Chapter 2

Emotional Labor as a Reputation Management Technique in Service Organizations

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ABSTRACT

This chapter discusses the issue of emotional labor as a reputation management technique. This technique, which is important for service organizations' reputations, concerns the organizational arrangements and individual processes affecting the ways in which employees exhibit expected behaviors toward their customers during service encounters. First, the chapter discusses the concept and theoretical background of reputation management. Then, it explores the concept, types, and dimensions of emotional labor by emphasizing the meaning and importance of emotional labor for service organizations. Finally, it examines the antecedents of emotional labor and the organizational and individual consequences it exposes. It is hoped that this chapter will guide service sector administrators in understanding the importance and management of emotional labor in terms of organizational reputations while also shedding light on the academic studies still needed in this field.

INTRODUCTION

In recent years, the role of emotions as a key concept in the services sector has attracted significant research attention. In particular, studies have focused on the emotions of the employees who serve customers through phone or face-to-face communication. To ensure customer satisfaction, these employees have to display positive emotions (e.g. smiling constantly) or conceal negative emotions (e.g. hiding anger). This

DOI: 10.4018/978-1-5225-3619-2.ch002
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process is often called emotional labor: the process through which employees manage their emotions to reflect the emotions expected of them during their communications with customers (Hochschild, 1983).

Unlike production organizations, service organizations depend heavily on the behaviors of the frontline employees to support customer satisfaction and loyalty, since customers often judge organizations’ service performance based on these behaviors (Ashforth and Humphrey, 1993; Grandey, 2003; Groth, Hennig-Thurau and Walsh, 2009). Over time, these collective judgements influence a company’s reputation (Barnett et al., 2006). Customers represent the most important stakeholder segment. Thus, the behaviors of the employees who provide services for service organizations are important for building these organizations’ reputations.

A good and strong company reputation produces results that can be considered vital for organizations. For example, a positive reputation affects customers’ purchasing behaviors by increasing customers’ confidence in a company’s products and advertisements (Goldberg and Hartwick, 1990; Lafferty and Goldsmith, 1999) and creating positive effects, such as customer loyalty, social support and increased sales (Preece et al., 1995). A good and strong reputation is also an important competitive advantage for a company. From resource-based viewpoint, the resources a company owns create competitive superiority. Since abstract resources, such as a good reputation, are difficult for competitors to imitate, they produce significant competitive advantages (Roberts and Dowling, 2002). Because of these strong influences, it is critical for companies to engage in reputation management.

For the reasons mentioned above, this chapter discusses the emotional labor-related behaviors of frontline employees towards customers in terms of reputation management applications in service organizations. To achieve these purposes, the chapter first examines the concept, meaning, and importance of reputation management in the context of service organizations. Next, it considers what the concept of emotional labor means for service organizations. Finally, the concept of emotional labor is presented through a comprehensive review of its dimensions, antecedents, and consequences.

CONCEPT OF REPUTATION MANAGEMENT AND ITS THEORETICAL FOUNDATIONS

A company’s reputation is determined over time by its stakeholders’ collective judgements of the company’s financial, social, and environmental effects and activities (Barnett et al., 2006). These judgements are related to how positively or negatively the stakeholders perceive the organization in comparison to its competitors, based on the organization’s history of consistent performance and effective communication. Stakeholders include customers, suppliers, retailers, financial institutions, shareholders, the general public, and employees. A company’s reputation with each of these groups affects stakeholders’ decisions to support (or not support) the company. Each stakeholder group is interested in different organizational characteristics. For example, whereas customers are interested in product price, quality, and reliability, financial institutions are interested in financial performance and employees are concerned with wage policies, working conditions, and other personnel policies. For this reason, companies should design their reputation management applications in accordance with the expectations and interests of each stakeholder group, while also creating a coherent image across the different groups (Gray and Balmer, 1998).

Of course, a company’s reputation management efforts cannot be considered exclusively in terms of marketing functions. All employees in the organizational hierarchy, starting with a company’s top management, should feel responsible for reputation management. A company’s existence and success