Impact of frontline service employees' acculturation behaviors on customer satisfaction and commitment in intercultural service encounters

Purpose: This study explores the impact of four types of acculturation behaviors of frontline service employees (assimilation, separation, integration, and marginalization) on customer satisfaction and customer commitment.

Design/methodology/approach: 377 ethnically diverse customers of a retail bank in New Zealand participated in this study. SmartPLS3 was used to test all the hypotheses.

Findings: Assimilation and integration have positive effects on both customer satisfaction and commitment. Marginalization has a negative effect on both customer satisfaction and commitment but separation has a negative effect only on customer satisfaction and not on customer commitment.

Research limitations/implications – Future research may validate and extend our findings in diverse cultural settings and use experimental method to explore the socio-psychological mechanisms underlying the influence of frontline service employees' acculturation behaviors on customer satisfaction and commitment.

Practical implications – This study will help managers understand the importance of service employees' acculturation behaviors and develop suitable recruitment strategies and training programs to improve their impact on customer satisfaction and commitment.

Originality/value: This study extends current research on intercultural service encounters by looking beyond the moderating effects of four types of service employees' acculturation behaviors, to explore their direct effects on customer satisfaction and commitment.

Keywords: acculturation, assimilation, integration, separation, marginalization, frontline employees, intercultural service encounters

Paper Type: Research Paper

Introduction

With rapid globalization of the world economy, it is not surprising to see the number of international immigrants jump from 173 million in 2010 to 244 million in 2015 (a growth of above 40%), according to the International Migration Report by the United Nations (2016). In fact, inbound migration is increasingly being recognized as the key to a country's diversity as reflected in a growing multicultural society (Koopmans 2013). Diversity in multicultural societies is also seen as a new business frontier in today's competitive business environment (Nathan and Lee, 2013) with researchers even suggesting that diversity provides and encourages start-up of new business ventures (Sebastiani et al., 2013).

Notwithstanding all its positive aspects, a diverse work environment in a multi-cultural society also poses some challenges (Hopkins et al. 2005; Testa, 2004; Weiermair 2000) because intercultural interactions involve differences in expectations, perceptions, values, beliefs, ways of thinking and doing things, etiquette and social norms (Berry et al., 2011). In such an environment, intercultural relationships among service employees and customers tend to be more sensitive, stressful and difficult due to the differences in their expectations and perceptions (Yan and Berliner, 2013). Therefore, cultural awareness is important for service employees so that they can adapt their behaviors in order to increase mutual respect and understanding between them and their customers, which in turn can reduce their customers' temptation to switch business to competitors (Schultz et al., 1999).

In this context, acculturation describes the process by which immigrants, business travelers, tourists adjust to new cultures, and it may lead to different types of behaviors ranging from assimilation or integration to separation or marginalization based on their need to maintain their own culture or to participate in their host culture (Berry, 1997). Early research on the role of acculturation in services context focused mainly on the customers'

perspective (e.g., Liu, 2000; Podoshen, 2006) and argued that service employees are less likely to acculturate to the needs of customers possibly due to a lack of training on cultural adaptation (Bush and Ingram, 1996). More recent research shows that both service employees and customers may adjust their business communication style (Eckert, 2006), physical appearance (Lichtenthal and Tellefsen, 2001), speech (Escobar and Vega, 2000), etiquette (Jiang, 2013) and negotiation style (Bradford and Sherry, 2014), in order to arrive at a level of compromise with their culturally different counterparts (Kuczynski and Knafo, 2013). However, despite such growing evidence about the role of acculturation in intercultural service encounters, there is hardly any research into this phenomenon (Poulis et al., 2013).

Specifically, Sharma et al. (2009, 2012) focus on the impact of perceived cultural distance on interaction comfort and inter-role congruence, and the moderating role of intercultural competence on these relationships, while Sharma et al. (2015, 2016) explore the role of service role and outcome, and personal cultural orientations. Tam et al. (2014, 2016) explore the mediating role of cultural and non-cultural attributions in intercultural service encounters, while Sharma and Wu (2015) study the contrasting moderating roles of consumer ethnocentrism and intercultural competence. Similarly, Comer and Nicholls (2000) explore the cultural communication styles of Hispanic salespeople and their cultural clashes with Hispanic customers at different stages of acculturation process, while Gaur et al. (2012) examine the impact of similarity in appearance, lifestyle and status with salespeople on the buyers' satisfaction with the firm.

Lopez and McMillan-Capehart (2002) address this gap by exploring the moderating effects of four acculturation strategies (assimilation, integration, separation, marginalization) on the relationship between socialization tactics (institutionalized vs. individualized) and person-organization fit. However, their study focuses on salespeople and its main aim was to

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understand how the differences in the behavioral reactions of outgroup sales trainees affect sales managers' attempts to socialize them into the organization. As a result, they did not explore the impact of salespersons' acculturation strategies on their customers' satisfaction or commitment. Moreover, this is a conceptual paper and only offers propositions based on a few in-depth interviews with salespeople, without actually testing these with empirical data.

In this paper, we extend the important contribution by Lopez and McMillan-Capehart (2002) in many ways. First, we expand the study of employee acculturation behaviors from the 'salespeople' to 'frontline service employees' context. Frontline service employees are different from salespeople because in addition to selling products or services, they also need to deliver service quality, satisfaction and value to their customers (Brady and Cronin, 2001) as well as act as a buffer between the customers and the organization (Singh, 2000). These employees also help customize the service experience (Bettencourt and Gwinner, 1996) and implement service innovations (Cadwallader et al. 2010) and improvements (Lages and Piercy, 2012). In view of such a complex role compared to salespeople, it is important to study how acculturation strategies affect the performance of frontline service employees.

We also look beyond the effects of acculturation strategies within the organization, such as sales managers' efforts to socialize outgroup sales trainees (Lopez and McMillan-Capehart, 2002) or on process variables, such as interaction comfort and perceived service quality (Sharma et al. 2009, 2012), and instead explore their direct effects on downstream outcomes, such as customer satisfaction and commitment, which are relatively more important for the service firms' long-term revenues and profitability. Finally, we develop specific hypotheses about these direct effects and find support for most of these using a field-survey with actual customers of personal banking services. We discuss our results and their implications along with some limitations of our study and directions for future research.

Theoretical background and hypotheses

Acculturation behaviors

Early research on acculturation defines it as the process by which groups of individuals from different cultures come into first-hand contact with each other, which in turn leads to changes in the behaviors of either or both groups (Redfield, Linton, and Herskovits (1936). Graves (1967) distinguishes between acculturation as a group-level (i.e., sociological) or an individual-level (i.e., psychological) phenomenon. This is an important distinction because not all individuals behave in the same manner during the acculturation process and there is a great deal of variance in their acculturation behaviors (Berry, 1970; 1997).

In all multicultural societies, people from both minority and dominant cultural groups need to decide if and how to acculturate with the members of other cultural groups. In this process, they face two key issues; namely, ***cultural maintenance*** (i.e., the extent to which people consider their own cultural identity and characteristics to be important and the need to maintain these), and ***contact and participation*** (i.e., to what extent should people become involved with other cultural groups or remain within their own cultural groups). Thus, acculturation can be reactive, wherein immigrants may deny the influences of the host culture and closely attach themselves to their native culture. Alternatively, acculturation can be proactive, which refers to immigrants' efforts to integrate with the host culture by adopting some new values of the host culture and dropping some of their own values.

In this context, Berry (1997) proposes four types of acculturation behaviors: a) Assimilation, which involves service employees' full adaptation to the host culture and a relinquishing of the culture of origin; b) Separation, which occurs when people deny the host culture's influence and remain attached to their own native culture; c) Integration, which

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refers to people's intentions to maintain their own cultural values with pride and at the same time adopt some elements of the host culture; and d) Marginalization, which occurs when service employees reject both their own culture and the host culture. According to Berry (1997), all these acculturation behaviors are by and large independent of each other and the preference for one over the others may depend on the context (e.g., in private vs. public sit or by first vs. second generational cohorts) and time period (e.g., length of residence and exposure). In fact, individuals may even explore different strategies before eventually settling on one that they find more useful and satisfying than the others (Berry and Kim, 1988).

In today's competitive business environment, frontline service employees are not only expected to provide service but to also achieve sales targets and to build and maintain fruitful long-term relationships with their customers (Woo and Ennew, 2004). To build such meaningful relationships, service employees need to exhibit appropriate acculturation behaviors to match different relational conditions (Sin et al., 2002), which includes a cultural adjustment and adaptation to different intercultural relationships (Omar et al., 2003). Lopez and McMillan-Capehart (2002) show that service employees' desire to acculturate with customers from different cultures is, to a considerable extent, determined by their own individual characteristics, the company for which they work, and external influential agents such as competitors and business associates.

While some service employees acculturate to their customers (Lineberry, 2012), others find it quite difficult (Jamal and Chapman, 2000). Lerman et al. (2009) argue that service employees who are willing to acculturate tend to have a good knowledge of the cultural similarities and differences with their customers than those employees who have less such cultural knowledge. Moreover, the higher the service employees acculturate, the more they will understand customers' price sensitivity, media preferences, shopping orientations

and customer service expectations (Lerman et al., 2009). Hence, service employees can use their interpersonal influence during the service delivery process to improve customer satisfaction, which in turn could improve customer loyalty. Next, we use Berry's (1997) framework to develop specific hypotheses about the impact of the four types of acculturation behaviors by frontline service employees, on customer satisfaction and commitment.

Assimilation

Assimilation is an acculturation mode whereby service employees prefer to have more involvement with the customers' culture and have a little interest in maintaining their own culture (Berry et al., 2006). Assimilation forces service employees to abandon their own culture and adapt to the customers' culture almost entirely. For example, service employees may assimilate their behavior by offering fully personalized services, delivering their presentation in the customers' native languages, adapting the core offerings (Wong et al., 2004) and even adapting their physical appearance to that of their culturally diverse customers (Lichtenthal and Tellefsen, 2001).

According to Lopez and McMillan-Capehart (2002), assimilation behavior by employees is likely to help them build stronger relationships with culturally diverse customers by improving mutual trust and promoting closer interactions. Hence, it is not surprising to see that assimilated service employees are often rewarded with greater customer acceptance with relatively more open communication and opportunity to learn, observe and fully understand customers' needs and requirements. We argue that such understanding would enable the service employees to tailor their offering to fulfil customers' requirements, which in turn would generate higher customer satisfaction. In fact, assimilation is shown to provide a higher added value and create a high level of satisfaction (Payne and Holt, 2001), which leads to improves customer commitment (Eggert and Ulaga, 2002). Therefore,

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H1:   Service employees' assimilation behavior has positive effects on a) customer

satisfaction and b) customer commitment.

Separation

Service employees who exhibit separation behavior prefer to have little involvement with or show little interest in their customers' cultures and focus on maintaining their own culture (Berry et al., 2006). Such employees would be expected to minimize their relationships with customers from different cultures because separation demands that all the actions of service employees must be in line with their own cultural perspective (Liu, 2000). Such employees are more interested in having relationships with customers from similar cultures (Lopez and McMillan-Capehart, 2002) and avoiding those from other cultures (Wang and Mattila, 2010), which could prevent them from developing relationships with customers from other cultures (Lerman et al., 2009). In other words, separation reflects service employees' inflexibility, insensitiveness and disrespect to customers from other cultures. Separation can not only reduce service employees' opportunities to build relationships with customers from different cultures but more importantly, it may also increase the possibility of offering the wrong products or services, which would lead to lower overall customer satisfaction. Hence, service employees' separation behavior may have a negative effect on customer satisfaction.

Service employees using separation behavior are more likely to apply exactly the same communication style and information flow (Nicholson et al., 2001), selling process (Giacobbe et al., 2006) and solutions, consistent with their own culture, even when dealing with customers from diverse cultural backgrounds. Separated service employees are inflexible and unwilling to negotiate. According to Young et al. (2003) this inflexibility and non-negotiable behavior shows a high degree of egoism, which hinders service employees' opportunities to have healthy relationships with customers. Because of this high level of

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egoism, service employees are not able to listen to and identify the customers' real needs. As a result, customers may feel neglected and dissatisfied, which in turn would hurt their commitment in the long run. Thus, we hypothesize as follows:

H2: Service employees' separation behavior has negative effects on a) customer satisfaction and b) customer commitment.

Integration

Service employees using integration behaviors are able to combine their own cultural values with those of their customers from other cultures (Lerman et al., 2009), which helps them bridge their cultural differences and similarities with their culturally diverse customers and be able to customize their offerings with a high quality of products and services. As a part of integration process, service employees try to customize their offerings by providing the best matching products (e.g., matching dimensions, color, features) as well as recognizing their own requirements (e.g., margin, delivery, repayment schedule) (Carson et al, 2004). For example, a supermarket employee may guide their Muslim customers to the 'halal' section and provide them more information if asked, which shows the service employee's willingness to be flexible and actively involved in two cultures (Lopez and McMillan-Capehart, 2002).

Displaying integration behavior shows the service employees' efforts to maintain a balance of both cultures by keeping their own culture values while respecting and adapting to the diverse cultural values of their customers (Berry et al., 2011). Service employees using integration behavior are not only able to adjust their communication style and responsiveness (Rich and Smith, 2000) but also balance transactional and relational outcomes (Carson et al., 2004) in their interactions with culturally diverse customers. According to Lopez and McMillan-Capehart (2002), integration behavior allows both customers and sellers to maintain their individual culture and yet be comfortable in both cultures. Service employees

who employ integration behavior are likely to be more aware of the diverse cultures and customs of their customers and this may improve their chances of developing close relationships with customers from different cultures.

As a result, culturally diverse customers would feel more comfortable in interacting with those service employees who display an interest and willingness to adopt and adjust to their values and expectations. Such improvement in interpersonal comfort leads to greater customer satisfaction (Spake et al., 2003). We also argue that culturally diverse customers would be more satisfied with the service employees showing integration behavior because this would facilitate better communication and understanding of their specific requirements. Based on this discussion, we expect service employees' integration behavior to have a positive effect on customer satisfaction.

Prior research shows that the link between service employees' behavior and customer commitment is mediated by customer satisfaction (Chen et al., 2008). For example, Ndubisi et al.'s (2008) study on Malaysian bank customers shows that customer satisfaction mediates the relationships between bankers' communication skills and conflict handling behavior, and customer commitment or loyalty. Thus, effective communication not only involves allowing two-way communication or encouraging interactive dialogue, but it also enhances service employees' understanding of customers' requirements, reduces uncertainty for customers and more importantly, increases their trust and satisfaction. As a result, when customers' trust and satisfaction are established, customer commitment is likely to result.

In this context, Omar et al. (2003) argue that to create customer commitment in a culturally diverse market, service employees need to adjust their cultural behaviors, in addition to adapting their sales structure and offerings. In fact, Chumpitaz and Paparoidamis (2004) also show that service employees' service quality behaviors, including being helpful

and reliable, are related to customer loyalty and commitment through customer satisfaction. For example, service employees' ability to provide assistance and extra services not only reduces customers' uncertainty, but it also increases customer satisfaction, which in turn leads to customer commitment. Hence, we hypothesize as follows:

H3:   Service employees' integration behavior has positive effects on a) customer satisfaction and b) customer commitment.

Marginalization

Service employees exhibit marginalization when they have no relationship with either their own culture or the customers' culture (Berry et al. 2011). Instead, marginalization forces such service employees to adopt a third culture instead of their own culture or the customers' culture (Liu, 2000). Service employees who reflect marginalization behavior are not interested in pursuing opportunities to interact with the customers' cultures. Thus, it is likely that service employees who employ such behavior will miss opportunities to develop healthy and close relationships with their culturally diverse customers (Evans, 2007) or to learn and understand the values, customs, beliefs and similarities or differences between each other's cultures (Lopez and McMillan-Capehart, 2002). As a result, we expect marginalization behavior of service employees to lead to a deterioration of buyer-seller relationships, which in turn would have a negative impact on customer satisfaction.

According to Berry (2005), a rejection of both cultures creates an acculturation stress for the marginalized service employees. They feel uncertainty, anxiety, suspicion and alienation. Consequently, service employees feel isolated and experience high levels of conflict (Lopez and MacMillan-Capehart, 2002). In the absence of good relationships with their culturally diverse customers, service employees may not understand and incorrectly interpret the needs and requirements of their culturally diverse customers. As a result, they

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may even offer wrong products or services and incorrect advice, which would not only cause high customers dissatisfaction but also decrease customer commitment. Hence, as follows:

H4:   Service employees' marginalization behavior has negative effects on a) customer satisfaction and b) customer commitment.

Factors such as convenience (Colwell et al., 2008) in dealing with service provider, their reputation (Cretu and Brodie, 2007), competitive advantage (Levesque and McDougall, 1996) and service employee's interaction intensity (Crosby et al., 1990) are positively associated with customer satisfaction as well as commitment in literature. Therefore, we control for the effects of these variables along with various demographic characteristics (e.g., age, gender, education, occupation, marital status, ethnicity of the customer and the service employee, length of stay in New Zealand and the relationship with the bank) while testing all the hypotheses. Figure 1 summarizes all the hypotheses.

< Insert Figure 1 about here >

Methodology

Research Setting

We use personal banking in Auckland, New Zealand as the research setting to test all our hypotheses. We chose Auckland because it is the largest and one of the most multi-cultural cities in New Zealand, with a large population of ethnic minorities who are mostly first- or second-generation immigrants from a wide range of Asian countries. We chose personal banking as the research context because this industry employs and serves people with diverse ethnic and cultural backgrounds who experience a great degree of interpersonal interactions with each other, which allows a perfect setting to study their acculturation behaviors. We asked the participants to focus on one personal banker from a cultural background different to

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theirs and respond to our questions based on personal interactions with him/her in the past, in order to control for any other factors that may have an impact on the findings of this study.

We used snowballing approach to recruit the participants for this study mostly from the community centers of diverse ethnic minorities in Auckland. We distributed a structured questionnaire with a cover letter that explained the purpose of this study and assured the participants about the confidentiality of their responses. Responses were returned in sealed envelopes to researcher. We collected a sample of 377 usable surveys. The sample comprises mostly Asian (e.g., Chinese, Indian, Japanese, Indonesian and others) participants, who represent 94 percent of the total sample size. Respondents had lived in New Zealand for an average of 5 to 10 years. Table 1 shows the sample profile.

< Insert Table 1 about here >

Measures

All the constructs were measured using adapted versions of existing scales, as shown in Table 2. All the scales show good psychometric properties, including high factor loadings (.71 - .95) and item-to-total correlations (.64 - .90). All the scales also show high composite reliabilities (.75 - .89) and average variance explained (.56 - .79) showing high convergent validity (Fornell and Larcker, 1981). None of the correlations except those between satisfaction and commitment is greater than .60 and the average variance extracted for each factor is greater than its squared correlations with all the other factors, showing discriminant validity (Fornell and Larcker, 1981). Table 3 shows the descriptives and pair-wise correlations for all the constructs.

< Insert Table 2 & 3 about here >

Data analysis and results

We used SmartPLS3 to test all the hypotheses and Table 4 presents all the results. As shown in the first column of Table 4, service employees' assimilation and integration have significant positive effects, whereas separation and marginalization have negative effects on customer satisfaction; showing support for hypotheses H1a to H1d. All four acculturation behaviors and the control variables together explain 54% variance in customer satisfaction. The second column of Table 4 shows that assimilation and integration have positive effects, whereas marginalization has a negative effect but separation has no significant effect on customer commitment. Therefore, H2a, H2c and H2d are supported but H2b is not. All the independent and control variables together explain 48% variance in customer commitment. Among the four types of acculturation behaviors, assimilation has the strongest effect size, followed by integration, marginalization and separation, respectively. Among the control variables, competitive advantage and convenience explain greater variance than interaction intensity and reputation. Most of the demographic variables have no significant effect, except gender (1 = male, 2 = female), length of stay in New Zealand and relationship length. In the next section, we discuss all these findings and their implications.

< Insert Table 4 about here >

Discussion and implications

The findings of this study show that the four types of service employees' acculturation behaviors influence customer satisfaction and commitment, as hypothesized. Specifically, while assimilation and integration positively affect customer satisfaction and commitment, and marginalization has a negative effect on both these variables. However, separation has a significant negative effect only on customer satisfaction and not on customer commitment. The four types of service employees' acculturation behaviors, demographic characteristics (e.g., age, gender, education, marital status and occupation) and other control variables (e.g.,

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convenience, competitive advantage, reputation and service employee's interaction intensity) explain about half the variance in both customer satisfaction and commitment. Hence, these findings provide a strong support to the robustness of the hypothesized model.

Specifically, as shown in Table 4, age has a significant positive effect on customer commitment while gender has a significant positive effect on customer satisfaction, which shows that older customers are likely to be more committed whereas female customers are likely to be more satisfied. In addition, length of stay in New Zealand as well as the length of relationship with the bank, have significant positive effects on both customer satisfaction and commitment, which possibly suggests greater affinity with the bank with passage of time. All these findings highlight the need to look deeper into the customers' demographic profiles in order to develop a better understanding of their motivations and perceptions.

Given the general lack of understanding in extant research about service employees' acculturation behaviors, the findings of this study may provide the necessary impetus to recognize the importance of service employees' acculturation behaviors for creating customer satisfaction and commitment. For example, the presence of a significant relationship between service employees' assimilation behaviors and customer satisfaction shows that it is imperative for frontline service employees' to assimilate or fully adapt their sales behaviors to the customers' culture. These findings complement the results reported in prior research by Berry et al. (2006) showing that a significant positive impact of customers' assimilation behaviors on their satisfaction with service encounters. Therefore, a high level of assimilation behaviors shown by service employees (e.g. customized communication style, presentation, appearance, personalized selling processes and solutions offered) is likely to create within customers a greater sense of comfort, desire for contact, and acceptance, while service employees are set to gain a full understanding of customers' real needs and requirements.

This study confirms that it is important for service employees to incorporate their own culture into that of the customers' culture. Proper integration of service employees' behaviors with the customers' culture (e.g. flexibility and participation in the activities of both cultures), is helpful in creating closer relationships, building respect and meeting the needs of ethnic customers. It is important then that both service employees and customers recognize each other's culture during any interaction. These findings confirm the results reported by Perry (2008) about the positive effect of customer's integration behavior on their satisfaction. Such integration behaviors by frontline service employees may include learning the languages spoken by culturally diverse customers and accepting their cultural norms and practices.

On the other hand, the relationship between service employees' marginalization and customer satisfaction is significantly negative, which highlights that it is important for service employees to avoid marginalization behavior (i.e. show ignorance of both cultures) as such behavior is likely to restrict service employees' opportunity to establish relationships and to understand customers' needs and requirements. Essentially, this finding suggests that marginalization behavior is risky. This finding supports the results of other studies (Liu, 2000) which find a negative link between marginalization behaviors of customers and their satisfaction but no effect of separation on their satisfaction. Thus, ignoring customers' culture does not appear to have any effect on customer satisfaction.

Although previous studies (Liu, 2000; Lopez and McMillan-Capehart, 2002) suggest a negative effect of separation behaviors on customer commitment, we did not find such an effect in this study. One of the reasons for this could be the way we measured separation, by asking the customers to assess the extent to which their banker prefers to socialize and deal with and gets along better or feels more relaxed with people of his/her ethnic culture. We believe that many customers would not have been able to assess these aspects of their

banker's perceived behavior because it does not directly concern them. This in turn would have led to a lack of any significant impact on the customers' commitment level.

Customer satisfaction is considered as the key ingredient of healthy long-term relationships (Macintosh, 2007) with satisfied customers gaining more rewards from their positive experiences, which in turn increases their intention to repurchase (Macintosh, 2007) and enhances customer commitment (Abdul-Muhmin, 2005). Consequently, committed customers are happy to spread word of mouth recommendations and feedback as well as reducing their switching behavior (Bansal et al., 2004). The results suggest that service employees' integration behaviors promote both customer satisfaction and commitment. Service employees displaying integration behaviors are able to compromise their own culture for the customers' culture. The proper integration behavior of service employees is helpful in increasing service employees' flexibility. Being flexible, service employees experience greater customer respect and acceptance. On being accepted, service employees have a greater opportunity for building better communications with customers, as well as understanding customers' needs. Moreover, service employees are able to discuss possible solutions with customers without sacrificing either their own culture or the customers' culture. A high level of integration allows service employees to demonstrate their intention to maintain relationships with customers and satisfy their needs.

The positive relationship between service employees' assimilation behaviors and customer commitment suggests that service employees' assimilation behaviors generate customer commitment in addition to customer satisfaction. This finding shows that in generating customer commitment, it is important for service employees to fully customize their sales behaviors (communication style, core offering) to the customers' culture. By customizing sales behaviors, service employees become more similar if not identical to their

customers. This high level of similarity enhances customers' comfort (Spake et al., 2003) and generates open and honest communications, which allow service employees to become more familiar with customers' real needs and requirements. Service employees' ability to translate customers' needs help service employees to offer error free products and services. It is because of this high level of accuracy that service employees are able to improve customer satisfaction and commitment (Vasudevan et al., 2006). This study confirms that service employees should focus on both customer satisfaction and commitment based on findings reported by Johlke and Duhan (2001) and Chen et al. (2008), which recognize the relationship between service employees' behavior and customer commitment through customer satisfaction and trust.

The findings from this study highlight the importance of being sensitive and adaptive to the customers' culture for business practitioners in general and particularly frontline service employees. It is important that service employees who are involved in intercultural interactions realize that the implementation of the right acculturation behaviors is necessary to be responsive to their ethnic customers' requirements and demands. Frontline employees should adapt their behaviors and adjust their approach to satisfy ethnic customers in order to create and maintain successful relationships, which in turn would help improve their firm's long-term revenues and profitability. To achieve these objectives service firms should make efforts to recruit and train frontline employees who can easily assimilate and integrate with their culturally diverse customers. Firms could also identify the major ethnic or cultural groups of their culturally diverse customers and train their frontline service employees in understanding the unique expectations of the customers from these major ethnic or cultural groups, in order to achieve higher levels of customer satisfaction and commitment.

Limitations and future research

Research limitations need to be taken into consideration. First, this study was carried out by collecting the data from immigrants in the Auckland region of New Zealand; therefore, these findings may not be generalizable to other regions or countries. Second, this study uses personal banking context; hence, the findings from this research may not be applicable to other industry contexts. Third, as can be seen from Table 1, most of the respondents in this study are from an Asian ethnicity; hence, these findings may not be equally applicable to participants from non-Asian ethnic backgrounds. Future research may address all these limitations by exploring service employees' acculturation behaviors in other industries besides personal banking, in other regions and countries and with customers representing non-Asian ethnicities, to offer an important extension to the current line of study.

Finally, as pointed out by an anonymous reviewer, focusing on the direct effects of the four types of acculturation behaviors might oversimplify the nature of the relationship between these acculturation behaviors and customer perceptions. For example, assimilation or integration behaviors could be seen as insincere or manipulative if overdone or if exhibited by an employee from a distant (vs. close) cultural background? Therefore, it would be useful to explore the boundary conditions of these effects by looking at the moderating effects of factors such as customers' personal traits or cultural distance with the frontline service employees. Such an endeavor would not only help in identifying new moderator and mediation variables that influence service employees' acculturation behaviors on customer commitment but would also indicate which variables are more appropriate for generating customer commitment with the rise of multi-cultural societies around the world.

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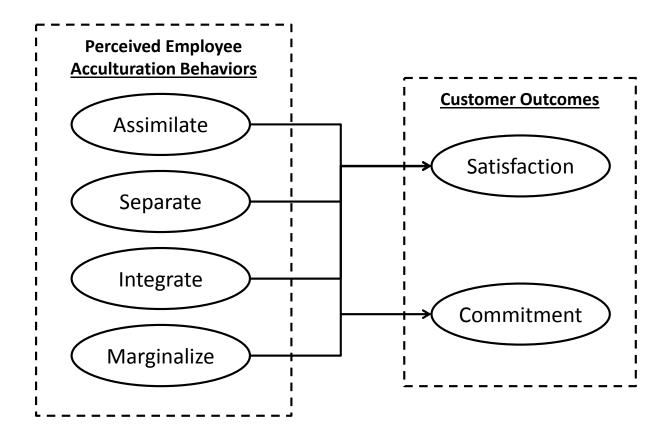
Figure 1.
Conceptual Model

Table 1.
Sample Profile

Demographic Categories		Frequency (%)	Demographic Categories		Frequency (%)
	< 21	21 (5%)		Male	185 (49%)
	21-30	154 (41%)	**Gender**	Female	188 (50%)
	31-40	120 (32%)		Not specified	4 (1%)
Age (Years)	41-50	56 (15%)		Single	159 (42%)
	51-60	22 (6%)	**Marital Status**	Married	206 (55%)
	> 61	4 (1%)		Others	12 (3%)
	High school	81 (24%)		Employed	306 (81%)
Education Level	Undergraduate	230 (61%)	**Occupation**	Student	46 (12%)
	Postgraduate	56 (15%)		Others	25 (7%)
	Chinese	121 (32%)		Caucasian	110 (29%)
	Indian	86 (23%)		Chinese	95 (25%)
Ethnicity (Customer)	Japanese	32 (8%)	**Ethnicity (Personal Banker)**	Indian	53 (14%)
	Indonesian	21 (5%)		Korean	12 (3%)
	Other Asians	95 (25%)		Other Asian	98 (26%)
	Others	22 (6%)		Others	9 (2%)
	≤ 5	124 (33%)		≤ 5	201 (53%)
	6-10	150 (40%)		6-10	121 (32%)
Length of stay in New Zealand (Years)	11-15	50 (13%)	**Length of relationship with bank (Years)**	11-15	30 (8%)
	16-20	27 (7%)		16-20	17 (5%)
	21-25	12 (3%)		21-25	2 (1%)
	> 25	14 (4%)		> 25	6 (2%)

Table 2.
Scale Items – Psychometric Properties

Scale	λ	α	M	SD
Assimilation (Declan, 2001)				
My banker gets along well with me	.82	.74	3.26	1.07
My banker understands me well	.84	.75	3.10	1.10
I find it easy to communicate my feelings to my banker	.80	.75	3.17	1.05
In my opinion, my banker feels comfortable socializing with me	.74	.69	3.10	.99
Separation (Declan, 2001)				
In my opinion, my banker prefers to socialize with people of his ethnic background	.81	.78	2.98	.99
In my opinion, my banker prefers to deal with people of his/her ethnic culture	.85	.80	2.93	1.00
In my opinion, my banker gets along better with people of his/her ethnic culture	.84	.76	3.07	.99
In my opinion, my banker feels more relaxed in dealing with people of his/her ethnic culture	.83	.77	3.16	1.02
Integration (Declan, 2001)				
My banker has customers from his ethnic culture as well as other cultures	.79	.73	3.55	.99
In my opinion, my banker values his/her ethnic culture as well as other cultures	.90	.76	3.49	.92
In my opinion, my banker is comfortable around his/her ethnic culture as well as with other cultures	.84	.73	3.50	.87
Marginalization (Declan, 2001)				
In my opinion, my banker has difficulty in socializing with people from other cultures	.72	.66	2.64	.96
In my opinion, my banker seems to neither like his/her ethnic culture nor any other cultures	.76	.72	2.60	.92
In my opinion, my banker doesn't understand other cultures	.79	.72	2.51	.98
In my opinion, my banker finds it hard to communicate with people from other cultures	.82	.75	2.49	.96
Interaction Intensity (Doney and Cannon, 1997)				
My banker frequently calls me	.81	.75	2.04	1.11
My banker takes a lot of time to learn my needs	.83	.76	2.56	1.13

	λ	α	M	SD
My banker spends considerable time getting to know me	.84	.77	2.49	1.09
Convenience (Levesque and McDougall, 1996)				
My bank offers a complete range of services – one stop banking	.71	.66	3.88	.87
My bank has convenient branch locations	.77	.68	4.12	.96
My bank provides easily understood statements	.75	.65	4.01	.97
It is very easy to get in and out of my bank	.77	.64	3.93	.99
Competitive Advantage (Pelham and Wilson, 1996)				
My bank offers competitive interest rates	.76	.74	3.38	.96
My bank offers competitive fees	.83	.81	3.19	.01
My bank offers excellent service quality	.78	.79	3.58	.95
Reputation (Cohen, Gan, Yong and Choong, 2006)				
I have a good feeling about my bank	.93	.64	4.27	.89
I admire and respect my bank	.78	.78	4.10	.89
My bank is widely known	.79	.71	3.99	.89
Satisfaction (Ramsey and Sohi, 1997)				
Considering everything, I am extremely satisfied with my bank	.84	.82	3.53	.98
When I consider my experience at this bank I am satisfied	.91	.88	3.61	.94
In general, when I think of this bank I am satisfied	.95	.90	3.63	.93
When I come out of this bank, I am usually satisfied	.86	.82	3.60	.90
Commitment (Kumar, Scheer, and Steenkamp, 1995)				
If my banker requested it, I would be willing to make further investment in supporting my banker	.71	.67	2.95	.89
Even if I could, I would not drop my banker because I like being associated with him/her	.72	.68	3.16	.92
I want to remain a customer of this bank because I genuinely enjoy our relationship with my banker	.84	.74	3.33	1.02
My positive feelings towards my banker are a major reason I continue banking with him/her	.81	.71	3.31	1.02

M = Mean, SD = Standard Deviation, λ = Factor Loading, α = Item-to-Total Correlations

Table 3.
Correlation Table

Variables	1	2	3	4	5	6	7	8	9	10
1. Assimilation	-									
2. Separation	.02	-								
3. Integration	.40***	.08	-							
4. Marginalization	-.48***	.30***	-.34***	-						
5. Interaction Intensity	.49***	.03	.14*	-.23**	-					
6. Convenience	.31***	-.13*	.21**	-.36***	.11*	-				
7. Competitive Advantage	.37***	.14*	.20**	-.29***	.28***	.50***	-			
8. Reputation	.30***	-.05	.33***	-.38***	.06	.54***	.43***	-		
9. Satisfaction	.54***	-.12*	.38***	-.48***	.38***	.52***	.54***	.45***	-	
10. Commitment	.48***	-.02	.38***	.38***	.39***	.42***	.42***	.35***	.65***	-
Mean	3.16	3.04	3.52	2.38	2.37	3.98	3.38	4.12	3.59	3.21
Standard deviation	.90	.85	.81	.74	.93	.75	.78	.77	.86	.72
Average Variance Extracted (AVE)	.64	.69	.61	.60	.68	.56	.62	.70	.79	.60
Composite Reliability	.80	.83	.78	.77	.82	.75	.79	.84	.89	.77

* p < .05, ** p < .01, *** p < .001

Table 4.
Hypotheses Testing

	DV: Satisfaction	DV: Commitment
Independent Variables		
Assimilation	$.40^{***}$ (.19)	$.39^{***}$ (.17)
Separation	$-.11^{*}$ (.05)	$-.08^{ns}$ (.02)
Integration	$.18^{***}$ (.08)	$.21^{***}$ (.09)
Marginalization	$-.16^{**}$ (.07)	$-.13^{**}$ (.05)
Control Variable		
Interaction Intensity	$.14^{**}$ (.06)	$.11^{*}$ (.01)
Convenience	$.24^{***}$ (.10)	$.13^{**}$ (.02)
Competitive Advantage	$.25^{***}$ (.11)	$.17^{***}$ (.08)
Reputation	$.09^{*}$ (.03)	$.05^{ns}$ (.01)
Demographics		
Age	$.04^{ns}$ (.00)	$.09^{*}$ (.03)
Gender	$.08^{*}$ (.03)	$.05^{ns}$ (.01)
Education	$.03^{ns}$ (.00)	$.02^{ns}$ (.00)
Marital Status	$.05^{ns}$ (.00)	$.07^{ns}$ (.02)
Occupation	$.00^{ns}$ (.00)	$.00^{ns}$ (.00)
Customer Ethnicity	$.01^{ns}$ (.00)	$.04^{ns}$ (.00)
Employee Ethnicity	$.02^{ns}$ (.00)	$.03^{ns}$ (.00)
Length of Stay	$.10^{*}$ (.04)	$.12^{*}$ (.05)
Relationship length	$.15^{**}$ (.07)	$.17^{**}$ (.08)
R^2	.54	.48
F-value	55.24^{***}	38.67^{***}

Note: Figures in brackets are Effect Sizes (R-square values)
  * $p < .05$, ** $p < .01$, *** $p < .001$