

Influence of Informal Institutions on Commitment to Customer Service in Confucian Asia

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Purpose – Research on the commitment to customer service (CCS) typically considers either trainable behavior or external stimuli such as financial incentives vital to CCS. Utilizing the cultural context of Confucian Asia, this study proposes a novel approach that shifts the focus towards the antecedents of the informal institutional environment.

Design/methodology/approach – This research considers four informal institutions typical for Confucian Asia about their influence on CCS: power distance, perceived individual independence, openness to change, and informal network ties. Hypotheses are tested in a structural equation model using data obtained from a South Korean subject pool.

Findings – Results show that informal institutions like power distance and network ties, and mediators like perceived individual independence and openness to change are positively related to CCS. Power distance and network ties also have a direct positive effect on openness to change. Moreover, power distance negatively affects perceived individual independence.

Research limitations/implications – Our findings contribute to the service management literature by showing that a given CCS of service employees can be explained by antecedents of the company's informal institutional environment.

Practical Implications – From a human resource perspective, the informal institutional environment should be taken into account when establishing a supporting organizational culture and designing management training programs.

Originality/value – This research introduces the institutional view to services management research, focusing on the role that informal institutions play. In particular, factors like power distance and network ties that influence CCS are tested for the first time.

Keywords – Commitment, customer service, informal institutions, Confucian Asia, services management

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Introduction

Studies into buyer-seller relationships and the selling process analyzed a variety of personal characteristics of frontline service providers and management commitment. It has been widely researched that both of them positively influence customer orientation, which, likewise, is the basis for customer satisfaction, and relationship maintenance and development (Aurier and N'Goala, 2010; Bowen and Schneider, 2014; Cheung and To, 2010; Dean, 2007; Hennig-Thurau, 2004; Lee *et al.*, 2006; Lombardi *et al.*, 2019; Rozell *et al.*, 2004; Schneider *et al.*, 2009). Today, it is believed that customer-oriented behavior, both on the personal and firm level, as a critical success factor positively affects customer satisfaction and, therefore, a firm's profitability (Chenet *et al.*, 2010; Conway and Briner, 2015; Donovan *et al.*, 2004; Hennig-Thurau, 2004; Hennig-Thurau and Thurau, 2003; Iyer and Johlke, 2015; Kim *et al.*, 2017; Rod *et al.*, 2016; Schwepker *et al.*, 2019; Yee *et al.*, 2018; Zablah *et al.*, 2012). Kennedy *et al.* (2002) argue that satisfying customers, whether internal or external, is crucial to proper job execution and business in general. However, although a business may advertise and visibly act as if it were customer-oriented, there is a risk of customer complaints if such statements are perceived as merely a superficial form of customer orientation (Bell *et al.*, 2004; Peccei and Rosenthal, 2000; Schoefer *et al.*, 2019; Tao *et al.*, 2016). This is likely to arise when actors are not internally committed to customer-oriented behaviors (Johnson *et al.*, 2008; Lombardi *et al.*, 2019). Previous studies identify dedication and genuine commitment to customer service (CCS)—an attitude that is based on strong emotional bonds to service—as a crucial variable in making customer orientation effective (Chenet *et al.*, 2010; Bell *et al.*, 2004). Moreover, research has shown that high CCS in a positive service climate correlates with high customer satisfaction, increased service performance, and, likewise reduced service sabotage (Conway and Briner,

2015; Garbarino and Johnson, 1999; He *et al.*, 2011; Lau *et al.*, 2017; Schwepker *et al.*, 2019). Companies that do not excel in high customer service risk losing customers, negative word-of-mouth, or making them defect to a competitor (Adelman and Mersereau, 2013; Elmadağ *et al.*, 2008; Schoefer *et al.*, 2019; Tsiros *et al.*, 2009), with high customer orientation and service quality being related to relationship maintenance and customer loyalty (Aurier and N'Goala, 2010; Dean, 2007). Hence, an employee's CCS is not only the basis for service quality but also a company's final success in the marketplace (Chenet *et al.*, 2010; Cheung and To, 2010; Chumpitaz Caceres and Papparoidamis, 2007; Melewar *et al.*, 2017).

Most recent work in the field of CCS research has mainly analyzed the effect of external stimuli (e.g., financial rewards), and personal features (e.g., listening skills) on employees' service orientation (e.g., Brown *et al.*, 2002; Chenet *et al.*, 2010; Hennig-Thurau, 2004; Karatepe and Karadas, 2012; Lau *et al.*, 2017; Zablah *et al.*, 2012). In addition, Yee *et al.* (2018) research the effect of management commitment and learning goal orientation when discharging challenging duties in environments such as dynamic frontline services (see also Cheung and To, 2010; Vandenberghe *et al.*, 2007), Jauhari *et al.* (2017) study the effect of transformational leadership on service behavior of frontline employees, and Bell *et al.* (2004) discuss customer complaints and organizational/supervisor support on a salesperson CCS (see also Tao *et al.*, 2016). Finally, the literature also draws on research in the field of service climate as the precursor of high service quality, employee commitment, and customer satisfaction (He *et al.*, 2011; Lau *et al.*, 2017).

We offer another perspective, hence, a novel approach by applying the institutional theory to the field of services management and the concept of CCS (see e.g., Cantwell *et al.*, 2010; Fung *et al.*, 2017; Peng *et al.*, 2008). In addition, this study has been motivated by research on service

ecosystems (e.g., Frow *et al.*, 2019; Lusch *et al.*, 2016), which focuses on the institutional arrangements and trans-disciplinary approach in service research. Finally, there is a continuing call for further research towards the implementation of the institutional perspective in management as well as understanding service excellence in the global context that led to this study (e.g., Dau *et al.*, 2018; Eden, 2010; Henisz and Swaminathan, 2008; Jackson and Deeg, 2019; Meyer and Peng, 2005; Ostrom *et al.*, 2015). Hence, by researching the informal institutional environment as a precursor to individual-level CCS, we further develop the field of CCS theory.

Contrary to formal institutions (e.g., organizations) informal institutions are defined as ‘conventions, norms of behavior, and self-imposed codes of conduct’ (North, 1995, p. 23). Following Pejovich (1999), they are also ‘traditions, moral values, religious beliefs, and all other norms of behavior’ (p. 166). As such they are unwritten rules and norms of behavior that are taken for granted—sometimes also called informal constraints (North, 1990), and, in the process of enforcing them, humans use forms of punishment (Pejovich, 1999). Nevertheless, informal institutions are often not explicitly considered and have to be seen differently from formal institutions, which are frameworks of written rules such as organizations, governments, or enterprises (e.g., Sauerwald and Peng, 2013). Both stem from human interactions, but informal institutions operate in the shadows of formal organizational rules. They can limit and/or facilitate economic action (Estrin and Prevezer, 2011; Nee, 1998; Pejovich, 1999), business practices, and accordingly firm performance (Huang and Gamble, 2011).

Finally, it is widely recognized that East Asian, particularly Confucian Asian nations, such as Korea, China, Japan, and Singapore as classified by House *et al.* (2004), excel in CCS (Cavusgil *et al.*, 2015; Haghirian, 2009; Lee and Trim, 2008). Confucian Asia countries share

similar values like accepting and submitting oneself to authority. Individuals endorse social hierarchy by committing themselves to norms of hierarchical behaviors, like showing respect and dedication to the ones at a higher level of the social hierarchy (Li *et al.*, 2021; Park *et al.*, 2019). Confucian norms of behavior, however, work in two ways. While inferiors may be perceived to behave obediently by Western observers, they can rely on a relation commitment by the superior who needs to show affection, empathy, or benevolence towards the inferior. This mutually enforcing relationship is assumed to positively influence the self-efficacy of employees in their jobs and helps to motivate them to go beyond expectations (Luu and Djurkovic, 2019). Hence, the literature defines this region as a best practice case for the study of informal institutions enabling high CCS. Attitudes towards CCS have been described by stressing the dedication with which customers are treated (Ueltschy *et al.*, 2009; Witkowski and Wolfinbarger, 2001). Since the environment influences the behavior of an actor, we expect that the informal institutions influence the individual level of CCS. We chose South Korea (in further Korea) for gathering data, since, according to Hwang *et al.* (2013), Korea is a representative example of Confucian Asia. Following Holcombe (2017: p. 6), it might be ‘the most Confucian country in Asia’.

To sum, this study goes beyond the traditional view of CCS being influenced by instrumental stimuli (e.g., training and financial rewards) and formal organizational measures like, for example, a corporate culture that asks management to support and empower frontline employees with adequate work facilitation so that they, in an optimal service climate, can provide the best service possible. In this study, we research the influence of the informal institutional environment, and, hence a novel approach as a precursor for an individual’s CCS by using the context of Korea.

The remainder of the paper is structured as follows: we first introduce the theoretical framework of factors influencing commitment to customer service, also deriving hypotheses for each informal institution. We second discuss research methodology and continue with our covariance-based structural equation model to estimate causal relations. Third, the discussion of results includes scale evaluation, model fit, and hypothesis testing. Fourth, we conclude with theoretical and practical implications as well as limitations and future research questions.

Theoretical Framework and Hypotheses Development

Influence of Informal Institutions on CCS

Prior streams of research regard CCS as an effective differentiation strategy through the delivery of high-quality customer service. Coming from the literature on customer orientation (e.g., Dean, 2007; Hennig-Thurau, 2004; Hennig-Thurau and Thurau, 2003; Lombardi *et al.*, 2019), several definitions stress the willingness to maintain a long-term exchange relationship as central to the CCS construct (Aurier and N'Goala, 2010; Bell *et al.*, 2004; Garbarino and Johnson, 1999; Hennig-Thurau *et al.*, 2002; Keh and Xie, 2009). Moreover, CCS is seen to be one of the key constructs in relationship marketing that leads to close and long-lasting relationships (Aurier and N'Goala, 2010; Kim and Frazier, 1997), with the commitment itself—an individual's enduring desire to maintain a specific behavior in social exchanges—as being key construct in relationship marketing (Hennig-Thurau, 2004; Morgan and Hunt, 1994). The literature also describes CCS in other terms as extra-role customer service, which, per definition, goes beyond what formal role requirements state for achieving service excellence (Garg and Dhar, 2016; Karatepe and Karadas, 2012; Lee *et al.*, 2006). In this context, another term that is used for committed excellence in service quality is proactive customer service behavior/performance or commitment

to service quality in general (Chen *et al.*, 2017; Jauhari *et al.*, 2017; Lau *et al.*, 2017; Schwepker *et al.*, 2019; Tao *et al.*, 2016).

Whereas CCS is linked with attitudinal and individual aspects, the behavioral part of this construct is often neglected (Alteren and Tudoran, 2016). More comprehensively, Peccei and Rosenthal (1997: p. 69) describe CCS ‘as the relative strength of an individual’s concern to satisfy customer requirements and to provide high-quality customer service in an individual and direct manner’. Bell *et al.* (2004) add the individual’s propensity to continuously engage in the improvement of the delivered service quality. Peccei and Rosenthal (1997) adopt a behavioral approach for the study of CCS, which they assume to have three underlying bases: affective, normative, and instrumental. The first of these leads to intrinsic satisfaction. It is therefore an end in itself for the service-providing actor. The second base comes from the internalized service values and norms on which an individual draws. By contrast, the third base is rather instrumental, that is, employees demonstrate high-level CCS with the expectation of financial rewards, promotion, or recognition. Whereas Chen *et al.* (2017) see a significant impact of high-commitment human resource practices such as comprehensive training and equitable reward systems (see also Lee *et al.*, 2006), which are instrumental, Peccei and Rosenthal (1997) find significant evidence that affective and normative motivations rather than instrumental considerations drive CCS. Also, Lau *et al.* (2017) find only an insignificant effect of the company’s reward system politics.

In this context, Cheung and To (2010) state that employees’ involvement plays an important mediating role between the management commitment to service quality and its organizational output in terms of customer perception of service performance. Also, He *et al.* (2011) find that service climate improves customer satisfaction, which is mediated by employee

commitment (see also Garg and Dhar, 2016; Jauhari *et al.*, 2017), and Yoon and Yoon (2019) focus on team commitment and self-efficacy in the context of enhancing service performance. Finally, Lau *et al.* (2017) argue that the ethical work climate significantly enhances the employees' affective commitment and proactive customer service performance. In line with the discussed literature, this emphasizes an attitude towards service orientation based on strong emotional bonds. Such factors lie beyond the traditional instrumental approach of financial rewards and service training. Finally, Peccei and Rosenthal (2000) also assume that increasing CCS is a challenge to organizational culture. They find evidence that the firm's organizational CCS influences how staff members internalize the values and norms of their individual-level CCS. Based on their findings we assume that the individual's perception of normative settings such as the informal institutional environment may have a deeper influence on the individual behavior than, for example, training and financial rewards alone (see also Elmadağ *et al.*, 2008).

In broadening the discussion about CCS, we assume that in today's globalized world, in which Asian economies are continuously gaining larger shares in global production and service industries, the definition of consumer-oriented attitudes is becoming less universal and is likely to be more relevant for the Western economic sphere. An examination of ideals concerning service commitment, especially those of nations classified as belonging to Confucian Asia (House *et al.*, 2004; Hwang *et al.*, 2013; Lee, 2012), can extend current knowledge. As human relationships in Confucian cultures are distinguished by inequality and social hierarchy (in a family-like sense), a customer's position is 'by nature' at the very top of the hierarchy and the service provider is 'by nature' very much inferior (Manske and Moon, 2003). In this configuration, the question of 'affect for or against customers' and an understanding of the 'importance of customer orientation' are less relevant issues. Hence, studying CCS in the Asian

context with its given informal institutional background enriches the existing literature about CCS, which mostly stems from the Western perspective.

Our conceptual framework builds around the case of Korea, as a prominent representation of Confucian Asia (see also Hwang *et al.*, 2013). In management studies, Peng (2008/2016) builds on North's (1990) work and regards informal institutions consisting of behavioral norms and beliefs as antecedents that make up the cultural system of a country. Nevertheless, in the literature on international management and business about informal institutions and culture, both are seen differently (Cantwell *et al.*, 2010; Helmke and Levitsky, 2004; Sartor and Bearnish, 2014). The latter is often applied on the national level (Hofstede, 2001), which has been criticized (e.g., Schwartz, 2014). In addition, Helmke and Levitsky (2004) see a difference in informal institutions (shared expectations) and culture (shared values). Hence, assumingly, culture does not explain typical aspects of the Korean informal institutional environment, and, more importantly, their perception on the individual level. Moreover, Jackson and Deeg (2019) state that informal institutions have become more prominent in the international context. Nevertheless, as Dau *et al.* (2018: p. 2) argue, 'informal institutions... likely arise as a result of and in conjunction with the cultural framework'. Since we embrace the fact that informal institutions are culturally driven, we use ideas from both approaches for our research.

In selecting important informal institutions in the Korean context, we (i) draw on the relevant management literature by concentrating predominantly on classic works (e.g. Bae, 1997; Bae and Rowley, 2001; Ungson *et al.*, 1997; Warner, 2003). We (ii) include the contemporary literature (e.g. Hemmert, 2012; Tung *et al.*, 2013; Yang and Horak, 2019). Finally, we (iii) look at the sociological literature (e.g. Inoguchi and Shin, 2009; Lew, 2013; Tan and Tambyah, 2011; Yee, 2000). Based on the study of the relevant literature in that area, we decided to include

perception of power distance, perceived individual independence, individual openness to change, and the importance of informal network ties into our research as a first approximation to the subject. All five dimensions are typical informal institutions of Confucian Asia.

Influence of the Perception of Power Distance on Individual Openness to Change, Perceived Individual Independence and CCS

Power distance, generally defined as the extent to which people within a country expect and accept the power to be distributed unequally, is pronounced in Confucian Asia (Hofstede, 2021; Lee, 2012). The perception of people being naturally unequal under the virtue of social hierarchy is a key feature of society. The ideal stems from the strong Confucian virtue tradition (Beadle *et al.*, 2015; Kwong *et al.*, 2015) where the classic virtues (i.e., benevolence, justice, morality, wisdom, loyalty) and moral norms are very much alive today (Jun and Rowley, 2014; Kim and Choi, 2013; Warner and Rowley, 2014). The moral norms in Confucianism attempt to guide the relationships between unequal people. They suggest, for instance, that there should be justice between ruler and subject, or love between father and son. Hence, social stratification and hierarchies, and differences between above and below, are regarded as a necessity for an orderly social environment (Lee, 2012). Following these thoughts, hierarchies in business are steep and they are regarded as important for employees to clearly understand their position within the corporate hierarchy (Kim, 2000). Since showing respect towards older people is a central Confucian moral norm, the seniority system is still dominant (Bae, 1997; Bae and Rowley, 2001; Tung *et al.*, 2013) and there are informal guidelines on how to interact with others above and below one's level (Hemmert, 2012; Hong *et al.*, 2016).

On the contrary, there is hardly a case in other parts of the world comparable to Korea when it comes to the speed that it took to develop from one of the poorest countries in the world in the 1950s to one of the richest countries by the turn of the century (Lew, 2013; Kim, 2010). Especially in the aftermath of the Asian financial crisis of 1997/98, the Korean economy and its society experienced drastic changes and restructuring measures directed by the International Monetary Fund (IMF) (Hutchison, 2003). Several scholars suggest that the crisis of 1997/98 led to deep changes in the lives of many. While typically workers were used to lifetime employment as well as to the benefits of seniority, such as quasi-automatic promotion, the crisis forced firms to lay off workers and question the efficiency of the seniority system. Suddenly jobs were not as safe anymore as they used to (Kim, 2004). Although recognized by sociologists and often criticized as unhealthy (Yee, 2000), dealing with drastic changes has become a key characteristic especially for the Korean people (Kim, 2010). Reflecting this mindset, 'Dynamic Korea' has become the country's official national slogan based on the nation's branding strategy until 2009 (Cheng, 2008).

Interestingly, the link between the individual perception of power distance and a high individual adaption speed to change, that is, openness to change, at the same time, has rarely been investigated, although, the link between both, viewed from a Confucian angle, is quite conspicuous. We assume that the reason for this lies in the reliance on the conventional (Western) interpretation of the power distance construct. A high adaption to change has conventionally been associated with societies in which power distance is low and individualism highly pronounced (Harzing and Hofstede, 1996). However, this interpretation does not explain the massive economic and social changes several countries in Confucian Asia coped successfully within a relatively short time (Lew, 2013). Thus, we assume that the understanding of the power

distance construct from a Western point of view has limitations. We propose an alternative view of perceived power distance based on the following arguments: whereas convention sees Confucian countries as countries in which social hierarchies are steep, and, therefore perceived power distances are larger than in Western countries, many of them have undergone economic and societal changes within a relatively short time (i.e., the 1950s–1990s). Hence, it is unlikely that pronounced hierarchies intrinsically counteract change. The Confucian perspective on power distance suggests a different, more intertwined, and positive view instead of a one-way street (top-down). The person at the top of the hierarchy takes care of those lower in the hierarchy and a family-like atmosphere may exist between superiors and inferiors, as is typical in Confucian societies (Horak and Yang, 2019; Hwang *et al.*, 2013; Yang, 2006). Hence, hierarchy in interpersonal relations can be regarded as socially reliable and trustworthy, and this could lead to a greater individual's openness to change and confidence that a dynamic environment changes things for the better. Hence, we derive the following hypothesis:

H₁: The more pronounced the individual's perception of power distance, the higher the individual's openness to change in a Confucian Asia context.

Although the collectivist paradigm is still dominant in research on Confucian Asia, recent studies have additionally drawn attention to the fact that the ideals of individual independence are as pronounced as collectivist ones (Yang and Horak, 2019). For instance, Chang (2006) analyzes the effect of individual pay for performance (PFP) on attitudes toward a commitment to the organization. The author assumes that PFP has a negative influence on organizational commitment as it violates collectivist norms and has a deleterious effect on group cohesion. While the test subjects in Chang's (2006) study believed that PFP resulted in higher levels of

work effort, there was no evidence that PFP systems would have a negative influence on organizational commitment. This is explained by earlier studies (e.g., Ungson *et al.*, 1997), which suggest that independence and collectivist ideals prevail in Korea at the same time (Chang, 2006; Horak and Yang, 2019; Lee *et al.*, 2014).

Other studies conducted in the Confucian Asia region, for example, Japan, deliver further hints that individual independence may be an even stronger internalized characteristic than collectivism, depending on the context and situation. In the field of social psychology, Hirai (2000) discovered that most people in Japan have a self-perception of being rather individualistic, but believe that other Japanese people internalize collectivist norms of behavior. In some cases, adherence to collectivist ideas can be used to secure resources, and thus they become instrumental for the individual. Hence, collectivist behavior becomes strategic, but not based on internalized norms as the conventional cross-cultural management literature indicates. Especially the young generation of Koreans appears to appreciate the group thinking less and more often tries to resist the social pressures of collectivism. Recent reports point out that young Koreans embrace individualistic lifestyles more these days but whether this is a trend that is going to change the society, in the long run, remains to be seen (Steger and Jung, 2017). Nevertheless, in environments in which the perception of power distance is highly pronounced and framed by Confucian values of (quasi-)family-like community (Hwang *et al.*, 2013), individuality and independence may simultaneously suffer. This occurs because the pressure to conform to behavioral norms in line with the perceived power distance is strong (Pan *et al.*, 2012; Truong *et al.*, 2017). We assume that in such hierarchical societies, decision-making independent of others is limited as societal interdependencies may be too pronounced. Hence, we propose the following hypothesis:

H₂: The more pronounced the individual's perception of power distance, the lower the perceived individual independence in a Confucian Asia context.

Further, Confucian countries share similar values, such as power distance, while at the same time emphasizing interpersonal harmony, social integration, and stability (Ueltschy *et al.*, 2009).

Several studies have reported on the generally high levels of service commitment in Japan and Korea (Manske and Moon, 2003; Kim and Aggarwal, 2016). However, the question of whether the perception of power distance may support CCS has been less explored. We assume that there is a link between both variables as Confucian societies are structured by hierarchical relationships. Hence, in a society that is used to top-down thinking, a customer may naturally be regarded as being of higher status in the social hierarchy and consequently deserving full commitment. This perception might be amplified by the service giver feeling inferior for 'working at lower ranked jobs, such as traditional service jobs' (Ueltschy *et al.*, 2009, p. 973). At the same time, service receivers naturally feel they are in a higher social position, and thus can rightfully claim high commitment levels simply under the virtue of being the customer (Manske and Moon, 2003; Kim and Aggarwal, 2016). To explore the link between perceived power distance and CCS, we formulate the following hypothesis:

H₃: The more pronounced the individual's perception of power distance, the higher the CCS in a Confucian Asia context.

Influence of Perceived Individual Independence on CCS

Thus far, the issue of how factors of individual control compare to individual freedom in influencing CCS has remained unaddressed. According to a case study by Nordstrom, a US-based retailing company well known for its excellent CCS, creativity is seen as a vital feature

that is best cultivated by giving employees freedom and not rules (see also Fleming and Sturdy, 2011). A former co-president of Nordstrom is cited as providing the mantra that ‘people will work hard when they are given the freedom to do the job the way they think it should be done when they treat customers the way they like to be treated’ (Beaujean *et al.*, 2006, p. 71). It follows that if firms can put employees in a situation in which they have the chance to act in a self-directed manner, make their own decisions, and be exposed to fewer rules and less hierarchical control, CCS may be increased. Hence, we suggest the following hypothesis:

H₄: The higher the perceived individual independence, the higher the CCS in a Confucian Asia context.

Influence of Individual Openness to Change on CCS

Whether an individual’s openness to change influences their commitment to a customer relationship is an interesting question of relevance to academia and practice alike; however, it has not yet been the focus of research. Nonetheless, a study by McIntyre *et al.* (2000) used data from real estate agents to explore variables related to salespersons’ cognitive styles (based on Jung, 1971) and customer orientation. They found significant evidence that the more adaptive salespersons were in uncertain situations, the greater was their customer orientation. Similarly, Yamagishi *et al.* (1998) explored the link between uncertain situations and commitment. By assuming that coping with a dynamically changing environment might lead to a feeling of uncertainty, they examined whether social uncertainty increases the commitment between individuals. Applying experimental methodology using data gathered in Japan and the US, Yamagishi *et al.* (1998) confirmed the predicted assumption. In both countries, test persons formed committed relationships more frequently under high-uncertainty conditions and less

frequently under low-uncertainty conditions. The study concluded that ‘commitment formation is a (...) commonly used response among people facing socially uncertain situations’ (Yamagishi *et al.*, 1998, p. 189). Based on the prior evidence, we finally assume that individuals, who can easily cope with a dynamically changing environment, that is, with uncertainty, may be more comfortable in their interactions with and commitment to their customers. Hence, we put forward the following hypothesis:

H₅: The higher the individual’s openness to change, the higher the CCS in a Confucian Asia context.

Influence of Importance of Informal Network Ties on Individual Openness to Change and CCS

The perceived importance of informal ties and networks additionally play a key role in coordinating economic transactions (Horak and Taube, 2016; McDonald, 2011). Gaining network access is important, for example, for businesses in China, where *guanxi* ties are a precondition for business success (Luo, 2000). Rather new to the literature and distinct are Korean *yongo* network ties, which can be characterized as homogeneous, closed, and partly preset, that is, decided by birth (Horak and Klein, 2016). These ties are immutable and irreversible. They base on family affiliation, university or high school affiliation, and regional origin. By nature, *yongo* ties do not conclude to serve a certain purpose, as they already exist (except university-based ties, which can be freely chosen). As a key characteristic of *yongo* its relatively high level of trust ascription needs to be pointed out, caused by the idea that a commonly shared background implies automatically similarities among people. While any social tie in Korea is embedded in a Confucian value system, social hierarchy plays a role resulting in a pronounced level of power distance. This means, that within *yongo* ties, for instance, seniority

plays a role. Although it has been assumed that the influence of *yongo* decreases with further economic development and the strengthening of formal institutions, recent research has concluded that *yongo* still plays a dominant role in business and society (Horak and Klein, 2016; Horak and Taube, 2016).

Nevertheless, the link between existing informal network ties and societal change dynamics, that is, openness to change, surprisingly lacks in-depth empirical support. In the case of Korea, literature researches two important phenomena—informal network ties and an individual’s openness to change—separately from each other, but not concerning each other. Drawing on Lew (2013), who adopts a socio-economic perspective, it can be claimed that one dimension explaining Korea’s rapid economic development has so far been neglected, namely the dense network of informal social network ties, that is, *yongo*, as described above. These ties buffer the societal dynamism characterized by drastic changes, uncertainty, and risk as they provide a reliable, family-like haven. By providing actors access to help, membership in these networks can be considered a kind of informal insurance in times of uncertainty. Strong interpersonal ties can help individuals to master dynamic change and related uncertainty (Qi, 2013). Thus, we assume that the more pronounced informal networks are, the more easily actors will cope with change. We propose the following hypothesis:

H₆: The more pronounced the importance of informal network ties, the higher the individual’s openness to change in a Confucian Asia context.

Dense informal networks allow information to flow easily and efficiently throughout the network (Horak and Taube, 2016). But often confidentiality suffers as networks reliably distribute information, including information that firms may not want to see in the hands of competitors

(Horak, 2017). At the same time, informal ties and networks provide the platform for individuals to create and maintain a reputation (Lin, 1999/2002). Firms often hire staff from customer firms at their request so that the same managers can take care of the customer from the other side of the business (Horak, 2017). In any case, individuals strive to maintain an excellent reputation and to avoid any kind of negative impression emerging on the customer side. Hence, we propose the following hypothesis:

H₇: The more pronounced the importance of informal network ties, the higher the CCS in a Confucian Asia context.

To sum up, *Figure 1* depicts the proposed overall research model with corresponding hypotheses, which we tested with a covariance-based structural equation modeling approach in AMOS 25.

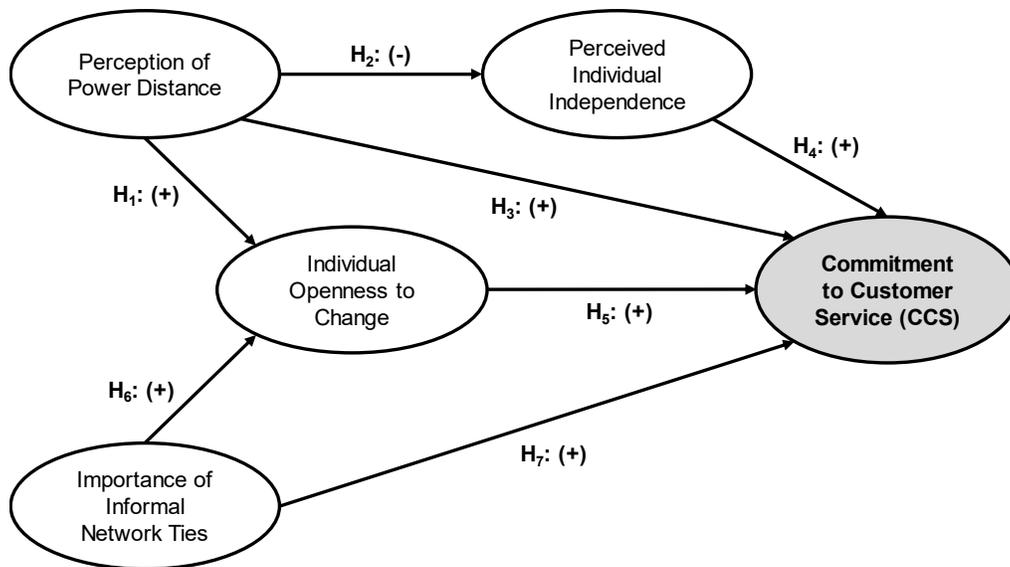


Figure 1: Proposed research model and corresponding hypotheses

Research Methodology

Measurement Scales

To the best of our knowledge, no pre-tested scales were available to explore informal institutions and CCS in the context of Confucian Asia-specific features. Hence, for the perception of power distance, we used ideas from Dorfman and Howell (1988) on work-related values in combination with items from Yoo *et al.*'s (2011) and Yoo and Shin's (2017) approach about the measurement of cultural values on the individual level (see also Schoefer *et al.*, 2019). For the importance of informal network ties, we adapted items from Horak and Klein's (2016) research on the persistence of informal social networks in Korea. We were able to assess perceived individual independence with adapted items from Wang and Mowen (1997), who study separateness and connectedness. They argue in a cross-cultural context that the independent (separated) view is less pronounced in Asian cultures. Nevertheless, we had to create Confucian-specific items for an individual's openness to change, since to the best of our knowledge no established scale was available. Finally, for measuring CCS, we used an item from Kohli *et al.*'s (1993) scale for market orientation, especially from the responsiveness dimension of their scale, which we deem as a basis for CCS—a strong emotional bond to service. Moreover, we used ideas from Iyer and Johlke (2015) and Kennedy *et al.* (2002) about the external customer mindset of service employees.

Data Gathering

To prevent a language-based bias (Costa *et al.*, 2014), the original questionnaire was compiled in English and translated back and forth to the Korean language. A second translator accomplished back translation (see Brislin, 1970/1986). One of the authors and three Korean research assistants that were comprehensively briefed before the survey gathered data in two waves in Seoul and

Suwon (vicinity of Seoul) among white-collar workers with a traditional paper-and-pencil questionnaire. Finally, a group of $n = 143$ white-collar workers fully completed the questionnaire in the presence of interviewers within a time frame of three weeks so that they also could seek clarification on any issues that arose during the survey.

Demographics	Specification	Value
Gender	Male	83 (58.0 %)
	Female	60 (42.0 %)
Age	< 25	4 (2.8 %)
	25-35	64 (44.7 %)
	36-45	42 (29.4 %)
	46-55	29 (20.3 %)
	> 55	4 (2.8 %)
Education	Bachelor	7 (4.9 %)
	Master	88 (61.5 %)
	Diploma	34 (23.8 %)
	Doctorate	8 (5.6 %)
	None or other	6 (4.2 %)
Profession	Sales	9 (6.3 %)
	Marketing	14 (9.8 %)
	Engineer	19 (13.2 %)
	Service	67 (46.9 %)
	Other	34 (23.8 %)
Current Position	Young Professional	45 (31.5 %)
	Manager without Personnel	43 (30.0 %)
	Manager with Personnel	22 (15.4 %)
	Head of Department	29 (20.3 %)
	Executive Board	4 (2.8 %)
Work Experience	< 4	37 (25.9 %)
	5-10	39 (27.2 %)
	11-15	24 (16.8 %)
	16-20	16 (11.2 %)
	> 20	27 (18.9 %)
Industry	Automobile	15 (10.5 %)
	Engineering	2 (1.4 %)
	IT	10 (7.0 %)
	Electrical	116 (81.1 %)
Legal Form	Private	105 (73.4 %)
	Public	14 (9.8 %)
	NGO	24 (16.8 %)

Table 1: Sample characteristics

In *Table 1* we display respondents' characteristics. Since one author had lived in Korea (Seoul) for many years and worked in the high-tech industry, test persons employed in this industry were accessible via preexisting ties to companies and decision-makers. Hence, we used a so-called

convenience sampling rather than a random sampling technique in this exploratory study, which is well accepted in the context. Moreover, smaller sample sizes are also typical for this kind of research (e.g., Cheung and To, 2010; He *et al.*, 2011; Lee *et al.*, 2006). Besides, the high-tech industry in Korea represents the economy of the country well. In the sample, we only included employees with explicit contact to customers and service experience as well as work experience in the field.

Results

Reliability and Validity of Scales

We calculated our research model by performing structural equation modeling in SPSS Amos 25 using the maximum-likelihood (ML) method, which—according to Hu and Bentler (1999)—is sufficient for sample sizes of $n = 100$ and above (see also West *et al.*, 1995). In addition, McDonald and Ho (2002) argue that the ML method is quite resilient towards violations of multivariate normal distribution (also Olsson *et al.*, 2000). According to Anderson and Gerbing (1988), we followed a two-step approach with confirmatory factor analysis before estimating the proposed structural model in *Figure 1*.

Table 2 shows all factor loadings, Cronbach's alpha (α), and composite reliabilities (CR). All scales were administered using a five-point Likert-type scale format with scale endings from '1 = strongly disagree' to '5 = strongly agree.' This typical choice of scale width was made based on the necessary and meaningful level of information, and the cognitive stress for the respondents. In the literature, there are often five- or seven-point Likert-type bi-polar scales applied to measure latent constructs like the ones used in this study (Bearden *et al.*, 2011).

Nevertheless, it seems that scale width is sometimes overestimated concerning the calculation of mean values and standard deviations (Felix, 2011).

Factor name	Factor loading	α	CR
Perception of Power Distance		.847	.855
Decision making power should stay with the top management in the organization and not be delegated to lower level employees.	.857		
Employees should not question their manager's decisions.	.882		
A manager should perform work which is difficult and important and delegate task which are repetitive and mundane to subordinates.	.693		
Importance of Network Ties		.531*	.536
Trustworthy relationships with people from my company are of utmost importance for me to perform my tasks/job successfully.	.664		
Relational (or friendship-based) networks are important to be successful in business.	.544		
Perceived Individual Independence		.683	.686
I would like to solve my personal problems by myself, even if someone else can help me.	.642		
I enjoy the way I am rather than the way other people would like me to be.	.668		
I will stick to my own opinions if I think I am right, even if I might lose popularity with others.	.638		
Individual Openness to Change		.828	.832
Adopting to frequent changes is no problem for me.	.658		
Changing plans frequently does not create a problem for me.	.943		
I do not mind if goals and targets change frequently.	.751		
Commitment to Customer Service (CCS)		.672	.676
A customer's place is naturally at the top of the hierarchy.	.638		
If a customer would like me to modify a product or service, the departments involved make concerted efforts to do so, instead of discussing responsibilities first.	.695		
If I receive an email from a customer I usually reply right away.	.587		
Spearman-Brown coefficient for two-item scale (Eisinga et al., 2013)			

Table 2: Measurement properties of constructs

All constructs display satisfying CRs and Cronbach's Alphas (α); for network ties, we follow recommendations from Eisinga *et al.* (2013) that reporting the Spearman-Brown coefficient is more appropriate for two-item scales. Further, according to Malhotra *et al.* (2017) CR alone functions as a good indicator of reliability, which is satisfying in this research ($CR \geq .5$). Finally, all factor loadings are statistically significant, thereby demonstrating convergent validity for the five constructs. Following Fornell and Larcker (1981), discriminant validity for the exogenous variables was estimated by comparing the average variance extracted (AVE) for the perception

of power distance (.664) and the importance of informal network ties (.369) with their squared correlation (.029). Our results show that AVE extracted by each factor was far greater than their squared correlation. Hence, we deem our results as appropriate for this novel study (for correlation table see *Appendix*).

Finally, we are not concerned about common method bias (CMB), as we did not separate the predictor variables from the dependent construct in our study (Chang *et al.*, 2010; Podsakoff *et al.*, 2012). To avoid CMB, we applied techniques discussed by Podsakoff *et al.* (2003): (I) the interviewers advised the respondents in detail that there were no right or wrong answers, they also asked them to answer the questions as honestly as possible to avoid social desirability. (II) We conducted a common latent factor test (also unmeasured latent method construct technique; see Richardson *et al.*, 2009; Williams *et al.*, 1989). Following Podsakoff *et al.* (2003), we ran our model with and without a common latent factor (Podsakoff *et al.*, 2012; Richardson *et al.*, 2009). As a result, CMB was not a concern, since all observed differences concerning factor loadings for each path were close to zero.

Model Fit and Hypothesis Testing

Figure 2 displays modeling results for hypothesis testing with path coefficients and fit statistics. The overall fit of the structural and the measurement model is satisfactory. The χ^2 -statistics of goodness-of-fit for the model yielded a value of $\chi^2 = 114.389$ with $df = 69$ and a p-value of .000 (Tanaka, 1987; Byrne, 2009). Several other goodness-of-fit indicators such as χ^2/df , GFI, and AGFI for overall fit, as well as CFI and TLI for measurement model fit, were also calculated (Bentler, 1990; Hu and Bentler, 1999; Jackson *et al.*, 2009; Tanaka, 1993). The relative chi-square (χ^2/df) should be less than 3.0 (Carmines and McIver, 1981), hence, our value of

$\chi^2/df = 1.658$ shows a great overall model fit. For the remaining four indexes, a value above .9 is evidence of good fit (Doll *et al.*, 1994; Hair *et al.*, 2018). For our model, three values are above .9 (GFI = .904 for overall model fit; CFI = .935 and TLI = .914 for measurement model fit). We deem a result of AGFI = .854 for overall model fit in relation to sample size, which is slightly below the threshold, to be of no great concern as all other fit values show satisfactory results.

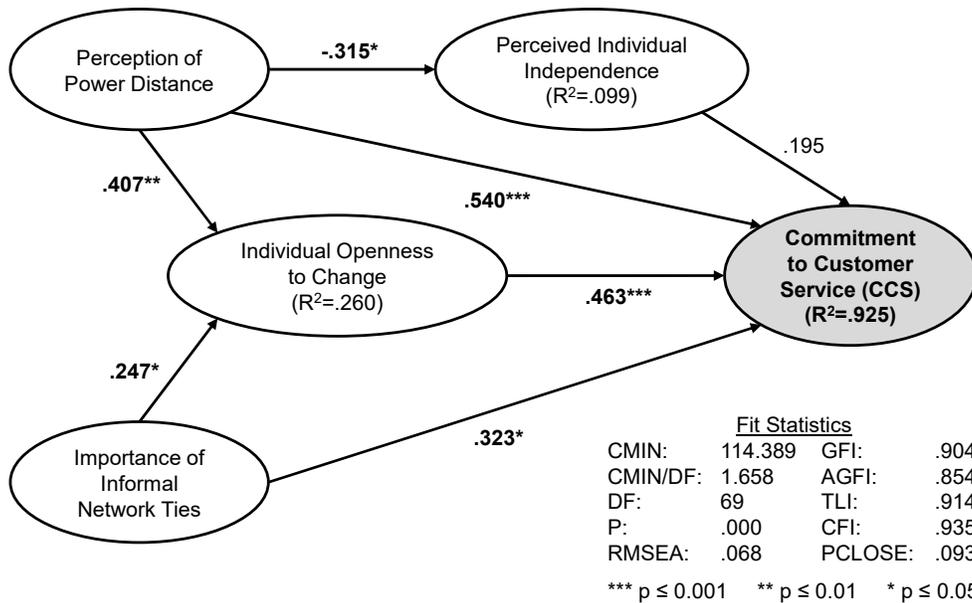


Figure 2: Structural equation modeling results

In addition, Hair *et al.* (2018) state that usage of the GFI/AGFI indexes has declined (also Sharma *et al.*, 2005). Moreover, this kind of empirical study is (i) relatively new, and (ii) our sample size is on the lower boundary ($n = 143$) as data from the business world is always difficult to gather. In this context, literature considers root mean square error of approximation (RMSEA) as one of the most informative indicators of goodness-of-fit. The RMSEA value for our model is .068, which is below the cut-off value of 0.08 considered as a reasonable fit of the model (Browne and Cudeck, 1992; Hu and Bentler, 1999). Corresponding PCLOSE = .093,

which is the 90% confidence interval of $RMSEA \leq .05$ (p of CLOSE fit), shows statistical insignificance (Hair *et al.*, 2018). Taking $df = 69$ and $n = 143$ into account, these results suggest that the hypothesized model describes the relationship between our constructs very well. The standardized root mean square residual (SRMR), measuring the misfit of our model, displays a value of .068, with a threshold level of .08 considered a good fit (Hu and Bentler, 1999). Finally, we display R-squares (R^2) for our endogenous constructs individual openness to change ($R^2 = .260$), perceived individual independence ($R^2 = .099$), and CCS ($R^2 = .925$). Especially, our outcome variable CCS shows very high explained variance by the constructs in our model (Hair *et al.*, 2018).

To account for all direct, indirect, and total effects in our proposed research model, we additionally performed a bootstrap procedure in AMOS 25 with 2,000 samples and a bias-corrected confidence interval level of .95 (Efron and Tibshirani, 1986; Léger *et al.*, 1992; Preacher and Hayes, 2004). In addition to *Figure 2*, *Table 3* displays overall results with standardized β -coefficients (Beta) for all direct, indirect, and total effects with their corresponding two-tailed significance levels (Preacher and Hayes, 2004).

Effects	Network ties	Openness to change	Power distance	Individual independence
Direct				
Openness to change	.247 (.040)	--	.407 (.002)	--
Individual independence	--	--	-.315 (.027)	--
CCS	.323 (.014)	.463 (.001)	.540 (.001)	.195 (.066)
Indirect				
CCS	.114 (.023)	--	.127 (.119)	--
Total				
CCS	.437 (.001)	.463 (.001)	.667 (.002)	.195 (.066)
Two-tailed significance level in parantheses				

Table 3: Direct, indirect, and total effects with corresponding significance levels

Finally, concerning hypotheses testing, we find six out of our seven hypotheses confirmed (*Table 4*). We discuss implications for theory and practice in light of our hypotheses as well as direct and total effects from *Table 3* in the next chapter.

Hypotheses	Beta	p	Result
H ₁ : The more pronounced the individual's perception of power distance, the higher the individual's openness to change.	.407	.002	Confirmed
H ₂ : The more pronounced the individual's perception of power distance, the lower the perceived individual independence.	-.315	.027	Confirmed
H ₃ : The more pronounced the individual's perception of power distance, the higher the CCS.	.540	.001	Confirmed
H ₄ : The higher the perceived individual independence, the higher the CCS.	.195	.066	Not confirmed
H ₅ : The higher the individual's openness to change, the higher the CCS.	.463	.001	Confirmed
H ₆ : The more pronounced the importance of informal network ties, the higher the individual's openness to change.	.247	.040	Confirmed
H ₇ : The more pronounced the importance of informal network ties, the higher the CCS.	.323	.014	Confirmed

Table 4: Overview of hypothesis testing

Discussion

Implications for Research

Following the definition of Confucian Asia according to House *et al.* (2004), this region alone represents a market consisting of around 1.6bn people, which makes 20 % of the world population of around 7.8bn (figures based on 2021 estimates; Worldometers, 2021). In addition, Confucian Asia qualifies as a region for the evaluation of principles enabling high levels of CCS in alignment with existing informal institutions in general. However, our study is valuable in terms of improving the research on antecedents of CCS in general, and, especially the research about services management and marketing in particular. By considering four major informal institutions in the Korean context, we generated essential insights into the influence of the informal institutional environment as a precursor to CCS; an area still scarcely researched. This

lies beyond the discussion of, both, ethical work climate (Lau *et al.*, 2017) and service climate (He *et al.*, 2011), which are also discussed as the precursor of high service quality, employee commitment, customer satisfaction, and proactive customer service performance in the literature. This study is also beyond the discussion of formal institutions, such as the organizational structure and culture, that are likely to influence customer orientation (e.g., Hennig-Thurau and Thurau, 2003). Based on an extended behavioral definition of CCS (e.g., Bell *et al.*, 2004; Peccei and Rosenthal, 2000), we confirmed six out of seven hypotheses (*Table 4*) and receive a very high explained variance for the main outcome variable CCS ($R^2 = .925$) with our proposed research model. We additionally see three significant total effects for network ties, openness to change, and power distance, with individual independence just missing the recommended significance level of .05. Nevertheless, our findings indicate that informal institutions explicitly influence employees' behavior towards the company's customers.

To begin with, we find the strongest total effect of our four informal institutions on CCS for the perception of power distance with a large explained variance of .445 (Aguinis *et al.*, 2010). Power distance increases an individual's openness to change (H_1 , $\beta = .407$, $p = .002$), decreases the perceived individual independence (H_2 , $\beta = -.315$, $p = .027$), and has a direct effect on CCS (H_3 , $\beta = .540$, $p = .001$). Since the direct effect of perceived individual independence on CCS is not confirmed (H_4 , $\beta = .195$, $p \leq .066$), we also find no significant mediating effect of the latter between power distance and CCS (see *Table 3* with $\beta = .127$, $p = .119$). Power distance seems to lower employees' freedom to make their own decisions significantly, but individual independence does not positively directly affect CCS. Research from Kumar *et al.* (1995) and Chang *et al.* (2012) were pointing in that direction by arguing that on the one hand, individual independence is determined by resources that are on the other hand, provided by the company's

formal hierarchy. Moreover, Jauhari *et al.* (2017) find a significant positive effect of an employee's psychological empowerment on proactive customer service behavior. In this research, from the informal institutional perspective, we cannot confirm that the perceived individual independence of a service employee has a positive effect on CCS, which is also in line with the finding of Lee *et al.* (2006). In their study, psychological empowerment has a significant effect on the mediator, that is, organizational commitment, but not on the extra-role customer service. Nevertheless, the finding that perception of power distance can increase the individual openness to change is new, since so far gently coping with change has been observed in societies that—observed from the macro-level—score low on power distance and high on individualism (Harzing and Hofstede, 1996). We assume that the new insights generated in this study are—compared to other studies—due to the higher degree of contextualization, that is, research on the prevailing ideals and norms of the informal institutional environment from the Confucian Asia perspective. However, whether these results are generalizable for other regions remains to be tested by follow-up studies.

Another key finding of this research concerns the role of individual openness to change (H_5 , $\beta = .463$, $p = .001$), which shows a medium explained variance of .214 of its direct effect on CCS; being very close to a large effect size (Aguinis *et al.*, 2010). In addition, openness to change has also a mediating role not only between network ties and CCS but also between the perception of power distance and CCS. Further, the steepness of relational hierarchies seems to be a very important antecedent of CCS with a medium explained variance of .191 for its total effect on CCS (Aguinis *et al.*, 2010). We read this as a definite call for considering hierarchy, hereby providing some external motivation to the employees when it comes to improving CCS in general. This observation goes beyond recommendations that one can traditionally find in the

literature, as there are external incentives like financial rewards and/or personal factors like empathy and the like (e.g., Chen *et al.*, 2017; Karatepe and Karadas, 2012; Lee *et al.*, 2006). The importance of social network ties increases CCS not only directly (H_7 , $\beta = .323$, $p = .014$), but also indirectly via its significant effect on openness to change (H_6 , $\beta = .247$, $p = .040$). In this context, we see a strong relationship with the discussion about team commitment and its mediating effect between leader-membership exchange and customer service, which has lately been published by Yoon and Yoon (2019).

Hence, this research simultaneously investigated perceived power distance and the importance of informal network ties as factors that influence an individual's CCS for the first time. Since power distance and network ties are rather difficult to manage but play a role for CCS, we believe that it is worth for future research to shed more light on this particular relationship. To sum, we found that the strongest effect on CCS, in terms of informal institutions, originates from the relationships between power distance, openness to change, and network ties on CCS.

Practical Implications

Considering the informal institutional environment from a human resource perspective in the service area, Huang and Gamble (2011: p. 3169) state that 'the inertia of informal institutions is likely to inhibit the application of new management prescriptions'. The authors also observe that, for example, the norm of respect for authority constrains management practices and employee participation. Hence, firms have to adopt appropriate practices to mitigate such constraints and to survive (Gooderham *et al.*, 1999). Though Huang and Gamble's (2011) research was conducted in another Confucian society, that is, in China, Western managers can learn from these findings.

In terms of practical implications, our results point into the same direction and demonstrate that especially international managers (e.g., expatriates) should accept and maintain, and not play down power distance (as typically done in the West; see Hill and Hult, 2016), whenever a specific situation requires such an assessment; especially in the context of CCS. However, at the same time, top management should also spend efforts on establishing a socially reliable and trustworthy environment by also giving leeway to the companies' employees to empower them with adequate work facilitation and support for providing the services, which is in line with He *et al.*, 2011; Lau *et al.*, 2017; Yee *et al.*, 2018, since both have a positive effect on CCS and only a little negative effect on an individual's openness to change as discovered in this study. In addition, Cheung and To (2009) find that management commitment to service quality has a positive effect on the employee's involvement, which leads to job satisfaction and higher perception of service performance alike. In other words, hierarchy and authority can lead to a positive outcome, if managed in a responsible compassionate way. As Lau *et al.* (2017) state, an ethical work climate supports both, the affective commitment of the company's employees and the proactive customer service performance. Nevertheless, from this study's perspective, the question remains as to whether these insights gained from a Confucian environment are transferable to a non-Confucian environment; a particularly interesting question for future research in services management in general and human resource management in the service industry in particular.

From a broader perspective, companies can benefit from their potential strength in CCS by recognizing it more and teaching the ideas leading to pronounced CCS to newly hired staff as well as to other (international) firms seeking to improve their CCS. Moreover, Yee *et al.* (2018) recommend cultivating learning goal orientation of service employees to enhance overall firm

performance. The human resource department in terms of managerial on-the-job coaching can manage that, and being part of the efforts of implementing a corresponding organizational culture where higher ranked managers function as role models for lower-ranked employees (Elmadağ *et al.*, 2008; Yee *et al.*, 2018), likewise, empowering lower-ranked employees and, hence, increasing overall service quality (Chen *et al.*, 2017; Hartline and Ferrell, 1996; Kim *et al.*, 2017; Peccei and Rosenthal, 2000; Schwepker *et al.*, 2019). Managers could also function as a mentor for lower-ranked personnel to keep them engaged in the job, not only supporting them as supervisors (Anaza *et al.*, 2016). Moreover, Kim *et al.* (2017) emphasize that the leader-member exchange plays a significant positive role in increasing service performance via employee empowerment (see also Jauhari *et al.*, 2017), and Hoang *et al.* (2021) focus on the impact of leadership commitment to service quality on organizational citizenship behavior (Donavan *et al.*, 2004).

Overall, a supporting culture, which emphasizes family-like values and social expectations and activities (e.g., Miller 2006), guided by the human resource department, can help to establish a pronounced CCS (also Chen *et al.*, 2017). Similar to international firms allocating their IT service needs to facilities in, for example, Bangalore (India), companies may also establish a services training center in Confucian Asian countries. They should also develop structured management development programs to train their regional and international staff who are in charge of managing customer relations, that is, especially marketing and sales staff (e.g., Miller, 2006). In this context, Gooderham *et al.* (1999) call for the integration of the country-specific institutional environment into modern human resource management practices, and Kim *et al.* (2017) recommend training programs, especially for companies acting in high power distance

cultures to learn from their Asian counterparts. Again, utilizing Confucian Asian informal institutions as a role model for Western companies on the job can help to fulfill this goal.

Finally, employees working in international companies should also take part in intercultural management training that deals with precursors facilitating high individual CCS, and based on informal institutions, simultaneously learning from their Asian co-workers and team members (Yoon and Yoon, 2019). Nevertheless, according to Elmadağ *et al.* (2008), such management training should never be just formal training, which they found to harm the commitment to service quality (see also Holton III *et al.*, 2000; Schwepker *et al.*, 2019). To sum, based on our research we are in a position to state that the individual-level perception and, in addition, the internalization of informal institutions play a crucial role in CCS. From a practical perspective, our research, therefore, opens up new ways of services management or dealing with the informal institutional environment as a precursor to CCS.

Limitations and Future Research

As with any research, ours has some limitations. We regard our study as a starting point for shifting the focus onto the antecedents of the informal institutional environment that play a central role in shaping employees' CCS. For this purpose, we used a sample of employees of international technological or high-tech companies in Korea. Hence, our study might be limited to the Korean and the Confucian Asian context (House *et al.*, 2004; Hwang *et al.*, 2013).

Therefore, we recommend gathering additional data and broadening the understanding of the links between the informal institutional environment and their effects on CCS in both a Western and a non-Western context. In this regard, future research may not only build upon our results by extending the geographical scope of our subject pool but may also test further important informal

institutions of a country or region, likewise, improving the research on contextualizing services management research.

Furthermore, we are aware of the constraints from the scales that we used for the measurement of our four informal institutions. Those, partly derived from existing scales, were combined, and we transferred them to the Confucian context. We are aware of this risky strategy. Especially, our two-item construct of informal network ties shows some weaker results for the Spearman-Brown coefficient with a value of .531 (see Eisinga *et al.*, 2013). We already pointed out some of the issues in our measurement scale section of the paper. Hence, we see possibilities of further developing our scales to gather data that shows higher resilience. Future research endeavors should focus on scale development in the area of informal institutional dimensions to account for this limitation. Nevertheless, based on our structural equation modeling results, we still deem our overall fit values as being in an acceptable range.

Finally, our sample size and estimation method are suitable for structural equation modeling but the sample is still rather small ($n = 143$). Hence, we also see our sample as just a start of further research in this area. The limited sample size might, likewise, explain the mentioned issues with our utilized measurement scales and the non-significant direct effect of the perceived individual independence on CCS (e.g., Jackson, 2003; Shah and Goldstein, 2006), which just misses the commonly accepted threshold level of .05. Nevertheless, other studies in this area also rely on smaller sample sizes and used the convenience sampling method (Cheung and To, 2010; He *et al.*, 2011; Karatepe and Karadas, 2012; Lee *et al.*, 2006). In this context, one might also expose some criticism of the sample's composition of managers with and without, and subordinates without personnel responsibility. As Huang and Gamble (2011) suggest for the Chinese context, the informal institutional environment might influence employees at different

levels to a different extent, which, likewise, calls for varying demands in human resource management. Nevertheless, we secured in our sample that all employees had service experience and explicit contact with customers. Future research might further elaborate on the clustering of employees to check for detailed differences between the managers' and the subordinates' individual CCS.

Conclusion

This study offers a novel perspective on the precursors to individual-level commitment to customer service (CCS) by addressing the informal institutional environment of a company and hereby contextualizing the area of services marketing and management for the first time.

Informal institutions are conventions, moral values, and self-imposed codes of conduct that function as unwritten rules of behavior. As such, informal constraints affect the individual's CCS and work in the shadows of formal organizational rules about how the service has to be delivered. We research the effects of four informal institutions, that is, power distance, network ties, openness to change, and individual independence, in the Confucian Asian context, a region that is known for its pronounced CCS. Results show that informal institutions, especially power distance, network ties, and openness to change have significant positive effects on CCS. Results for individual independence offer a mixed picture. Based on the findings in this study we can further develop the discussion about the antecedents of CCS and furnish management implications for Western companies that act internationally.

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Appendix

Constructs	Network ties	Openness to change	Power distance	Individual independence
Network ties	--	--	--	--
Openness to change	.313**	--	--	--
Power distance	.170	.450***	--	--
Individual independence	.093	-.067	-.320*	--
CCS	.562***	.780***	.736***	-.001

*** $p \leq 0.001$ ** $p \leq 0.01$ * $p \leq 0.05$

Appendix: Correlation table of all latent constructs