

# Understanding the Role of Frontline Employee Felt Obligation in Services

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# Understanding the Role of Frontline Employee Felt Obligation in Services

## 解读在服务领域一线员工中感知义务的作用

### Abstract

*Drawing on social exchange theory, this study investigates the mechanism of felt obligation underpinning the link between three key forms of perceived support (organization, supervisor, and team) and three key frontline employee work outcomes. The study also examines felt obligation - employee work outcomes relationships under the boundary condition of perceived fairness in reward allocation to explore if felt obligation preserves employee support despite unfair outcomes. Data obtained from 347 frontline employees in a call centre organization largely support our hypotheses. Our findings demonstrate that perceived supervisor and team support exert a greater influence on felt obligation than the commonly investigated perceived organizational support. Our findings underscore the importance of felt obligation as an influential social exchange force that stimulates affective commitment and reduces turnover intentions of employees even under conditions when fairness in reward allocation is perceived to be lower. Felt obligation also influences service recovery performance positively.*

本研究以社会交换理论为基础，通过探讨了三种感知支持感的主要形式（组织、主管、团队）与三类关键一线员工工作成果之间联系，从而进一步了解感知义务的机制。本文亦研究了感知义务与员工工作成果的关系中报酬分配公平性的边界条件，即在不公平的情况下，感知义务能否维持员工的支持。347份来自某呼叫中心一线员工的数据很大程度上印证了我们的假设。本研究表明，主管和团队支持对感知义务的影响程度比组织支持的影响程度更大。我们的研究强调了感知义务作为一种有影响力的社会交换力量，具有相当的重要性。它可以激发员工的情感承诺并降低员工的离职意愿，这样的影响即使在报酬分配公平性为较低的情况下依然存在。此外，我们的研究发现感知义务对服务补救绩效也有积极的影响。

**Keywords:** service recovery performance, perceived support, felt obligation, affective commitment, fairness in reward allocation, social exchange theory

**关键词：**服务补救绩效，感知支持，感知义务，情感承诺，报酬分配公平性，社会交换理论

## 1. Introduction

Frontline employees (FLEs) play a crucial role in service encounters by building and maintaining relationships with customers (Ayrom & Tumer, 2020; Selzer et al., 2018; Wirtz & Jerger, 2016). As FLEs are often the first and only representation of a service firm especially for the majority of customer complaint transactions (Tax & Brown, 1998), their attitudes and behaviors heavily impact customers' overall service evaluations and retention, and are critical to a service organization's survival and success (Ayrom & Tumer, 2020; Selzer et al., 2018). Thus, service firms continuously strive to improve the attitudes and service performance of their FLEs (Wirtz & Jerger, 2016). To this effect, extant literature demonstrates that social exchange theory (SET; Blau, 1964) is one of the most influential theories that provides the conceptual underpinning for research on employee attitudes and behaviors in organizations (Cropanzano & Mitchell, 2005).

According to SET, social exchange may be initiated by an organization's favorable treatment of its employees, which creates feelings of obligation among employees to repay the positive treatment by engaging in attitudes and behaviors that are beneficial for the organization (Blau, 1964). Hence, felt obligation, which is defined as "a prescriptive belief regarding whether one should care about the organization's well-being and should help the organization reach its goals" (p.42), is the underlying mechanism (i.e., mediator) in the link between organization's positive treatment and employee work outcomes (Eisenberger, Armeli, Rexwinkel, Lynch, & Rhoades, 2001). As felt obligation is a central aspect of the social exchange relationship, research has underlined the need to examine the role of felt obligation (Coyle-Shapiro, Morrow, & Kessler, 2006; Colquitt, LePine, Piccolo, Zapata, & Rich, 2012) and understand "how and when employees reciprocate for the positive treatment they have

received” (Ng & Feldman, 2015, p. 42). Although prior research has utilized the mechanism of felt obligation to explain the social exchange processes between employees and employers, a review of the literature on felt obligation highlights at least three key areas that warrant research attention.

First, while perception of support is one of the ways by which social exchanges may be initiated (Cropanzano & Mitchell, 2005), empirical research in the past has mainly focused on examining the influence of perceived organizational support (POS) on felt obligation (e.g., Caesens, Marique, Hanin, & Stinglhamber, 2015; Eisenberger et al., 2001; Yu & Frenkel, 2013). Nonetheless, both perceived supervisor support (PSS) and perceived team support (PTS) constitute key social exchanges because employees develop unique social exchange relationships not only with the organization (as reflected in [POS]), but also with their supervisor (as reflected in [PSS]), as well as the team members/co-workers (as reflected in [PTS]; see Lavelle, Rupp, & Brockner, 2007). Hence, all three forms of perceived support are important manifestations of the favorable treatment received by employees (Cropanzano & Mitchell, 2005), and are likely to occur simultaneously to affect their feelings of obligation (Vadera, Pratt, & Mishra, 2013). However, besides POS, little is known about the influence of PSS (except for Pan, Sun, & Chow, 2012) and PTS. Given that extant services research establishes the importance of both supervisory and team support for influencing employee attitudes and behaviors in frontline roles (Deery, Nath, & Walsh, 2013; Mukherjee and Malhotra, 2006), the under-researched role of both PSS and PTS needs to be investigated for influencing FLE felt obligation in services. For instance, while it is argued that the influence of an entity on an individual increases with the decrease in psychological distance between the person and the entity (Lewin 1951), it is not known if FLE’s felt obligation is more sensitive to

perceptions of supervisor and/or team support, which are both psychologically proximal social exchange variables (Lavelle, Rupp, and Brockner 2007), or POS, which, in comparison, is a more psychologically distal variable. As all three forms of perceived support have rarely been included together in a single study (De Coninck & Johnson, 2009; Ng & Sorensen, 2008), more empirical research incorporating different types of social exchange in the workplace is required (Takeuchi, Yun, & Wong, 2011; Vadera et al., 2013; Shi and Gordon, 2020) to provide a comprehensive understanding of the development of FLE felt obligation in frontline services as well as to better understand how different sources of support influence key frontline employee outcomes. Understanding which type of support is more influential can help management to offer more targeted interventions for enhancing FLE outcomes.

Second, empirical research investigating the role of FLE felt obligation in services remains scant, particularly, the relationship between FLE felt obligation and service recovery performance. As some discretionary behavior is an integral aspect of a frontline employee's role during service recovery performance (Boshoff & Allen, 2000), FLE felt obligation may be particularly important to study since devoting extra effort while performing duties is one way by which employees can fulfil their obligations towards employers (Settoon, Bennett, & Liden, 1996). Since researchers are encouraged to look beyond the commonly investigated processes to other alternative mediating mechanisms, such as felt obligation (Colquitt et al. 2012; Vadera, Pratt and Mishra 2013), that can explain how and why organizational initiatives influence employee outcomes, examining the role of FLE felt obligation may shed light on an under-researched reciprocity mechanism that may formally explicate how organizational initiatives (namely perceived support) influence FLEs' service recovery performance.

Finally, few studies have outlined the conditions under which employees' felt obligation would be more or less likely to be related to the outcomes (except for Ng & Feldman, 2015; Takeuchi et al., 2011), which limits our understanding of this social exchange mechanism. Prior research underscores the role of social exchange mechanisms (such as procedural justice and trust) in organizations and demonstrates that these mechanisms tend to exert a stronger effect on employee outcomes in the face of undesirable outcomes to preserve employee support (Brockner & Wiesenfeld, 1996; Brockner, Siegel, Daly, Tyler, & Martin, 1997). Even though felt obligation is a key social exchange mechanism (Blau, 1964), no prior research has empirically investigated felt obligation – outcomes relationship under conditions of low and high outcome fairness to explore the utility of felt obligation.

Drawing on SET, this study addresses the above-noted gaps in the literature by developing and testing a conceptual framework to investigate *how* and *when* the social exchange mechanism of felt obligation matters in employee–organization exchanges. Accordingly, this study makes three important contributions to the services literature. First, it extends limited prior research within the SET paradigm and examines the three key forms of perceived support (i.e., PSS, POS, and PTS) in tandem to comprehensively understand how distinct social exchanges within an organization affect employees' work-related outcomes by influencing their felt obligation. By studying different forms of perceived support simultaneously and examining their relative impact in the context of a single study, this research is likely to elucidate the influence of the proximity and salience of the different types of support on an employee's felt obligation. Second, this study investigates the neglected relationship between FLEs' felt obligation and service recovery performance. As recovering dissatisfied customers can be a draining task exacerbating FLEs' helplessness, researchers have been encouraged to

identify exchange mechanisms that may lead to FLEs being motivated to implement effective service recovery (Babakus, Yavas, Karatepe, & Avci, 2003; Michel, Bowen, & Jhonston, 2009). Our study addresses such calls in the services literature by examining the under-researched role of FLE felt obligation, and sheds light on a key mechanism that may formally explicate how and why different sources of perceived support encourage FLEs' service recovery performance. Finally, by examining the moderating role of perceived fairness in reward allocation for the effects of FLE felt obligation on work outcomes, we respond to calls in the literature (Brockner et al., 1997; Ng & Feldman, 2015; Parzefall & Coyle-Shapiro, 2011) to discern if felt obligation could be another vital social exchange mechanism that may help overcome the otherwise adverse FLE reactions to unfair outcomes. As such, this study attempts to gain a deeper understanding of the role of felt obligation to explicate *when* felt obligation matters in exchange relationships. Thus, our study is likely to be of interest to both researchers and practitioners given the criticality of FLE attitudes and behaviors for a service firm's success.

## **2. Conceptual framework and research hypotheses**

### ***2.1. Social exchange theory (SET)***

According to SET, employment is viewed as the exchange of employee effort and loyalty for tangible benefits and social resources that the employee receives from the organization (Cropanzano & Mitchell, 2005). Blau (1964) contributed to SET by distinguishing between social exchange and economic exchange. While social exchange is based on a long-term exchange of favors and involves a series of interdependent interactions that generate obligations to reciprocate, in contrast, economic exchange involves "more of a short-term,

quid pro quo exchange of tangible resources” (Lavelle et al., 2007, p.845) where the exact obligations of both parties are simultaneously agreed upon. According to Blau (1964), “the basic and most crucial distinction is that social exchange entails unspecified obligations” whereby “the nature of the return cannot be bargained” (p.93). In fact, “only social exchange tends to engender feelings of personal obligations, gratitude, and trust; purely economic exchange as such does not” (p. 94). Thus, the underlying theory that explains employee felt obligation as a key social exchange mechanism is Blau’s social exchange theory (Vadera et al., 2013). In a workplace context, social exchange relationships develop when employers care about their employees, which in turn, has beneficial consequences (Cropanzano & Mitchell, 2005) because employees feel an obligation to reciprocate when help is received (Blau, 1964); the norm of reciprocity (Gouldner, 1960) underpins social exchange relationships (Cropanzano & Mitchell, 2005). As felt obligation is the underlying mechanism in the reciprocity processes between the organization and its employees, perceived support has been linked to employee work outcomes through felt obligation as a mediating mechanism (Vadera et al., 2013). When an employee perceives a positive work context owing to the support received from one’s supervisor, organization and/or the team, the individual will feel obligated to return this support through positive attitudes and behaviors that help the organization achieve its goals (Vadera et al., 2013). Accordingly, drawing on SET, we develop a conceptual framework (see Figure 1), which proposes felt obligation as the mediating mechanism underpinning the link between perceived support (POS, PSS, and PTS) and key FLE work outcomes, namely affective commitment, service recovery performance, and turnover intentions.



Insert Figure 1 about here

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Drawing on the sense-making literature (Brockner and Wiesenfeld 1996), this study also posits perceived fairness in reward allocation as the moderator of the relationships between felt obligation and FLE work outcomes because it is argued that the way employees respond in the face of perceived imbalances in the economic exchange is mainly influenced by the quality of the relationship that the employee has with the organization and its agents (Parzefall & Coyle-Shapiro, 2011). Fairness in reward allocation represents more of economic exchange as it is related to evaluations of person-referenced outcomes and focuses more on specific obligations than diffuse social ones (Roch & Shanock, 2006). As economic exchanges entail contractual relationships that are focused on outcomes provided by the organization, outcome fairness emphasises whether the organization has fulfilled its part of the bargain (Roch & Shanock, 2006). Hence, we focus on the moderating role of perceived fairness in reward allocation to empirically investigate if felt obligation, being a clear manifestation of social exchange quality (Takeuchi et al., 2011), exerts a stronger influence on FLE attitudes and behaviors to elicit favorable work outcomes when perceived fairness in reward allocation is lower. This conceptual framework provides the underpinning for the development of research hypotheses, which are discussed below.

## ***2.2. Perceived support and felt obligation***

Perceived support may take the form of PSS, PTS, and POS. PSS captures the extent to which the supervisor offers socio-emotional and psychological support to an individual (see Singh, 1993), and the extent to which employees are happy and satisfied with the key aspects of supervision (Dawley, Houghton, & Bucklew, 2010; Singh, 1993). On the other hand, PTS refers

to frontline employee perceptions of supportive and helpful co-workers who co-operate with one another as a team in servicing customers (Mukherjee & Malhotra, 2006). Finally, POS reflects employees' general beliefs regarding the extent to which organizations value their contributions and care about their welfare (Eisenberger et al., 2001).

SET advocates that high-quality social exchange relationships formed with multiple parties at work (such as with the organization, supervisor and co-workers) are likely to motivate employees to engage in behaviors that have favorable consequences for the organization over time because employees may feel a relational obligation to care about the organization and to support it in achieving its objectives (Cropanzano & Mitchell, 2005; Lavelle et al., 2007). Thus, perceived support, which refers to the care and consideration that individuals receive from the organization and its agents (such as supervisor and co-workers), is likely to engender employees' feelings of obligation towards the organization.

While previous research has mainly focused on POS as an antecedent to felt obligation, research investigating the role of PTS and PSS (except for Pan et al., 2012) for influencing an employee's felt obligation remains scant. Nevertheless, prior literature argues that employees view their supervisors and team members as agents of the organization, and tend to attribute any support received by them to the organization itself (Eisenberger et al., 1986) because team members and supervisors are construed to embody the organization and are seen as acting on its behalf. In fact, it is suggested that one of the ways organizations can enhance perceptions of support is through favorable treatment from organizational agents (Eisenberger, Robert, Jones, Aselage, & Sucharski, 2004). Hence, perceptions of support not just from the organization but also from its agents (i.e., PSS and PTS) should initiate a social exchange process, whereby the norm of reciprocity produces a felt obligation among

employees that stimulates positive work outcomes to help the organization achieve its goals (Pan et al., 2012; Vadera et al., 2013).

While Vadera et al. (2013) present a conceptual framework to show that all three forms of support should influence employees' felt obligation towards the organization, to the best of our knowledge, the simultaneous and relative influence of all three forms of support (POS, PSS, and PTS) on felt obligation has not been empirically tested in a single study. Accordingly, we build on Vadera et al.'s (2013) study and hypothesize felt obligation to be influenced by all three forms of perceived support, i.e., POS, PSS, and PTS. Below we present research hypotheses for the mediating role of felt obligation in the relationship between all three forms of perceived support and employee outcomes.

### ***2.3. Felt obligation as a mediator of the relationships between perceived support and FLE work outcomes***

#### *2.3.1. Turnover intentions*

Prior literature suggests that felt obligation mediates the relationship between POS and employee withdrawal behaviors such as tardiness and absenteeism (Eisenberger et al., 2001) and turnover intentions (Arshadi, 2011). The reason being that "felt obligation propels social relations because benefits extended owing to obligations create feelings of investment and encourage individuals to work at preserving this incipient social capital" (Mossholder, Settoon, & Henagan, 2005, p.610). As social exchanges rely on the idea that goodwill will be reciprocated at some point in the future, felt obligation is likely to encourage longer-term reciprocal relationships based on social exchanges (Mossholder et al., 2005), and foster closer ties with the organization. Uhl-Bien, Graen, & Scandura (2000) also note that higher turnover mainly results from low-quality social exchange relationships as leaving quality social

exchange relationships may entail a psychic loss, which makes leaving ‘personally costly’ for individuals (Mossholder et al., 2005).

As different sources of support have rarely been included together in a model of turnover intentions, previous findings have been mixed as regards the direct influence of different sources of perceived support on turnover decisions (see Becker et al. 2018; Gordon et al. 2019; Li, Kim and Zhao, 2017; Maertz et al. 2007). Consequently, researchers have been encouraged to study the influence of all three sources of support in a single study to better clarify the relationships among different sources of support and turnover intentions (De Coninck & Johnson, 2009; Li, Kim and Zhao, 2017). We examine this relevant issue by studying the mediating role of felt obligation in the relationship between the three sources of support and FLE turnover intentions. While prior literature has mainly relied on POS (Arshadi, 2011), consistent with Vadera et al. (2013), we argue that feelings of obligation resulting from all three sources of perceived support (PSS, POS, PTS) are indicative of high-quality social exchange relationships experienced by the employee. Consequently, individuals with high felt obligation are less likely to intend to leave the organization. Accordingly, the following hypotheses are proposed:

*Hypothesis 1a.* Felt obligation mediates the effect of perceived supervisor support on turnover intentions.

*Hypothesis 1b.* Felt obligation mediates the effect of perceived organizational support on turnover intentions.

*Hypothesis 1c.* Felt obligation mediates the effect of perceived team support on turnover intentions.

### 2.3.2. *Service recovery performance*

As previously discussed, when FLEs feel obligated to reciprocate the support received from the organization, supervisor, and the team members, they are likely to engage in positive behaviors that assist the organization in achieving its goals (Vadera et al., 2013). Thus, following SET, past research has demonstrated the mediating role of felt obligation in the relationship between POS and task performance (Eisenberger et al., 2001; Yu & Frenkel, 2013) as well as service-oriented citizenship behavior (Coyle-Shapiro et al., 2006). However, to the best of our knowledge, no research has examined the role of felt obligation for service recovery performance of FLEs, which is a unique and critical aspect of frontline performance in services that is defined as an employee's perception of his/her capabilities and behaviors when addressing a service failure to recover customer satisfaction and loyalty (Babakus et al., 2003; Boshoff & Allen, 2000). While prior research has mainly relied on employee attitudes to relate perceived support with service recovery performance (Karatepe, 2012a; Lages, 2007), research is repeatedly called for identifying other exchange mechanisms that may lead to FLEs being motivated to implement effective service recovery (Babakus et al. 2003; Michel, Bowen, & Jhonston, 2009). It is thus important to investigate if felt obligation can be another explanatory mechanism for understanding how and why perceptions of support translate into FLE service recovery performance, which can help improve customer satisfaction (De Matos, Henrique, & Alberto Vargas Rossi, 2007) and strengthen customer loyalty (Ayrom & Tumer, 2020; Babakus et al., 2003; Fang, Luo, & Jiang, 2013).

Service recovery requires doing things right the second time, and comprises all actions that a service worker takes to respond to service failures (Ashill & Rod, 2011). Dealing with angry customers can be a thankless task as FLEs need to expend their best efforts to restore

the satisfaction of a disgruntled customer (Boshoff & Allen, 2000). Indeed, all service breakdowns require FLEs to “jump through a few hoops” (Zemke, 1991, p.33) because some discretionary behavior is inevitable under unusual circumstances such as service failures. Service recovery performance essentially requires FLEs to engage in positive and proactive behaviors towards customers. As putting in extra effort while performing duties is one way by which employees can fulfil their obligations towards employers (Settoon et al., 1996), we argue that felt obligation may be especially important for service recovery performance as it enhances employees’ discretionary work effort (Frenkel & Bednall, 2016) and encourages the performance of tasks that “go beyond assigned responsibilities” (Eisenberger et al., 2001, p.43). As satisfactory service recovery performance is critical to a service firm’s success (Babakus et al., 2003), hence, FLEs’ felt obligation should stimulate positive and proactive behavior towards the customers and its inherent service recovery performance as a means to repay the favorable treatment received from the organization and its agents. While all three types of support can occur simultaneously to influence FLE felt obligation, no prior study has investigated how the reciprocity mechanism of felt obligation may underpin the relationship between different types of perceived support and FLEs’ service recovery performance in customer contact services. Accordingly, we propose that:

*Hypothesis 2a.* Felt obligation mediates the effect of perceived supervisor support on service recovery performance.

*Hypothesis 2b.* Felt obligation mediates the effect of perceived organizational support on service recovery performance.

*Hypothesis 2c.* Felt obligation mediates the effect of perceived team support on service recovery performance.

### *2.3.3. Affective commitment*

Past literature suggests that felt obligation plays a mediating role in the POS–affective commitment relationship (Coyle-Shapiro et al., 2006; Eisenberger et al., 2001). It is thus argued that one of the ways by which employees could satisfy their indebtedness is through greater affective commitment to the organization (Eisenberger et al., 2001). Considering that felt obligation may result from an employee's quality social exchanges with not only the organization but also its agents (Vadera et al., 2013), we argue for a mediating role of felt obligation in the relationship between not only POS and affective commitment, but between the other two key types of support (i.e., PSS and PTS) and affective commitment as well:

*Hypothesis 3a.* Felt obligation mediates the effect of perceived supervisor support on affective commitment.

*Hypothesis 3b.* Felt obligation mediates the effect of perceived organizational support on affective commitment.

*Hypothesis 3c.* Felt obligation mediates the effect of perceived team support on affective commitment.

## **2.4. Fairness in reward allocation as a moderator of the felt obligation – work outcomes relationships**

Perceived fairness in reward allocation is a key aspect of distributive justice (Bettencourt, Brown, & MacKenzie, 2005, p.146), and is defined as “the perception by employees that they have been rewarded fairly given their responsibilities, duties, performance” (Netemeyer, Boles, McKee, & McMurrian, 1997, p.88). According to SET, while procedural justice is suggested to be related to POS (as part of social exchange), distributive justice (fairness in reward allocation) represents economic exchange, and is therefore theoretically *not*

considered relevant to perceived support (Ambrose & Schminke, 2003; Moorman, Blakely, & Niehoff, 1998; Roch & Shanock, 2006).

Prior research understanding the nature of employee-organization exchange relationships suggests that employees engage in a process of sense-making when the outcomes/rewards (economic exchange) perceived by them are unfair because unfavorable rewards represent an unexpected event that disrupts the exchange relationship (see Brockner and Wiesenfeld 1996). In this respect, it is argued that the way employees respond in the face of perceived imbalances in the economic exchange (i.e. low fairness in rewards) is mainly influenced by the quality of the relationship that the employee has with the organization and its agents (Parzefall & Coyle-Shapiro, 2011). Consequently, quality of social exchanges is suggested to be a key reason why employer's breach (such as unfair rewards) may not always be matched with a counterbalancing employee breach i.e. organization may continue to benefit from positive employee outcomes despite breach (such as unfair rewards) due to the stronger effect of social exchange mechanisms on their attitudes and behaviors. In other words, when rewards are perceived to be unfair, the effect of social exchange mechanisms becomes stronger on employee attitudes and behaviors to elicit positive employee outcomes in the face of breach. This has been explained primarily because of two critical assumptions based on the sense-making process (see De Cremer et al., 2010). First, people care about and therefore need to make sense of their standing as organizational members to regulate their behavior. Employees care about their standing in organizations because high-quality social exchanges fulfil employees' socioemotional needs (Armeli, Eisenberger, Fasolo, & Lynch, 1998) as well as their self-esteem and inclusion needs (De Cremer & Sedikides, 2008; Lind & Tyler, 1988). Second, people are more likely to engage in sense-making when they receive



more undesirable rewards (i.e., those that are unfair or unfavorable) as behavioral self-regulation is threatened by events that are perceived to be negative, unexpected, or both (Brockner & Wiesenfeld, 1996). Research on attributional instigation has shown that people are more motivated to understand the causes of outcomes that are relatively unfair (Wong & Weiner, 1981) as they want to know how they should expect to be treated by the authorities in the long run. If the authorities are deemed to be supportive, employees will reciprocate by supporting the organization; if not, they will reduce their support. Thus, it is argued that employees not only care about the economic outcomes but also the way the organization and its agents treat them, i.e., quality of social exchanges (Lind & Tyler, 1988), which may become more salient in determining their reactions when outcomes are perceived to be undesirable (see Brockner et al., 1997; Parzefall & Coyle-Shapiro, 2011).

In particular, prior research demonstrates that the effects of social exchange mechanisms such as procedural fairness (Brockner & Wiesenfeld 1996; De Cremer et al. 2010) and trust (Brockner et al. 1997) are found to be stronger on employee attitudes and behaviors when rewards are perceived as unfair rather than fair (see Brockner and Wiesenfeld 1996; Cropanzano and Folger 1991; De Cremer et al. 2010). Since feelings of obligation are also a central aspect of social exchange besides trust (Shore, Tetrick, Lynch, & Barksdale, 2006), we can expect felt obligation to be another key mechanism that may help sustain favorable employee reactions despite unfair outcomes. As repeated experience of perceptions of support from the organization and its agents is suggested to influence employee outcomes mainly through felt obligation (Vadera et al., 2013), we posit that employees' felt obligation may interact with perceived fairness in reward allocation to influence employee outcomes. Consistent with prior findings from the sense-making literature, we postulate that the effect

of felt obligation (which is another social exchange mechanism) on work outcomes is likely to be stronger in order to elicit desired employee outcomes when perceived fairness in rewards is lower.

Accordingly, we argue that when fairness in reward allocation is perceived to be lower, FLE felt obligation, which is a clear manifestation of social exchange quality (Takeuchi et al., 2011), is likely to become more salient in determining FLE outcomes. This is because when “individuals experience a lack of outcome favorability in one area of an exchange relationship, they may start to pay greater attention to (and therefore be more affected by) other outcomes associated with the exchange relationship” (Brockner & Wiesenfeld, 1996, p.202) as dissatisfaction through one exchange relationship heightens the importance of need satisfaction through the other relationship (Chow, Lai, & Loi, 2015; Coyle-Shapiro & Conway, 2004). Hence, under such circumstances, FLEs may become more susceptible to be influenced by information regarding the quality of social exchanges within the organization, which is likely to heighten their sensitivity to their feelings of obligation towards the organization. Thus, felt obligation may become critical in determining FLE reactions and have important self-regulatory implications as, without it, organizations are unlikely to receive reciprocal support from FLEs (also see Brockner & Wiesenfeld, 1996). For instance, without felt obligation, commitment and service recovery performance of FLEs may be substantially reduced and turnover intentions may increase when rewards are perceived to be unfair. However, because employees feel obliged to reciprocate the support received from social exchanges, they may stay and remain committed despite unfair rewards and continue to perform the challenging task of service recovery to help the organization achieve its goals. As FLE felt obligation gets more salient, FLEs are likely to display attitudes and behaviors that

benefit the organization despite perceiving low fairness in rewards, which implies that the relationship between felt obligation and FLE outcomes becomes stronger. Thus, unfair rewards provide the necessary impetus for sense-making (Brockner et al., 1997), thereby intensifying the relationship between employees' felt obligation and their attitudes and behaviors towards the organization.

On the other hand, when fairness in reward allocation is perceived to be higher, FLEs do not have to worry about their standing in the organization (De Cremer et al., 2010; Takeuchi, Chen, & Cheung, 2012) because the receipt of relatively fair rewards provides evidence that the organizational authorities can be relied upon to perform desired behaviors (Brockner et al., 1997). As "the salience of an exchange relationship with one target decreases when the employees' needs are being satisfied through an exchange relationship with another target" (Chow et al., 2015; p.364), therefore, when rewards are perceived to be fair, the quality of social exchanges or felt obligation may no longer be deemed critical in determining FLEs' mutual support and care for the organization. Hence, we hypothesize:

*Hypothesis 4.* The negative effects of felt obligation on turnover intentions are stronger when perceived fairness in reward allocation is lower.

*Hypothesis 5.* The positive effects of felt obligation on service recovery performance are stronger when perceived fairness in reward allocation is lower.

*Hypothesis 6.* The positive effects of felt obligation on affective commitment are stronger when perceived fairness in reward allocation is lower.

## **2.5. Drivers of POS**

While POS, PSS, and PTS are acknowledged to be conceptually distinct constructs in the SET literature (Lavelle et al., 2007), both PSS and PTS are also found to influence POS (Kurtessis et

al., 2017). As employees tend to ascribe human-like characteristics to the organization, they view organizational members as agents of the organization (Eisenberger, Huntington, Hutchison, & Sowa, 1986). Thus, favorable treatment received from these organizational agents is attributed to the organization itself (Eisenberger et al., 1986), thereby enhancing the organizational support perceived by the employees. Accordingly, we hypothesize that both PSS and PTS influence POS, and we include these two relationships in the conceptual framework without formal hypotheses as they have been established in the past.

The lack of including all three sources of support in prior studies has resulted in equivocal findings regarding how different sources of support influence employee outcomes (De Coninck & Johnson, 2009; Li, Kim and Zhao, 2017; Ng and Sorensen, 2008). For instance, while some studies indicate that PSS and PTS influence employee outcomes primarily via POS (Eisenberger et al., 2002; Rhoades et al., 2001), others suggest that social support (PSS and/or PTS) can have independent effects on employee outcomes and can explain significant incremental variance in outcomes beyond organization-level effects (Karatepe, 2012b; Settoon, Bennett and Liden, 1996; Shi and Gordon, 2020). Our research examines this relevant issue by studying PSS, POS and PTS together in a model to better clarify the relationships among different sources of support and FLE outcomes in customer contact services.

### **3. Methodology**

#### ***3.1. Research context, sample, and administration***

Data were collected from an Indian call centre organization using questionnaires from frontline voice-based agents who engaged in high levels of interaction with customers over the phone. The FLEs worked in 'inbound' processes, which mainly involved responding to

incoming calls and dealing with customer queries, requests, and complaints. Call centres were chosen as they are regarded as a major customer interface mechanism for many organizations, and are often the first, if not the only, point of contact for the customers to engage with the FLEs (Dean, 2004). Self-administered anonymous questionnaires were mailed to the 'Head of Customer Services' who further arranged for their distribution to the respective FLEs along with a self-addressed pre-paid envelope to return the completed questionnaires directly to the researchers. A cover letter was also attached along with the questionnaire that explained the purpose of the study and provided important information and instructions for completing the survey such as voluntary participation. Specific precautionary measures were taken to avoid self-response bias. Anonymity and confidentiality were assured; it was made clear that there were no "right" or "wrong" answers; and constructs were not placed in hypothesized order (Podsakoff, MacKanzie, Podsakoff, & Lee, 2003). 347 useable questionnaires were received resulting in a net response rate of 58%. Of this sample, 78% were male, and 22% were female. All respondents were aged between 19 and 33 years old. The gender and age composition are similar to other studies on international Indian call centres (e.g., Das, Nandialath, & Mohan, 2013).

### **3.2. Measures**

All constructs were measured using multi-item scales from the extant literature. The scales were modified to provide a five-point Likert type response option, anchored at *strongly agree* to *strongly disagree*. Specifically, perceived organizational support (POS) was measured with an eight-item scale from Eisenberger, Cummings, Armeli, & Lynch, (1997) and felt obligation was measured with a seven-item scale from Eisenberger et al. (2001). Perceived supervisor support was measured with a six-item scale based on Eisenberger et al. (1986), Singh (1993),

and Dawley et al. (2010), while perceived team support was measured with a four-item scale from Mukherjee & Malhotra (2006). Perceived fairness in reward allocation was measured with a four-item scale adapted by Netemeyer et al. (1997) from Price & Mueller's (1986) Distributive Justice Index. Three items from Singh (1993) were used to measure turnover intentions. Affective commitment was measured with a six-item scale from Meyer, Allen, & Smith (1993). Service recovery performance was measured with a five-item scale from Boshoff & Allen (2000). The scale has been widely used to measure FLE service recovery performance in different contexts including call centres (e.g. Ashill et al. 2009). While self-report measures may suffer from subjective biases (e.g., Donaldson and Grant-Vallone, 2002), prior literature suggests that self-report measures of service recovery performance are valid as FLEs are in the best position to evaluate their performance outcomes and that their perceptions match with those of the customers (Babakus et al. 2003; Karatepe, 2006). Moreover, it is argued that the validity of self-report measures can be enhanced by using anonymous surveys (Singh, 2000), which is the approach followed in this study. Also, Singh (2000) argues that "self-reports are more likely to bias the mean values (upward) but less likely to bias their correlations with other constructs" (p.31), which is the focus of this research.

To eliminate possible sources of systematic errors that may bias the analysis results, gender, age, and experience were included as control variables. Three items measuring affective commitment and POS, and one item measuring felt obligation were discarded due to low loadings and communality scores.

Table 1 presents the scale items and the internal consistency reliabilities (Cronbach's alpha) of the measures. The reliabilities range from .70 to .92, with all meeting or exceeding the .70 benchmark suggested by Nunnally (1978).

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Insert Table 1 about here  
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### **3.3. Analysis**

This study used partial least squares (PLS) for the data analysis. We used PLS-based instead of covariance-based (CB) structural equation modeling (SEM) for two reasons. First, PLS-SEM better predicts and identifies key “driver” constructs (Hair, Ringle, & Sarstedt 2011). Of particular interest in the current study is the simultaneous examination of different forms of perceived support in order identify their relative effects on an employee's felt obligation. Second, using PLS is not constrained by model identification concerns, even if models become complex (Hair, Ringle, & Sarstedt 2011). PLS path modeling is also recommended over CBSEM for testing complex models with many latent variables (Henseler, Ringle, and Sinkovics 2009). Compared to the average number of 4.4 latent variables in CB-SEM (Shah and Goldstein 2006), the proposed model in our study has 8 latent variables and 1 interaction term. A larger variable model can be estimated in PLS because a) least squares algorithms are highly efficient and, b) the analysis is segmented or partitioned (Wold, 1982).

To test the model hypotheses, two models were created - a primary effects model that specifies relationships between the main independent and dependent variables, and an interaction model utilizing a two-stage approach as recommended by Henseler & Fassott (2010). In stage 1, the main effects model was run to obtain estimates for the latent variable

scores. In stage 2, the interaction term felt obligation x fairness in rewards was built up as the element-wise product of the latent variable scores of felt obligation and fairness in rewards. The strength of the moderation effect was assessed by comparing the proportion of variance explained of the main effect model with the  $R^2$  of the full model (i.e., the model including the moderating effect). Both models were then modeled with the effect size ( $f^2$ ) using Cohen's (1988) effect size formula.

## 4. Results

### 4.1. *Measurement model assessment*

The measurement model was assessed by examining individual item reliability, internal consistency, and discriminant validity. Table 1 shows that most of the loadings (item reliability) exceeded the stringent threshold of .70. Chin (1998) suggests that loadings of .50 to .60 are acceptable if there exist other indicators in the block for comparison. Three items were between .60 and .70 but satisfied Chin's (1998) requirement of being greater than .60. Table 1 also shows that all composite reliabilities were above the .70 acceptable threshold (Gefen, Straub, & Boudreau, 2000), and ranged from .83 to .94. AVE scores for all constructs were above .50 (Fornell & Larcker, 1981).

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Insert Table 2 about here  
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As shown in Table 2, all constructs in the estimated model fulfilled the discriminant validity condition since none of the off-diagonal elements exceeded the corresponding



diagonal element (Fornell & Larcker, 1981). The examination of cross-loadings also confirmed that no indicator was incorrectly assigned to a wrong factor.

Recently, Henseler, Ringle, & Sarstedt (2015) have suggested that the Fornell & Larcker (1981) criterion and cross-loadings are sufficiently insensitive to detect discriminant validity problems. To address this issue, we used the heterotrait-monotrait ratio of correlations (HTMT), a new criterion for discriminant validity (Henseler et al., 2015). Specifically, we computed the HTMT criteria for each pair of constructs based on the item correlations. The computation yielded values between .04 and .33. Our findings corroborate the existence of discriminant validity using a conservative criterion of .85 (Kline, 2011).

#### **4.2. Common method bias**

As with all self-reported data, there is a potential for common method biases for which we conducted three stringent tests. First, results from Harman's one-factor test (Podsakoff et al., 2003) showed that, because a single factor did not emerge and Factor 1 did not explain most of the variance, common method bias is unlikely to be a concern in our data. We also conducted the marker variable test (Lindell & Whitney, 2001). Second, we conducted a more stringent test than the Harman technique and involves the use of a marker-variable to assess the extent of method bias in self-report surveys (Lindell & Whitney, 2001). If a variable can be identified on theoretical grounds that should not be related to at least one study variable, it can be used as a marker. Method bias can be assessed based on the correlation between the marker-variable and the theoretically unrelated study variable(s). Specifically, the adjusted correlations of the constructs of interest ( $r_A$ ) are computed by partialling out the effect of the marker variable's correlation with the constructs ( $r_M$ ) from their unadjusted correlations ( $r_U$ ) (Lindell & Whitney, 2001; Malhotra, Kim, & Patil, 2006). We used the variable

'skill variety' as the marker-variable. Skill variety did not correlate well with any of the studied constructs, with the highest correlation being .07 with felt obligation. The partial correlations between the criterion and prediction variables remained high and significant after controlling for the common method variance, indicating that common method variance could not account for their relationships (Malhotra et al., 2006). Third, following Podsakoff et al. (2003), we also included in the PLS model a common method factor whose indicators included all the principal constructs' indicators and calculated each indicator's variances substantively explained by the principal construct and by the method. The results demonstrated that the average substantively explained variance of the indicators was .63, while the average method-based variance was .019. The ratio of substantive variance to method variance was about 33:1. Also, most method factor loadings were not significant. Given the small magnitude and insignificance of method variance, we contend that the method was unlikely to be a serious concern for this study. Finally, common method variance was unlikely to be a major concern because our study investigated a moderating effect, meaning that the respondents could probably not predict or manipulate their responses related to interaction effects.

#### **4.3. Structural model results**

Structural models in PLS are evaluated based on the  $R^2$  values for the dependent constructs, the size,  $t$ -statistics and significance level of the structural path coefficients (based on 5000 bootstrapping runs), the  $f^2$  effect size, and the Stone–Geisser  $Q$ -square test (Geisser, 1975; Stone, 1974) for predictive relevance (Hair, Hult, Ringle, & Sarstedt, 2016). The structural model results for the main effects model are shown in Table 3.

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Insert Table 3 about here

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Although not formally tested as hypotheses, PSS demonstrated a significant positive relationship with POS ( $\beta = .27, p < .01$ ). PTS also demonstrated a significant positive relationship with POS ( $\beta = .26, p < .001$ ).

We next tested specific hypotheses regarding the mediating role of felt obligation. Indirect effects were tested using bootstrapping based on Hayes' script output (see Sattler, Völckner, Riediger, & Ringle, 2010). Bootstrapping makes no assumptions about the shape of the variables' distribution or the sampling distribution of the statistics (Preacher & Hayes, 2004). Table 4 provides estimates of the indirect effects using 95% bias-corrected bootstrapped confidence intervals for our path estimates. The mediation analysis results confirm the mediating role of felt obligation in relationships between all three support constructs, and all three frontline employee work outcomes as confidence interval (CI) does not contain zero. As shown in Table 4, all of the CIs for the indirect effects were significant. Hypotheses 1a, 2b, 3a, and 3b, both the indirect and the direct effects, were significant and in the same direction, suggesting partial mediation (Hair et al., 2016). Concerning Hypotheses 1b, 1c, 2a, 2c, and 3c, the indirect effects were significant, while the direct effects were nonsignificant. Thus, these relationships represent full mediation (Hair et al., 2016).

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Insert Table 4 about here

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Results in Table 3 also show the direct effects of the three support constructs on felt obligation. All three support constructs had positive and significant effects on felt obligation. Their relative impact on felt obligation was assessed using  $f^2$  effect size. Results reveal that

PSS ( $f^2$  effect size = .04) and PTS ( $f^2$  effect size = .04) are the key explanatory constructs in terms of incremental variance explained in felt obligation, followed by POS ( $f^2$  effect size = .02). Bootstrapping tests of the indirect effects (see Table 4) showed that the indirect effects were significant; therefore, complementary mediation was established.

The model in Figure 1 was also tested<sup>1</sup> with and without the control variables, and findings show that the direction and strength of the hypothesized relationships remained the same. The Stone–Geisser test of predictive relevance was also performed to further assess model fit in PLS analysis (Geisser, 1975; Stone, 1974). The blindfolding estimates are shown in Table 5. Using omission distances of 10 and 25 produced similar results, indicating that the estimates are stable. The communality Q-square was greater than 0 for all constructs indicating that the model has predictive relevance.

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 Insert Table 5 about here  
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The results for the three moderating hypotheses are shown in Table 3 and summarized in graphical form in Figures 2 and 3. Hypothesis 4 was fully supported as the interaction between fairness in reward allocation and felt obligation is significant ( $\beta = .17, p < .01$ ) when

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<sup>1</sup> We also ran a path analytic model using EQS 6.1 to replicate the results from the PLS analysis. Results were similar to the PLS analysis. Specifically, the impact of the interaction between felt obligation and fairness in rewards on turnover intention was significant ( $\beta = .11, p < .01$ ). The effect of the interaction term on organizational commitment was also significant ( $\beta = -.10, p < .01$ ) and non-significant on service recovery performance ( $\beta = -.08, p > .05$ ).

predicting turnover intentions. Figure 2 demonstrates that at lower levels of fairness in rewards, felt obligation has a stronger negative effect on turnover intentions. However, the interaction between fairness in reward allocation and service recovery performance was not significant ( $\beta = -.12, p > .05$ ). Hypothesis 5 was, therefore, not supported. Finally, Hypothesis 6 was fully supported. The interaction between fairness in reward allocation and felt obligation was significant ( $\beta = -.14, p < .05$ ) in predicting affective commitment. Figure 3 demonstrates that, at lower levels of fairness in reward allocation, felt obligation has a stronger positive effect on affective commitment.

After determining the significance of the moderating effects, we used the difference in  $R^2$  to assess the overall effect size  $f^2$  for the interaction, where prior research suggests .02, .15, and .35 as small, moderate, and large effects respectively (Cohen, 1992). We followed the process that Henseler & Chin (2010) suggest. The effect of the interaction between fairness in reward allocation and felt obligation on turnover intentions, service recovery performance, and turnover intentions possessed a significantly higher explanatory power than the main effects model (see Table 6). Although the effect sizes  $f^2$  for all three interactions are deemed small, a small  $f^2$  does not necessarily imply a negligible effect (Limayem & Cheung, 2008). It is suggested that if the resulting beta changes are meaningful, and there is a possibility of occurrence of extreme moderating conditions, then these situations should be taken into account (Limayem & Cheung, 2008).

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 Insert Table 6 about here  
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## 5. Discussion

This is perhaps the first empirical study that seeks a comprehensive understanding of the mediating mechanism of FLE felt obligation in the relationship between the three forms of perceived support and work outcomes in a service context. Our study significantly contributes to the service management literature by understanding how and when the social exchange mechanism of felt obligation matters in FLE-organization exchanges, and responds to calls for research in understanding effective management of FLEs (Wirtz & Jerger, 2016). In particular, the study findings provide useful insights into how different sources of support develop felt obligation and influence important FLE work outcomes.

Consistent with SET, our study findings reveal that segregation between different sources of perceived support provides a meaningful way of assessing the mediating role of felt obligation in the relationship between different forms of perceived support and FLE work outcomes. Our findings suggest that all three forms of perceived support are important and positively influence employee felt obligation. In contrast with prior literature that mainly establishes POS as a key antecedent of felt obligation, our study finds both PSS and PTS to be key explanatory variables, followed by POS. This is possibly because in ‘interactionally intense’ customer service work settings such as call centres, both supervisors and co-workers form a key part of the FLE’s social network at work (Deery, Iverson, & Walsh, 2010), and can be excellent sources of psychological and emotional support that help FLEs cope with the stressful nature of their work (Deery, Nath, & Walsh, 2013). As such, we find that psychologically proximal social exchange variables such as PSS and PTS (Lavelle et al., 2007) exert a greater influence on FLE felt obligation than the more commonly studied psychologically distal social exchange variable – POS. Moreover, PSS and PTS are also found

to influence felt obligation indirectly via POS. By uncovering the distinct and relative impact of the three forms of perceived support on FLE's felt obligation, this study extends our understanding of the different routes by which felt obligation may be developed among FLEs.

As hypothesized, our results demonstrate that felt obligation fully mediates the relationship between organizational and team support and turnover intentions. However, felt obligation is found to partially mediate the relationship between PSS and FLE turnover intentions. Possibly, as supervisors are typically the closest organizational agent to the employee (Dawley et al., 2010), they can have a profound impact on FLE outcomes (Gong, Yi, & Choi, 2014). In fact, FLEs in call centres are known to develop distinctive exchange relationships with their supervisors. Since most supervisors have experienced working as FLEs themselves, supervisors can relate to the challenges and hardships of FLE work, which reduces the social distance between them and their staff (Deery et al., 2010). Hence, the relational inducement provided by supervisor support can be a key resource (Deery et al., 2013) that could help to reduce turnover intentions of FLEs. In particular, our results demonstrate that in call centre services, supervisory support can be more effective for influencing FLE turnover intentions as compared to POS and PTS, which is a useful finding considering that different sources of perceived support have rarely been included together in a model of turnover intentions. For example, while Karatepe (2012b) found PTS or co-worker support to be more influential than POS for FLE turnover intentions, all three sources of support were not considered in the study. As such, our study significantly contributes to the service management literature by enhancing our understanding of how different sources of perceived support may influence FLE turnover intentions differently.

For any service organization, while service recovery performance is crucial for its long-term success (Boshoff & Allen, 2000; Fang et al., 2013), FLEs have a difficult job when it comes to dealing with irate customers who have already encountered some sort of service failure. Hence, service research continually strives to understand how service recovery efforts of the FLEs could be enhanced (Michel et al., 2009). In this context, our study finds that felt obligation positively influences service recovery performance, and fully mediates the relationship between perceived supervisor and team support and service recovery performance. This implies that feelings of obligation stimulate FLEs to recompense the positive treatment they receive from their supervisors and team members by performing well on the difficult task of recovering customer satisfaction and loyalty. However, our results suggest that felt obligation partially mediates the relationship between POS and service recovery performance. Possibly, as employees' perceptions of organizational support include aspects such as assistance with job performance, right working conditions, job enrichment and organization's readiness to recompense efforts made on its behalf (Coyle-Shapiro & Conway, 2004; Eisenberger et al., 1986), POS is also found to influence their service recovery performance directly. Our results support and further extend prior services research that underscores the importance of POS for influencing FLE service recovery performance (e.g. Lages, 2007; Karatepe, 2012b) by demonstrating that POS is relatively more influential than PSS and PTS.

Consistent with prior findings in the literature (Coyle-Shapiro et al., 2006; Eisenberger et al., 2001), felt obligation is found to partially mediate the relationship between POS and affective commitment. While the role of felt obligation as a mediating mechanism underlying the relationship between POS and affective commitment has been established previously,



little is known about how this mechanism operates with regards to PSS and PTS. As hypothesized, our findings suggest that felt obligation fully mediates the relationship between PTS and affective commitment. However, it is found to partially mediate the relationship between PSS and affective commitment, which echoes the contention in the literature that “supervisors can act as agents of the organization or independent actors or both when providing support and fostering attachments” (Maertz et al. 2007 p.1070–71).

Overall, the results of our study significantly contribute to the services literature by affirming that the source of perceived support (PSS, POS, and PTS) indeed matters in developing a comprehensive understanding of the mediating role of felt obligation in social exchange relationships. By examining the effects of different sources of perceived support simultaneously on different FLE outcomes, our study extends the perceived support literature (Ng and Sorensen, 2008; Vadera et al. 2013) and addresses calls for better understanding the complex relationships among different sources of support and FLE outcomes in customer contact services (Karatepe, 2012b; Shi and Gordon, 2020).

This study makes another significant theoretical contribution to the service management literature by identifying a key moderator – fairness in reward allocation – in the relationship between felt obligation and FLE work outcomes to understand *when* felt obligation really matters in employee-organization exchanges. Consistent with the sense-making literature (see Brockner & Wiesenfeld, 1996; Brockner et al., 1997; De Cremer et al., 2010), our findings demonstrate that the relationships between felt obligation and FLE attitudes (affective commitment and turnover intentions) are stronger when perceived fairness in reward allocation is lower rather than higher (see Figures 2 and 3).

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Insert Figure 2 about here

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Insert Figure 3 about here

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High felt obligation, which is an indicator of high-quality social exchanges experienced by employees, prompts FLEs to assign greater importance to the social aspects of their exchange relationship. Consequently, felt obligation triggers positive reactions by employees to reciprocate the receipt of favorable treatment and support by their organization and its agents in the form of high affective commitment and reduced turnover intentions despite unfair outcomes. Thus, felt obligation, as a key social exchange mechanism that is primarily based on long-term focus and is relationship-oriented, could help overcome the detrimental effects of any short-term uncertainties in the economic exchange by preserving key FLE attitudes. Surprisingly, the moderating role of perceived fairness in reward allocation is not found to be significant in the relationship between felt obligation and service recovery performance. As the interaction effect reflects upon people's tendency to engage in greater sense-making in the face of unfair outcomes (De Cremer et al., 2010), our findings indicate that when FLEs perceive fairness in reward allocation to be lower, they tend to engage in sense-making mostly for regulating their attitudes rather than their performance. Possibly, as prior literature suggests, there are considerable barriers to acting on undesirable experiences at work (Griffeth, Hom, & Gaertner, 2000; Mitchell, Holtom, Lee, Sablinski, & Erez, 2001). As the consequences of performing poorly can be severe, it is suggested that attitudes are more likely to be influenced first by such negative experiences than actual performance or

behaviors (Kristof-Brown, Zimmerman, & Johnson, 2005). Felt obligation is thus found to positively influence service recovery performance, irrespective of the level of perceived fairness in rewards. Nonetheless, the crucial role played by felt obligation in maintaining positive employee attitudes despite unfair outcomes cannot be ignored and demands further investigation in services.

However, it is important to note that our findings should not be misconstrued to be suggesting that fairness in reward allocation is not desirable. The results clearly show (see Figure 3) that FLEs achieve the highest level of affective commitment when they perceive high fairness in reward allocation along with high felt obligation. On the other hand, affective commitment is the lowest, and turnover intentions are found to be the highest when both felt obligation and perceived fairness in reward allocation are low (see Figures 2 and 3). Thus, consistent with the past contentions in the literature (e.g., Folger, 1993), our findings demonstrate that perceptions of low fairness in reward allocation accompanied by low quality of social exchanges (i.e., felt obligation) could be detrimental for any service organization.

## **6. Managerial Implications**

From a managerial perspective, our findings underscore the critical role played by FLE felt obligation in services. Our findings suggest that felt obligation continues to enhance affective commitment and service recovery performance and lower turnover intentions even under conditions when perceived fairness in reward allocation is lower. As “practice shows from time to time it is almost inevitable that employees receive outcomes that are, at least in the eyes of the employees, perceived as unfair” (De Cremer, van Dijke, & Bos, 2004, p.473), our study provides useful insights for services like call centres that are notoriously known for their poor HR practices (Malhotra, Budhwar, & Prowse, 2007), and where FLEs are more likely to

perceive fairness in reward allocation to be low rather than high. Our findings suggest that continuous support received from the organization and its agents enhances FLE felt obligation, which may help overcome any negative FLE reactions resulting from imbalances perceived in the economic exchange with the organization. Thus, management should try and pay special attention to the quality of social exchanges between the organization (and its agents) and FLEs. In this respect, our study finds all sources of support, namely POS, PSS, and PTS, to influence employee felt obligation. In particular, support received from supervisors and team members is found to contribute the most towards employee felt obligation followed by POS.

Supervisor support is critical as it influences FLE turnover intentions and their commitment directly as well as indirectly via feelings of obligation. This is a timely finding, especially for the call centre industry where employee turnover continues to be the single most significant problem (Budhwar, Varma, Malhotra, & Mukherjee, 2009; Das et al., 2013; Deery et al., 2013). Because supervisors have the responsibility for directing, supporting, and evaluating subordinates' performance, they coach, monitor, and assess FLEs regularly (Gong et al., 2014; Sergeant & Frenkel, 2000). As they work closely with FLEs, they can play a key role in shaping FLE's attitudes and behaviors. Hence, management should pay special attention to recruiting quality supervisors and developing them to facilitate long-term, relationship-oriented social exchanges with their FLEs. Another important source of support perceived by FLEs is organizational support. Promoting effective work environments that instil perceptions of organizational support among employees not only influences felt obligation but also has a direct bearing on their service recovery performance; only when FLEs realize that their organization values their work contributions and cares about their welfare, they will

reciprocate by giving their very best to contribute towards long term organizational goals. However, due to specific work practices in call centres whereby FLEs primarily work on an individual basis (Malhotra et al., 2007; Sergeant & Frenkel, 2000), support from team members is found to be limited to influencing FLE felt obligation. Nonetheless, team support is crucial in a call centre context as most FLEs work in teams, and team support influences key FLE work outcomes indirectly via developing their felt obligation.

## **7. Limitations, Future Research, and Conclusions**

As with any other study, this study should be considered in light of its limitations. First, the study utilises self-report data from FLEs of an international call centre organization in India, which is considered to be a relatively collectivistic culture (Hofstede, 2001). Thus, studies in other cultural contexts are required to improve the generalizability of the findings as employees in collectivist cultures may take exchange norms more seriously than their counterparts in individualistic cultures (Ng & Feldman, 2015). Similarly, future studies could consider and control for materialism (Ger and Belk, 1996) as a cultural value or orientation to understand the moderating role of fairness in rewards allocation. Also, while we controlled for total experience, other related control variables such as FLE time spent with their supervisor and/or with the team could be considered. It would be useful to replicate the study in contexts involving face-to-face service encounters, especially in a sales environment, given the differences between non-sales-related jobs and sales contexts (DeConnick & Johnson, 2009). Because of the cross-sectional nature of the study, it may not be possible to infer causality. Hence, longitudinal studies could provide a more stringent test of the relationships demonstrated in our framework. Moreover, while common method variance was not found to be a major problem in this study, future studies may need to utilise multi-source data from

customers and supervisors to validate our findings. More research that incorporates other outcome measures, such as customer satisfaction and loyalty, may also help to fully comprehend the role of FLE felt obligation in service organizations.

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**Table 1.** Measurement model assessment of reflective constructs

Construct Items (Cronbach's alpha)	Loading	t-value <sup>a</sup>	AVE	Internal Consistency <sup>b</sup>
<b>Perceived supervisor support (<math>\alpha = .92</math>)</b>			.73	.86
My boss is approachable	.81	27.41		
My boss helps make my job more pleasant	.86	33.62		
My boss treats all the workers as his/her equal	.82	30.49		
I am satisfied with the technical competence of my boss	.88	30.71		
I am satisfied with my boss's ability to lead me	.89	29.72		
I am satisfied with the way my boss helps me achieve my goals	.85	30.14		
<b>Perceived organizational support (<math>\alpha = .85</math>)</b>			.63	.83
My organization really cares about my well-being	.73			
My organization strongly considers my goals and values	.79			
My organization cares about my opinions	.78			
My organization is willing to help me if I need a special favor	.85			
Help is available from my organization when I have a problem	.79			
<b>Perceived team support (<math>\alpha = .87</math>)</b>			.72	.94
My co-workers are helpful to me in getting my job done	.85	25.85		
I am satisfied with the supportive attitude of my co-workers at work	.89	30.29		
Everyone in this organization contributes to a team effort in serving customers	.85	27.39		
My co-workers and I co-operate more often than we compete	.79	27.43		
<b>Perceived fairness in reward allocation (<math>\alpha = .91</math>)</b>			.80	.94
I feel I am fairly rewarded considering the responsibilities I have	.91	12.79		
I feel I am fairly rewarded for the amount of effort I put in	.94	16.30		
I feel I am fairly rewarded for the stresses and strains I have in my job	.88	10.96		
I feel I am fairly rewarded for the work I do well	.84	7.78		
<b>Felt obligation (<math>\alpha = .72</math>)</b>			.55	.94
I feel a personal obligation to do whatever I can to help my organization achieve its goals	.70	6.52		
I owe it to the organization to give 100% of my energy to organization's goals while I am at work	.81	9.57		

I have an obligation to the organization to ensure that I produce high-quality service	.75	6.25		
I owe it to the organization to do what I can to ensure that customers are well-served and satisfied	.83	10.01		
I would feel an obligation to take time from my personal schedule to help the organization if it needed my help	.65	3.78		
I would feel guilty if I did not meet the organization's performance standards	.68	7.84		
<b>Turnover intentions (<math>\alpha = .79</math>)</b>			.80	.92
It is likely that I will actively look for a job next year	.89	6.57		
I often think about quitting	.89	5.34		
I will probably look for a job next year	.90	5.77		
<b>Service recovery performance (<math>\alpha = .83</math>)</b>			.55	.86
Considering all the things I do; I handle dissatisfied customers quite well	.76	7.51		
I do not mind dealing with complaining customers	.82	10.85		
No customer I deal with leaves with problems unresolved	.71	8.11		
Satisfying complaining customers is a great thrill to me	.75	8.52		
Complaining customers, I have dealt with in the past are among today's most loyal customers	.66	6.67		
<b>Affective commitment (<math>\alpha = .70</math>)</b>			.62	.83
I would be happy to spend the rest of my career with this organization	.80	9.33		
I really feel as if this organization's problems are my own	.82	11.40		
This organization has a great deal of personal meaning for me	.75	9.01		

**Notes.**

<sup>a</sup> Bootstrapping results (N = 5000)

<sup>b</sup> PLS uses an alternative measure to Cronbach's alpha as a measure of internal consistency

**Table 2.** Measurement model: construct reliability, convergent, and discriminant validity

Construct	1	2	3	4	5	6	7	8
1. Perceived supervisor support	.85							
2. Perceived team support	.58	.85						
3. Perceived organizational support	.42	.41	.81					
4. Felt obligation	.41	.40	.32	.74				
5. Fairness in reward allocation	.30	.34	.35	.33	.89			
6. Turnover intentions	-.19	-.16	-.03	-.20	.00	.89		
7. Affective commitment	.40	.35	.43	.37	.36	-.30	.78	
8. Service recovery performance	.33	.33	.38	.38	.33	.02	.31	.74
<i>Mean</i>	4.13	4.17	3.68	3.74	3.66	2.51	3.93	3.82
<i>SD</i>	0.71	0.71	0.76	0.57	0.85	1.11	0.68	0.61

*Notes.*

*SD = Standard Deviation. The bold numbers on the diagonal are the square root of the average variance extracted. Off-diagonal elements are correlations among constructs.*



**Table 3.** Tests of the research model and hypotheses

Hypothesized Relationships	Standard Coefficient	Mediation/Moderation Result
<b>H1a.</b> FOB mediates the effects of PSS on TI		
PSS → FOB	.22***	Supported (partial mediation)
PSS → TI	-.13*	
FOB → TI	-.16**	
<b>H1b.</b> FOB mediates the effects of POS on TI		
POS → FOB	.14**	Supported (full mediation)
POS → TI	.08 <sup>ns</sup>	
FOB → TI	-.16***	
<b>H1c.</b> FOB mediates the effects of PTS on TI		
PTS → FOB	.22****	Supported (full mediation)
PTS → TI	-.07 <sup>ns</sup>	
FOB → TI	-.16***	
<b>H2a.</b> FOB mediates the effects of PSS on SRP		
PSS → FOB	.22****	Supported (full mediation)
PSS → SRP	.08 <sup>ns</sup>	
FOB → SRP	.23***	
<b>H2b.</b> FOB mediates the effects of POS on SRP		
POS → FOB	.14*	Supported (partial mediation)
POS → SRP	.19**	
FOB → SRP	.23***	
<b>H2c.</b> FOB mediates the effects of PTS on SRP		
PTS → FOB	.22***	Supported (full mediation)
PTS → SRP	.09 <sup>ns</sup>	
FOB → SRP	.23***	
<b>H3a.</b> FOB mediates the effects of PSS on AC		
PSS → FOB	.22***	Supported (partial mediation)
PSS → AC	.19**	
FOB → AC	.18**	
<b>H3b.</b> FOB mediates the effects of POS on AC		
POS → FOB	.14*	Supported (partial mediation)
POS → AC	.27***	
FOB → AC	.18**	
<b>H3c.</b> FOB mediates the effects of PTS on AC		
PTS → FOB	.22***	Supported (full mediation)
PTS → AC	.06 <sup>ns</sup>	
FOB → AC	.18**	
<b>H4.</b> The negative effects of FOB on TI are stronger when perceived fairness in reward allocation is lower		
FIR*FOB → TI	.17**	Supported
<b>H5.</b> The positive effects of FOB on SRP are stronger when perceived fairness in reward allocation is lower		

FIR*FOB → SRP	-.12 <sup>ns</sup>	Not Supported
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**H6.** The positive effects of FOB on AC are stronger when perceived fairness in reward allocation is lower

FIR*FOB → AC	-.14*	Supported
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Main Effects Model Evaluation Statistics:

$R^2$  for: POS = .24, FOB = .22, TI = .07, AC = .29 and SRP = .25

Communality  $Q$ -square values all above zero

The relative impact of each of the three support constructs on FOB was assessed using  $f^2$  effect size.

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*Notes:*

PSS = perceived supervisor support, PTS = perceived team support, POS = perceived organizational support, FOB = felt obligation, SRP = service recovery performance, TI = turnover intentions, AC = affective organizational commitment, and FIR = fairness in reward allocation. With the exception of experience on POS, demographic controls had no impact on model constructs.

Significance levels: \*\*\* $p < .001$ , \*\* $p < .01$ , \* $p < .05$ , ns = not significant (one-tailed test)

All mediation effects using bootstrapping were significant at the .05 level

All new hypotheses that have not been tested previously are in bold

**Table 4.** Indirect effects using bootstrapping

	<i>b</i>	<i>SE</i>	LLCI	ULCI
PSS → FOB → TI	-.064	.039	-.143	-.008
POS → FOB → TI	-.072	.290	-.139	-.024
PTS → FOB → TI	-.069	.037	-.147	-.001
PSS → FOB → SRP	.085	.022	.046	.135
POS → FOB → SRP	.059	.017	.032	.100
PTS → FOB → SRP	.085	.022	.045	.132
PSS → FOB → AC	.081	.026	.039	.142
POS → FOB → AC	.062	.019	.031	.110
PTS → FOB → AC	.098	.027	.044	.153
PSS → POS → FOB	.061	.026	.013	.114
PTS → POS → FOB	.060	.025	.015	.113

*Note.*

PSS = perceived supervisor support, PTS = perceived team support, POS = perceived organizational support, FOB = felt obligation, SRP = service recovery performance, TI = turnover intentions, AC = affective organizational commitment. LLCI = lower limit confidence interval; ULCI = upper level confidence interval. Bootstrap confidence intervals were constructed using 5000 resamples.

**Table 5.** Blindfolding results

Construct	$R^2$	Omission distance = 10 Communality Q-square	Omission distance = 25 Communality Q-square
Perceived supervisor support	n/a	.6124	.6103
Perceived team support	n/a	.5207	.5199
Perceived organizational support	.24	.4402	.4398
Felt obligation	.22	.3750	.3776
Service recovery performance	.25	.3247	.3300
Turnover intentions	.07	.5651	.5607
Affective commitment	.29	.2544	.2547

*Note.*

n/a = not applicable

**Table 6.** Overall effect size  $f^2$ 

	$R^2$ SRP	$R^2$ TI	$R^2$ AC
Main effect model	.25	.07	.28
Interaction effect model	.28	.10	.33
$f^2$	.03	.04	.07

*Note.*

SRP = service recovery performance, TI = turnover intentions, AC = affective commitment