



The effect of service climate on customer emotion and customer satisfaction

*Kun-Myong Kang , Ph.D. Student, Dept. of Smart convergence Consulting, Hansung University, KS013 Korea, jangmi1015@naver.com

Jung-Wan Hong, Professor, Dept. Of Smart convergence Consulting, Hansung University, KS013 Korea, jwhong@hansung.ac.kr

*Corresponding author

Abstract. The purpose of this study is to empirically verify the impact of the effect service climate on customer emotion and customer satisfaction. For this research, a survey was conducted for consultants currently engaged in consulting. Using SmartPLS 3.3.2, technical were conducted. The importance and suitability of the path model were verified through structural model analysis, and the mediating effect of customer emotion was verified through the analysis of specific indirect effects. According to the results of the study, the first company's service climate affects all positive customer emotion: pleasantness, pleasure and happiness. Second, the corporate service climate has a positive effect on customer satisfaction. Third, positive customer sentiment affects customer satisfaction. Fourth, when the service climate of the company affects customer satisfaction, the positive customer emotion, pleasant, enjoyment, and happiness, played a mediating role, and the independent variables were all partially mediated. Among them, happiness appeared to be the most influential factor, showing that it is important to satisfy the customer's happy feelings when the service climate affects customer satisfaction. In order to satisfy customers through research results, establishing and utilizing service climate is important, and since customer's happiness affects service climate and satisfaction, continuous measures to satisfy customer's happiness should be developed. This study is aimed at a small number of restaurant companies, generalizing the results is limited. Nevertheless, it is meaningful to study which of the positive emotions affects a lot by subdividing the customer's feelings when the service climate affects customer satisfaction

Keywords: Service Climate, Customer Emotion, Customer Satisfaction, Pleasant, Enjoyment, Happiness

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INTRODUCTION

As the market environment changes dramatically, competition among companies is becoming fiercer than ever, and this change is expected to continue. One of the key factors that companies should be interested in surviving the market environment is to develop ways to attract customers and maintain a lasting relationship with them[1]. Therefore, many prior studies have confirmed that customer emotion and satisfaction are important factors in continuity. Since it has already been verified that emotions are related to satisfaction[2], this study seeks to explore the effect of service climate on customer emotion and satisfaction of customers using the services provided by the entity. This study focused on the restaurant business. In relation to the restaurant users and the restaurant service providers, we present the service climate as a positive cause of the customer emotion and pay attention to a series of processes that satisfy the customer's satisfaction. The purpose of this study is summarized as follows. First, the entity's service climate provided by restaurant businesses tests how it affects customer emotion. Second, it identifies whether customer emotion affects customer satisfaction. Third, see if the service climate affects customer satisfaction. Fourth, empirically verify the mediated effect of customer emotion on the impact of service climate on customer satisfaction.

2. Materials and Methods

2.1 Literature Review

2.1.1 Service climate

Service climate refers to a recognized organizational culture that employees have in common with respect to the systems, procedures and actions that are rewarded and supported in service contacts[3]. If a company has a passion to improve its services systematically, such as by acting service-oriented to help its customers and rewarding them for high-quality services, employees will perceive it as having a strong service climate[4]. If the company recognizes that customer service provided by the company is

important among employees, a service climate will be created for the customers.

2.1.2 Customer emotion

Customer emotion refers to an emotional and psychological state rather than a perceptual process of information processing that is conscious of the customer's perceived emotional state of the service interface[5]. Looking at the prior studies related to customer feelings in service situations, the customer sentiment study of restaurant customers confirmed that the physical environment of the store has a significant impact on the customer's positive or negative emotion. In particular, it was explained that positive emotions were more influential than negative emotions[6]. This study focused on positive emotions.

2.1.3 Customer satisfaction

Customer satisfaction is affected by factors before, during, and after the purchase occurs in connection with the customer's consumption behavior. It also means the difference between the customer's expectations of the service before receiving it and the customer's actual perception after receiving the service[7]. The preceding study found that the customer's cognitive and emotional elements of the product or service are contained, so that if the emotional factors are overlooked, the customer satisfaction cannot be interpreted relatively comprehensively[8]. This study aims to verify the impact of restaurant experience on customer satisfaction due to the service climate.

2.1.4 Relationship between service climate and customer emotion

Customer emotions experienced in the service interface are caused by interactions with various environmental factors in the store and have a significant impact on customer behavior[9]. In particular, not only physical factors such as design, scent, and lighting, but also environmental factors such as waiting behavior or 'kindness' of employees can affect customer sentiment. The service climate becomes the company's discriminatory resource and culture created by the company, and customers can recognize the service climate and feel the unique organizational culture that the company has.

2.1.5 Relationship between customer emotion and Customer satisfaction

Because customer emotion is directly responsive to the corporate marketing stimuli, it has an important impact on the entire process from customer service purchases[10]. The preceding study argued that the customer's emotional state affects customer satisfaction, and that the customer's positive feelings in the service interface can affect customer satisfaction[11].

2.1.6 Relationship between service climate and Customer satisfaction

A study of the service climate from a customer's point of view explained that companies' compensation for employees' service-oriented behavior has a positive impact on customer satisfaction[12]. The service climate in the service sector affects customer attitudes[13]. In order to increase customer satisfaction, employees' attitude toward customers is important. Organizations with a strong service climate increase loyalty while increasing the active attitude and satisfaction of employees as customers and organizations come into contact. Thus, creating a service climate affects employee attitudes and behaviors, and ultimately affects customer satisfaction.

2.2. Research Model and Hypothesis

2.2.1 Research Model

The basis of the research model was embraced by Service Climate, Customer emotion and Customer Satisfaction. As presented in the preceding study, the Customer Emotion was composed of super variables of Pleasant, Enjoyment and Happiness. In this study, Service Climate was configured as an independent variable, Customer emotion as a parameter, and Customer Satisfaction as a dependent variable. The research model is shown in [Figure 1] below.

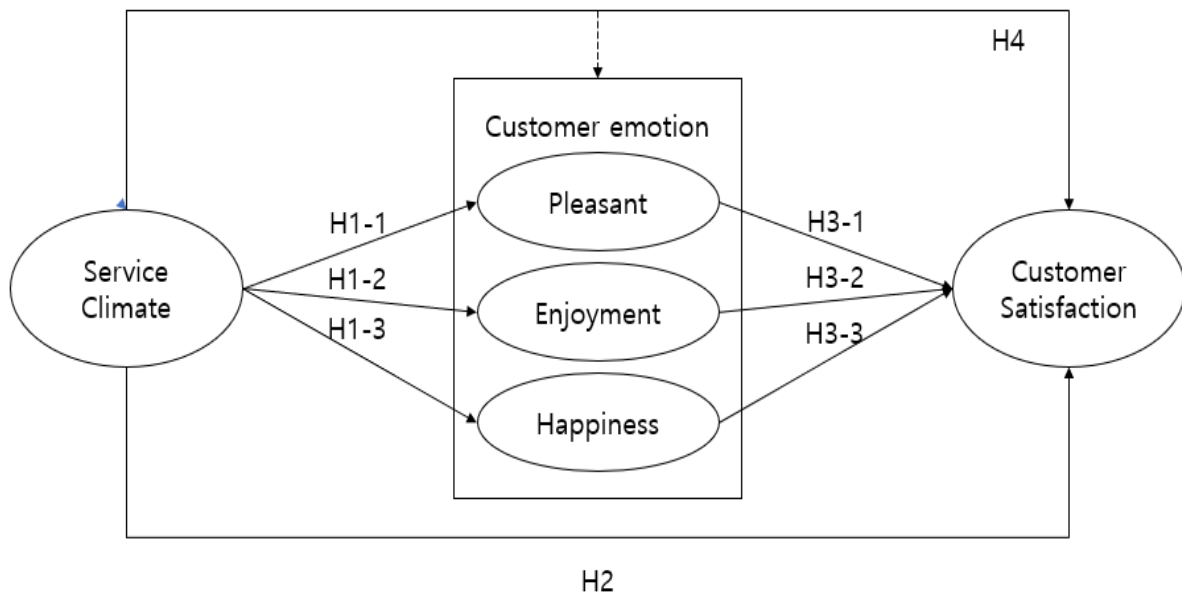


Figure 1. Research model

2.2.2 Hypothesis

- H1. Service Climate will have a positive effect on Customer Emotion.
 - H1-1. Service Climate will have a positive effect on Pleasant.
 - H1-2. Service Climate will have a positive effect on Enjoyment.
 - H1-3. Service Climate will have a positive effect on Happiness.
- H2. Service Climate will have a positive effect on Customer Satisfaction.
- H3. Customer Emotion will have a positive effect on Customer Satisfaction
 - H3-1. Pleasant will have a positive effect on Customer Satisfaction.
 - H3-2. Enjoyment will have a positive effect on Customer Satisfaction.
 - H3-3. Happiness will have a positive effect on Customer Satisfaction.
- H4. Customer Emotion will mediate effect between Service Climate and Customer Satisfaction.
 - H4-1 Pleasant will mediate effect between Service Climate and Customer Satisfaction.
 - H4-2 Enjoyment will mediate effect between Service Climate and Customer Satisfaction.
 - H4-3 Happiness will mediate effect between Service Climate and Customer Satisfaction.

2.2.3 Operational Definition of Variables

The definition of operation for each variable is summarized as shown in [Table 1] below.

Table 1. Operational Definition of Variables

Latent variables		Operational Definition	Researcher
Service Climate		Refers to the organization's policies, practices and procedures ensure that employees are aware of the rewards and expected atmosphere associated with the quality of the services they provide to customers. Behavioral practices and organizational policies that companies support employees who provide high-quality services.	[3], [4]
Customer Emotion	Pleasant	The emotional and psychological state of the customer's perception of service communication and flow.	[5], [6]
	Enjoyment	A behavioral reaction resulting from heightened physical excitement, according to external stimuli, a very complex and more comprehensive emotional	[11]

	Happiness	experience, not just pleasure or displeasure, unlike sentiment. The level of emotion the customer will experience in the context of the service interface.	
Customer Satisfaction		The degree of service the customer expects before receiving the service and the difference the customer feels after receiving the service. Customer satisfaction with employee services	[7], [12]

3. Results and Discussion

3.1. Empirical Analysis Results

3.1.1 Demographic characteristics analysis

Among the survey respondents in this study, the demographic characteristics of those used in the actual analysis were 55.3% (136) for males and 44.7% (110) for females. The highest age group was 50 to 61.0% (150) and 30 to 19.1% (47). The highest level of education is 30.5% (75) for university graduation or above and 34.6% (85) for high school graduation.

3.1.2. Descriptive analysis and Exploratory factor analysis

Descriptive statistical analysis was conducted to confirm the normal distribution of collected data. As a result of the analysis, observation variables SC5 showing extreme values in kurtosis and skewness were removed. An exploratory factor analysis was conducted on the service environment, customer sentiment, and customer satisfaction to test the validity of the variables. As a result of factor analysis, the observation variable EN1 and EN2 corresponding to the external load value of less than 0.7 was additionally removed.

3.1.3 Measurement Model Analysis

Convergent validity, internal consistency, and discriminant validity tests were performed to test the measurement model. Convergence (concentration) validity is verified based on factor loading and average variance extracted (AVE), and internal consistency is tested by deriving Cronbach's α and complex reliability.

3.1.3.1 Internal Consistency and Convergent Validity Analysis

As a result of convergent validity and internal consistency test, as shown in [Table 2], the factor loading value was above 0.7, the recommended level, and AVE were above 0.5, the recommended level. Internal consistency was tested by deriving Cronbach's α values and composite reliability. The Cronbach's α values for the latent variables were above the recommended level of 0.7 or higher, and the combined reliability was higher than the recommended level of 0.6 or higher.

Table 2. Results of Measurement Model Analysis

Latent Variables	Observation Variables	Convergent Validity			Internal Consistency Reliability		
		Factor Loading	Variable Reliability	AVE	Cronbach's α	Rho _A (ρ_A)	Composite Reliability
		> .708	>.50	>.50	.60 ~ .90	> .70	.60 ~ .90
Customer Satisfaction	CS1	0.754	0.569	.701	.893	.899	.921
	CS2	0.854	0.729				
	CS3	0.828	0.686				
	CS4	0.905	0.819				
	CS5	0.84	0.706				
Enjoyment	EN3	0.88	0.774	.812	.771	.793	.896
	EN4	0.922	0.850				
Happiness	HA1	0.816	0.666	.719	.870	.872	.911
	HA2	0.867	0.752				
	HA3	0.855	0.731				
	HA4	0.853	0.728				
Pleasant	PL1	0.82	0.672	.703	.859	.866	.904
	PL2	0.796	0.634				
	PL3	0.857	0.734				

	PL4	0.879	0.773				
Service Climate	SC1	0.845	0.714	.730	.876	.878	.915
	SC2	0.872	0.760				
	SC3	0.847	0.717				
	SC4	0.852	0.726				

3.1.3.2 Discriminant Validity Analysis

Discriminant validity is verified by comparing the correlation between the square root of the Average variance extraction (AVE) for each variable and other variables, based on Fornell and Larcker's theory. As shown in [Table 3], discriminant validity was secured because the correlation coefficients of all variables were smaller than the AVE square root.

Table 3. Discrimination validity of the measurement model

Latent Variables	Customer Satisfaction	Enjoyment	Happiness	Pleasant	Service climate
Customer Satisfaction	0.837				
Enjoyment	0.581	0.901			
Happiness	0.590	0.510	0.848		
Pleasant	0.604	0.625	0.498	0.839	
Service climate	0.673	0.581	0.508	0.657	0.854

Annotation: The diagonal bold letter is AVE square root.

3.1.4 Structural Model Analysis

3.1.4.1 Determinant coefficient (R²) evaluation

The variance ratio of the endogenous latent variables explained by the exogenous latent variables, that is, the coefficient of determination (R²), which means explanatory power, is shown in [Table 4]. Determinants of Happiness Customer Emotion show 25.8% explanatory power, while those of Customer Satisfaction shows 56.9% greater explanatory power.

Table 4. Results of Determinant coefficient (R²) evaluation

Variables	R ²	Adjusted R ²
Customer Satisfaction	0.569	0.562
Enjoyment	0.338	0.335
Happiness	0.258	0.255
Pleasant	0.431	0.429

3.1.4.2 Significance and suitability of path coefficients

In order to verify this hypothesis, the structural model analysis was analyzed using the bootstrapping of SmartPLS ver.3.3.2. All hypotheses were accepted shown in [Table 5] and the path model was used as shown in [Figure 2] below.

Table 5. Results of Hypothesis test

Hypothesis Path	Path Coefficient	Standard Deviation	t-value	p-value	Result
Enjoyment -> Customer Satisfaction	0.149	0.066	2.262	0.024	Accept
Happiness -> Customer Satisfaction	0.259	0.065	3.980	0.000	Accept
Pleasant -> Customer Satisfaction	0.147	0.067	2.204	0.028	Accept

Service climate -> Customer Satisfaction	0.358	0.068	5.295	0.000	Accept
Service climate -> Enjoyment	0.581	0.047	12.464	0.000	Accept
Service climate -> Happiness	0.508	0.049	10.430	0.000	Accept
Service climate -> Pleasant	0.657	0.045	14.653	0.000	Accept

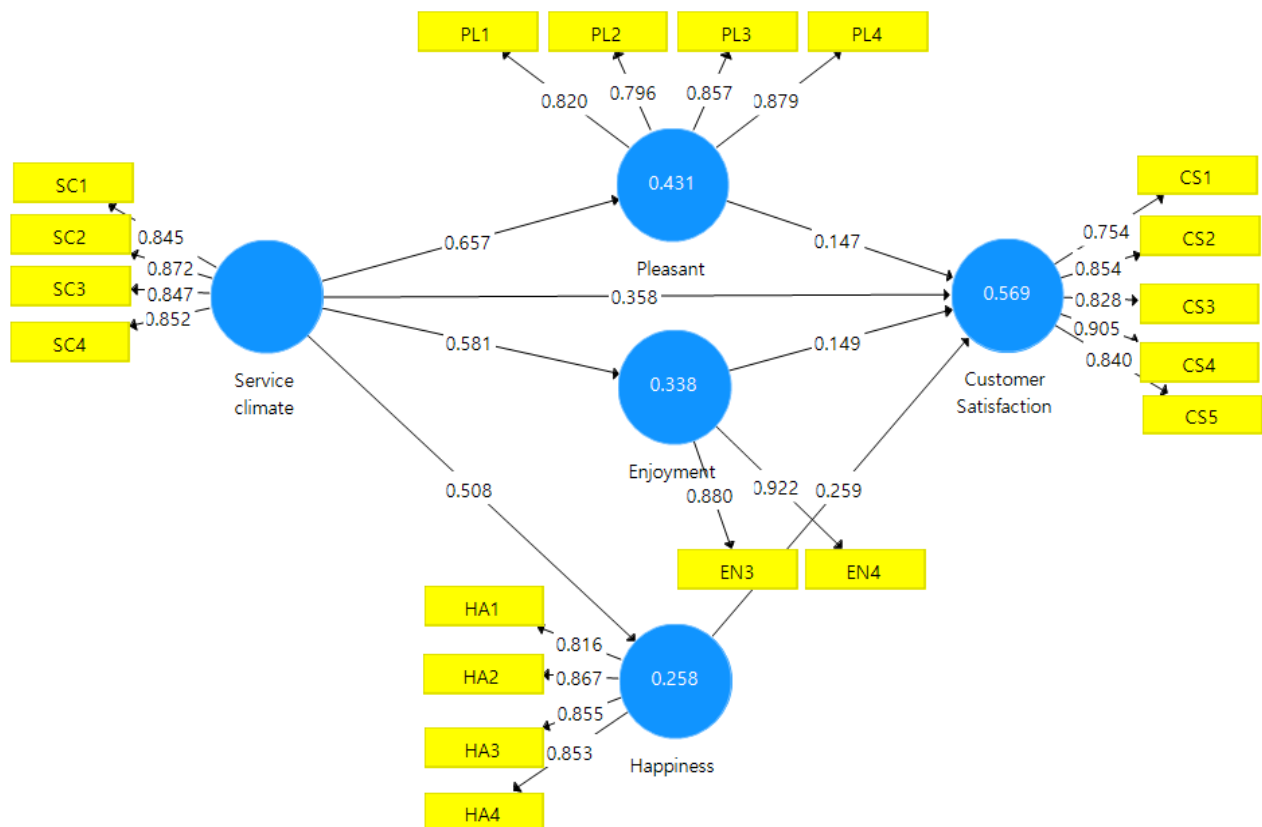


Figure 2. Path Coefficient Analysis

3.1.4.3 Mediating Effect Analysis

As shown in [Table 6], the coordination effect of customer emotion was significant and most hypotheses were accepted as a result of the verification of arbitration effect by specific indirect effects analysis to verify the coordination effect of customer emotion in the relationship between the service climate and customer satisfaction.

Table 6. Result of Mediating effect analysis

Hypothesis Path	Path Coefficient	Standard Deviation	t-value	p-value	Result
Service Climate > Enjoyment -> Customer Satisfaction	0.087	0.038	2.259	0.024	Accept
Service Climate -> Happiness -> Customer Satisfaction	0.131	0.036	3.616	0.000	Accept
Service Climate -> Pleasant -> Customer Satisfaction	0.096	0.045	2.123	0.034	Accept

4. Conclusion

This study was intended to use it as a basic data to explore ways to strengthen the competitiveness of the restaurant business by analyzing the impact of service climate on customer sentiment and customer satisfaction. Looking at the results of the study, the first company's service climate affects all positive customer emotion: pleasantness, pleasure and happiness. Establishing a corporate service climate has been confirmed to be an important factor in positive customer emotion. Second, the corporate service

climate has a positive impact on customer satisfaction. Recognizing that the perceived organizational culture that employees have in common is an important factor in customer satisfaction can create a stronger service climate and develop into higher customer satisfaction. Third, positive customer sentiment affects customer satisfaction. Fourth, when the service climate of the company affects customer satisfaction, the positive customer emotion, pleasant, enjoyment, and happiness, played a mediating role, and the independent variables were all partially mediated. Among them, happiness appeared to be the most influential factor, showing that it is important to satisfy the customer's happy feelings when the service climate affects customer satisfaction. In order to satisfy customers through research results, establishing and utilizing service climate is important, and since customer's happiness affects service climate and satisfaction, continuous measures to satisfy customer's happiness should be developed. To improve customer satisfaction, it will be necessary to give employees the authority and responsibility to make decisions on their own, so that they are positively aware of the service climate. It is necessary to emphasize the importance of the service climate because the higher the service climate, the higher the customer's emotional response, the higher the customer's positive response, and the higher the customer's satisfaction. Therefore, in this study, establishing a service climate for employees working in restaurant businesses is of paramount importance in the service interface with customers, and if the service climate has made the customer highly aware of positive feelings in the service interaction process, this customer will be able to appreciate the satisfaction. Therefore, restaurant business will build positive loyalty or reduce customer churn in the future. The results of this study will be insufficient to apply to the overall enterprise because the study was conducted on some restaurant businesses due to time and economic limitations. In this study, the relationship between service climate, customer sentiment, and customer satisfaction. A study that recognizes changes in customer sentiment and satisfaction in consideration of changes in service climate components following the recent development of the fourth industry could produce more meaningful research results.

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