Effect of New Goal Disclosure on Service Employee's Effort Allocation: A Quasi-Experiment Study

Yongmin Zhu
Fudan University
ymin_zhu@fudan.edu.cn

Yueyue Zhang
University of Nottingham Ningbo China
yueyue.zhang@nottingham.edu.cn

Cheng Zhang
Fudan University
zhangche@fudan.edu.cn

Abstract

Employees play a key role in implementing firms' service strategies with new and established customers. However, few empirical studies have investigated whether and how service employees voluntarily adapt their behaviors in alignment with their organization's customer service strategies. By applying organizational learning theory, this study hypothesizes and investigates how goal disclosure in a firm's work system influences service employees' effort allocation between new and established customers. The results suggest that service employees voluntarily adjust their effort allocation in response to the new goal. Furthermore, the adjustment is amplified for service employees with a more diversified customer portfolio and higher past performance. This study supports that goal disclosure per se, even in the absence of monetary incentives, can motivate service employees' effort allocation. Important contributions and implications are also discussed in the paper.

Keywords: Goal disclosure, Organizational learning, Customer service, Quasi-experiment, Service employee

1. Introduction

Nurturing new customers and maintaining relationships with established customers have been central to customer relationship management (CRM) (Winer, 2001). Exploiting established customers and nurturing new customers into established customers are complements to ensure firms' long-term development (Berger & Nasr-Bechwati, 2001). Because resources are limited, how firms should balance customer acquisition and customer retention has received intense discussion (e.g., Berger & Nasr-Bechwati, 2001; Blattberg & Deighton, 1996). Given the fact that a certain proportion of established customers may churn or need replacing annually (Ang & Buttle, 2006), firms' priorities on the new and established customer and CRM strategy are adjusted dynamically (Wilden & Gudergan, 2015).

Because of the essential role of service employees in the frontline in the buyer-seller relationship, the effectiveness of the adjusted CRM strategy not only depends on the dynamic fit between organizational strategy and environment but also counts on the extent to which service employees execute the strategy in the frontline (Payne & Frow, 2006). Therefore, it is important to investigate whether and how service employees adjust their behavior to adapt to their organizations' strategy renewal.

Existing literature has documented that firms resort to monetary incentives to address the potential divergence of interests (e.g., Eisenhardt, 1989; Jacobides & Croson, 2001; Kim et al., 2022). However, the contract design for monetary incentives is usually costly (Hart 1995). Firms need to collect information on the employee's relative cost of attaining different kinds of customers and determine when and how much should be compensated. Although research on the benefits and drawbacks of monetary incentives has been extensive, what remains unclear is whether, and to what extent, employees may voluntarily allocate their effort to align with firms' strategic goal renewal. The answer to this question helps firms adopt more diverse approaches to motivating employees in line with firms' strategies.

From an organizational learning perspective, we propose that service employees' response to the firm's strategic goal renewal depends on their past experiences and how much they have learned from their past experiences. In the present study, we focus on the condition when firms shift their CRM strategy to nurturing more new customers. We investigate two specific questions: (1) Do service employees adjust their effort allocation in response to the new organizational goal of nurturing more new customers in the absence of monetary incentive? (2) How are service employees' adjustments in their effort allocation moderated by their past experiences?

URI: https://hdl.handle.net/10125/107140
978-0-9981331-7-1

Our data include 24 months of transactions from 748 departments of a large corporation located in the beauty industry. Among the 748 departments, 162 departments adopted the corporate's new strategic goal of nurturing new customers into established customers. This goal was not incorporated into the monetary incentive contract until one year later. This provides us an opportunity to study the effect of goal disclosure per se on employees' effort allocation, in the absence of monetary incentives. We perform the staggered difference-in-differences approach by regarding the new goal disclosure in the firm's work system as a treatment.

This study is one of the few pilots to explore the voluntary response of employees to the organization's strategy renewal. The empirical results show that the new goal disclosure positively affects employees' effort allocation to nurturing new customers. Furthermore, it is supported that employees with a more diversified customer portfolio would be more likely to allocate their effort to align with the organization's CRM strategy. In addition, employees with higher past performance tend to allocate their effort according to the new organizational goal. This means disclosing organizational goals without monetary incentive can take advantage of individuals' private information by allowing them to choose how to respond voluntarily.

The paper proceeds as follows: we present the related literature and develop hypotheses in Section 2. Section 3 presents the methodology. In section 4, we present the results of the analyses. In section 5, we conduct the robustness check on the main findings. Section 6 concludes.

2. Theoretical background and hypothesis development

2.1. New goal disclosure activates organizational learning

In the context of effort allocation among different tasks in CRM, monetary incentive still dominates. It was found that monetary incentives in acquiring new customers can cause moral hazard problems because of employees' private information (Kim et al., 2019), which may be alleviated by incentives to maintain customers. This suggests that offering monetary incentives to nurture new customers into established customers may induce moral hazard problems, which could result in the deficiency of the new marketing strategy.

Instead of finding a well-designed monetary incentive contract (MacDonald & Marx, 2001), new goal disclosure per se may also encourage individuals to adjust their effort allocation between tasks. Scholars have theorized that the relationship between individuals and organizations goes beyond monetary contracts (Good et al., 2022). For example, the psychological contract is applied in the analysis of employment relationships (e.g., Guest & Conway, 2002; Shore & Coyle - Shapiro, 2003; Guest, 2004). Reciprocal promises and obligations are explicitly implied in the psychological contract. Evidence was found suggesting that employees may behave reciprocally (Fehr & Gächter, 2000). Moreover, employees may identify themselves as a member of the organization, accepting the organizational mission and objects as their own's (Mael & Ashforth, 1992). Generally, it is theorized that individuals in the organization act for the organizational interest, even in the absence of a monetary incentive.

The new goal disclosure of nurturing new customers into established customers delivers information on the organizational adjustment in CRM strategy priority. When employees learn this strategic change, they should allocate their effort according to the newly disclosed organizational goal. Service for new customers reflect the effort allocation of employees in nurturing new customers. Thus, hypothesis 1 is developed.

H1: Organizational goal disclosure (of nurturing new customers) per se has a positive impact on employees' service for new customers.

2.2. Employee's adaptive behavior as a learning process

The process of employees' adaptive decisions and actions in response to the newly disclosed organizational goal is essentially a learning process of achieving a shared understanding of the organization's strategic goal adjustment (Dixon, 1992). Employees may understand the new organizational goal differently, as learning is often based on their unique individual experiences (Fazey & Marton, 2002). Moreover, their ability to act in alignment with the organization's new goal is shaped by their experience. Thus, we propose that employees' experience will affect their response to the new organizational goal (see Figure 1). Three key factors regarding experience were summarized to understand the learning process: practice, variation, and reflection (Fazey et al., 2005).

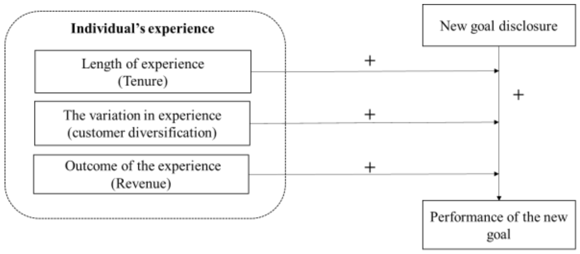

Figure 1. Conceptual framework

Practice refers to a learner's experience. With more experience on a task, people will have more opportunities to apply their skills or ability. The empirical results in the contexts, such as cardiothoracic surgeons (Kc & Staats, 2012), bank workers (Staats & Gino, 2012), and information technology workers (Boh & Slaughter, 2007), support that practice makes perfect. In the context of individual learning in the organization, the length of time service employees have joined the organization (i.e., organizational tenure) is an indicator of the accumulation of experiences in their work. That is to say, the longer the tenure, the more the employee is experienced. Consequently, service employees with longer organizational tenure are more likely to better understand the newly disclosed organizational goal and respond to it. Thus, hypothesis 2 is developed.

H2: The positive impact of goal disclosure (of nurturing new customers) without monetary incentive on the service for new customers is strengthened for employees with longer organizational tenure.

Variation in practice refers to how it is varied regarding the aspects of experiences, such as the intended outcome and the way a task is done (Fazey et al., 2005). The experimental results show that a high variation in experiences leads to higher adaptability (Shea & Morgan, 1979). When a new task is given, people with high variation in experiences always achieve higher performance. For employees, the level of their revenue varies regarding the consumption levels of customers they serve. If different levels of customers are regarded as different tasks, employees with a more diversified customer portfolio can gain higher variation in their working experiences. High variation in experiences should enable them to better understand the strategic change of the organization and adapt their customer service activities accordingly. Specifically, employees who have a more diversified customer portfolio are likely to have a more varied experience that facilitates their efforts allocation to different types of customers. Thus, hypothesis 3 is developed.

H3: The positive impact of goal disclosure (of nurturing new customers) without monetary incentive on the service for new customers is strengthened for employees with a more diversified customer portfolio.

Reflection involves feedback-based models, which emphasizes the discrepancies between intended and actual outcome (Boud & Miller, 1996; Fazey et al., 2005). Through thinking, the relationship between actions and outcomes is developed. However, the importance of different outcomes (positive vs. negative) in individuals' learning processes may differ. Individuals tend to learn more from their successes than from their failures, as people tend to attribute their successes to internal factors while their failures to external factors (Kc et al., 2013). Attributing failures to external factors contributes less to the formation of the relationship between actions and outcomes. Revenue is the most important outcome of employees' work (Misra & Nair, 2011; Schöttner, 2017). Higher revenue would enable them to learn more efficiently, as employees can learn more from success in the process of reflection. When informed of the new organizational goal of nurturing new customers, employees with higher incomes should respond and learn more actively. Thus, we developed hypothesis 4.

H4: The positive impact of goal disclosure (of nurturing new customers) without monetary incentive on the service for new customers is strengthened for employees with higher income.

3. Methodology

3.1. Research context

We leverage a proprietary longitudinal dataset from a large corporation located in the beauty industry to examine our research questions. Our data set includes more than 5 million transactions between January 1, 2018, and December 31, 2019. The data set is comprised of three sets of information: (1) daily order details; (2) daily performance records of employees, and (3) demographic characteristics of all employees and customers. Profile information shows that 95% of the employees were female, and 69% of the employees were frontline service employees (i.e., cosmetologists). Cosmetologists are responsible for inviting potential customers into stores when they are not occupied in their working time.

On April 15, 2019, the corporation added a new goal (i.e., nurturing new customers to member customers) into the firm's working system. Member customers are those whose total spending exceeds the amount that the company deems sufficient for a new customer to grow into a mature one. Thus, the organization's newly added goal informs its employees of recent changes to its customer service strategy. To achieve such an organizational goal, service employees are expected to cultivate more member customers by providing more services to new customers. At the same time, the firm did not set any monetary reward or punishment policy for achieving the goal. This offers an ideal setting for our empirical analysis because the newly added goal has not been included in any formal incentive contract by the end of 2019. We are thus able to investigate whether such new goal disclosure leads to service employees' more effort allocation to serving new customers, in the absence of monetary incentive.

3.2. Empirical strategy

Ideally, after the organization discloses a new strategic goal (i.e., nurturing new customers in our context), affiliate departments are supposed to respond to this new goal. Such response manifests in departments' setting new performance goals monthly for staff in the working system, which is an APP installed on employees' smart cellphones. Service employees can see the progress they have made toward this new goal every time they log into the APP.

Though the new goal was disclosed on April 15, 2019, affiliate departments did not respond to this change simultaneously. By the end of April, about 15% of the departments had responded to the new goal. We classified departments that responded to the new goal before 12/31/2019 as the treatment group and other departments that had not responded to the new goal during the sample period as the control group. As such, we can leverage a quasi-experiment design in which the organization's new goal disclosure is exposed to departments (and thus service employees) in a temporally staggered way. We thus adopt the staggered difference-in-differences (DiD) specification as our main identification strategy to estimate the effect of strategic goal renewal on shaping service employees' customer service behavior, in the absence of monetary incentives. Figure 2 illustrates the identification strategy of the treatment.

Because the performance of service employees is evaluated monthly, the unit of analysis is the individual–month combination. The resulting individual-month panel data included 52,565 observations on 8,065 service employees over 24 months from 01/01/2018 to 12/31/2019. These service employees are from 748 unique departments, of which 162 departments belong to the treatment group, and 586 departments belong to the control group. On average, service employees received about 50 orders and their order amount reached 75,466 RMB per month. Because the company started to use IT systems to record employees' performance in October 2017, we can only collect employees' information since that month. We thus used the time recorded by the IT systems as each employee's tenure. The maximum tenure of service employees in our sample was limited to 27 months, and the average tenure for these service employees was 7.8 months by 12/31/2019.

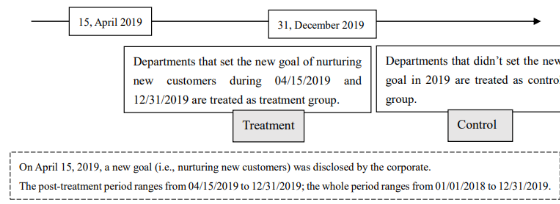

Figure 2. Illustration of research design

In practice, the company categorizes its customers into 8 levels (0,1,2,3,4,5,6,7). Customer level is determined by customers' spending amount in the company and the frequency of their consumption. Specifically, the higher the customer level is, the more mature the customers are for the company. According to the company's standard, we treat customers labeled level 6 or 7 as established customers, and customers labeled level 0, 1, or 2 as new customers. Most of the customers are female, accounting for 98% of the established customers and 94% of the new customers.

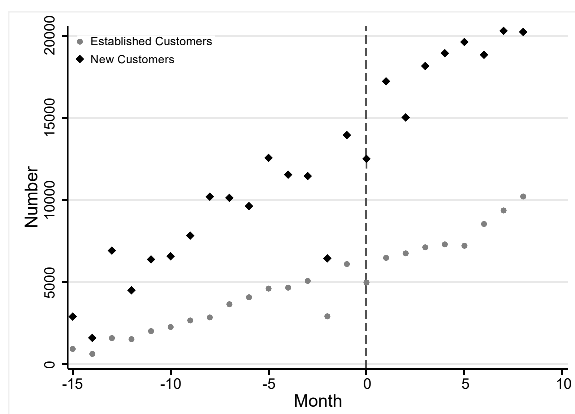

Figure 3. Distribution of numbers for new vs. established customers

Note: The X-axis shows the time difference between the month and 04/2019, as measured in months.

Figure 3 summarizes the months and the associated numbers of established and new customers before and after April 2019 (i.e., the month 0 when the organization disclosed the new goal). As shown in the figure, there is a remarkable distance between the number of new customers and established customers and the distance seems larger after April 2019. In our further analysis, we will exploit this variation of customer numbers to identify the impact of organizational goal disclosure on service employees' order numbers for new customers.

3.3. Econometric specification

To evaluate the impact of new goal disclosure on service employees' customer service behavior, we adopted a staggered DiD model with two-way fixed effects, to compare treatment vs. non-treatment periods between service employees in departments that adopted vs. didn't adopt the organization's new goal. The model also accounted for time-variant (e.g., holiday and season), individual-invariant confounds due to the inclusion of time-fixed effects, and individual-variant, time-invariant confounds (e.g., department) due to the inclusion of individual fixed effects.

The specification of our DiD model for the effect of new goal disclosure on service employees' customer service behavior is as follows:

$$DV_{it} = \alpha_{10} + \alpha_{11} Treatment_i * After_{it} + \alpha_{12} X_{it-1} + \theta_i + \tau_t + \varepsilon_{it} \quad (1)$$

For the outcome variable DV_{it}, we consider the order number for new customers by employee *i* in month *t* (*service_number*).

Our main focus is the interaction term $Treatment_i * After_{it}$, where $Treatment_i$ equals 1 if the employee *i*'s department sets monthly member customer goals during the sample period (i.e., the treatment group) and otherwise 0 (i.e., the control group). Service employees in the treatment group get more exposure to their organization's new goal because their departments visualize the goal performance in the working system, while those in the control group do not. $After_{it}$ takes a value of 0 for the months before the first month when individual *i*'s department first set the new performance goal and a value of 1 for the months after the month. We included individual fixed effects for each employee (θ_i), as well as month-fixed effect (τ_t) to control for any time trend and seasonality. We omitted $Treatment_i$ and $After_{it}$ as separate variables because they have been incorporated into individual and month fixed effects. ε_{it} is the standard error clustered at the individual level to account for within-group serial correlation. The coefficient α_{11} estimates the causal effect of employee *i*'s exposure to the organization's new goal disclosure on her subsequent service numbers for new customers, after controlling for changes experienced by those in the control group over the same period. We expect that service employees, who are informed of the organization's new goal (i.e., nurturing new customers), even in the absence of monetary incentive, should allocate more efforts to new customers and exhibit more aligned behavior with the organization, in contrast to those in the control group.

X_{it-1} includes a set of covariates such as individual-level time-variant variables (e.g., tenure, order amount, diversification of effort allocation to different customer types, and if becoming a manager) to alleviate concerns that other things might also have been changing differentially over time. In particular, the diversification of service employees' customer portfolios represents their variation in working experiences. Following the literature, we use an entropy measure of diversification (Jacquemin & Berry, 1979; Palepu, 1985). Specifically, the effort diversification of employee *i*' customer portfolio in month *t*-1 is calculated as $\sum p_j \ln(\frac{1}{p_j})$, where p_j is the proportion of service numbers for customers of type *j* to employee *i*'s all order numbers in month *t*-1. We lagged all the covariates by one month to create a temporal distance between them and the dependent variables and reduce the potential for reverse causality (Boulding & Staelin, 1995).

4. Estimation results

4.1. DID results

Table 1 presents the regression results using the DiD model of Equation (1). Columns 1-2 report the effects on order numbers for new customers. Columns 3-4 report the effects on order numbers for established customers. We find that the coefficients of the interaction *Treat*After* are positive and significant in new customers, in terms of service number (β=2.739, p<.01, Column 1). The results suggest that an organization's new goal disclosure can increase its service employees' effort allocation on service for new customers subsequently. By contrast, the coefficients of the interaction *Treat*After* are negative and significant in established customers, in terms of order number (β=-0.985, p<.1, Column 3). These results indicate that service employees' efforts may be shifted from established customers to nurturing new customers.

The inclusion of control variables does not alter the main results. The coefficient magnitude is reduced, which is 2.604 in Column 2. The result suggests that service employees in the treatment group on average increased 260 more order numbers for new customers after their departments adopt the corporate's new strategic goal, compared to those in the control group. Thus, the empirical results provide robust evidence supporting H1.

The coefficients for other independent variables make sense. For example, service employees with more diversity in customer types are more likely to allocate efforts to new customers in the interest of their departments/organization. In addition, service employees with higher past performance (i.e., high service amount) are likely to serve more customers than their counterparts.

Table 1. Difference-in-Differences results for the effects of new goal disclosure across new and established customers

	New Customer		Established customer	
Variables	(1)	(2)	(3)	(4)
*Treat*After*	2.739***	2.604***	-0.985*	-1.177**
	(0.546)	(0.529)	(0.588)	(0.574)
Tenure		-0.008		0.359***
		(0.023)		(0.039)
Customer_diversity		0.628***		0.975***
		(0.085)		(0.329)
High_revenue		0.683***		0.513
		(0.130)		(0.330)
Service_number		0.001*		0.004
		(0.001)		(0.005)
Service_amount		0.000		0.000
		(0.000)		(0.000)
Avg_order_amount_new		0.263		0.950*
		(0.233)		(0.555)
Avg_order_amount_establish		0.020		-0.018
		(0.015)		(0.035)
Ifmanager		1.822**		1.363
		(0.740)		(1.079)
Constant	4.940***	4.016***	-0.865*	0.146
	(0.503)	(0.399)	(0.521)	(0.587)
Staff FE	YES	YES	YES	YES
YearMonth FE	YES	YES	YES	YES
Observations	52,565	52,565	52,565	52,565
# Staff	8,065	8,065	8,065	8,065
R-squared	0.036	0.041	0.003	0.005

Note: * p<0.1, ** p<0.05, *** p<0.01

Generally, we found that service employees in the departments that had set monthly goals for nurturing new customers (i.e., adoption of the organization's new goal) are likely to allocate more efforts to serving new customers. In other words, goal disclosure per se can significantly motivate service employees to allocate efforts to achieve the organization's new goal, even in the absence of monetary incentives.

4.2. Results of moderating effects

In the previous section, the empirical results provide evidence supporting that service employees would voluntarily allocate their effort in response to the newly disclosed organizational goal. To further test whether this response is a process of organizational learning, the moderating effects of factors (i.e., practice, variation, reflection) are examined. Specifically, the moderating effects of service employees' length of experience, variation in experience, and outcome of the experience are analyzed. A difference-in-difference-in-differences (DDD) model was used as shown in the following:

$$DV_{it} = \alpha_{20} + \alpha_{21} Treatment_i * After_{it} * \mathrm{MOD}_{it-1} + \alpha_{22} Treatment_i * After_{it} + \alpha_{23} MOD_{it-1} + \alpha_{24} X_{it-1} + \theta_i + \tau_t + \varepsilon_{it} \quad (2)$$

Where MOD_{it-1} represents either of the three moderating factors aforementioned. (1) First, we measure employee i's length of experience by calculating the elapse from the month when employee *i* was recorded in the information system to the current month (*Tenure*). (2) Second, we measure employee i's variation in experience by using an entropy measure of diversification of her effort allocation to different customer types in month t-1(*Customer_diversity*). (3) Third, we measure employee i's outcome of the experience based on her past performance, i.e., using a dummy variable indicating whether the employee performs better than the average level of her department (*High_revenue*). If the employee's average service amount in month t is higher than the average service amount of her department in that month, then the value is set as 1; otherwise, it is 0.

As reposted in Table 2 column 1, the coefficients of the three-way interaction term of $Treat * After * Tenure$ are not statistically significant. Hence, H2 is not supported. To be specific, the positive effects of new goal disclosure on service employees' effort allocation to new customers do not manifest in long-tenured employees. It is worth noticing that we don't have information on the absolute tenure of employees; instead, we proxy tenure with employees' usage time of the company's IT systems in the present study.

As reposted in Table 2 columns 2, the coefficients of the three-way interaction term of $Treat * After * Customer\_diversity$ are positive and statistically significant in terms of service numbers for new customers (β=0.691, p<.1, Column 2), supporting H3. The positive effects are consistent with our expectations, i.e., service employees who have a more diversified customer portfolio are likely to have a more varied experience that facilitates their efforts allocation to different levels of customers, in comparison to those with a less diversified customer portfolio. As a result, these service employees are more likely to behave toward their organizations' new strategic goal of serving new customers.

As reposted in Table 2 columns 3, the coefficients of the three-way interaction term of $Treat * After * High\_revenue$ are positive and statistically significant in terms of service numbers for new customers (β=1.945, p<.01, Column 3). Hence, H4 is supported. The positive effects support our assumption that service employees with better past performance in the organizations will be more likely to respond to their organization's new strategic goal.

To summarize, the empirical evidence confirms the underlying mechanism of service employees' experiential learning in response to the new goal disclosure. This suggests that employees with higher variation in experience and more positive outcomes of the experience tend to respond to their organization's new goal in an aligned way. However, length of experience does not exhibit influence in the process.

Table 2. Moderating results

	Tenure	Customer_diversity	High_income
Variables	(1)	(2)	(3)
*Treat***After*	2.726***	1.203	0.744**
	(1.050)	(0.766)	(0.302)
Tenure	-0.007	-0.008	-0.007
	(0.023)	(0.023)	(0.017)
*Treat***After**Tenure	-0.009		
	(0.079)		
Customer_diversity	0.628***	0.560***	0.348***
	(0.086)	(0.077)	(0.054)
*Treat***After**Customer_diversity		0.691*	
		(0.415)	
High_revenue	0.683***	0.678***	0.280***
	(0.130)	(0.129)	(0.083)
*Treat***After** High_revenue			1.945***
			(0.507)
Service_number	0.001*	0.001*	0.001*
	(0.001)	(0.001)	(0.000)
Service_amount	0.000	0.000	-0.000
	(0.000)	(0.000)	(0.000)
Avg_order_amount_new	0.263	0.266	0.397***
	(0.232)	(0.233)	(0.147)
Avg_order_amount_establish	0.020	0.019	0.014
	(0.015)	(0.016)	(0.009)
Ifmanager	1.823**	1.796**	1.125**
	(0.740)	(0.732)	(0.438)
Constant	4.010***	4.124***	2.536***
	(0.382)	(0.375)	(0.285)
Staff FE	YES	YES	YES
YearMonth FE	YES	YES	YES
Observations	52,565	52,565	52,565
# Staff	8,065	8,065	8,065
R-squared	0.041	0.042	0.053

Note: * p<0.1, ** p<0.05, *** p<0.01

The falsification test is conducted by introducing a 'fake' treatment on the same date, but a year before the actual treatment. The results suggest that the fake treatment has no significant impact on service employees' continued customer service behavioral changes. We conducted several checks to verify the robustness of our results with alternative measures and model specifications. For example, we conducted propensity score matching and used the matched sample to rerun the DiD models. We also replaced the dependent variable by the number of new customers served by by employee *i* in month *t*. The results of all of these robustness checks are qualitatively consistent with the main results, supporting the robustness of our main findings.

5. Conclusion and discussion

The cost and unintended consequences of monetary incentives make it appealing to explore whether and to what extent service employees will voluntarily adjust their effort allocation according to the organization's new goal (e.g., Hernandez, 2008). We investigate how new goal disclosure in a firm's work system influences service employees' effort allocation between new and established customers voluntarily. The empirical results support that goal disclosure per se promotes service employees' voluntary adjustment in effort allocation, even without monetary incentives. Furthermore, this study suggests that service employees' response to the new organizational goal involves a process of organizational learning, which depends on their past experiences. The empirical results show that the variation of service employees' experiences and positive feedback on their experience could strengthen the aligned behaviors with the organization's strategy.

The contributions of this paper are multifold. First, our results reveal that disclosing new goals per se can motivate service employees to adjust their customer service behavior accordingly. Scholars have developed various concepts supporting individuals' aligned behaviors with the organization, such as psychological contract (e.g., Guest, 2004; Guest & Conway, 2002; Shore & Coyle-Shapiro, 2003), reciprocity (Fehr & Gächter, 2000), identification (Mael & Ashforth, 1992), organizational commitment (Porter et al., 1974; Davis et al., 2018) and stewardship theory (Hernandez, 2012). However, there is a lack of studies quantifying such an effect. This study shows that disclosing the strategic goal of nurturing new customers per se in the absence of monetary incentives can significantly influence service employees' customer service behavior, bringing additional 146 new customers, and additional revenue of 151,327 RMB for departments that adopt the new goal.

Second, new organizational goal disclosure treats service employees' private information differently compared with that in the prevailing incentive contract paradigm. In the incentive contract paradigm, individuals are assumed as rational and self-interested. Under this assumption, employees will be opportunistic whenever they perceive that the marginal benefits of shirking exceed the marginal costs (Nagin et al., 2002). As managers have limited information on individual behavior, it is very important to collect and use individuals' performance information and write a formal incentive contract to promote desired behavior (Jacobides & Croson, 2001). In addition, moral hazard problems may arise as individuals have private information (Kim et al., 2019). However, in the absence of monetary incentives, service employees can also adjust their behavior depending on their own's past experiences, which reveals their private information. For example, service employees with a more diversified customer portfolio will be more likely to respond to their organization's new goal. In this sense, in the absence of monetary incentives, strategic goal disclosure per se can still drive individuals to behave voluntarily in the interest of organizations.

Third, this paper extends research on customer portfolio management. Extant literature proposes that firms should invest in an entire portfolio of customers at different relationship levels, such as acquaintances, friends, and partners (Johnson & Selnes, 2004). While the extant research on customer portfolio management focuses on the firm level (Homburg et al., 2009), this study explores from the individual level how the service employees' customer portfolio could affect their response to the organization's strategic goal renewal.

Four, this study relates to the literature on specialization and variety in job design. Although specialization is believed to capture the benefits of repetition and enhance productivity, task variety could enhance learning (Narayanan et al., 2009) and improve productivity in the long run (Staats & Gino, 2012). When exposed to a new organizational goal of nurturing new customers, service employees with a diversified customer portfolio (i.e., different consumption levels of consumers) tend to respond more actively toward the new organizational goal. These findings suggest that the fit between service employees' specialization and the organizational goal is of great significance to the success of the new organizational goal. Moreover, when firms face a changing market environment, it is essential to increase the task variety of the service employees to enhance their learning.

There are some limitations to note. First, we test the learning mechanisms using service employees' length of experience, customer portfolio, and past performance. While they capture service employees' existing learning capability well, more measurements that reflect their learning potential may be incorporated, such as peer influence (Ahearne et al., 2013). Second, we examine the organizational goal of nurturing new customers into established goals in the beauty industry which relies heavily on service employees. More industrial settings with varying degrees of dependence on sales could be further explored. Finally, the study leaves the debate on the role of employees' length of experience. Though we have argued that service employees with longer tenure in organizations are more likely to adapt their behavior to the new organizational goal, this mechanism is not supported in this context. This may be because our measure of organizational tenure can't fully capture the working experiences of service employees. Thus, whether the length of experience could moderate service employees' aligned behavior toward organizational goals may not be conclusive.

References

Athey, S., & Imbens, G. W. (2017). The state of applied econometrics: Causality and policy evaluation. Journal of Economic perspectives, 31(2), 3-32.

Bénabou, R., & Tirole, J. (2003). Intrinsic and extrinsic motivation. The review of economic studies, 70(3), 489-520.

Berger, P. D., & Bechwati, N. N. (2001). The allocation of promotion budget to maximize customer equity. Omega, 29(1), 49-61.

Blattberg, R. C., & Deighton, J. (1996). Manage marketing by the customer equity test. Harvard Business Review, 74(4), 136-&.

Boud, D., & Miller, N. (1996). Working with experience: Animating learning. Psychology Press.

Boulding, W., & Staelin, R. (1995). Identifying Generalizable Effects of Strategic Actions on Firm Performance: The Case of Demand-Side Returns to R&D Spending. Marketing Science, 14(3_supplement), G222-G236.

Davis, J. H., Schoorman, F. D., & Donaldson, L. (2018). Toward a stewardship theory of management. In Business ethics and strategy (pp. 473-500). Routledge.

Deci, E. L. (1971). Effects of externally mediated rewards on intrinsic motivation. Journal of personality and Social Psychology, 18(1), 105.

Deloitte (2019) China aesthentic medicine market outlook report. Retrieved from Https://www2.deloitte.com/cn/en/pages/life-sciences-and-healthcare/articles/china-aesthetic-medicine-market-outlook.html

Eisenhardt, K. M. (1989). Agency theory: An assessment and review. Academy of Management Review, 14(1), 57-74.

Fazey, I., Fazey, J. A., & Fazey, D. M. (2005). Learning more effectively from experience. Ecology and Society, 10(2).

Fazey, J. A., & Martonl, F. (2002). Understanding the space of experiential variation. Active learning in higher education, 3(3), 234-250.

Fehr, E., & Gächter, S. (2000). Fairness and retaliation: The economics of reciprocity. Journal of Economic perspectives, 14(3), 159-181.

Fong Boh, W., Slaughter, S. A., & Espinosa, J. A. (2007). Learning from experience in software development: A multilevel analysis. Management Science, 53(8), 1315-1331.

Good, V., Hughes, D. E., & Wang, H. (2022). More than money: establishing the importance of a sense of purpose for salespeople. Journal of the Academy of marketing Science, 50(2), 272-295.

Guest, D. E. (2004). The psychology of the employment relationship: An analysis based on the psychological contract. Applied psychology, 53(4), 541-555.

Guest, D. E., & Conway, N. (2002). Communicating the psychological contract: an employer perspective. Human resource management journal, 12(2), 22-38.

Hart, O. (1995). Corporate governance: some theory and implications. The economic journal, 105(430), 678-689.

Hernandez, M. (2008). Promoting stewardship behavior in organizations: A leadership model. Journal of Business Ethics, 80(1), 121-128.

Homburg, C., Steiner, V. V., & Totzek, D. (2009). Managing dynamics in a customer portfolio. Journal of marketing, 73(5), 70-89.

Jacobides, M. G., & Croson, D. C. (2001). Information policy: Shaping the value of agency relationships. Academy of Management Review, 26(2), 202-223.

Jacquemin, A. P., & Berry, C. H. (1979). Entropy measure of diversification and corporate growth. The journal of industrial economics, 359-369.

Johnson, M. D., & Selnes, F. (2004). Customer portfolio management: Toward a dynamic theory of exchange relationships. Journal of marketing, 68(2), 1-17.

Kc, D., Staats, B. R., & Gino, F. (2013). Learning from my success and from others' failure: Evidence from minimally invasive cardiac surgery. Management Science, 59(11), 2435-2449.

Kc, D. S., & Staats, B. R. (2012). Accumulating a portfolio of experience: The effect of focal and related experience on surgeon performance. Manufacturing & Service Operations Management, 14(4), 618-633.

Kim, M., Sudhir, K., & Uetake, K. (2022). A Structural Model of a Multitasking Salesforce: Incentives, Private Information, and Job Design. Management Science, 68(6), 4602-4630. https://doi.org/10.1287/mnsc.2021.4079

Kim, M., Sudhir, K., Uetake, K., & Canales, R. (2019). When salespeople manage customer relationships: Multidimensional incentives and private information. Journal of Marketing Research, 56(5), 749-766.

MacDonald, G., & Marx, L. M. (2001). Adverse specialization. Journal of political Economy, 109(4), 864-899.

Mael, F., & Ashforth, B. E. (1992). Alumni and their alma mater: A partial test of the reformulated model of organizational identification. Journal of Organizational Behavior, 13(2), 103-123.

Misra, S., & Nair, H. S. (2011). A structural model of sales-force compensation dynamics: Estimation and field implementation. Quantitative Marketing and Economics, 9(3), 211-257.

Nagin, D. S., Rebitzer, J. B., Sanders, S., & Taylor, L. J. (2002). Monitoring, motivation, and management: The determinants of opportunistic behavior in a field experiment. American Economic Review, 92(4), 850-873.

Narayanan, S., Balasubramanian, S., & Swaminathan, J. M. (2009). A matter of balance: Specialization, task variety, and individual learning in a software maintenance environment. Management Science, 55(11), 1861-1876.

Palepu, K. (1985). Diversification strategy, profit performance and the entropy measure. Strategic management journal, 6(3), 239-255.

Payne, A., & Frow, P. (2006). Customer relationship management: from strategy to implementation. Journal of marketing management, 22(1-2), 135-168.

Porter, L. W., Steers, R. M., Mowday, R. T., & Boulian, P. V. (1974). Organizational commitment, job satisfaction, and turnover among psychiatric technicians. Journal of applied psychology, 59(5), 603.

Schöttner, A. (2017). Optimal sales force compensation in dynamic settings: Commissions vs. bonuses. Management Science, 63(5), 1529-1544.

Shea, J. B., & Morgan, R. L. (1979). Contextual interference effects on the acquisition, retention, and transfer of a motor skill. Journal of Experimental psychology: Human Learning and memory, 5(2), 179.

Staats, B. R., & Gino, F. (2012). Specialization and variety in repetitive tasks: Evidence from a Japanese bank. Management Science, 58(6), 1141-1159.

Wilden, R., & Gudergan, S. P. (2015). The impact of dynamic capabilities on operational marketing and technological capabilities: investigating the role of environmental turbulence. Journal of the Academy of marketing Science, 43(2), 181-199.

Winer, R. S. (2001). A framework for customer relationship management. California Management Review, 43(4), 89-105.