Customers Responses to the Emotional Labor During Service Encounters

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Abstract

Service employees need to exhibit positive role in emotional temperament in service encounter process to enhance employee satisfaction and customer loyalty. This study examined complex process between emotional labor, job satisfaction, word of mouth, and customer loyalty. Customer mood played as a moderating role. This study used 285 sample size of customers and services employees of banks of Bahwalpur, Pakistan. The results of our study found that employee emotional strategies of surface acting and deep acting make different impact on employee satisfaction and customer loyalty. Surface acting did not show any significant impact on customer loyalty, employee satisfaction, and word of mouth. On the other hand, employee satisfaction partially mediated the relationship between deep acting and customer loyalty, as well as fully mediation between deep acting and customer word of mouth. Meanwhile, customer mood partially moderated the relationship with different relationships. Our study is one of the rare studies to conduct empirical study in order to test the mediation and moderation relationship among emotional labor, employee satisfaction, customer word of mouth, and customer loyalty in banking sector.

Introduction

Despite highly dynamic nature and complexity of service industry, the services sector is growing rapidly. This impetus for growth is not only coming from the service firms like banks, consultancy and hospitality etc. but manufacturing companies like automobiles, software, and technology companies are also taking the quality of support service as a strategic competitive advantage(Zeithaml, Bitner, & Gremler, 2009). These forces are not only changing the demand-supply landscape but also influencing the way consumers think and decide(C. Lovelock, 2011). The share of the service sector in world GDP is more than 60% and it is also the major source of employment (Wilson, Zeithaml, Bitner, & Gremler, 2012).

The evolution of these forces is pushing business people to realize that the customer responses and marketing issues present in services industry are different from those being faced in manufacturing industry because the nature of services is different from goods in various aspects. For example, inseparability which means an interaction between the service provider and receiver is essential for delivery of service, may differ in manufacturing industry from face-to-face interaction to remote interaction depending upon the nature of distribution channel (Zeithaml et al., 2009)

Lovelock (2011) has divided service delivery process into three principal stages: pre-purchase, service encounter and post-encounter. After making a purchase decision in the pre-purchase stage the customer initiates, experiences and consumes the service which leads to the evaluation of performance in post-encounter stage. The encounter is an important milestone in the service delivery process. Every time customer interacts with the service organization or its representatives, service encounter occurs. Human or interpersonal aspects are acknowledged in conventional definitions of service encounter and it is regarded as the dyadic interaction between customer and service provider. Shostack (1985) defines the service encounter, "*the duration in which a customer directly interacts with service provider*". All the aspects of the service firm are covered by this definition whether they are its physical facilities, service representatives or other noticeable fundamentals. However, the nature of encounter may range from short to long and from low to high depending upon the type of service.

Lovelock (1983)has categorized services on the basis of the nature of services encounter as from low to high contact services. The high contact services are more interpersonal and require face to face encounters. Shostack (1985) categorizes encounters into three types: remote encounters, phone encounters, and face-to-face encounters. My research deals with the third type of interaction that occurs when the customer and employees come in direct contact with each other. In face-to-face settings, both verbal and non-verbal behaviors are important determinants of quality, such as employee dress and other symbols like equipment's, brochures, physical settings etc.(C. Lovelock, 2011; Wilson et al., 2012). For example, at banks, face-to-face encounters occur between the customer and service representatives at the time of account opening and visiting the bank. Extensive research has been conducted in past to analyze the service encounters in different contexts to determine the customers' favorable and unfavorable responses(Zeithaml et al., 2009).

Since the inception of the concept of Emotional Labor by (Hochschild, 1983)many studies have been

conducted on emotional labor including work of(Brotheridge and Grandey (2002); Schaubroeck & Jones, 2000; Seery & Corrigall, 2009). However, most of the researches have been conducted on the dimensionality of emotional labor or to identify its impact on attitudes and behavior of employees. A little research has been conducted in order to identify the impact of employees of emotional labor on customers which leaves a significant gap in the customer service literature. (Groth et al., 2009). The experts in the field of human resource management have shown a great interest in this area this is why most researches are dominated by employee focus and customer focus was ignored(Brotheridge & Grandey, 2002). This triggers a need to work on the area which examines the relationships between customer responses and employee service behavior in general and specifically leads to the following research problem.

As identified by Groth et al. (2009) the gap in research focusing emotional labor needs to be addressed by expanding the focus from inward to outward and by integrating theemotional responses of employees with responses of customers in service settings where the interaction is an essential component of the transaction. The study is an attempt to narrowing the gap by examining the impact of employee emotions and the two dimensions of emotional labor – deep acting and surface acting – on customer responses during a service interaction. The customer responses include post-encounter customer reactions like satisfaction, loyalty, and word of mouth towards the service provider.

The current study is a contribution to the literature which adds new variables and their interrelationships in existing theory on the subject as the need indicated byGroth et al. (2009). In addition, the results of the study can be used by service organizations as a guideline to develop a policy for the training of their front stage employees.

Literature Review

This section discusses the review of the literature on emotional labor, the origin of the term, its conceptualization, dimensions, and definitions. The relationship of the construct with other employee and customer outcomes are also discussed. It also contains discussion on important customer responses relevant to this study including, customer satisfaction, customer loyalty and customer word of mouth.

Emotional Labor

The term emotional labor was introduced by Arlie RussellHochschild (1983) in her book *The Managed Heart: Commercialization of Human Feeling.* The main idea of the book is that the people sell their time, effort as well as their emotions at work because organizations require their workers to regulate their emotions while dealing with customers in order to maximize their revenues and profits. Researchers argue that employers are interested to understand emotional labor because it is considered to have significant links with customer responses like satisfaction and organizational revenues(Van Dijk, Smith, & Cooper, 2011; Zeithaml et al., 2009), however, it is also found to be associated with employee responses such as burnout, satisfaction, absenteeism, and retention (Brotheridge & Grandey, 2002; Schaubroeck & Jones, 2000; Seery & Corrigall, 2009).

Hochschild (1983) conceptualized emotional labor as the situation in which an employee needs to regulate her/his emotions in order to meet organizational display rules. She highlighted job setting where emotional labor takes place as follows:

1) the employee has a face-to-face or aural contact with other person or customer;
2) the employee produces an emotional response in other person or customer;
3) the employer controls the emotional activities of its employees through training or supervision.

Goffman's (1959) imagines interaction between employee and customer in a dramaturgical perspective which considers a service organization as Drama Theater. According to this dramaturgy, the workplace is a stage, employees are the actors and customers are an audience. The emotional labor is a form of emotional regulation or acting necessary to impress the audience so that the employees could earn good response for themselves and their employer. The emotional labor in this way is mean to encourage customers for revisit or repurchase and favorable perception which turns into loyalty with the service provider (Grandey, 2000).

Surface Acting and Deep Acting

Surface acting is employees' ability to fake the outward feelings necessary to hide the feelings that are inappropriate to display before customers and are against the organizational display rules. On the other hand, *deep acting* refers to the act of aligning true feelings with what is required by the organizational role assigned to the employee in a customer interaction (Hochschild, 1983)..

The research presented by Zammuner and Galli (2005) identified various differences between surface acting and deep acting in terms of antecedents and outcomes They argue that both dimensions require different forms of effort and have different effects on employee well-being. In surface acting employee is striving to customize his apparent gestures of actions without any alteration in inner feelings of a person thus putting up a fake display. On the other hand in deep acting employee strives to regulate the inner feelings to support the expression of emotions s/he is obligated to show. During interaction, if an employee feels actual emotions in accordance with the display

rules then there will be no difference between the actual emotions and the displayed emotions that requires no emotional adjustment (Van Dijk et al., 2011).

In summary, among different conceptualizations of emotional labor presented above (Hochschild, 1983) operationalized it as two dimensions - surface acting and deep acting. Both require intentional effort to regulate emotional expression to meet the display rules and pose different consequences on employee's attitude and psychological states. Previous studies have established links of the construct with employee responses such as burnout, satisfaction, absenteeism, and retention (Brotheridge & Grandey, 2002; Schaubroeck & Jones, 2000;Seery & Corrigall, 2009). Some researchers have identified significant links between employee behavior with customer responses like perceived service quality, satisfaction, and loyalty (Van Dijk, Smith, & Cooper, 2011; Zeithaml et al., 2009). The current study also intends to examine the links of surface and deep acting with other consumer responses including customer satisfaction, word of mouth and loyalty in the banking sector.

Customer Satisfaction

Howard and Sheth (1969), in their theory of consumer behavior argue that satisfaction is a cognitive state. They defined satisfaction as consumer's psychological state of being rewarded either adequately or inadequately in return for expenses paid in form of price (Howard & Sheth, 1969). According to Oliver (1997) satisfaction is as a *response* which comes from the evaluation of a product/service or its feature during consumption and may be in terms of *fulfillment*, under fulfillment or over-fulfillment. Zeithaml et al. (2009) explained various determinants of customer satisfaction some of them are not in control of the producer and some can be controlled including product/service attributes, marketing mix of company, consumer's perception of service quality and price etc. Customer satisfaction about a service is significantly influenced by the product or service attributes(Oliver, 1997). On the basis of above discussion, it can be inferred that employee behavior is an important determinant of customer satisfaction. It seems reasonable to assume that how employees follow organizational display rules may also affect customer satisfaction. Groth et al. (2009) conducted a study to understand the relationship between surface acting, deep acting and perceived service quality with other customer outcomes. They identified a weak relationship between surface acting and customer satisfaction and a positive relationship between deep acting and customer satisfaction(Groth et al., 2009). A similar study was conducted by Hennig-Thurau, Groth, Paul, and Gremler (2006) to examine the relationship between surface acting, deep acting, customer satisfaction and loyalty. Although the research examining links of consumer outcomes with surface acting and deep acting is not well conclusive, however, there is a general consensus that the higher ratings of customer satisfaction are predicted by higher level of deep acting. However, it is not well established that higher level of surface acting will predict higher ratings of customer satisfaction.

Customer Loyalty

Customer loyalty has been a popular subject among academic and professional researchers due to its established links with rising profits(Fragata & Gallego, 2010). Loyal customers are very likely to have greater retention rate and share of the vaultto the business as well as a greater likelihood to suggest the brand to other customers (Zeithaml et al., 2009). Research also suggests that service firms can increase their profits very significantly by retaining just as a little fraction of the loyal customer as five percent(Reichheld & Sasser Jr, 1990).

Although academicians have been interested in the customer loyalty construct as an indicator of bottom line performance of the organization. however, earlier practitioners failed to recognize the difference between customer satisfaction and customer loyalty(Fragata & Gallego, 2010). Zeithaml et al, (2009) explained the differences between loyalty for goods and service loyalty. Services have higher credence attributes and are difficult to evaluate as compared to goods which increase the perceived risk of services is relatively higher than that of goods. On the other side, the service provider has the information of tastes and preferences of their regular customers which enables them to serve customers and to increase the likelihood of a customer to become loyal(Zeithaml et al., 2009).

Rai and Srivastava (2012) reviewed the literature on loyalty and identified service quality, trust, commitment, switching cost, corporate image, service recovery, emotions and communication as important determinants. Most of the researchers agree that customer satisfaction is one of the most influential determinants of service loyalty (Rai & Srivastava, 2012). A lot of empirical researches have established that many of the determinants influence loyalty indirectly through satisfaction as mediating variable (Fragata & Gallego, 2010). For example, it was found that impact of service quality on service loyalty is mediated by customer satisfaction(Caruana, 2002).

Word of Mouth

Word of mouth has gained significant importance among both academia and practitioners in the field of marketing. WoM has been found to be many times more effective than advertising and is one of the most effective tools to convert the negative consumer attitude towards a brand into positive behavior (Buttle, 1998; Gheorghe, 2012). WoM is person-to-person oral communication between two or more individuals, perceived as non-sponsored or

non-commercial by the receiver,about a product or service (Arndt, 1967).The word of mouth can be distinguished from the advertising in the sense that it is perceived by the receiver as an independent source that is not commercial (Buttle, 1998).

Buttle (1998) described WoM with following characteristics:

> **Valance:** WoM can be either negative or positive in nature. Positive WoM is usually the result of planned effort by the business

> **Focus:** WoM is not limited to the product or service only. The major purpose of favorable WoM communication is to build a customer relationship. WoM with focus on other functions of business e.g. investment or recruitment oriented positive WoM can also serve the purpose.

> **Timing:** WoM can take place either before purchase known as input WoM or after purchase known as output WoM. Input WoM is a good source of repurchase information.

> **Solicitation:** WoM can be offered with or without solicitation and is not necessarily started only by the customer rather opinion leaders can also utter WoM.

> **Intervention:** WoMexpression is usually spontaneous; however, companies can also manage the WoM activity at the individual or organizational level.

As discussed above that several researchers have identified determinants of customer loyalty that exert their influence on loyalty through satisfaction (Fragata & Gallego, 2010). On the other hand, customer satisfaction has a positive relationship with WoM (Oh, 1999).

Mood

Emotions and mood play an important role in service provider-customer relationships (Robbins and Judge, 2013). Emotions are feelings directed towards a person or event that operate out of our rational and cognitive processes (Stangor and Walinga, 2014). Moods are similar to emotions but are relatively less intense and long-lasting than emotions. Robbins and Judge (2013) identified following differences between emotions and moods:

- Moods are general in nature whereas emotions are specifically directed towards something or someone.
- Moods are relatively less noticeable by others as compared to emotions which are more likely to be expressed in form of facial expressions. .
- Moods are cognitive in nature whereas emotions are action oriented.
- Moods are less intense whereas emotions are relatively more intense.
- Moods are long-lasting as compared to emotions.
- The stimulus which causes an emotion can be identified easily by the person experiencing the emotion whereas it is difficult to identify the specific cause of mood.
- Moods have two dimensions (positive and negative) whereas emotions are multidirectional feelings.

According to Diener et al. (1995), positive moods are associated with pleasant emotions and negative moods are linked to unpleasant emotions. However, both can occur independently and simultaneously and as combined they are called affect.Gountas and Gountas (2007) identified that customers reported higher levels of satisfaction when they were in positive emotional states as compared to when they were in the negative emotional state. Thus it seems reasonable to believe that the customer mood can influence the relationship between surface acting, deep acting and customer satisfaction.

Theoretical Framework

Hochschild (1983) presented the concept of emotional labor. Emotional labor is the management of feelings to create bodily and facial displays in social settings. Emotional labor is further divided into two dimensions surface acting and the deep acting. In surface acting, employee expressions to customers are affectionate but superficially as the employee does not actually feel such emotions(Grandey, 2000)while Deep acting is the process of controlling intrinsic thoughts to create affectionate feelings to express the real warmth to customers(Brotheridge & Grandey, 2002). Zeithaml et al. (2009) highlighted that in service settings overall customer experience is composed of customer interaction with various facets of service provided. Employee behavior in such interactions predicts customer satisfaction, loyalty, word of mouth and leads towards organizational profitability.

According to Rai& Srivastava (2012), there is almost a consensus among researchers that customer satisfaction is one of the most influential determinants of service loyalty. Service loyalty is defined as the extent to which a consumer holds a positive attitudinal tendency towards a service provider and intends to use only this service provider for future needs of the same service (Gremler and Brown, 1996).Previous researches have identified several determinants influencing loyalty mediated by satisfaction (Fragata & Gallego, 2010). Similarly, customer satisfaction has a positive relationship with WoM(Oh 1999).WoM is a person to person oral communication between two or more persons about a product or service which is perceived as non-commercial by the receiver (Arndt, 1967).

Research Gap

Apart from the performing backstage core service operations, the interaction of firm's employee with the client plays an important role in determining favorable outcomes for the firm (Groth, Hennig-Thurau, & Walsh, 2009). Service firms, therefore, set behavioral guidelines which are termed as *organizational display rules* and spend abundant resources to train their employees for enhancing their capability to comply those behavioral rules. However, the emotional state of the employees doesn't always in support of the required service behavior. For example, a bank's customer service representative (CSR) is required to meet with a smile and warm welcome with the customer but if the CSR is feeling negative emotions it would be difficult to produce a natural smile. In order to keep the decorum of organizational role s/he will have to manage his expressions in order to hide her/his actual feelings and to pose a good gesture to the customer(Schaubroeck & Jones, 2000).

According to Hochschild (1983) when the actual emotions of an employee are different from the emotions required by the role assigned by the employer, the employee needs to regulate emotions in order to remove the discrepancy. Emotional labor is the management of feelings to create bodily and facial displays compliant with social requirements. Emotional labor is further divided into two dimensions surface acting and the deep acting. In surface acting, customers or clients always see the expressions that are mandated, even when the employee may feel differently (Grandey, 2000)while Deep acting is the process of controlling intrinsic thoughts and feelings to meet the mandated display rules (Brotheridge & Grandey, 2002). Two dimensions of emotional labor have been identified by the author: *deep acting* when actual feelings and expressions are same and *surface acting* when the actual feelings are in conflict with the required emotions (Hochschild, 1983).

Since the inception of this concept by (Hochschild, 1983) many studies have been conducted on emotional labor including work of (Brotheridge and Grandey (2002); Schaubroeck & Jones, 2000; Seery & Corrigall, 2009). However, most of the researches have been conducted on the dimensionality of emotional labor or to identify its impact on attitudes and behavior of employees. A little research has been conducted in order to identify the impact of employees of emotional labor on customers which leaves a significant gap in the customer service literature. (Groth et al., 2009).

According to Groth et al (2009) despite the significant importance of employee-customer interaction in service settings existence of such gap is surprising. A likely reason for such gap can be the lack of interest of marketing researchers in employee emotions. The experts in the field of human resource management have shown a great interest in this area this is why most researches are dominated by employee focus and customer focus was ignored (Brotheridge & Grandey, 2002).

After the study of Groth et al (2009) another research conducted to bridge this gap was completed by Hur et al (2015) to examine the structural relationship between emotional labor, job satisfaction, and customer loyalty. This study also had a major focus on employee characteristics and took into account only the customer satisfaction as customer response.

This triggers a need to work on the area which examines the relationships with major focus on how various customer responses including customer satisfaction, customer loyalty and word of mouth are predicted by and emotional labor strategy used by employees in general. The role of customer mood in determining these relationships should also be taken into account as mediating role of employee job satisfaction was observed by Hur et al (2015).

Research Methodology

This section discusses the research framework, hypothesis and elements of research design used in this research. Choice of overall research methodology is based on the research questions one aims to investigate and the philosophical paradigm the researcher holds about the nature of reality and process of knowledge development. Employee behavior is an important determinant of customer satisfaction (Zeithaml et al. 2009). How employees follow organizational display rules may affect customer post-purchase behavior. As Groth et al. (2009) identified the relationship between surface acting, deep acting and customer outcomes like customer satisfaction word of mouth and patronage. Previous researches identified a weak relationship between surface acting and customer outcomes and a significant positive relationship between deep acting and customer outcomes(Groth et al., 2009). However, another research found the insignificant impact of either surface or deep acting on the customer satisfaction (Hennig-Thurau et al., 2006). No previous study examined the role of customer emotions as a moderator in these relationships. This study contributes in existing body of literature by introducing customer mood as moderator in proposed research framework of this study as proposed in figure 3-1.

Although the research examining links of consumer outcomes with surface acting and deep acting is not well conclusive but there is a general consensus that the higher ratings of customer satisfaction are predicted by higher level of deep acting. However, it is not well established that higher level of surface acting will predict higher ratings of customer satisfaction which leads to the development of hypotheses 1a, 1b, and 1c. Many researchers found that customer satisfaction is one of the most influential determinants of service loyalty and positive word of mouth(Rai & Srivastava, 2012). Empirical researches have established that many of the determinants influence

loyalty indirectly through satisfaction as mediating variable (Fragata & Gallego, 2010, Caruana, 2002). Moreover, several researchers have identified determinants of customer loyalty that exert their influence on loyalty through satisfaction (Fragata & Gallego, 2010). On the other hand, customer satisfaction has a positive relationship with WoM (Oh, 1999). This relationship combined with the links identified between deep acting and customer outcomes provides a theoretical foundation for hypotheses 2 and 3. Gountas and Gountas (2007) identified that customers reported higher levels of satisfaction when they were in positive emotional states as compared to when they were in the negative emotional state. Thus it seems reasonable to believe that that customer mood can moderate the relationship between deep acting and customer satisfaction, hypothesis 4; between customer satisfaction and loyalty; and between customer satisfaction and word-of-mouth, hypothesis 5a and b.
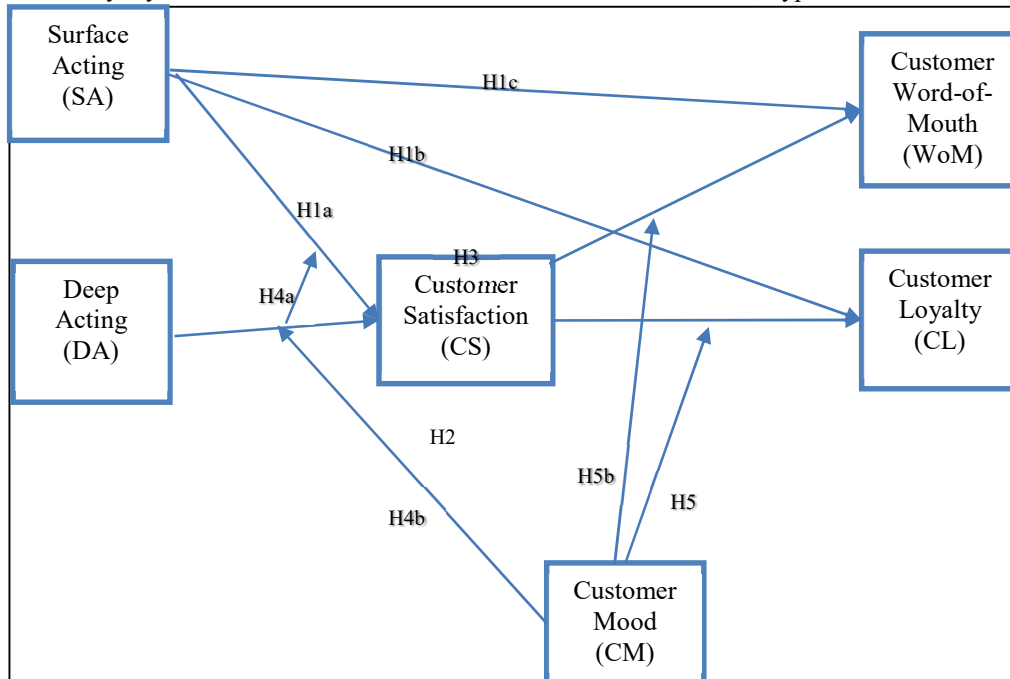

Figure 0-1:Hypothetical Model

Answering the research questions empirically requires collecting and analyzing data. The data can be obtained either from secondary sources or primary sources. The data already available at some source is called secondary data and is usually efficient in cost and time. However, if the secondary data is not approachable the primary data is to be collected by the researcher (Saunders et al, 2011).

There are various ways of obtaining primary data. According to (Sekaran, 2016), based on nature the primary data can be categorized as qualitative or quantitative. Qualitative data are commonly obtained through interviews, participant observation, focus group and projective techniques. Whereas, the quantitative data is usually collected through questionnaire surveys and structured observations. Questionnaire survey is one of the commonly used methods in business research (Saunders et al, 2011). As pointed out earlier that we are using quantitative research design which requires data collection strategies that record information numerically. Secondary data is not available on emotional labor, therefore, we used primary data for the current study using structured questionnaire survey which taps the responses numerically to support the quantitative analysis. (Saunders et al., 2011).

According to Anderson et al (2016), there are two approaches to sampling – probability, and non-probability. For a quantitative research random sampling is usually used in which the probability of selection of each individual in the sample is known, however, it requires that the sampling frame – list of all units of observation in population – must be available (Anderson et al, 2016). The sampling frame of all service interactions taking place in banks was not available; therefore, non-probability convenience sampling was used to select samples. The study conducted by Groth et al (2009) also used a non-probability sampling method.

In our study we are using regression analysis to test our hypotheses, using the approach suggested by Green (1991) my sample size calculated as 90 (n=50+8x5). As the scales to tap the IVs and DVs were borrowed from various sources as discussed in section below, we also applied a factor analysis to test the validity of construct, therefore, a sample size of 300 was appropriate for this study. The study conducted by Groth et al 2009 used a sample of 285 interactions from different service organizations. Using Statistical Package for Social Sciences (SPSS) descriptive tools like frequencies, averages, standard deviations, skewness, and kurtosis were calculatedfor university preliminary data analysis. Thet test was used in order to test the differences across categories. Correlation analysis was done for bivariate data analysis. Hypotheses were tested using regression analysis. Generally significance level of 0.05 was used to test the hypotheses, that is, a null hypotheses was rejected if the

p value or sig value was less than 0.05. Mediating and moderating effects were estimated using techniques proposed by Baron and Kenny (1986).

In order to measure WoM towards CSR, a measure consisting three items was adapted from Zeithaml et al. (1996). This study useda measure of CL which combines both attitudes and behavioral intentions of customers towards CSRs. For this purpose, a scale developed by Zeithaml et al. (1996) was adapted.

Emotional Labor Scale developed by Brotheridge and Lee's (2003)was adapted. The original scale was designed to measures the three dimensions of Emotional labor that is surface acting and deep acting. The scale is composed of 11 items each measured on a 5 point Likert scale. Customer mood was measured using a short measure of mood scale called Mood Short Form: MSF developed by Peeterson and Sauber (1983). There were four items each tapped on Likert type scale.

Results

Hinton et al (2004) suggested following cutoff points for Cronbach's alpha: 0.70 to 0.90 shows high reliability;0.5 to 0.7 shows moderate reliability; 0.5 and below shows low reliability.

Table 0-1: Cronbach Alpha Values

SA	DA	CS	CL	WoM	CM
0.7	0.6	0.74	0.77	0.74	0.7

These tests scores revealed that most of the scales have high reliability coefficients except DA which scored moderate level of reliability and this is moderate level of alpha coefficients are acceptable (Nunnally, 1978; Schmitt, 1996 Hinton et al (2004).

H1a: There is the significant positive impact of Surface Acting on Customer Satisfaction

First hypothesis comprised of surface acting as an independent variable and customer satisfaction as a dependent variable.

Table 0-2: Regression Results

Hypothesis	IV	DV	B	Sig	R	R square	Adjusted R square	F Value
H1a	SA	CS	-0.009	0.868	.009	0.000	-0.003	0.028
H1b	SA	CL	-0.007	0.895	0.007	0.000	-0.003	0.017
H1c	SA	WoM	0.035	0.523	0.035	0.001	-0.002	0.408

The results of simple linear regression for this hypothesis as shown in table 4-7 reaveal that value of beta coefficient is weak and surface acting has no signficant impact on customer satisfaction as sig value is 0.868.Moreover, value of r square is also approximately zero which means that SA accounts of zero percent variation in CS. The results do not support this hypothesis.

H1b: There is a significant positive impact of Surface Acting on Customer Loyalty

In the second hypothesis, the study examined the impact of surface acting on customer word of mouth. The value of beta coefficient as shown in table 4-7 reflects that surface acting has weak negative impact on customer however, this impact is insignificantSig value=0.523 which is not less than 0.05.Moreover, value of r square is also approximately zero which means that SA accounts of zero percent variation in CL.The results do not support this hypothesis.

H1c: There is a significant positive impact of Surface Acting on Customer Word of Mouth

In the third hypothesis, surface acting is independent variable and customer loyalty is the dependent variable. In this hypothesis, results are not different from previous two as shown in table 4-7. The observed output as P=0.895, R^2=0.000, Beta=-0.007. After, these observations it can be concluded that surface acting has no impact on customer loyalty. Hence Hypothesis is rejected.

H 2: The relationship between Deep Acting and Customer Loyalty is mediated by Customer Satisfaction

The deep acting of employee predicts the customer loyalty and customer satisfaction is tested as a mediator. The result shown in table 4-8 indicate that customer satisfaction has played a partial mediation role.

Table 0-3: Mediating Effect of CS H2

Path	B	T	P value	R^2	F	Sig
Deep Acting ➤Customer Satisfaction	0.136	2.503	0.013	0.018	6.267	0.013
Customer Satisfaction ➤Customer Loyalty	0.714	18.743	0.000	0.510	351.304	0.000
Deep Acting ➤ Customer Loyalty	0.181	3.380	0.001	0.033	11.426	0.001
Indirect Effect (Deep Acting ➤ Customer Satisfaction ➤Customer Loyalty	0.086	2.253	0.025	0.517	180.306	0.000

There is a significant positive impact of deep acting on customer satisfaction (β=0.136, t = 2.503, p < 0.013) between deep acting and customer loyalty, deep acting provides significant proportion of total variation in customer satisfaction (R^2 = 0.018, F = 6.267, p 0.013). The analysis of data also reveals that customer satisfaction has significant positive impact on customer loyalty (β=0.714, t = 18.743, p < 0.000), similarly customer satisfaction

has significant proportion of the total variation in customer loyalty (R^2 = 0.510, F = 351.304, p 0.000). in addition, on a third step, deep acting make significant positive impact on customer loyalty, as it can be depicted from the table (β=0.181, t = 3.380, p < 0.001), as well as significant positive variation (R^2 = 0.033, F = 11.426, p 0.001). On final step, we can identify that there is major changes in the relationship between deep acting and customer loyalty, and customer satisfaction plays as a partial mediating role (β=0.086, t = 2.253, p < 0.025), and variation (R^2 = 0.033, F = 11.426, p 0.001). Therefore, we can extract that customer satisfaction has partial mediation role between deep acting and customer loyalty. Hypothesis 2 is supported.

H 3: The relationship between Deep Acting and Customer Word of Mouth is mediated by Customer Satisfaction.

Table 4-9 shows that Customer satisfaction plays a full mediation role between deep acting and customer word of mouth. The results of four steps for mediation analysis are presented below: Table 0-4: Mediating Effect of CS H3

Path	B	T	P value	R^2	F	Sig
Deep Acting ➜ Customer Satisfaction	0.136	2.503	0.013	0.018	6.267	0.013
Customer Satisfaction ➜ Word of Mouth	0.693	17.670	0.000	0.480	312.217	0.000
Deep Acting ➜ Word of Mouth	0.133	2.475	0.014	0.018	6.123	0.014
Indirect Effect (Deep Acting ➜ Customer Satisfaction ➜ Word of Mouth	0.041	1.027	0.305	0.482	156.661	0.000

On First path, predictor (deep acting) has significant positive impact on mediator (customer satisfaction) which is evident in above table (β=0.136, t = 2.503, p < 0.013), and exhibit significant variation and model is accepted (R^2 = 0.018, F = 6.267, p 0.013). On second stage, mediator (customer satisfaction) also makes significant positive impact on dependent variable (word of mouth) with great T value and strong positive beta value (β=0.693, t = 17.67, p < 0.000) with significant differences (R^2 = 0.480, F = 312.217, p 0.000). The third phase of mediation illustrate the impact of the predictor (deep acting) on the dependent variable (Customer Word of Mouth), and we get optimistic results to carry on the fourth and final step of mediation (β=0.133, t =2.475, p <0.014;R^2 = 0.018, F = 6.123, p 0.014). On the final step, the impact of the independent variable on dependent variable changes greatly with the interaction of mediator variable. Before interaction, independent variable shows significant positive impact on dependent variable, but it becomes insignificant with mediation (β=0.041, t =1.027, p <0.305;R^2 = 0.482, F = 156.66, p 0.000). Therefore, customer satisfaction shows full mediation between deep acting and word of mouth. Hence, hypothesis 3 is accepted.

Moderating Effect of Customer Mood

In order to conduct moderation analysis we used the approach proposed by Baron and Kenny (1986). According to this approach, first a direct regression model is run by taking IV and moderating variable M as independent variables. A second model is developed by introducing interaction term which is the product of IV and M. If in first model r square and the model as whole is significant, moreover, if after adding interaction effect to the first model there is a significant change in r square value as well as in sig value it means there exists some kind of moderation. If IV and M are not significant with the interaction term then there is complete moderation otherwise there is partial moderation.

H4: The relationship between Deep Acting and Customer Satisfaction is moderated by Customer Mood

The first model presented in table 4-10 takes customer satisfaction as a dependent variable and deep acting exhibits significant positive impact on customer satisfaction as contrary to customer moods that has an insignificant beta value.

Table 0-5: Moderating Effect of CM: Results of H4 Model 2

Model	Variable	B	Sig	R	R square	Adjusted R square	F Value	Change Statistics R square Change	F change	Sig F change
1	DA	0.129	0.019	.194	0.038	0.026	3.280	0.038	3.280	0.012
	CM	-0.34	.120							
2	CM X DA	0.114	0.037	.609	0.370	0.367	3.353	0.370	2.744	0.037
Dependent variable: Customer Satisfaction										

Insecond model after adding the interaction term there is a significant change in r square and sig value, however, the beta is not in significant which mean there is a partial moderation. It means customer mood along with other variables moderate the relationship between deep acting and customer satisfaction.

H5a: The relationship between Customer Satisfaction and Customer Loyalty is moderated by Customer Mood

Table 4-11 shows the results of two models executed to examine the moderating effect of customer mood by taking customer satisfaction as IV and customer word of mouth as DV.

Table 0-6Moderating Effect of CM: Results of H5a

Model	Variable	B	Sig	R	R square	Adjusted R square	F Value	Change Statistics		
								R square Change	F change	Sig F change
1	CS	0.689	0.000	.714	0.510	0.507	175.204	0.510	175.204	0.000
	CM	-0.048	0.221							
2	CS X CM	0.094	0.017	.720	0.518	0.514	120.344	0.008	5.719	0.017
Dependent variable: Word of Mouth										

Model 1 presented in table 4-11 reveals that customer satisfaction as a predictor has significant positive impact on customer word of mouth (Beta=0.689, Sig=0.000) on the other hand customer mood which is a moderating variable has an insignificant negative impact on customer word of mouth (Beta=-0.048, Sig=0.221). This model accounted for 51% variance in the customer word of mouth (R^2=0.510, F=175.204). Meanwhile, the second model mentioned in table 4-13 shows 51.8% variance in the dependent variable (R^2=0.518, F=120.33). In addition, results depict that interaction of customer satisfaction and customer mood has a significant positive impact on customer word of mouth (Beta=0.094, Sig=0.017). But, there is a notable decrease in Beta value which means customer moods has played a partial moderating role between customer satisfaction and customer word of mouth.

H5b: The relationship between Customer Satisfaction and Customer Word of Mouth is moderated by Customer Mood

Table 4-12 shows the results of two models executed to examine the moderating effect of customer mood while taking customer satisfaction as IV and customer loyalty as DV.

Table 0-7: Moderating Effect of CM: Results of H5b

Model	Variable	B	Sig	R	R square	Adjusted R square	F Value	Change Statistics		
								R square Change	F change	Sig F change
1	CS	0.715	0.000	.714	0.510	0.507	175.204	0.510	175.204	0.000
	CM	0.010	0.762							
2	CS X CM	0.163	0.003	.163	0.027	0.024	9.259	0.027	9.259	0.003
Dependent variable: Customer Loyalty										

The results suggests that customer satisfaction as a predictor has a significant positive impact on customer loyalty (Beta=0.715, Sig=0.000). Meanwhile, customer mood which is a moderating variable has an insignificant impact on customer loyalty (Beta=-0.010, Sig=0.762). This model accounted for 51% variance in the customer word of mouth (R^2=0.510, F=175.204). On the contrary side, the second model shows a notable change in R square value and it goes down to 2.7% variance (R^2=0.027, F=9.259). In addition, results depict that interaction of customer satisfaction and customer mood has a significant positive impact on customer loyalty (Beta=0.163, Sig=0.003). But, there is a notable decrease in Beta value which means customer moods has played a partial moderating role between customer satisfaction and customer loyalty.

Discussion and Conclusion

The core objective of this research was to identify the impact of employee emotional labor (deep acting and surface acting) on customer satisfaction, word of mouth, and loyalty. Employee emotional labor in the context of customers is an important concept yet there are few studies conducted in this context. This study theoretically developed and tested a research model by testing the impact of deep acting and surface acting on customer word of mouth and customer loyalty by customer satisfaction mediation and customer mood moderation. This study is conducted by 285 sample size customer and employees who made encounter little earlier. As service encounter is the major unit of study in order to get results for this study. This research contributed to the literature of emotional by studying employee and customer behavior individual rather make combine the impact of both variables.

The results demonstrate that surface acting has an insignificant impact on customer satisfaction, customer word of mouth, and customer loyalty. The major reason behind this is that when customers are well aware that service employees are not performing with full sincerity and willingness. Therefore, customers openly or hidden lessen their interaction with the employees, due to this they have little satisfaction and loyalty with the service provided to customers. Similarly, customers are not ready to endorse these sorts of services as well as spread word of mouth.

On the other hand, deep acting has significant positives impact on customer satisfaction, customer word of

mouth, and customer loyalty, and customer is also ready to generate word of mouth and positive news about this sort of behavior because they think that employeesis providing the services with sincerity and full of devotions. Customers are more satisfied and ready to generate more positive news about the services when they found employees genuine. As customers achieve a higher level of satisfaction, they become loyal customers and spread positive word of mouth about the products and services provided by the company. Overall, it can be said that natural positive emotions from employees are necessary to achieve profitable relationship with customers.

The other objective of the study was to identify the mediating role of customer satisfaction between deep acting and customer loyalty. Deep acting has a significant positive impact on customer loyalty the current study findings support the results of Fragata&Gallego, 2010)who also identified the significant relationship. Likewise, deep acting also makesa positive impact on customer satisfaction and show good support with previous studies like Groth et al., (2009). There is a positive prediction of customer satisfaction on customer loyalty Fragata&Gallego, 2010). In the presence of customer satisfaction, deep acting still has a significant positive relationship with customer loyalty. But, there was considerable variance in beta value. Therefore, customer satisfaction has partial mediation role between deep acting and customer loyalty. In other words, in the banking sector with high work pressure and prompt customer service customer satisfaction should be focused while evaluating the relationship between deep acting and customer loyalty.

Emotional labor should be taken as a core strategy in order to improve the attitude and behavior of employees to provide services with a true heart. Correspondingly, it can generate higher customer satisfaction, positive word of mouth, and customer loyalty. Hypotheses testing of this study suggests that emotional labor can have a negative and positive impact on customer satisfaction depending on deep acting and surface acting. Similarly, customer satisfaction also mediates the relationship between deep acting with two dependent variables customer loyalty and customer word of mouth. In addition, customer mood has shown moderating role with different variables. This study comes to conclude that service employees have to perform the tough job and facing some difficult challenges in terms of customer moods and other situational factors so they should ensure that they are displaying deep acting and natural behavior in order to achieve higher outcomes. Considering the importance of service encounters in order to gain customer loyalty and positive word of mouth, companies should provide relevant training to managers and employees to delight the customers.

Previously, some studies are conducted on emotional labor in the context of customer loyalty and word of mouth. But, it is still in early stage and lackswell-constructed model to identify the moderating role of customer mood. Eventually, this study develops a new model and find out some interesting results. Findings of this research also suggest banks can achieve good customer reputation and loyalty through employees' deep acting, and also make strategies to improve customer satisfaction and assess customer mood.

Limitations and Future Research

Although, this study is carried out by fulfilling some research gaps, this study still has some few limitations. The first limitation of this research is some banks from South Punjab selected, so more banks with more cities like Multan, Lahore, Karachi, and Islamabad should be selected. Secondly, this study included employees who made service encounter with customers. Employees who are performing similar jobs in different sectors like hospitality, transportation, education, and medical sectors may require different skills and emotions so next time emotional labor from other industries should be taken. The third limitation is that this study employed convenience sampling method with small sample size. In future studies, sample should be larger and probability sampling should be used in order to avoid biases of the study. Fourth, a questionnaire of this study developed in English which means only those customers were considered who can understand English. Therefore, future research should include a questionnaire in different languages like Urdu as customers and employees may be able to comprehend questions better way and may provide actual information. Fifth, the results of this study are based on quantitative information which restricts to get full information about their information. Future research should include quantitative information as well as qualitative information like in-depth interviews, focus group, and observation to make sure that results are achieved.

Future research should include some situational and demographic variables; situational variables may include customer reaction, customer natural emotions, and supervisory support as well as moderation of demographic variables like age, gender, educations, and some of the others.

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