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Paparoidamis, NG, Tran, TTH and Leonidou, CN orcid.org/0000-0003-1831-9733 (2019) Building customer loyalty in intercultural service encounters: the role of service employees' cultural intelligence. *Journal of International Marketing*, 27 (2). pp. 56-75. ISSN 1069-031X

<https://doi.org/10.1177/1069031X19837950>

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BUILDING CUSTOMER LOYALTY IN INTERCULTURAL SERVICE ENCOUNTERS: THE ROLE OF SERVICE EMPLOYEES' CULTURAL INTELLIGENCE

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Journal of International Marketing

Article history:

Accepted 22 February 2019

Acknowledgments: The authors would like to thank all those colleagues for their comments and suggestions at different phases of the research project. The authors would also like to express their appreciation to the Guest Editor and the anonymous reviewers of the Journal for their constructive input and insightful guidance on earlier versions of the manuscript.

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Abstract

Intercultural service encounters, in which customers and service employees from different cultures interact, are becoming more common in the market. Despite the importance of such encounters for international marketers, limited research attention has been directed to this area. Drawing on social exchange theory, this study examines how frontline employees' cultural intelligence (CQ) influences customer loyalty outcomes of service quality perceptions. Specifically, the authors propose that the three components of CQ—cognitive, emotional/motivational, and physical—have differential moderating effects on the perceived service quality (PSQ)—customer loyalty link and that these effects vary across two national markets. Data collected with a multirespondent (i.e., frontline service employees and customers) cross-cultural research design indicate that cognitive CQ negatively mitigates the impact of PSQ on customer loyalty in an emerging market context while emotional/motivational CQ has a positive moderating effect in a mature market setting. When service employees have high physical CQ, the positive role of PSQ in creating and maintaining customer loyalty is strengthened in both markets. The authors discuss these implications for theory and practice.

Keywords: cultural intelligence, intercultural service encounters, multilevel analysis, perceived service quality, customer loyalty

Marketing scholars and practitioners are increasingly interested in intercultural service encounters (ICSEs)—that is, situations in which customers and service employees from different cultures interact with each other to determine the outcomes of the service delivery process (Demangeot, Broderick, and Craig 2015; Sharma, Tam, and Kim 2009). The significant increase in such service encounters is largely due to growing immigration and international tourism in these times of rapid globalization (Johnson, Meyers, and Williams 2013). According to the United Nations (2017), there are 258 million international migrants worldwide, more than 80% of whom lived in Asia, Europe, and North America in 2017. The World Tourism Organization (2018) reports that international tourist arrivals soared to 1,323 billion in 2017, representing 7% of the global trade. Furthermore, as service markets are rapidly globalizing, a growing number of commercial service firms have increasingly spread their operations beyond their home market; exports increased by 8% in both developed and emerging markets in 2018 (World Trade Organization 2018).

Despite the enormous economic benefits, the increasing diversity in ICSEs presents a challenge for both individuals and organizations in developing multicultural adaptiveness to facilitate acceptance, openness, and tolerance in intercultural interactions (Demangeot, Broderick, and Craig 2015). This challenge renders the world “not as flat” as firms might often assume (Ang et al. 2007). It is easy to imagine how in international service settings (e.g., hotels, restaurants, transportation), service employees’ inability to function effectively due to various intercultural barriers (e.g., language or cultural differences) could considerably deteriorate cross-cultural interpersonal interactions, causing customer dissatisfaction or even anger and frustration (Hansen et al. 2011; Johnson, Meyers, and Williams 2013; Sharma, Tam, and Kim 2009). Therefore, service organizations are seeking strategies and guidance for improving service quality and retaining customers in an increasingly competitive and globalized market.

Notably, empirical investigations into the relationship between perceived service quality (PSQ) and loyalty have yielded inconclusive findings across national markets. Many scholars (e.g., Fullerton 2014; Parasuraman and Grewal 2000; Zeithaml, Berry, and Parasuraman 1996) provide empirical support for a positive link between different aspects of PSQ and loyalty in developed market settings. However, other studies (e.g., Edward and Sahadev 2012; Hu, Kandampully, and Juwaheer 2009; Lai, Griffin, and Babin 2009) report no effect of PSQ on loyalty in the context of emerging markets. This empirical ambiguity suggests not only that the PSQ–customer loyalty link is complex and not fully understood but also that PSQ does not enhance customer loyalty under all circumstances and in all national markets. This issue is particularly important in ICSEs, which involve service employees and customers from diverse cultural backgrounds.

Research evidence suggests that service-related characteristics (e.g., types, coproduction processes, relationship strength) and contextual factors (e.g., business-to-business vs. business-to-consumer, cultural settings) exert moderating effects on the core service quality–loyalty link (e.g., Diallo et al. 2018; Hogueve et al. 2017; Schneider and Bowen 2019). Other researchers have focused on customers’ beliefs (e.g., inertia, normative commitment), service-related perceptions (e.g., perceived switching costs), and knowledge (e.g., investment expertise) as moderators of the PSQ–customer retention relationship (Bell, Auh, and Smalley 2005; Fullerton 2014). Although prior work provides considerable insights into the boundary conditions of the impact of PSQ on customer loyalty, the importance of service employees’ skills and abilities has largely been overlooked (Hogueve et al. 2017). This is surprising, given the key role of frontline service employees in achieving customer-related objectives (Menguc et al. 2017), particularly in ICSEs.

To transcend cultural boundaries in ICSEs, employees need a particular skill and ability—namely, cultural intelligence (CQ), or the capability of functioning and interacting effectively in

culturally diverse settings (Ang et al. 2007; Earley and Mosakowski 2004). Previous conceptual work but only a few empirical studies have proved the critical role of CQ in cross-cultural communication (Thomas et al. 2008), cultural adjustment and task performance (Ang et al. 2007), negotiation outcomes (Imai and Gelfand 2010), and export performance (Magnusson et al. 2013) (for a review, see Appendix A). Despite the rich conceptual work on CQ in international human resources and cross-cultural studies, to our knowledge, no studies have examined the moderating role of service employees' CQ in influencing the PSQ–customer loyalty link in international service settings. The lack of empirical work on this front limits our understanding of why some service employees are more effective than others in interacting with customers in culturally diverse contexts, resulting in a stronger effect of PSQ on customer loyalty.

To fill these literature gaps, we examine CQ, defined as a service employee's capability of adapting to and functioning effectively in intercultural situations (Earley and Ang 2003), as a potential boundary condition of the impact of PSQ and customer loyalty. We take a multilevel approach to examine whether three components of service employees' CQ have distinct moderating effects on the PSQ–loyalty link across national markets.

This research makes three important contributions to existing knowledge. First, we provide the first and unique empirical evidence of the moderating role of CQ in the PSQ–loyalty link based on a multilevel approach. Most studies on the consequences of CQ have focused on internal perspectives by exploring how CQ affects team knowledge sharing, team performance, and cross-cultural sales (e.g., Chen and Lin 2013; Chen, Liu, and Portnoy 2012). By contrast, we explore the impact of CQ from an external perspective to understand how service employees' CQ affects customers' evaluations of service performance and customer–firm relationship outcomes in ICSEs. As these constructs have been scarcely examined in parallel in individual ICSEs, little is known

about which components of service employees' CQ strengthen (vs. weaken) the relationship between PSQ and loyalty. Our study fills this gap by using of dyadic data reflects not only the characteristics of the person providing the data (i.e., service employee) but also those of the partner (i.e., customers) (Kenny and Cook 1999). This unique approach enables us to provide more rigorous empirical evidence of the role of CQ as an important parameter explaining the PSQ–customer loyalty link in ICSEs.

Second, we apply a multidimensional conceptualization of CQ and further investigate the distinct moderating effects of these components on service outcomes. Specifically, we explore the relationship between PSQ and customer loyalty under different levels of service employees' CQ components, drawing on social exchange theory (Blau 1964; Gouldner 1960). This framework provides a theoretical lens through which to understand the role of PSQ in creating customer loyalty in ICSEs with regard to levels of service employees' CQ. To our knowledge, no study has yet explored service employees' CQ as a critical source for customer retention in international service providers. Our findings show that an extended and multidimensional approach is more appropriate for uncovering the distinct effects of the CQ components in cross-cultural service interactions. Thus, this research contributes to the international marketing literature by extending a fine-grained theoretical perspective to understand the distinguishing effects of the CQ dimensions on service outcomes in ICSEs.

Third, developed markets have become increasingly saturated, with firms turning to rapidly growing emerging markets with renewed interest (Cavusgil et al. 2018). Given this context, success in these markets, which have moved from the periphery toward the core of service marketing practice (Sheth 2011), is vital for the future of many firms in the globalized marketplace (Ernst et al. 2015). Against this backdrop, we augment existing knowledge on CQ by presenting

findings on an emerging market with a collectivist culture (i.e., Vietnam) and then replicate the study in a mature market with an individualist culture (i.e., France) to determine whether the results are stable across different markets and cultures. In doing so, we thus answer calls in the international marketing literature to examine marketing phenomena in emerging market settings and to compare findings with studies conducted in more advanced markets (Burgess and Steenkamp 2006; Sheth 2011). We demonstrate that the moderating effects of CQ components on the PSQ–loyalty link vary meaningfully across countries. Our study offers the first specific, country-level recommendations pertaining to the effectiveness of CQ on the PSQ–loyalty link for two distinct national markets (emerging vs. developed) by simultaneously accounting for all three CQ dimensions. Thus, service firms operating in international markets can gain managerially relevant insights into the most effective CQ training strategies in increasing customer retention as well as how the investment in each CQ component pays off in each country.

CONCEPTUAL FRAMEWORK

Research in the fields of social and cognitive psychology and human resources management has extensively investigated CQ, but empirical work on its impact on customers' perceptions and loyalty is scarce in international marketing (Magnusson et al. 2013). Given the newness of CQ, we elaborate on (1) the theoretical conceptualization of three CQ components, (2) social exchange theory and CQ, (3) the impact of CQ on customer relationships, and (4) CQ as a moderator.

Conceptualization of CQ

A review of the literature on CQ reveals significant ambiguity regarding the nature and conceptualization of CQ. Taking a cognitive view, research increasingly refers to CQ as “a species-specific set of social cognitive skills” (Herrmann et al. 2007, p. 1360) or a person's ability to gather, interpret, and act on radical differences in cultural cues to function and adapt effectively in

a multicultural setting (Ang et al. 2007). Conversely, Earley and Mosakowski (2004, p. 139) define CQ as “a seemingly natural ability to interpret someone’s unfamiliar and ambiguous gestures in just the way that person’s compatriots and colleagues would, even to mirror them.” Taking a broader perspective, Thomas et al. (2008, p. 127) define CQ as “a system of interacting knowledge and skills, linked by cultural metacognition, which allows people to adapt to, select, and shape the cultural aspects of their environment.”

Collectively, all these conceptualizations of CQ emphasize the specific domain of cultural knowledge and competencies in a globalized marketplace in which crossing boundaries is routine. However, they are limited in that they are (1) inconsistent in specifying the essential nature of CQ; (2) are ambiguous and lack precision in describing CQ, instead of explaining CQ as both an innate ability and acquired knowledge and skills; (3) and circumscribe the scope of CQ (e.g., in regard to activities, the exclusion of the individuals’ mental processes such as acknowledging and sensing when functioning in a cross-cultural context). Thus, building on previous definitions of CQ and cultural competencies, we define CQ as a person’s natural and acquired ability to function effectively in a culturally diverse setting by sensing, gathering, interpreting, adopting, and behaving in congruence with acknowledged cultural differences. Overall, scholars have increasingly agreed that CQ is best understood as a multidimensional construct (Earley and Ang 2003; Earley and Mosakowski 2004). Thus, in line with these studies, we contend that the service employee CQ construct includes three components: (1) cognitive, (2) emotional/motivational, and (3) physical. In the view of Earley and Mosakowski (2004), the three CQ components correspond to the head, the heart, and the body, respectively.

Cognitive CQ, which reflects the head aspect, refers to “knowledge of the norms, practices, and conventions in different cultures acquired from education and personal experiences” (Ang et

al. 2007, p. 338). This component reflects service employees' knowledge of certain economic, legal, political, and social aspects of different cultures and subcultures and their acknowledgment of the role of these cultural components in shaping the most appropriate way to conduct business and interact with others in cross-cultural contexts (Van Dyne, Ang, and Livermore 2010). People with high cognitive CQ are able to perceive and understand similarities and differences in cultural norms and values associated with different cultures (Ang et al. 2007).

Emotional/motivational CQ, which reflects the heart aspect, is “the capability to direct attention and energy toward learning and functioning in the situations characterized by cultural differences” (Ang et al. 2007, p. 338). This component focuses on the level of interest, effort, emotion, and energy employees exhibit in overcoming cultural obstacles and setbacks (Van Dyne et al. 2012). It includes (1) self-efficacy, or one's sense of confidence in mastering cross-cultural communication (Bandura 2002); (2) intrinsic motivation, or levels of enjoyment one derives from working in culturally diverse situations (Deci and Ryan 1985); and (3) extrinsic motivation, or the tangible benefits one obtains from culturally diverse experiences (Van Dyne, Ang, and Livermore 2010). Service employees who are highly motivated to gain cross-cultural capabilities personally engage with and persevere in the face of cross-cultural challenges (Van Dyne et al. 2012).

Physical CQ, which reflects the body aspect, is “the capability to exhibit appropriate verbal and nonverbal actions when interacting with people from different cultures” (Ang et al. 2007, p. 338). According to Hall (1960), knowledge of cultural diversity and motivation from mental capabilities must be complemented with the ability to perform appropriate verbal and nonverbal actions and adapt to various cultural settings. Service employees with high physical CQ exhibit highly adaptive behaviors when interacting with customers from different cultures by receiving

and reciprocating culturally appropriate words, tones, gestures, and facial expressions (Ng et al. 2012).

Social Exchange Theory and CQ

According to social exchange theory, parties must abide by certain “rules” of exchange processes—better known as “reciprocity” or “repayment”—to ensure that their relationships evolves over time into trust, loyalty, and mutual commitment (Blau 1964). Gouldner (1960) posits that without formal obligations for reciprocity, involved parties are likely to rely on norms of reciprocity to manage interactions, maintain stability in social groups, and ensure the success of their exchanges. Although norms of reciprocity and repayment may be universally accepted, evidence suggests that there are also cultural and individual differences in the extent to which people endorse and engage in acts of reciprocity (Emerson 1976; Hoppner, Griffith, and White 2015). In other words, reciprocity involves the cultural norms and expectations that people will get what they deserve in a social exchange process and thus may differ from culture to culture.

Social exchange theory is foundational to the concept of service employees’ CQ in ICSEs. According to Cropanzano and Mitchell (2005, p. 877), rules and norms of exchange are considered a “cultural mandate,” in which individuals should adapt their cognitive mindsets, attitudes, and behaviors to the partners’ cultures. Such adaptation can help the interacting partners feel respected and valued. Marketing researchers (e.g., Hoppner, Griffith, and White 2015) have shown how cultural and individual differences moderate reciprocated exchange relationships. We advance this notion by arguing that service employees differ in the way they endorse and comply with the rules and norms of customers’ cultures in ICSEs. More specifically, those with high CQ carefully use cultural knowledge and express culturally appropriate reactions and behaviors in the social exchange with customers from different cultures. In turn, the norms of reciprocity suggest that

these customers will reciprocate by exhibiting a positive response (high PSQ) and long-term commitment (loyalty) to the employees or the group to which they belong (e.g., the service organization) to preserve the social exchange (Blau 1964; Chan, Yim, and Lam 2010). By contrast, those low in CQ are less concerned about obligations to comply with customers' cultural values and are less likely to care if exchanges are not culturally reciprocated. This causes negative reciprocity in which customers tend to return negative treatments for negative experiences, to view service employees more malevolently, and to be more offensive (Cropanzano and Mitchell 2005).

Impact of CQ on Customer Relationships

Sharma, Tam, and Kim (2009) claim that lacking an appropriate understanding of cultural diversity can affect both the production and the consumption of services. In a foreign business environment, human actions, gestures, and language might be misinterpreted, increasing the probability of misunderstanding and ultimately leading to a failure in mutual cooperation (Earley and Mosakowski 2004; Johnson, Meyers, and Williams 2013). To tackle these problems, Van Dyne, Ang, and Livermore (2010) note that CQ enables service employees not only to understand diverse needs and requirements of customers in multicultural contexts but also to adjust their behaviors appropriately when interacting cross-culturally. Thus, service employees high in CQ will perform better in enhancing customer satisfaction and loyalty than their competitors in the globalized market because of their flexibility and adaptability (Magnusson et al. 2013).

The service literature stresses the importance of personal interactions in the “moment of truth” when customers interact directly with service employees (Crosby, Evans, and Cowles 1990). CQ is an important determinant of customer loyalty, driven by the relevance of one-to-one marketing relationships in cross-cultural contexts (Ang and Van Dyne 2015). Therefore, we propose that CQ, as an untapped but relevant service employee attribute, is related to customers'

attitudinal and behavioral loyalty in ICSEs. We argue that service employees' CQ may reflect their relevant competencies associated with the service transactions (e.g., cultural knowledge) in customers' eyes. The more service employees demonstrate their knowledge of cultural schemas, accurate understanding of cultural diversity, and culturally appropriate reactions, the more likely customers are to obtain more services from the same provider in future (Hansen et al. 2011). In other words, successful ICSEs depend on the level of intercultural competence service employees display in their interactions with customers (Sharma, Tam, and Kim 2009).

CQ as a Moderator

The foregoing discussion makes clear that service employees' CQ is a key success factor in international marketing for realizing favorable outcomes of service processes and developing successful customer relationships. However, research has devoted scant attention to how service employees' CQ moderates the link between customers' judgment of service quality and their loyalty and whether these effects vary across national markets. Because "service encounters are first and foremost social encounters" (McCallum and Harrison 1985, p. 35), country-specific characteristics inherent to many service industries might result in changes in both the strength and the direction of the PSQ–loyalty link (e.g., Diallo et al. 2018). Thus, we propose that the complex nature of this link in ICSEs can partly be explained by service employees' cultural knowledge and skills. In other words, the different levels of CQ among service employees might serve as a boundary condition of the effect of customers' evaluations of the service performance on their loyalty in different service environments. The PSQ–loyalty link tends to be stronger if service employees can establish effective cross-cultural communication with customers from different cultural backgrounds and weaker if service employees lack the necessary cultural competencies to do so. Moreover, the potential differential effects of the CQ components emphasize the need to

consider these independently (Ang et al. 2007). Therefore, we focus on the distinct moderating effects of service employees' CQ components on the PSQ–customer loyalty link.

HYPOTHESES DEVELOPMENT

PSQ and Customer Loyalty

The conceptual framework of this study, shown in Figure 1, is an extension of Bell, Auh, and Smalley's (2005) customer relationship dynamic model, in which service quality is a determinant of customer loyalty. We follow the approach of Zeithaml, Berry, and Parasuraman (1996) and conceptualize customer loyalty as the intentions to (1) allocate a higher share of wallet to a specific service provider, (2) repeat purchase, and (3) engage in positive word of mouth. Loyalty intentions are a “forward-looking” evaluation of an offering that captures the current and future strength of a customer relationship and thus provides firms with a more concrete direction to proceed (Gustafsson, Johnson, and Roos 2005, p. 211).

—Insert Figure 1 here—

In line with Dagger and Sweeney (2007) and Brady and Cronin (2001), we define PSQ as customers' overall evaluation of three dimensions of the service encounter: (1) the customer–employee interaction, (2) the physical environment of the service, and (3) the outcome of the overall service delivery. Research on service quality suggests that improvements in quality perceptions of a service encounter can lead to more favorable relationship outcomes (Cronin, Brady, and Hult 2000; Fullerton 2014; Zeithaml, Berry, and Parasuraman 1996), promote greater customer retention, enhance market share, and increase profits (Bell, Auh, and Smalley 2005; Diallo et al. 2018). Considerable research in the services literature has reached consensus on the positive effects of PSQ on customer loyalty over the life of a customer's relationship with an organization in developed markets (Zeithaml, Berry, and Parasuraman 1996). However, recent

studies (e.g., Edward and Sahadev 2012; Hu, Kandampully, and Juwaheer 2009; Lai, Griffin, and Babin 2009) in emerging market contexts report no significant link between PSQ and loyalty, raising the question of conditional factors related to the link.

Emerging markets are characterized by high heterogeneity (due to local, fragmented, low-scale, and family-owned businesses) and unbranded competition (due to lack of product accessibility, poor infrastructure, and low-income levels) (Sheth 2011). As a result, customers in emerging markets tend to report lower levels of PSQ, and the impact of PSQ on relationship outcomes is also lower in these markets (Agarwal, Malhotra, and Bolton 2010). Similarly, Morgeson, Sharma, and Hult (2015) suggest that in emerging markets, customers put higher importance on the price of a product or service than on its quality “performance,” given low-income stability and the large gap between expectations of perceived quality and actual performance. As a result, these authors argue that the link between PSQ and service outcomes (e.g., customer satisfaction and loyalty) could be diminished and investments in service quality and performance may “pay off” less in the context of emerging markets. Therefore, cross-national/cross-cultural variance in the effect of PSQ on customer loyalty likely exists. This makes it more difficult for customers in emerging markets to render loyalty judgments based on the quality “performance” of a service. As such, it is important to evaluate the PSQ–loyalty link in emerging markets to determine whether existing findings, largely rooted in the context of developed countries, are applicable to ICSEs in these markets. Formally, we predict the following:

H₁: PSQ is positively related to customer loyalty in an emerging market setting.

Cognitive CQ and PSQ

In the context of ICSEs, in which service employees and customers come from different cultures and have distinct expectations shaped by their own cultural norms and values, the mismatch

between defined roles and scripts could lead to conflicts, misunderstanding, service disruptions, and dissatisfaction (Johnson, Meyers, and Williams 2013). In this case, cognitive CQ is vital for identifying and satisfying customers' needs. The effects of cognitive CQ can be explained in relation to the marketing concept of "declarative knowledge," defined as a database of categories with a set of prototypes representing the essential and unique characteristics of the categories' members (e.g., Szymanski 1988). In a personal selling context, for example, employees use declarative knowledge to interpret and identify customer needs, classify the sales experience, and adapt their behaviors (Sharma, Levy, and Kumar 2000).

As a specific and cultural-bound form of declarative knowledge in the context of ICSEs, service employees with a high cognitive CQ tend to have richer internal cultural structures and a finer capacity to comprehensively discriminate among cultural categories. At the same time, higher cognitive CQ enables employees to use a broader set of cultural categories, to classify customers more precisely according to their cultural values and norms (Sharma, Levy, and Kumar 2000). As a result, service employees with high cultural knowledge are more likely to categorize customer interactions more accurately because of their existing cultural memory repository. This first step is critical to discovering the determinants of selling success (Szymanski 1988), interacting effectively with customers in culturally complex settings (Hansen et al. 2011), and enhancing customer satisfaction and value (Homburg, Wieseke, and Bornemann 2009).

In this study, we contend that for service employees with a high cognitive CQ, the positive connection between PSQ and customer loyalty is stronger. Because high levels of cognitive CQ are associated with rich cultural knowledge and a high sense of cultural differences, customers are more likely to experience a personal relationship with the employee and feel more valued and appreciated. Thus, they may perceive improved cultural interactions of the employee's efforts with

enhanced service performance and, as such, become more committed to the service provider. Conversely, service employees with lower cognitive CQ have relatively nonhierarchical cultural knowledge structures and fewer cultural categories and thus might be less effective in delivering the service and interacting with customers. The mismatch between customers' cultural expectations and service employees' cultural knowledge could render customers less likely to choose this service provider for their next visit, regardless of their perceptions of service quality.

The role of cognitive CQ is particularly important in emerging markets in which heterogeneity is high. The more accurately frontline employees sense and acknowledge cultural similarities and differences between themselves and customers, the more effectively they should categorize, interact, and build up stronger relationships with customers (Earley and Ang 2003), consequently lowering the negative effect of market heterogeneity (Bahadir, Bharadwaj, and Srivastava 2015). In many cultures in the developing world, communication with customers could be more complex because the messages need to be more sensitive to social issues, religious mores, morality, and hierarchies as well as consistent and central to information provision rather than persuasion (Fletcher and Melewar 2002). In this vein, Gao, Ren, and Miao (2018) stress the importance of cultural knowledge of "relational gatekeepers" (e.g., managers, service employees) in developing and maintaining international exchange relationships with Chinese customers. Therefore, cognitive CQ strengthens the impact of PSQ on customers' likelihood to return to the service provider in the future in an emerging market context. Thus:

H₂: The relationship between PSQ and customer loyalty in an emerging market setting is strengthened (weakened) when service employees have higher (lower) cognitive CQ.

Emotional/Motivational CQ and PSQ

Kanfer and Heggestad (1997, p. 39) assert that emotional/motivational traits provide “agentic control of affect, cognition, and behavior that facilitate goal accomplishment.” Pursuing this notion further, Chen, Liu, and Portnoy (2012) argue that compared with other CQ dimensions, emotional/motivational CQ is a better predictor of employee cross-cultural task performance, thus serving as a fundamental basis for developing the cognitive and behavioral CQ of employees across various settings and tasks. Employees with high emotional/motivational CQ are intrinsically motivated to experience novel and varied cross-cultural encounters, and they are tenacious and confident in overcoming obstacles in adapting to alien cultures (Earley and Ang 2003). At the same time, emotional/motivational CQ triggers employees’ cross-cultural adjustment by stimulating and directing the transfer of their cultural knowledge and strategies into guided actions in novel cultural experiences (Magnusson et al. 2013). In other words, emotional/motivational CQ employees do not give up when confronting obstacles, setbacks, or even failure, and they can often reengage with greater energy and effort (Earley and Mosakowski 2004). Consequently, they are more capable of delivering better service and creating stronger relationships and emotional connections with customers, especially in culturally diverse contexts.

We expect that in a cross-cultural context, in which customers commonly experience increased stress and vulnerability due to the unfamiliar environment, customers might pay more attention to the emotional connections and communications they have with service employees. In this context, a greater sense of long-term commitment to a service firm derives from stronger interpersonal relationships with service employees and better service employee performance, and thus PSQ may exert greater influence in the case of high emotional/motivational CQ. By contrast, low emotional/motivational CQ reduces employees’ capability for cultural adjustment (Ang et al.

2007), leading to tension and frustration in cross-cultural interactions and, consequently, lower customer loyalty intentions, even if customers perceive high service quality.

In emerging market settings often characterized by collectivist cultures, employees express a high need for socialization by using proactive tactics (e.g., feedback seeking, information seeking, relationship building), which could result in higher service quality and sales performance (Auh et al. 2018; Menguc, Han, and Auh 2007). Applying these findings in ICSEs, we suggest that collectivist service employees are more engaged in dealing with cultural issues regarding socialization not only with their coworkers but also with customers in intercultural environments, leading to a stronger impact of emotional/motivational CQ on the PSQ–loyalty link. Thus:

H₃: The relationship between PSQ and customer loyalty in an emerging market setting is strengthened (weakened) when service employees have higher (lower) emotional/motivational CQ.

Physical CQ and PSQ

Physical CQ entails making the appropriate verbal and nonverbal communicative adaptations in cross-cultural settings (Ang et al. 2007; Van Dyne et al. 2012). People have a tendency either to reduce interpersonal differences (a convergent approach) or to accentuate dissimilarities (a divergent approach) between themselves and others during the communication process, as proposed in communication accommodation theory (Giles et al. 1987). While the convergent communicative strategy aims to increase perceived similarities and gain approval, the divergent approach emphasizes the social distance between people during communication (Gudykunst 2003). Following the convergence strategy leads to higher perceived similarity and supportiveness, resulting in a higher positive orientation and a higher level of interpersonal certainty (Giles et al.

1987). Indeed, ample empirical research evidences the positive effects of the convergence style on communication outcomes, especially in cross-cultural settings (Gudykunst 2003).

In accordance with these arguments, service employees with high physical CQ should interact with customers from different cultural backgrounds more effectively by adapting their verbal and nonverbal actions in an appropriate manner. In other words, employees' ability to perceive and reciprocate customers' cultural-specific gestures and behaviors is a vitally important aptitude and skill (Hansen et al. 2011). Physical CQ enables service employees to adopt new cultural practices to generate positive relationship outcomes, such as higher customer retention, increased service usage, enhanced service delivery, and cross-buying, especially when crossing boundaries is routine (Earley and Mosakowski 2004). In high physical CQ situations, customers feel more comfortable and have good intercultural interactions with service employees, which increases the likelihood of returning and repurchasing from the same service provider (Cronin, Brady, and Hult 2000). For low physical CQ, the marginal impact of PSQ on relationship outcomes is much weaker. Service employees who lack the capability of displaying a flexible range of behaviors might come across as more offensive to others and thus are less likely to create positive impressions and develop intercultural relationships (Gudykunst 2003). In this case, low physical CQ reduces the positive effect of PSQ on customer loyalty.

In general, people in emerging markets with a high collectivist value orientation are concerned about their social relationships with others and put more emphasis on group harmony (Chen, Chen, and Meindl 1998). Accordingly, we expect collectivist service employees who embody a friend role to act in accordance with social norms (rather than organizational rules) to facilitate cooperation and personal connections, induce harmonious relationships with customers, and initiate a cycle of reciprocity (Chan, Yim, and Lam 2010; Sanchez-Burks et al. 2003). In other

words, in emerging markets in which unbranded product/service competition dominates (Sheth 2011), as interpersonal relationships with customers play a key role in improving customer retention, service employees are more likely to act as a partner and cooperate with customers to satisfy customers' specific needs and to fulfil their own desires to do a good job (Menguc, Han, and Auh 2007). Thus:

H₄: The relationship between PSQ and customer loyalty in an emerging market setting is strengthened (weakened) when service employees have higher (lower) physical CQ.

RESEARCH METHOD

Empirical Setting and Data Collection

An appropriate context for examining the moderating effects of service employees' CQ on the PSQ–customer loyalty link is one in which (1) there are culturally diverse interactions between employees and customers (including verbal and nonverbal exchanges) and (2) frontline service employees have a significant influence on the service delivery process. The international hospitality industry, characterized by close employee–customer interactions, meets these criteria well, and therefore we chose international hospitality as our research setting. In recent years, international hospitality organizations have realized that their survival and growth depend on intensive and collaborative interactions between service employees and customers, which means recognizing and respecting cultural differences when dealing with customers (Langford and Weissenberg 2018). Our investigation focused primarily on cross-cultural interactions between frontline service employees and customers in international hotels.

We selected Vietnam to empirically investigate our hypotheses because of its economic and cultural characteristics. Vietnam is a rapidly developing tourism market, with an estimated nine million international tourists, and its average annual growth was 6.7% in 2018 (World Travel &

Tourism Council 2018). Using Hofstede's (2003) classification, we identified the Vietnamese culture as collectivist (e.g., close long-term commitment to groups, high desire for social relationships, high perception of morality in organizations), high in power distance (e.g., inherent inequalities, hierarchical order, centralized decision making), low in uncertainty avoidance (e.g., risk-taking, high tolerance, high flexibility), and low in masculinity (e.g., low job stress, high emphasis on compromise and negotiation, personal involvement). As such, customer–employee interactions in Vietnam could differ significantly from those in mature markets.

We conducted two cross-sectional field surveys for service employees and international hotel customers in Vietnam. In selecting the international hotels, we attempted to make the sample as balanced as possible by including hotels from different locations in Vietnam to avoid any potential bias due to a locally clustered sample. The company's portfolio included various international hotel brands, with three-star (midmarket) and four-star (up-market) brands. To achieve the highest response and matching rates (between employees and customers), we collected data with two survey questionnaires in parallel. These questionnaires were administered by research assistants, who we appropriately trained to conduct fieldwork in an unbiased way and to be able to detect any potential issues with respondents' understanding of the items. At the end of the data collection process, we found no such problems in the research assistant reports.

The first questionnaire was personally delivered to frontline employees of each hotel (i.e., receptionists) to stress the importance of genuine and unbiased answers. The first survey included measures of a CQ index as well as demographic and individual difference variables. All respondents were given time to complete the survey during working hours and were assured full confidentiality. Given the strong support of the company's work council, all frontline employees who were present on the days of the field surveys agreed to participate, despite our explicit

statement that participation was voluntary. Questionnaires were completed in a private space provided by each hotel, and questionnaires were collected immediately after completion.

Subsequently, two research assistants spent a full day in each of the respective hotels and asked customers to complete the questionnaire focusing on their interactions with frontline employees. The research assistants personally administered the questionnaire to only leisure travel customers from foreign countries, who constitute the majority of the hotel customers. With respect to the employee–customer link, data from the two levels (employees and customers) were then matched using the employee code numbers. The final matched sample in Vietnam consisted of 124 employees (with one employee per hotel) and 372 customers (three customers per employee), for a response rate of 81.22%

Construct Measurement and Validation

We adapted existing scales from previous studies, particularly from cross-cultural studies when possible, to measure the variables in our conceptual framework. We adopted the CQ scale of Earley and Mosakowski (2004) for frontline service employees with the three main CQ components: cognitive, emotional/motivational, and physical. We measured PSQ with the scales developed by Dagger and Sweeney (2007) and assessed customer loyalty using the work of Sirdeshmukh, Singh, and Sabol (2002). Seven-point Likert scales were used (see Appendix B).

Control Variables. To rule out alternative explanations of the observed relationships among CQ, PSQ, and loyalty, we controlled for customer age, gender, and travel experience (measured as the number of countries to which respondents had traveled). We also included service satisfaction as a covariate, as studies have substantiated the strong link between a customer's satisfaction level and his or her loyalty to a service provider across various industries and customer segments (e.g., Kumar, Pozza, and Ganesh 2013). We measured service satisfaction with three items proposed by

Voss, Parasuraman, and Grewal (1998). In addition, we accounted for employee age, gender, and working experience (measured as years working in the hospitality industry).

Questionnaire Development. The original versions of the questionnaires in English were translated into Vietnamese by native doctoral students who were fluent in English and then back-translated into English by other graduate students whose majors were in linguistics. The back-translated versions were then evaluated by three other doctoral students (two British and one Vietnamese) to assess the accuracy of the translation. This translation process was repeated until all members reached agreement on the equivalence and comparability of the original and back-translated versions. We presented the final versions of the questionnaire in English and Vietnamese in two focus groups ($n = 12$) and pilot tests ($n = 15$). Respondents were asked to evaluate and identify any confusing or awkward words in the questions. Depending on the results from these pretests, we made the necessary adaptations by refining and deleting several items with ambiguities or that were culturally and socially incompatible with our study context.

Validity and Reliability. Table 1 shows the psychometric properties of the measures. Cronbach's alpha, composite reliability, and average variance extracted (AVE) values indicate sufficient convergent validity and reliability. Specifically, all Cronbach's alpha and composite reliability values are higher than .70, thus meeting the recommended thresholds (Bagozzi and Yi 1988), and all AVEs are greater than .50 (Fornell and Larcker 1981). We assessed discriminant validity of all construct using the Fornell and Larcker (1981) method. All AVEs exceeded the squared correlations between every pair of constructs, providing evidence of discriminant validity among the study constructs. In addition, the results from the confirmatory factor analysis (CFA) reveal a satisfactory fit to the data (employee survey: $\chi^2/\text{d.f.} = 1.37$, GFI = .92, CFI = .97, TLI = .96, RMSEA = .06; customer survey: $\chi^2/\text{d.f.} = 2.18$, GFI = .96, CFI = .97, TLI = .96, RMSEA = .06).

—Insert Table 1 here—

Common Method Variance. Although the multilevel nature of our model mitigates some concerns about common method bias (CMB) in survey-based studies, potential CMB might be present in the relationship between self-reported variables (i.e., PSQ and loyalty intentions) in the customer data set, which could distort the findings. We attempted to address CMB in two ways. First, we applied different techniques to minimize CMB in our questionnaire design (MacKenzie and Podsakoff 2012). For example, we focused on service employees working in international hotels and customers from foreign countries; thus, we filtered out the interactions between service employees and customers from the same cultures. Furthermore, we placed the items of the dependent variable (i.e., customer loyalty) first, followed by unrelated questions (e.g., traveling experience sharing), and then included the independent variable items (i.e., PSQ), to rule out the possibility of respondents guessing the relationships under investigation. In addition, we minimized survey length, scale complexity, and ambiguity by rewording questions during the pretest phase (Podsakoff et al. 2003).

Second, we included an unmeasured latent method factor in the measurement model to detect any likely change in model fit due to the common source (Podsakoff et al. 2003). We found a nonsignificant chi-square difference between the standard measurement model and the model containing the unmeasured common method factor ($\Delta\chi^2 = 3.11$, d.f. = 8; $p > .90$). In addition, all the method factor loadings were nonsignificant, and the indicators' substantive variances were substantially greater than their method variances.¹

Data Analysis

Given the cross-level nature of our data, in which customers are clustered with employees, customers who interacted with the same service employees might demonstrate a greater degree of

conformity. Thus, the assumption of independence is violated, and it is necessary to test for the suitability of a multilevel analysis. To determine the necessity of a multilevel analysis, we calculated the intraclass correlation (ICC), which measures the ratio of between-group variance to within-group variance, for the dependent variable (Duncan et al. 1997). The estimated ICC was .34 for customer loyalty, and the between-group variance in loyalty intentions was significantly different from zero ($p < .001$). These results indicate that a multilevel approach was tenable (Raudenbush and Bryk 2002; Tabachnick and Fidell 2007). Therefore, we proceeded with a two-level model in hierarchical linear modeling (HLM) 7.0 with full maximum likelihood to investigate the hierarchical structure of the data.

Model Description. We modeled service employees' CQ components as Level 2 variables and modeled PSQ, customer loyalty, and service satisfaction as Level 1 variables. As Figure 1 shows, loyalty is a function of PSQ and the three components of service employees' CQ, as well as their cross-level interaction effects, when we control for customers' and employees' demographic features and experiences. Thus, the analysis consists of four sequential steps. Step 1 is the basic control model in which we added customers' age, gender, traveling experience, and service satisfaction at Level 1 and service employees' age, gender, and working experience at Level 2. In Step 2, we added the regression of PSQ on loyalty to the basic control model at Level 1. In Step 3, the regression parameters (intercepts and slopes) from Step 2 become the outcome variables, and we regressed them on the three components of service employees' CQ. Finally, to test the proposed cross-level interactions, in Step 4, the slopes of customers' PSQ at Level 1 were functions of the service employees' CQ components at Level 2. Predicting customer loyalty results in the following multilevel models:

Level 1 model (customer level):

$$LOY_{ij} = \beta_{0j} + \beta_{1j}*(SS_{ij}) + \beta_{2j}*(PSQ_{ij}) + \beta_{3j}*(CAGE_{ij}) + \beta_{4j}*(CGENDER_{ij}) + \beta_{5j}*(TRAEX_{ij}) + r_{ij}.$$

Level 2 model (service employee level):

$$\begin{aligned}\beta_{0j} &= \gamma_{00} + \gamma_{01}*(\text{cognitive CQ}_j) + \gamma_{02}*(\text{emotional/motivational CQ}_j) + \gamma_{03}*(\text{physical CQ}_j) \\ &+ \gamma_{04}*(\text{EAGE}_j) + \gamma_{05}*(\text{EGENDER}_j) + \gamma_{06}*(\text{WOEX}_j) + u_{0j}, \\ \beta_{1j} &= \gamma_{10}, \\ \beta_{2j} &= \gamma_{20} + \gamma_{21}*(\text{cognitive CQ}_j) + \gamma_{22}*(\text{emotional/motivational CQ}_j) + \gamma_{23}*(\text{physical CQ}_j) + u_{2j}, \\ \beta_{3j} &= \gamma_{30}, \\ \beta_{4j} &= \gamma_{40}, \\ \beta_{5j} &= \gamma_{50},\end{aligned}$$

where

LOY_{ij} = customer i's loyalty when interacting with employee j;
 SS_{ij} = customer i's satisfaction when interacting with employee j;
 PSQ_{ij} = customer i's perception of service quality when interacting with employee j;
 CAGE_{ij} = customer i's age when interacting with employee j;
 CGENDER_{ij} = customer i's gender when interacting with employee j;
 TRAEX_{ij} = customer i's traveling experience when interacting with employee j;
 r_{ij} = an error term assumed to be distributed at N(0, σ²);
 Cognitive CQ_j = the cognitive CQ of employee j;
 Emotional/motivational CQ_j = the emotional/motivational CQ of employee j;
 Physical CQ_j = the physical CQ of employee j;
 EAGE_j = age of employee j;
 EGENDER_j = gender of employee j;
 WOEX_j = working experience of employee j;
 u_{0j}, u_{2j} = Level 2 (employee j) residuals;
 β_{0j} = the random Level 1 intercept;
 β_{1j}, β_{2j}, β_{3j}, β_{4j}, β_{5j} = the fixed coefficients of SS_{ij}, PSQ_{ij}, CAGE_{ij}, CGENDER_{ij}, and TRAEX_{ij}, respectively;
 γ₀₀, γ₁₀, γ₂₀, γ₃₀, γ₄₀, γ₅₀ = the Level 2 intercepts;
 γ₀₁, γ₀₂, γ₀₃, γ₀₄, γ₀₅, γ₀₆ = the coefficients of cognitive CQ_j, emotional/motivational CQ_j, physical CQ_j, EAGE_j, EGENDER_j, and WOEX_j, respectively; and
 γ₂₁, γ₂₂, γ₂₃ = the coefficients for the interaction terms.

RESULTS

Model 1 in Table 2 shows that service satisfaction, as a covariate, positively affected customer loyalty (β = .35, p < .001), while other control variables had no significant effects on loyalty, except customers' traveling experience (β = .17, p < .05). Consistent with prior work (e.g., Bell, Auh, and Smalley 2005; Fullerton 2014), the results of Model 2 confirm the strong and positive link between PSQ and customer loyalty (β = .22, p < .01) in ICSEs in the emerging market context, in support of H₁. As Model 3 shows, not all three components of frontline employees' CQ had a significant relationship to customer loyalty. Specifically, only cognitive and

emotional/motivational CQ had significant and direct effects on customer loyalty (cognitive CQ: $\gamma_{01} = .15$; emotional/motivational CQ: $\gamma_{02} = .26$; $p < .05$). Differences in these two components explain 92% of the between-employees variance in customer loyalty.

—Insert Table 2 here—

Contrary to H₂, the interaction between service employees' cognitive CQ and PSQ was significantly but negatively related to customer loyalty ($\gamma_{21} = -.21$, $p < .01$). This surprising result reveals that cognitive CQ weakened the impact of PSQ on customer loyalty in ICSEs in the emerging market context. In addition, the interaction between emotional/motivational CQ and PSQ was not significant, thus rejecting H₃ ($\gamma_{22} = .06$, $p > .10$). Conversely, we found a significant moderating effect of physical CQ on the link between PSQ and loyalty ($\gamma_{23} = .24$, $p < .01$), in support of H₄. In other words, the link between PSQ and loyalty was significantly stronger (weaker) when service employees had higher (lower) levels of physical CQ. Figure 2 illustrates the moderating effects of service employees' CQ components on the PSQ–loyalty link.

—Insert Figure 2 here—

REPLICATION IN A MATURE MARKET

Prior research suggests that customers from emerging and mature markets with different national cultures have distinct attitudes toward and expectations of their interactions with service employees (Barker and Härtel 2004; Johnson, Meyers, and Williams 2013). In addition, studies reveal that the impact of the three components of CQ on relationship outcomes and task performance varies across different national cultures (Ang et al. 2007; Ng et al. 2012). Thus, the moderating effects of these three components on the PSQ–loyalty link may vary across emerging and mature markets for two reasons. First, emerging market employees tend to be collectivists, have more interpersonal knowledge, and are more sensitive and empathetic to their relationship partners than their mature

market counterparts (Markus and Kitayama 1991). Conversely, social psychologists (e.g., Cross, Gore, and Morris 2003) argue that individualist and independent people (i.e., usually found in mature markets) report higher levels of authenticity associated with self-concept consistency in their relationships than interdependent individuals (e.g., Vietnamese), who have higher expectations of authentic behavior, higher levels of experienced harmony, and higher intimacy levels in their relationships. Thus, in an emerging market service context, service employees usually put more emphasis on interpersonal relationships with customers (Triandis 1989), which leads to a stronger impact of cognitive and emotional/motivational CQ on the PSQ–loyalty link.

Second, regarding cultural distance in communication during ICSEs, people from high-power-distance cultures (e.g., Vietnam) follow rules of social hierarchy more strictly, with differential treatment toward prestige, power, and wealth (Hofstede 2003). By contrast, people in more mature markets are more typically associated with low-power-distance cultures and respect a sense of equality in the distribution of prestige, power, and wealth. Therefore, collectivist service employees tend to follow a more divergent communication approach and pay more intention to indirect and relational cues, while individualists tend to be more direct and convergent in their communication style to minimize the cultural distance (Sanchez-Burks et al. 2003). As a result, we expect that Vietnamese service employees are more dynamic, flexible, and responsive to situational cues than their mature market counterparts, and as a result, the moderating effect of physical CQ tends to be higher in the Vietnamese context.

In light of these considerations, we tried to replicate and test the stability of our conceptual model in a mature market context. We selected France as the research context because it represents an individualist mature economy in which people tend to exhibit low power distance (Hofstede 2003). In addition, France is a well-known and well-developed tourism market. The World Travel

& Tourism Council (2018) predicted that more than 89 million international tourists would visit France, with an annual growth rate of 4.4% in 2018. It is therefore an appropriate context to conduct research on ICSEs and to test the stability of our conceptual model.

We adopted the same procedures, measures, and data collection process as in the main study. The questionnaire was carefully translated by French doctoral students who were fluent in English and then back-translated into English by other graduate students whose majors were in linguistics. Subsequently, the back-translated version was evaluated by three doctoral students (two British and one French) who verified the accuracy and equivalence of the translation. We included hotels from different locations in France and of different star quality (i.e., 3, 4, and 5) to avoid any potential bias. As in Vietnam, data were collected from hotel frontline employees and customers by well-trained research assistants. The final matched sample in France consisted of 110 employees (with one employee per hotel) and 330 customers (three customers per employee), for a response rate of 72.11%. A CFA confirmed the appropriateness of our measurement scales in the French sample, as the model fit statistics indicated excellent fit to the data (employee survey: $\chi^2/\text{d.f.} = 1.04$, GFI = .93, CFI = .99, TLI = .99, RMSEA = .01; customer survey: $\chi^2/\text{d.f.} = 1.14$, GFI = .97, CFI = .99, TLI = .99, RMSEA = .02). The factor loadings, reliability statistics, and AVE values showed that the measurement scales employed were both reliable and valid, and discriminant validity was also achieved (see Table 1). In addition, as in the main study, we adopted the procedure of Podsakoff et al. (2003) to test the effects of common method variance, with results revealing no particular issues for concern.²

Next, we assessed measurement invariance using multigroup CFA and a series of steps as proposed by Steenkamp and Baumgartner (1998). Marketing scholars (e.g., Hoppner, Griffith, and White 2015; Vandenberg and Lance 2000) recommend that partial metric invariance be attained to

provide sufficient evidence to compare relationships across national samples. Table 3 presents the measurement invariance tests for the two national samples.

—Insert Table 3 here—

We initially estimated the two-group models to examine configural invariance; the fit statistics provided evidence of good fit at both the service employee (CFI = .98, TLI = .98, RMSEA = .03, and IFI = .98) and the customer (CFI = .99, TLI = .98, RMSEA = .03, and IFI = .99) levels. Subsequently, we assessed metric invariance across the national samples, finding full metric invariance across the two countries with satisfactory fit indices at both the service employee (CFI = .98, TLI = .97, RMSEA = .03, and IFI = .98) and the customer (CFI = .99, TLI = .98, RMSEA = .03, and IFI = .99) levels. The chi-square difference tests provided nonsignificant results at both the service employee ($\Delta\chi^2 = 14.64$, d.f. = 9; $p > .10$) and customer ($\Delta\chi^2 = 9.55$, d.f. = 8; $p > .29$) levels. Next, we found only partial scalar invariance at the service employee level, with good fit indices (CFI = .98, TLI = .97, RMSEA = .03, and IFI = .98), and a nonsignificant chi-square difference test ($\Delta\chi^2 = 23.17$, d.f. = 15; $p > .05$). These results show support for configural invariance and full metric invariance for all the latent variables across samples, enabling reliable comparisons between the Vietnamese and French samples.

As in the main study, we used HLM 7.0 with full maximum likelihood to analyze the data in the French sample. Table 2 provides the results of the various hierarchical models, and Figure 3 shows the moderating effects of service employees' CQ in the French sample. However, we relied on the meta-analysis technique (e.g., Ou et al. 2014) to provide a more powerful statistical test of the summary effect for both samples. This technique emphasizes both the effect and sample size of the concerned links in statistical tests (Rosenthal 1991) and allows for a comparison of individual effects from the two study contexts (Ou et al. 2014). As Table 4 shows, the summary effect of PSQ

on customer loyalty was significantly positive (.21, $p < .001$), providing evidence for the positive link between PSQ and loyalty across national settings. In addition, the summary direct effects of cognitive CQ (.30) and physical CQ (.06) were significantly positive ($p < .01$), while that of emotional/motivational CQ was not.

—Insert Figure 3 and Table 4 here—

All the summary moderating effects of service employees' CQ on the PSQ–loyalty link were significant. Surprisingly, the interaction between cognitive CQ and PSQ was significant and negatively related to customer loyalty, while the interactions of emotional/motivational and physical CQ with PSQ positively affected loyalty. The homogeneity tests for Q reveal that only the effect of cognitive CQ on the PSQ–loyalty link varied significantly across the two national markets ($Q = 3.07$, $p < .05$). In other words, the moderating effect of cognitive CQ was stronger in the emerging (i.e., Vietnam) than the mature (i.e., France) market setting. In addition, the homogeneity tests for I^2 show 67.39% for the cognitive CQ–PSQ interaction, indicating that 67.39% of the variance of the cognitive CQ–PSQ interaction stems from cultural differences between the two countries. Taken together, the homogeneity tests suggest that even though we cannot generalize the moderating effects of all the components of service employees' CQ on the PSQ–loyalty link, these effects still exist in at least one of the studied national markets.

DISCUSSION

Theoretical Contributions

Although the international service literature emphasizes the relevance of cultural factors, such as cultural distance, intercultural sensitivity, and intercultural competence, in ICSEs, systematic empirical investigations into the nature of CQ and its effects on performance remain limited (Magnusson et al. 2013; Ng et al. 2012). This study addresses these shortcomings in two ways.

First, this study is one of the few attempts to investigate the CQ of frontline employees in the international service industry, particularly in the international hospitality industry, using a multilevel approach. Despite repeated assertions of the particular relevance of CQ in ICSEs (Ang and Van Dyne 2015; Magnusson et al. 2013), empirical evidence of the role of CQ in services settings, especially as a boundary condition of the impact of PSQ on loyalty in individual ICSEs, is missing (Sharma, Tam, and Kim 2009). By accounting for both the employee (i.e., the informant) and customer (i.e., his/her partner) sides, we introduce a new approach to understanding the influence of CQ on the PSQ–customer loyalty link (Kenny and Cook 1999). Specifically, by using dyadic data, this work contributes to a better understanding of how different components of service employees' CQ affect the PSQ–loyalty link in cross-cultural settings from an external perspective.

Moreover, the dyadic and cross-cultural nature of the study enables us to generalize the results to other ICSE settings in which service employees interact directly and closely during the service delivery process. These types of settings are common in international service industries (e.g., restaurants, taxi services) in which service employees are able to observe cultural differences and then adapt their emotions and behaviors in ways that enhance customer loyalty. The results emphasize the special relevance of service employees' CQ over and above PSQ in influencing relationship marketing outcomes across the two national markets. Because service firms are facing increasing cultural diversity in their operations (Demangeot, Broderick, and Craig 2015), service employees should not only acknowledge cultural differences but also engage in culturally appropriate actions to better satisfy the needs of their customers.

Second, this work contributes to the literature by applying a multidimensional conceptualization of CQ in the context of the international hospitality industry. From an extensive review of the current literature on CQ (Ang et al. 2007; Earley and Mosakowski 2004; Van Dyne

et al. 2012), we understand CQ as reflecting employees' diverse abilities to grasp, sense, reason, and act in response to customers' cultural differences in ICSEs. Therefore, we posit that an extended and multidimensional approach to CQ is better able to reflect the complexity of measuring various capabilities of service employees in culturally diverse settings. More important, this study goes beyond simple direct effects to investigate the distinct moderating roles of service employees' CQ components in the PSQ–loyalty link in an emerging market setting, while also taking a step further by replicating the study in a mature market setting to increase analytical rigor and boost generalizability. As the results reveal, the moderating effects of different components of service employees' CQ vary across the two countries we studied.

Cognitive CQ mitigates the influence of PSQ on loyalty intentions differently across the national markets. We find a negative moderating effect of cognitive CQ on the PSQ–loyalty link in Vietnam but a nonsignificant effect in France. This surprising finding provides evidence for a common anecdote in ICSEs—namely, customers are more stressful and vulnerable in culturally unfamiliar settings, especially in emerging markets. Research suggests that in cross-cultural contexts, customers are less likely to be psychologically attached to the provider because of incongruent cultural values and norms (Ang and Van Dyne 2015). Therefore, they tend to pay more attention to intercultural interactions with service employees and might easily ignore the inadequate physical infrastructure or service flaws in emerging markets. In other words, rich cultural knowledge schemas and a high sense of culture differences of frontline employees satisfy customers' needs to be culturally recognized and respected in ICSEs. As a result, service employees' cognitive CQ becomes a more important factor in creating customer loyalty than other aspects of service quality in culturally diverse settings.

We also find that the moderating effects of emotional/motivational and physical CQ differ across the two national cultures. To explain the country-specific moderating role of these two components, we take an initial step by considering the unique characteristics of each cultural setting. Service employees' emotional/motivational CQ strengthens the relationship between PSQ and loyalty in ICSEs in France, but its moderating effect is not significant in Vietnam. This pattern of results supports our contention that service employees' ability to demonstrate their emotional/motivational adaptation and convey dedicated efforts in cross-cultural interactions with customers are especially important for enhancing customers' perceptions of service quality and ultimately winning customer loyalty. France, as an individualist and low-power-distance country, puts more emphasis on the personal legitimacy of service employees than on institutional legitimacy (Agarwal, Malhotra, and Bolton 2010). Personal communication and close relationship development based on emotions and mutual understanding, while acknowledging cultural differences, are important for providing better service and improving customer loyalty in individualist and low-power-distance cultures. Emotional/ motivational CQ allows firms to build a solid partnership with customers, which provides greater embeddedness and reciprocity in the transactions, in turn reducing the fear of opportunism and self-interest (Morgan and Hunt 1994). Thus, service organizations should focus more on training, motivating, and empowering service employees to actively and confidently interact with customers in cross-cultural contexts.

Moreover, we find a significant direct impact of emotional/motivational CQ on loyalty but a nonsignificant moderating effect of emotional/motivational CQ on the PSQ–loyalty link in Vietnam. This is a curious finding in our research, as it challenges the conventional belief that emotion is more likely to regulate interpersonal relationships in collectivist than individualist cultures (Markus and Kitayama 1991). Vietnamese employees from this higher-power-distance

culture more strictly follow a social hierarchy that emphasizes differential rules pertaining to prestige, power, and wealth (Hofstede 2003). As collectivists, Vietnamese people also tend to be more interdependent in developing and nurturing relationships (Triandis 1989). Our findings show that though service employees' emotional/motivational CQ directly affects customer loyalty in our Vietnamese sample, it does not significantly mitigate the important role of service quality in customers' intentions to remain loyal to the service provider. One tenable explanation is that the firm–customer partnerships derived from PSQ may be perceived universally by customers in our Vietnamese sample, regardless of the level of service employees' emotional/motivational CQ. Furthermore, although the display of employees' emotion and energy when interacting with foreign customers can establish high levels of customer–employee rapport and future loyalty intentions, they cannot fully substitute for well-organized and thorough services or adequate infrastructures (Hennig-Thurau et al. 2006).

Our results show that physical CQ has a positive impact on the PSQ–loyalty link in both collectivist (Vietnam) and individualist (France) countries. One plausible explanation is that both Vietnamese and French respondents may have taken certain tangible aspects of the service experience (service employees' behaviors and speech) as a proxy for developing their evaluations of service performance and forming their loyalty intentions. Employees with high physical CQ exhibit flexible and culturally appropriate actions in culturally diverse situations, which strengthens the role of PSQ in customer intentions to repurchase/revisit and produces positive word of mouth for the service provider. This may be pronounced in intercultural interactions, in which customers give more importance to the more tangible component of CQ, which enhances the role of service quality in forming customer loyalty intentions, regardless of national settings.

Managerial Implications

The study's results hold fruitful implications for international service managers to more effectively control customer perceptions of service quality and loyalty in culturally diverse service settings. As Demangeot, Broderick, and Craig (2015) note, the success of any service provider depends on how it acknowledges and interacts with customers from different cultures to continuously satisfy customer needs and, ultimately, to gain a competitive edge in the global market. Global customers, with diverse cultural norms and values, often have strikingly different construals of the self and of others, leading to different expectations and various ways to evaluate service performance (Barker and Härtel 2004). In this context, service providers need to pay more attention to developing specific capabilities to accommodate customers' culturally based needs and tap into the increasingly lucrative market of international travelers (Langford and Weissenberg 2018).

First, the results of this investigation emphasize the need to recruit service employees who are capable of functioning effectively in cross-cultural interactions, fostering cultural empathy, and sharing this with customers. Human resources managers should familiarize themselves with the concept of CQ and then integrate specialized tools to evaluate the three CQ components of potential applicants during the screening process. For example, recruitment procedures might include aptitude and personality tests (e.g., Big Five personality domains), CQ index measurement, and simulation games to evaluate cultural knowledge and observe reactions of candidates when encountering cultural diversity in ICSEs to better assess their CQ level.

Second, referring to CQ as an individual capability suggests that CQ components can be broadened and developed by appropriate training programs (Earley and Peterson 2004). Indeed, scholars recommend different techniques for intercultural training, such as lecture methods, in which participants are taught passively about culture-related topics (Fowler and Blohm 2004), or

more experiential methods (e.g., intercultural simulation games, cultural experiential learning) (Fischer 2011). A wide range of CQ training approaches that international service firms could adopt are available. For example, Garn (2017) proposes the use of mobile micro learning not only to deliver the theoretical aspects but also to practice cross-cultural communication skills by breaking down the content into shorter and more specific learning chunks. Another example is the Culture Plus Consulting's (2015) cultural diversity training program, which focuses on developing CQ knowledge, CQ drive, CQ strategy, and CQ action via workshops (including theoretical knowledge, case studies, and acting sessions). With a more general approach, the IESE Business School (2018) suggests that individuals can develop their cognitive CQ via newspapers, movies, and books and their emotional and behavioral CQ via experiential learning (e.g., traveling to other countries, being friends with foreigners, studying or working in foreign cultures). More important, organizations should try to enhance employees' abilities to apply their cultural knowledge appropriately and also to modify their emotions and behaviors to different customers' cultural backgrounds in their daily tasks by employing incentive schemes to learn new languages and engage in new cultural experiences. Equally important is the coaching of service employees on appropriate response skills based on accurate interpretations of customers' verbal and nonverbal cultural cues and signals.

Third, in recognizing cultural diversity as a potential lever of competitive advantage, the PSQ measurement should include assessments of service employees' CQ components in correlation with interaction and communication quality in ICSEs. Moreover, service providers should develop mechanisms to match customers with preferred frontline employees on the basis of prior evaluations to ensure better customer experience and effective communication (Chan, Yim, and Lam 2010).

Fourth, our results also suggest that it is crucial for service providers to adapt their loyalty strategies across different national cultures. Firms operating in collectivist cultures should focus on

improving their service employees' cultural competences in terms of cognitive and physical CQ to create and maintain customer loyalty in ICSEs. Managers in individualist cultures should invest more in developing emotional/motivational and physical CQ of their service employees. By doing so, the firms are likely to be rewarded with increased customer loyalty.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

We recommend caution in generalizing the study's findings because of several unresolved issues, which could provide useful directions for further research. First, as we employed loyalty intentions as a measure to compare customer loyalty across countries, the findings might not reflect actual loyalty behavior as a metric of firm performance. Therefore, we suggest that researchers explore novel dimensions and adequate measurements of loyalty behavior as a comparison criterion across different countries. Further primary studies might examine additional, and neglected, dimensions of loyalty, such as the propensity to switch, the willingness to pay more, and customer responses to service failures. Second, PSQ is a malleable and cultural-specific construct, which could evolve in its configuration (Agarwal, Malhotra, and Bolton 2010), while service employees' CQ may vary over time. Thus, a longitudinal study that tracks the relationships among service employees' CQ, PSQ, and customer loyalty, especially before and after specific training programs, would prove worthwhile. Future studies might add to current knowledge by investigating the effectiveness of specific training programs for developing service employees' CQ and its effects on customers' PSQ and loyalty across service categories and national markets. Third, international service settings such as international hotels involve high customer contact. Thus, our results might be limited to international service environments in which cultural competencies are crucial for a service organization's marketing strategy. Further research should examine whether our model can be applied to manufacturing contexts characterized by low customer contact (e.g., overseas

assembly plants). Finally, the multilevel approach across the two national markets allows us to test our hypotheses with some degree of generalizability. Nevertheless, previous studies have argued that the way customers evaluate different aspects of service performance differs across service industries and national markets (Agarwal, Malhotra, and Bolton 2010). Future work could enhance the external validity of our findings by replicating this study in other international service industries and national contexts.

Given the increasingly important role of CQ in multicultural marketplaces, the study contributes to service research and the broader research in international marketing by shifting attention to the differential moderating roles of three CQ components of service employees in determining service outcomes across two cultural contexts. Our contribution is considerable, as we find that the link between PSQ and customer loyalty varies significantly across national contexts and even becomes more unpredictable in ICSEs. This study adds service employees' CQ to this discussion and highlights its importance in the success of international service marketing strategies. As such, this study can serve as a foundation for both scholars interested in ICSEs and marketing managers responsible for the provision of international service.

ENDNOTES

1. Although these results suggest that CMB is not a serious concern in this study, we conducted additional analysis by testing the hypothesized associations while controlling for CMB. The presence of the common method factor in the analysis did not materially change the significance and strength of the hypothesized links in the model. This adds further confidence in the results and conclusions extracted in this study.
2. The results of a chi-square difference test revealed that the standard measurement model was not significantly better in terms of fit than the model with the unmeasured latent method factor ($\Delta\chi^2 = 2.60$, d.f. = 8; $p > .90$), while all loadings from the method factor were not significant. Thus, CMB is not a concern in the French sample. We also conducted additional analysis by using the unmeasured latent method factor in the HLM analyses. The results showed that CMB

was not a major issue of concern because the strength and significance of the hypothesized associations did not materially change after we controlled for CMB.

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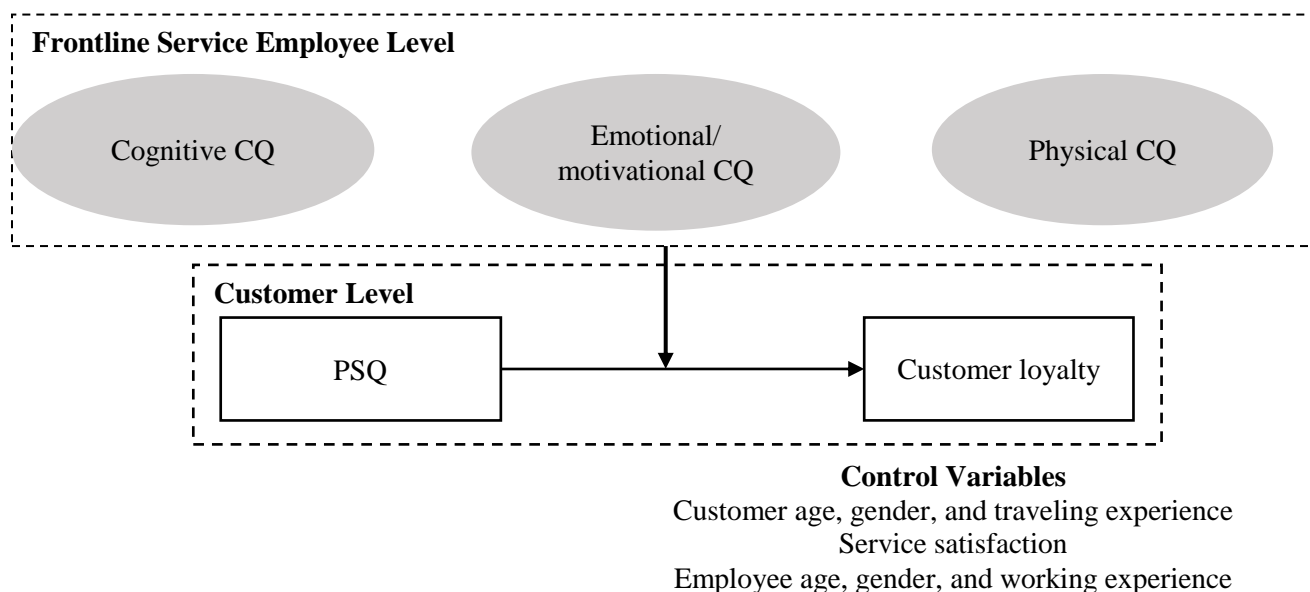


Figure 1. Conceptual Framework

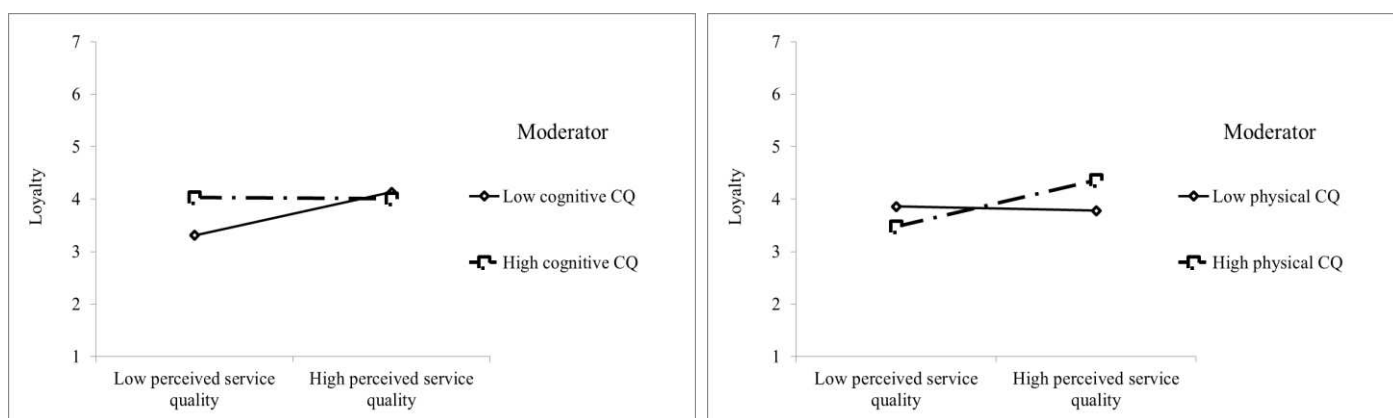


Figure 2. Moderating Effects of Service Employees' CQ in Vietnam

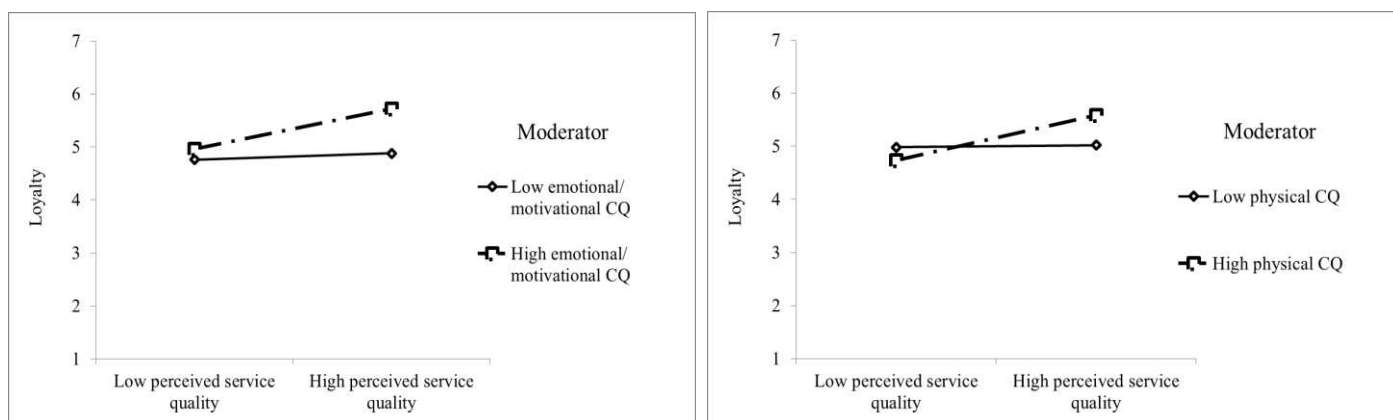


Figure 3. Moderating Effects of Service Employees' CQ in France

Table 1. Correlations, Summary Statistics, Reliability, and Validity

Vietnam									
Constructs	1	2	3	4	5	6	7	8	9
Correlations									
1. Age	1								
2. Gender	-.09	1							
3. Traveling experience	.28**	-.15**	1						
4. Cognitive CQ	-.04	-.07	-.03	1					
5. Emotional/motivational CQ	.00	-.07	.06	.47**	1				
6. Physical CQ	-.07	-.03	-.01	.52**	.55**	1			
7. Service satisfaction	.10*	-.16**	.14**	.20**	.25**	.17**	1		
8. PSQ	.01	-.05	.16**	.43**	.49**	.46**	.39**	1	
9. Customer loyalty	.03	-.09	.17**	.32**	.38**	.30**	.52**	.57**	1
Summary Statistics, Reliability, and Validity									
M	-	-	-	4.50	4.73	4.54	4.47	4.80	4.57
SD	-	-	-	1.24	1.19	1.21	1.14	1.19	1.15
Cronbach's alpha (α)	-	-	-	.81	.86	.83	.80	.82	.84
Composite reliability (ρ)	-	-	-	.81	.86	.83	.82	.82	.84
AVE	-	-	-	.52	.61	.56	.60	.54	.57
France									
Constructs	1	2	3	4	5	6	7	8	9
Correlations									
1. Age	1								
2. Gender	.07	1							
3. Traveling experience	.06	-.20**	1						
4. Cognitive CQ	.13*	.02	.03	1					
5. Emotional/motivational CQ	.12*	.02	.05	.49**	1				
6. Physical CQ	.06	-.07	.01	.22**	.34**	1			
7. Service satisfaction	-.02	.15**	-.09	.16**	.11	.15**	1		
8. PSQ	.17**	.01	-.09	.45**	.33**	.21**	.27**	1	
9. Customer loyalty	.16**	.03	-.05	.51**	.46**	.19**	.28**	.62**	1
Summary Statistics, Reliability, and Validity									
M	-	-	-	4.78	4.68	4.99	5.08	5.06	4.97
SD	-	-	-	.84	.84	.80	.96	.94	.96
Cronbach's alpha (α)	-	-	-	.79	.85	.77	.75	.82	.86
Composite reliability (ρ)	-	-	-	.81	.84	.81	.75	.83	.86
AVE	-	-	-	.51	.58	.52	.51	.54	.60

Notes: Age, gender, and travel experience are categorical variables.

Correlations, summary statistics, reliability, and validity were computed at the customer level for both the Vietnam (372) and French (330) samples.

* $p < .05$. ** $p < .01$.

Table 2. Results of HLM Analyses: Main and Interactive Effects in Vietnam and France

Predictor	Vietnam				France			
	Dependent Variable: Customer Loyalty ^a							
	Model 1: Control Variables	Model 2: With PSQ	Model 3: With Employee CQ	Model 4: Interaction	Model 1: Control Variables	Model 2: With PSQ	Model 3: With Employee CQ	Model 4: Interaction
Intercept (γ_{00})	4.00***	4.11***	3.86***	3.87***	5.21***	5.22***	5.13***	5.08***
Customer-level variables								
Customer age (γ_{30})	-.01	-.01	-.01	-.01	.04**	.04**	.04**	.04**
Customer gender (γ_{40})	-.07	-.09	-.05	-.07	.06	.05	.04	.05
Traveling experience (γ_{50})	.17*	.14	.15*	.16*	-.07	-.06	-.07	-.09
Service satisfaction (γ_{10})	.35***	.31***	.32***	.32***	.11**	.09**	.09**	.07**
PSQ (γ_{20})		.22**	.21*	.20**		.19**	.19**	.22**
Frontline service employee variables								
Employee age (γ_{04})	.03	.03	.01	.02	.02	.02	-.02	-.02
Employee gender (γ_{05})	-.16	-.16	-.11	-.10	.15	.15	.18	.20
Working experience (γ_{06})	.28	.28	.35*	.35*	-.42*	-.42*	-.27*	-.26
Cognitive CQ (γ_{01})			.15*	.15*			.43***	.43***
Emotional/motivational CQ (γ_{02})			.26***	.26***			.26**	.26*
Physical CQ (γ_{03})			.05	.05			.08	.08
Cross-level interaction								
Cognitive CQ \times PSQ (γ_{21})				-.21**				-.08
Emotional/motivational CQ \times PSQ (γ_{22})				.06				.16*
Physical CQ \times PSQ (γ_{23})				.24**				.20**
Variance dimensions								
Within-team (L1) variance	.73	.71	.71	.65	.19	.18	.18	.14
Intercept (L2) variance	.43	.45	.23	.24	.61	.61	.36	.36
Additional information								
−2 log-likelihood (FIML)	1065.52	1057.83	1010.32	992.82	652.44	638.76	587.02	554.95
Number of estimating parameters	10	11	14	19	10	11	14	19
R ² within-team (L1)	.11	.11	.29	.33	.09	.10	.39	.43
R ² between-team (L2)	.86	.85	.92	.92	.11	.13	.73	.73
Pseudo-R ^{2b}	.16	.18	.18	.25	.14	.18	.18	.36

Notes: n = 372 individual customers and 124 employee-level groups in Vietnam and n = 330 individual customers and 110 employee-level groups in France. ICC of customer loyalty = .34 in Vietnam and .76 in France, a mean of $r_{wg(j)}$ across groups = .86 and .82 for customer loyalty in Vietnam and France, respectively.

*p < .05, two-tailed. **p < .01, two-tailed. ***p < .001, two-tailed. ^aUsing HLM, we report unstandardized coefficient estimates with robust standard errors. ^bPseudo-R² is the proportional reduction of prediction error for Level 1 (compared with a fully unconstrained model; Luke (2004)).

Table 3. Measurement Invariance Tests: Vietnam and France

	χ^2	d.f.	RMSEA	TLI	CFI	IFI	$\Delta\chi^2$	Δ d.f.	p-value	Δ CFI
Level 1: Customers										
Configural invariance	126.61	82	.03	.98	.99	.99				
Metric invariance	136.16	90	.03	.98	.99	.99	9.55	8	.000	.000
Level 2: Frontline service employees										
Configural invariance	121.29	102	.03	.98	.98	.98				
Metric invariance	135.93	111	.03	.97	.98	.98	14.64	9	.000	.000
Partial scalar invariance	144.46	117	.03	.97	.98	.98	23.17	15	.000	.000

Table 4. Results of the Meta-Analysis Across the Two National Markets

Dependent Variable: Loyalty	Summary Effect ^a	95% CI (lower bound/ upper bound)	Homogeneity Test Q ^b	Homogeneity Test I ^{2c}
PSQ	.21***	[.19, .23]	.17	0
Cognitive CQ	.30**	[.08, .51]	16.53***	93.95%
Emotional/motivational CQ	.27	—	—	—
Physical CQ	.06***	[.04, .09]	.16	0
Cognitive CQ \times PSQ	-.15***	[-.24, -.06]	3.07*	67.39%
Emotional/motivational CQ \times PSQ	.11**	[.04, .18]	1.78	43.81%
Physical CQ \times PSQ	.23***	[.20, .25]	.31	0

^aNull hypothesis: The summary effect is zero.

^bNull hypothesis: Countries share the same summary effect.

^cThe proportion of heterogeneity occurs between countries. When $Q < \text{degree of freedom}$, $I^2 = 0$ (Huedo-Medina et al. 2006)

* $p < .05$, two-tailed. ** $p < .01$, two-tailed. *** $p < .001$, two-tailed.

Appendix A. Selected Empirical Studies on CQ in International Marketing

Study	Samples	Research Context	CQ Components Studied	Methodology	Major Findings
Ang et al. (2007)	593 students, 98 international managers, and 103 foreign professionals and their supervisors	US and Singapore	Metacognitive CQ Cognitive CQ Motivational CQ Behavioral CQ	Field and online surveys	- Metacognitive CQ and cognitive CQ predict cultural judgment and decision making. - Motivational CQ and behavioral CQ predict cultural adaptation. - Metacognitive CQ and behavioral CQ predict task performance.
Shapiro, Ozanne, and Saatcioglu (2008)	28 buyers	North America	General CQ	In-depth interviews	A four-stage process of cultural sensitivity and intelligence (CQ) includes the phases of romantic sojourner, foreign worker, skilled worker, and partner.
Gregory, Prifling, and Beck (2009)	31 interviews with project managers	Germany	Cognitive CQ Motivational CQ Behavioral CQ	In- depth single- case study	Cognitive, motivational, and behavioral CQ are important drivers for the development of a negotiated culture, characterized by trust-based interpersonal relationships, shared understanding, and the effective resolution of conflicts in IT offshore outsourcing projects.
Imai and Gelfand (2010)	124 negotiators	America and East Asia	General CQ	Online survey	CQ is a key predictor of the intercultural negotiation effectiveness.
Chen, Liu, and Portnoy (2012)	305 real estate agents	US	Individual and firm motivational CQ	Field and online surveys	Motivational CQ is positively related to cultural sales, which is strengthened by the firm's motivational CQ and diversity climate.
Magnusson et al. (2013)	153 exporting firms	US	Metacognitive CQ Motivational CQ	Online survey	- Metacognitive CQ positively moderates the relationship between marketing-mix adaptations and export performance. - Motivational CQ positively moderates the relationship between environmental differences and marketing-mix adaptations.
Charoensukmongkol (2015)	129 exporters	Thailand	Metacognitive CQ Cognitive CQ Motivational CQ Behavioral CQ	Online survey	CQ of entrepreneurs has a positive impact on the quality of a firm's relationships with foreign customers, foreign suppliers, and foreign competitors, which in turn affect export performance.
Pekerti and Arli (2017)	286 individuals, including native people and migrants	Australia and Indonesia	General CQ	Field and online surveys	Migrants have higher CQ among native people.
Lorenz et al. (2017)	296 prospective restaurant service employees	US	Metacognitive CQ	Experiment	Metacognitive CQ significantly moderates the effects of perceived cultural differences and out-group status on service employees' willingness to adapt their behaviors in service encounters.

Appendix B. Measurement Models

Constructs and Items	Vietnam		France	
	Factor Loading	t-Values	Factor Loading	t-Values
Frontline Service Employee–Level Survey	(n = 124)		(n = 110)	
CQ				
Cognitive CQ				
1. Before I interact with people from a new culture, I ask myself what I hope to achieve.	.70	*	.70	*
2. If I encounter something unexpected while working in a new culture, I use this experience to figure out new ways to approach other cultures in the future.	.73	6.94	.65	5.81
3. I plan how I'm going to relate to people from a different culture before I meet them.	.74	7.00	.74	6.47
4. When I come into a new cultural situation, I can immediately sense whether something is going well or something is wrong.	.72	6.81	.77	6.65
Emotional/Motivational CQ				
1. I have confidence that I can deal well with people from a different culture.	.77	*	.80	*
2. I am certain that I can befriend people whose cultural backgrounds are different from mine.	.74	8.21	.78	8.19
3. I can adapt to the lifestyle of a different culture with relative ease.	.77	8.57	.77	8.05
4. I am confident that I can deal with a cultural situation that's unfamiliar.	.83	9.18	.68	7.06
Physical CQ				
1. It's easy for me to change my body language (e.g., eye contact or posture) to suit people from a different culture.	.79	*	.85	*
2. I can alter my expression when a cultural encounter requires it.	.76	8.36	.69	6.90
3. I modify my speech style (e.g., accent or tone) to suit people from a different culture.	.74	8.17	.62	6.14
4. I easily change the way I act when a cross-cultural encounter seems to require it.	.69	7.48	.71	7.06
Customer-Level Survey	(n = 372)		(n = 330)	
Service satisfaction				
1. I am very satisfied with the hotel.	.75	*	.72	*
2. I am very satisfied with my hotel choice.	.88	13.51	.72	9.43
3. I am very satisfied with the hotel's quality.	.70	8.68	.70	9.39
PSQ				
1. The overall quality of the service provided by the hotel is excellent.	.71	*	.76	*
2. The quality of the service provided at the hotel is impressive.	.79	13.26	.77	13.11
3. The service provided by the hotel is of a high standard.	.78	13.13	.77	13.19
4. I believe the hotel offers service that is superior in every way.	.64	11.06	.64	10.96
Loyalty intentions				
1. I take more than 50% of my stays on this hotel.	.75	*	.75	*
2. I do most of my future stay on this hotel.	.80	14.69	.83	14.61
3. I use this hotel the very next time I need an accommodation.	.74	13.74	.79	13.89
4. I recommend this hotel to friends, neighbors, and relatives.	.73	13.39	.74	13.00

* Item was fixed to 1 to set the scale.

Notes: Vietnam – employee survey: $\chi^2/\text{d.f.} = 1.37$, GFI = .92, CFI = .97, TLI = .96, RMSEA = .06; customer survey: $\chi^2/\text{d.f.} = 2.18$, GFI = .96, CFI = .97, TLI = .96, RMSEA = .06.

France – employee survey: $\chi^2/\text{d.f.} = 1.04$, GFI = .93, CFI = .99, TLI = .99, RMSEA = .01; customer survey: $\chi^2/\text{d.f.} = 1.14$, GFI = .97, CFI = .99, TLI = .99, RMSEA = .02.