A MULTI-LEVEL DYADIC RESTAURANT
EMPLOYEE-CUSTOMER MODEL OF ORIENTATION,
INCIVILITY, AND SATISFACTION:
AN IDENTITY-BASED EXTENSION OF
BELONGINGNESS THEORY

By

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Major Field: HOSPITALITY ADMINISTRATION

Abstract: This study attempts to investigate the paradoxical impacts of customer/employee orientation on customer/employee satisfaction. Drawing on belongingness theory (Baumeister & Leary, 1995), employee/customer incivility act as a mediator that elucidates whether and how customer/employee orientation reduces customer/employee satisfaction. Whereas the proposed indirect associations are discovered to be nonsignificant, the boundary conditions suggested by social identity theories (Brewer, 1991; Tajfel & Turner, 1979; 1985) determine the strength of the direct customer/employee orientation-incivility, and customer/employee incivility-satisfaction links to vary by different levels of identification with a company. For customers, high identification appears to have a neutralizing effect by nullifying the customer orientation-incivility link. However, the direct relationship is significant in moderately identified group. With regard to employees, the direct relationship between employee incivility and satisfaction is significant for moderately identified employees, but not for highly identified employees. The models are tested on dyadic samples comprising 873 employees matched with 2,619 customers across 44 restaurants in China. MSEM is employed to analyze the clustered data by simultaneously accounting for within- and between-level variability.

KEY WORDS: Customer orientation, employee orientation, customer incivility, employee incivility, customer satisfaction, employee satisfaction, customer-company identification, employee-company identification, and competitive intensity, restaurant, food service, and frontline employees.
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CHAPTER I

INTRODUCTION

Overview

Today's highly competitive business environment pushes every organization relentlessly for superior financial performance by constantly pursuing competitive resources. According to Porter's (1996) positioning theory, a firm can only stay ahead of its rivals with a differentiating strategy that it can sustain. The ability for an organization to differentiate itself from others depends on its competencies to "deliver greater value to customers or create comparable value at a lower cost, or do both" (Porter, 1996, p.62). The bar has been set even higher because the rivaling companies can quickly copy any positioning advantages with advancing technologies in the current dynamic markets (Porter, 1996). Being good is not simply good enough. Being great at core competencies is the key. As such, increasing efforts are demanded to obtain and preserve the advantages. To be successful, an organization should not only directly focus on customer's needs but also consider the roles of other stakeholders. Due to their importance in creating customer value to generate revenues and in improving efficiency to control costs, employees formulate an irreplaceable asset of an organization. 
Therefore, for the purpose of assuring a long-term favorable position in business competition, it is essential for an organization to adopt a simultaneous emphasis on attending to both customer and employee needs, namely, a dual emphasis on customer orientation and employee orientation.

The dual orientation toward customers and employees have been evidenced in many marketing, human resources, and strategy studies and practices. For example, Rust, Moorman, and Dickson (2002) noted that strategic advantages derive from a multiple emphasis. An organization became more profitable in the market through simultaneously pursuing more than one competitive advantages instead of only focusing on one particular advantage (Flynn, Schroeder, & Sakakibara, 1995). In addition, a number of stakeholder theories (e.g., Donaldson & Preston, 1995; Freeman, 1994) supported the dual focus of customer and employee orientation. These stakeholder theories highlighted the importance of maintaining a firm's relationship with both the internal (e.g., employees) and external stakeholders (e.g., customers, competitors, and community). The relationships with primary stakeholders were pointed out to be intangible but essential properties of a highly performing firm (Hillman & Keim, 2001). Satisfying various stakeholders' needs was a pivotal source of long-term profits (Bridges & Harrison, 2003).

Given the idea that achieving outstanding performance in multiple domains is a unique competitive resource that rivals can hardly copy and surpass, a simultaneous adoption of more than one strategic orientation has been embraced as a common business practice by organizations. The examples include dual strategic emphases on quality and productivity (Marinova, Ye, & Singh, 2008), on revenue and cost (Rust et al., 2002; Ye, Marinova, & Singh, 2007), and on process and outcome (van Knippenberg, Martin, & Tyler, 2006), etc.
Driven by the desire to obtain a sustainable competitive advantage, a large number of the organizations today simultaneously emphasize satisfying customers and employees. That is to say, customer orientation (i.e., a focus on customer needs) and employee orientation (i.e., a focus on employee needs) coexist in these organizations. However, the degree to which an organization focuses on customer orientation and employee orientation may differ. Organizations may remain comparatively high or low on both orientation, or high on one orientation but low on the other.

**Background Problems**

**Unstable Impacts of Customer and Employee Orientation on Firm Performance**

Whereas managers accomplish superior financial goals by satisfying the needs of customers and employees, they may also find the outcomes of implementing customer and employee orientation not necessarily positive. Considerable studies that examined customer and employee orientation respectively provided evidence of mixed findings of the effects of customer and employee orientation on firm performance. For example, Chuang and Liao (2010) failed to detect a significant association between concern for employees (i.e., a synonym of employee orientation), and service performance. This result was inconsistent with the findings of Borucki and Burke (1999) that advocated a positive relationship linking concern for employees to performance. Cooke and Szumal (1993) surveyed 84 organizations to conclude that a concern for employees had a negative correlation with performance. According to Greenley (1995), Han, Kim, and Srivastava (1998), and Narver and Slater's
(1990), market orientation, or customer orientation (Deshpande, Farley, & Webster, 1993), either positively, negatively, or insignificantly predicted performance.

**Insufficient Explaining Power of Rationality Models of Customer and Employee Behaviors**

The extant literature on social and organizational psychology has been largely based on rationality models of human behaviors, for example, social exchange theory, goal theory, agency theory, expectancy theory, etc., which assume that individuals behave in a rational manner that maximizes gain (Carver & Scheier, 1981; DeShon & Gillespie, 2005; Thau, Aquino, & Poortvliet, 2007). However, people cannot be completely rational. Some of the activities that individuals engage in may hinder them from satisfying their needs or goals (Thau et al., 2007). As Simon (1955) articulated, individuals only have bounded rationality due to restricted access to information and psychological limits. Therefore, rationality theories alone are insufficient to instruct the complicated, paradoxical customer and employee behaviors. There exists a number of phenomena in marketing and organizational behavior that can only be explicated with the knowledge of irrational behaviors or of a combination of rational and irrational behaviors.

**Lack of Knowledge of the Mechanisms Intervening the Negative Effects of Customer and Employee Orientation on Firm Performance**
The inconsistent impacts of customer and employee orientation on performance provide some implications for the business practices. Managers appear to raise more doubts and concerns about the effectiveness of implementing customer and employee orientation in their organization. When the needs of customers and employees are prioritized, a few side-effects unexpectedly emerge. One of the big problems is related to dysfunctional customer and employee behaviors that are induced by customer and employee orientation. Instead of reciprocating the organization's considerate efforts to attend to their needs, customers and employees may demonstrate dysfunctional behaviors that hinder an organization from performing well. Among these dysfunctional behaviors, incivility is the most subtle and pervasive type that occurs between customers and employees on a daily basis. Due to its detrimental effects on customer-employee interactions, incivility negatively influences the attitude of customers and employees toward an organization. Ultimately, the financial performance and competitive advantage are deteriorated.

Despite the increasing anecdotal evidence of incivility arising from adopting customer and employee orientation, as well as the adverse impacts of customer and employee incivility on firm performance, almost no research has systematically studied this issue using empirical data. Little knowledge has been added to the literature about the underlying mechanism explaining why and how customer and employee orientation negatively influence firm performance. Few attempts have been made in using customer and employee incivility as mediators to link customer and employee orientation to customer and employee satisfaction (i.e., attitudinal aspects of firm performance).
Overemphasizing the Impact of Incivility on Targets but Ignoring its Impact on Perpetuators

Based on the above discussion, the implementation of customer and employee orientation may have a negative effect on customer and employee satisfaction via customer and employee incivility. However, a question that emerges and requires great elaboration is whose incivility influence whose satisfaction. To be more specific, it is unclear whether customer incivility influences employee satisfaction, customer satisfaction, or both. Likewise, does employee incivility influence customer satisfaction, employee's own satisfaction, or both? It is evident that prior research put an overwhelming focus on examining target's perceptions of and reactions toward incivility inflicted by others (e.g., Sakurai & Jex, 2012; van Jaarsveld, Walker, & Skarlicki, 2010). The impacts of incivility on perpetrators themselves has been largely overlooked. Thus, there is little guidance from the extant incivility literature to inform the solution of the current research questions in terms of the bilateral customer and employee outcomes of customer incivility, as well as those of employee incivility.

Unknown Boundary Conditions Identified to Prevent or Curtail Incivility Induced by Customer and Employee Orientation

Although it is difficult to find a systematic study testing the "customer orientation-customer incivility" and "employee orientation-employee incivility" links, much anecdotal evidence is available to disclose the existence of the previously mentioned relationships. For instance, as Grandey, Kern, and Frone (2007), and Wilson and Holmvall (2013) claimed, customer-
oriented policies like, “the customer is always right” and “the customer comes first” convey to customers that abusing employees might not be "a big deal". An extreme example exhibiting the "employee orientation-employee incivility" link can be seen from unionized public employees who feel entitled to show an attitude to customers. Under these circumstances, the uncivil behaviors are often attributed to the excessiveness (or heightened degree) of the orientation toward customers and employees.

In order to solve this problem, efforts may be made to discover an optimal levels of customer or employee orientation which can greatly motivate customers and employees to reciprocate an organization's care with good behaviors, but do not indulge them to act badly. However, these optimal levels appear difficult to be quantified. Rather, it would be more effective to find boundary conditions that interact with customer and employee orientation to reduce or eliminate incivility problems. For example, when managers of an organization make great efforts to attend to and satisfy the needs of customers and employees, they should make it clear to employees and customers that there are certain expectations and requirements for enjoying the favor and benefits from the organization.

**Failure to Adopt a Dual Emphasis on Customer and Employee Orientation from Perspectives of both Customers and Employees**

Gaining a better understanding of a dual emphasis on customer and employee orientation is crucial for organizations to establish multiple competitive advantages for a sustainable success. Addressing an organization's increasing demands for the knowledge in this area, the extant literature has already paid some attention to a dual emphasis on customer and
employee orientation. For example, Zhang (2010) surveyed employees to discover that employee orientation indirectly affected performance through customer orientation. In Bridges and Harrison's (2003) study, when employees perceived their organization to be employee-focused instead of customer-focused, they had higher affective commitment to the organization. Mersman (2002) based on the data collected from bank employees to demonstrate that overly focusing on customer orientation had a negative influence on employees, whereas overly focusing on employee orientation impacted customers in a negative way. Chuang and Liao (2010) examined two types of strategically targeted organizational climate (i.e., concern for customers, and concern for employees). Eventually they concluded that an unit's concern for customers that were perceived by employees motivate them to perform cooperative behaviors with customers, whereas concern for employees triggered cooperation with coworkers. In turn, they enhanced excellence in market performance. These above mentioned studies exclusively used organization's employees (including managers) as informants to assess their perceptions of and reactions toward a dual emphasis on customer and employee orientation. However, a dual perspective to look at both employee's and customer's perceptions may be deemed as more appropriate than the single perspective. The reason is because as the major beneficiaries of customer orientation, customer's opinions are also crucial for evaluating the effectiveness of an organization's dual emphasis strategy in addition to employee's perceptions.
The Purposes of the Study

In view of the background problems mentioned above, this study is designed to fill in the research voids by:

(1) Developing and empirically testing two major theoretical paths: one path linking customer orientation to customer satisfaction via customer incivility toward employees (being called “customer incivility” in the rest of the dissertation), as well as the other path connecting employee orientation to employee satisfaction via employee incivility toward customers (being called “employee incivility” in the rest of the dissertation);

(2) Examining the roles of customer- or employee-company identification, and competitive intensity, as boundary conditions to change the impacts of customer and employee orientation on customer and employee satisfaction; and

(3) Making recommendations to the hospitality managers on how to develop an effective dual emphasis on customer and employee orientation that avoid undesirable customer and employee outcomes.

Research Objectives

More specifically, the objectives of this study are to investigate:

(1) the relationship between customer orientation and customer incivility;
(2) the relationship between employee orientation and employee incivility;
(3) the relationship between customer incivility and customer satisfaction;
(4) the relationship between employee incivility and employee satisfaction;
(5) the relationship between customer incivility and employee satisfaction;
(6) the relationship between employee incivility and customer satisfaction;
(7) the relationship between employee satisfaction and customer satisfaction;
(8) the mediating effect of customer incivility on the relationship between customer orientation and satisfaction;
(9) the mediating effect of employee incivility on the relationship between employee orientation and satisfaction.
(10) the moderating effect of customer-company identification on the relationship between customer orientation and customer incivility;
(11) the moderating effect of employee-company identification on the relationship between employee orientation and employee incivility;
(12) the moderating effect of customer-company identification on the relationship between customer incivility and customer satisfaction;
(13) the moderating effect of employee-company identification on the relationship between employee incivility and employee satisfaction;
(14) the moderating effect of customer-company identification on the relationship between customer incivility and employee satisfaction; and
(15) the moderating effect of employee-company identification on the relationship between employee incivility and customer satisfaction;
Significance of the Study

Theoretical Contributions

With the proposed research model, this study advances the theoretical and empirical literature in a couple of important ways.

Discover the Mechanisms Intervening the Negative Effects of Customer and Employee Orientation on Satisfaction

Firstly, by mainly focusing on the benefits of customer and employee orientation on firm performance, past literature (e.g., Borucki & Burke, 1999; Brady & Cronin, 2001; Lee & Miller, 1999) appeared to neglect the potential negative associations between them, thus failing to explain why inconsistent findings occurred in this area. The current study is designed to be the first empirical demonstration that customer and employee orientation undermine customer and employee satisfaction through customer and employee incivility. This is a complementary idea to previous research that explicitly focuses on the adverse impacts of customer and employee orientation on organizational performance. The findings is expected to provide alternative explanations of the inconsistent conclusions in the extant literature of customer and employee orientation.
Establish an Irrationality Behavioral Model to Explain the Undesirable Impact of Customer and Employee Orientation on Satisfaction

Secondly, the central idea of this study departs from rationality models of customer and employee behaviors, such as, social exchange theory (Blau, 1964), organizational support theory (Eisenberger, Huntington, Hutchison, & Sowa, 1986), service profit chain (Heskett & Schlesinger, 1994), etc., which commonly suggest that a supportive environment like in a firm with customer and employee orientation is supposed to motivate positive attitude and behaviors, based on the principle of reciprocity (Aquino & Bommer, 2003; Gouldner, 1960). Given the proposed maladaptive impacts of incivility on perpetrator's own satisfaction, incivility here can be construed as a type of irrational, self-destructive behaviors, which have attracted increasing attention in psychology, economic, and managerial decision making field. For example, the managerial decision-making literature has a common belief that instead of rational thinking and behaving in rational ways, managers often make decisions that undermine their desired goal of optimizing resources and maximizing gains (Bazerman, 2002). Regardless of the ongoing research of irrational behaviors in other area, few efforts have been made to explore irrational behaviors in organizational and consumer behavior. The present study fills in this important gap by examining the irrationality of incivility as an outcome of a positive organizational environment with customer and employee orientation being implemented, and as a predictor of the perpetrator's own impaired satisfaction. Thus, the findings can shed light on the importance of irrational customer and employee behaviors in organizational and consumer psychology.
Extend Belongingness Theory and the Incivility Literature by adding the Perpetrator’s Views of Incivility

Thirdly, this study extends belongingness theory and the incivility literature by including the link between incivility and perpetrator's satisfaction. There is a scarcity of research on perpetrator's views of thwarted belongingness and incivility. The majority of belongingness literature (e.g., Ferris, Brown, & Heller, 2009; Loveland, Smeesters, & Mandel, 2010; Twenge, Baumeister, Tice, & Stucke, 2001) focused on the impacts of thwarted belongingness on target's well-being. Little if any research provided evidence on how perpetrator's belongingness perceptions affect their own satisfaction. The similar situation also occurs in incivility literature (e.g., Chen et al., 2013; Kern & Grandey, 2009; Lim & Tai, 2013), in which incivility has been exclusively examined on the basis of a target's perspective with almost no knowledge of perpetrator's reactions to incivility being demonstrated. By positing that incivility conducted by perpetrators can inhibit perpetrator's own need to belong which eventually decreases their own satisfaction, this study makes a solid contribution to both belongingness theory and the incivility literature.

Use a Social Identity Lens to Establish Boundary Conditions for Belongingness Theory

Fourthly, on the basis of a social identity approach, this study identifies three identity-related moderators: customer-company identification, employee-company identification, and competitive intensity. These moderators are used to establish boundary conditions for the relationships foreshadowed by belongingness theory. In particular, this study applies the concept of optimal identity (or optimal distinctiveness) to the social exclusion situation met
by incivility perpetrators. This is an important extension for belongingness theory because it classifies exclusion perpetrators into different groups that are subject to different motivational mechanism. The specification adds rigor to the overarching belongingness theory.

*Assess Customer and Employee Orientation Based on a Dual perspective*

Last but not least, although a dual emphasis on customer and employee orientation has been applied in past literature, almost no attempts have been taken to assess customer and employee orientation not just based on the single view of employees (including managers) (e.g., Chuang & Liao, 2010; Zhang, 2010), but rather on the opinions of both customers and employees. This provides important insights for research on a dual emphasis on customer and employee orientation, given that employees are supposed to be the major beneficiaries of employee orientation and that customers are also supposed to be the key beneficiaries of customer orientation. Using employees as the only informants to assess customer and employee orientation appears to be inadequate for understanding the true impacts of a dual emphasis on customer and employee orientation. This study fills in this research gap with a multi-source data collection design. The findings will assist in gaining a better understanding of the dynamics of how a dual emphasis of customer and employee orientation works. Another methodological advantage over past studies is that common method variance will be considerably reduced because of this multi-source design.
Practical implications

Assure the Effectiveness of Customer and Employee Orientation

In addition to theory building and testing, the findings of this research is also expected to provide practical insights for managers who desire to build up a superior and sustainable competitive advantage by pursuing customer and employee orientation simultaneously. From the standpoint of the effectiveness of customer and employee orientation, this study suggests that orientation toward customers and employees should be implemented with caution because the mechanism that they go through to affect firm performance may be more complex than managers imagine. Even though an organization can do a good job in taking care of the needs of both customers and employees, customers and employees do not necessarily take care of its business in return. Rather, they can even react to customer and employee orientation in negative ways through behaving uncivilly and getting dissatisfied with the organization. The phenomenon implies that a simultaneous adoption of customer and employees orientation alone may still not be able to assist an organization in achieving its business survival and success goals. Additional actions should be taken into account to be incorporated with the execution of customer and employee orientation. Based on an investigation of boundary conditions, this study suggests that managers focus on satisfying different identity needs for different customers and employees in order to enhance the effectiveness of customer and employee orientation.

Manage Incivility

From the standpoint of the control of incivility, considerable evidence has shown that incivility is more difficult to manage than most of the other deviant behaviors because of its
nature of pervasiveness, mildness, and ambiguity (Cortina, 2008). As a result, there are no clear and consistent official procedures for incivility control. The research model of this study underscores the importance of managing incivility by understanding its situational causes as well as how perpetrators psychologically react toward these external causes (i.e., the satiated belongingness effect) before actually engage in uncivil behaviors. The belief that this study tries to convey is that it is way much better to prevent the occurrence of incivility by working on the controllable causes than to punish, ignore, or tolerate incivility after it happens.

**Organization of the Dissertation**

This dissertation proposal is organized as follows: First, so far, overview, problem statement, research purposes, theoretical contributions, and practical implications of the present study have been presented. This study will then establish the theoretical supports of the hypothesized relationships in the research model in the next section. Following this, the information of research designs, measures, and the analytical strategy will be provided. Then in results and discussion sections, finding of the data analysis will be presented and discussed. Next, theoretical contributions and practical implications are summarized. Finally, this study will conclude with pointing out limitations and future research directions to overcome the limitations.
CHAPTER II

LITERATURE REVIEW

In particular, this section first demonstrates the conceptual background of each constructs in the research model. Next, the theoretical arguments for the hypothesized relationships between the key constructs are discussed. Moderating effects that change the strength of the main effects will also be included. A research model exhibiting all the predicted links will be displayed at the end of this section.

Conceptual Background

Customer Orientation

Customer Orientation: A Construct Deriving from Marketing Concept and Market Orientation

Customer orientation, market orientation, and marketing concept are interchangeable terms that advocate a “customer focus” philosophy (Deshpande, Farley, & Webster, 1993; Nwankwo, 1995; Shapiro, 1988; Webster, 1988). No organization can live without implementing the marketing concept because not a single organization can succeed
without winning the support of customers. Therefore, marketing scholars delineated marketing concept to be the cornerstone in the marketing discipline (Levitt, 1960; Norman, 1997; Oakley, 2002). As a major business philosophy, marketing concept shows a firm’s focus shifting outward to its external environment related to customers. The whole organization communicates and shares the information obtained from this external environment (Oakley, 2002).

Regardless of various researchers’ efforts to clarify market concept (e.g., Drucker, 1954; Levitt, 1960), practitioners still found it a vague term and not very informative for the business practices (Dickinson, Herbst, & O’Shaughnessy, 1986; Oakley, 2002; Reynolds & Harris, 2006; Sachs & Benson, 1978). In order to provide a more action-oriented prescription for implementing the market concept, a group of researchers in the 1990s (e.g., Kohli & Jaworski, 1990; Mohr-Jackson, 1991) developed the term “market orientation” to operationalize the market concept.

Undeniably, the stream of market orientation studies was more insightful with a better understanding of the role of marketing in an organization (Oakley, 2002). However, there were at least three main competing conceptual perspectives of the market orientation construct that led to confusion among researchers and practitioners (Oakley, 2002). For example, Kohli and Jaworski’s (1990) research proposed a behavioral perspective of market orientation by emphasizing on behaviors and activities related to executing market orientation. The market-oriented behaviors they listed were: generation of market intelligence, dissemination of that intelligence across the organization, and designing and implementing a response to this market intelligence. Different from Kohli and Jaworski (1990), both Narver and Slater (1990) and Deshpande et al. (1993) advocated a cultural
perspective of market orientation. According to Narver and Slater (1990), three components of market orientation culture seemed to emerge: customer orientation, competitor orientation, and interfunctional coordination. Different from Narver and Slater's (1990) opinions, Deshpande et al. (1993) conceptualized market orientation as putting an emphasis on customer orientation and suggested an interchangeable use between market orientation and customer orientation. As they stated, a market-oriented organization means it is customer-oriented (Reynolds & Harris, 2006). Comparing and contrasting these three perspectives of market orientation, Jaworski and Kohli (1996) identified four similarities (Deshpande et al., 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990): focusing on customers as an essential component, adopting external orientation, recognizing the value of being responsive to customers, and suggesting more efforts to implement market orientation in addition to focusing on customers.

**Conceptualization of Customer Orientation**

Following Deshpande et al. (1993), this study conceptualizes customer orientation to be a type of organizational culture, which is also a manifestation of an organization's strategy (Sørensen, 2002). In particular, customer orientation in this study has been defined as shared beliefs that prioritize the customer’s interests but do not disregard those of all other stakeholders in order to maximize long-term profitability (Deshpande et al., 1993). As Deshpande et al. pointed out, customer orientation should be taken as a part of overall but more important organizational culture. Therefore, gaining a full picture of its deep root in values and beliefs is more crucial for an effective adoption of customer orientation.
across an organization than paying attention to the individual needs of actual and future customers.

*Organizational-level versus Individual-level Customer Orientation*

Customer orientation has been conceptualized to be either an individual-level or an organizational-level variable. The research on individual-level customer orientation construed customer orientation as individual’s characteristics, dispositions, or personal traits. For example, Saxe and Weitz (1982) introduced to the marketing literature the concept of salesperson customer orientation to be the degree to which salespeople practice the marketing concept by helping their customers make purchase decisions that satisfy customer's needs (Homburg, Muller, & Klarmann, 2011). Donavan, Brown, and Mowen (2004) identified customer orientation to be a personal characteristic that drives employees to meet customer needs.

Departing from research on individual-level customer orientation, the present study takes customer orientation as an organization-level cultural construct, which manifests a business philosophy of how things should be done, an organization’s purpose, and the practices that are developed to accomplish that purpose (Ruekert, 1992). According to Cardy (2001), customer-oriented companies embrace their customer-focused culture as a competitive strategy and believe it is essential to lead to their success in a dynamic business environment. Numerous organizations even add customer orientation to their strategy statements. Some familiar customer-oriented slogans include: “The customer is always right”; “The customer is king”; and “Always stand in customers’ shoes”.

20
Customer Orientation and its Synonyms

There emerged a few synonyms of customer orientation in previous literature, such as, customer sovereignty, customer focus, and concern for customers. Customer sovereignty indicated the extent to which production of goods and services is determined by customer likings (Hutt, 1936). Wolfe (1999) uncovered that customer orientation has both positive and negative sides, and customer focus is related to be the positive side of customer orientation. In addition, concern for customers is conceptualized as a type of strategic organizational climate in Chuang and Liao's (2010) research.

The three synonymous terms of customer orientation displayed a common theme that customer need and satisfaction are placed at the first place. Although these terms can sometimes be applied interchangeably, customer orientation is the most widely accepted in the scholarly research.

Benefits from Customer Orientation

As a powerful organizational culture, customer orientation benefits customers, employees, and organizations. Considerable empirical studies demonstrated that customer orientation led to positive customer perceptions (Dobni, Ritchie, & Zerbe, 2000), customer satisfaction (Deshpande & Farley, 1999; Gray, Matear, Boshoff, & Matheson, 1998), high customer purchasing intentions (Cronin, Brady, & Hult, 2000), a high customer retention rate (Narver & Slater, 1990), and long-term customer relationships.
Customer orientation may also result in a better work environment for employees (Cole, Dale, Mills, & Jenkins, 1993) and heighten employee satisfaction (Donavan et al., 2004). If an organization implemented customer orientation, it performed significantly more superior than its counterparts that did not (Deshpande & Farley, 1999; Singh & Ranchhod, 2003). The reason was because customer orientation brought business profitability and growth (Deshpande et al., 1993; Narver & Slater, 1990), highest return on assets (Narver & Slater, 1990), good human resource management skills (Narver & Slater, 1990), and competitive advantage (Ganesan, 1994).

**Costs of Customer Orientation**

While the mainstream marketing discipline appeared to unanimously advocate the application of customer orientation, a small body of researches questioned its value (Henderson, 1998; Korczynski & Ott, 2004). For example, Franke and Park (2006) challenged the utility of customer orientation by showing no clear effect of salesperson customer orientation on sales performance. Homburg et al. (2011) further argued that adopting customer orientation may even reduce sales performance through requesting more salesperson and firm resources (e.g., time and complexity costs).

In other cases, the drawbacks of implementing customer orientation may not be very obvious, with intangible costs being associated with customer orientation. For example, managers felt discouraged when they found customer orientation difficult to control and manipulate (Reynolds & Harris, 2006). A superficial level of customer orientation hurt customers because employees faked smiling but did not genuinely care (Harris &
According to Brown (2002), simply gratifying all the demands of customers did not make customers happy because they did not know what they themselves really wanted.

**Employee Orientation**

*Conceptualization of Employee Orientation*

Employees play a prominent role in implementing market orientation because their work creates value for all stakeholders (Bridges & Harrison, 2003). In view of the importance of employees, a number of studies stated that employees are internal customers (e.g., Conduit & Mavondo, 2001; Gummesson, 1987; Lukas & Maignan, 1996), who assist an organization to accomplish customer satisfaction and business success. Many researchers suggested to consider employee (internal customer) orientation one of the market orientation components (Greenley & Foxall, 1997; Lings, 2004; Shapiro, 1988; Siu & Wilson, 1998) because all of the employees can work like members of the marketing department (Gronroos, 1978).

Whereas there was an overemphasis of the value of external customer orientation (Lukas & Maignan, 1996; Mohr-Jackson, 1991), the past literature seemed to pay limited attention to internal customer orientation (Mohr-Jackson, 1991). Parallel to the conceptualization of customer orientation in the current study, employee orientation is defined as shared beliefs that prioritize employee’s interests but do not disregard those of all other stakeholders in order to maximize long-term profitability. According to Mersman (2002), the construct of employee orientation is akin to concern for employee...
development, welfare, and well-being, and employee participation. Although employee orientation has not been studied as much as customer orientation, numerous organizations in practice have included it to their business philosophy or strategy by treating employees as valuable assets, business partners, and human capital.

Developing employee orientation is not an extra but an essential procedure for a market-oriented organization. As Parasuraman (1987) noted, an organization cannot claim to have a genuinely customer-orientated culture unless it also attended to the interests of its employees, especially of its frontline workers. Furthermore, Bridges and Harrison (2003) found that when employees believed their organization placed greater focus on shareholders and customers, their job performance would be impaired. In contrast, if the organization exhibited employee-oriented culture, employees then became more committed to their job and organization.

The means that previous research illustrated to effectively implement employee orientation included creating a warm and supportive environment (Litwin & Stringer, 1968), developing a fair reward and incentive system (Janz & Prasarnphanich, 2003), providing job security (Hooley et al., 2000), increasing involvement in decision making (Fritz, 1996), delegating responsibility (Zhou, Li, & Zhou, 2004), continuous training and development (Plakoyiannaki, Tzokas, Dimitratos, & Saren, 2008), and developing suitable career paths (Plakoyiannaki et al., 2008).

Benefits of Employee Orientation
The benefits of employee orientation reported by past studies can be categorized into three facets: employee, customer, and organizational benefits. First, employee orientation directly leads to plenty of positive employee outcomes, for example, employee satisfaction, job motivation, and organizational commitment (Fritz, 1996; Ruekert, 1992), high morale (Yau et al., 2007), and reduced stress (Zhang, 2010). Employee orientation can also result in positive customer outcomes, such as customer satisfaction (Plakoyiannaki et al., 2008; Powpaka, 2006). In addition, the organizational-level benefits associated with employee orientation include: better cooperative learning and knowledge sharing (Janz & Prasarnphanich, 2003; Zhang, 2010), enhanced interdepartmental cooperation (Powpaka, 2006), increased organizational performance (Powpaka, 2006) and effectiveness (Koys, 2001), higher productivity, greater flexibility, improved customer service and other outcomes related to financial performance (Pfeffer, 1998).

**Customer Orientation and Employee Orientation**

Customer and employee orientation are fundamental elements of the culture of service organizations (Beatty, 1988). Although some researchers (e.g., Greenley & Foxall, 1998; March, 1991; Yu, Patterson, & de Ruyter, 2012) questioned about an organization's capability to simultaneously enforce these two orientation because of limited resources, the current study bases on a series of conceptual and empirical evidence to propose that customer and employee orientation, as two organizational foci, can coexist and interact across an organization. Drawing on Stakeholder theory (Donaldson & Preston, 1995), an
organization can simultaneously fulfill the interests of all stakeholders, which formulates a strong theoretical support for the coexistence of customer and employee orientation. Wolfe (1999) confirmed this idea by stating that all firms implement certain extent of customer orientation, and certain extent of employee orientation. Similarly, Beatty (1988) noted that a firm’s dedications to its employees and to customers were separate but often equally important values. Grinstein (2008) advocated firms to implement multiple strategic orientation by integrating multiple systems of belief and creating a more sophisticated organizational culture. According to Schneider and Bowen (1992), an organization should have policies and practices that take care of employees but at the same time attend to customer service. Naisbitt and Aburdene (1985) used a construct of people orientation to combine together customer and employee orientation which strongly values people over financial goals. Chuang and Liao (2010) empirically tested concern for customers and concern for employees as the dual foci of the business unit to generate distinctive types of employee performance.

Furthermore, other research suggested the relationship between customer and employee orientation to be more than coexistence. Rather, they mutually facilitate and reinforce each other (Beatty, 1988; He, Zhang, Li, & Piesse, 2011; Luk, Yau, Tse, Sin, & Chow, 2005; Wolfe, 1999). Luk et al. (2005) explicated that a firm that was committed to its customers may also be committed to its employees or vice versa due to a close contact between customers and employees. In light of this correlated or reciprocal relationship, Mersman (2002) challenged pervious views of phrasing customer and employee orientation as "which comes first". According to them, taking customer and employee orientation to be a decision making to pick one over the other is far from being sufficient.
This is true because no organization can be completely customer-oriented or employee-oriented. Under most circumstances, an organization displayed some characteristics of both.

**Customer Satisfaction**

Customer satisfaction is the major purpose of customer orientation. Following Westbrook (1987), this study defines customer satisfaction as customer's global evaluative judgment about consumption. Fontenot, Behara, and Gresham (1994) pointed out that customer satisfaction was seldom based on contact with a single organizational employee or only one facet of the firm (Fontenot et al., 1994; Wolfe, 1999). Masterson (2001), nevertheless, contended that customers’ satisfaction with the frontline employees who served them determined the level of overall customer satisfaction.

As a fundamental construct in the consumer behavior and marketing strategy, customer satisfaction has been widely applied as an important marketing performance indicator (Luo & Homburg, 2007). According to the American Customer Satisfaction Index (Fornell, 1992) and the Business Excellence Index (Kanji, 1998), customer satisfaction acted as a crucial benchmark for firm performance and competitiveness.

The multi-dimensional customer satisfaction (Johnston & Lyth, 1991) can be indexed based on various items including four correlated aspects: satisfaction with people, place, product, and price (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005). Before customers patronize a company, they may have already formulated expectations about various dimensions related to their consumption experience. If a company meets
expectations, customers then feel satisfied. Negative disconfirmation of those expectations would result in reduced customer satisfaction (Wolfe, 1999).

Employee Satisfaction

Employee satisfaction has been incorporated with customer orientation and employee job performance to compose a three-facet business performance indicator (Hartline & Ferrell, 1996; Lam, Chen, & Schaubroeck, 2002; Plakoyiannaki et al., 2008). Service employees and customers may share similar satisfaction (Tornow & Wiley, 1991), because of their close and frequent interaction.

This study conceptualizes employee satisfaction to be an appraisal or evaluation of an employee’s job (Weiss, 2002). There are two components underlying the job satisfaction construct: motivation and hygiene (Hebzberg, Mausnek, & Snydebman, 1959). Motivation increases satisfaction through fulfilling people’s needs for personal growth. The examples of motivation are achievement, recognition and advancement (Syptak, Marsland, & Ulmer, 1999). Rather than keeping people motivated, hygiene factors reduce dissatisfaction. The examples of hygiene factors include work conditions, supervision, salary, and policies. Both motivation and hygiene should be considered in order to maintain a high level of employee satisfaction.
Paradoxical Relationships between Customer/Employee Orientation and
Customer/Employee Satisfaction

In general, the associations of customer orientation and customer satisfaction have been reported positive by most if not all of past studies (e.g., Andreassen, 1994; Coff, Boles, Bellenger, & Stojack, 1997; Hennig-Thurau, 2004). However, the positive effect of customer orientation on customer satisfaction may not always be true. Customer orientation may go through certain process to eventually exert an adverse impact on customer satisfaction. One of the objectives of this study is to question the take-for-granted positive role of customer orientation by identify some mediating factors though which customer orientation decreases customer satisfaction.

In the same vein, according to the logic of social exchange theory (Blau, 1964) or equity theory (Adams, 1963), employee orientation was pinpointed to positively affect employee satisfaction either in a direct or indirect way. For example, Beatty (1988) found that employee orientation had a predominating beneficial impact on employees through their attitudes, organizational attachment, and job satisfaction. The current study also focuses on an indirect influence of employee orientation on employee satisfaction. In particular, an employee-related mediating factor is expected to be identified to interfere the relationship between these two variables, so that a negative indirect association may emerge.
Hypothesis Development

This section of the study centers on discussing the mediating effect of customer incivility and the moderating effects of organizational formalization between customer orientation and customer satisfaction. Another focus of this section is to investigate the mediating effect of employee incivility and the moderating effect of competitive intensity between employee orientation and employee satisfaction.

Conceptualization of Customer Incivility

The construct of customer incivility is an extension of workplace incivility (Bartlett & Bartlett, 2011). Consistent with van Jaarsveld et al. (2010) and Walker, van Jaarsveld, and Skarlicki (2013), this study contends that incivility occurs not only inside the organization but also outside the organization. An overlook of incivility in service encounters, taking place across the organizational borders, is a major omission of the previous literature because service encounters comprise the most important scene of all organizational activities. Furthermore, frontline employees tend to interact more frequently with customers than with coworkers (Rafaeli, 1989). They are exposed to more mistreatment from customers than from supervisors and coworkers (Grandey et al., 2007; LeBlanc & Kelloway, 2002). Addressing its role as an important source of incivility, the current study is in support of expanding the scope of workplace incivility by adding the element of customer incivility in service encounters (e.g., Bartlett & Bartlett, 2011; Kern & Grandey, 2009).
Drawing on the universally adopted definition of workplace incivility by Andersson and Pearson (1999), this study defines customer incivility as low-intensity deviant behavior directed at employees by customers with ambiguous intent to harm employees, in violation of norms for mutual respect (Kern & Grandey, 2009; Sliter, Jex, Wolford, & McInnerney, 2010; Walker et al., 2013). As a typical job stressor (Penney & Spector, 2005), customer incivility delineates the situations in which customers treat employees in a disrespectful manner. Past literature has heavily emphasized on workplace incivility (or within-organization incivility), such as, incivility from supervisors, coworkers, leaders (Cortina & Magley, 2009; Cortina, Magley, Williams, & Langhout, 2001; van Jaarsveld et al., 2010). Nevertheless, some more recent studies (e.g., Cortina & Magley, 2009; Kern & Grandey, 2009) argued that customers are a noticeable source of incivility that can be reflected in daily incidents of service encounters. For example, customers ask employees challenging questions, use a tone when speaking, and ignore instructions (Bartlett & Bartlett, 2011). Thus, this study is line of the new research stream by investigating the outside-organization incivility that occurs during customer-employee contacts (Bartlett & Bartlett, 2011).

**Conceptualization of Employee Incivility**

The incivility derived from service encounters includes not only customer incivility but also employee incivility. Employing the similar conceptualizing method of customer incivility, this study defines employee incivility as low-intensity deviant behavior directed at customers by employees with ambiguous intent to harm customers, in
violation of norms for mutual respect. Our definition is consistent with the definitions provided by Bartlett and Bartlett (2011), van Jaarsveld et al. (2010), and Walker et al. (2013). Examples of employee incivility are comprised of employees’ behaviors such as ignoring customer requests, speaking rudely to customers, as well as making derogatory remarks to customers (Bartlett & Bartlett, 2011). Akin to customer incivility, employee incivility has also been less frequently examined than workplace incivility in past literature.

**Difference between Customer and Employee Incivility**

Although customer and employee incivility comprise the incivility occurring in service encounters, this study argues that the intensity and frequency of two incivilities may differ. The reason is related to the underlying nature of service encounters, in which employees are given certain policies to regulate their interpersonal contacts with customers (Wilson, 2010). If they display norm violating behaviors, they are likely to receive punishment from managers. Furthermore, an organization may often require employees to provide good service even in the situations when customers treat them uncivilly (Wilson, 2010). Nevertheless, different from employees, customers act with more discretion in service encounters because an organization can hardly impose regulations on customers (Wilson & Holmvall, 2013). As a result, in the context of service encounters, employees are likely to behave in a better manner than customers (Wilson, 2010), which determines customer incivility may be more frequent, intense, and overt than employee incivility.
**Distinction of Incivility from Other types of Antisocial Behavior**

Incivility comes from a big family of antisocial behavior (see Figure 1, Andersson & Pearson, 1999). Three major characteristics make it distinct from other similar behavioral terms, such as, verbal aggression, mistreatment, sabotage, etc. First, the low-intensity nature of incivility determines the incidents to appear trivial so that targets hesitate whether it is worth reporting them. Thus, managers find it difficult to detect and control the uncivil behaviors, compared with other more severe forms of deviance. For example, customer verbal aggression indicates a way of how customers verbally communicate anger, an intense emotion (Andersson & Pearson, 1999; Grandey, Dickter, & Sin, 2004). Since verbal aggression is more obvious behavior due to strong emotion involved, managers are able to discover it once it occurs and work out effective procedures to alleviate its negative impacts. Incivility, however, may disguise itself in a much milder form. Sometimes even the targets cannot sense it immediately.
Second, the ambiguous intent to harm plays a prominent role in differentiating incivility from other antisocial behaviors. The targets, observers, or even instigators themselves cannot ascertain whether the instigators enact incivility purposively. For example, a customer is making rude jokes about employees. This customer may do it intentionally to mock employees, or to show dissatisfaction with the company. It is also possible that the occurrence of the incident is simply due to his or her poor sense of humor. Therefore, with incivility, the intent is obscure and is subject to various interpretations (Andersson & Pearson, 1999).

Last but not least, the interpersonal feature of incivility pinpoints that it can only be directed toward another person or a group of people, but not toward an organization.
Customers can harm an organization by sabotage, for example, abusing a company’s satisfaction guarantee (Bartlett & Bartlett, 2011). Yet, it makes no sense to say: “A customer is uncivil to a company”. Rather, it is more appropriate to speak: “A customer is uncivil to an employee of a company”.

**Entity versus Event Perspective of Incivility**

The act of incivility can be either a social entity or an event (Cropanzano, Byrne, Bobocel, & Rupp, 2001; Walker et al., 2013). On the one hand, the entity perspective of incivility that is adopted by most research construed incivility as an aggregate and accumulated behavior over time and across various encounters (Walker et al., 2013). On the other hand, the event perspective has described incivility to be an interactive event (Andersson & Pearson, 1999) and paid more attention to specific encounters. In support of the event perspective, Walker et al. (2013) pointed out its advantage to lie in its ability to capture an immediate response toward the perpetrator. Compared to the entity perspective, the event perspective appears to have some advantages in providing more insight into how targets respond to incivility when it takes place. Nevertheless, this study argues that the magnitude or strength of incivility is generally determined by its intensity and frequency. Since all incivility have a low-intensity nature, frequency then becomes a key factor to differentiate the various levels of the impacts of incivility. This may partly explain why people are more disturbed by repeated occurrence of uncivil behaviors than by severity of incivility. An investigation of incivility at an accumulated level may raise chances to find out the significance of its impact. Thus, in line with the entity perspective
of the main stream incivility research, this study focuses on examining incivility based on the frequency of a series of uncivil events instead of on the intensity of a specific uncivil event.

**Perpetrator’s versus Target’s Perspective of Incivility**

Past literature has predominantly studied incivility from the target’s perspective. An incivility measure to assess the perpetrator’s perspective are difficult to find. Addressing this scarcity, the current study posits that the knowledge of incivility from the perpetrator’s perspective can be inferred from the literature of workplace deviance (or deviant behavior), counterproductive work behavior, dysfunctional behavior, and antisocial behavior. Workplace deviance refers to “voluntary behavior that violates significant organizational norms and, in doing so, threatens the well-being of the organization or its members, or both” (Robinson & Bennett, 1995, p. 349). Similarly, counterproductive work behavior is voluntary behavior that harms the well-being of the organization (Rotundo & Sackett, 2002). Dysfunctional behavior involves activities that further personal interests but are harmful to long-term organizational performance (Ramaswami, 1996), whereas antisocial behavior captures the harmful nature of behavior that has the potential to cause harm to individuals and/or the property of an organization (Giacalone & Greenberg, 1996). The commonality of these behaviors is that they are deviant, norm violating, and harmful to the target(s). These characteristics are very close to the nature of incivility, which pertains to low-intensity deviant behavior with ambiguous intent to harm, in violation of norms (Andersson & Pearson, 1999). Thus, it is
reasonable for this study to draw on the literature of work deviance, counterproductive work behavior, dysfunctional behavior, and antisocial behavior to examine perpetrators’ incivility perceptions.

**Lack of Scales to Assess Customer and Employee Incivility from the Perpetrator’s Perspective**

Although incivility research is still in its infancy, a number of incivility scales have been developed and utilized to measure the uncivil behaviors from different sources, such as supervisors, coworkers, family, customers, and employees. The extant incivility literature experienced an early and dominant interest in workplace incivility and currently began to direct its attention to the incivility outside the organization, occurring at employee-customer encounters. The early developed workplace incivility measures, such as the Workplace Incivility Scale (WIS, Cortina et al., 2001) and Uncivil Workplace Behavior Questionnaire (UWBQ, Martin & Hine, 2005), are more generic and applicable across various work situations. This may explain the main reason why they became so popular and were widely adopted in the incivility literature.

Following a hot discussion on workplace incivility, the researchers later discovered a need to examine incivility over the organizational border to service employee-customer encounters. One of the essential social context in a service organization is employee-customer interface (Rafaeli, 1989). Compared to employee-supervisor or employee-coworker interactions at workplace, employee-customer interactions can be more frequent because service accounts for the major activities for many organizations. This
creates more opportunities for employees or customers to engage in uncivil behaviors, which is consistent with the notion of Grandey et al. (2007) and LeBlanc and Kelloway (2002) that inter-organizational aggression is more common than intra-organizational aggression. Moreover, the temporal relationships between employees and customers with a limited shared history may contribute to the heightened level of incivility (Gutek, Bhappu, Liao-Troth, & Cherry, 1999). In addition, employees are responsible for keeping polite and pleasing customers in service encounters, whereas they do not have such obligations toward their colleagues. Thus, the frequency, nature, and organizational policies may determine the importance of incivility in employee-customer interactions and its differentiation from incivility at workplace (Wilson, 2010).

From the measurement perspective, regardless of the fact that the workplace incivility scales have been employed to examine incivility between employees and customers by past studies (e.g., Kern & Grandey, 2009), these measures still revealed some irrelevancy and limitations for employee-customer interactions. It can be seen that there were general incivility items (e.g., failing to say please or thank you) in the workplace incivility measures to be suitable for assessing incivility in employee-customer encounters. Nevertheless, a few workplace incivility items may hardly be applied to the interactions between employee and customers, for instance, reading private faxes or emails, or borrowing personal items without permission from the owners (Martin & Hine, 2005). Furthermore, some uncivil behaviors seem to only happen between service employees and customers. For example, employees intentionally slow service to the customers, or customers complain about the service for no legitimate reasons.
Having seen the inapplicableness of workplace incivility measures to the employee-customer interactions, a few attempts have been made to formulate measures specifically for employee incivility (e.g., van Jaarsveld et al., 2010; Walker et al., 2013) and customer incivility (e.g., Sliter, Sliter, & Jex, 2012; van Jaarsveld et al., 2010; Wilson & Holmvall, 2013). These instruments include items well representing the characteristics of service encounters. For example, customers continue to complain despite employees' efforts to assist them (Wilson & Holmvall, 2013). Customers grumble to employees about slow service during busy times (Wilson & Holmvall, 2013).

The employee-customer incivility research has been growing rapidly with more scholars actively involved in progressing this body of literature. Consequently, many significant contributions have been made in this field to advance the organizational incivility research. For instance, van Jaarsveld et al. (2010) conceptualized and differentiated the face-to-face incivility from the over-the-phone incivility (Wilson & Holmvall, 2013). Lim and Lee (2011) theoretically separated the event incivility (i.e., specific events of rude interactions) from the entity incivility (i.e., the overall evaluation of accumulated incivility).

The workplace incivility and employee-customer incivility literature complements each other to facilitate our understanding of the incivility inside and outside the organizations. However, with the exception of one study, i.e., Walker et al. (2013), using external judges to evaluate incivility, the organizational incivility research unanimously applied measurement to assess incivility from the target's perspective. Respondents were asked to indicate the frequency of the uncivil treatment that they experienced from the instigators. Addressing this gap, one of the purposes of this study is to develop a measurement that
examines the incivility from the perpetrator's perspective. The creation of perpetrator's incivility scale is meaningful because incivility instigators are likely to see their uncivil behaviors quite differently from targets. The uncivil behaviors perceived by the targets may not be considered as inappropriate by the perpetrators. Many uncivil behaviors are very trivial, so perpetrators are easy to engage in these behaviors even without recognizing it. As Porath and Pearson (2013) indicated in their study, one quarter of the perpetrators that participated in their study didn’t think their behaviors as uncivil when they were actually performing incivility. Furthermore, the way how instigators describe their incivility seems to be more covert and innocuous-sounding. If the target's incivility measures are used to ask perpetrators, the language used may be too overt, critical, or straightforward that it would reduce the possibility for perpetrators to acknowledge their actual uncivil conducts. In addition, necessity of creating the perpetrator's incivility scale can also be evident in instruments of the aggression construct. One aggression measurement, the Aggressive Experiences Scale (AES) (Glomb, 1998), simultaneously includes separated subscales on both target-perceived (i.e., AES-target) and perpetrator-perceived aggression (i.e., AES-engaged in). Therefore, in order to avoid the social desirability bias and validity problems, new scales are desirable to assess perpetrator's perceptions of their own incivility. By making an initial attempt to develop an employee incivility and an customer incivility scale from the perpetrator's perspective, the current research is expected to encourage the following studies to examine incivility not just from a single perspective, but from both target's and perpetrator's perspectives.
Personal and Situational Antecedents of Perpetrating Incivility

Personal Antecedents of Perpetrating Incivility

The antecedents of perpetrating incivility are comprised of personal and situational factors. Not many studies directly examined what motivates perpetrators to engage in incivility. Since incivility belongs to norm-violating behavior, it may share some predictors with deviant, dysfunctional, misbehavior, counterproductive, or antisocial behavior. Therefore, drawing on the literature of these norm-violating behaviors, personal factors that predict incivility may include goal blockage, frustration, ego or self-image threat, stressor, authoritarian personality and attribution (e.g., Machiavellianism or Narcissism), scarcity of psychological resources (e.g., attention and ability to regulate one’s emotions) (Krasikova, Green, & LeBreton, 2013). These personal predictors manifest people’s underlying desire to dominate, control, or exploit others (Aquino & Lamertz, 2004).

Situational Antecedents of Perpetrating Incivility

Based on the social interactionist perspective (Andersson & Pearson, 1999), personal factors can interact with situational factors to exert an impact on incivility conducts. Some situations strongly bolster incivility by making perpetrators rationalize or legitimize their uncivil conduct. The situational factors identified by past research may comprise: leaders’ influence, outcome-focused reward systems (Krasikova et al., 2013); No explicit service rules, deviant management behavior, and insufficient organizational support (Skarlicki, van Jaarsveld, & Walker, 2008); an emphasis on authority and status
differences, arbitrary actions, severe and punitive treatment of subordinates, deterrence of subordinates’ initiative and dissent (Aquino & Lamertz, 2004); financial concerns (Daunt & Harris, 2012); organizational alienation (Harris & Ogbonna, 2002); target personal characteristics (Krasikova et al., 2013); and target destructive behaviors (Krasikova et al., 2013).

*Lack of Knowledge in Outcomes of Perpetrating Incivility*

The existing literature has illustrated a number of customer, employee and organizational outcomes associated with incivility based on a view of the targets who experienced incivility. For example, when experiencing incivility, customers generated negative perception of customer service and wanted to switch to another company (van Jaarsveld et al., 2010). Employee outcomes related to experiencing incivility include emotional exhaustion (Kern & Grandey, 2009), emotional labor (Rupp & Spencer, 2006), decreased performance (Sliter et al., 2012), impaired mental and psychological health (Lim & Lee, 2011), negative mood (Barling, 1996), lower productivity (Andersson & Pearson, 1999), absenteeism (Grandey et al., 2004), reduced job satisfaction and organizational loyalty (Lim & Lee, 2011), and heightened employee turnover (Andersson & Pearson, 1999; Cortina & Magley, 2009). On top of these independent customer and employee reactions to incivility, a spiraling effect of incivility occurs when initial incivility triggers subsequent incivility which continuously escalate into incivility spirals (Andersson & Pearson, 1999). The spirals of incivility exert an influence on both parties of the incivility incidents.
Despite of the voluminous research on the target's responses to incivility, there was little information provided to articulate what kinds of consequences perpetrators obtain from engaging in incivility. For example, are they happy because they satisfy their goals through behaving uncivilly? Or, do they regret and feel bad about it. Even the literature of deviant, dysfunctional, misbehavior, counterproductive, and antisocial behavior has largely overlooked this area. Thus, examining the consequences of perpetrating incivility became one of the research objectives of this study.

**Effects of Customer/Employee Orientation on Customer/Employee Incivility**

**The Theoretical Framework: Belongingness Theory**

Belongingness theory (e.g., Baumeister & Leary, 1995) probably provides the most parsimonious and integrative view to understand the theoretical mechanism between customer/employee orientation, customer/employee incivility, and customer/employee satisfaction. Simply put, it is a theory about the need to belong, which refers to human desire to develop and sustain positive and lasting interpersonal attachment (Baumeister & Leary, 1995). Belongingness theory has a wide application to studying human emotion, attitude, and behavior because human need for interpersonal bonds is "one of the most far-reaching and integrative constructs currently available to understand human nature" (Baumeister & Leary, 1995, p522). In particular, individuals feel a sense of belongingness if they are included in social relationships, whereas a number of adverse outcomes, such as anxiety, loneliness, and health issues, will generate if individuals are
socially excluded from groups or relationships (Baumeister & Leary, 1995; Leary & Baumeister, 2000).

A Satiated Motivational Model of Belongingness

A group of belongingness theorists, DeWall, Baumeister, and Vohs (2008), proposed a motivational model of the need to belong. According to them, belongingness, in essence, is human quest for social acceptance, which formulates a powerful human motivation. Motivation can be either satisfied or thwarted. Specifically, a drive that is fulfilled tends to temporarily reduce in strength, whereas a thwarted one amplifies its intensity. For example, a thirsty person will feel less thirsty and pay less attention to thirst problems after drinking some water. However, the same person will grow thirstier and think about the thirst problems all the time when there is no water available. The same reasoning can be applied to the situation when individuals have gained social acceptance, their desire to maintain a good relationship with others might be temporarily diminished. Nevertheless, losing the social acceptance (i.e., being socially rejected) results in a strengthened desire to obtain it. DeWall et al. (2008) further established a linkage between social performance and acceptance. They discovered that being socially accepted would divert people's attention from improving regulation of performance because the belongingness need has been satisfied. In contrast, social exclusion would encourage people to well regulate their performance. The motivation model of belongingness was proved to be a robust theoretical framework supported by the consistent findings of DeWall et al.'s (2008) seven experiments.
The satiation effect on motivation has some parallels in other prior work. For example, social monitoring hypothesis (Lakin & Chartrand, 2005; Pickett, Gardner, & Knowles, 2004) implied that experiencing sufficient belongingness might lead to a decreased sensitivity to social cues. In a moral credential study by Monin and Miller (2001), it was uncovered that individuals who had fulfilled their goal of not being labeled prejudicial lowered motivation to behave in a way that was not susceptible to being prejudicial. The satiation effect was also evident in Carver's (2004) research that people are likely to lower efforts on pursuing a certain goal if they are progressing it smoothly. The paralleled findings in these studies demonstrated indirect but strong support of the satiated motivation of belongingness.

**Belongingness Perspective: Effects of Customer/Employee Orientation on Customer/Employee Incivility**

According to DeWall et al. (2008), satiated motivation of belongingness that is derived from social acceptance impairs the self-regulation to perform tasks. The current study mainly focuses on this satiation effect of belongingness to explicate the negative effects of customer/employee orientation on customer/employee incivility. By attending to needs of customers and employees, valuing them as important stakeholders, and providing them great support, customer/employee orientation signals a message to customers/employees that they have been given great social acceptance in this firm. In line of the reasoning of satiated motivation of belongingness, when customers/employees have satisfied their goal of gaining social inclusion, their motivation to self-regulate for social acceptance will be
satiated or reduced. Consequently, they are induced to overlook the importance of maintaining interpersonal relationship with others, and in turn, reduce the self-regulation to perform well interpersonal tasks.

As DeWall et al. (2008) emphasized, satiated motivation of belongingness may only directly impact the interpersonal tasks, i.e., tasks which help to increase social attractiveness or to obtain social acceptance. The reason is because the satisfaction of belongingness needs attenuates the drive to gain social inclusion through maintaining relationships. As a typical interpersonal variable, incivility, a mild behavior with the ambiguous intention to hurt which damages the interpersonal bonds, may be construed as a more frequent consequence resulting from this satiated motivation of belongingness. With low motivation to make oneself socially attractive induced by customer and employee orientation, customer and employees may limit their self-regulation to exhibit socially appropriate behaviors. Consequently, under this situation, they are more likely to perform a certain interpersonally harmful deviant behaviors, such as incivility, than in the conditions of no satiated motivation of belongingness triggered by customer and employee orientation.

Based on the above reasoning, the below predictions are proposed:

\(H_1: \) Customer orientation is positively related to customer incivility; such that, the higher customer orientation, the higher customer incivility.

\(H_2: \) Employee orientation is positively related to employee incivility; such that, the higher employee orientation, the higher employee incivility.
**Effects of Customer and Employee Incivility on Customer and Employee Satisfaction**

Another important focus of the present study is to test whether incivility of perpetuating customers and employees would lower their own satisfaction level with the firm. Belongingness theory is also informative for theoretically linking the incivility of perpetrating customers and employees to their own satisfaction. In belongingness literature, social exclusion, the extent to which a person is excluded or ignored in his or her groups or relationships (Ferris, Brown, Berry, & Lian, 2008), is a central variable that has been most frequently studied. Incivility can be construed as a mild form of social exclusion. Although it is a low-intensified behavior, incivility violates the social norms, breaks off the attachment, and excludes people from their group members. Furthermore, social exclusion items, e.g., "being ignored or excluded", have been widely adopted in the incivility scales. Therefore, it is fair to consider incivility as a sub-dimension of social exclusion, which warrants the suitability of the belongingness theory to explicate incivility phenomena.

As belongingness theory depicted, humans have a natural desire to belong in interpersonal relationships. Positive and lasting interpersonal relationships determine human physical and psychological well-being (Baumeister & Leary, 1995). In contrast, failure to maintain such a relationship would harm individual's psychological and physical health (Penhaligon, Louis, & Restubog, 2013). As a result, individuals are driven to benefit themselves by pursuing social acceptance but at the same time, avoiding social exclusion (DeWall et al., 2008).
Developing a positive relationship with others depends on not only how a person is treated by others, but also the way the person treats other people. The majority of the belongingness studies dealt with the issues that people's need to belong is thwarted by other's social exclusion (e.g., Baumeister, Twenge, & Nuss, 2002), or that individuals exhibit either positive or negative emotional, attitudinal, or behavioral outcomes due to their thwarted belongingness (e.g., Thau et al., 2007). However, almost no attention has been paid to whether and how social excluding behaviors influence perpetrators themselves. This is an important omission because it overlooked the impact of social exclusion to deplete perpetrator's relationship-based resources by destroying their relationships with targets. The poor quality of interpersonal relationships with targets is likely to negatively influence perpetrator's own belongingness. Moreover, the socially unattractive excluding behaviors that perpetrators perform may make themselves look bad in front of other people. As such, the perpetrator's relationships with these people may also deteriorate. Thus, it is safe to conclude that perpetrators may risk themselves being socially rejected when they perform social excluding behaviors on others. As a direct result of social exclusion, their need to belong is hindered. A strong support of the perpetrator's thwarted belongingness can be evident in situations when a person is rejecting another's love offer. Instead of getting a positive feeling due to the success in attaining his or her goal of avoiding the attachment with the rejected person, the perpetrator may experience embarrassment, guilt, or even pain. The fundamental belongingness need of the perpetrator makes oneself feel difficult to avoid attachment. Thus, once the rejecting behavior has been performed, the perpetrator's need to belong is impaired.
The Intrapersonal Links

To summarize the above argument, social exclusion leads to thwarted belongingness of both perpetrators and targets. However, since the theoretical link between perpetrator's social excluding behavior and their feelings of thwarted belongingness is newly established by the current study, there is little if any empirical research directly in support of this idea. Neither has the majority of incivility literature empirically tested the effects of incivility on perpetrator's well-being. Regardless of this oversight, the previous argument of this study presents adequate reasoning that social exclusion thwarts perpetrator's own belongingness, which infers the maladaptive impact of incivility on perpetrator's affective feeling, such as satisfaction. Satisfaction can be a broad concept, including life satisfaction, job satisfaction, relationship satisfaction, etc. This study focuses on employee’s or customer’s satisfaction with a company.

Therefore, the following predictions are proposed:

**H₃:** Customer incivility is negatively related to customer satisfaction; such that, the higher customer incivility, the lower customer satisfaction.

**H₄:** Employee incivility is negatively related to employee satisfaction; such that, the higher employee incivility, the lower employee satisfaction.
The Interpersonal Links

Given that incivility is a sub-dimension of social exclusion, it can be inferred that thwarted belongingness is also a proximal psychological mechanism of incivility because social exclusion represents one of the main focuses of belongingness theory. Based on belongingness theory, thwarted belongingness has a broad influence on people's emotions, attitude, and behaviors. By incorporating the existing literature of social exclusion and incivility, it is evident that incivility may exert a great impact on targets as a result of thwarted belongingness. For example, Baumeister et al. (2002) noted that people suffer depression, sadness, and lowered self-esteem when their need to belong is thwarted. van Jaarsveld et al. (2010) discovered that when customers were treated uncivilly, they perceived a low level of service quality, and were unwilling to purchase from the company again. According to Sliter et al. (2012), employees degraded their job performance after they endured incivility. This study only focuses on a certain types of impacts of incivility, namely, customer and employee satisfaction. Based on the above discussion, customer incivility toward employees is likely to have a negative influence on employee satisfaction, whereas employee incivility toward customers tends to adversely affect customer satisfaction. The reason is because a feeling of thwarted belongingness derived from experiencing perpetrator's incivility impairs target's psychological well-being. Marchiondo, Marchiondo, and Lasiter (2010) supports this incivility-satisfaction link among incivility targets in their study.

Thus, the following hypotheses is posited:
**H5:** Customer incivility is negatively related to employee satisfaction; such that, the higher customer incivility, the lower employee satisfaction.

**H6:** Employee incivility is negatively related to customer satisfaction; such that, the higher employee incivility, the lower customer satisfaction.

### The Effect of Customer/Employee Orientation on Customer/Employee Satisfaction

Customer orientation may influence customer satisfaction in either direct or indirect way. In most situations, a customer generally gets satisfied once he or she perceives that an organization fulfills its customer-oriented promise to really prioritize and satisfy their needs. For a business organization, the main purpose to implement customer orientation is to increase customer satisfaction that is a powerful indicator of profitability. Following the same logic, the employee-oriented culture may directly foster satisfaction among employees because their basic needs of being respected and loved are substantially fulfilled.

The above discussions lead me to posit the following hypotheses:

**H7:** Customer orientation is positively related to customer satisfaction; such that, the higher customer orientation, the higher customer satisfaction.

**H8:** Employee orientation is positively related to employee satisfaction; such that, the higher employee orientation, the higher employee satisfaction.
The Effect of Employee Satisfaction on Customer Satisfaction

Although the model of service profit chain (Heskett, Jones, Loveman, Sasser, & Schlesinger, 2008) suggested an indirect relationship between employee satisfaction and customer satisfaction, the direct effect of employee satisfaction on customer satisfaction has been supported in considerable research across many industries, for example, insurance (Schlesinger & Zornitsky, 1991), and banking (Rucci, Kirn, & Quinn 1998; Schneider & Bowen, 1985; Schneider, Parkington, & Buxton, 1980), etc. Given frontline employees directly interact with customers, it is possible that their attitude and affects directly impact their customer’s company-related attitude. Thus, the following hypothesis is posited.

H9: Employee satisfaction is positively related to customer satisfaction; such that, the higher employee satisfaction, the higher customer satisfaction.

Moderating Effects

Although the above hypothesized relationships are theoretically important and empirically meaningful, their existence or strength needs further evidence on how they may differ under a set of boundary conditions. As such, I discuss a few potentially moderating factors in the following section. In particular, the focus is limited to two intra-organizational variables (i.e., customer-company, and employee-company identification) and one inter-organizational variable (i.e., competitive intensity).
Self-Identification Theory: Complements and Extends Belongingness Theory

The reasoning of the main effects are understood in a framework of belongingness theory (Baumeister & Leary, 1995; DeWall et al., 2008). One of its limitation is that it emphasizes the individual-based survival goal as the fundamental motivation to pursue belongingness. In a social environment, goals not only are restricted to surviving and satisfying the basic material need, but reflect a more collective nature when individuals are embedded in a variety of societal groups. Among the various group-oriented, psychological need, the predictive power of belonging may be stronger when studying it in the broader group context rather than interpersonal context.

Identity is comprised of two forms, personal identity and social identity. Personal identity is defined as “the individuated self- those characteristics that differentiate one individual from others within a given social context”, whereas social identity refers to “categorizations of the self into more inclusive social units that depersonalize the self-concept” (Brewer, 1991, p. 476).

The widely-applied theory about social identity was called social identity theory developed by Tajfel and Turner (1979; 1985). It is an overarching umbrella theory that connects a group of subtheories (such as, social categorization theory, social comparison theory, identity uncertainty theory, and optimal distinctiveness theory, etc.) together under the common theme of social identity, which has exerted a considerable influence on the domain of social psychology. The key tenets of social identity theory are that the personal self is just one basic identity that an individual possesses. Rather, there are
several other selves corresponding to the widening circles of group membership, which are understood as multiple social identities.

According to the theory, the formation of a group involves three stages: social categorization, social identification, and social comparison. Firstly, social categorization pertains to perceiving self as part of a group. Next, during the social identification process, individuals focuses on making themselves typical group members. When individuals hold mature memberships, social comparison behaviors are activated in a way that individuals view their social identity as superior to other outgroup or ingroup members.

The most intriguing element of social identity theory is related to it predictive power on individual behavior as a function of the individual’s membership perception in a social group (Tajfel & Turner, 1985). The self-concept derived from perceived memberships drives individuals to engage in a series of prosocial or antisocial actions, in anticipation of satisfying group-, or individual-oriented goals.

With an origin of intergroup discrimination, social identity theory emphasizes in-group favoritism and outgroup derogation to be two main behavioral representations of an individual’s social identity. More specifically, it holds that group memberships cause individuals to have a tendency of differentiating their in-group from outgroup, and favoring the in-group benefits at the cost of sacrificing the out-group.

If social identity need are satisfied, individuals may obtain utilitarian and hedonic benefits. According to Hogg (2000; 2003), social identity help individuals to minimize uncertainty in their social settings. Categorizing people into groups enables individuals to
understand and foresee other’s behaviors. Moreover, when social identity is enhanced, individuals perceive self-esteem, and feel good about themselves (Ahearne, Bhattacharya, & Gruen, 2005; Wieseke, Kraus, Ahearne, & Mikolon, 2012). In contrast, with threatened social identity, individuals may engage in compensatory behavior, for instance, out-group devaluation to regain in-group superiority (Branscombe & Wann, 1994; Doosje, Ellemers, & Spears, 1995; Ellemers & Bos, 1998).

**Intergroup vs. Intragroup Comparisons**

In social identity theory, the frame of reference within which judgments are made determines the nature of predicted relationships (Brewer, 1993). Special attention is paid to the difference in judgments between intergroup and intragroup contexts. Under the conditions of intergroup settings, the underlying comparison is made between groups or categories within a broader social background. However, in intragroup settings, the focus of comparisons shift to a particular social group or category in which individuals are embedded. Whereas intergroup comparisons emphasize differentiating one group from others with the resulted intragroup homogeneity, intragroup comparisons look for more variabilities between self and other group members within a particular reference group.

A substantial amount of research efforts has been invested in the effect of intergroup differentiations. The current study diverts its interest in the dynamics of intragroup judgments because it is a particularly important perspective of social identity theory and its subtheories (Brewer, 1993; Tajfel & Turner, 1985; Turner, 1981; Turner, Hogg, Oakes, Reicher, & Wetherell, 1987).
**Group memberships in Intragroup Settings**

Within the intragroup frame, individuals hold different levels of positions or status and enjoy different levels of inclusion based on the attainment of key identity attributes, also called, prototypicality. A prototypical group member is the one who represents the central components of a group and has a close self-group alignment (Leonardelli, Pickett, & Brewer, 2010). For an individual to be considered as prototypical of the group, he or she needs to maximize the differences from out-group members while simultaneously minimize the in-group distinctions (Oakes, Haslam, & Turner, 1998). The more similar as in-group members and more different from out-group members, the more secure individuals are in their membership status. The benefits of social identity process is that the prototypical members with secure group identity enhance well-being and engage in positive social behavior. Nevertheless, the drawback is that the peripheral or marginal members (who demonstrate low prototypicality) with insecure group identity experience exclusion, intolerance, and even intragroup hatred (Brewer, 1991).

Different terminologies emerged in the literature to capture the nuances in subgroup comparisons within the intragroup context. For example, majority versus minority (Leonardelli et al., 2010), highly-inclusive versus moderately-inclusive (Leonardelli et al., 2010), new versus old, prototypical versus peripheral (Noel, Wann, & Branscombe, 1995), prototypical versus marginal (Jetten, Branscombe, & Spears, 2002), and highly-identified versus moderately-identified (Bhattacharya & Sen, 2003), central versus noncentral members (Knippenberg & Wilke, 1988), etc.
Optimal Distinctiveness Theory: Explaining the motivation mechanisms of in-group variability

Perceived variability of in-groups activates motivational power for satisfying identity needs (Brewer, 1993). Feeling different levels of inclusion may trigger various motivational mechanisms to determine whether a group member engages in prosocial or antisocial behaviors. The tenets of optimal distinctiveness theory (Brewer, 1991), a subtheory of social identity theory, provides a strong rationale for explaining how the motivational mechanisms underlying the in-group variability work. In another word, the theory is used to predict whether and how in-group favoritism and bias robustly influence members’ behaviors.

Optimal distinctiveness theory is consistent with social identity theory in the assumption that group membership is critical for individuals to gain a better understanding of who they are, and that identifying with social groups contributes to individual’s positive psychological outcomes (Badea, Jetten, & Czukor, 2010). However, different from social identity theory to mainly focus on in-group favoritism and out-group derogation, it is more appropriate for being used to investigate in-group favoritism along with in-group bias (Leonardelli et al., 2010). Furthermore, optimal distinctiveness theory highlights the determining role of need satisfaction in categorizing groups. It also interprets the various level of identification with social entities to be a result from the expectation to balance needs for assimilation and differentiation (Pickett & Leonardelli, 2006). This expectation leads to an advantage of optimal distinctiveness theory over social identity theory, which
pertains to accentuating the motivational process in in-group identification. Broadly speaking, the main difference between two theories lies in emphasizing different aspects of group identification. Whereas social identity theory studies from a more macro perspective on how social contexts fosters group identification, optimal distinctiveness theory gives an in-depth examination on need satisfaction at the individual level (Badea et al., 2010).

More specifically, according to optimal distinctiveness theory (Brewer, 1991), the concept of optimal social identities derives from its premise that two opposing identity needs, the need for assimilation and the need for differentiation, compete with each other when an individual attempts to identify with a group (Solomon, 1980). The need for assimilation refers to the need for in-group inclusion and belonging, and the need for differentiation is defined as the need for distinguishing oneself from others (Codol, 1975). In a social context, being too unique or inclusive threatens a person’s sense of security and self-worth. Being highly identified with a group makes one vulnerable to isolation and stigmatization. However, lack of group identity do not allow for comparative appraisal or self-definition (Brewer, 1991). Therefore, excessive distinction or assimilation make us feel uncomfortable or incomplete (Frable, Blackstone, & Scherbaum, 1990; Fromkin, 1970; 1972; Lord & Saenz, 1985). As a result, any movement toward extreme low-identification with a group arouses the opposing need for assimilation with other in-group members, whereas any movement toward extreme high-identification with a group activates the contrary need for differentiation. The purpose of choosing social identities is to reach a balance between needs for inclusion and for differentiation in a certain social setting. Optimal identities exist when it allows an
individual to be inclusive enough that he or she feels being part of a group, but simultaneously to be exclusive enough that clearly differentiate oneself from others.

One important notion of optimal distinctiveness theory is that the pursuit of being distinctive or assimilative is a normal adaptive process, in which individuals neither deny the importance of their group nor think of themselves as less positively. Instead, they are simply driven to emphasize in-group uniqueness or similarity as their desired identity status.

**Social Identity Applied in an Organization: Employee- and Customer-company Identification**

Organizations can act as a major social context for individuals to enhance their social identity. To survive and thrive in today’s society, a large amount of the people need to work in an organization for making a living. Think about how many hours individuals spend per day at work. There is no doubt that an organization can function as an important source from which individuals develop social identity. The development process of a person’s social identity with an organization is called organizational identification.

To the extent that an organization symbolize a meaningful social group, individuals are more likely to build up cognitive connections between themselves and the organization, as well as to use the collective organizational attributes to define themselves (Marin & de Maya, 2013). If the involved individuals are employees, this process is termed as employee-company identification. If the involved individuals are customers, the process
is named as customer-company identification. The overall organizational identification embodies a voluntary membership hinged on employee’s or customer’s evaluation of the overlap between their sense of self and sense of the organization (Bergami & Bagozzi, 2000; Dutton, Dukerich, & Harquail, 1994; Lichtenstein, Netemeyer, & Maxham, 2010; Mael & Ashforth, 1992).

The organizational identification literature invested more efforts on investigating identification among employees, the insider and formal members, under the condition that the role of organizational identification is more central and salient. An increasing number of identification research on customers, the outsider and informal members, is requested (Marin & de Maya, 2013). This shortage of research partly originates from the disputes whether customers can identify with an organization without a formal and sustained membership. Drawing on social identity theory (Brewer, 1991), it is not a must for individuals to establish strong interpersonal connections, or even interact before they start identifying with a group. The findings of current studies on organizational identification (Pratt, 1998; Scott & Lane, 2000) underpin this assumption. The attractive and meaningful social identities provided by a company can motivate both employees and customers to establish identification with it. The identification of self with an organization can be observed anecdotally when “UPSers” or “IBMers” are used by employees to name themselves (Korschun, Bhattacharya, Swain, 2014), or when Apple computer users strongly identify with the company and feel proud of being a customer (Korschun, 2015).

The pervasiveness of employee- or customer-company identification may vary across different industries carrying out different product/service. Service companies may be a
target for employees and customers to easily identify with (Bhattacharya & Sen, 2003),
given the importance of relationship-based emphasized and the intensiveness of the
interactions involved in their daily operations.

Desirable and Undesirable Outcomes of Employee-/Customer-company Identification

The tenet of social identity theory that a boosted identity in a broader intergroup setting
leads to in-group preferences and out-group derogation predict the existence of both
desirable and undesirable outcomes related to employee- and customer-company
identification. Past literature enlisted the benefits of employee-company identification
including employee loyalty (Mael & Ashforth, 1992), organizational citizenship
behaviors (Bergami & Bagozzi, 2000), long-term commitment (Elsbach, 1998), public
praise (Elsbach, 1998), support for the organization (Elsbach, 1998), decreased turnover
(Mael & Ashforth, 1995), organization-based self-esteem (Bergami & Bagozzi, 2000),
work motivation and performance (van Knippenberg, 2000), helping behaviors with
fellow employees (Podsakoff, MacKenzie, Paine, & Bachrach, 2000), and strengthened
relationship with other departments or business units within an organization (Richter,
West, van Dick, & Dawson, 2006). Furthermore, the desirable outcomes of customer-
company organizational reported in the literature comprise positive word-of-mouth,
favorable attitudes toward the company, company loyalty, enhanced purchase intent and
behavior (Ahearne et al., 2005; Bhattacharya & Sen, 2003; Lichtenstein, Drumwright, &
Braig, 2004), willing to pay more (Homburg, Wieseke, & Hoyer, 2009), better firm
financial performance (Homburg et al., 2009), brand choice (Ahearne et al., 2005), as
well as cooperative interaction with organizational members (Bhattacharya & Sen, 2003).

Identification with an organization does not always bring benefits, but sometimes causes some troubling situations. One crucial statement of social identity theory elucidates that social identity is a primary cause of intergroup conflict (Al Ramiah, Hewstone, & Schmid, 2011). Simply holding an elevated sense of belonging to an organization can lead to adversarial treatment toward other stakeholders being perceived as outsiders (Korschun, 2015), which is eventually detrimental to the organization itself. For example, organizational identification stimulates employee’s unethical behavior to drive short-term sales (Umphress, Bingham, & Mitchell, 2010). Customer identity-based misbehaviors with an organization are reported as shoplifting, illegitimate complaining, verbal abuse, and, in occasionally, physical violence (Bitner, Booms, & Mohr, 1994; Dube, 2003; Fullerton & Punj, 2004).

**Multi-stage Moderating Effects of Customer- or Employee-company Identification**

The current study attempts to extend the interest on adversarial consequences related to organizational identification. More specifically, draw on optimal distinctiveness theory, I propose a multi-stage moderating effects of customer- or employee-company identification on the previously stated links of orientation-incivility and incivility-satisfaction.
Identification: Moderating the Link between Orientation and Incivility

The logic underlying the orientation-incivility link is based on customer- or employee-incivility, the ignorance of maintaining interpersonal relationship, resulted from satisfied needs for belonging under customer or employee orientation culture. Whereas this novel idea is given reasonable support by the tenets of satiated motivational model of belongingness, it shows incompleteness and needs further elaborations without the discussion of boundary conditions. Customer or employee orientation may increase customer or employee incivility. However, is the relationship always true? Or does it exist only under a certain circumstances? Evidence to answer these questions may be located in optimal distinctiveness theory, which specifies when different belonging motivations would matter.

In particular, drawing on optimal distinctive theory, customer- or employee-company identification is expected to establish the boundary conditions for customer or employee orientation to have an impact on customer or employee incivility. Customer or employee orientation reflects an organizational belief in and goal of treating all customers or employees equally well. One message interpreted in a social identity framework is that it may risk blurring the identity boarders between prototypical and marginal members in the intragroup settings. As a result, different motivational mechanisms are activated for different subgroups.

Different subgroups here in this study are categorized based on to what extent a customer or an employee identify with an organization. For customers or employees with comparatively high level of customer- or employee-company identification, customer or
employee orientation fails to distinguish themselves from the moderately identified groups. Consequently, their need for distinctiveness is likely to be activated. They are driven to conduct deviant behaviors that do not conform to organizational norms, in order to authenticate their exceptional standings within the group, even though it may run contrary to their superordinate group goals. The organizational norms applied to a service company is more service-oriented, which focuses on favorable customer-employee interactions to smooth the business operations. In this context, engaging in incivility, a type of mild and trivial undesirable interpersonal behavior, may be an ideal strategy for highly-identified customers or employees to choose for the purpose of satisfying needs for distinctiveness at a minimized cost of severe consequences.

On contrary, the unclear identity boundaries between prototypical and marginal members primed by customer or employee orientation give moderately identified customers or employees an opportunity to be assimilated into the group. Without a secured central membership in the company, customers or employees desire to feel more inclusive and affiliated by adhering to the group norms (Brewer, 1991). This behavioral tendency is strengthened in a customer- or employee-orientation context which is favorable for establishing collective social identity. Put in a context of service organizations, moderately identified customers or employees are expected to behave according to the organizationally acceptable service standards, and reduce disrespectful interpersonal behaviors as a reflection of pursuing assimilation goals.

By summarizing the above arguments, H10 is predicted:
**H10:** The positive relationship between customer orientation and customer incivility is decreased when customer-company identification is low versus high; such that, the lower customer-company identification, the weaker the positive relationship between customer orientation and customer incivility.

**H11:** The positive relationship between employee orientation and employee incivility is decreased when employee-company identification is low versus high; such that, the lower employee-company identification, the weaker the positive relationship between customer orientation and customer incivility.

**Identification: Moderating the Interpersonal and Intrapersonal Links between Incivility and Satisfaction**

Identification Moderating Intrapersonal Incivility-Satisfaction links

As being discussed in the section of main effects, partly drawing on belongingness theory (Baumeister & Leary, 1995), incivility can hurt perpetrators' sense of belonging through its potential to violate the social norms, break off the attachment, and exclude perpetrators from their group members. The feelings of thwarted belonging are likely to result in their decreased satisfaction toward a company. The social identity perspective can add to this view by specifying how the intrapersonal links between customer or employee incivility and satisfaction are dependent on some boundary conditions, such as customer- or employee-company identification.
Bhattacharya and Sen’s (2003) research on customer-company identification provided evidence to answer this question, and the idea can also be inferred on employee-company identification. In their study, Bhattacharya and Sen (2003) confirmed Alsop’s (2002) opinions that when individuals identify with a company, they connect their self-definition with the overall company attributes but overlook minor, trivial pieces of information, even if the information may be negative. In another word, high identification with the company can bias individuals to be immune and resilient to minor variations in the products or services of a company. Bergami and Bagozzi (2000) presented the rationale of this phenomenon by stating that highly identified individuals make more favorable attributions about company’s intentions and responsibility when undesirable events occur. They tend to be easier to forgive identified company’s mistakes (Hibbard, Brunel., Dant, & Iacobucci, 2001; Kramer, 1991), and often perceive it to be beyond the company’s control.

Once individual’s attitude toward an identified company has developed, it remains relatively stable (Aaker, 1999; Lam, Ahearne, Hu, & Schillewaert, 2010). Individuals have a tendency to strive for confirmation of their self-related beliefs (Lam et al., 2010). Due to a close connection between the attitude toward an identified company and their self-concept, individuals are not likely to change the company-related attitude just like they stick to their self-related attitude (Lam et al., 2010). As a result, the biased positive evaluations of the identified company will be stored in people’s mind for the long term, if identification with the company reaches to a relatively heightened level.

The above theoretical notion has an important implication for studying the moderating role of identification on intrapersonal incivility-satisfaction links. Uncivil behaviors are
not uncommon in customer-employee interactions. Although it has a potential to bring a number of detrimental impacts on customers, employees, and companies across time, the one-time, single occurrence of incivility tend to be considered as minor and trivial events during service encounters. When customers or employees feel highly identified with a company, their own incivility will not apparently impact their satisfaction toward the company because identification is such a powerful affection to neutralize any low-magnitude negative information (Alsop, 2002). As such, the previously proposed intrapersonal incivility-satisfaction links will at least be weakened by or even not apply to high identification situations.

The arguments above propels me to make the following hypotheses:

**H12:** The negative relationship between customer incivility and customer satisfaction is strengthened when customer-company identification is low versus high; such that, the lower employee-company identification, the stronger the negative relationship between customer incivility and customer satisfaction.

**H13:** The negative relationship between employee incivility and employee satisfaction is strengthened when employee-company identification is low versus high; such that, the lower employee-company identification, the stronger the negative relationship between employee incivility and employee satisfaction.
Identification Moderating Interpersonal Incivility-Satisfaction links

The moderating role of identification on interpersonal incivility-satisfaction links takes a different perspective to focus on how other people make attribution to an individual’s identification. Given that identification embodies a type of strong emotional bond (Homburg et al., 2009), other observers around is likely to sense it no matter whether or not the focal person is highly identified. By this means, the actual identification of a perpetrator can be recognized as a proxy of perception of perpetrator’s identification by a target. When applying this view to the examined relationships, the focus then shifts to how customers perceive and react to incivility from employees if they feel employees having a certain level of identification. If a customer is being mistreated by an employee who does not demonstrate strong emotional bonds with a company, the customer is likely to sense it and blame the company for its inability to offer attractive and meaningful social identities that get its employees engaged (Bhattacharya & Sen, 2003). As a result, the customer’s satisfaction with the company is decreased. It implies the customer’s demands for an organization to take an active role in guiding its employees to establish identification with it. Standing in a more reactive position, an individual person’s failure to identify with the company is easier to be justified. The same logic also works for the moderating effect of customer-company identification on the relationship between customer incivility and employee satisfaction. Employee’s attribution of customer incivility to the company’s failure in attracting customers to identify with it may lower their satisfaction with the company. As such, the following predictions are made:

**H14: The negative relationship between customer incivility and employee satisfaction is strengthened when customer-company identification is low versus high; such that, the**
lower customer-company identification, the stronger the negative relationship between customer incivility and employee satisfaction.

**H15:** The negative relationship between employee incivility and customer satisfaction is strengthened when employee-company identification is low versus high; such that, the lower employee-company identification, the stronger the negative relationship between employee incivility and customer satisfaction.

**Competitive Intensity: A Environmental Moderator between Customer Orientation and Customer Incivility**

In addition to the personal moderators, one environmental moderator, i.e., competitive intensity is identified to play a role in the effect of customer orientation on customer incivility. Competitive intensity is defined as a situation where competition is intense because of the number of similar competitors in the market and the inadequacy of further growth opportunities (Auh & Menguc, 2005).

The meaningfulness of its moderating role mainly stems from a social identity insight that competitive intensity can act as a social identity threat (Wieseke et al., 2012) outside a company to dampen customer’s sense of belonging. Competitive intensity implies a similarity between the in-group company and its out-group competitors. The inability to discriminate out-group competitors from the in-group company questions the value and worthiness of maintaining a good relationship with the company and company’s employees. Under this circumstance, customer orientation is more likely to cause
customers to engage in incivility because customers’ interpretation of competitive intensity adds to the underestimation of the value of identifying with and feeling belonged to the focal company.

According to the above argument, the prediction below is proposed:

\[ H_{16}: \text{The positive relationship between customer orientation and customer incivility is strengthened in an organization facing high competition; such that, the higher competitive intensity, the stronger the positive relationship between customer orientation and customer incivility.} \]

The Mediation Models

As a summary, the relationships that H1-H2 and H5-H6 predict can be integrated to constitute two mediation models in the following hypotheses.

\[ H_{17}: \text{Customer incivility mediates the relationship between customer orientation and customer satisfaction.} \]

\[ H_{18}: \text{Employee incivility mediates the relationship between employee orientation and employee satisfaction.} \]
Integrative Model

Thus far, this study has proposed eighteen hypotheses based on theoretical reasoning.

**H1:** Customer orientation is positively related to customer incivility; such that, the higher customer orientation, the higher customer incivility.

**H2:** Employee orientation is positively related to employee incivility; such that, the higher employee orientation, the higher employee incivility.

**H3:** Customer incivility is negatively related to customer satisfaction; such that, the higher customer incivility, the lower customer satisfaction.

**H4:** Employee incivility is negatively related to employee satisfaction; such that, the higher employee incivility, the lower employee satisfaction.

**H5:** Customer incivility is negatively related to employee satisfaction; such that, the higher customer incivility, the lower employee satisfaction.

**H6:** Employee incivility is negatively related to customer satisfaction; such that, the higher employee incivility, the lower customer satisfaction.

**H7:** Customer orientation is positively related to customer satisfaction; such that, the higher customer orientation, the higher customer satisfaction.

**H8:** Employee orientation is positively related to employee satisfaction; such that, the higher employee orientation, the higher employee satisfaction.

**H9:** Employee satisfaction is positively related to customer satisfaction; such that, the higher employee satisfaction, the higher customer satisfaction.
\textbf{H10}: The positive relationship between customer orientation and customer incivility is decreased when customer-company identification is low versus high; such that, the lower customer-company identification, the weaker the positive relationship between customer orientation and customer incivility.

\textbf{H11}: The positive relationship between employee orientation and employee incivility is decreased when employee-company identification is low versus high; such that, the lower employee-company identification, the weaker the positive relationship between customer orientation and customer incivility.

\textbf{H12}: The negative relationship between customer incivility and customer satisfaction is strengthened when customer-company identification is low versus high; such that, the lower employee-company identification, the stronger the negative relationship between customer incivility and customer satisfaction.

\textbf{H13}: The negative relationship between employee incivility and employee satisfaction is strengthened when employee-company identification is low versus high; such that, the lower employee-company identification, the stronger the negative relationship between employee incivility and employee satisfaction.

\textbf{H14}: The negative relationship between customer incivility and employee satisfaction is strengthened when customer-company identification is low versus high; such that, the lower customer-company identification, the stronger the negative relationship between customer incivility and employee satisfaction.

\textbf{H15}: The negative relationship between employee incivility and customer satisfaction is strengthened when employee-company identification is low versus high; such that, the
lower employee-company identification, the stronger the negative relationship between employee incivility and customer satisfaction.

**H16:** The positive relationship between customer orientation and customer incivility is strengthened in an organization facing high competition; such that, the higher competitive intensity, the stronger the positive relationship between customer orientation and customer incivility.

**H17:** Customer incivility mediates the relationship between customer orientation and customer satisfaction.

**H18:** Employee incivility mediates the relationship between employee orientation and employee satisfaction.

On the basis of the above hypotheses, a conceptual framework is developed (see Figure 2).
Figure 2. The Conceptual Model

Notes: (C) Customer Data, and (E) Employee Data.
CHAPTER III

METHODS

To test the hypothesized relationships in the theoretical model, this section discusses data sources and sampling, procedures of data collection, measures, and data analysis.

Research Design

Data Sources

This study adopts a descriptive and causal research design with questionnaire surveys. Due to the conceptual integration of employee and customer perceptions demonstrated in the framework of this study, a multi-sample research design is applied. Data is collected from employees and customers. In particular, employees provide information of employee orientation, customer incivility, employee satisfaction, and employee-company identification. Customers complete questions on customer orientation, employee incivility, customer satisfaction, competitive intensity, and customer-company identification. Therefore, this study gathers data not only from employees but also from customers in order to minimize the common method variance due to self-report data and
enhance the validity of the results.

**Sampling Population**

The sampling population of testing the conceptual model is restaurant frontline employees who have face-to-face contact with customers on a daily basis and their customers in large main cities in China. A convenience, non-probability sampling method is employed because the main focus of this study is for theory testing. According to Lund Research Ltd. (2012), when researchers expect to find out whether a theoretical issue exists, a non-probability sample technique is an option to use. They gave an example that people can select the samples that they feel will reveal the interested issues. When the issue does not exist even in the biasedly selected sample, it is more unlikely to show up in other unbiased samples. One of the advantages of doing this is to save more time and expenses for research efforts using probability sampling methods on the same problem that actually does not exist.

Sampling restaurants offers a meaningful background for model testing in this study. The restaurant industry presents an ideal context to study deviant behaviors because it involves plenty of extended and close employee-customer interactions providing abundant opportunities to observe interpersonal incivility between employees and customers.
Sample Size

The theoretical model is multilevel in nature, with customers nested within employees and employees nested within restaurants. The multi-level data structure requires using analysis method accounting for the structure of clustered data. Multilevel Structural Equation Modeling (MSEM) is used to analyze the nested data. According to Kreft’s (1996) "30/30" rule of thumb for a multilevel design, a sample of minimum 30 groups with minimum 30 individuals each group is requested. Hox (2002) agreed to Kreft’s principle when the focus of data analysis is the fixed parameters. However, he argued that number of group should follow "50/20" rule (i.e., 50 groups with 20 individuals per group) if the researchers aim at discovering cross-level interactions. Essentially, larger sample sizes are desirable in MLM because they guarantee more accurate variance estimates and standard errors (Hox, 2002). Nevertheless, due to the limited access to big samples, a number of previous multilevel research (e.g., Grizzle, Zablah, Brown, & Mowen, & Lee, 2009; Joshi, Liao, & Jackson, 2006; Liao & Chuang, 2004; Liao, Joshi, & Chuang, 2004; Liao & Rupp, 2005; Marinova et al., 2008; Palmatier, 2008; Wang, Liao, Zhan, & Shi, 2011, etc.) managed to reach reasonable power and effect size with sample sizes less than 50 groups, ranging from 25 to 46 groups. As Hox (2002) advocated, optimal design is necessary to obtain a balance between statistical power and data collection costs.

Most recently, Preacher, Zhang, and Zyphur, (2011) and Preacher, Zyphur, and Zhang (2010) illustrates some sample size criteria specifically applying to MSEM. As they point out, the MSEM researchers still know very little about the minimum sample size necessary at each level in two- and three-level MSEM designs. Hox’s (2010) criterion of
50 upper level units is appropriate under the estimation methods of maximum likelihood (ML), mean-adjusted weighted least squares (WLSM), or mean- and variance-adjusted weighted least squares (WLSMV). However, when using maximum likelihood with robust standard errors and chi-square (MLR) due to violations of normal distribution assumptions, 200 upper-level units are deemed as adequate. According to Preacher (2011), the lower-level sample size (i.e., the cluster size standing for the number of samples within a group) does not matter as much as the upper-level. Enlarging the cluster size does not significantly influence the analysis results.

The data structure revealed by the conceptual model of this study is basically two-level, with employees being the upper-level units and customers being the lower-level units. Due to the adoption of MLR as the major estimator, it is required to obtain more than 200 employee data for appropriately performing MSEM analysis.

The data collection of this study ended up with 873 usable employee responses and 2,619 usable customer responses from 44 restaurants, at a 92% response rate (i.e., the ratio of usable responses to all collected responses) for employee data and also at a 92% response rate for customer data. The high completion rates may be due to the use of field study for data collection. The samples included in this study largely exceeded the sample size criteria for MSEM. Therefore, more accuracy in estimating variances and standard errors can be achieved.
The Procedures of Data Collection

Data Collection

Before collecting the data, the researcher explains the purpose and benefits of this study to the restaurant managers. One or two weeks before the survey administration, the researcher circulates an e-mail invitation to the managers. The letter introduces the researcher, informs the purpose and importance of the study, explains the data collection process, signals management’s endorsement for the study, and outlines confidentiality procedures.

Data collection involves an onsite collection for both employee and customer data. A contact person (a restaurant manager) or a research assistant is appointed to be present at the restaurants to administer questionnaires personally to all of the participating employees as well as to answer survey-related questions from employees and customers. The participating employees receive a survey packet that includes a cover letter, one employee questionnaire, and three customer questionnaires. Each packet contains a special code that links a participating employee, their customers, and their restaurant together. According to the instructions, an employee firstly asks three of his or her customers to fill out the customer questionnaires when they are about to finish their meal, and then the employee himself or herself completes the employee questionnaire. Staying relatively longer with the restaurants for a customer ensure adequate interactions with the frontline employees and raise the opportunities for the incidents of incivility to occur. To guarantee anonymity and confidentiality, each questionnaire is made sure to be enclosed in an envelope when distributed, and sealed by the person who has completed the survey.
into a new envelope attached. After gathering three completed customer surveys and one completed employee survey, employees put them together into a provided survey folder, and then drop the folder into a secured survey collection box at the restaurants.

**Reduce Social Desirability Bias**

A big concern in this sampling design is that the sensitive self-report incivility measures increase the possibility of social desirability bias and common method variance bias. Participants are likely to underreport incivility behavior that contaminates the study results. Therefore, the researcher has to carefully implement a series of procedures to minimize the impacts of the above mentioned biases. For example, during data collection, it is emphasized in the cover letter that the researcher is independent of the restaurant. The study is completely anonymous, confidential, and voluntary. Any sharing of data with the restaurants would occur on an aggregated level only. The importance of accurate and honest responses is especially stressed. For the survey design, questions of the focal constructs are arranged in a way of disordered the hypothesized relationships (Mediators → IVs → DVs). The participants are unlikely to guess the underlying associations of the constructs.

**Measures**

All of the constructs in the research model are operationalized based on the existing measurement (as will be elaborated in detail in the following) with minor wording
modifications to fit the research context. These constructs include customer incivility, employee incivility, customer orientation, employee orientation, customer satisfaction, employee satisfaction, competitive intensity, customer-company identification, and employee-company identification. Unless otherwise noted, a seven-point Likert-type scale is adopted, ranging from “1= strongly disagree” to “7= strongly agree” on most of the items due to its ability to ensure the reliability of data findings (Reynolds & Harris, 2009). Items are coded in a way that the higher the score, the higher levels of the focal constructs.

**Operationalization of Employee and Customer Incivility**

The study design is to ask employees to assess customer incivility, and to ask customers to answer questions about employee incivility. The most frequently-used workplace incivility measure by Cortina et al. (2001) is employed, and revised to fit into the customer-employee interaction context. The sample questions include “The server put you down or was condescending to you”; “The server paid little attention to your statement or showed little interest in your opinion”; and “The customer doubted your judgment”. Many studies (e.g., Kern & Grandey, 2009) on customer and employee incivility use this measures to assess customer and employee incivility.
Operationalization of Incivility Antecedents

This study demonstrates the operationalization of the following constructs, namely, customer orientation, employee orientation, customer satisfaction, employee satisfaction, competitive intensity, organizational formalization, and the control variables (i.e., employee tenure, firm size, and social desirability). In Appendix 1, the measurement is provided to assess the model constructs and the original sources of each measurement.

Customer Orientation

Drawing on Deshpande et al.’s (1993) conceptualization, this study treats customer orientation as a facet of organizational culture which represents shared beliefs that attend to the customer's interests. Thus, applying Deshpande et al.’s (1993) measurement is consistent with the definition of customer orientation. Regardless of the distinctive conceptualizations of customer orientation by the previous research, such as a behavioral, cultural, or a value construct, all the extent measurement unanimously operationalized customer orientation in a behavioral manner. As Mersman (2002) argued, behaviors and practices are one level of culture. The criteria used to create customer orientation items are mainly based on whether the items well reflect one aspect of customer orientation as a collective belief in the importance of caring about customers. Although Deshpande et al.’s (1993) measurement also assesses customer orientation based on actual behaviors, it is still deemed as appropriate to be used in the context of this study. These sample customer orientation items are “This organization is more customer-focused than our
competitors”; “This organization puts customer’s interest first”; and “This organization believes its operation exists primarily to serve customers”.

**Employee Orientation**

Unlike the numerous measurements of customer orientation, there was only a handful of employee orientation instruments available in the previous literature: Zhang’s (2010) measurement ($\alpha= 0.85$), Bridges and Harrison’s (2003) measurement ($\alpha= 0.89$), He et al.’s (2011) measurement ($\alpha= 0.833$), and Lings and Greenley’s (2005) measurement ($\alpha > 0.75$). After evaluating each item of these scales against the definition of employee orientation in this study, Zhang’s (2010) measurement modified from Janz and Prasarnphanich’s (2003) is confirmed as best describing the belief of an organization in the importance of catering to their employee’s interest. Therefore, it is included in the survey questionnaire. The sample employee orientation items comprise: “This organization is characterized by a relaxed, easygoing working climate”; "There is a lot of warmth in the relationships between management and workers in this organization”; and "The philosophy of our management emphasizes the human factor, how people feel, etc."
Consequently, a four-item customer satisfaction measurement is directly employed from the studies of Chan, Yim, and Lam (2010), Lam, Shankar, Erramilli, and Murthy (2004), and Oliver and Swan (1989). These customer satisfaction items are: “I am satisfied with the services provided”; “This is a good restaurant to stay”; “The service of this restaurant meets my expectations”; and “Overall, I am satisfied with the service provided by this restaurant”.

**Employee Satisfaction**

Following Chan et al. (2010), Hackman and Oldham (1975), and Hartline and Ferrell (1996), this study used a four-item existing instrument to assess employee satisfaction (or employee job satisfaction). The four items of employee satisfaction measurement are: “I am satisfied with working at this restaurant”; “This restaurant is a good employer to work for”; “I enjoy working in this restaurant”; and “Overall, I am satisfied with my job at this restaurant”.

**Operationalization of the Moderators**

**Customer-company Identification**

The questions of customer-company identification originates from the research of Mael and Ashforth (1992) and Homburg et al. (2009). It is a five-item scale, including the sample items like “I strongly identify with this restaurant”; “I feel good to be a customer of this restaurant”; and “I like to tell that I am a customer of this restaurant”.

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Employee-company Identification

Base on a six-item measure from Mael and Ashforth (1992) and Homburg et al. (2009), employee-company identification is developed. Sample questions are “When someone criticizes this restaurant, it feels like a personal insult”; “I am very interested in what others think about this restaurant”; and “This restaurant’s success is my success”.

Competitive Intensity

Consistent with the mainstream of competitive intensity research (Cui, Griffith, & Cavusgil, 2005; Grewal & Tansuhaj, 2001; Homburg et al., 2011; Homburg et al., 2009; Jayachandran, Sharma, Kaufman, & Raman, 2005), this study adopts Jaworski and Kohli’s (1993) 6-item competitive intensity measurement to measure customer's perceptions of the competition that an organization in a certain industry faces. The sample competitive intensity questions comprise: “Competition in the restaurant industry is cutthroat”; “There are many 'promotion wars' in the restaurant industry”; and “Competitors in the restaurant industry are relatively weak”.

Translation of Questionnaires

The questionnaire is initially compiled in English and then translated into Chinese. To ensure that the meanings of all items in the Chinese version are consistent with the
original version, this study follows the translation and back translation technique (Brislin, 1980). In particular, the researcher first translates the scale from English into Chinese, and then a second independent bilingual person back-translates the Chinese version into English to ensure translation equivalence.

**Data Analysis**

This study separates the analysis of the conceptual model into two submodels: the customer-related, and employee-related models. Given that three customers are embedded within each employee in the data collection, data obtained for analysis are hierarchically structured. Therefore, multilevel structural equation modeling (MSEM) is chosen to account for cluttering. As one of the most updated methods in statistical theory and software, it enables researchers to fit multivariate multilevel models and maximize the advantages of structural equation modeling (SEM) and multilevel modeling (MLM).

As an extension of MLM, MSEM possesses a few advantages over MLM. First, the adoption of MLM biases between-level effects because group means are used at level 2 to represent group standings on a Level 1 independent variable (Preacher et al., 2011; Raudenbush & Bryk, 2002). In comparison, MSEM treats group standings on all Level 1 variables as latent which results in corrected sampling error. Second, traditional MLM does not account for measurement error due to the use of observed variables, whereas MSEM makes it possible to control for measurement error by modeling constructs as latent variables with multiple observed indicators. Furthermore, traditional MLM runs the risk of conflating Between- and Within-level effects of Level 1 variables (MacKinnon,
2008; Preacher et al., 2011; Zhang et al., 2009). However, by separating the Between and Within part of each variable in the model, MSEM allows for tests of direct, and indirect effects at each level, and contextual effects across levels as well. These advantages of the MSEM approach makes it have great potential for application in a lot of areas, such as, meta-analysis, longitudinal modeling, dyadic and social network analysis, and reliability estimation.

The most practical features of MSEM models to the marketing and organizational behavior field are its ability to accommodate dependent variables being tested at Level 2 or higher levels. The reason is because there involves a considerable amount of bottom-up, micro-macro, or emergent effects (Preacher, 2011) in these two domains. This is a big, meaningful improvement that overcomes the limitation of the traditional MLM methods. Another practical application of MSEM is related to the provision of model fit indices, which allows for the applied researchers in the marketing and organizational behavior field to effectively determine the appropriateness of their hypothesized frameworks. One more highlight of MSEM that makes it especially intriguing to the applied researchers is its ability to integrate all types of multilevel moderation with other complex models, for instances, mediation models (e.g., Preacher et al., 2010), and models with multiple-indicator latent variables, etc. Based on that, it runs all of the analysis in an overall framework at one single step (Preacher, Zhang, & Zyphur, 2016).
For data cleaning and descriptive analyses, I used STATA 14.0. To conduct the main data analyses, I used Mplus 7.4 with maximum likelihood parameter estimates (MLR) with standard errors and a chi-square test statistic that are robust to non-normality and non-independence of observations in a multi-level framework (Muthén & Muthén, 1998-2015). Compared to maximum likelihood parameter estimates with standard errors and a mean-adjusted chi-square test statistic that are robust to non-normality (MLM), it is an extension that can handle missing data. The utilization of MLR estimator well addressed the three problems of the data of this research: non-independence, non-normality, and the existence of missing data. Therefore, it was deemed as being appropriate for the current study.
Descriptive and correlation analyses

Characteristics of the Participants

Participants are comprised of two groups of people: restaurant employees and restaurant customers. As for the employee group ($N_{employee} = 873$), 35% are males and 65% are females. The majority of them (90%) aged between 18 and 34 years old. About 40% of the participating employees graduated from high school, whereas 30% had a college/university degree. 38% worked in fine-dining restaurants, and 59% in casual-dining restaurants. Most of them were full-time (93%) employees. For the length of employment in the current restaurant, 34% worked for less than six months, 30% from 6 months to less than 1 year, and 25% from 1 to less than 3 years. For the length of employment in the restaurant industry, 25% worked for less than six month, 24% from 6 months to less than 1 year, and 28% from 1 to less than 3 years. 45% of the restaurants where the participating employees came from employed 10 to less than 30 employees, 15% 30 to less than 50 employees, whereas 37% more than 50 employees. On average, 32% of the participating employees served 10 to less than 20 customers per day, 20% 20 to 30 customers, and 40% more than 30 customers. Finally, the majority of the participating employees (83%) spent more than 50% of their work time in direct contact with customers.

Among the customer group ($N_{customer} = 2,619$), females (52%) were slightly more than males (48%). Most of them (83%) aged between 18 and 44 years old. Over half of the participating customers (58%) received a college/university degree, and more than 60% of them earned a monthly income from RMB 5,000 to 20,000. The restaurant types that
customers reported showed a general consistency with what employees reported.

According to the participating customers, 30% of the restaurants belonged to the fine-dining type (compared to 38% reported by employees) while 65% were casual-dining restaurants (compared to 59% reported by employees). The customers who participated in the survey were mainly repeated customers (85%), with 35% patronized the restaurants 2 to 3 times, 25% 4 to 5 times, 19% 6 to 9 times, and 21% 10 times or more during the last year.

Table 1. Characteristics of Participants ($N_{employee} = 873$, $N_{customer} = 2,619$)

<table>
<thead>
<tr>
<th>DEMOGRAPHICS</th>
<th>CATEGORY</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYEE GROUP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>Male</td>
<td>35.30%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>64.70%</td>
</tr>
<tr>
<td>Age</td>
<td>18-24</td>
<td>54.60%</td>
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<tr>
<td></td>
<td>25-34</td>
<td>35.70%</td>
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<td>35-44</td>
<td>8.20%</td>
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<tr>
<td></td>
<td>45-54</td>
<td>1.40%</td>
</tr>
<tr>
<td></td>
<td>55 or above</td>
<td>0.10%</td>
</tr>
<tr>
<td>Education</td>
<td>Less than high school</td>
<td>27.40%</td>
</tr>
<tr>
<td></td>
<td>High school</td>
<td>39.80%</td>
</tr>
<tr>
<td></td>
<td>College/University</td>
<td>31.60%</td>
</tr>
<tr>
<td></td>
<td>Masters or above</td>
<td>1.20%</td>
</tr>
<tr>
<td>Restaurant type</td>
<td>Fine-dining</td>
<td>38.50%</td>
</tr>
<tr>
<td></td>
<td>Casual-dining</td>
<td>58.80%</td>
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<tr>
<td></td>
<td>Quick-service</td>
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<tr>
<td>Employment status</td>
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<td>92.70%</td>
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<td></td>
<td>Part time</td>
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<tr>
<td>Length of working in the current restaurant</td>
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<td></td>
<td>6 months to less than 1 year</td>
<td>29.90%</td>
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<td></td>
<td>1 to less than 3 years</td>
<td>24.50%</td>
</tr>
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<td></td>
<td>3 to less than 5 years</td>
<td>7.20%</td>
</tr>
<tr>
<td></td>
<td>5 years or more</td>
<td>4.80%</td>
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<tr>
<td>Length of working in the restaurant industry</td>
<td>Less than 6 months</td>
<td>24.80%</td>
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<tr>
<td></td>
<td>6 months to less than 1 year</td>
<td>24.10%</td>
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<tr>
<td></td>
<td>1 to less than 3 years</td>
<td>28.30%</td>
</tr>
<tr>
<td></td>
<td>3 to less than 5 years</td>
<td>13.50%</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th><strong>Number of employees</strong></th>
<th>5 years or more</th>
<th>9.30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 10 employees</td>
<td>3.00%</td>
<td></td>
</tr>
<tr>
<td>10 to less than 20 customers</td>
<td>45.00%</td>
<td></td>
</tr>
<tr>
<td>20 to less than 30 customers</td>
<td>15.10%</td>
<td></td>
</tr>
<tr>
<td>30 customers or more</td>
<td>36.90%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Number of customers served every day</strong></th>
<th>Less than 10 customers</th>
<th>7.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 to less than 20 customers</td>
<td>33.00%</td>
<td></td>
</tr>
<tr>
<td>20 to less than 30 customers</td>
<td>20.40%</td>
<td></td>
</tr>
<tr>
<td>30 customers or more</td>
<td>39.60%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Percentage of job spent in direct customer contact</strong></th>
<th>Less than 50%</th>
<th>16.60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% to less than 80%</td>
<td>54.80%</td>
<td></td>
</tr>
<tr>
<td>80% or more</td>
<td>28.60%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>CUSTOMER GROUP</strong></th>
<th>Male</th>
<th>48.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>52.00%</td>
</tr>
<tr>
<td>Age</td>
<td>18-24</td>
<td>15.10%</td>
</tr>
<tr>
<td></td>
<td>25-34</td>
<td>36.80%</td>
</tr>
<tr>
<td></td>
<td>35-44</td>
<td>30.60%</td>
</tr>
<tr>
<td></td>
<td>45-54</td>
<td>12.60%</td>
</tr>
<tr>
<td></td>
<td>55 or above</td>
<td>4.90%</td>
</tr>
<tr>
<td>Education</td>
<td>Less than high school</td>
<td>6.10%</td>
</tr>
<tr>
<td></td>
<td>High school</td>
<td>23.80%</td>
</tr>
<tr>
<td></td>
<td>College/University</td>
<td>58.60%</td>
</tr>
<tr>
<td></td>
<td>Masters or above</td>
<td>11.50%</td>
</tr>
<tr>
<td>Monthly income</td>
<td>Less than RMB 5,000</td>
<td>30.20%</td>
</tr>
<tr>
<td></td>
<td>RMB 5,000 to less than RMB 10,000</td>
<td>42.50%</td>
</tr>
<tr>
<td></td>
<td>RMB 10,000 to less than RMB 20,000</td>
<td>18.10%</td>
</tr>
<tr>
<td></td>
<td>RMB 20,000 to less than RMB 30,000</td>
<td>9.10%</td>
</tr>
<tr>
<td></td>
<td>RMB 30,000 or more</td>
<td>0.10%</td>
</tr>
<tr>
<td>Restaurant type</td>
<td>Fine-dining</td>
<td>29.90%</td>
</tr>
<tr>
<td></td>
<td>Casual-dining</td>
<td>65.20%</td>
</tr>
<tr>
<td></td>
<td>Quick-service</td>
<td>4.90%</td>
</tr>
<tr>
<td>First-time visit</td>
<td>Yes</td>
<td>15.00%</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>85.00%</td>
</tr>
<tr>
<td>Number of visits during the last year</td>
<td>2-3 times</td>
<td>35.00%</td>
</tr>
<tr>
<td></td>
<td>4-5 times</td>
<td>24.80%</td>
</tr>
<tr>
<td></td>
<td>6-9 times</td>
<td>18.80%</td>
</tr>
<tr>
<td></td>
<td>10 times or more</td>
<td>21.40%</td>
</tr>
</tbody>
</table>
**Descriptive and correlation**

Table 2 reports descriptive statistics for and the correlations among all the study constructs. As shown in the table, the correlations of the study variables were largely in the expected directions. At level 1, customer incivility was only positively associated with competitive intensity. Customer orientation positively correlated with customer satisfaction. At level 2, customer incivility showed a negative relationship with competitive intensity, customer-company identification, customer satisfaction, and customer orientation. Employee incivility negatively correlated with employee satisfaction, employee orientation, and employee-company identification.

**Low correlation of negative constructs**

It was noted that the values of the correlation of incivility variables with others were low (ranging from .01 to .14). This was not uncommon in the negative behavioral studies. For example, abusive supervision in Courtright, Gardner, Smith, McCormick, and Colbert’s (2016) paper was reported to have the correlations ranging from .03 to .11. Rosen, Koopman, Gabriel, and Johnson (2016) pointed out that the associations of experienced incivility (Time 2) were between -.01 and .38. The correlations of work group aggression demonstrated by Glomb and Liao (2003) were between .01 and .21. According to Lian et al. (2014), supervisor coercive power associated with other variables at the values from .06 to .37.
Table 2. Descriptive and Correlations

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEVEL 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Customer incivility</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Competitive intensity</td>
<td>.05**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Customer-company identification</td>
<td>.01</td>
<td>.40**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Customer satisfaction</td>
<td>-.02</td>
<td>.39**</td>
<td>.84**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Customer orientation</td>
<td>-.02</td>
<td>.39**</td>
<td>.76**</td>
<td>.84**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Employee Incivility</td>
<td>.03</td>
<td>.14**</td>
<td>.04*</td>
<td>.01</td>
<td>.01</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>M</strong></td>
<td>2.68</td>
<td>4.65</td>
<td>5.31</td>
<td>5.38</td>
<td>5.36</td>
<td>2.41</td>
<td>5.33</td>
<td>5.10</td>
<td>5.03</td>
</tr>
<tr>
<td><strong>SD</strong></td>
<td>1.49</td>
<td>1.43</td>
<td>1.19</td>
<td>1.20</td>
<td>1.19</td>
<td>1.54</td>
<td>1.58</td>
<td>1.65</td>
<td>1.68</td>
</tr>
<tr>
<td><strong>LEVEL 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Customer incivility</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Competitive intensity</td>
<td>-.07**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Customer-company identification</td>
<td>-.08**</td>
<td>.51**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Customer satisfaction</td>
<td>-.10**</td>
<td>.49**</td>
<td>.95**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Customer orientation</td>
<td>-.09**</td>
<td>.50**</td>
<td>.92**</td>
<td>.93**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Employee Incivility</td>
<td>.23**</td>
<td>.13**</td>
<td>-.09**</td>
<td>-.12**</td>
<td>-.12**</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Employee-company identification</td>
<td>-.14**</td>
<td>.19**</td>
<td>.42**</td>
<td>.42**</td>
<td>.42**</td>
<td>-.12**</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Employee satisfaction</td>
<td>-.05**</td>
<td>.16**</td>
<td>.29**</td>
<td>.29**</td>
<td>.30**</td>
<td>-.12**</td>
<td>.63**</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>9. Employee orientation</td>
<td>-.01</td>
<td>.11**</td>
<td>.29**</td>
<td>.30**</td>
<td>.30**</td>
<td>-.05*</td>
<td>.51**</td>
<td>.64**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

**Note:**
Number of Employees = 873; Number of Customers = 2,619;
*p < .05; **p < .01 (two-tailed).

**Measurement Model Testing- Multilevel Confirmatory Data Analysis**

The main data analysis include multilevel confirmatory data analysis (MCFA) and multilevel structural data analysis (MSEM). The former tested the measurement part of the model, whereas the latter examined the structural part. I mainly based on comparative fit index (CFI), Tucker-Lewis index (TLI), standardized root mean square residual (SRMR), and root mean square error of approximation (RMSEA) to examine model fit.

The reason why Chi-square ($\chi^2$) was not used as a major fit index was because it is sensitive to sample size. The large sample size of the current study (N_{employees} = 873, N_{customers} = 2,619) made Chi-squares ($\chi^2$) significant across all of the model analyses, which suggested to weigh other fit indices more important than Chi-squares ($\chi^2$).
Since there is no unanimously-agreed cutoff levels for those fit indices in multilevel analysis specified in the past literature, I adopt a conventional SEM fit indices standard: CFA $\geq .95$, TLI $\geq .95$, RMSEA $\leq .06$, SRMR $\leq .08$, etc. (Hu & Bentler, 1999). Due to the existence of significant Chi-squares, residuals for covariances were also taken into account. Large values of residuals became another evidence of model misfit. However, it is acknowledged that this is a limitation that requires more research attempts to identify validated standards appropriated for Multi-level models. (Mathieu & Chen, 2011).

**MCFA- Muthén’s (1994) Four-step Procedure**

In particular, I followed Muthén’s (1994) four-step procedure to assess the multilevel structure of data.

*Step 1: Conventional confirmatory factor analysis of the sample total covariance matrix*

I firstly tested a model with paths from all nine latent constructs to all forty-five observed variables, using the total sample matrix. The result showed that the model generally fitted the data well ($\chi^2 = 2785.12$ (p<.05), $df = 909$, RMSEA = .03, CFI = .97, TLI = .97, SRMR = .02) (see Table 3). In addition, the standardized factor loadings (in Table 4) of the conventional CFA were statistically significant (p<.0001) and suggested that all indicators sufficiently reflected all latent constructs.

Despite of the seemingly acceptable results generated by analyzing the total covariance matrix, as pointed out by Muthén (1994), the parameter estimates and fit statistics may be biased and potentially misleading when ignoring non-independent nature of the data.

With hierarchical data, the total covariance matrix includes not only within- but also
between-group level information. The addition of between-level variances may change the factor structures of the original single-level CFA models to a large extent. Thus, I implemented the second step recommended by Muthén (1994) to estimate the between-group variances contained in the hierarchical total matrix.

Table 3. Model Fit for a Priori Single- and Multilevel CFA Models

<table>
<thead>
<tr>
<th>Models</th>
<th>( \chi^2 )</th>
<th>df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1: Total</td>
<td>2785.115*</td>
<td>909</td>
<td>0.028</td>
<td>0.974</td>
<td>0.972</td>
<td>0.017</td>
</tr>
<tr>
<td>Step 3: Within</td>
<td>1371.904*</td>
<td>390</td>
<td>0.031</td>
<td>0.969</td>
<td>0.966</td>
<td>0.022</td>
</tr>
<tr>
<td>Step 4: Between</td>
<td>1782.912*</td>
<td>909</td>
<td>0.033</td>
<td>0.972</td>
<td>0.970</td>
<td>0.020</td>
</tr>
</tbody>
</table>

Note: All chi-square values are statistically significant at p<.05. 

\( df \) = degree of freedom, CFI=comparative fit index, RMSEA=root mean square error of approximation, SRMR=standardized root mean square residual.

Table 4. CFA Standardized Factor Loadings and Intraclass Correlations by Scale items

<table>
<thead>
<tr>
<th>Item</th>
<th>Standardized loadings</th>
<th>ICC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Step 1: Total</td>
<td>Step 3: Within</td>
</tr>
<tr>
<td>EIDENT1</td>
<td>0.789*</td>
<td></td>
</tr>
<tr>
<td>EIDENT2</td>
<td>0.849*</td>
<td></td>
</tr>
<tr>
<td>EIDENT3</td>
<td>0.817*</td>
<td></td>
</tr>
<tr>
<td>EIDENT4</td>
<td>0.893*</td>
<td></td>
</tr>
<tr>
<td>EIDENT5</td>
<td>0.883*</td>
<td></td>
</tr>
<tr>
<td>EIDENT6</td>
<td>0.746*</td>
<td></td>
</tr>
<tr>
<td>ESAT1</td>
<td>0.902*</td>
<td></td>
</tr>
<tr>
<td>ESAT2</td>
<td>0.892*</td>
<td></td>
</tr>
<tr>
<td>ESAT3</td>
<td>0.916*</td>
<td></td>
</tr>
<tr>
<td>ESAT4</td>
<td>0.884*</td>
<td></td>
</tr>
<tr>
<td>EORNT1</td>
<td>0.854*</td>
<td></td>
</tr>
<tr>
<td>EORNT2</td>
<td>0.869*</td>
<td></td>
</tr>
<tr>
<td>EORNT3</td>
<td>0.867*</td>
<td></td>
</tr>
<tr>
<td>EORNT4</td>
<td>0.889*</td>
<td></td>
</tr>
<tr>
<td>EORNT5</td>
<td>0.889*</td>
<td></td>
</tr>
<tr>
<td>EINC1</td>
<td>0.904*</td>
<td>0.857*</td>
</tr>
<tr>
<td>EINC2</td>
<td>0.925*</td>
<td>0.878*</td>
</tr>
<tr>
<td>EINC3</td>
<td>0.954*</td>
<td>0.920*</td>
</tr>
<tr>
<td>Indicator</td>
<td>ICC 1</td>
<td>ICC 2</td>
</tr>
<tr>
<td>----------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>EINC4</td>
<td>0.941*</td>
<td>0.902*</td>
</tr>
<tr>
<td>EINC5</td>
<td>0.948*</td>
<td>0.922*</td>
</tr>
<tr>
<td>EINC6</td>
<td>0.929*</td>
<td>0.911*</td>
</tr>
<tr>
<td>EINC7</td>
<td>0.935*</td>
<td>0.903*</td>
</tr>
<tr>
<td>CINC1</td>
<td>0.86*</td>
<td>0.595*</td>
</tr>
<tr>
<td>CINC2</td>
<td>0.819*</td>
<td>0.471*</td>
</tr>
<tr>
<td>CINC3</td>
<td>0.885*</td>
<td>0.609*</td>
</tr>
<tr>
<td>CINC4</td>
<td>0.852*</td>
<td>0.479*</td>
</tr>
<tr>
<td>CINC5</td>
<td>0.857*</td>
<td>0.509*</td>
</tr>
<tr>
<td>CINC6</td>
<td>0.854*</td>
<td>0.547*</td>
</tr>
<tr>
<td>CINC7</td>
<td>0.824*</td>
<td>0.468*</td>
</tr>
<tr>
<td>CORNT1</td>
<td>0.888*</td>
<td>0.818*</td>
</tr>
<tr>
<td>CORNT2</td>
<td>0.891*</td>
<td>0.814*</td>
</tr>
<tr>
<td>CORNT3</td>
<td>0.892*</td>
<td>0.831*</td>
</tr>
<tr>
<td>CORNT4</td>
<td>0.907*</td>
<td>0.854*</td>
</tr>
<tr>
<td>CORNT5</td>
<td>0.888*</td>
<td>0.837*</td>
</tr>
<tr>
<td>CSAT1</td>
<td>0.910*</td>
<td>0.843*</td>
</tr>
<tr>
<td>CSAT2</td>
<td>0.915*</td>
<td>0.857*</td>
</tr>
<tr>
<td>CSAT3</td>
<td>0.913*</td>
<td>0.849*</td>
</tr>
<tr>
<td>CSAT4</td>
<td>0.908*</td>
<td>0.842*</td>
</tr>
<tr>
<td>CIDENT1</td>
<td>0.896*</td>
<td>0.812*</td>
</tr>
<tr>
<td>CIDENT2</td>
<td>0.909*</td>
<td>0.834*</td>
</tr>
<tr>
<td>CIDENT3</td>
<td>0.877*</td>
<td>0.818*</td>
</tr>
<tr>
<td>CIDENT4</td>
<td>0.898*</td>
<td>0.831*</td>
</tr>
<tr>
<td>CIDENT5</td>
<td>0.844*</td>
<td>0.765*</td>
</tr>
<tr>
<td>CPINT1</td>
<td>0.839*</td>
<td>0.803*</td>
</tr>
<tr>
<td>CPINT2</td>
<td>0.820*</td>
<td>0.697*</td>
</tr>
</tbody>
</table>

**Note:**
*p<.0001

EIDENT= Employee-company Identification, ESAT= Employee Satisfaction, EORNT= Employee Orientation, EINC= Employee Incivility, CINC= Customer Incivility, CORNT= Customer Orientation, CSAT= Customer Satisfaction, CIDENT= Customer-company Identification, and CPINT=Competitive Intensity.

*Step 2: Estimation of between-group variance*

The purpose of Step 2 was to obtain each indicator’s ICC values, the intra-class correlation coefficients. It represents the proportion of a scale score’s between-group variance relative to its total variability across both levels (Geldhof, Preacher, & Zyphur,
2013). ICCs provides informative values for assessing the appropriateness of multilevel structures. If the ICC is significantly greater than 0, it implies that conducting analyses based on a single-level framework will generate biased and incorrect results. The ICC estimates provided in Mplus outputs were presented in Table 4.

In the right-hand column of Table 4, the ICC values for all the within-group variables ranged from 0.36 to 0.75, with an average ICC of 0.48. Past literature (Kreft & de Leeuw, 1998; Muthén, 1997; Stapleton, 2006) provided the rule of thumb of ICC: moderate ICC > .20, and high ICC > .30-.40. Therefore, the relatively high ICCs of all the variables in this study warranted the use of multilevel frameworks that enabled to capture the substantial between-group variations found in the data. The next step then was to estimate the multilevel models based on separated within-and between-group covariance matrices. As such, more accurate results can be accomplished by partitioning the total sample variances into both within- and between-group variances.

It was noted that some variables, such as EIDENT1-6 (i.e., employee-company identification variables), ESAT1-4(i.e., employee satisfaction variables), EORNT1-5 (i.e., employee orientation variables), did not generate ICC values. The reason was because they were between-group variables. The variances of those variables were all at between-level. As a test on within-group agreement or between-group correlation, ICC was not applicable to those between-group variables.

**Step 3: Within-group factor structure**

After justifying the multilevel nature of the data, it was requested to separately analyze the within- and between-group sub-models prior to simultaneously estimating the full
model at different levels. As such, Step 3 and 4 involved performing factor analyses based on the partitioned covariance matrices. In particular, the analysis of a pooled-within matrix $S_{pw}$ became the focus of the third step. The pooled-within matrix $S_{pw}$ was derived from within-group scores, adjusted for their respective group means. By removing group means from individuals’ item responses, an unbiased variance-covariance matrix with deviation scores was created for purely examining the within-group factor structure.

The fit indices resulting from step 3 were displayed in Table 3. As expected, it indicated a better fit ($\chi^2 = 1371.90$ (p<.05), $df = 309$, RMSEA = .03, CFI = .97, TLI = .97, SRMR = .02) to the data than the conventional CFA model in Step 1. By accounting for the hierarchical structure of the data, the within-group model was expected to be more accurate and close to the true model with reduced standard errors.

The factor loadings of within-group variables were between 0.47 and 0.92. Although they still significantly loaded on the respective latent factors, the sizes of the loadings in the within-group model demonstrated non-trivial decreases from those in the conventional CFA model. Especially for customer incivility variables, the factor loadings generally reduced from above .80 to around .50. Possible interpretations may relate to small cluster size ($n = 3$) making most of the variances at the between-group level instead of at the within-group level. This may become an evidence that more emphasis need to be put on the between-group level of analysis for this study.

*Step 4: Between-group factor structure*

Step 4 related to an assessment of a between-group level CFA model. The sample
between-group covariance matrix $S_B$ was used. It was the covariance matrix of observed group means, adjusted for the grand mean, and consisted of the between-part variances of within-group variables and the variances of between-group variables. This was partitioned out from the total covariance matrix to assess the overall group level factor structure.

According to the fit indices resulting from Step 4 in Table 3, the between portion of the model displayed a smaller chi-square value ($\chi^2 = 2785.12$, $p < .05$, $df = 909$) than that of the total-covariance model ($\chi^2 = 2785.12$, $p < .05$, $df = 909$) for the same amount of degrees of freedom in Step 1, but a larger chi-square value than that of the within-portion of the model ($\chi^2 = 1371.90$, $p < .05$, $df = 309$) for less degrees of freedom in Step 3. Given that those three models cannot be identified as nested because they were not in the same metric, a chi-square difference test was not appropriate. Moreover, the differences in other fit indices (e.g., RMSEA, CFI, TLI, SRMR) between those three models were not obvious. Thus, factor loadings may provide more comparable information of the quality of the factor structures embedded in the three models.

As shown in Table 4, the factor loadings in the between-group model are unanimously higher than the total-covariance and within-group models. The more specific pattern demonstrated that for each indicator, the between-group factors loading ranked the first, total-covariance the second, the within-group the last. One potential reason was that the existence of more variances at between-group level contributed to the better factor structure in the total covariance model than that in the within-group model. With the between-group variances being removed, the within-group model left revealed its worst
factor structure than the other two models. This may again support that the between-level was the desired level of analysis for this study.

Going beyond Muthén’s (1994) four steps, Cheung and Au (2005) and Dyer, Hanges, and Hall (2005) proposed to implement a Step 5, the full multilevel factor analysis, which contained a simultaneous analysis of the within- and between-group covariance matrices to evaluate the factor structure at each level. I tried to follow this ideal approach, but encountered convergence problems in the analysis due to the data complexity in this study. This also implied difficulty in the latter attempts to simultaneously test the structural models based on latent factor structures.

**Reliability**

Reliability was conceptualized in different ways. For example, Lord and Novick (1968) defined it to be the squared correlation between true and observed scores. According to McDonald (1999), it is the ratio of a scale’s true score variance to its total variance. Despite its various definitions in the past literature, the fundamental assumption of reliability pertained to the representation of true score variance by observed covariances. An accurate estimation of reliability is important in two aspects. First, it allows future researchers to more easily understand the information of factor loading matrix, and facilitates their efforts to choose scales with appropriate measurement characteristics. Second, when researchers are able to correctly report reliability estimates across different samples, it contributes the generalizability of item correlations with their respective latent factors.
In light of the pivotal roles that reliability played, Geldhof et al. (2013) invested great efforts to correct the past mistakes, and to develop a method to more precisely estimate reliability in the context of multilevel data. They argued that the observed scores in a multilevel design consisted of both true score and measurement error variance at both the within- and between-group levels. In the past, the estimation of reliability tends to be biased by confounding within- and between-group variances together. Single-level reliability estimates, largely reported in previous multilevel literature, failed to reflect true scores at any single level of analysis. Therefore, it is essential not only to account for multilevel variability for hypothesis testing (as what past multilevel studies have already addressed), but also to take into consideration a multilevel factor structure in estimating a scale’s reliability.

To obtain reliability estimates at two levels, as suggested by Geldhof et al. (2013), I adopted multilevel confirmatory analysis (MCFA) method developed by Muthén and Asparouhov (2009, 2011) to decompose reliability at within and between-group levels by allowing separate estimation of level-specific measurement model parameters. MCFA is a special case of MSEM (multilevel structural equation modeling) restricting its focus to the associations between indicators and their respective latent variables, but excluding structural linkages between latent variables.

Reliability at the within level represents the ratio of the within-cluster true score variance to total within-cluster variance \((\text{var}(Tw_i)/\text{var}(Tw_i Ew_i))\), whereas reliability at the between level represents the ratio of the between-cluster true score variance to total between-cluster variance.
The results of the reliability estimates in MCFA were shown in Table 5. Consistent with Geldhof et al. (2013), I reported three types of reliabilities: Cronbach’s alpha (α), composite reliability (ω), and reliability (H), which can be directly estimated from MCFA model parameters. Although it has been identified as an inconsistent estimator of reliability (e.g., Geldhof et al., 2013; Novick & Lewis, 1967), Cronbach’s alpha (α) is still most frequently used among applied researchers from the areas of psychology, sociology, business, etc. Furthermore, Cronbach’s alpha (α) is usually very close to the values of other reliability estimates. Thus, α was chosen as one of the reliability estimates to be reported in the present study.

Without a stringent assumption like that of α that every item equally load on and represent a single underlying construct (Novick & Lewis, 1967), composite reliability (ω) allows for heterogeneous associations between items and their respective factors. Compared to α, it can create more accurate reliability estimates, accounting for heterogeneity of the item-construct relations. Thus, I also computed composite reliability (ω) in this study.

Lastly, I followed Geldhof et al. (2013) to also include maximal reliability (H), the reliability assessing a scale’s optimally weighted composites. It helped to obtain additional knowledge about reliability by giving optimal weights to indicators when the composite score was computed. For example, there were a few relatively weakly loading indicators in this study, such as customer incivility items at the within-group level. Maximal reliability (H) can capture the information carried by those weakly loaded indicators, without suffering from lowering its reliability estimates.
For the comparison purposes, I also computed the aforesaid three types of reliability ignoring clustering (called single-level, or overall reliability) in Table 5. The Mplus codes of estimating reliabilities in MCFA are presented in Appendix 2.

In general, the results demonstrated acceptable reliability at each level. The scales were more reliable between groups than within groups. The unseparated single-level (or overall) reliability showed a tendency to stay in the middle, larger than within-group but smaller than between-group. It was noted that two constructs, customer incivility and competitive intensity, had the greatest differences between within- and between-group reliability. With regard to customer incivility, the between-group reliability ($\alpha=.988$, $\omega=.988$, $H=.990$) was substantially higher than the within-group ($\alpha=.725$, $\omega=.726$, $H=.736$). This occurred partially because of the small cluster size (three customers within an employee), and the low factor loadings of customer incivility at the within-level (ranging from .468 to .609). Likewise, for the construct of competitive intensity, the between-group reliability ($\alpha=.937$, $\omega=.940$, $H=.940$) was much higher than the within-group ($\alpha=.718$, $\omega=.718$, $H=.718$). This two-item construct was found to have the smallest ICC values, which along with few observations per cluster may produce biased reliability estimates (Geldhof et al., 2013). The disagreement between within- and between-group reliability underscored the importance of computing level-specific reliability for multilevel models. Although Geldhof et al. (2013) suggested not to use it in empirical studies, maximal reliability ($H$) showed consistency with other two types of reliability for all constructs in the present study. It may imply that indicators with weak loadings did not distort the test results of reliability estimation to a great extent.
Interestingly, all between-group reliability demonstrated very high values (ranging from .937 to .998). One of the implications was that the indicators in the measurement models did not largely differ from each other at the between level, in a sense that any single item can almost perfectly represent their respective between-cluster factor. That is to say, the between-group variations can be modeled purely based on a series of single-item constructs. Since all of the constructs in the measurement models had high ICC values (ranging from .364 to .745), the results of between-group reliability tests tended to correctly reflect the true scores, and can be trusted in assessing the quality of the measurement models.

Despite their unanimously lower values than the between-group reliability, the within-group estimates showed satisfactory values larger than the recommended cutoff point (> .70) (Sijtsma & Molenaar, 2002), which suggested that the measurement models were reliable at the within-group level. However, there are some caveats to take into consideration when actually relying on the results to make decisions. As Geldhof et al. (2013) argued, within-group reliability may not always be trustworthy under the conditions of small clusters and dyadic data encountered by the present study. They further suggested that with dyadic data, more attention needs to be paid on within-group $\alpha$ instead of within-group $\omega$. Nevertheless, addressing $\alpha$’s inconsistency in the population estimation, this study attempted to obtain a balanced view by looking at both within-group $\alpha$ and within-group $\omega$. The results showed that the differences between these two types of reliability for all constructs were trivial with all of the reliability values being above 0.70. Thus, it was safe to conclude that the measurement models were reliable at the within-group level.
Table 5. Level-specific Reliability

<table>
<thead>
<tr>
<th>Latent Factors</th>
<th>Type of Reliability</th>
<th>Level of Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Single-level</td>
</tr>
<tr>
<td>Customer Incivility</td>
<td>Alpha ($\alpha$)</td>
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</tr>
<tr>
<td></td>
<td>Composite Reliability ($\omega$)</td>
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</tr>
<tr>
<td></td>
<td>Maximal Reliability (H)</td>
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<tr>
<td>Customer-company Identification</td>
<td>Alpha ($\alpha$)</td>
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</tr>
<tr>
<td></td>
<td>Composite Reliability ($\omega$)</td>
<td>0.947</td>
</tr>
<tr>
<td></td>
<td>Maximal Reliability (H)</td>
<td>0.950</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>Alpha ($\alpha$)</td>
<td>0.952</td>
</tr>
<tr>
<td></td>
<td>Composite Reliability ($\omega$)</td>
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<td></td>
<td>Maximal Reliability (H)</td>
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<td>Competitive Intensity</td>
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<td></td>
<td>Maximal Reliability (H)</td>
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<td>Customer Satisfaction</td>
<td>Alpha ($\alpha$)</td>
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<tr>
<td></td>
<td>Composite Reliability ($\omega$)</td>
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<td></td>
<td>Maximal Reliability (H)</td>
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<td></td>
<td>Composite Reliability ($\omega$)</td>
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<td></td>
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</tr>
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<td></td>
<td>Maximal Reliability (H)</td>
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<td>Composite Reliability ($\omega$)</td>
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<td>Maximal Reliability (H)</td>
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Multilevel Validity

Different from individual-based, single-level validity, group-based (e.g., aggregate- or population-level) inferences need to apply to multilevel validity (Zumbo & Forer, 2011). However, little attention has been paid to systematically examining multilevel validity in the previous literature. Discussions of validity issues can almost only exist in studies with individual-based frameworks. The importance of multilevel validity may lie in the fact that it is contingent on context (Messick, 1995), which is comprised of both within and between populations of interest. Exclusively focusing on the individual-level, but ignoring the between-level validity, leads to the assumption that the measurement is equally valid at both levels. It may cause bias, and be subject to questioning about research findings. As such, it can be foreseen that there would be an increasing interest in creating effective research methods that allow applied researchers to use in the evaluation of multilevel validity.

Facing lack of research methods to directly evaluate multilevel validity, a small group of multilevel researchers (e.g., Khan, Moss, Quratulain, & Hameed, 2016; Kostopoulos, Spanos, & Prastacos, 2011; Martinaityte, Sacramento, & Aryee, 2016) used an alternative approach to acquire information of discriminant validity, the level to which measures of different constructs are distinct (Bagozzi, Yi, & Phillips, 1991), based on a series of model comparisons.

In the current study, before going ahead to test discriminant validity based on different model comparisons, I first examined the factor loading of each item on their respective construct. All of the loadings were above .5, showing evidence of good construct validity. Next, I specified which models to be compared based on whether they included related
but theoretically distinct constructs. The comparisons were then determined between the hypothesized models and a series of their alternative neighboring models. If the hypothesize models perform better than the competing models in terms of model fit, the evidence of discriminant validity is provided (Bagozzi, Yi, & Phillips, 1991).

The initial attempt was to specify a group of alternative models in a MCFA framework. However, the complexity of the MCFA models on combining multiple indicators of different factors simultaneously across within- and between-levels led to convergent problems.

As Muthén and Muthén (1998-2015) described in the Mplus User’s Guide, two-level models are more likely to fail to converge. Thus, to obtain the fit indices for comparing competing models in discriminant validity tests, I followed Martinaityte, Sacramento, and Aryee’s (2016) method to run traditional, single-level CFA models based on the separated within- and between-group covariance matrices.

**Discriminant Validity Test at the Within-Group Level**

The within-group covariance matrices were only applied to the customer-related models, of which the comparison model (i.e., the H1 or least restrictive model) was the one with 5 factors loading separately. As presented in Table 6 and in the within-group analysis results in the MCFA section, the model showed a satisfactory fit: Satorra-Bentler scaled $\chi^2(220) = 716.306, p < .001$, CFI = .973, TLI = .969, RMSEA = .029, SRMR = .022, while all items loaded as expected on their respective factors, with high (range .468 to .857) and significant ($p < .001$) values. Then fifteen nested (H0) models (including seven 4-factor, seven 3-factor, and one 2-factor models) with more constraints on the parameters were
specified to be compared to the H1 model in order to test discriminant validity. A 1-factor model cannot be established because of the convergence problem. Given that incivility described negative behaviors which substantially differed from the other constructs in the study, loading its indicators on the same factors carrying the indicators from other more positive constructs can hardly make the model converge.

Table 6 not only presented the model fit indices for all of the comparison and nested models, but most importantly, included the results of chi-square difference tests. Each pairwise chi-square difference test between the comparison and nested model was conducted to provide the evidence whether the chi-square difference between them were significantly different from 0. The Satorra-Bentler scaled chi-square difference test approach was used to address the adoption of MLR estimation in the model building. The results concluded that the comparison model fitted the data significantly better than all of the nested models. Thus, it sufficiently supported the existence of five distinct constructs at the within level.

**Discriminant Validity Test at the Between-Group Level**

Two comparison (H1) models were then derived from the between-group covariance matrices. The first comparison model involved a 5-factor customer-focused model (including customer orientation, customer incivility, customer satisfaction, customer-company identification, and competitive intensity), whereas the second a 4-factor employee-focused model (including employee orientation, employee incivility, employee satisfaction, and employee-company identification). Similar as the previous step at the within-group level, nested models were identified to be compared to the comparison
models. If the comparison models displayed significantly superior fit to the data than the nested models, the appropriateness of the factor structure of the comparison models will be supported.

In Table 7, the 5-factor between-group customer comparison model showcased the best fit indices when compared to its twelve nested models, with all of the chi-square differences being significant at \( p < .05 \). Likewise in Table 8, the 4-factor between-group employee comparison model performed significantly superior than the four other corresponding nested models. The results justified that at the between-group level, five distinct factors existed in the customer model, whereas four distinct factors existed in the employee model.
<table>
<thead>
<tr>
<th>Model</th>
<th>Combining Variables</th>
<th>$\chi^2$</th>
<th>df</th>
<th>Scaling Correction Factor</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
<th>Difference Test Scaling Correction</th>
<th>Satorra-Bentler Scaled $\Delta \chi^2$</th>
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<td>1</td>
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<td>716.31*</td>
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<td>0.03</td>
<td>0.97</td>
<td>0.97</td>
<td>0.02</td>
<td>/</td>
<td>/</td>
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<td>0.03</td>
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<td>0.90</td>
<td>0.10</td>
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<td>0.90</td>
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<td>0.89</td>
<td>0.04</td>
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<td>987.30*</td>
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* p<.05
Table 7. Between-Group Customer Model Comparisons

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<th>Model</th>
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<th>$\chi^2$</th>
<th>df</th>
<th>Scaling Correction Factor</th>
<th>RMS EA</th>
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<th>TLI</th>
<th>SRMR</th>
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<th>Satorra Bentler Scaled $\Delta\chi^2$</th>
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<td>H1 (5-factor)</td>
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<td>530.05*</td>
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<td>/ / /</td>
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<td>4-factor</td>
<td>CSAT &amp; CIDENT</td>
<td>593.15*</td>
<td>224</td>
<td>1.87</td>
<td>0.04</td>
<td>0.97</td>
<td>0.97</td>
<td>0.02</td>
<td>2.71</td>
<td>46.52*</td>
</tr>
<tr>
<td>6</td>
<td>4-factor</td>
<td>CSAT &amp; CPINT</td>
<td>862.99*</td>
<td>224</td>
<td>1.85</td>
<td>0.06</td>
<td>0.96</td>
<td>0.95</td>
<td>0.03</td>
<td>1.40</td>
<td>435.63*</td>
</tr>
<tr>
<td>7</td>
<td>4-factor</td>
<td>CIDENT &amp; CPINT</td>
<td>854.61*</td>
<td>224</td>
<td>1.85</td>
<td>0.06</td>
<td>0.96</td>
<td>0.95</td>
<td>0.03</td>
<td>1.39</td>
<td>427.89*</td>
</tr>
<tr>
<td>8</td>
<td>4-factor</td>
<td>CINC &amp; CPINT</td>
<td>1106.02*</td>
<td>224</td>
<td>1.85</td>
<td>0.07</td>
<td>0.94</td>
<td>0.93</td>
<td>0.14</td>
<td>1.53</td>
<td>693.94*</td>
</tr>
<tr>
<td>9</td>
<td>3-factor</td>
<td>CORNT &amp; CSAT &amp; CIDENT</td>
<td>845.15*</td>
<td>227</td>
<td>1.89</td>
<td>0.06</td>
<td>0.96</td>
<td>0.95</td>
<td>0.02</td>
<td>2.82</td>
<td>216.58*</td>
</tr>
<tr>
<td>10</td>
<td>3-factor</td>
<td>CORNT &amp; CSAT &amp; CPINT</td>
<td>1059.92*</td>
<td>227</td>
<td>1.86</td>
<td>0.07</td>
<td>0.94</td>
<td>0.94</td>
<td>0.04</td>
<td>2.00</td>
<td>493.63*</td>
</tr>
<tr>
<td>11</td>
<td>3-factor</td>
<td>CORNT &amp; CIDENT &amp; CPINT</td>
<td>1115.95*</td>
<td>227</td>
<td>1.88</td>
<td>0.07</td>
<td>0.94</td>
<td>0.93</td>
<td>0.04</td>
<td>2.62</td>
<td>425.87*</td>
</tr>
<tr>
<td>12</td>
<td>3-factor</td>
<td>CSAT &amp; CIDENT &amp; CPINT</td>
<td>913.00*</td>
<td>227</td>
<td>1.87</td>
<td>0.06</td>
<td>0.95</td>
<td>0.95</td>
<td>0.03</td>
<td>2.27</td>
<td>317.70*</td>
</tr>
<tr>
<td>13</td>
<td>2-factor</td>
<td>CORNT &amp; CSAT &amp; CIDENTT &amp; CPINT</td>
<td>1159.97*</td>
<td>229</td>
<td>1.89</td>
<td>0.07</td>
<td>0.93</td>
<td>0.93</td>
<td>0.04</td>
<td>2.63</td>
<td>457.65*</td>
</tr>
</tbody>
</table>

* p<.05
Table 8. Between-Group Employee Model Comparisons

<table>
<thead>
<tr>
<th>Model</th>
<th>Combining Variables</th>
<th>$\chi^2$</th>
<th>df</th>
<th>Scaling Correction Factor</th>
<th>RMS EA</th>
<th>CFI</th>
<th>TLI</th>
<th>SR MR</th>
<th>Difference Test Scaling Correction</th>
<th>Satorra-Bentler Scaled $\Delta\chi^2$</th>
<th>$\Delta d f$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 H1 (4-factor)</td>
<td>/</td>
<td>496.12*</td>
<td>203</td>
<td>1.72</td>
<td>0.04</td>
<td>0.97</td>
<td>0.97</td>
<td>0.02</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>2 3-factor</td>
<td>EIDENT &amp; EORNT</td>
<td>2066.06*</td>
<td>206</td>
<td>1.72</td>
<td>0.10</td>
<td>0.84</td>
<td>0.82</td>
<td>0.08</td>
<td>1.82</td>
<td>1482.96*</td>
<td>3</td>
</tr>
<tr>
<td>3 3-factor</td>
<td>ESAT &amp; EORNT</td>
<td>1603.43*</td>
<td>206</td>
<td>1.73</td>
<td>0.09</td>
<td>0.88</td>
<td>0.86</td>
<td>0.06</td>
<td>2.26</td>
<td>847.46*</td>
<td>3</td>
</tr>
<tr>
<td>4 3-factor</td>
<td>EIDENT &amp; ESAT</td>
<td>1589.46*</td>
<td>206</td>
<td>1.73</td>
<td>0.09</td>
<td>0.88</td>
<td>0.87</td>
<td>0.06</td>
<td>2.27</td>
<td>834.32*</td>
<td>3</td>
</tr>
<tr>
<td>5 2-factor</td>
<td>EIDENT &amp; ESAT &amp; EORNT</td>
<td>2608.19*</td>
<td>208</td>
<td>1.83</td>
<td>0.12</td>
<td>0.79</td>
<td>0.77</td>
<td>0.09</td>
<td>6.11</td>
<td>639.42*</td>
<td>5</td>
</tr>
</tbody>
</table>

* p<.05

**Hypothesis Testing - Multilevel structural data analysis**

*MSEM*

After justifying the appropriateness of measurement models at both the within- and between-group levels, I proceeded to test structural models containing all of the hypothesized relationships using multilevel structural equation (MSEM) in Mplus version 7.4 (Muthén & Muthén, 1998–2015), following the steps suggested by Preacher and colleagues (Preacher et al., 2011; Preacher et al., 2010). The estimator used was the robust maximum likelihood estimation along with a type TWOLEVEL. In MSEM, A series of direct, indirect, and interaction relationship tests can be simultaneously conducted based on the separated variance-covariance matrices corresponding to each level. Intercepts and slopes were allowed to vary across levels.
Given that the structure of the data involved three customers’ responses matching with an employee’s response, it can be specified that customer variables were all assessed at the within-group level and almost all of employee variables (excluding employee incivility) were measured at the between-group level. One unique feature of MSEM is that it allows within-group variables to have both within- and between-group variances, but it restricts the variances of between-group variables only at between-group (Muthén & Muthén, 1998–2015). In addition, the within-variance component of a within-group variable exclusively affect the within-variance component of another within-group variable. The between-variance component of a within- or between-group variable can only relate to the between-variance component of a within- or between-group variable (Kline, 2005; Preacher et al., 2010). By correctly accounting for this dual sources of variances without requirement of multiple states of analysis as a traditional MLM analysis usually do, it substantially reduces the biased, conflated estimates for hypothesized relationships in the structural models (Edwards & Lambert, 2007; Liu et al., 2012; Preacher et al., 2011; Preacher et al., 2010).

Model complexity

The ideal approach to conduct MSEM is to concurrently estimate the structural and measurement models using multilevel latent variables. However, partly due to the complex nature of the structural models and small cluster size as well (Muthén & Muthén, 1998-2015), model convergence problems occurred. To simplify the overall models and facilitate running them successfully, I followed a few researcher’s
Centering

Centering was recommended in most multilevel studies (e.g., D’Innocenzo et al., 2016). The main purposes of centering includes appropriately testing and interpreting multilevel estimates and decreasing possible between-group estimation difficulties caused by multicollinearity (Hofmann & Gavin, 1998). In this study, I centered the within-group variables at group means and the between-group variables at grand means. The group-mean centering of within-group variables facilitated a clear separation of within- and between-part of the variables. The grand-mean centering of between-group variables contributed to lowering the correlation between the intercept and slope estimates at higher level (Hofmann & Gavin, 1998).

Hypothesis Testing

By using MSEM, I tested all the hypothesized relationships in two separate integrative models: the customer-focused model (or customer model) and the employee-focused model (or employee model). The customer-focused structural model involved six factors: customer orientation, customer incivility, customer satisfaction, customer-company identification, competitive intensity, and employee satisfaction. The employee-focused
The structural model were comprised of five factors: employee orientation, employee incivility, employee satisfaction, employee-company identification, and customer satisfaction.

Tests of these two models included a simultaneous analysis of direct, indirect, and moderating effects. As can be seen in Table 9, both models yielded good model fit indices: customer model ($\chi^2 = 78.310^*, df = 14$, RMSEA=.042, CFI=.982, TLI=.947, SRMR$W$=.033, SRMR$B$=.0009), and employee model ($\chi^2 = 8.151^*, df = 3$, RMSEA=.026, CFI=.990, TLI=.947, SRMR$W$=.000, SRMR$B$=.023).

<table>
<thead>
<tr>
<th>Table 9. Model Fit for Structural Models</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>--------------</td>
</tr>
<tr>
<td>Customer</td>
</tr>
<tr>
<td>Employee</td>
</tr>
</tbody>
</table>

* p<.05

Table 10 reported the variance explained ($R^2$) for each level of the dependent variables by a set of covariates in the models. In particular, at the within-employee level, the customer model accounted for only 0.5% of the variance in customer incivility but 80.1% of the variance in customer satisfaction. At the between-employee level, the model explained 3% of the variance in customer incivility, 9% of the variance in employee satisfaction, and 92.9% of the variance in customer satisfaction. For the employee model, at the within-employee level, no variance in customer satisfaction was explained. However, at the between-employee level, the model accounted for 53.7% of the variance in employee satisfaction, 20.1% of the variance in customer satisfaction, and 2% of the variance in employee incivility.
Table 10. Variances Explained by the Models

<table>
<thead>
<tr>
<th>Model</th>
<th>Level</th>
<th>DV</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>Within-employee</td>
<td>Customer Incivility</td>
<td>0.005</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Satisfaction</td>
<td>0.801</td>
</tr>
<tr>
<td></td>
<td>Between-employee</td>
<td>Customer Incivility</td>
<td>0.030</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee Satisfaction</td>
<td>0.094</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Satisfaction</td>
<td>0.929</td>
</tr>
<tr>
<td>Employee</td>
<td>Within-employee</td>
<td>Customer Satisfaction</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
<td>Between-employee</td>
<td>Employee Satisfaction</td>
<td>0.537</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Satisfaction</td>
<td>0.201</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Employee Incivility</td>
<td>0.020</td>
</tr>
</tbody>
</table>

After checking the structural model fit indices and the variances explained by the models, I then took a closer look at the specific hypothesis testing results, which were reported in Table 11 and 12, indexed by a series of statistical effect indicators (e.g., standardized path coefficients, standard error, \( p \)-values, confidence intervals, etc.). To determine the statistical significance, not only \( p \)-values, but also confidence intervals were taken into account. According to the International Committee of Medical Journal Editors’ (2006) *Uniform Requirements for Manuscripts Submitted to Biomedical Journals: Writing and Editing for Biomedical Publication*, quantifying findings with appropriate indicators of measurement error or uncertainty, such as, confidence intervals, is highly recommended. Purely relying on \( p \)-values to decide statistical significance has some limitations. The most relevant limitation of \( p \)-values to this study was that it can be influenced by the sample size. Even if the magnitude of the effect is trivial, it is possible that the \( p \)-value reach the significant level with a large sample size. Due to the sizable sample of the current study, it is essential to ensure that the significant findings derive from the true estimated effects of the proposed relationships instead of the number of samples.
included. Therefore, I added confidence intervals as an important supplementary statistical significance indicator to reduce the possible bias created by large sample size, as well as to provide meaningful interpretations of statistically significant results. The criteria used was that statistical significance will be determined if the confidence intervals do not include zero.

The report of standardized regression coefficients ($\beta$) provided evidence of effect size of the different variables in the models (Kohler & Kreuter, 2012; Nieminen, Lehtiniemi, Vähäkangas, Huusko, & Rautio, 2013). Standardized regression coefficients refers to the standard deviation change in a dependent variable when one standard deviation change occurs in an independent variable, controlling for all other independent variables. On the other hand, effect size, in general, is a statistic that estimates the magnitude of an effect in comparing multiple variables or groups (Nakagawa & Cuthill, 2007). Observing the linkage between the two, Nieminen et al. (2013) suggested that standardized regression coefficients can be used as an approximate estimation of effect size. The underlying meaning of effect size is then easier to be interpreted. Moreover, Brown (2015) also noted the equivalency of standardized regression coefficients in SEM to Cohen’s d, which was a typical effect size indicator. As pointed out by Kohler and Kreuter (2012), it is not uncommon for researchers to compare the effect sizes by testing the standardized regression coefficients.
Tests of Main Effects

Differing by disciplines (e.g., social sciences/education/engineering), there are distinctive rule of thumb for deciding small, medium, and large effect sizes. The classic Cohen’s (1988) standards indicated a straightforward and strict rule: .10 = small, .30 = medium, and > (or equal to) .50 = large. Keith’s (2006) proposed a more elaborative standard, probably more applicable to the social science area: below .05 = too small to be considered meaningful, above .05 = small but meaningful effect, .10 = moderate effect, and .25 = large effect. Most recently, Kenny (2016) in his blog suggested a standard for effect size to be used in the context involving interaction of two effects (e.g., indirect effects). Due to two effects involved, the values determined by Cohen (1988) needs to be squared: .01 = small, .09 = medium, and .25 = large.

Indexed by the statistical statistics indicators discussed above, the results can be interpreted with less bias. More specifically, I reported the results of main effects first, then the results of mediation effects, and finally the findings of moderation relationships. The hypothesis pertaining to main effects included: H1 - H9. As summarized in Table 11 and Table 12, only two direct paths were significant. Customer orientation displayed a significant and positive relationship with customer satisfaction both at the within-employee level (β = .466, S.E. = .029, p < .001, 95% CI [0.409, 0.524]) and at the between-employee level (γ = .359, S.E. = .042, p < .001, 95% CI [0.277, 0.441]). Thus, H7 was supported at both levels. Likewise, employee orientation significantly and positively associated with employee satisfaction at the between-employee level (β = .427, S.E. = .044, p < .001, 95% CI [0.342, 0.513]). As such, H8 was supported at the between-
employee level. For the rest of the main effects, none of them was statistically significant either at one level or at two levels. Therefore, H1-H6, and H9 were not supported.

Table 11. Hypothesis Testing for the Customer Model

<table>
<thead>
<tr>
<th>Level</th>
<th>Hypothesized Path</th>
<th>Hypothesis</th>
<th>Hypothesized Model</th>
<th>( \beta/\gamma )</th>
<th>S. E.</th>
<th>( p )-value</th>
<th>95% CI</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within-employee</td>
<td>Customer Orientation ( \rightarrow ) Customer Satisfaction</td>
<td>H7</td>
<td></td>
<td>0.466***</td>
<td>0.029</td>
<td>0.000</td>
<td>[0.409, 0.524]</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation ( \rightarrow ) Customer Incivility</td>
<td>H1</td>
<td></td>
<td>-0.058</td>
<td>0.038</td>
<td>0.128</td>
<td>[-0.133, 0.017]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility ( \rightarrow ) Customer Satisfaction</td>
<td>H3</td>
<td></td>
<td>-0.016</td>
<td>0.030</td>
<td>0.171</td>
<td>[-0.038, 0.007]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation(W) X Customer-company Identification(W) ( \rightarrow ) Customer Incivility</td>
<td>H10</td>
<td></td>
<td>-0.007</td>
<td>0.018</td>
<td>0.702</td>
<td>[-0.043, 0.029]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation(W) X Customer-company Identification(B) ( \rightarrow ) Customer Incivility</td>
<td>H10</td>
<td></td>
<td>0.016</td>
<td>0.028</td>
<td>0.553</td>
<td>[-0.038, 0.070]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation(W) X Competitive Intensity(W) ( \rightarrow ) Customer Incivility</td>
<td>H16</td>
<td></td>
<td>0.008</td>
<td>0.019</td>
<td>0.672</td>
<td>[-0.029, 0.045]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation(W) X Competitive Intensity(B) ( \rightarrow ) Customer Incivility</td>
<td>H16</td>
<td></td>
<td>0.015</td>
<td>0.023</td>
<td>0.515</td>
<td>[-0.030, 0.061]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility (W) X Customer-company Identification (W) ( \rightarrow ) Customer Satisfaction</td>
<td>H12</td>
<td></td>
<td>-0.008</td>
<td>0.015</td>
<td>0.562</td>
<td>[-0.037, 0.020]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility (W) X Customer-company Identification (B) ( \rightarrow ) Customer Satisfaction</td>
<td>H12</td>
<td></td>
<td>-0.005</td>
<td>0.009</td>
<td>0.541</td>
<td>[-0.023, 0.012]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation ( \rightarrow ) Customer Incivility ( \rightarrow ) Customer Satisfaction</td>
<td>H17</td>
<td></td>
<td>0.001</td>
<td>0.001</td>
<td>0.258</td>
<td>[-0.001, 0.003]</td>
<td>No</td>
</tr>
<tr>
<td>Between-employee</td>
<td>Customer Orientation ( \rightarrow ) Customer Satisfaction</td>
<td>H7</td>
<td></td>
<td>0.359***</td>
<td>0.042</td>
<td>0.000</td>
<td>[0.277, 0.441]</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation ( \rightarrow ) Customer Incivility</td>
<td>H1</td>
<td></td>
<td>-0.052</td>
<td>0.075</td>
<td>0.482</td>
<td>[-0.133, 0.017]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility ( \rightarrow ) Employee Satisfaction</td>
<td>H4</td>
<td></td>
<td>-0.023</td>
<td>0.034</td>
<td>0.498</td>
<td>[-0.090, 0.044]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility ( \rightarrow ) Customer Satisfaction</td>
<td>H3</td>
<td></td>
<td>-0.015</td>
<td>0.008</td>
<td>0.069</td>
<td>[-0.032, 0.001]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Employee Satisfaction ( \rightarrow ) Customer Satisfaction (from Customer Model)</td>
<td>H9</td>
<td></td>
<td>0.003</td>
<td>0.010</td>
<td>0.782</td>
<td>[-0.017, 0.023]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation(B) X Customer-company Identification(B) ( \rightarrow ) Customer Incivility</td>
<td>H10</td>
<td></td>
<td>0.182**</td>
<td>0.061</td>
<td>0.003</td>
<td>[0.062, 0.301]</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation(B) X Competitive Intensity(B) ( \rightarrow ) Customer Incivility</td>
<td>H16</td>
<td></td>
<td>-0.024</td>
<td>0.064</td>
<td>0.704</td>
<td>[-0.149, 0.101]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility(B) X Customer-company Identification(B) ( \rightarrow ) Customer Satisfaction</td>
<td>H12</td>
<td></td>
<td>0.007</td>
<td>0.008</td>
<td>0.348</td>
<td>[-0.008, 0.023]</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Customer Incivility X Customer-company Identification ( \rightarrow ) Employee Satisfaction</td>
<td>H14</td>
<td></td>
<td>0.067*</td>
<td>0.034</td>
<td>0.048</td>
<td>[0.001, 0.134]</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Customer Orientation ( \rightarrow ) Customer Incivility ( \rightarrow ) Customer Satisfaction</td>
<td>H17</td>
<td></td>
<td>0.001</td>
<td>0.001</td>
<td>0.513</td>
<td>[-0.002, 0.003]</td>
<td>No</td>
</tr>
</tbody>
</table>

Control Path

<table>
<thead>
<tr>
<th>( \gamma )</th>
<th>S. E.</th>
<th>( p )-value</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Orientation ( \rightarrow ) Employee Satisfaction</td>
<td>0.143</td>
<td>0.092</td>
<td>0.121</td>
</tr>
</tbody>
</table>

Notes:
The table reports standardized path coefficients, but unstandardized coefficients for indirect effects.
The Customer model fit measures: \( \chi^2(14) = 78.310^{**} \), RMSEA = .042, CFI = .982, TLI = .947, SRMRW = .033, and SRMRB = .009.
* \( p < .05 \); ** \( p < .01 \); *** \( p < .001 \).
### Table 12. Hypothesis Testing for the Employee Model

<table>
<thead>
<tr>
<th>Level</th>
<th>Hypothesized Path</th>
<th>Hypothesis</th>
<th>Hypothesized Model</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$\hat{\beta}$</td>
<td>S. E.</td>
</tr>
<tr>
<td>Within-employee</td>
<td>Employee Incivility $\rightarrow$ Customer Satisfaction</td>
<td>H6</td>
<td>0.008</td>
</tr>
<tr>
<td></td>
<td>Employee Orientation $\rightarrow$ Employee Satisfaction</td>
<td>H8</td>
<td>0.427***</td>
</tr>
<tr>
<td></td>
<td>Employee Orientation $\rightarrow$ Employee Incivility</td>
<td>H2</td>
<td>0.019</td>
</tr>
<tr>
<td></td>
<td>Employee Incivility $\rightarrow$ Customer Satisfaction</td>
<td>H6</td>
<td>-0.054</td>
</tr>
<tr>
<td></td>
<td>Employee Incivility $\rightarrow$ Employee Satisfaction</td>
<td>H4</td>
<td>-0.042</td>
</tr>
<tr>
<td></td>
<td>Employee Satisfaction $\rightarrow$ Customer Satisfaction (from Employee Model)</td>
<td>H9</td>
<td>-0.056</td>
</tr>
<tr>
<td>Between-employee</td>
<td>Employee Orientation $\times$ Employee-company Identification $\rightarrow$ Employee Incivility</td>
<td>H11</td>
<td>0.071</td>
</tr>
<tr>
<td></td>
<td>Employee Incivility $\times$ Employee-company Identification $\rightarrow$ Employee Satisfaction</td>
<td>H13</td>
<td>0.050*</td>
</tr>
<tr>
<td></td>
<td>Employee Incivility $\times$ Employee-company Identification $\rightarrow$ Customer Satisfaction</td>
<td>H15</td>
<td>0.135**</td>
</tr>
<tr>
<td></td>
<td>Employee Orientation $\rightarrow$ Employee Incivility $\rightarrow$ Employee Satisfaction</td>
<td>H18</td>
<td>-0.001</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Control Path</th>
<th>$\Upsilon$</th>
<th>S. E.</th>
<th>$p$-value</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between-employee</td>
<td>Employee Orientation $\rightarrow$ Customer Satisfaction</td>
<td>0.141</td>
<td>0.044</td>
<td>0.001</td>
</tr>
</tbody>
</table>

**Notes:**

The table reports standardized path coefficients, but unstandardized coefficients for indirect effects.

The employee model fit measures: $R^2(3) = 8.151$, RMSEA = .026, CFI = .990, TLI = .947, SRMRw = .000, and SRMRB = .023.

* P<.05; ** p<.01; ***p<.001.

**Mediating effects**

Baron and Kenny’s (1986) four-step procedures provided a general framework to examine the mediation hypotheses in this study. There are two hypothesized paths:

**H17:** Customer incivility negatively mediates the relationship between customer orientation and customer satisfaction.

**H18:** Employee incivility negatively mediates the relationship between employee orientation and employee satisfaction.
Take H17 for example. Modeling mediation require:

1. The predictor (customer orientation) is significantly related to the outcome (customer satisfaction).
2. The predictor (customer orientation) is significantly related to the mediator (customer incivility).
3. Controlling for the predictor (customer orientation), the mediator (customer incivility) is significantly related to the outcome (customer satisfaction).
4. To obtain a full mediation, the effect of customer orientation on customer satisfaction controlling for customer incivility needs to be zero.

Based on the previous main effect results, the relationship in step 1 (depicted in H1) was supported, whereas the associations in step 2 (depicted in H3) and 3 (depicted in H7) were not supported. Due to the failure to fulfill the most essential steps (2 and 3) in determining a mediating path, the hypothesized mediating effect in H17 cannot be established. As such, H17 was not supported.

Similarly for H18, modeling mediation require:

1. The predictor (employee orientation) is significantly related to the outcome (employee satisfaction).
2. The predictor (employee orientation) is significantly related to the mediator (employee incivility).
3. Controlling for the predictor (employee orientation), the mediator (employee incivility) is significantly related to the outcome (employee satisfaction).
4. To obtain a full mediation, the effect of employee orientation on employee satisfaction controlling for employee incivility needs to be zero. Based on the previous main effect results, the relationship in step 1 (depicted in H2) was supported, whereas the associations in step 2 (depicted in H4) and 3 (depicted in H6) were not supported. Due to the failure to meet the most essential conditions (2 and 3) in determining a mediating path, the hypothesized mediating effect in H8 cannot be justified. Thus, H18 was not supported.

To reach the final decision whether the indirect relationships are truly trivial, the more direct and rigorous tests need to be conducted. The reason is that what Baron and Kenny (1986) instructed was an approach to infer mediation. It is limited in ruling out the possibility of the existence of meaningful mediation even when there are no significant main effects (Shrout & Bolger, 2002).

The more rigorous methods that I adopted were Sobel (1982) and bootstrapping tests. Sobel test is very straightforward and easy to be implemented. It mainly assesses the statistical significance of the product of the two path coefficients involved in the mediation. If a product term is significant, mediation can be determined. Bootstrapping is also recommended in the literature because it does not require meeting the assumption of the normal distribution of mediation coefficients as Sobel test does. It is a powerful method to test indirect effects based on confidence intervals (Preacher et al., 2007). A confidence interval range excluding zero indicates the statistical significance of an indirect effect.
After applying two complementary tests to the study, it was found that the results of the Sobel test did not corroborate the indirect effects of customer orientation on customer satisfaction via customer incivility at both within- and between-employee levels (\(\beta=0.001, \text{SE}=0.001, p>.05; \gamma=0.001, \text{SE}=0.001, p>.05\), respectively), and the indirect effect of employee orientation on employee satisfaction via employee incivility at the between-employee level (\(\gamma=-0.001, \text{SE}=0.002, p>.05\)). Likewise, the results of the bootstrapping test demonstrated the nonsignificant findings by generating 95% confidence intervals for the indirect effect of customer incivility at the within-employee level \([-0.001, 0.003]\) and at the between-employee level \([-0.004, 0.003]\), as well as for the indirect influence of employee incivility at the between-employee level \([-0.004, 0.003]\). All of the confidence intervals did include zero, which again provided evidence that the mediation hypotheses H17 and H18 were not supported. The consistency of the findings from three different approaches finally confirmed the insignificant mediating effect of customer incivility between customer orientation and customer satisfaction, as well as the insignificant mediating effect of employee incivility between employee orientation and employee satisfaction.

**Moderating Effects**

Since most of the direct and indirect effects were discovered to be insignificant, it became especially interesting and important to identify a certain moderating variables that allow the insignificant direct paths to be changed into significant under boundary conditions.
Use Level-specific Interaction Terms for Moderation Test

In statistics, moderation refers to an interaction effect existing when the impact of a focal predictor is contingent upon the level of another variable (i.e., a moderator) (Cohen, Cohen, West, & Aiken, 2003). Multilevel moderation tests become especially popular with the increasing number of multilevel studies. In its infancy, various conceptual and statistical problems emerge. One of the most common problems is that the majority of the testing methods conflate the lower- and higher-level moderating effects by incorporating them into single coefficients (Preacher et al., 2010). The downside of this potentially biased approach is to cause model misspecification (Hausman, 1978) with the risk of missing the meaningful moderation effects.

To minimize the conflation problem and obtain more unbiased results, this study followed Preacher et al.’s (2016) most updated method to use level-specific interaction terms for moderation analysis. For example, a traditional interaction term “Customer Orientation X Competitive Intensity” is decomposed into three interaction terms: Customer Orientation(W) X Competitive Intensity(W), Customer Orientation(W) X Competitive Intensity(B), and Customer Orientation(B) X Competitive Intensity(B). Customer Orientation(W) X Competitive Intensity(W) means the within-part variance of Customer Orientation being moderated by the within-part variance of Competitive Intensity. Customer Orientation(W) X Competitive Intensity(B) refers to the within-part variance of Customer Orientation being moderated by the between-part variance of Competitive Intensity. Customer Orientation(B) X Competitive Intensity(B) means the
between-part variance of Customer Orientation being moderated by the between-part variance of Competitive Intensity. These level-specific interaction terms were all presented in Table 11 and Table 12.

Results of Moderation Tests

In total, seven hypotheses (hypothesis 10-16) proposed moderation relationships. As seen in Table 11 and Table 12, for the customer model, at the within-employee level, the within part of customer-company identification did not significantly moderate the relationship between the within part of customer orientation and customer incivility ($\beta = -0.007$, S.E. = 0.018, $p > .05$, 95% CI [-0.043, 0.029]), whereas the between part of customer-company identification did not significantly moderate the associations between within-part of customer orientation and customer incivility ($\beta = 0.016$, S.E. = 0.028, $p > .05$, 95% CI [-0.038, 0.070]). Thus, H10 was not supported at the within-employee level. Similarly, the within part of competitive intensity did not significantly moderate the relationship between the within part of customer orientation and customer incivility ($\beta = 0.008$, S.E. = 0.019, $p > .05$, 95% CI [-0.029, 0.045]), and the between part of customer-company identification did not significantly moderate the association between the within-part of customer orientation and customer incivility ($\beta = 0.015$, S.E. = 0.023, $p > .05$, 95% CI [-0.030, 0.061]). As such, H15 was rejected at the within-employee level. In addition, the within part of customer-company identification did not significantly moderate the relationship between the within part of customer incivility and customer satisfaction ($\beta = -0.008$, S.E. = 0.015, $p > .05$, 95% CI [-0.037, 0.020]), while the between
part of customer-company identification did not significantly moderate the association
between the within part of customer incivility and customer satisfaction ($\beta$=0.015, S.E.=
0.023, $p$>.05, 95% CI [-0.030, 0.061]). Therefore, H12 was not supported at the within-
employee level.

At the between-employee level, the significant moderating effect of the between part of
customer-company identification was discovered in the relationship between the between
part of customer orientation and customer incivility ($\gamma$ = 0.182, S.E.= 0.061, $p$<.001, 95%
CI [0.062, 0.301]). Thus, H10 was supported at the between-employee level. There was
also the significant moderating effect of the between part of customer-company
identification in the association between the between part of customer incivility and
employee satisfaction ($\gamma$ = 0.067, S.E.= 0.034, $p$<.05, 95% CI [0.001, 0.134]). As such,
H13 was supported at the between-employee level. Similar as at the within-employee
level, no significant relationships were found in the moderating effect of the between part
of competitive intensity in the relationship between the between part of customer
orientation and customer incivility ($\gamma$ = -0.024, S.E.= 0.064, $p$<.05, 95% CI [-0.149,
0.101]). Therefore, H15 was not supported at the between-employee level. The
moderating effect of the between part of customer-company identification was not
significant in the association between the between part of customer incivility and
customer satisfaction ($\gamma$ = 0.007, S.E.= 0.008, $p$<.05, 95% CI [-0.008, 0.023]). H12 was
rejected at the between-employee level.

In terms of employee model, there were only between-level moderations. The significant
moderating effect of the between-part of employee-company identification was detected
in the relationship between the between-part of employee incivility and employee
satisfaction ($\gamma = 0.050, \text{S.E.} = 0.021, p<.05, 95\% \text{ CI} [0.008, 0.092])$. Thus, H14 was supported at the between-employee level. There was also the significant moderating effect of the between part of employee-company identification in the association between the between part of employee incivility and customer satisfaction ($\gamma = 0.135, \text{S.E.} = 0.044, p<.01, 95\% \text{ CI} [0.049, 0.222]$). As such, H15 was supported at the between-employee level. The only insignificant moderation was found in the effect of the between-part of employee-company identification on the relationship between between-part of employee orientation and of employee incivility ($\gamma = 0.071, \text{S.E.} = 0.042, p>.05, 95\% \text{ CI} [-0.012, 0.154]$). As a result, H11 was rejected at the between-employee level.

**Probing moderation**

To better understand the nature of the moderating relationships and facilitate an easy interpretation of the significant moderation (or interaction) patterns, I plotted the relationship between customer orientation and customer incivility at 1 SD above, at, and at 1 SD below the mean of customer-company identification. Furthermore, I also conducted simple slope tests to quantify the relationship changes at various levels of the moderators.

As illustrated in Figure 3, the relationship between customer orientation and customer incivility is significant and negative only when customer-company identification is low ($\beta = -0.2082, \text{SE} = 0.094, p<.05$), but insignificant when customer-company identification is medium ($\beta = -0.0649, \text{SE} = 0.093, p>.05$) or high ($\beta = 0.0784, \text{SE} = 0.1138, p>.05$). Although not significant, the sign of the relationship at high customer-company
identification is positive, but it changes its direction to negative when customer-company identification is lower. This provides reasonable evidence to support Hypothesis 10.

Figure 4 depicts the interaction between employee incivility and employee-company identification on employee satisfaction. The result indicates that the significantly negative association between employee incivility and employee satisfaction is limited to the situation when employee-company identification is low ($\beta = -0.0887$, SE = 0.0291, p<.01). At the medium ($\beta = -0.046$, SE = 0.0263, p>.05) or high level ($\beta = -0.0006$, SE = 0.0353, p>.05) of employee-company identification, the relationship is not significant. As such, H14 was supported.

The moderating effect of employee-company identification on the relationship between employee incivility and customer orientation is shown in Figure 5 to be significantly negative at low level of employee-company identification ($\beta = -0.1277$, SE = 0.0471, p<.01), not at medium ($\beta = -0.0412$, SE = 0.0283, p>.05) or high level ($\beta = 0.0453$, SE = 0.0326, p>.05). The result lent support to H15.

Finally in Figure 6, customer incivility is discovered to exert a negative and significant on employee satisfaction when customer-company identification is low ($\beta = -0.1009$, SE = 0.0514, p<.05), not at medium ($\beta = -0.0341$, SE = 0.0381, p>.05) or high level ($\beta = 0.0328$, SE = 0.0503, p>.05). Consequently, H13 was supported.
**Boundaries of the Moderations**

I further probe the boundaries of the moderation based on the Johnson-Neyman technique using Preacher’s online interaction utilities, which generates the lower bound (i.e., the value beyond which the coefficient becomes significantly negative) and the upper bound (i.e., the value beyond which the coefficient turns significantly positive). For the moderating effect of customer-company identification on the customer orientation-incivility link, the lower bound estimate was -0.9569 and the upper bound estimate was 3.6863, using the 95% region of significance. In the current sample of 2,619 customers, the minimum (standardized) customer-company identification observed value is -4.30 and the maximum value is 1.70. About 595 customers (22.7%) are below the lower bound (-0.9569) exhibiting a negative significant moderation, whereas about 2,024 customers (77.3%) are between the bounds (-0.9569, 1.70) demonstrating a nonsignificant moderation. The upper bound was substantially outside of the maximum observed value implies that the customer orientation-incivility relationship does not go significantly positive within the range of the current study. However, a trend can be foreseen for the relationship to turn positive if the range of the study extends. As a whole, these analyses provide further support for the proposed relationship between customer orientation and customer incivility being negative and significant among customers with relatively low identification with the company, but not significant among customers with relatively high identification.

The same test is conducted to probe the boundaries for the other significant moderations in this study. Regarding the moderating effect of employee-company identification on the employee incivility-satisfaction link, the lower bound estimate is -0.2079 and the upper
bound estimate is 12.8283. Still among the 2,619 customer samples, the minimum observed value for employee-company identification is -4.32 whereas the maximum value is 1.68. Approximately 1126 customers (43%) are below the lower bound (-0.2079) showing a negative significant moderation, but about 1,493 customers (57%) are between the bounds (-0.2079, 1.68) signifying a nonsignificant moderation. It can be inferred from the upper bound being well outside of the maximum observed value that the employee incivility-satisfaction relationship does not go significantly positive within the range of the current study. Overall, these analyses provide further support for the anticipated association between employee incivility and employee satisfaction being negative and significant among employees with relatively low identification with the company, but not significant among employees with relatively high identification.

In terms of the moderating effect of employee-company identification on the employee incivility-customer satisfaction association, the lower bound estimate is -0.3524 and the upper bound estimate is 2.1996. Again among the 2,619 customer samples, the minimum observed value for employee-company identification is -4.32 and the maximum value is 1.68. Approximately 1048 customers (40%) are below the lower bound (-0.3524) showing a negative significant moderation, but about 1,571 customers (60%) are between the bounds (-0.3524, 1.68) signifying a nonsignificant moderation. It can be inferred from the upper bound being well outside of the maximum observed value that the employee incivility-satisfaction relationship does not go significantly positive within the range of the current study. Overall, these analyses provide further support for the anticipated association between employee incivility and customer satisfaction being negative and
significant among employees with relatively low identification with the company, but not significant among employees with relatively high identification.

Lastly for the effect of customer-company identification on customer incivility-employee satisfaction, the lower bound estimate is -1.3245 and the upper bound estimate is 43.687. Among the 2,619 customer samples, the minimum observed value for customer-company identification is -4.30 and the maximum value is 1.70. Approximately 340 customers (13%) are below the lower bound (-1.3245) showing a negative significant moderation, but about 2,279 customers (87%) are between the bounds (-1.3245, 43.687) which does not reflects a moderating effect. Since the upper bound falls far outside of the maximum observed value, it indicates that the customer incivility-employee satisfaction relationship does not go significantly positive within the range of the current study. The test provides additional support for the predicted association between customer incivility and employee satisfaction being negative and significant when customer-company identification is low, but not significant when customer-company identification is relatively high.
Figure 3. Plot of the Customer Orientation x Customer-company Identification on Customer Incivility

HLM 2-Way Interaction Plot

Note:
X1 = Customer Orientation;
Y = Customer Incivility;
W2(1) = High employee-company identification (1 SD above the mean);
W2(2) = Medium employee-company identification (at the mean);
W2(3) = Low employee-company identification (1 SD below the mean).
Figure 4. Plot of the Employee Incivility x Employee-company Identification on Employee Satisfaction

HLM 2-Way Interaction Plot

Note:
X1 = Employee Incivility;
Y = Employee Satisfaction;
W2(1) = High employee-company identification (1 SD above the mean)
W2(2) = Medium employee-company identification (at the mean)
W2(3) = Low employee-company identification (1 SD below the mean)
Figure 5. Plot of the Employee Incivility x Employee-company Identification on Customer Satisfaction

Note:
X1= Employee Incivility;
Y= Customer Satisfaction;
W2(1)= High employee-company identification (1 SD above the mean);
W2(2)= Medium employee-company identification (at the mean);
W2(3)= Low employee-company identification (1 SD below the mean).
Figure 6. Plot of the Customer Incivility x Customer-company Identification on Employee Satisfaction

Note:
X1= Customer Incivility;
Y= Employee Satisfaction;
W2(1)= High customer-company identification (1 SD above the mean);
W2(2)= Medium customer-company identification (at the mean);
W2(3)= Low customer-company identification (1 SD below the mean).
**Control Paths**

Although not the interest of this study, the direct effects (i.e., the links between employee orientation and customer incivility, between customer orientation and employee incivility) are estimated and controlled. As a result, employee orientation was found to have a significantly positive relationship with customer satisfaction at the between level ($\gamma = 0.141$, S.E. = 0.044, $p < .01$), whereas customer orientation was not significantly related to employee satisfaction ($\gamma = 0.143$, S.E. = 0.092, $p > .05$). Table 13 exhibits the model fit changes between models including control paths and excluding control paths.

As it can be seen, including or excluding the controlling customer orientation-employee satisfaction path did not meaningfully change the model fit ($\Delta \chi^2(1) = 2.444$, $p > .05$). However, the model fit did change significantly for the customer model with or without the control path ($\Delta \chi^2(1) = 9.673$, $p < .05$).

**Table 13. Model Fit with or without Control Paths**

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMRw</th>
<th>SRMRb</th>
<th>Satorra-Bentler Scaled $\Delta \chi^2$</th>
<th>$\Delta df$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer model with the control path</td>
<td>78.310*</td>
<td>14</td>
<td>0.042</td>
<td>0.982</td>
<td>0.947</td>
<td>0.033</td>
<td>0.009</td>
<td></td>
<td>/</td>
</tr>
<tr>
<td>Customer model without the control path</td>
<td>82.461*</td>
<td>15</td>
<td>0.041</td>
<td>0.981</td>
<td>0.948</td>
<td>0.033</td>
<td>0.010</td>
<td>2.444</td>
<td>1</td>
</tr>
<tr>
<td>Employee model with the control path</td>
<td>8.151*</td>
<td>3</td>
<td>0.026</td>
<td>0.990</td>
<td>0.947</td>
<td>0.000</td>
<td>0.023</td>
<td></td>
<td>/</td>
</tr>
<tr>
<td>Employee model without the control path</td>
<td>15.426*</td>
<td>4</td>
<td>0.033</td>
<td>0.978</td>
<td>0.911</td>
<td>0.000</td>
<td>0.027</td>
<td>9.6773*</td>
<td>1</td>
</tr>
</tbody>
</table>

**ANALYTICAL MODELS**

The test results of the analytical models are summarized in Figure 7, 8, and 9.
Figure 7. The Customer Model

Note:
(C) Customer Data, and (E) Employee Data.
Estimates are standardized path coefficients.
* P<.05; ** p<.01; ***p<.001.
Figure 8. The Employee Model

Note:
(C) Customer Data, and (E) Employee Data. Estimates are standardized path coefficients.
* P<.05; ** p<.01; ***p<.001.
Figure 9. Results of the Integrated Model

UNIT LEVEL

INDIVIDUAL LEVEL

Employee-company Identification (E)

Employee Incivility (C)

Employee Satisfaction (E)

Customer Orientation (C)

Customer Incivility (E)

Customer Satisfaction (C)

Competitive Intensity (C)

Customer-company Identification (C)

Note:
(C) Customer Data, and (E) Employee Data.
The theoretical model of this study attempts to explore a paradoxical phenomenon whether, how, and when customer or employee orientation can reduce customer or employee satisfaction. Mixed results are achieved to deepen our understanding of a series of complexed research questions.

The overall test results show that the majority of the significant relationships come from the moderating effects. Most of the main and mediating effects do not reach the significance level. The findings are not unexpected, given the relationships being examined here are counterintuitive to some extent. They seem to contradict people’s rational thinking, but there is anecdotal evidence that the relationships may exist. One of the reasonable explanations is that they can be effective only under some boundary conditions.

**Moderating Effects**

*Identification: Moderating the Orientation-Incivility Links*

In particular, the results reveal an important role of social identity in determining the focal relationships. The widely accepted idea that customer orientation prevents
customers from engaging in uncivil behaviors is only true when customers moderately not highly identify with a company. For highly identified customers, customer orientation is not found to exert any significant influence on reducing their uncivil behaviors. This result is consistent with the premise of optimal distinctiveness theory (Brewer, 1991) that marginal membership drives an individual to pursue assimilation goals by adhering to the group norms, whereas prototypical membership motivates the person to strive for distinctiveness through nonconforming actions.

Despite of the theoretical underpinning, the suggested moderating effect is not significant for employees. The possible reasons may be originated from the difference between formal and informal membership in identity-related motivation of assimilation and distinctiveness. Holding a formal membership in an organization, exhibiting assimilative and distinctive behavior is not totally at the discretion of employees. Instead, there are a number of organizational rules and regulations for them to follow at work. They are restricted to acting out their authentic self as described in extensive emotional labor literature (e.g., Ashforth & Humphrey, 1993; Morris & Feldman, 1996; Sharpe, 2005). Even if they feel an inner drive that they desire to be different from other group members, they cannot go far enough when bounded by their role requirement. As such, highly identified employees may not be different from moderately identified employees in terms of performing incivility in employee-oriented organizations.
Identification: Moderating the Intrapersonal and Interpersonal Incivility-Satisfaction Links

Identification is also hypothesized to moderate the intrapersonal and interpersonal incivility-satisfaction links. With regard to intrapersonal relationships, the results confirmed the prediction on employees but not on customers. In line with the viewpoints of social identification theory (Bhattacharya & Sen, 2003), if individuals hold a high level of identification with a company, their satisfaction with the company will not be easily changed by negative events or information of the company. Performing incivility toward customers of the company is also an unpleasant experience to perpetrators. This unfavorable interaction embodies one type of the so-called negative company information. However, under the context of high identification, employees are likely to overlook or downplay the issue when evaluating the overall satisfaction level toward the company. In contrast, with a comparatively low identification toward a company, employees’ resilience to negative information is largely decreased. Even their own incivility will cause themselves to blame the company and lower the satisfaction with it. However, the moderating effect of identification on intrapersonal incivility-satisfaction is found to be not applicable to customers. Bhattacharya and Sen’s (2003) and Alsop’s (2002) research provide some evidence to make sense of the findings. According to them, in order for persons to downplay the negative company information, the information needs to have low magnitude as well as to be unrelated to identity-based attributes. Generally speaking, incivility is construed as a trivial negative event with less serious consequences. When put such a minor unpleasant incident in a service context, its
adverse impacts are intensified. The dysfunctional interactions with employees may pose a big identity threat to customers because it makes them look bad in front of others, and also run counter to their high expectations of quality of services. Under this circumstances, it is difficult for customers to overlook incivility, no matter whether their identification with the company is high or low. As a result, identification cannot act as a moderator for employees on intrapersonal incivility-satisfaction link.

**Identification: Moderating the Interpersonal Incivility-Satisfaction Links**

The moderating impacts of identification on interpersonal incivility-satisfaction links are found to be more robust than its impacts on intrapersonal links. For both customers and employees, being exposed to incivility by a counterparty who is perceived not to identify with the company will significantly discount their satisfaction with the organization. The logic is drawn based on the prominent role of an organization in the identification process. Without establishing and conveying the conception of who they are by an organization, it is not possible for customers or employees to form a perception of organizational identity and to base on this perception to interact with other organizational stakeholders (Albert & Whetten, 1985; Brickson, 2007; Goffman, 1959; Swann, 1987). The higher the expectation for the organization to establish valuable identity for its customers or employees to pursue, the more inclination of customers or employees to blame the organization for failing to conserve the organizational identity from being exposed to any identity threats.
**Competitive Intensity: Moderating the Customer Orientation-Incivility Link**

The environmental moderator, competitive intensity, is discovered not to significantly influence the customer orientation-incivility relationship. The potential reason for this insignificant result might be related to the nature of the restaurant industry. This industry is always full of fierce competition (Tam, 2004). With no high level of skills and knowledge involved, a restaurant’s products and service can easily be copied or matched by a number of competitors. The intensive competition becomes a universally acknowledged norm in the restaurant industry. In this sense, the commonality of competitive intensity undermines its salience as an identity threat, which possibly renders the moderating impact of competitive intensity ineffective on customer orientation-incivility link.

**Main and Mediating Effects**

Based on the test results of the main effects, customer or employee orientation is found to directly increase customer or employee satisfaction. It is in line with the majority of the research in the similar domain (e.g., Andreassen, 1994; Coff et al., 1997; Hennig-Thurau, 2004).

Customer or employee orientation is not found to significantly influence incivility, and the customer or employee incivility also does not exert a significant influence on their own satisfaction. The results have two implications. Firstly, the proposed relationships do not exist by their own. They need to rely on some boundary conditions to be effective. Secondly, incivility is not a factor to explain how customer or employee orientation negatively impacts their satisfaction. The results of mediation tests confirmed this point.
In addition, the main effects of customer incivility-employee satisfaction and employee incivility-customer satisfaction are not significant. The results are inconsistent with the findings of Marchiondo et al. (2010). Again one of the underlying reasons to explain the nonsignificant main effects is related to boundary conditions. The interpersonal incivility-satisfaction link can be supported only under a certain circumstances, such as, when customers or employees hold a relatively low level of identification with a company. Finally, the results show that employee satisfaction does not directly influence customer satisfaction. It is contradictory to findings of many studies (e.g., Rucci et al., 1998; Schlesinger & Zornitsky, 1991; Schneider & Bowen, 1985; Schneider et al., 1980). However, it is evident in service profit chain (Heskett et al., 2008) that employee satisfaction is not directly linked to customer satisfaction. Instead, employee satisfaction influences customer satisfaction through employee retention, employee productivity, and external service value.
CHAPTER VI

CONCLUSION

Theoretical Contributions

The conceptual idea proposed by this study is a combination of interpersonal and intrapersonal paths that predict the influence of orientation across customers and employees. The model expands our understanding of the effectiveness of customer or employee orientation by suggesting that its implementation is more complex than the literature of marketing and organizational behavior has thus far delineated it to be. In generally, this study contributes to the general literature in the following aspects.

Examine the dysfunctional Impact of Customer Orientation

First, to the best of my knowledge, this might be one of the earliest empirical attempts to challenge the implicit notion of the benefits of customer orientation. Another article, Homburg et al. (2011), pays similar attention to a curvilinear effect of salesperson’s customer orientation. As they argue, there is an optimal level of customer orientation. When customer orientation reaches that level, continuously pushing further will result in negative outcomes, such as dampened salesperson’s dampened job performance. Different from Homburg et al.’s (2011) perspective, this research focuses on using
customer-company identification to explain when and why customer orientation stop enhancing positive customer and attitude under a customer-oriented culture. Moreover, building on the future research pointed out by Homburg et al. (2011), this study examines the relational aspects of customer orientation instead of functional customer orientation emphasized by Homburg et al.’s (2011) article. The addition of this view is important, given that there is a trend from interpersonal economic exchanges to engagement in long-term relationships with both customers and employees, as two major business stakeholders (Bhattacharya & Sen, 2003). A deep, meaningful, long-term relationship with stakeholders is more desirable in a company’s pursuit of sustainable success in a marketplace (Bhattacharya & Sen, 2003).

Add Perpetrator’s View to Belongingness Theory and Incivility Literature

Second, the current study adds to belongingness theory and incivility literature as well by drawing attention to perpetrator’s view of incivility, i.e., a mild level of social exclusion, which is a key construct in belongingness theory (Baumeister & Leary, 1995). Using a matched dyadic research design, this study is able to overcome the difficulty of examining perpetrator’s deviant behavior due to risking of serious social desirability bias. This difficulty partially explicate a scarcity of research efforts in this domain. When connecting perpetrator’s reporting attitude with victim’s assessing incivility of perpetrators, this research idea becomes testable with more accuracy.
Use a Social Identity Approach to Extend Belongingness Theory by Explaining Perpetrator’s View

Third, this study puts a great emphasis on belongingness, which reflects in a scrupulous endeavor to supplement belongingness theory with the optimal identity premise of social identity theory. As two separate social cognitive theories on people’s need for belonging, the similarities and differences between belongingness theory and social identity theory have seldom been discussed in past literature. This omission is significant given the essential role of belonging in people’s life. Addressing the underestimation of its value as a minor background social process in literature (DeWall et al., 2008), Baumeister and Leary (1995) pinpoints the equal importance of the unconscious drive for belongingness with other basic physical needs, such as, food, water, and accommodation, etc. It is pervasively accepted that accomplishing a strong sense of belongingness by maintain functional interactional relationships enhances quality of life in families, at work, and in other social groups (DeWall et al., 2011). Whereas similarly stressing the pivotal motivating forces of belongingness on people’s emotions, cognitions, and behaviors (Baumeister & Leary, 1995), social identification theory draws boundaries for the effects of belongingness to be meaningful based on people’s various self-definitional goals. Especially under a certain conditions, need for belongingness will be replaced by need for distinctiveness, a type of seemingly anti-belongingness need.

One critical point that this study highlights is that deviating from the implicit notion of belongingness and social identity theories, pursuits of affiliation or distinctiveness in a group both are strategies that people employ to satisfy need for belonging under different circumstances. The reason is because need for belonging embodies people’s innate desire
to maintain a harmonious relationship either in the context of a narrowly defined group or a broad societal environment. When needs for belonging are thwarted due to the tense resulting from losing distinctiveness in a group, people are likely to engage in non-conforming behaviors as a way of reaffirming their sense of self-worth and meaningfulness (Williams, 2007). In another words, even though a focal person’s strive for distinctiveness may pose a belonging threat to other people as depicted in other studies (e.g., Hornsey & Jetten, 2004), perpetrators may interpret it as a process for themselves to reclaim self-definition by adjusting to a balanced and fulfilling position within their social circle. Conducting behaviors driven by need for distinctiveness may imply people’s demand for higher level of group acceptance, i.e., to be accepted as a specially valued member. This shifting view from victims to perpetrators provides an additional lens to understand belongingness need for both theories.

Another theoretical extension of belongingness theory by adopting a social identity approach lies in the moderating role of employee-company identification between employee incivility and satisfaction. The organizational identification literature highlights a counteracting impact of strong identification on internalization of negative information. This view offers the reasoning to understand how the satisfaction level of highly identified employees with an organization is not affected by incivility that conveys negative information. In contrast, for moderately identified employees, their own incivility will exert a negative influence on their satisfaction with the organization. The prediction inferred by social identity research takes an active step forward to expand the emphasis of belongingness theory from victim-focused to perpetrator-focused outcomes stemming from social exclusion events.
**Investigate the Downsides of Organizational Identification**

**Fourth**, different from the majority of the increasing organizational identification research, the findings of this study suggest a need to call for a cool-down zest for organizational identification. It is especially intriguing for service companies today to build up deep, long-lasting, and meaningful relationships with customers and employees. Nevertheless, the downside of identification revealed by this study is mainly related to the distinctiveness need activated by customer orientation. Consequently, it may trigger customer’s non-conforming behavior to the organizational norms, which runs counter to the underlying purposes of implementing customer orientation by an organization: to encourage positive customer attitude and behavior in exchange. This perspective well falls into the future research area suggested by (Korschun, 2015) that more efforts be invested in exploring the unexpected psychological consequences associated with organizational identification.

**Demonstrate the Impact of Formal Membership on Identification**

**Fifth**, noting the varied results for customers and employees in orientation-incivility and incivility-satisfaction links, it is underscored that the formality of membership may play a role under various social identification conditions. Given that social identifications are based on perpetual instead of formal membership (Tajfel & Turner, 1986), the potential impact of formal membership inferred from a comparison of customer-focused with employee-focused submodels offers extra insight into the association of formal with perpetual membership in the prediction of identity-related outcomes.
Emphasize the Importance of Irrational behavior in Marketing and Organizational Behavior

Sixth, the central premise of this research reflects a view of irrationality theories, which study the systematic irrational behavior that cannot be well interpreted by traditional rationality theories (Becker, 1962). Despite of its widespread existence (Caplan, 2001), irrational behavior has been largely underexplored in the field of social science. The findings of this study that an individual’s dysfunctional behavior results in a reduction of his or her own satisfaction with the organization provide evidence for the applicability of irrationality theories to the areas of marketing and organizational behavior. The understanding of this perspective is not well addressed or offered by the dominant rationality theories (such as, social exchange theory, equity theory, etc.) in marketing and organizational behavior. Given that irrationality is a basic organizational attribute (Brunsson, 1982), further investigation on irrationality will have meaningful implications in terms of the predictability and manageability of irrational behaviors of organizational stakeholders.

Practical Implications

In addition to its theoretical contributions, this study benefits an organization’s practice in implementing customer or employee orientation and establishing organizational identification in the following ways.
**Implement Customer Orientation along with Customer Prioritization**

First, when they look to improve organizational performance through implementing customer orientation, managers need to be aware that customer orientation may be more complex than they expect, and should be implemented with caution. The reason is because a favorable environment may not necessarily drive customer’s positive attitude and behavior, which is evidenced to be a common occurrence in organizational life and create a genuine managerial issue. In particular, only when customers do not identify with an organization, customer orientation can motivate customers to reduce dysfunctional behavior as desired by the organization. If customers’ identification with an organization is high, customer orientation cannot prevent these customers from engaging in undesirable behavior due to the arousal of distinctiveness need.

The central focus of customer orientation is to treat customers all equally well, which is more effective in satisfying affiliation need instead of distinctiveness need. An alternative motivational program, customer prioritization, may be considered to come along with customer orientation in order to address various customer’s need.

Customer prioritization refers to an organizational strategy to choose limited customers for receiving different and preferential treatment (e.g., Bolton, Lemon, & Verhoef, 2004). Different from using sales as a normal criterion to determine who is granted with preferential treatment, this study suggests to execute customer prioritization based on level of identification. For customers with high identification, symbolic benefits, such as an elevated customer status, may be especially effective to satisfy their need to feel special.
**Foster Customer- or Employee-company Identification**

Second, although it is discovered that high identification may lead to group norm violation as a reflection of need for distinctiveness, the other findings of this study suggest the necessity to foster organizational identification among customers and employees. When highly identified, people are likely to maintain their satisfaction with an organization even though there is negative information or events related to the organization. Furthermore, if being exposed to the mistreatment by people whose identification is low, victims are likely to blame the organization and thus discount their satisfaction with it. One fundamental approach to boost up customer- or employee-company identification is to create and offer attractive, meaningful social identities (such as high reputation and social responsibility) that allows customers and employees to satisfy critical self-definitional needs (Bhatthacharya & Sen, 2003).

**Emphasize Group-interest over Self-interest**

Third, after successfully develop meaningful organization identities, the next step for managers to carry out is to accentuate the purpose of the organization as the ultimate goal of being a member. If group member’s self-interest can be aligned with group-interest, harmony and cooperation will be maximized, with conflicts and anxiety being minimized. Consequently, the organization can reap the benefits of improved financial performance stemming from good relationships and smooth interactions between stakeholders.
Limitations and Future Research

This study entails some limitations that suggest directions for further research.

Social Desirability Bias

The biggest challenges of this study is whether reliable and valid responses can be collected for the incivility constructs. Given incivility is a socially undesirable behavior, social desirability bias may occur to contaminate the results. Addressing this problem, this study takes some steps to control for this bias, such as, using a design of matching dyadic answers, ensuring anonymity and confidentiality, and establishing a common ground in introduction. Future research is suggested to control for social desirability bias based on a combination of experimental and survey approaches.

Common Method Variance

Although I collected data from multiple sources, common method variance cannot be completely avoided because most of the constructs are self-reported except for incivility. This can lead to inflated relationships among these variables. Future research is expected to include data from additional sources, for example, manager or objective data, to validate the results. In addition, according to Lindell and Whitney (2001), another way to estimate and adjust for the common method bias is to include and test one or more marker variables which do not have a theoretical association with the studied variables.
Ambiguous Causality

This study mainly bases on a cross-sectional design to measure all constructs at one point in time, which limits its ability to establish causality regarding the links in the model. Unlike randomized experiments that can conclude with confidence that changes in one variable are due to changes in another (Judd, Smith, & Kidder, 1991), a survey design can only examine correlational relationships, leaving alternative explanations for the observed relationships untested. For example, customer incivility is proposed to decrease customer satisfaction. However, basing on a survey method, it cannot rule out the possibility that the reversed relationship may exist, i.e., customer satisfaction reduces customer incivility. Furthermore, because all of the variables are measured almost at the same time, the long-term impact of customer or employee orientation cannot be reflected. As such, to make stronger causal inferences, future research is recommended to use experimental or longitudinal design to determine the real causal relationship, and to validate the findings of this study.

Limited Generalizability

Given this study is only conducted in the context of restaurants in China, the derived findings may exclusively apply to restaurant management practices in China. More importantly, cognitive variables, such as incivility and identity, may be perceived very differently across different cultures.

Further information from future studies may be requested if there is a need to increase the generalizability of the research findings. For example, the theoretical model of this study is suggested to be tested on more organizations from a variety of industries not only in
eastern countries, but also in western ones. Only in this way, external validity of this study’s findings can be confirmed.

**Converging Problems**

Due to the model complexity, the initial attempt to conduct data analysis based on latent MSEM models is unsuccessful because the occurrence of converging problems. With the advance of the analytical software, estimation of the same model using latent variables instead of average scale scores may be possible for future researchers to carry out.

**Small Cluster Size**

The difficulty in accessing to the field study data limits the ability of this study to develop a bigger cluster size, which refers to the number of customers within each employee. On average, only three customers’ responses are obtained and matched to their server’s response. The small cluster size may result in untrustworthy within-group reliability. Addressing this limitation, future research is expected to substantially increase cluster size by including more within-level units.
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doi: 10.1002/job.767


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doi:10.1037/12330-011
## APPENDICES

### Appendix 1. Sources of Customer and Employee Survey Questions

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Question Items</th>
<th>Sources</th>
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<tbody>
<tr>
<td><strong>Competitive Intensity (1= strongly disagree, 7= strongly agree)</strong></td>
<td>1. Competitors of this restaurant often approach me with good offerings.</td>
<td>Jaworski &amp; Kohli (1993); Wetzel, Hammerschmidt, &amp; Zablah (2014)</td>
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<tr>
<td></td>
<td>2. The offerings of this restaurant are easily matched by its competitors.</td>
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<tr>
<td><strong>Customer entitlement (1= strongly disagree, 7 = strongly agree)</strong></td>
<td>1. We claim significant effort from this restaurant because we deserve it.</td>
<td>Campbell, Bonacci, Shelton, Exline, &amp; Bushman (2004); Wetzel, Hammerschmidt, &amp; Zablah (2014)</td>
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<td></td>
<td>2. We demand the best possible level of service from this restaurant because we feel we are entitled to it.</td>
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<td></td>
<td>3. We demand the best from this restaurant because we are worth it.</td>
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<tr>
<td><strong>WOM intention (1= strongly disagree, 7 = strongly agree)</strong></td>
<td>1. How likely are you to spread positive word of mouth about this restaurant?</td>
<td>Maxham &amp; Netemeyer (2002); Maxham &amp; Netemeyer (2003)</td>
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<td></td>
<td>2. I would recommend this restaurant’s food or services to my friends.</td>
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<td></td>
<td>3. If my friends were looking for a restaurant, I would tell them to try this one.</td>
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<tr>
<td><strong>Customer-company identification (1= strongly disagree, 7 = strongly agree)</strong></td>
<td>1. I strongly identify with this restaurant.</td>
<td>Mael &amp; Ashforth (1992); Homburg, Wieseke, &amp; Hoyer (2009)</td>
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<tr>
<td></td>
<td>2. I feel good to be a customer of this restaurant.</td>
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<td></td>
<td>3. I like to tell that I am a customer of this restaurant.</td>
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<td></td>
<td>4. This restaurant fits well to me.</td>
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<td></td>
<td>5. I feel attached to this restaurant.</td>
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<tr>
<td><strong>Customer Satisfaction (1= strongly disagree, 7 = strongly agree)</strong></td>
<td>1. I am satisfied with the services or products provided.</td>
<td>Chan, Yim, &amp; Lam (2010); Lam, Shankar, Erramilli, &amp; Murthy (2004); Oliver &amp; Swan (1989)</td>
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<td></td>
<td>2. This is a good restaurant to visit.</td>
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<td></td>
<td>3. The services or products of this restaurant meets my expectations.</td>
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<tr>
<td></td>
<td>4. Overall, I am satisfied with the services or products provided by this restaurant.</td>
<td></td>
</tr>
<tr>
<td><strong>Customer Orientation (1= strongly disagree, 7 = strongly agree)</strong></td>
<td>1. This restaurant tries to figure out what a customer’s needs are.</td>
<td>Thomas, Soutar, &amp; Ryan (2001); Homburg, Wieseke, &amp; Hoyer (2009)</td>
</tr>
<tr>
<td></td>
<td>2. This restaurant has the customer’s best interests in mind.</td>
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<td></td>
<td>3. The restaurant takes a problem solving approach in providing services or products to customers.</td>
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<td></td>
<td>4. This restaurant recommends services or products that are best suited to solving problems.</td>
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<tr>
<td></td>
<td>5. This restaurant tries to find out which kinds of services or products would be most helpful to customers.</td>
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<tr>
<td>Constructs</td>
<td>Question Items</td>
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<td>------------------------------------------------</td>
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</table>
| Employee Incivility (1= strongly disagree, 7= strongly agree) | 1. The server put you down or was condescending to you.  
2. The server paid little attention to your statement or showed little interest in your opinion.  
3. The server made demeaning or derogatory remarks about you.  
4. The server addressed you in unprofessional terms, either publicly or privately.  
5. The server ignored you.  
6. The server doubted your judgment.  
7. The server made unwanted attempts to draw you into a discussion of personal matters. | Cortina, Magley, Williams, & Langhout (2001)                                                    |

<table>
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<tr>
<th>Sources of Employee Survey Questions</th>
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<tbody>
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<td>Construct</td>
<td>Question Items</td>
<td>Sources</td>
</tr>
</tbody>
</table>
| Customer Incivility (1= strongly disagree, 7= strongly agree)            | 1. The customer put you down or was condescending to you.  
2. The customer paid little attention to your statement or showed little interest in your opinion.  
3. The customer made demeaning or derogatory remarks about you.  
4. The customer addressed you in unprofessional terms, either publicly or privately.  
5. The customer ignored you.  
6. The customer doubted your judgment over which you have responsibility.  
7. The customer made unwanted attempts to draw you into a discussion of personal matters. | Cortina, Magley, Williams, & Langhout (2001)                                                    |
| Organizational Formalization (1= strongly disagree, 7= strongly agree)   | 1. The organization has a large number of written rules and policies.  
2. A “rules and procedures” manual exists and is readily available within this organization.  
3. There is a complete written job description for most jobs in this organization.  
4. The organization keeps a written record of nearly everyone’s job performance.  
5. There is a formal orientation program for most new members of the organization. | Pugh et al. (1968); Schminke, Cropanano, & Rupp (2002)                                        |
| Employability (1= strongly disagree, 7= strongly agree)                  | 1. I’m confident that I would find another job if I started searching.  
2. It will be difficult for me to find new employment when leaving the organization.  
3. In case I’m dismissed, I’ll immediately find a job of equal value. | Janssens, Sels, and van de Brande (2003); Wittekind, Raeder, & Grote (2009)                     |
| Employee-company identification (1= strongly disagree, 7= strongly agree) | 1. When someone criticizes this restaurant, it feels like a personal insult.  
2. I am very interested in what others think about this restaurant. | Mael & Ashforth (1992); Homburg, Wieseke, & Hoyer (2009)                                       |
<table>
<thead>
<tr>
<th>Construct</th>
<th>Question Items</th>
<th>Sources</th>
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<tbody>
<tr>
<td></td>
<td>3. When I talk about this restaurant, I usually say “we” rather than “they.”</td>
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</tr>
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<td></td>
<td>4. This restaurant’s success is my success.</td>
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<td></td>
<td>5. When someone praises this restaurant, it feels like a personal compliment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. If a story in the media criticize this restaurant, I would feel embarrassed.</td>
<td></td>
</tr>
<tr>
<td>Employee Entitlement</td>
<td>1. We claim significant effort from this restaurant because we deserve it.</td>
<td>Campbell, Bonacci, Shelton, Exline, &amp; Bushman (2004); Wetzel, Hammerschmidt, Zablah (2014)</td>
</tr>
<tr>
<td>(1= strongly disagree, 7= strongly agree)</td>
<td>2. We demand the best possible level of treatment from this restaurant because we feel we are entitled to it.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. We demand the best from this restaurant because we are worth it.</td>
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<tr>
<td>(1= strongly disagree, 7= strongly agree)</td>
<td>2. My personal likes and dislikes match perfectly what my job demands.</td>
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<tr>
<td></td>
<td>3. There is a good fit between my job and me.</td>
<td></td>
</tr>
<tr>
<td>Employee Satisfaction</td>
<td>1. I am satisfied with working at this restaurant.</td>
<td>Chan, Yim, &amp; Lam (2010); Hackman &amp; Oldham (1975); Hartline &amp; Ferrell (1996)</td>
</tr>
<tr>
<td>(1= strongly disagree, 7= strongly agree)</td>
<td>2. This restaurant is a good employer to work for.</td>
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<td></td>
<td>3. I enjoy working in this restaurant.</td>
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<td></td>
<td>4. Overall, I am satisfied with my job in this restaurant.</td>
<td></td>
</tr>
<tr>
<td>Employee Orientation</td>
<td>1. In this organization people are rewarded in proportion to the excellence of their job performance.</td>
<td>Janz &amp; Prasarnphanich (2003); Zhang (2010)</td>
</tr>
<tr>
<td>(1= strongly disagree, 7= strongly agree)</td>
<td>2. We have a promotion system here that helps the best person to rise to the top.</td>
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<td></td>
<td>3. This organization is characterized by a relaxed, easygoing working climate.</td>
<td></td>
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<td></td>
<td>4. There is a lot of warmth in the relationships between management and employees in this organization.</td>
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<td></td>
<td>5. The philosophy of our management emphasizes the human factor, how people feel, etc.</td>
<td></td>
</tr>
</tbody>
</table>
VITA

Jing Liu

Candidate for the Degree of

Doctor of Philosophy

Thesis:  A MULTI-LEVEL DYADIC RESTAURANT EMPLOYEE-CUSTOMER MODEL OF ORIENATION, INCIVILITY, AND SATISFACTION: AN IDENTITY-BASED EXTENSION OF BELONGINGNESS THEORY

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