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When Culturally Adaptive Service Behaviors Affect Customer Satisfaction in Shared Ethnicity Service Encounters

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ABSTRACT

This research applies a service adaptation framework to examine how the interplay of employee service adaptive behaviors and customer cultural factors influence customer satisfaction. The results show that stronger ethnic identification increased the positive effect of interpersonal adaptive service (but not service offering-adaptive) behaviors and customer satisfaction. Additionally, stronger in-group favoritism expectations strengthened the positive relationship between service-offering adaptive behaviors (but not interpersonal-adaptive behavior) and satisfaction. These findings contribute to the ethnic services marketing literature by shedding light on the factors that impact customer satisfaction in shared ethnicity service encounters. Implications for research and practice are discussed.

Introduction

The Hispanic market comprises the largest U.S. ethnic minority group and boasts a purchasing power of $1.7 trillion that is consistently rising (Morse, 2018). Some U.S. states have Hispanic populations of nearly 30% (CNN, 2019), which indicates that Hispanic customers account for a large percentage of U.S. retail transactions. Extant research suggests that customer service plays a key role in Hispanic customers' retail store choices (Fowler et al., 2007; Seock, 2009). Many Hispanic customers prefer establishments that employ Hispanic service personnel, who tend to adapt their service behaviors by communicating in Spanish or providing special service treatment (Montoya & Briggs, 2013; Peñaloza, 1994). Thus, many U.S. retailers, such as Anna's Linens, leverage its Hispanic employees to more effectively

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serve Hispanic customers (Baltazar, 2013). Employing retail employees who share customers' ethnic backgrounds fosters an ethnically congruent place identity, which research suggests helps bind ethnic consumers to particular retail establishments (Rosenbaum & Montoya, 2007). Although ethnic congruity in service encounters should engender greater customer satisfaction because ethnic customers feel more comfortable and a greater sense of belongingness when a store's place identity matches their own (Rosenbaum & Montoya, 2007), customer satisfaction is also greatly influenced by how service performance meets customer expectations. Given that research further suggests that ethnic customers often expect that store employees with a shared ethnicity will demonstrate in-group favoritism toward them (Montoya & Briggs, 2013), in-group favoritism expectations potentially shape customer satisfaction with the retail service experience. Although Montoya and Briggs (2013) found a positive association between receiving in-group benefits in the retail service encounter and satisfaction and loyalty (Study 2), prior research has found that place likening, which includes the perceived congruity between a store's ethnic employees and the customer's ethnic identity, does not significantly predict customer satisfaction. Rather, interaction quality (e.g., employee friendliness, helpfulness, willingness to quickly address the customer's needs) has a significant, positive relationship to satisfaction (Rosenbaum & Montoya, 2007). Notably, that study's measure of interaction quality is not specific to shared ethnicity service encounters (Study 2) and thus does not provide clear insights into the factors that positively affect customer satisfaction in shared ethnicity service encounters.

Given that many retailers strive to ensure that the ethnic diversity in their workforce matches the ethnic diversity of the customer base and expect to gain a competitive advantage from ethnic customers' satisfaction with the retail establishment, understanding what aspects of shared ethnicity service encounters enhance customers' satisfaction is imperative so that retailers can leverage those conditions in the retail service space. The current research addresses this gap by building on Gwinner et al. (2005) service adaptation framework to examine the dynamics of shared ethnicity service exchanges through two key components of service employee behavioral adaptation: interpersonal adaptive behavior and service-offering adaptive behavior.

Gwinner et al. (2005) service adaptation framework is appropriate for examining the factors that influence customer satisfaction in shared ethnicity service encounters because the framework postulates that service employees with greater knowledge and understanding of their customers engage in higher levels of interpersonal and service-offering adaptive behavior. This research is the first to apply this framework to ethnic retail

service employees who draw on their cultural knowledge to adapt the service interaction to suit the cultural needs and expectations of ethnically similar customers.

This research examines how the interaction of two types of service adaptive behaviors with cultural customer characteristics affects customer satisfaction with the retail service experience. The first customer characteristic, ethnic identification, determines the extent that customers possess cognitively accessible or salient culturally normative expectations with regard to service exchange relationships. Stronger ethnic identification is anticipated to heighten the accessibility of cultural service behavior expectations, which results in greater satisfaction when the service employee engages in service-offering adaptive behaviors and interpersonal adaptive behaviors. The second customer characteristic, in-group favoritism expectations, arises from customer interactions with ethnic in-group service employees. Customers often expect that, as ethnic in-group members, shared ethnicity employees will share particularistic or status-boosting resources, such as monetary discounts or free items (Rosenbaum & Montoya, 2007). Thus, we anticipate that customers with higher levels of in-group favoritism expectations will experience greater satisfaction from service-offering adaptive behavior, which involves status-boosting resources, but not from interpersonal adaptive behavior, which involves universal resources such as friendship or affection (Foa & Foa, 1980) (see Figure 1). We use a survey-based study to empirically test our predictions.

Shared ethnicity service encounters

Many retailers try to match the ethnic make-up of their store employees with those of their customers to appeal to ethnic customers who desire to patronize a retail establishment with ethnically congruent place identity (Rosenbaum & Montoya, 2007). Customers and employees may recognize each other's shared ethnicity depending on nonverbal cues, such as physical appearance and mannerisms (e.g., Zebrowitz et al., 2007), and verbal cues, such as the use of a native language or an ethnic accent (e.g., Giles & Johnson, 1987; Riches & Foddy, 1989).

Customers and frontline employees who self-identify with a particular ethnicity view themselves as members of a social group with common origins and culture and a collection of behavioral norms and patterns (Phinney, 1996). Ethnic identification can engender behavior consistent with ethnic group norms (Reed, 2004) as well as expectations of cultural behavioral adaptation and in-group favoritism (Tajfel & Turner, 1986), which explains why some ethnic customers expect store employees with a shared ethnicity to provide unique resources and offer special treatment (Montoya & Briggs, 2013).
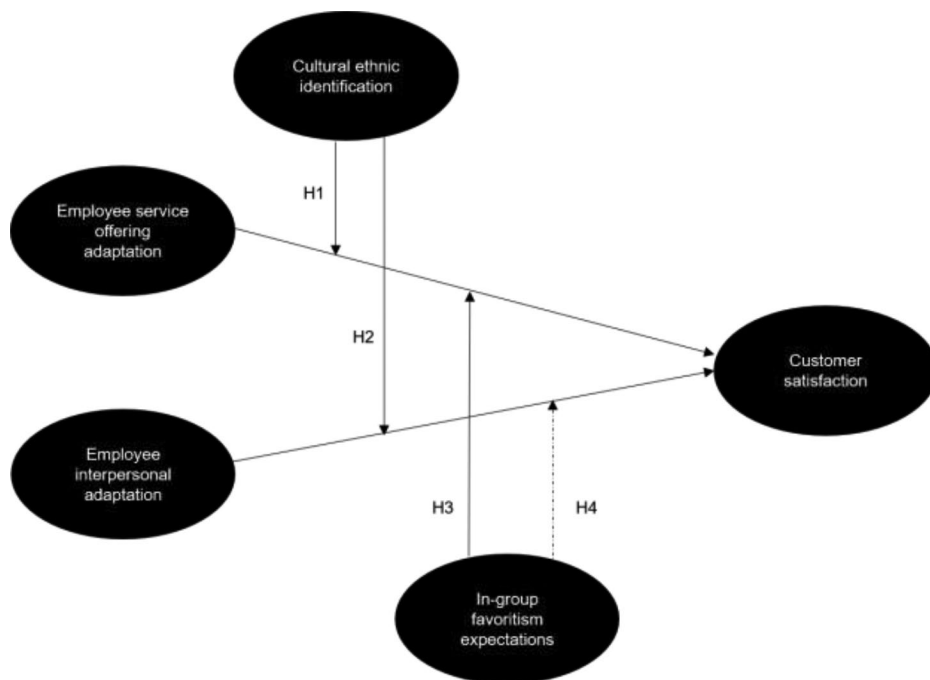
Figure 1. Moderators of adaptive service behavior effects on shared ethnicity customer satisfaction.

Employee adaptive service behavior in shared ethnicity service encounters

A retail service encounter consists of an interpersonal communication component and a service-related behavioral component. Accordingly, Gwinner et al. (2005) define two dimensions of service customization: interpersonal adaptive behaviors and service-offering adaptive behaviors.

Interpersonal adaptive behaviors

Interpersonal adaptive behaviors include communication-related elements such as conversation, tone, and vocabulary (Gwinner et al., 2005), transforming formal business interactions into more personal, familiar types of interactions (Bettencourt & Gwinner, 1996). For example, if a customer has no experience with a product, an employee might avoid jargon and use a more conversational tone. By increasing feelings of similarity with the customer, an employee can improve communication (Giles & Johnson, 1987). Shared ethnicity employees have a greater understanding of a customer's communication norms during a service encounter, which facilitates culturally competent communication adaptation, including nonverbal communication. Given the importance of competent communication, a service

employee may draw automatically on shared cultural knowledge to adapt interpersonal behaviors, making this type of service customization behavior natural and relatively effortless to enact.

Shared ethnicity service encounters increase an employee's ethnic identity awareness (Stayman & Deshpandé, 1989), which increases the accessibility of the employee's knowledge of cultural norms (Zou et al., 2008) and the likelihood of behaving in culturally congruent ways. Culturally congruent behavior improves the interpersonal interaction between members of the same ethnic group through competent communication—that is, effective conduct for the group's shared cultural identity (Collier, 1988; Collier et al., 1986). For example, customers from high-contact cultures, such as Hispanic, southern and eastern European, and Arab cultures, would generally expect ethnically similar service employees to display greater warmth and approachability through interpersonal immediacy behaviors, such as standing closer and touching more (Andersen, 1985; Hecht & Hoobler, 2002). Conversely, customers from low-contact cultures, such as Asian and northern European cultures, would prefer less immediacy and less sensory involvement (Sussman & Rosenfeld, 1982). In the context of interpersonal service interactions, research has found such culture-specific expectations as concern (e.g., care, empathy, kindness, manners) and formality (e.g., body language, proper language, dressing well) among Japanese customers and congeniality (e.g., enthusiasm, warmth, pleasantness), authenticity (e.g., avoiding insincere language and fake smiles), and delivery (e.g., attentiveness, anticipating needs, quick service) among U.S. customers (Winsted, 1997). When an individual judges another individual's communication behaviors as discrepant from his or her expectations or learned rules, perceptions of weak communication competency may give rise to dissatisfaction with the service encounter (Bruner & Spitzberg, 1986; Collier, 1988; Collier et al., 1986).

Service-offering adaptive behaviors

Service-offering adaptive behaviors entail varying the goods purchased or services delivered (Gwinner et al., 2005) through discretionary behaviors, which follow company rules and expectations when customizing a service offering to serve both the customer's and the organization's goals (Kelley, 1993). An employee's propensity to engage in standard service-offering adaptation in shared ethnicity service encounters can be understood in light of social identity theory, which suggests that individuals favor in-group over out-group members (Tajfel, 1982; Tajfel & Turner, 1986). Furthermore, group members are motivated to enhance their group status by allocating a disproportionate number of intangible (e.g., information, friendship) or

tangible (e.g., money and goods) resources to in-group (vs. out-group) members (Foa & Foa, 1980). An employee's social identity as an ethnic group member may motivate the employee to enhance his or her ethnic group status with service-offering-related resources by favorably varying the goods purchased or service provided. For example, a hotel employee who has the options of verbally describing a hotel's amenities or providing a short tour for a customer might choose the latter to favor an ethnic in-group member. Service firms encourage many types of standard service-offering adaptation to delight customers (Kelley, 1993).

Hypothesis development

Adaptive service behaviors and customer satisfaction

Prior research has established that ethnic customers gravitate toward retail establishments with a (ethnic) place identity that matches their own identity (Rosenbaum & Montoya, 2007) and that ethnic customers tend to expect special treatment from shared ethnicity employees as an expression of (ethnic) in-group favoritism (Montoya & Briggs, 2013). Although prior research has also found that, in general, ethnic customers express satisfaction with shared ethnicity employees who provide special treatment and benefits, the relationship between service behavior adaptation and customer satisfaction is likely more complex. Two moderators are discussed next.

Moderating role of customer ethnic identification strength

People vary in their ethnic identification strength on both a chronic basis and a situational basis (Forehand & Deshpandé, 2001). Chronic ethnic identification results when the person's past social and cultural experiences produce a stable and enduring state of strong ethnic identification. As a result, the person self-categorizes as a member of his or her ethnic group (e.g., Hispanic, Asian, African American) across situations on a consistent basis (Stayman & Deshpandé, 1989). Acculturation, or a person's movement into the dominant culture, may decrease the strength of chronic ethnic identification (Oetting & Beauvais, 1991). However, maintaining ethnic identity is a priority for many immigrants when assimilating into a new culture (Peñaloza, 1994). Although not all individuals chronically identify with their ethnic background, their ethnic identity will likely increase in salience in certain situations (Reed, 2004), resulting in a heightened state of *felt ethnicity* (Stayman & Deshpandé, 1989) or *ethnic self-awareness*, defined as "a temporary state during which a person is more sensitive to his or her ethnicity" (Forehand & Deshpandé, 2001, pp. 336-337).

Ethnic self-awareness can arise from situational cues such as the presence of ethnically congruent others in the consumption situation. Stayman and Deshpandé (1989) find that Hispanics' ethnic self-awareness increased the likelihood of ethnic product consumption when the social context included other Hispanic individuals. This suggests that ethnic identification increases the accessibility of culturally normative expectations for interpersonal interactions.

As customers' ethnic identification strength increases, so should the accessibility of culturally normative expectations. Given that a customer's comparison of expectations with the actual service experience determines, at least in part, customer satisfaction (e.g., Bearden & Teel, 1983), we reason that a customer's perceptions of a shared ethnicity employee's culturally consistent interpersonal and service-offering adaptive behaviors will more strongly increase customer satisfaction because his or her ethnic identification strength will increase from the greater accessibility of cultural expectations. Conversely, weak ethnic identification weakens the accessibility of the customer's culturally normative service expectations, resulting in a weaker influence of these expectations on customer satisfaction. Therefore, a shared ethnicity employee's adaptive service behavior will have less impact (if any) on customer satisfaction. Formally, we hypothesize the following:

H1. Higher (lower) customer ethnic identification is associated with a stronger (weaker) positive effect of service-offering adaptation on customer satisfaction.

H2. Higher (lower) customer ethnic identification is associated with a stronger (weaker) positive effect of interpersonal behavior adaptation on customer satisfaction.

Moderating role of customer in-group favoritism expectations

Members of a given ethnic group tend to share the common goal of enhancing their group's status relative to out-groups (Tajfel & Turner, 1986). Not only are in-group members more likely to allocate a disproportionately favorable number of intangible (e.g., information, friendship) or tangible (e.g., money, goods) resources to in-group (vs. out-group) members (Foa & Foa, 1980), but research also suggests that ethnic group members expect strangers who are in-group members to allocate a positively biased number of resources to fellow in-group members (Foddy et al., 2009). In-group favoritism expectations are consistent with the voluntary cooperation with group goals that characterizes collectivist cultures (Triandis, 1988).

Montoya and Briggs (2013) find that collectivist, ethnic minority consumers are more likely to expect special service treatment from ethnic

in-group (vs. out-group) service employees. Consistent with in-group favoritism norms, recognizing a service employee as an ethnic in-group member may trigger customer expectations of employee resource sharing. Given that the goal of in-group resource sharing is to boost the in-group's relative status, service-offering-related resources would accomplish this goal more concretely than interpersonal service adaptative behaviors. Service-offering adaptative behaviors include intangible and tangible resources the employee can offer. Intangible resources are service behaviors typical of standard service adaptation, such as going over and above to help diagnose and/or solve the customer's problem and meet the customer's needs. Tangible resources such as goods and money can be provided by helping the customer qualify for additional discounts or special offers approved by retail management and providing any available (approved) product or service samples and free or discounted trials. Unlike service-offering adaptations, interpersonal behavior adaptations, such as conversation, standing closer, and touching more, improve cultural communication competence but are a fleeting resource with little status-building impact for the in-group.

Ethnic in-group members may vary in the extent to which the service encounter context triggers in-group favoritism expectations. The interplay of the extent of customer in-group favoritism expectations with the degree of service-offering and interpersonal adaptive behaviors involves a comparison of expectations with the actual service experienced, which influences customer satisfaction (e.g., Bearden & Teel, 1983).

Because perceived service-offering adaptation is a more advantageous source of in-group resource exchange, we anticipate that the strength of the positive relationship between service-offering adaptation and customer satisfaction will increase as customer in-group favoritism expectations increase and will decrease as customer in-group favoritism expectations decrease.

> H3. Higher (lower) customer in-group favoritism expectations are associated with a stronger (weaker) positive effect of service-offering adaptation on customer satisfaction.

Given the weaker position of interpersonal adaptive behaviors as an in-group resource, such behaviors are less likely to satisfy in-group favoritism expectations. Thus, we do not expect satisfaction from interpersonal adaptive behaviors to vary depending on the strength of customer in-group favoritism expectations. Formally, we hypothesize the following:

> H4. The positive association of interpersonal behavior adaptation with customer satisfaction is unrelated to customer in-group favoritism expectations.

Materials and method

A survey was conducted among U.S. Hispanic customers that we analyzed using ordinary least squares regression to examine the moderating effects of ethnic identification strength (*H1* and *H2*) and in-group favoritism expectations *(H3* and *H4)* on the relationships of standard service-offering adaptation and interpersonal behavior adaptation to customer satisfaction.

Sample and procedures

Respondents were undergraduate business students from a major public university in the southeastern United States who self-identify as Hispanic. Ethics approval was obtained for our protocol from the local Institutional Review Board (approval number IRB-13-0308). A requirement to obtain informed consent was waived for this research because it was deemed to involve no more than minimal risk to human subjects. The online survey platform Qualtrics was used to administer the survey. Respondents first answered an ethnicity-filtering question that asked them to select the ethnicity they primarily identify with. In a sample of 422 respondents, 82% self-identified as Hispanic or Latino. The next two filtering question asked, "In the past 6 months, have you had an extended customer service experience in which you've interacted with an employee who shared your ethnic background?" and "Do you believe the employee knew you shared the same ethnicity?" Hispanic respondents who answered "yes" to both questions in the analysis were included in the analysis. After describing their shared ethnicity service encounters, respondents completed dependent and independent measures.

After removing incomplete surveys, the final sample comprised 297 respondents (54% female; range: 18–41 years, Median= 34); respondents were from diverse nationalities, including people born in the United States (36%), Cuba (16%), Colombia (14%), Venezuela (8%), and Mexico (3%). The service encounters that respondents described consisted of 48% retail store encounters (e.g., clothing, grocery, discount stores), 27% service firms (e.g., hair salons, dentist offices, banks), and 25% food establishments (e.g., fast-food restaurants, full-service restaurants, coffee shops).

Measurement

A structured questionnaire was used to measure our constructs with scale items from established measures when available. Seven-point, Likert-type, multiple-item scales were used to form summative estimates of the constructs. We adapted Zou et al. (2008) four-item "American identification

scale" to measure Hispanic identification strength with items such as "My Hispanic culture is important to me" and "My Hispanic cultural identity is important in reflecting who I am" (α = .88; M = 22.1, SD = 4.9). A five-item measure was created to capture different aspects of service-related in-group favoritism expectation: "Because of our shared culture…:" "the employee should treat me better than other customers", "the employee should spend more time assisting me", "the employee should give me extra benefits (discounts/free products or services)", "the employee should provide a better and more comfortable experience", and "I expected special service treatment out of courtesy because we share the same culture" (α = .94; M = 12.0, SD = 7.4).

The seven-item measure of perceived standard service-offering adaptive behavior consisted of four adapted items from Gwinner et al. (2005) Service-Offering Adaptive Behavior scale ("The employee adapted the type of service to meet my unique needs", "The employee used a wide variety of strategies in attempting to satisfy me", "The employee suggested a wide variety of services to meet my needs", and "The employee varied the actual service offering on a number of dimensions to suit my needs"), together with three adapted items from Bettencourt and Brown (1997) Extra-Role Customer Service scale ("The employee voluntarily assisted me, even going beyond job requirements", "The employee helped me with problems beyond what is expected or required", and "The employee went above and beyond the call of duty when serving me") (α = .93; M = 29.5, SD = 11.6).

Also, a four-item measure of cultural interpersonal adaptive behavior was developed based on Gwinner et al. (2005) conceptualization of interpersonal adaptive behaviors as social behaviors the employee adjusts to customize the encounter. The scale is based on behaviors that Martin and Hammer (1989) identify as culturally competent communication cues ("The employee sought out topics of mutual interest," "The employee shared personal information," "We talked about our native countries," and "We discussed our experiences of what it is like to be in the U.S.") (α = .86; M = 14.3, SD = 6.9). Two items were adapted from Ramsey and Sohi (1997) customer satisfaction scale to measure customer satisfaction ("I am satisfied with the level of service the employee has provided" and "In general, I am pretty satisfied with my dealings with this employee") (α = .97; M = 10.9, SD = 3.3).

Common methods bias

The research design incorporated several *ex ante* recommendations to address the potential for common method bias (Chang et al., 2010). The surveys assured respondents of anonymity and confidentiality and instructed

them to answer honestly and thoughtfully and without concern for right or wrong answers. The regression models tested moderation relationships, which are complex and thus reduce the likelihood that respondents anticipated the hypothesized effects. To assess common method bias, Harman's one-factor test was used by conducting a principal components analysis of all the items (Podsakoff & Organ, 1986). No single factor emerged that explained the majority of variance. Thus, the evidence does not support a common method bias explanation for results.

Analysis and results

To test *H1–H4*, four separate moderated regression analyses aided by the PROCESS computation tool for SPSS (Model 1 – Hayes, 2013) were conducted, which provided the spotlight analyses to examine the significance of the hypothesized simple effects one standard deviation below, at, and one standard deviation above the mean of the moderator variable (Jaccard et al., 1990).

For the test of *H1*, perceived service-offering adaptive behavior and Hispanic identification did not interact significantly to influence customer satisfaction ($b = 0.002$, $p > 0.5$). Thus, the result did not support *H1*. For the test of *H2*, the interaction between perceived interpersonal adaptive behavior and Hispanic identification did significantly influence customer satisfaction ($b = 0.01$, $p < 0.05$). Spotlight analysis revealed that at moderate ($b = 0.12$, $p < 0.001$) and high ($b = 0.17$, $p < 0.001$) levels of in-group cultural favoritism expectations, the effect of interpersonal adaptation on satisfaction was positive and significant and increased in strength as Hispanic identification strength increased. Thus, the results supported *H2*.

For the test of *H3*, the interaction between perceived service-offering adaptive behavior and in-group favoritism expectations was marginally significant ($b = 0.003$, $p = 0.10$). Spotlight analysis revealed that the positive, significant effect of service-offering adaptive behavior on customer satisfaction increased as in-group favoritism expectations increased from low ($b = 0.16$, $p < 0.001$) to moderate ($b = 0.19$, $p < 0.001$) to high ($b = 0.21$, $p < 0.001$). These results support *H3*. For the test of *H4*, the interaction between perceived interpersonal adaptive behavior and in-group favoritism expectation was not statistically significant ($b = 0.0006$, $p > 0.8$). Thus, the results support *H4*.

In sum, the results support *H2*, *H3*, and *H4*. Among the U.S. Hispanic customers in our sample, Hispanic identification strength moderated the positive relationship between interpersonal adaptive behavior and customer satisfaction (*H2*), although it did not moderate the relationship between service-offering adaptive behavior and customer satisfaction (*H1*).

The H1 result is examined more elaborately in the general discussion that follows. The data also reveal that in-group favoritism expectations moderate the impact of service-offering adaptive behavior on customer satisfaction (*H3*) but, as predicted, not the impact of interpersonal adaptive behavior on customer satisfaction (*H4*).

General discussion

This research provides insight into the nature of interpersonal service encounters between ethnically similar employees and customers. While the organization's goal for frontline employees is to deliver quality service to all customers, meeting the culturally diverse service expectations of ethnic customers is a challenge that ethnically similar service employees are in a unique position to address, due to their empathetic understanding of customers' cultural service expectations that often differ markedly from those of the majority population. Although prior research suggests that ethnic customers gravitate toward retail stores where they will interact with employees who share their ethnicity, previous findings regarding the relationship between shared ethnicity service encounters and customer satisfaction have been mixed (Montoya & Briggs, 2013; Rosenbaum & Montoya, 2007). The goal of this research has been to provide deeper insight into the influence of shared ethnicity interpersonal service encounters on customer satisfaction. Given that service customization plays a critical role in increasing customer satisfaction (Goff et al., 1997; Román & Iacobucci, 2010), we apply Gwinner et al. (2005) customized service delivery framework to examine the nature of the culturally sensitive adaptive service behaviors of shared ethnicity employees and their effects on customer satisfaction.

Our study examined the impact of employees' shared ethnicity adaptive service behaviors on customer satisfaction, as moderated by customers' ethnic identification strength and in-group favoritism expectations. Although stronger (vs. weaker) ethnic identification resulted in a stronger relationship between employee interpersonal adaptive behaviors and customer satisfaction, customer ethnic identification strength did not significantly influence the relationship of service-offering adaptation with satisfaction. These results seem to indicate that customers who identify more (vs. less) strongly with their Hispanic identity were more appreciative of the employee's interpersonal adaptation behaviors, such as speaking about one's native country and conversing about shared experiences as Hispanics in the United States, than standard service-offering adaptations. Interpersonal service behaviors offer the customer a sense of belonging and cultural identity connection with the employee, which is more relevant

than standard service-offering adaptations for facilitating a culturally competent interpersonal interaction. This suggests that when an employee recognizes the cues of a customer who strongly identifies with his or her shared ethnicity, the employee should engage in culturally normative interpersonal adaptive behavior. Conversely, ethnic employees should respond to cues of low ethnic identification with minimal interpersonal behavior adaptation, which might lower customer satisfaction.

This research also examined the moderating role of customers' in-group favoritism expectations in the relationship between adaptive service behaviors and customer satisfaction. The results show that stronger (vs. weaker) in-group favoritism expectations result in a stronger relationship between service-offering adaptive behaviors and satisfaction but has no moderating impact on the relationship between interpersonal behavior adaptation and satisfaction. Building on resource theory (Foa & Foa, 1980), we reason that in-group favoritism expectations affect satisfaction in response to service-offering adaptation because this represents a means by which frontline employees with shared ethnicity can offer ethnic in-group customers a valuable resource, namely, a tangible or intangible tailored solution to the customer's need. Thus, the valued resource exchange is better suited for satisfying the customer's ethnic in-group favoritism expectation in a way that interpersonal adaptation behavior cannot (Montoya & Briggs, 2013). Therefore, ethnic employees should be sensitive to verbal communication or body language cues that indicate that a shared ethnicity customer has high ethnic in-group favoritism expectations and provide greater standard service-offering adaptations. Conversely, the employee should reserve the resources involved in this type of adaptation when the customer signals low ethnic in-group favoritism expectations.

For managers, these findings suggest that ethnic employees can provide a competitive advantage when serving ethnic customers, particularly when a firm empowers and trains them to recognize ethnically congruent customers, their ethnic identification strength, and ethnic in-group favoritism expectations and to customize a service encounter positively to suit the customer's cultural background. Empowering employees to offer extra role customer service yields greater job satisfaction (Snipes et al., 2005), which in turn motivates employees to continue to provide extra role customer service, resulting in satisfied customers (Schmit & Allscheid, 1995).

Limitations and future research directions

The current findings should be interpreted with caution given our study's limitations. Our results are based on a convenience sample drawn from one U.S. ethnic subculture group (Hispanics), thus limiting generalizability

to other populations. Further research should examine shared ethnicity service customization involving other ethnic groups and in other countries. The ethnic subculture groups in the two studies are also ethnic minorities in the areas of the United States where they reside. The experiences of ethnic groups who are not minorities would likely differ from those who are minorities in terms of satisfaction from shared ethnicity employee service adaptation. Future studies could compare the factors that influence nonminority customer satisfaction in shared ethnicity service encounters.

The current studies also examined only the customer's perspective. Future studies should examine service employees' perspectives or matched dyads to obtain a more complete picture of this phenomenon. Interpersonal adaptation may also be less warm and friendly when the employee is faced with an upset customer. Thus, research should examine how cultural norms and cultural identity affect employee service customization during service failures in intracultural service encounters. Perceived employee effort is also a possible moderator (Mohr & Bitner, 1995) in this scenario that is likely influenced by customers' cultural perceptions and expectations.

Our conceptual framework assumes that ethnic identification naturally drives retail employees to adapt their service behaviors toward customers who share their ethnicity due to in-group favoritism tendencies. However, if firms overtly encourage employees to seek out ethnically congruent customers and adapt the service encounter, this may trigger psychological reactance (Brehm & Brehm, 1981) in frontline employees that ultimately deters effective cultural service customization. Ethnic congruity-driven service customization should take place organically for greater effectiveness. Furthermore, nonethnic employees may perceive ethnic employees receiving additional support to cater to ethnically congruent customers negatively or as receiving preferential treatment (Merritt et al., 2010). Thus, management should try to minimize such perceptions.

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