treatment) may be the employee's intentional (i.e., service sabotage) or unintentional (i.e., depleted resources) response to prior or current mistreatment by the customer. Similarly, what the employee perceives as difficult or stressful customer behavior may be the customer's expression of frustration or disappointment with prior or current service experiences. Therefore, one of the most important reasons for escalating negative interaction between employees and customers is that each party does not have a realistic perspective of the other party. In this case, the negative action of each part actuated the other negative action in the other direction. This exchange can cause different problems for the company. Hence, in this paper, we tried to present different dimensions and features of such relationships between employees and customers of a service provider company.

Although interaction between employees and customers has the potential to be a bad exchange, it is crucial to acknowledge that unfavorable exchanges can sometimes arise due to factors beyond internal interaction. These factors may include a customer entering the service provider in a negative mood, an employee who is new and prone to making mistakes, or the lingering effects of a previous negative interaction. Additionally, if prior exchanges with the company have been negative, even a minor incident (such as a small service failure) can be enough to trigger a negative spiral in the customer's experience.

Furthermore, encountering "difficult" customers can hasten the negative exchange spiral because the service provider's negative emotional response must be regulated, which reduces their availability to customers and affects their cognitive and emotional performance. In other words, when customers behave in an antisocial manner, it can lead to a decline in employee service performance, which the customer perceives as a service failure. Moreover, customers with high emotional intelligence may be capable of amplifying their anger to manipulate the situation and achieve their desired outcomes (Groth, et al., 2012).

6. CONCLUSIONS

Each company tries to capture customer satisfaction with the services it provides to attract more customers, increase lifetime value, and enhance its brand reputation. Therefore, the traditional advice for employees faced with customer complaints is to remain calm and provide a quality response. However, for several reasons, this interaction can lead to negative interactions with customer complaints. This article, after reviewing the literature, examined the main characteristics of this negative interaction, as it causes several problems for companies. Therefore, based on the literature and a case study, various solutions have been proposed to control and manage such conditions. The guidelines presented in this paper may be practical for managers to avoid conflicts between employees and customers. For future research, we recommend investigating the impact of each proposed solution to make a better employee-customer relationship in a group study.

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