

# Influence of Customer's Cultural Intelligence on Service Encounter Outcomes

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## Abstract

Several recent developments in the global marketplace have led to a dramatic increase in intercultural interactions. Globalization within the business community and rising workforce mobility necessitate interactions between people who are culturally different on a scale previously not seen (Wang et al 2011). The impact of diversity is particularly strongly in the services sector as differing cultural norms and values often lead to misunderstandings at the consumer level (Bhawuk & Brislin 2000, Cushner and Brislin 1996). Customers from incongruent cultures may have different service experiences, even in a similar service contexts and thus derive different levels of satisfaction from the service encounter (Kong & Jogaratnam 2007). There is also a high possibility of service failure due to dissimilarities between the cultural backgrounds of the service employee and customer (Zhang, Beatty, & Walsh 2008). Studies show that employees' high cultural intelligence is a valuable competency for navigating cross-cultural service interactions (Lorenz et al 2017). We propose that customers' cultural intelligence is an equally important contributor to the success of a service encounter. With this study we contribute to a better understanding of the influence of cultural diversity on the service encounter, as well as the valuable role of cultural competencies in the service setting. Cultural Intelligence (CQ) is a reflection of an individual's ability to successfully adapt to new and unfamiliar cultural contexts (Earley & Ang 2003). Similar to emotional intelligence (EQ), CQ is a significant predictor of professional and personal success in a complex and interdependent environment, albeit in an international context (Ang & Inkpen 2008).

CQ is composed of four dimensions: meta-cognition, cognition, motivation, and behavior (Earley & Ang 2003). *Meta-cognitive CQ* entails the mental processes necessary to analyze, control and understand knowledge (Ng et al 2012). It is described as an individual's conscious cultural awareness and information processing capacity involving cross-cultural encounters (Ang & Van Dyne 2008). *Cognitive CQ* represents an individual's factual knowledge and encompasses the general and specific knowledge of norms, values, and practices of respective countries and cultures (Earley & Ang 2003, Van Dyne et al 2012). *Motivational CQ* reflects the desire to initiate, direct, and maintain energy towards learning and functioning in culturally different situations and tasks (Earley & Ang 2003). *Behavioral CQ* describes an individual's verbal and nonverbal ability to appropriately interact with people from different cultures (Ng et al 2012).

The service encounter represents the dyadic interaction between the customer and the service provider (Bitner, Booms, & Mohr 1994, Bitner, Booms, & Tetreault 1990). Due to the nature of the service encounter, adaptation or customization of the service process is often necessary to meet the unique needs of the customer. Adaptation may occur through the adjustment of interpersonal behavior or the service offering itself (Bettencourt & Gwinner 1996). A recent study by Lorenz et al (2017) examines *when, how, and why* service employees may adapt the service encounter to meet the values and expectations of culturally disparate customers. The current study extends upon the concept of service delivery adaptation by exploring how customers' perception of the adaptation of service encounter by service employee influences customer outcomes such as reciprocity and engagement.

When an employee adapts the service encounter to an individual customer's cultural background and expectations, that employee provides an unsolicited benefit to the customer. Customers are then likely to react positively towards the employee and the firm in recognition of this benefit, possibly by a moral imperative to reciprocate. Customers high in CQ may be more aware of the risk that an employee is undertaking by adjusting the service encounter, as well as an employee's motive. Employee provision of personalized treatment in the form of customized service could serve as a positive signal to the customer with regards to their value, consideration, and importance (Connelly et al 2011, Spence 1973). We argue that when customers exhibit high levels of cultural intelligence (CQ), negative outcomes and risks associated with multicultural service encounters are mitigated and positive outcomes are achieved. In light of previous findings and the above arguments, we propose the following

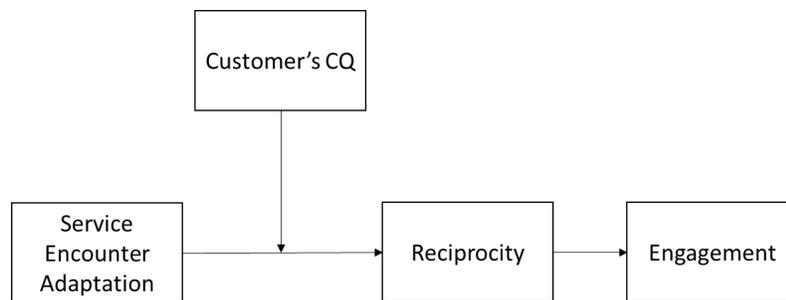
hypotheses.

*H1: Customer CQ positively moderates the relationship between service encounter adaptation and customer reciprocity.*

*H2: Customer reciprocity mediates the relationship between service encounter adaptation and customer engagement.*

Figure 1 is a graphical representation of the proposed conceptual model.

**Figure 1: Conceptual Model**



The study will be composed of a scenario based experiment. The restaurant setting is considered to be appropriate representation of an intercultural service encounter. Respondents will be randomly assigned to a group in which the waiter/waitress either adjusts to the cultural differences of the respondents, or does not adjust. Based on the scenarios, we will measure the customers' feelings of reciprocity, customer engagement, and customers' cultural intelligence. In addition, data will be collected on customers' satisfaction and repurchase intentions. Demographic information including age, gender, education, international experience, and work experience will also be requested.

With this study, we contribute to a better understanding of the influence of cultural diversity on the service encounter, as well as the valuable role of cultural competencies in the service setting. One aim of this research is to increase understanding of the influence of cultural diversity in service transactions. In addition, we hope to demonstrate the value of the service adjustment process, as well as the managerial implications of service adjustment.

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**Keywords:** *Cultural intelligence (CQ), cross-cultural interaction, service encounter adaptation*

**Relevance to Marketing Educators, Researchers and Practitioners:** This study contributes towards a better understanding of the concept of cultural intelligence and its application in inter-cultural service encounters.

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