



## International Journal of Bank Marketing

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### Article information:

To cite this document:

Jaewon Yoo, Yeonsung Jung, (2019) "Interactive effects of organizational goal orientations on bank-employee's behavior", International Journal of Bank Marketing, <https://doi.org/10.1108/IJBM-08-2017-0177>

Permanent link to this document:

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# Interactive effects of organizational goal orientations on bank-employee's behavior

Organizational  
goal  
orientations

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Received 16 August 2017  
Revised 16 October 2017  
23 November 2017  
Accepted 18 December 2017

## Abstract

**Purpose** – The purpose of this paper is to test the effects of the service orientation on bank-employee behaviors; to empirically examine the moderating role of the productivity orientation in an effort to explain when and why the simultaneous pursuit of the service orientation and the productivity orientation negatively affect the financial service employee psychological empowerment; and to explore any contextual factors that can suppress or facilitate the bank-employee behaviors.

**Design/methodology/approach** – A single cross-sectional descriptive design was used for this study. Purposive sampling was used to identify the respondents who were bank employees in financial-service-sector organizations in South Korea. To analyze the data, a confirmatory-factor analysis (CFA) using LISREL 8.5 was employed. Conditional process modeling was performed to test the moderated mediation and the moderated-mediation hypotheses.

**Findings** – The results showed a significant relationship between the service orientation and the frontline-employee behaviors, thereby establishing the psychological empowerment as an intervening mechanism. The findings also suggest that the moderating role of the productivity orientation weakened the positive effect of the service orientation on the bank-employee psychological empowerment. This research identifies the positive interactive effect of the customer power upon the psychological empowerment of the employee extra-role behavior. The task interdependence enhanced the link between the psychological empowerment and the employee in-role behavior.

**Research limitations/implications** – The specific service sector that was chosen is retail banking. The cross-sectional nature of the data is considered a limitation; furthermore, the self-reported nature of the completed questionnaires might have resulted in the common method bias. Further research should be conducted to collect longitudinal data from other service sectors to verify the hypothesized relationship. Extensions into other sectors that differ in terms of the customer power degree and the task interdependence level could lead to a contingency framework that shows if and how the hypothesized linkages can be changed according to the contextual factors.

**Practical implications** – For managers who want or need to pursue the strategic goals of the service orientation and the productivity orientation simultaneously, this study offers useful insights into the management of the strategic dilemmas that stem from service-setting multi-goal pursuits from an employee perspective. Second, the significant positive relationships that were observed between the values of the overt customer power and the extra-role behavior suggest that constraining and influential customer behaviors are likely to produce a structured working environment that encourages the bank-employee extra-role behavior. Third, the results also suggest that the task structure (task interdependence) may influence the employee in-role behavior. Thus, managers should encourage an organizational sense of belonging for their employees and an understanding of the essential nature of the employee work role in terms of a competitive organizational performance.

**Social implications** – In banking circumstances, stickiness on product orientation by cutting cost will deteriorate the level of customer service and will then reduce customer revenues. In this case, disgruntled staff and unhappy customers perceive that their interests are being sacrificed in the pursuit of greater productivity. In this situation, revenues may fall faster than the reduction in costs. Thus, it may be proven that the cost of the dual demands from these two orientation types outweigh the benefit. Bank executives may perceive organizational productivity orientation as being an easier and more evident tool to use for reducing



cost, especially with the existence of tough competition. Critically, in addition to poor service quality, this study indicates that there is a side effect of productivity orientation practice. Thus, managers should use caution in the concurrent employment of the two types.

**Originality/value** – This study identified the reason for the negative service outcomes that result from the simultaneous pursuits of the service orientation and the productivity orientation. From an employee perspective, it might be proven that the costs of the dual-service and production-orientation demands may outweigh the benefits. Thus, this proposed research model, in which the frontline autonomy acted as a key mediator and the customer power and the task interdependence were salient moderators, has been shown as crucial in the transmission of the impacts of the service and the quality orientation, and in the blunting of the service-productivity trade-offs that are due to the employee's perceived multi-goal orientations.

**Keywords** Task interdependence, Psychological empowerment, Service orientation, Customer power, Productivity orientation

**Paper type** Research paper

## 1. Introduction

Competitive, systematic and technological factors have significantly transformed the banking environment worldwide. This transformation enhanced bank executives' recognition of their employees' major role in achieving a sustainable competitive advantage (Asif and Sargeant, 2000; Yavas and Babakus, 2010). A bank employee, as a boundary spanner, must balance the internal and external demands of the job.

Investigating bank employee perceptions regarding managerial practices has been a common interest among banking and finance researchers during the past decade. The main reason for continued interest in this research area is bank employees' attitudes and behaviors toward customers, which determine their customer service quality. Additional interest in this research area relates to employees' capabilities, which are competitive resources for financial service industries. Thus, bank executives design multipronged strategies to deliver quality service and to monitor their employees continuously so they effectively meet or exceed their customers' needs (Al-Eisa and Alhemoud, 2009). Therefore, the central issue for every banking organization is understanding bank employees' attitudes and perceptions, especially in terms of managerial goal orientation (Kaur, 2015). For this reason, managerial practices and employees' perceptions in the context of the universal banking environment need to be explored.

Employees' shared beliefs about an organization's emphasis are derived from their experiences with managerial practices and procedures, such as human resources (HR) practices and the managerial philosophy (Hong *et al.*, 2013). A service-oriented HR system and an organizational service orientation communicate to employees the organization's focus on service and specifically target service quality (Hong *et al.*, 2013). Service orientation in the banking industry enhances employees' perceptions of their authority's legitimacy and their autonomy (Hong *et al.*, 2013) and increases commitment, retention rate, service quality and profitability (Lytle and Timmerman, 2006).

The importance of service orientation is unquestionable, but at the same time the challenges of attaining high internal productivity and introducing greater cost effectiveness are immense in service organizations (Parasuraman, 2010). With increasing pressure on organizations to reduce service provision costs, the availability of technologies that can replace financial-service employees in the service domain has heightened the priority of service productivity in numerous sectors. The organizational service productivity can help companies reduce expenses and enhance profits in the short term. Popli and Rizvi (2015) also argued for a need to understand the productivity drivers in the service industry – the factors influencing the performance of service organizations – and the competitive advantage sources that underpin a firm's success.

For many years, the banking industry focused on improving service quality without considering productivity. However, a demanding and competitive market requires bank executives to turn their focus to productivity without sacrificing service quality. As a result, there is a "dilemma" because service orientation may add costs, and time gaps must link revenue streams. These revenues grow slower than the cost of actually growing the revenues.

Meanwhile, productivity orientation, which focuses on cost reduction and efficiency, will adversely impact customers' evaluations of the financial service quality and deteriorate customer revenues. Camarero (2007) explained that the service-focused strategy generally increases profits through revenue expansion, whereas organizational strategies that focus on productivity and the efficiency of internal processes may increase profit through cost reduction (Rust *et al.*, 2002) in financial service contexts. Duncan and Elliott (2004) also suggested that service quality and productivity are negatively related if productivity is the ratio of outputs to inputs; therefore, service orientation may increase more measureable costs such as labor, training and customer managements.

Nevertheless, most researchers and practitioners have acknowledged that seeking service orientation and productivity orientation is strategically imperative for service organizations despite the tradeoff that might occur with their simultaneous adoption. One possible reason for pursuing the simultaneous implementation of these two orientations is that most research studies focus on revenues and costs from the organizational perspective, not the employee perspective. Bank employees are boundary spanners and intermediaries between banks and customers and have empathy for the employing organization and the consumers being served. However, no studies have examined the effect of simultaneously pursuing incompatible orientations on employees' emotional and behavioral responses, despite their central role in service delivery and customer-relationship management. Given the interrelated nature of service- and productivity-focused organizational strategic goals, a clear need exists for systematic research into the psychological response of an employee confronted with two desirable but conflicting business orientations.

According to Hartline and Ferrell (1996), the combination of the employee–management, the employee–role and the employee–customer interfaces reveals the practical and theoretical issues involved in frontline-employee response. Based on Hartline and Ferrell's (1996) framework, this study tried to integrate employees' perceptions about these three interfaces into a research model for gaining an understanding of how employees' emotional and behavioral responses are made in the financial service management process.

In light of service orientation's importance as an organizational strategic goal in forming the job-related control of bank employees who would subsequently be willing to exhibit desirable in-role and extra-role behaviors to customers, the following research questions are pursued:

- RQ1.* To what extent does productivity orientation act as a moderator in the link between service orientation and empowerment (the employee–management interface)?
- RQ2.* To what extent does employee empowerment affect the employees' in-role and extra-role behaviors?
- RQ3.* To what extent is the relationship between empowerment and extra-role behavior contingent upon employees' perceived customer power (employee–customer interface)?
- RQ4.* To what extent is the relationship between empowerment and in-role behavior contingent upon employee task interdependence (employee–role interface)?

## 2. Literature review and hypotheses

The service orientation concept has been conceptualized and operationalized in various ways in numerous studies. Basically, service orientation can be conceptualized on two levels. Service orientation at the individual or micro level represents various personality traits such as helpful, kind, sociable and cooperative characteristics (Hogan *et al.*, 1984; Luk *et al.*, 2013). Individual-level research has investigated the potential effect of these personality traits on employee service behavior, such as the relationship between basic

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individual predispositions and a well-mannered and friendly service provision manner (Baydoun *et al.*, 2001; Luk *et al.*, 2013).

However, among other researchers, Lytle *et al.* (1998) argued that service orientation can be examined in terms of organizational philosophy and has been regarded as part of the organization's structure, climate and culture (e.g. Bowen *et al.*, 1989; Lytle and Timmerman, 2006; Schneider *et al.*, 1992). Bowen and Schneider (2014) explained that the focuses of organizational culture and organizational climate are generic or contextually service specific and that they are descriptive and aggregated, just like the organizational service orientation. In addition, distinct service climates exist that are contextually service specific. As an organizational climate, service orientation can be defined as the norms, beliefs, values and behaviors of an organization that influence employees' performance (Popli and Rizvi, 2015). The conceptualization of this organizational service orientation level focuses on the organizational management's consideration of what is important to the delivery of high-quality service (Chung and Schneider, 2002). As a means of implementing corporate strategy, service orientation is viewed as the extent to which an organization focuses on service as part of its competitive strategy (Homburg *et al.*, 2002), the influence of employees' attitudes and behaviors on the interaction between customers and the organization and, eventually, the overall quality of the customer service delivery (Luk *et al.*, 2013). The purpose of the organizational service-orientation level is to clarify the corporate philosophy and culture to employees. The service-orientation conceptualization of Lytle *et al.* (1998) provided a theoretical justification for the corporate-level approach. Based on this justification, the authors developed the SERV\*OR scale comprised of the following four factors: service leadership, customer treatment, HR management and service systems (Luk *et al.*, 2013). This scale mainly captures the service practices, particularly the service regulations and procedures, rather than the organizational beliefs or values (Luk *et al.*, 2013). In this study, the organizational service orientation was defined as the employees' perceived orientation of management as service bureaucrats who, based on Schneider's (1980) work, care only about maintaining service excellence.

First, this study focused on the positive impact that is possible when an organization pursues service orientation in such a way that employees are components of a well-defined service climate and receive organizational support in the delivery of superior customer service. This service orientation can lead to employee behaviors and attitudes that result in a higher service value to customers who, in turn, generate increased revenues.

This service orientation that focuses on the relationship between customer orientation and service strategy can be viewed as a barrier that businesses in pass-through entities, service employees and customers overcome to eliminate the negatives generated from pass-through entities (Liang *et al.*, 2010).

For banking firms to provide quality customer service, managers must provide employees an appropriate level of autonomy in their responses to the many issues that may arise during service encounters (Bowen and Schneider, 2014; Hartline and Ferrell, 1996). Service employees often experience difficulties in their roles, such as role conflict and role stress, that negatively affect their performance and well-being (Wirtz and Jerger, 2016). However, job autonomy is a coping resource that buffers the impact of job and emotional stresses on employees' emotional exhaustion (Grandey *et al.*, 2005). According to Bowen and Schneider (2014), a service-related climate and a culture promoting flexibility, such as one of aggregate empowerment, can change a manufacturing firm's atmosphere.

According to Hechanova *et al.* (2006), banks typically view nurturing long-term relationships with customers as key to their business strategy, which enhances bank employees' empowerment. Shulgana (2009) also reported that the bank industry is a highly service-oriented area and that lower-level employees interact directly with the customers. This makes it indispensable for frontline employees to be empowered in the banking

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industry to provide better customer service. Thus, an attempt to identify various ways to enhance employees' empowerment has been suggested.

In recent years, firms have focused on employee empowerment to facilitate improved service delivery and performance (Spreitzer and Doneson, 2005). Empowered employees can make decisions on their own regarding service failure recovery and the adaptive service offering without needing to wait for supervisory approval. Psychological empowerment is suggested as a way to enhance the flexibility of employees' behaviors, and it is advocated as especially significant and relevant to heterogeneous service contexts (Chebat and Kollias, 2000). Empowered employees are in a better position to deliver services and to enhance customers' perceptions of service quality (Chebat and Kollias, 2000; Kumar and Pansari, 2016).

It is believed that empowerment reveals an employee's potential, enhances motivation and confidence, makes employees more adaptive to and receptive of their work environments, and buffers stressful events such as bureaucratic hurdles that slow down employees' responsiveness (Forrester, 2000; Spreitzer, 1996). Specifically, employees need autonomy to use their own judgment and to perform tasks accordingly so they can own the service process. To increase the level of service employees' discretionary decision making, the manager transfers control over many issues of the service delivery process to frontline employees, allowing them to customize the service provision or delivery to meet heterogeneous customer needs (Anderson and Huang, 2006).

Lytle *et al.* (1998, p. 459) defined organizational service orientation as "an organization-wide embracement of a basic set of relatively enduring organizational policies, practices, and procedures that are intended to support and reward service-giving behaviors that create and deliver excellent service." From this perspective, this study takes into consideration that service orientation defines an organization's service strategy and philosophy, and it is very likely to lead to a shared set of values and beliefs regarding employees' psychological empowerment and customer-oriented behavior.

Carless (2004) noted that employees often interpret their work environments as either personally helpful or personally harmful, and this evaluation is directly related to empowerment climate. When managerial choices regarding organizational strategy or culture emphasize service orientation, managers will likely require employees to provide customized services to satisfy heterogeneous and unpredictable customer needs (Marinova *et al.*, 2008). This requirement entails higher levels of autonomy in the design of frontline jobs because managers cannot anticipate the unpredictable and limitless needs of customers. They must rely on the employees' experience-based knowledge to provide customized solutions that address these needs. The appropriate organizational culture for maintaining high-quality service thus involves delegating authority, decision making power and accountability from higher to lower levels (Zeithaml and Bitner, 1996). In other words, service organizations that focus more on service orientation empower their employees to handle and meet heterogeneous customer requests; thus, we can expect that service orientation is positively related with bank employee empowerment. Likewise, Bowen and Schneider (2014) suggested that service firms that are committed to providing high-quality customer experiences (i.e. service orientation) should be concerned with building supportive employee environments that align with the final goal of service performance (i.e. empowerment). Finally, Kim *et al.* (2005) found that service orientation is positively related with employee job satisfaction and results in greater empowerment.

Thus, bank employees under a high organizational service orientation can be assured that their management will provide and enhance their responsibilities with more power and authority to deliver services to customers. As a result, employees will possess a greater sense of freedom, independence and discretion:

*H1.* The organizational service orientation is positively related to bank-employee psychological empowerment.

Practitioners and researchers agree that service and productivity orientations are each necessary despite the tradeoffs that result from adopting them simultaneously, especially in the case of a service that has a significant labor component (Mittal *et al.*, 2005). However, the psychological inconsistency experienced by bank employees exposed to the service and productivity orientations must be recognized as resulting in conflicting strategic goals of efficient cost reduction and enhancing customer loyalty.

For this study, Marinova *et al.*'s (2008) research was used to refer to the organizational productivity orientation as a management practice that is oriented toward maintaining high levels of internal efficiency and effective cost control. Productivity and time efficiency have become major concerns among companies in modern Western societies. As a result of rapidly changing technological and cultural trends, organizations must constantly be concerned with productivity, progress achievement and the accomplishment of more results in less time – a tendency referred to as “productivity orientation” in which management practices are oriented toward maintaining high organizational efficiency and cost-control levels (Marinova *et al.*, 2008).

The primary focus of these product-oriented organizations is enhancing the firms' criteria, such as efficiency and productivity and a side effect is a lesser concern with the customers' criteria, such as service orientation (Rust *et al.*, 2016). Ogilvie *et al.* (2017) indicated that the existence of two specific climates (sales and service) within a single organization makes it difficult for an employee to perform at a high level in discrete outcome domains.

Limited research has examined the interaction effect of service orientation and productivity orientation on bank employee empowerment. However, Duncan and Elliott (2004) found that service orientation and product orientation are negatively correlated. Rust *et al.* (2002) also noted that very few firms can effectively implement service (revenue emphasis) and production (cost emphasis) orientations simultaneously, given the distinctive types of required organizational systems and structures.

In the case of the simultaneous adoption of service orientation, which focuses on the exhibition of service excellence, and productivity orientation, which focuses on the attainment of a high internal efficiency, a service company has the incompatible strategic goals of efficient resource deployment and effective customer retention (Bateson, 1985).

For instance, managers who emphasize productivity orientation enhance organizational productivity goals, such as increasing the ratio of output over input and reducing cost, errors, rework and delays (Bowen and Lawler, 1992). They also try to control the inconsistency in the frontline performance (Marinova *et al.*, 2008). Grönroos and Ojasalo (2004) explained the service productivity dilemma as when a productivity-focused organization tries to adopt more cost-effective criteria and seems to be efficient, leading to lower service quality and lost revenues. Frontline employees under external control systems such as hierarchical supervision and limited autonomy are likely to be the preferred managerial choice because they are effective in reducing the variability in the productivity goal attainment, although their frontline autonomy influence is negative (Marinova *et al.*, 2008).

It is thus expected that employees who perceive a more productivity-focused orientation through the organizational strategy have the experience of the beneficial effects of service orientation interrupted, and they are consequently less likely to experience the capabilities of work and work-environment shaping that lead to feelings of empowerment. Therefore, efficiency-focused productivity orientation will negatively moderate the positive effect of service orientation on bank employees' psychological empowerment:

*H2.* Organizational productivity orientation negatively moderates the relationship between the organizational service orientation and bank employee psychological empowerment.

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Empowerment is commonly promoted as a general recipe for the enhancement of work performance. It is seen as the route to improved work and organizational performances, as the corresponding development of organizations and jobs releases the involvement, flexibility, motivation, initiative, knowledge and commitment required for employees to respond to increasingly competitive environments (Wood *et al.*, 2004).

Conger and Kanungo (1988) noted that psychological empowerment, a type of internal motivation, encourages implementation of organizational citizenship behavior – a typical form of extra-role behavior. Morrison (1996) proposed that empowerment increases employees' motivation, as well as aspirations toward and demonstrations of organizational citizenship.

Furthermore, Thomas and Velthouse (1990) suggested that empowered employees have higher levels of concentration and initiative and more opportunities to influence organizational decision making and business activities; therefore, they are more likely to be interested in individual performance levels. This implies that empowered employees find their work to be more appealing and are consequently more motivated to perform their assigned tasks effectively.

The positive effects of psychological empowerment on the extra- and in-role behaviors have received significant attention during the past 20 years. However, the main focus of this attention has been on studying the direct effects of psychological empowerment on employee behavior, whereas a dearth of research focuses on the way that the contextual factors unique to frontline employees change the link between psychological empowerment and employee service behaviors.

In the traditional marketplace, banks had far better access to information than individual consumers. However, due to the radical innovation in information technology and a competitive environment, bank customers and banks now have much of the same information available to them, leading to a shift in power (Pralhad and Ramaswamy, 2000). As customers become more knowledgeable and recognize that they have choices and the power to negotiate, more bank executives and employees are pressured to adopt explicit customer requests.

As boundary spanners, frontline employees are susceptible to customer power, because employees occupy specialized positions in which they act in the best interests of their customers while striving to attain organizational objectives and goals (Fine *et al.*, 1999). Customer power can be defined as a customer's ability to influence a firm in a way that he or she finds advantageous (Grégoire *et al.*, 2010). Grandey *et al.* (2010) suggested the need for future research that includes a direct measurement of customer power and its impact on the workplace.

The influential factors of a customer's power during their service consumption may consist of two categories: individual factors and interpersonal factors (Menon and Bansal, 2007). Perhaps of greater relevance to service management are the interpersonal sources of power, in which the perception of power arises from the interactions between customers and service providers, leading to the development of a belief within high-power customers that they can control and influence situations to their advantage (Menon and Bansal, 2007). Grandey *et al.* (2010) argued that a customer holding power through an organization's policies and practices leads to the perception that he or she is a second manager. Compared to a supervisor, customers are less familiar with the employees, although employees develop ongoing relationships with customers and regard their status and power as being less than those of the customers (Grandey *et al.*, 2010; Gutek *et al.*, 1999).

A common customer threat in the marketplace is the withdrawal of business (Grégoire *et al.*, 2010). This threat becomes more obvious when dependence on the firm does not exist for high-power customers; therefore, they are not highly motivated to pay attention to the individual qualities of firms, leading to further stereotyping (Fiske, 2001). Furthermore, due



to the financial importance in determining firm's revenues, individual customers who provide important revenue streams for a firm can gain power over the firm's actions and decisions (Pfeffer and Salancik, 1978).

Gaski and Nevin (1985) found that the more power a customer possesses, the more likely that customer is to exercise that power in seller relationships. Therefore, when employees feel pressured by powerful customers, they may redirect their attention and resources toward monitoring the actions of the customers upon whom they have become increasingly dependent. Finally, frontline employees will ingratiate themselves with high-power customers and exhibit more discretionary behavior, going out of their way to assist such customers or going beyond the "call of duty" to ensure customer satisfaction. Although low-power customers may also engage in influential behavior, bank employees perceive less of a binding force from such customers, and consequently, they can feel less encouraged to engage in customer-oriented voluntary behaviors. As a result, the following hypothesis was formulated:

*H3.* Customer power positively moderates the relationship between psychological empowerment and extra-role behaviors of bank employees.

In each bank, branches have been conceptualized as formally defined work groups of interdependent individuals who are at the same level of the organizational hierarchy and who perform similar tasks and share a supervisor (Naumann and Bennett, 2000). Thus, bank employees perform interdependent tasks to achieve their overall goals. According to Griffin *et al.* (2007), all organizations include some degree of interdependence. Thompson (1967) viewed interdependence as a work characteristic, whereas Shea and Guzzo (1989) viewed it as an attribute of employee behaviors in the completion of their tasks (Bachrach *et al.*, 2006).

According to Van der Vegt and Janssen (2003), task interdependence refers to the degree to which employees depend on other members of their group to accomplish work effectively (Brass, 1985). Task interdependence motivates employees to complete a unique part of the group's work through cooperation among team members, which increases the possibility of the group achieving its goal (Johnson and Johnson, 1992).

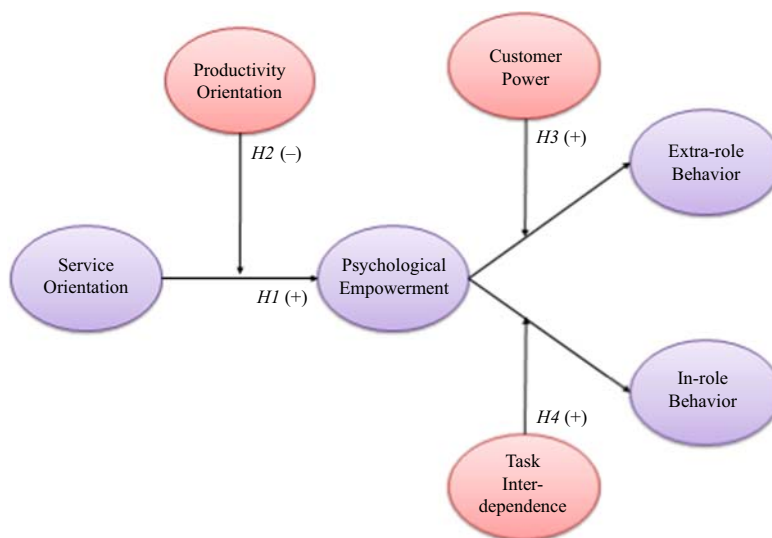
Unlike the high task interdependent activities that demand considerable cooperation among the group members, low-task interdependent activities require little or no cooperative effort (Bachrach *et al.*, 2006; Podsakoff *et al.*, 2000). In interdependent organizational systems, an individual's behavior influences not only that individual's effectiveness but others' effectiveness as well, including the organization as a whole (Bachrach *et al.*, 2006).

In the high task interdependence condition, employees feel greater levels of responsibility and motivation, resulting in improved firm performance. These employees will exhibit more in-role behaviors, which form an essential component of the interdependent tasks in their job descriptions. With the low-task interdependence condition, however, the exhibition of in-role behaviors may not increase due to a lack of felt responsibility. As a consequence, the effect of psychological empowerment on in-role behaviors will be reduced in the high-task interdependence condition. The following hypothesis was proposed as a result (Figure 1):

*H4.* Task interdependence positively moderates the relationship between psychological empowerment and the in-role behaviors of bank employees.

### 3. Research method

To test the developed hypotheses of this study, a field survey was conducted. Data were collected on-site from a cross-sectional sample of four leading banks in South Korea. According to Menon and Bansal (2007), the majority of the experiences of high- and low-customer power encounters occur in high-contact services (professional) rather than



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**Figure 1.**  
Research model  
and hypotheses

in low-contact services. Chebat and Kollias (2000) also suggested that in the banking service industry, client delivery regarding most of the financial services is of a highly involved nature and requires considerable customer contact. Considering this research framework, this survey asked about the perceived service orientation and product orientation of bank employees, the empowerment of the employees, customer power, and employee in-role and extra-role behaviors.

### 3.1 Measures

All of the construct measures were subjected to a purification process measurement using a CFA, item-to-total correlations, and the improvement of the Cronbach's  $\alpha$  statistic.

First, the employees' perceived organizational goal orientation comprised the service orientation and the production orientation, and these were considered an employee's perception of the organizational-level goal orientation (as opposed to an individual-level trait) that may impact an employee's psychological empowerment. To measure the service orientation, the SERV\*OR scale that Luk *et al.* (2013) developed, which Lytle *et al.* (1998) originally suggested, was adopted. Compared with the other service orientation scales, the SERV\*OR scale is the most reliable in terms of its robustness and its ability to capture the service-orientation domain; it has also been used in the bank industry (Lynn *et al.*, 2000; Luk *et al.*, 2013) with reliable results. Luk *et al.* (2013) developed a 21-item reflective scale to measure the second-order SERV\*OR, which consists of the following four subdimensions: service leadership, customer treatment, HR management and the service system. The service orientation construct was analyzed at the second-order factor level, which is consistent with most service orientation research.

Service leadership, which refers to the degree to which a management stimulates and motivates employees to accomplish service excellence, is a critical and integral component of the creation and maintenance of an effective and positive service orientation within a firm (Heskett *et al.*, 1997; Kotter and Heskett, 1992; Luk *et al.*, 2013). Service leadership was measured using seven items. The customer treatment dimension concerns the employees' attitudes toward customer interactions during service encounters (four items), while the HR management dimension is concerned with the ways in which the firm's HR-management

activities, such as performance evaluation and training, support the delivery of quality customer service (five items). The service system, which refers to the extent to which the operational procedures and the mechanisms that are adopted by a service firm are customer driven and are relevant to the provision of quality services, was measured using five items (Luk *et al.*, 2013).

Productivity orientation was assessed using a scale that Marinova *et al.* (2008) developed. The four items they used to measure product-oriented management practices in the unit were adapted to allow use by banking industry frontline employees.

Psychological empowerment, a second-order factor, was measured using 12 items from Spreitzer (1996). It is based on the following four dimensions, which were additively combined to form the overall empowerment construct: meaning, competence, autonomy and impact. Customer power was operationalized as the employees' perceptions of the extent of customer power over the firm and the customers' demanding behavior (Menon and Bansal, 2007). To measure customer power, three item measures were used from Jayachandran *et al.* (2004). Task interdependence was operationalized as the extent to which employees are dependent on their team members to accomplish their groups' work goals (Arand *et al.*, 2018). We used a three-item measure of individual employee's task interdependence, which was developed by Sethi (2000).

The employees' in-role behaviors were measured using the four-item scale that Bettencourt and Brown (1997) developed. Extra-role behaviors were measured using a four-item scale that was adapted from Netemeyer *et al.* (2005), which is also based on Bettencourt and Brown (1997). These two scales had to be generated based on the conceptual distinctions between the role-prescribed and extra-role behavior that Organ (1988) provided, wherein a specific reference is made to the customer in each generated item.

### 3.2 Sampling procedure and data collection

The data were collected on-site from a cross-sectional sample of two leading banks in South Korea. The researchers visited the banks and personally distributed the questionnaire to the employees, in addition to a cover letter that explained the study's purpose, requested the respondent's participation and guaranteed the full confidentiality of all individual responses.

The sample for this study consisted of frontline employees, such as bank tellers, secretaries, receptionists, loan officers, investment specialists and clerical staff. These employees interact with customers and receive inbound calls, for which they are required to resolve problems related to the customers' financial services, and they implement service-recovery strategies as appropriate. As the competition has intensified within the banking industry, a greater emphasis has been placed on a higher customer service quality, on the bank employees' responses, and on the customers' evaluations of the employees' service performance.

The instrument, which was prepared in English and then translated into Korean, was checked for accuracy in accordance with the conventional back-translation processes. Of the 324 distributed questionnaires, 272 were completed and received, indicating a response rate of 84 percent. Employee tenure at the banks ranged from less than 1 year up to 10 years ( $\mu = 3.21$ ,  $\sigma = 2.22$ ). Males represent 62.9 percent of the total respondents, and females represent 37.1 percent. Approximately 58 percent of respondents held undergraduate degrees, and approximately 41 percent held graduate degrees.

## 4. Empirical analyses

After the data collection, a CFA was conducted to test the adequacy of the measurement model using LISREL 8.54. Next, to test the direct effects among the construct during hypotheses testing, structural equation modeling was used. Finally, to test the moderating

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effects of the organizational product orientation, customer power and task interdependence simultaneously, the Statistical Package for the Social Sciences (SPSS) macro was used.

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#### 4.1 Measurement model analysis and CFA results

The psychometric properties and hypothesized relationships among constructs were assessed using a multistep approach for which LISREL 8.53 was employed (Yoo, 2017; Yoo and Jung, 2017). A two-step approach was implemented to evaluate the measurement traits of the constructs and to test the overall research model and hypotheses (Yoo, 2017; Yoo and Jung, 2017). First, the CFA was implemented to evaluate the measurement properties and conventional fit statistics. Next, to test the interaction hypotheses, conditional process modeling (Hayes and Matthes, 2009) was used (Yoo, 2017; Yoo and Jung, 2017). During this step, the moderating roles of the productivity orientation, customer power, and task interdependence and the mediating roles of psychological empowerment on the employee in- and extra-role behaviors were tested using bootstrapping methods.

As shown in Table I, the results of the CFA showed the relationships between indicators and constructs, overall reliability, and discriminant validity of each construct. The higher order constructs, service orientation and psychological empowerment, were summated and analyzed at the second-order factor level to assess the hypothesized links among the constructs.

After deleting poor-loading items, the final CFA showed the following fit index. The  $\chi^2$  (df) was 726.06 (356), the goodness-of-fit index was 0.84, the comparative fit index (CFI) was 0.96 and the root mean square error of approximation (RMSEA) was 0.062. All hypothesized factor loadings are statistically significant at the 0.01 level, and the completely standardized factor loadings are higher than the acceptable level of 0.50, as shown in Table I. Table I includes the number of indicators, the Cronbach's  $\alpha$ , factor loading, composite reliability and the average variance extracted for each construct.

#### 4.2 Hypotheses testing

Hypothesized relationships among seven constructs were evaluated by a regression-based path analysis, which is useful for estimating the interactions and the conditional indirect effects in the moderated-mediation models (Hayes and Matthes, 2009; Preacher *et al.*, 2007; Yoo, 2017). Using the SPSS macro (Preacher *et al.*, 2007), mediation and the moderated-mediation effects of this study were assessed (Yoo, 2017; Yoo and Jung, 2017).

Tables II and III show the results from the moderated-mediation model. Table II shows a positive and significant relationship between service orientation and psychological empowerment, providing support for *H1*. The results from the mediation model indicate that the productivity-orientation interaction effect with service orientation is negatively associated with psychological empowerment ( $\beta = -0.219$ ,  $SE = 0.032$ ,  $p < 0.001$ ). The findings also show a positive effect of psychological empowerment on the bank employee extra-role ( $\beta = 0.416$ ,  $SE = 0.145$ ,  $p < 0.001$ ) and in-role behaviors ( $\beta = 0.665$ ,  $SE = 0.085$ ,  $p < 0.001$ ).

Customer power positively moderated the effect of psychological empowerment on the bank employee extra-role behavior ( $\beta = 0.590$ ,  $SE = 0.201$ ,  $p < 0.001$ ), thereby supporting *H3*. Finally, task interdependence positively moderated the effect of psychological empowerment on the bank employee in-role behavior ( $\beta = 0.145$ ,  $SE = 0.073$ ,  $p < 0.05$ ), thereby supporting *H4*.

As shown in Table III, the indirect service-orientation effects on employee extra-role ( $\beta = 0.164$ ,  $p < 0.05$ ) and in-role behaviors ( $\beta = 0.264$ ,  $p < 0.05$ ) are significant. Based on the results of 5,000 bootstrapped samples, bias-corrected confidence intervals show significance of indirect effects (Preacher and Hayes, 2008). Thus, psychological

Construct and source	Scales	CR and AVE
Service orientation Luk <i>et al.</i> (2013)	<i>Service system (seven items)</i>	CR = 0.913
	Management uses technology to build and develop higher levels of service quality	AVE = 0.588
	Management uses advanced technology to support the efforts of frontline employees	Cronbach's $\alpha = 0.916$
	Management has emergency plans to prevent problems	Path loading = 0.80–0.88
	Management communicates performance measures to employees	
	Management provides follow-up service calls	
	Management uses internal standards to pinpoint failures before complaints	
	Management explains customer research results to frontline employees	
	<i>Service leadership (seven items)</i>	
	Employee understands all of the service standards	
	Employee understands the core value of our company	
	Employee views customers as opportunities	
	Employee displays true commitment to service	
	Employee believes that the organization exists to serve customers' needs	
	Management constantly communicates the importance of service	
	Management spends time with customers and frontline employees	
	<i>Customer treatment (four items)</i>	
	Employee provides customer care	
	Employee provides excellent service	
	Employee is friendly and courteous to customers	
Employee provides convenience to customers		
<i>Human resource management (five items)</i>		
Management provides material incentives and rewards		
Management provides spiritual incentives and rewards		
Company provides every employee skills training		
Management measures the service quality training		
Company provides a sufficient amount of training		
Productivity orientation Marinova <i>et al.</i> (2008)	Management decisions reflect a serious intention to improve the company's productivity	CR = 0.826
	Management urges employees to cut organizational costs	AVE = 0.613
	Employees are expected to focus on increasing the efficiency	Cronbach's $\alpha = 0.806$
Psychological empowerment Spreitzer (1995)	Management prioritizes the enhancement of organizational productivity	Path loading = 0.77–0.79
	<i>Meaning (three items)</i>	CR = 0.914
	The work I do is very important to me	AVE = 0.683
	My job activities are personally meaningful to me	Cronbach's $\alpha = 0.882$
	The work I do is meaningful to me	Path loading = 0.76–0.87
	<i>Competence (three items)</i>	
	I am confident about my ability to do my job	
	I am self-assured of my ability to perform my work activities	
	I have mastered the skills necessary for my job	
	<i>Self-determination (three items)</i>	
	I can independently decide how to perform my work	
	Considerable opportunities for independence and freedom exist in my job	
<i>Impact (three items)</i>		
I can exert a major impact on my department's practices		

**Table I.**  
Measurement items  
and CFA results

(continued)

Organizational  
goal  
orientations

Construct and source	Scales	CR and AVE
Customer power Jayachandran <i>et al.</i> (2004)	My control over my department's practices is influential	CR = 0.735 AVE = 0.582 Cronbach's $\alpha = 0.755$ Path loading = 0.73~0.79
	I exert a significant influence over my department's practices	
	Customers in this industry are very demanding	
	It is difficult to survive in this industry if we do not continuously track and respond to customer needs	
Task interdependence Sethi (2000)	In this industry, we may lose significant market shares if we ignore customer complaints	CR = 0.889 AVE = 0.800 Cronbach's $\alpha = 0.886$ Path loading = 0.87~0.92
	On this project, I am dependent on the information and expertise of other departments to successfully do my job	
	I am dependent on the cooperation of other employees to successfully do my job	
In-role behavior Bettencourt and Brown (1997)	I am required to jointly make important project-related decisions	CR = 0.912 AVE = 0.776 Cronbach's $\alpha = 0.870$ Path loading = 0.83~0.95
	I perform all of the customer tasks that are required of me	
	I meet the formal performance requirements when serving customers	
Extra-role behavior Netemeyer <i>et al.</i> (2005)	I fulfill the responsibilities to customers as specified in my job description	CR = 0.912 AVE = 0.776 Cronbach's $\alpha = 0.870$ Path loading = 0.75~0.83
	I adequately complete all of the expected customer service behaviors	
	How often did you go above and beyond the "call of duty" when serving customers?	
	How often did you willingly go out of your way to satisfy a customer?	
	How often did you voluntarily assist customers, even if it meant going beyond your job requirements?	
	How often did you help customers with problems beyond what is expected or required?	

Table I.

	Model 1			Model 2		
	DV = Psychological empowerment (PE)			DV = Extra-role behavior (ERB)		
	<i>b</i>	(SE)	<i>p</i> -value	<i>b</i>	(SE)	<i>p</i> -value
Constant	-0.044	0.025	0.081	3.558	0.056	0.000**
Service orientation (SO): <i>H1</i>	0.395	0.071	0.000**	0.079	0.097	0.415
Productivity orientation (PO)	-0.266	0.050	0.000**			
SO × PO: <i>H2</i>	-0.219	0.032	0.000**			
Psychological empower (PE)				0.416	0.145	0.004**
Customer power (CP)				0.237	0.139	0.090
PE × CP: <i>H3</i>				0.590	0.201	0.003**
<i>F</i>		32.680			10.170	
<i>R</i> <sup>2</sup>		0.279			0.139	
	Model 3			Model 4		
	DV = Psychological empowerment (PE)			DV = In-role behavior (IRB)		
	<i>b</i>	(SE)	<i>p</i> -value	<i>b</i>	(SE)	<i>p</i> -value
Constant	-0.044	0.025	0.074	4.114	0.036	0.000**
Service orientation (SO): <i>H1</i>	0.398	0.071	0.000**	0.140	0.069	0.042*
Productivity orientation (PO)	-0.278	0.050	0.000**			
SO × PO: <i>H2</i>	-0.223	0.032	0.000**			
Psychological empower (PE)				0.665	0.085	0.000**
Task interdependence (TI)				0.023	0.040	0.560
PE × TI: <i>H4</i>				0.145	0.073	0.047*
<i>F</i>		34.183			24.764	
<i>R</i> <sup>2</sup>		0.286			0.280	

Notes: \**p* < 0.05; \*\**p* < 0.01 (two-tailed test)Table II.  
Moderated regression  
analyses

Constant	PO	CP	Effect	Boot SE	LLCI	ULCI	
Conditional indirect effect of service orientation on extra-role behavior	-0.623	-0.483	0.068	0.102	-0.134	0.269	
	-0.623	0.000	0.221	0.091	0.063	0.426	
	-0.623	0.483	0.374	0.110	0.182	0.615	
	0.000	-0.483	0.051	0.075	-0.095	0.204	
	0.000	0.000	0.164	0.069	0.049	0.325	
	0.000	0.483	0.278	0.085	0.137	0.478	
	0.623	-0.483	0.033	0.050	-0.059	0.143	
	0.623	0.000	0.107	0.050	0.031	0.234	
	0.623	0.483	0.182	0.065	0.080	0.346	
	Conditional indirect effect of service orientation on in-role behavior	-0.619	-0.913	0.285	0.081	0.146	0.465
		-0.619	0.000	0.357	0.078	0.224	0.539
		-0.619	0.913	0.428	0.0938	0.262	0.631
		0.000	-0.913	0.211	0.064	0.105	0.358
0.000		0.000	0.264	0.064	0.157	0.411	
0.000		0.913	0.318	0.076	0.186	0.486	
0.619		-0.913	0.138	0.050	0.055	0.258	
0.619		0.000	0.172	0.054	0.076	0.294	
0.619		0.913	0.207	0.065	0.091	0.351	

**Table III.**  
Results of conditional indirect effects

**Notes:** PO, product orientation; CP, customer power

empowerment mediated the relationship between the service orientation and the bank employee extra- and in-role behaviors.

The nesting, or the observational non-independence, was tested using the latent moderation structural equation (LMSE) approach (specified in M-plus Cluster = branch), which is based on previous research (Perren *et al.*, 2013). Due to the three moderators in this research model, two different LMSE approaches were run for the moderated mediation (moderator = productivity orientation) and the mediated moderation (moderator = customer power and task interdependence). If the three LMSE moderators were included, then too many correlations from among the three moderators and the other constructs would need to be specified. As shown in Table IV, after controlling for the group-level effect of the different bank branches, the LMSE approach results showed similar significant relationships among the constructs, indicating that these nested effects are negligible and that a multilevel analysis could not be implemented.

Figure 2 shows that low productivity-orientation levels are associated with psychological empowerment for service-oriented individuals (simple slope = 0.540,  $p < 0.001$ ). However, at high productivity-orientation levels, the service-orientation effect on psychological empowerment was reduced (simple slope = 0.266,  $p < 0.001$ ), indicating a negative interaction effect of the productivity orientation on employee psychological empowerment.

As shown in Figure 3, the psychological empowerment effect on extra-role behavior increased as customer power level increased. At high customer power levels, the psychological empowerment effect on extra-role behavior was enhanced (simple slope = 0.730,  $p < 0.001$ ), indicating a positive psychological empowerment interactive effect in the relationship between customer power and frontline employee extra-role behavior.

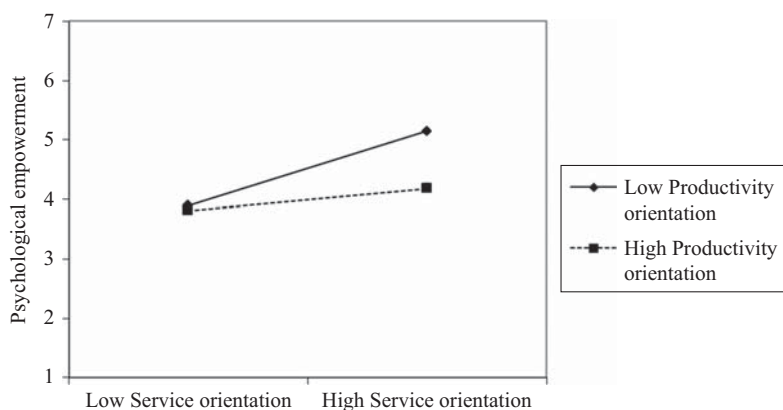
Finally, Figure 4 displays a positive task interdependence moderating effect on the relationship between employee psychological empowerment and in-role behavior. The high task interdependence levels are associated with increased in-role behavior for individuals with high psychological empowerment (simple slope = 0.837,  $p < 0.05$ ). At high task interdependence levels, however, the psychological empowerment effect on in-role behavior was reduced (simple slope = 0.577,  $p < 0.001$ ), indicating a positive psychological empowerment interactive effect on bank employee in-role behavior.

Hypothesized relationship	Estimates	SE	EST./SE	<i>p</i> -value
<i>Moderated mediation</i>				
SO → PE	0.388	0.111	3.511	0.000
PO → PE	-0.277	0.056	4.919	0.000
SO × PO → PE	-0.221	0.014	15.687	0.000
PE → ERB	0.581	0.037	15.765	0.000
PE → IRB	0.708	0.067	10.561	0.000
$\chi^2 = 234.440$ (12), RMSEA = 0.072, CFI = 0.964, SRMR = 0.034				
<i>Mediated moderation</i>				
SO → PE	0.270	0.047	5.725	0.000
PE → ERB	0.527	0.032	16.273	0.000
CP → ERB	0.123	0.096	1.286	0.198
PE × CP → ERB	0.219	0.079	2.794	0.005
PE → IRB	0.711	0.069	10.383	0.000
TI → IRB	0.016	0.048	0.339	0.735
PE × TI → IRB	0.130	0.039	3.384	0.00

$$\chi^2 = 169.094$$
 (18), RMSEA = 0.080, CFI = 0.955, SRMR = 0.053

**Notes:** SO, Service orientation; PO, Product orientation; PE, Psychological empowerment; CP, Customer power; TI, Task interdependence; ERB, Extra-role behavior; IRB, In-role behavior

**Table IV.**  
Results of least mean  
square error (LMSE)  
approaches



**Figure 2.**  
Interactive effects of  
service orientation  
and productivity  
orientation

## 5. Discussion

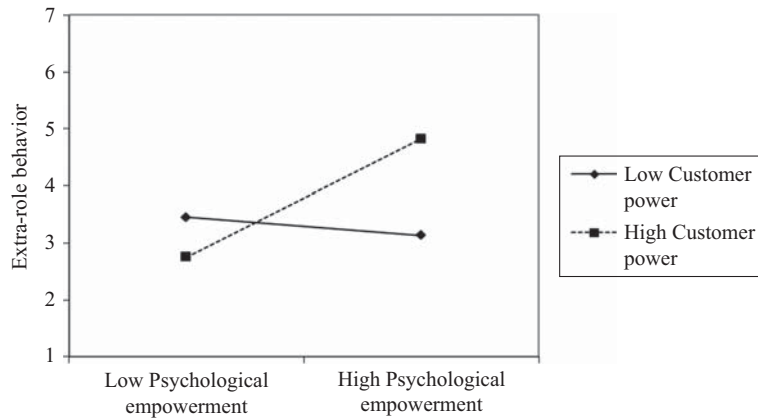
### 5.1 General discussion

The purpose of this study was to determine the direct service orientation impact on employee psychological empowerment and in- and extra-role behaviors. Furthermore, the bank employee management process has been examined simultaneously from three perspectives. Hartline and Ferrell (1996) argued that a combination of multiple perspectives is very meaningful in the management of frontline employees and in the enhancement of quality service delivery.

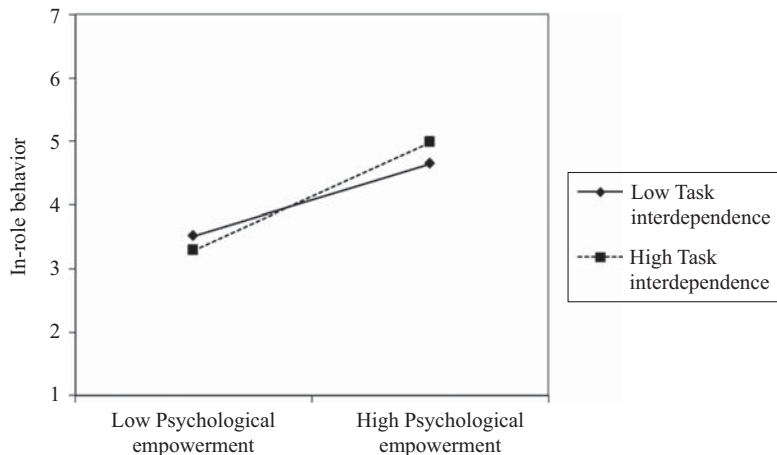
At the management–employee interface, the perceived organizational service orientation supports employee autonomy to meet unpredictable and sensitive customer needs. Thus, the perceived service orientation can provide a flexible working environment in which bank employees can make everyday decisions about job-related activities at their discretion. Although a positive service orientation effect has been reported (Jung and Yoon, 2013;



**Figure 3.**  
Interactive effects of  
psychological  
empowerment and  
customer power



**Figure 4.**  
Interactive effects of  
psychological  
empowerment and  
task interdependence



Yoon *et al.*, 2007), this study considered the direct and interactive effects of the organizational service orientation on psychological empowerment, in addition to the associated intervening mechanisms.

This study also identified the reason for the simultaneous pursuit of the service and productivity orientations according to the management results in terms of negative service outcomes. According to Ogilvie *et al.* (2017), a relatively limited number of studies have dealt with the attitudinal and behavioral consequences of employees' perception of multiple climates. Based on the previous research about multiple organizational orientations (Schneider *et al.*, 2000), multiple goal orientations exhibited dysfunctional interaction rather than synergetic effects in this study. Bank employees who adapt their behaviors to the unpredictable and unstable demands of customers may perceive highly efficient internal and cost-efficient climates – such as those that exist in productivity-oriented organizations – as slightly more demanding working situations due to the time-consuming requirements of the job. Greater emphasis on productivity orientation and dual orientation are typically associated with lower employee autonomy levels. This research found that bank employees

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viewed high productivity-focused practice as a hindrance and stressful, mitigating impact on autonomy. If the simultaneous pursuit of conflicting orientations is found to exert a noticeable and undesirable impact on bank employees' autonomy, then banks may need to change and determine their strategic goal, gearing them toward offering benefits to customers and banks.

At the employee–customer and employee–role interfaces, customer power and task interdependence exerted a significant moderating effect on the link between psychological empowerment and employee behaviors (in- and extra-role). Specifically, financial service employee psychological empowerment led to higher extra-role behavior during employees' perceptions of relatively high customer power. This result is consistent with Raub and Robert's (2010) study, wherein psychological empowerment and challenging behaviors are relatively stronger for individuals whose power values are low compared with those whose power values are high. This study's results thus highlight the motivational implications of customer power. Specifically, bank employees who are in relatively low-power positions might be motivated to engage in extra-role behavior with the intention of seeking the recognition of high-power customers.

Naumann and Bennett (2000) describe the bank branches in their sample as formally defined work groups of interdependent individuals. For instance, some bank employees frequently need information about customers or financial products or advice from other team members to achieve better personal performance. Likewise, if a bank employee perceives his or her job as highly dependent on other members, then the employee's psychological empowerment can evoke beneficial organization-oriented behaviors, such as in-role behavior, due to the resultant enhanced responsibility. This finding also implies that employees whose tasks are highly interrelated with others' tasks are motivated to fulfill their tasks completely due to a desire to avoid poor job performance in achieving shared goals. In interdependent work environments, a bank employee's behavior impacts not only the performance of that employee but the effectiveness of others, including other groups and teams, as well as organizational reputation.

This study suggests the need to conduct research into the link between management strategies and employee behavioral responses, which is a sign of service orientation and is a determinant of satisfaction; furthermore, the potential processes for the management of service–productivity tension and the improvement of the effectiveness of service companies should be introduced.

### *5.2 Managerial implications*

For managers who want or need to pursue the strategic goals of the service and productivity orientations simultaneously, this study offers useful insights into the management of the strategic dilemmas that stem from the pursuit of multiple goals in the service setting. Managers need to understand that the adoption of multiple goal orientations can affect employee behaviors due to psychological empowerment effects. Managers are advised against employing the service and productivity orientations simultaneously because the service orientation is appropriate for a supportive organizational culture capable of motivating employees' perceived discretionary decision making when employees are not facing unusually challenging job demands, such as the demand for a high service-productivity level. Managers should also recognize that service orientation and productivity orientation exert a negative synergistic effect on psychological empowerment. In banking circumstances, the use of product orientation by cutting cost will deteriorate the level of customer service and reduce customer revenues. In this case, disgruntled employees and dissatisfied customers notice that their interests are being forfeited in the pursuit of greater productivity. In this situation, revenues may diminish faster than the reduction in costs. Thus, it may be proven that the

cost of the dual demands from these two orientation types outweighs the benefit. Bank executives may perceive organizational productivity orientation as being an easier and more evident tool to use for reducing cost, especially with the existence of tough competition. Critically, in addition to poor service quality, this study indicates that a side effect of productivity orientation practice exists. Managers should thus use caution in the concurrent employment of the two types.

Customer power has been apparently increased by high levels of competition, society's emphasis on greater customer empowerment, and the growth in the usage of offline and mobile banking (Durkin *et al.*, 2003). These drastic changes have put customers in a powerful position to control almost all of their financial transactions within banks. Moreover, companies' ongoing recession in performance seems to motivate trends toward empowerment, increasingly eliminating middle manager positions in the Korean banking industry.

This study showed that empowered bank employees are inclined to adapt their behavior to meet influential and heterogeneous customers' requests. To maintain a balance between the levels of the in- and extra-role behaviors of employees, bank managers should seek to diminish employee perception of customer power. To reduce the negative impact of high customer power experiences in the boundary-spanning setting, it might be necessary to ensure that frontline employees are equals in their power relationship with customers. To reduce the power difference between a bank's employees and customers and to prevent an abuse of power, bank executives should try to maintain various segments of customers and reduce a firm's dependency (Grégoire *et al.*, 2010). If not possible, such as in high street banking, then bank executives should ensure that their employees are not at a disadvantage in their power relationship with customers. It is also feasible to educate service employees to identify physical signs of consumer power. According to Tiedens *et al.* (2000), high-power consumers tend to be more emotionally expressive than low-power consumers. Using these physical cues, service providers can interpret and identify consumer power during service delivery, and they can adjust their service offering delivery correspondingly (Menon and Bansal, 2007).

These results also suggest that the task structure may influence employee in-role behavior. A possible explanation is that the exhibition of in-role behavior in low-task interdependent situations may diminish the employees' sense of responsibility and belonging, causing them to become demoralized and less motivated. Therefore, managers should encourage the organizational sense of belonging of their employees, and the importance of employees' work roles should be recognized as essential to organizational performance. That is, in team environments that are characterized by high levels of task interdependence, bank employee in-role behavior can be enhanced if managers provide employees adequate resources and support for autonomous decision-making authority. Managers' transformational leadership can be one way to enhance employees' perceived social support, autonomy and cohesion. Organizations that have no qualified sales training and education programs are likely to produce employees who lack the essential competency for empowerment. Furthermore, organizations should focus on showing their employees the importance of their work as a way of improving psychological empowerment (Martin and Bush, 2006). When task interdependence is high, a focus on reinforcing employee psychological empowerment may evoke more beneficial in-role behaviors.

## 6. Limitations and future research

The findings are subject to several limitations, as are future research directions. One limitation is the cross-sectional nature of the data that were used. All of the questionnaires are self-reported, which may lead to the common method bias. While caution

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was used in the design of the questionnaire (Podsakoff *et al.*, 2003) and a *post hoc* statistical analysis indicated that it was unlikely that the common method bias would be a serious concern, this study suggested that, in future research, managers should evaluate employee in- and extra-role behaviors via a simultaneous use of qualitative and quantitative methods.

This study was performed using the frontline employees of two retail banks in South Korea. This convenience sampling may limit the generalization of the research findings. Furthermore, various cultural variables have not been examined in this research. Thus, the role of various cultural traits (such as collectivism, individualism, materialism, masculinity and power distance) could be examined with samples collected from different countries.

Second, compared with employees in other industries, bank employees are highly educated and motivated due to their self-esteem. The banking industry contains favorite job positions for applicants due to high salaries and stable employment. Therefore, to broaden the results of this study, testing the viability of this research model in other service industries would be helpful. Future research should collect longitudinal data from other service sectors to verify the hypothesized relationships of this study.

Third, to measure the employees' perceived customer power, direct and subjective measures were used. According to Caza *et al.* (2011), power signals that are presented explicitly or implicitly lead to different psychological outcomes for employees, which will impact individuals' organizational behaviors. Therefore, implicit and explicit power will lead to a differentiation in building employees' extra-role behaviors. In future research, different types of customer power and different types of measures (e.g. objective measures, such as relative amounts of transactions or contributions for bank revenues) should be considered.

Fourth, we have only focused on the concept of service and productivity orientation in this research. Future research is required to examine corporate ethical climate more fully to better understand the relationships among managerial practice, organizational ethics and employee empowerment. Regardless of whether managers achieve better employee psychological empowerment among bank employees via common sense or management practices, the fact is that highly ethical and authentic managerial practices and procedures are helpful to ensuring that having empowered employees is the certain way to achieve an organization's success.

Finally, the LISREL program was used to examine the CFA and the structural equation model, while the moderating factors were examined using the SPSS macro. To maintain statistical consistency in the analyses section, an analysis of the latent interaction test was performed to examine the moderating effects using M-plus. Accordingly, the model estimation did not terminate normally due to memory shortage. The SPSS macro is the second best way to examine the three moderators simultaneously, although a latent interaction test should be considered.

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