

**LET ME BE YOUR STEWARD: ENHANCING  
CUSTOMER EXPERIENCE THROUGH FRONT  
LINE EMPLOYEES.**



A THESIS

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## **Abstract:**

Managing the ‘experience’ is being increasingly recognized as a means of achieving sustainable competitive advantage in the service dominated economy (Meyer & Schwager, 2007; Shaw, Dibeehi, & Walden, 2010). Effective management of the face-to-face interaction between the front line employee (FLE) and the customer is crucial (Brown & Lam, 2008) as it represents the “*first and foremost social encounters.*” (McCallum & Harrison 1985, as cited in Giebelhausen & Robinson, 2014, p.114) which is purposive and task oriented (Solomon et al., 1985). As FLEs are representatives of their organizations for the customers, they need to pay attention towards the impact their actions may have on service delivery and customer's total experience (e.g. Pine & Gilmore, 1998; Russ-Eft, 2004). However, incidences of mismanagement of customers & mis-selling products to them, particularly in Banking Financial Services and Insurance (BFSI) sector by the FLEs’, have been increasing (Smith, 2012). Such anti-customer occurrences have compelled awareness among all stakeholders of the business to curb such practices. For instance, in the UK, a stewardship code exists, which provides guidelines for safeguarding financial consumers’ interests (Financial Reporting Council, 2010). “*Coping with legal and ethical issues*” remains one of the top research priorities in the financial industry (Robertson et al., 2006 as cited in Taek, Dubinsky, & Un Lim, 2012, p.404).

One conceivable reason for employees indulging in such practices can be attributed to the traditional control systems, which predominantly use instrumental systems such as incentives’ or sales quota to motivate and measure employee performance having its roots in the agency theory (DeVecchio & Wagner, 2011; Kalra et al., 2003). Hence, there is a renewed focus on effective management of service encounters for success and survival of organizations (Estelami, 2000; Lytle et al., 1998). Besides, there is an emerging consensus to reconsider traditional control systems, which favor self-centered behaviors in a dynamic service environment (Kwortnik et al., 2009). Stewardship theory offers one such alternative with its emphasis on an informal way of control, which is predominantly employee initiated. When agents act as stewards, it not only results in goal alignment but also in information sharing (Crawford & Sobel, 1982) leading to reduced costs for both the parties (Lee & O’neill, 2003). Stewardship theory defines “*situations in which managers are not motivated by individual goals, but rather are stewards whose motives are aligned with the objectives of their principals*” (Davis et al, 1997, p.21).

When employees find serving customers inherently enjoyable, they evaluate their job positively and experience greater job satisfaction (Brown et al., 2002; Donovan et al., 2004). Hence, employees acting as stewards for their customers would perform better because they become vested in customer outcomes (Schepers et al., 2012). This study aims to make the following four contributions:

- 1) Identification of individual level antecedents leading to customer stewardship as opposed to previous studies that focused on distinguishing stewardship theory from agency theory (Hernandez, 2012).
- 2) Due to growing need for customization & its potential benefits (Day & Montgomery, 1999), understanding the concept of adaptability in the context of services has emerged (Gwinner & Bitner, 2005; Homburg et al., 2009). Adaptation may be done to the original service offering, or on the part of an FLE by modifying his behavior or any combination thereof (Gwinner & Bitner, 2005), thereby increasing

its relevance for service industry (Anderson et al., 1997). We wish to uncover the link between stewardship & adaptability of service offering that to the best of our knowledge remains unexplored in literature.

3) We also want to look at how this adaptation leads to the enhanced customer experience. Customer experience comprises of both rational & emotional assessment (Hirschman & Holbrook, 1982) with consumers demanding “*engaging, robust, compelling & memorable*” experiences (Gilmore & Pine, 2002, p. 10) rather than just competent service. It has been asserted that a good customer experience is good customer service (Berry et al., 2006).

4) Finally, this study also responds to the call for more research to explore gratitude & the norm of reciprocity (Bagozzi, 1995; Houston & Gassenheimer, 1987, Morales, 2005). We want to explore that when FLE acts as a steward & adapts his serving offering is it interpreted positively by customer leading to reciprocation of his efforts.

We collected data from 224 employees -customer dyads in BFSI sector of five Indian cities New Delhi (National Capital Region), Pune, Nagpur (Central India), Indore and Bhopal, based on convenience. The proposed model was tested using Smart PLS -3. To reduce the possibility of other factors affecting the results, both service providers’ gender, age, job tenure and customers’ gender, age and length of acquaintance with the service provider were controlled along with social desirability.

Our research is the first to establish psychological ownership, structural empowerment, work orientation (calling) and perceived corporate social responsibility as the antecedents of customer stewardship control. Besides, we found that when employees are acting as stewards, they are willing to adapt the service offering resulting in enhanced customer experience and expression of gratitude by customers. We, however, did not find support for two proposed antecedents of CSC namely Person-Organization fit & Perceived Organizational Support. The most plausible explanation for this could be that since stewardship is an intrinsic phenomenon and dependent upon the individual the absence of a fit between organizational and personal values or a lack of support would hardly make a difference in the performance of a steward. A steward due to his prosocial orientation would be more concerned with achieving the objectives of collective rather than being concerned with such things.

Our study reemphasizes the importance of informal control system by extending support to the fact that employees take self-regulative responsibility for customers & its viability as an alternative to agency control (Ramaswami, 1996, Flaherty et al., 2007). Managers can increase employee empowerment by delegating decision-making authority to them so that they can be more effective. Managers can focus on their CSR efforts & communicate it to their employees as it is evaluated positively by them.

New knowledge generated at customer interfaces maybe transferred upwards in the organization for turning it into actionable strategy. Such a strategy may reveal patterns or insights that can help the firm in serving the customers more efficiently. Capitalizing on gratitude based reciprocal behavior would help to gain an increased share of customer’s wallet (Beaujean et al., 2006).

**Keywords: agency theory, adaptability, customer stewardship control, customer experience, gratitude.**

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