

The effects of empathy and listening of salespeople on relationship quality in the retail banking industry

The moderating role of felt stress

Omar S. Itani

*Department of Marketing, University of Texas at Arlington,
Arlington, Texas, USA and*

*Department of Hospitality and Marketing,
Lebanese American University, Beirut, Lebanon, and*

Aniefre Eddie Inyang

*Department of Marketing, University of Texas at Arlington,
Arlington, Texas, USA*

Abstract

Purpose – The purpose of this paper is to examine the relations between salespeople's empathy and listening behaviour and the relationship quality (RQ) customers have with their banks, taking into consideration the moderating effect of felt stress (FS) experienced by salespeople. The paper examines specific effects of FS on factors related to a salesperson's performance.

Design/methodology/approach – To examine the proposed model, responses from 150 customers were collected and matched with responses from 25 salespeople working at a major bank in Chile. The paper analysed the dyadic data gathered using two analysis techniques. Structural equation modelling was employed to test the relationships proposed at the customer level. Moreover, hierarchical linear modelling was used to test the moderating effect of FS, measured at the salesperson level, on the proposed relationships.

Findings – The results show that customers' perceptions of salespeople's listening behaviour mediate the relationship between customers' perception of salespeople's empathy and RQ with the bank. Moreover, the positive relationship between salespeople's empathy and salespeople's listening behaviour, and the positive relationship between salesperson's listening and customer's RQ with bank are attenuated by the salesperson's FS.

Originality/value – This paper examined the effects of the salesperson's empathy and listening behaviour on the quality of customer relationships with the bank. Moreover, dyadic data show that such effects are influenced by variables related to the bank's salespeople, such as FS. The findings show that under high FS conditions, salespeople with high listening skills will have negative effects on their customers' RQ with the bank.

Keywords Salesperson, Empathy, Bank, Relationship quality, Listening, Felt stress

Paper type Research paper



Introduction

Salespeople play a pivotal role in building and sustaining relationships with customers. This role is well established in the relationship marketing literature (Palmatier *et al.*, 2006; Crosby *et al.*, 1990). The salesperson's role in building and managing customer relationships is particularly important in the banking industry because of intense competition and

complex nature of financial services (O'Loughlin *et al.*, 2004). Tenuous relationships with customers in retail banking can have deleterious effects as evidenced in a recent survey by American Banker that found large banks in USA could lose up to “\$92 billion in deposits” and “\$5.1 billion in profits” as customers switch to smaller credit unions and banks (Zheng, 2013). In the banking industry, relationships are important because approximately 5 per cent of bank customers defect annually, and 35 per cent of bank customers have relationships with other banks (Aurier and N'Goala, 2010).

One measure that has been used to capture the strength of relationships with customers is relationship quality (RQ) (Hennig-Thurau *et al.*, 2002; Garbarino and Johnson, 1999). In buyer-seller relationships, RQ is conceptualized as a multidimensional construct that captures various aspects of the relationship between buyers and sellers, such as trust, satisfaction and commitment (Dorsch *et al.*, 1998). Banks that develop better relationships with customers can reduce the likelihood of customers’ switching to other banks and increase the bank’s ability to cross-sell other products and services (Liu and Wu, 2009). Research in the financial services sector has found that the cost of acquiring a new customer is five times that of maintaining the relationship with a current customer (Athanasopoulou, 2006).

Even though salesperson empathy and listening behaviours are necessary for building relationships, the demands associated with their jobs can lead to feelings of stress that in turn can prevent them from performing at an optimal level. According to Job Demand-Resources Theory (JDR), job demands such as work overload, role conflict or interpersonal conflict can lead to employee emotional exhaustion (Bakker and Demerouti, 2007), which can have a negative impact on the relationship between salesperson empathy and listening behaviours. Emotional exhaustion is characterized by a feeling of emotional resource depletion (Cordes and Doughtery, 1993) and is one of the burnout dimensions associated with stress (Maslach and Leiter, 1997).

Salespeople are subject to stress in their job because of the very nature of such jobs (Tanner *et al.*, 1993). A personal selling occupation is often highly stressful due to the competitive selling environment, which places salespeople in “boundary spanning” activities between customers, businesses and competitive environments (Porter *et al.*, 2003). The increase in job stress is a major challenge facing salespeople (Sparks *et al.*, 2001). Research found that not all employees are affected equally by the same job stressors (Schwab, 1995). A salesperson working in financial services organizations is more likely to be affected by stress (Montgomery *et al.*, 1996). Knowledge about the impact of felt stress (FS), on a bank salesperson’s attitudes and behaviours is also important because such behaviours are known to be related to the performance of the salesperson (Schuler, 1980).

Although the antecedents of RQ in the financial services industry have been previously studied (Rajaobelina and Bergeron, 2009), salespeople’s traits and behaviours that can have impact on RQ with the bank have received scant attention in the literature. In this study, we examine the relations of salespeople’s empathy and listening behaviour with customers’ perceptions of RQ with the bank and the impact of FS on such relations. Empathy and listening have been found to be important determinants of customer satisfaction (Agarwal *et al.*, 2005; Drollinger and Comer, 2013) and, thus, RQ. The objectives of this study are twofold. The first objective is to examine the relationship between bank’s salespeople’s empathy and listening, and the customers’ RQ with the bank from the perspective of the customers. The second objective is to examine the moderating effects of FS on the impact specific salespeople’s traits and behaviours have on an organizational outcome such as RQ. The study will

contribute to the relationship marketing literature and will add to current findings of stress research. Unlike previous studies, this study examined the salesperson's empathy and listening behaviour based on the customer's perceptions. This method is used to decrease the threat of social desirability caused by self-reported surveys. In addition, customers also completed the RQ with bank measure. We also examined an organizational outcome (RQ), rather than a personal outcome, of salespeople's empathy and listening behaviour. Previous studies examined personal outcomes related to factors such as trust, loyalty and satisfaction or RQ with the salesperson. Also, the moderating effect of FS was examined in our model because of the nature of the industry and profession we are testing; both the banking industry and the selling profession are highly affected by stress in the workplace. The data gathered in this study examines the cumulative set of transactions that customers have with a salesperson. It is not data gathered directly after one transaction. The moderating effect was examined to test if FS will have the same effects on organizational outcome as those found when examining personal outcomes of salespeople.

Conceptual and hypotheses development

Despite the fact theories of work-related stress may lack the consensus on what are the factors and the mechanisms that lead employees or individuals to feel stress, the majority of the theories (e.g. Person-Environment Fit Theory, Conservation of Resources Theory (COR), Job Demand-Control Theory and JDR Theory) assert that stress can negatively affect the psychological (affective/emotional and cognitive), psychosocial, wellbeing, physical and behavioural states of strains to individuals. Schuler (1980) provides comprehensive examples of the consequences or symptoms of stress. Some of those symptoms are: psychological (affective and cognitive), such as the expression of boredom, procrastination, inattentiveness and apathy; and organizational behaviours, such as low performance quality/quantity, lack of concern for others and low job involvement. Kjellberg *et al.* (2000) found that FS is positively related to psychological demands. Arnold *et al.* (2005) describes work-related stress as a force that pushes a physical or psychological element beyond its capability range, generating strain.

The JDR Theory asserts that there are two different groups of working circumstances that induce different practices. The first group is the existence of possible job resources which decrease job demands (badly designed jobs, work overload and role conflict), while they increase personal growth and development, and goal accomplishments. Other resources can be related to the individual's traits and skills. This can lead to stronger dedication to employees' work. The second group is the job demands which increase the exhaustion of employees' physical and mental resources. This can lead to the depletion of employees' energy, the increase of feeling stress and strains (Bakker and Demerouti, 2007). The COR claims that individuals are motivated toward maintaining and accumulating personal, energy, mental and social resources to cope with the demands they might face in the future (Hobfoll, 2002). Resources are defined as "objects, personal characteristics, conditions, or energies that are valued by the individual or that serve as means for attainment of these objects, personal characteristics, conditions, or energies" (Hobfoll, 1989, p. 516). When employees experience stress, their ability to perform required tasks will be disrupted because stress hinders the energy and resources required for performance (Hobfoll, 2002). The underlining idea of the COR theory is that individuals feeling stress will not be able to let their resources have the normal effects they used to have (Hobfoll, 2001). FS is likely to impair salespeople's affective, cognitive and behavioural states.

Employees experiencing higher job demands are less likely to have high in-role performance because of the experience of exhaustion (Bakker *et al.*, 2004). On the other hand, job resources decrease employees' disengagement with their work, which in return can lead to an increase in extra-role performance (Bakker *et al.*, 2004). Salespeople who are able to use different types of resources (cognitive and affective) are more likely to behave in ways that build and maintain quality long-term relationships with their customers. In this paper, the moderating effect of FS is being considered as an inhibitor for the effect of a salesperson's empathy and listening behaviour on other outcomes. As the JDR Theory suggests, empathy and listening behaviour should be considered the kinds of resources that salespeople may use during work. In contrast, several factors can lead salespeople to feel stress (e.g. interpersonal conflicts, role ambiguity and organizational environment). When salespeople feel stress, they are less likely to achieve the same performance levels even when they try to use the resources (traits and skills) they have. This undesirable role of stress is more effective in the context of this study.

Empathy

In the marketing and sales literature, there have been considerable differences in the conceptualization of empathy. Prior conceptualizations of empathy have described empathy as a personal trait (Wispé, 1987; McBane, 1995) or as an ability (Lee *et al.*, 2011; Wieseke *et al.*, 2012) and it can be either cognitive, affective or both (Kerem *et al.*, 2001). The cognitive view of empathy, also described as "perspective taking", is the understanding of another person's situation at a cognitive level (Duan and Hill, 1996). Perspective taking allows a person to cognitively assess the situation from another person's viewpoint and anticipate their needs and motivations (Devoldre *et al.*, 2010). The affective view of empathy is described as an emotional response that increases the understanding of another person's feelings (Eisenberg and Strayer, 1987). The affective view incorporates different aspects such as emotional concern and emotional contagion (Coke *et al.*, 1978). Empathic concern occurs when an individual responds to the emotional state of another person without experiencing the emotion themselves (Wieseke *et al.*, 2012). Empathic concern is associated with altruistic behaviours, due to feelings of congruency with a person who is in need (Batson, 1991). Emotional contagion occurs when a person simultaneously shares the emotion experienced by another person (Duan and Hill, 1996). As emotional contagion involves the transfer of emotions from one person to another, it can lead to mimicry of expressions and body language (Davis, 1983). We conceptualize empathy as a personality trait that consists of cognitive and affective components and defined as "the ability to identify and understand another person's feelings, thoughts and situation" (Futrell, 1988, p. 124).

Despite the various conceptualizations of the nature of empathy, most scholars agree that empathy results in the exhibition of adaptive and pro-social behaviours (Wieseke *et al.*, 2012). Empathy enhances a person's ability to interact with other people and adopt behaviours that are appropriate for the circumstances. A salesperson that exhibits empathy by taking the perspective of his or her customers can better understand the needs of the customers, since they are able to see things from the customer's point of view. Inherent in assessing a customer's point of view is paying attention to the customer's verbal and non-verbal cues. Comer and Drollinger (1999) found that "as salespeople's empathy increases, their level of listening goes up", (p. 20). Other studies also found that empathy is positively related to listening (Agarwal *et al.*, 2005) and that listening is considered a way that can be used to express empathy (Drollinger and Comer, 2013). Although the relationship between empathy and listening

has been previously examined in the literature, most of the prior studies used self-reported data from salespeople. The use of self-reported data could lead to the possibility of salespeople over-reporting behaviours that are viewed as acceptable; consequently, the relationship between empathy and listening could be overestimated or underestimated due to self-report bias (Donaldson and Grant-Vallone, 2002). Therefore, this study will serve as a replication that examines the relationship between empathy and listening from the customer's perspective. Thus we propose:

H1. Salesperson's empathy is positively related to salesperson's listening.

Listening

Communication plays a critical role in building relationships with other individuals or between organizations. Listening is an essential element for successful communication and the development of long-term relationships (Drollinger and Comer, 2013; Ramsey and Sohi, 1997). In professional selling, effective listening skills are one of the most important factors that contribute to a salesperson's success (Marshall *et al.*, 2003), and the lack of listening skills is one of the prominent causes that leads to the failure of the salesperson (Ingram *et al.*, 1992). In the context of financial services, customers' perception of a salespersons' listening effectiveness has been found to be positively related to sales performance (Bergeron and Laroche, 2009).

In the literature, there have been several conceptualizations of the listening construct, and it has been described as being active, empathetic, interpersonal, verbal and non-verbal (Ramsey and Sohi, 1997; Comer and Drollinger, 1999). In personal selling, interpersonal listening is defined as the "cognitive process of actively sensing, interpreting, evaluating and responding to the verbal and non-verbal messages of present and potential customers", (Castleberry and Shepherd, 1993, p. 36). Overall, most researchers agree that listening is a higher order construct consisting of three dimensions: "sensing, evaluating and responding" (Ramsey and Sohi, 1997; Comer and Drollinger, 1999). During the sensing stage, the salesperson tries to receive all messages, both verbal and non-verbal, from a customer in order to move to the second stage. The salesperson then proceeds to the evaluating stage of the message, which consists of cognitively analysing the message to determine its meaning. In the final stage, the responding stage, the salesperson engages in behavioural action which can be verbal responses, such as acknowledging and asking questions, and/or non-verbal responses, such as head nodding and maintaining eye contact (Comer and Drollinger, 1999). Effective listening skills have been found to be a prerequisite to trust, an indicator of RQ, and, among bank customers, trust is considered the most important factor when evaluating their relationship with their financial institution (Tyler and Stanley, 2007). RQ consists of trust, satisfaction and commitment (Dorsch *et al.*, 1998), and listening plays an important role in building trust and ensuring customer satisfaction and commitment. When salespeople listen to their customers and try to determine their views and needs, they are more likely to be trusted as customers may sense that the salespeople are not just being driven by their own desires, but have genuine interest in solving customers' problems (Swan and Oliver, 1991). Salespeople who were rated better listeners had customers more likely to trust them and anticipate future interactions with them than with other salespeople whose listening skills were rated poorly (Ramsey and Sohi, 1997). In the financial services industry, similar results were found with customers' perceptions of a salesperson's listening effectiveness having a positive effect on customers' perception of trust (Bergeron and Laroche, 2009).

When salespeople practice effective listening skills, they are more likely able to accurately assess verbal and non-verbal cues from their customers and to respond appropriately, enabling them to build rapport with customers (Moine, 1982). Comer and Drollinger (1999) found that salespeople with effective listening skills can “develop and maintain long-term relationships with their customers” (p. 25). They also found that effective listening skills lead to an increase in customers’ satisfaction. Customer satisfaction with a salesperson after an interaction is based on an emotional state in which the customer assesses the quality of the interaction experience (Crosby *et al.*, 1990). Therefore, when customers perceive the salesperson as having effective listening skills, they are likely to have a positive assessment of the interaction with the salesperson. Previous research found a positive relationship between customers’ satisfaction and salesperson’s listening (Agarwal *et al.*, 2005; Ramsey and Sohi, 1997). As trust and customer satisfaction are important factors in establishing and maintaining a relationship and are considered components of RQ, we propose:

H2. Salesperson’s listening is positively related to customers’ RQ with bank.

There has been scant research in the literature examining the effects of empathy on RQ. However, research in the literature has examined the role of trust in building and maintaining relationships (Dorsch *et al.*, 1998; Crosby *et al.*, 1990), while empathy has been found to be a predictor of trust (Mishra, 1995; Ahearne *et al.*, 2007). As trust takes time to develop, empathy plays an important role in the initial exploratory phase of relationship building (Agarwal *et al.*, 2005). In building rapport with customers, salespeople exhibit empathy through their listening behaviours (Drollinger and Comer, 2013). When salespeople are empathetic and evaluate the situation from the customer’s perspective, customers appreciate it and are more likely to trust the salesperson (Ahearne *et al.*, 2007). Just as empathy plays a role in establishing trust, empathy can also have influence on customer satisfaction and the RQ customers have with their banks. Studies in different contexts have examined the role empathy plays in satisfaction. Empathy was found to have a positive effect on satisfaction among online shoppers (Devaraj *et al.*, 2002), romantic relationships (Cramer, 2003) and between patients and their physicians (Kim *et al.*, 2004). Prabhakaran and Satya (2003) found that empathy plays an important role in satisfying banks’ customers. Since satisfaction and trust are components of RQ, we propose:

H3. Salesperson’s empathy is positively related to customers’ RQ with bank.

Based on previous theorizing, we conceptualize empathy as a personality trait where a salesperson can show empathy by examining the exchange relationship from the customer’s perspective. Salespeople who empathize with customers and see things from their perspective tend to have better listening and relationship building skills (Drollinger and Comer, 2013). Because empathy can be demonstrated through listening, which is an essential component of effective communication (Ramsey and Sohi, 1997), communication between the salesperson and customer should be enhanced when the salesperson empathizes with the customer. As communication has been found to be an antecedent to RQ in a buyer-seller dyad (Palmatier *et al.*, 2006), we propose:

H4. Salesperson’s listening will partially mediate the relationship between empathy and RQ with the bank.

FS

FS is the anxiety and nervousness associated with the job which in return can affect employees' physical health and emotional state (Cox *et al.*, 2000). FS is not only an episodic feeling, but it can also be chronic (McFarland, 2003). Episodic stress could emerge during employee performance review, while chronic stress symbolizes a job environment (Sager, 1994). FS is defined as "the psychological response state of disturbed effect experienced by an individual in relation to job demands and/or constraints encountered in the work environment" (Parasuraman and Alutto, 1984, p. 332). FS can increase the feelings of pressure and tension of employees at the time they face work demands (Jaramillo *et al.*, 2013). It involves the experience of unpleasant emotions (Bolino and Turnley, 2005) and negatively affects job performance and involvement. Fried *et al.* (1984) found that salespeople feeling stressed in their work are more likely to have a higher glucose level and heart rate. FS among employees is found in every organization and is prevalent in the sales profession (Mulki *et al.*, 2012). Different studies claim that working in the financial services sector is extremely stressful compared to other industries (Kahn, 2001; Montgomery *et al.*, 1996). Zhang *et al.* (2011) found that job stress negatively moderates the positive effect of the service climate on the performance of bank employees.

Stress resides in the transactions between individuals and their environment (Lazarus, 1991), which in our case, is between the salespeople and their customers or organizations and coworkers. According to the stressor-strain perspective, job stressors can stimulate stress process and different forms of strain, such as exhaustion (Jex, 1998). Emotional exhaustion is described as the feeling of emotional resource depletion (Cordes and Doughtery, 1993). Employees may suffer stressors or disintegrate their influences either cognitively and behaviourally (Hunter and Thatcher, 2007). FS would likely affect salespeople in their day-to-day jobs. Specifically, employees feeling stress because of their job are less likely to use their affective, cognitive and behavioural resources when interacting with their customers. The sales profession can be so complicated, and it requires much of the salespeople's cognitive resources and attentional focus (McFarland, 2003). Evidence from the marketing literature provides strong support to the claim that customer-contact employees are more liable to experience high levels of job stress (Hartline and Ferrell, 1996). Considering the severe effects of stress on customer-contact employees, Chan and Wan (2012) state that research has overlooked how such feelings affects the performance of those employees. Salespeople working in a bank will experience stress caused by virtue of being in the sales profession and the financial services sector at the same time. Stress among salespeople has been found to be significant predictor of turnover intentions (Boles *et al.*, 1997). Montgomery *et al.* (1996) make a compelling argument that among financial services salespeople, stress can decrease salesperson productivity and increase turnover intentions. Therefore, the strains caused by stress are undesirable for employees as such strains create a job environment that negatively affects employees when using their cognitive and affective resources (Podsakoff *et al.*, 2007). Moreover and as suggested by research, employees working in the same environment can experience different climate perceptions (Jones and James, 1979) such as job stress in the context of selling and banking.

Work demands that are perceived as stressful by employees can create threats to employee wellbeing when those employees think they are unable to meet such demands with the available resources they have (Chan and Wan, 2012). Job demands force employees to invest additional resources, which in return can lead to employee

exhaustion. In their study, Netemeyer and his colleagues (2005) found that customer service employees working under higher levels of stress caused by their job have lower levels of extra-role and in-role performance. FS causes employees to lack the ability to use their resources, such as empathy and patience, which are important in keeping up a consistent level of performance during employee-customer interaction (De Jonge and Dormann, 2003). Employees experiencing stress in their work will try to regulate their thinking, emotions and behaviours (Schaufeli and Bakker, 2004). When feeling stress, salespeople are less effective in using the different kinds of resources such as empathy and listening to achieve relevant outcomes. In this study, we propose that stress can negatively affect the impact of salespeople's traits and skills that are related to job performance. The previous literature suggests that FS is likely to hinder salespeople from using their psychological (emotional and cognitive) and behavioural resources as required. Some of the symptoms of stress are: expression of boredom, inattentiveness, apathy, low performance quality/quantity, lack of concern for others and low job involvement/responsibility (Schuler, 1980). Based on previous arguments, we hypothesize the following:

H5. FS moderates the positive impact of empathy on listening: The positive impact is weaker at higher levels of FS.

H6. FS moderates the positive impact of listening on RQ with Bank. The positive impact is weaker at higher levels of FS.

Methodology

Measures and data collection

We collected dyadic data from both customers and salespeople in order to better examine the moderating effects of FS on customers' perceptions of salespeople's empathy and listening. Since FS is better observed by salespeople themselves, we addressed the FS survey to salespeople. We measured the customers' perceptions of salespeople's empathy and listening because salespeople are likely to exaggerate the levels of empathy and listening they have. Such a research design and measurement strategy is recommended by Spector (2006). Both customers' and salespeople's surveys were originally prepared in English and then translated into Spanish using standard back translation method (Brislin, 1970). This study used four different constructs, three of which we adapted existing scales to measure them (empathy, listening and FS). Empathy, listening and RQ with bank measures were all completed by customers while FS was answered by salespeople. All constructs were measured on a "7-point Likert scale" with the following range: "1 = strongly disagree", "4 = neither agree nor disagree" to "7 = strongly agree". The Appendix contains the full details of the constructs, measures, items loadings and reliabilities.

For this study, we used dyadic data from 25 salesperson matched with 150 customers of a major bank in Chile. The survey was reviewed by the bank management to check the appropriateness of the survey. The data were gathered by the bank management. For each randomly selected salesperson, six customers were randomly chosen and surveyed. Our samples are diverse in age and gender. After purifying our data, three customers' responses were dropped because they didn't complete the entire survey provided. In sum, 147 customers and 25 salespersons were employed to test our hypotheses. It is important to state that the data collected examined the cumulative

perceptions of customers and salespeople regarding the different constructs measured in this study. The data collected represented customers' views over several transactions that already happened between the customer and the same salesperson. In addition, the FS that salespeople revealed is the general stress that salespeople feel because of their job. The sample characteristics of both samples were representative to that of the customers and salespeople populations of the bank.

Research design

In our study, both structural equation modelling (SEM) and hierachal linear modelling were used to examine the proposed relationships. For testing hypotheses (*H1-H4*) at the first level (customers level), SEM was applied using (AMOS 21) software. For testing the relationships between customers level and salespeople level (*H5* and *H6*), hierachical linear modelling (HLM) was applied using (HLM version 7) software (see Figure 1).

HLM

HLM is a method used to avoid the problems presented by the integration of multi levels variables for examination in one statistical test (Raudenbush and Bryk, 2002). HLM provides better analysis when testing relationships between factors derived from multilevel data (Johnson *et al.*, 2014). In order to know if we can employ the HLM procedures, we measured the intra-class correlation coefficient which assesses if the variance explained by the second level (salespeople level) is sufficient to implement the HLM technique (Raudenbush and Bryk, 2002). Two base models were employed. In the first model, a base model that uses listening as the dependent variable at the customer level with only the intercept in the second level indicates that 29 per cent ($p < 0.01$) of total the variance in listening can be explained by factors in level 2 (salespeople level). In the second model, a base model that uses RQ with bank as the dependent variable at the customer level with only the intercept in the second level indicates that 9 per cent ($p < 0.05$) of the total variance in RQ with bank can be explained by factors in level 2 (salespeople level). These results indicate that it is appropriate to use HLM for analysing our data.

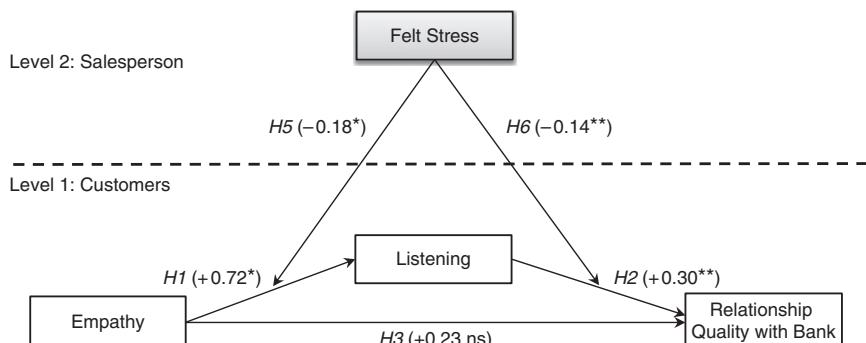


Figure 1.
Conceptual and structural model

Notes: Standardized paths are provided in brackets. ns, Not Significant after running the full model at level 1. Significance level: * $p < 0.01$; ** $p < 0.1$

Results

Measurement properties

Anderson and Gerbing recommended (1988) a two-step approach, which we implemented to test our model. First, the properties of the latent variables were assessed by a “confirmatory factor analysis”. Second, using “SEM”, we tested the hypotheses (*H1-H4*) of our study using (AMOS 21.0) with maximum likelihood estimation. The fit indices of the original measurement model were not in the acceptable range: χ^2 ($\chi^2 = 292.28$, $df = 129$); “comparative fit index” ($CFI = 0.89$); “goodness of fit index” ($GFI = 0.83$); “normed fit index” ($NFI = 0.82$) (Malhotra and Dash, 2008). After that, all items with factor loading less than 0.5 were dropped. The revised model with new fit indices reveals an acceptable measurement model: ($\chi^2 = 113.11$, $df = 59$; $CFI = 0.96$; $GFI = 0.90$; $NFI = 0.92$) (Malhotra and Dash, 2008).

Moreover, reliability and validity of the measures were evaluated using Cronbach's α 's, average variance extracted (AVE) and composite reliability. As shown in the Appendix, Cronbach α 's are greater than 0.75; with the lowest being 0.77 for RQ with bank. The Appendix, shows that the Composite reliabilities are above the 0.60 level, thus providing sufficient evidence of adequate reliability (Bagozzi and Yi, 1988) with the lowest = 0.76. All of the “AVE” indices are above the recommended 0.5 level (Fornell and Larcker, 1981). The AVE for each of the multi-item constructs is greater than the squared correlation between all pairs of constructs. Moreover, the 95 per cent confidence intervals of the constructs correlations did not include one, providing evidence for discriminant validity (Fornell and Larcker, 1981). The means and standard deviations for all constructs are shown along with the correlation matrix in Table I.

Common method variance (CMV)

CMV is known to inflate or deflate the correlations between constructs if such constructs are measured using the same method (Cote and Buckley, 1987). In our study, self-reported surveys by customers for level one could be said to have such bias. The CMV issue was addressed using Lindell and Whitney's (2001) marker method. The marker variable is employed to remove any variance attributed to the common method. As suggested, the marker variable should not be related to at least one of the variables in the model. Podsakoff *et al.* (2003) pointed out that personality variables are often used as marker variables. In this study, we used “resistance to change-routine

	EMP	LIST	SEN	EVA	RES	RQ	FS	RCRS
Empathy (EMP)	1							
Listening (LIST)	0.62*	1						
Sensing (SEN)	0.56*	0.89*	1					
Evaluating (EVA)	0.43*	0.70*	0.52*	1				
Responding (RES)	0.54*	0.88*	0.60*	0.56*	1			
Relationship Quality with Bank (RQ)	0.42*	0.33*	0.19**	0.32*	0.37*	1		
Felt stress (FS)	0.05	-0.16	0.01	-0.23	-0.15	-0.03	1	
Resistance to Change-Routine	-0.01	0.07	0.07	0.01	0.05	0.03	-0.10	1
Seeking (RCRS)								
Mean	4.75	5.24	5.48	5.14	5.03	5.58	2.61	3.48
SD	1.29	1.13	1.35	1.33	1.27	1.03	1.47	1.13

Note: Significance level: * $p < 0.01$; ** $p < 0.05$

Table I.
Correlation matrix
and summary
statistics

seeking" as a marker variable adapted from Oreg (2003) scale. The correlation matrix shows that this variable was not significantly related to any of the other variables used in our model. Results of both models with and without the marker variables are shown in Table II. The paths of the hypothesized relationships remained significant, which provides evidence that CMV is not an issue in this study (Lindell and Whitney, 2001).

The SEM at the customer level

The structural model proposed for level one, customer's level, (see Figure 1) had an adequate fit with ($\chi^2 = 51.23$, df = 23; CFI = 0.95; GFI = 0.93; NFI = 0.92) (Malhotra and Dash, 2008). Another structural model was tested with a marker variable "resistance to change-routine seeking" in order to control for common method bias. As we mentioned before, the outcomes of the hypotheses tested in the first model were not affected (see Table II).

Results of the path loadings show that empathy has a positive influence on listening ($\beta = 0.71$; $p < 0.01$); this supports *H1*. The direct impact of empathy on RQ with bank was positive but insignificant ($\beta = 0.23$; $p = 0.11$). The results also show a positive influence of listening on RQ with the bank ($\beta = 0.31$; $p < 0.05$), thus *H2* is supported. In order to check for the mediation effects of listening on the relationship between empathy-RQ with bank after we found in previous model that the relation between empathy and RQ with bank is insignificant. We also ran other unmediated models with only the direct effects between our variables as suggested by Barron and Kenny (1986). In the first model we tested each of the two relations, empathy and RQ with bank, and empathy and listening. This model shows a significant positive relation between empathy and RQ with bank ($\beta = 0.48$; $p < 0.01$) and a significant positive relation between empathy and listening ($\beta = 0.73$; $p < 0.01$), which supports *H1* and *H3*. The fit

	Results with controlled marker factor ^a		Results without controlled marker factor ^b	
	Coefficient	t-value	Coefficient	t-value
<i>Hypothesized paths</i>				
<i>H1</i> : Empathy→Listening	0.71*	6.32	0.72*	6.23
	<i>0.52*</i>		<i>0.53*</i>	
<i>H2</i> : Listening→Relationship Quality with Bank	0.31**	1.90	0.30***	1.97
	<i>0.28**</i>		<i>0.27***</i>	
<i>H3</i> : Empathy→Relationship Quality with Bank	0.23	1.64	0.23	1.59
	<i>0.15</i>		<i>0.15</i>	
<i>Variance explained (R²)</i>				
Listening	0.50			
Relationship quality with bank	0.25			
<i>Fit statistics</i>				
<i>χ²</i>	51.23		127.75	
df	23		71	
GFI	0.93		0.89	
CFI	0.95		0.92	
NFI	0.92		0.85	

Table II.
Structural equation model at customer level

Notes: ^aThe results without controlled marker factor correspond to Model 1; ^bThe results with controlled marker factor values correspond to results from Model 2. Values in *italics* correspond to the unstandardized paths. Significance level: * $p < 0.01$; ** $p < 0.05$; *** $p < 0.1$

indices of this ablethe direct relation between listening and RQ with bank and found a positive relationship ($\beta = 0.48$; $p < 0.01$) which supports $H2$. The fit indices for this model are ($\chi^2 = 14.80$, $df = 8$; $CFI = 0.98$; $GFI = 0.97$; $NFI = 0.95$).

In the last two direct effects models that we ran, relations between each of the three variables at the customer level were supported. The results provided by the previous three models show that listening fully mediates the relationship between empathy and RQ with bank since the significant effect of empathy on RQ with bank changed to non-significant after running the mediated model. The results did not support $H4$ since it was hypothesized that listening partially mediates the empathy-RQ relation. The results show a full mediated relationship but we should examine this relation with caution because the low p -value (0.11) for insignificance. The full results are summarized in Table II and graphically presented in Figure 1.

Effects of FS

To test the moderation effect of FS on both empathy and listening, we split our model into two distinct models. The first model was composed of empathy as independent variable and listening as dependent variable, while the second model was composed of listening as independent variable and RQ with bank as dependent variable. Both models were hypothesized to be moderated by FS. In addition, HLM software can't be used with a second order factor such as listening. For that summated the items' averages of listening scale and used it as a single factor. This approach was used in previous research (e.g. Agarwal *et al.*, 2005). In the first model, the HLM results show that FS interacts with empathy to affect listening, the interaction is negative and significant, $\gamma_{11} = -0.18$; $p < 0.01$ and the relation between empathy and listening is significantly positive $\gamma_{10} = 0.29$; $p < 0.01$, while the direct relation between FS and listening is not significant $\gamma_{01} = 0.04$; $p = 0.58$. In model 2, the results show that felts stress interacts with listening to affect RQ with bank, the interaction is also negative and significant $\gamma_{11} = -0.14$; $p < 0.1$ and the relation between listening and RQ with bank is significantly positive $\gamma_{10} = 0.47$; $p < 0.01$, while the direct relation between FS and RQ with bank is not significant $\gamma_{01} = -0.03$, $p = 0.66$. The HLM results support $H5$ and $H6$. There were no significant relations between FS and the dependents variables in both relations tested. Graphical presentations for the moderating effects of FS are provided in Figures 2 and 3. The interesting moderating results of FS are discussed in the upcoming discussion section.

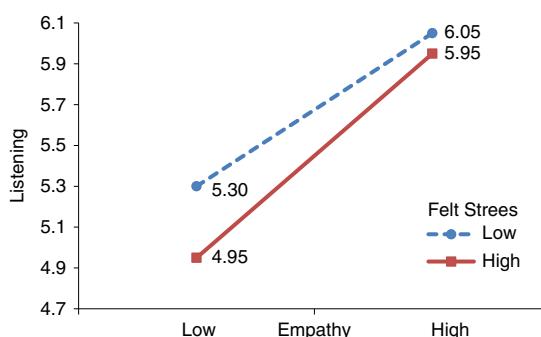


Figure 2.
Moderating effect of felt stress on empathy-listening relation

Discussion

The study's aim was to examine the effects of salespeople's empathy and listening on RQ. Furthermore, the study examined how FS moderate the effects of salespeople's empathy and listening skills on RQ. Establishing enduring relationships with customers is crucial in the banking industry, due to its competitive nature and the willingness of customers to switch banks when they are dissatisfied (Zheng, 2013).

Our study has found that empathy is an antecedent to salesperson listening behaviour and is also positively related to RQ. We also found empirical support for the positive relationship between listening and the customers' RQ with the organization which we examine in the context of the retail banking industry. Additionally, we found that FS negatively affects the relationship between salesperson empathy and listening. Listening is a prerequisite to effective communication, which is vital in building relationships. Circumstances that can have a negative impact on salespeople's listening ability should be assessed and mitigated. Our results show that when salespeople experience stress, the positive influence of listening on customers' relationship with bank will be weakened. In addition, the results indicate that FS diminishes the positive relationship between salesperson empathy and listening.

One of the interesting findings of this study is the negative counterintuitive effect of FS on the relationship between listening and RQ with the bank when FS is high (see Figure 3). This result shows that under high levels of stress felt by the salesperson, bank customers dealing with this salesperson will have a lower rating for the RQ they have with the bank even though that salesperson is known to be a good listener. On the other hand, customers have higher rating for their RQ with the bank when dealing with a salesperson with lower levels of listening skills. This could be explained by the fact that salespeople with high listening skills are more likely to have close relationships and interactions with customers. This listening behaviour can lead to more frequent interactions and time spent between the customer and the salesperson. Based on the reciprocity norm by Gouldner (1960), it might be the case that customers are more likely to listen to salespeople whom they perceive to be a good listener. Prior research stresses the regulation effects that the reciprocity norm has on most of the interpersonal relationships (De Wulf *et al.*, 2001; Gouldner, 1960). The longer the duration of the interaction between the customer and the salesperson in the bank; the more this customer will be familiar with the salesperson's behaviours and feelings. In return, this can also lead customers being able to differentiate between those salespeople with high vs low listening skills. Customers may be able to ascertain if a salesperson is stressed because of his/her behaviours or because the salesperson shares information about the

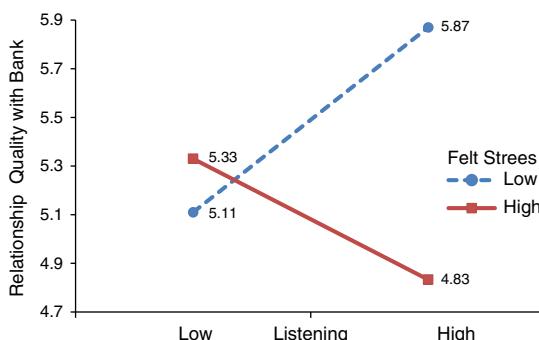


Figure 3.
Moderating effect
of felt stress on
listening-relationship
quality with
bank relation

work environment with them. This is more probable for salespeople with high listening skills that, as we previously mentioned, would have a higher likelihood of frequent interactions with their customers, and may share information that may be related to the salesperson's job. Our explanation for the negative counterintuitive effect of FS on the relationship between listening and RQ with the bank when FS is high is that customers are aware of the high levels of FS their salespeople are experiencing in their job, either directly from the salesperson or indirectly through the verbal and non-verbal behaviours of the salesperson, which can impact the customer's perception of their RQ with the bank. This means that customers' RQ with the bank may be affected when customers experience or acknowledge the high levels of job stress salespeople with good listening skills are suffering.

This finding, which we did not predict, is interesting and should be examined in future research. On the other hand, salespeople with higher listening abilities and skills are likely to increase customers' RQ with the bank at lower levels of FS. Employees feeling stress, especially those with high listening skills, can cause their customers to acquire negative perceptions of the job climate and the workplace of the bank, which in return can affect the RQ the customers have with the bank. This finding is consistent with previous studies in the extant literature that found close relationships between employees and customers may not always be beneficial to the firm (Bove and Johnson, 2006; Palmatier *et al.*, 2007). In a study exploring the risks of salesperson-owned loyalty, Palmatier *et al.* (2007) found there is financial risk to the firm when there are strong interpersonal relationships between salespeople and customers which can be the case when customers perceive salespeople as very proficient listeners. In general, this can lead us to think of how salespeople's FS may not only affect their performance, but it may also indirectly affect the customers' perception of their RQ with the bank.

Another interesting finding (see Figure 2) shows that FS has different impacts on the relationship between salespeople's empathy and listening at different levels of empathy (low vs high). Salespeople with low empathy are more likely to be better listeners to their customers at low levels of FS. Salespeople with high empathy may not vary their listening behaviours to their customers at high or low FS levels. A reason for such a finding is that individuals who are high in empathy also tend to be high in emotional intelligence that is associated with the regulation of one's emotions (Schutte *et al.*, 2001). Salespeople who are high in emotional intelligence are able to control their emotions and are likely to be able to minimize the effects that FS.

Managerial implications

As the findings of this paper suggest, it is important for banks to hire salespeople who are known to be good listeners, more specifically, empathetic listeners. When hiring new salespeople, banks' managers should make sure that they assess the empathy and listening levels of prospective employees. Managers can use as a pre-employment screening test, the Toronto Empathy Questionnaire (Spreng *et al.*, 2009) that assesses the empathy levels of applicants as well as the ILPS scale on salesperson listening (Castleberry *et al.*, 1999). Also, items such as volunteering and social activities that applicants have on their résumés can serve as indicators of the "other-orientation" that applicants have which can be a proxy of their empathy level.

For current employees, bank managers should focus on training their salespeople to improve listening skills. Salespeople should undergo specific kinds of trainings to enhance their emotional intelligence skills. Managers should be aware of the effects of

felts stress on a salesperson's attitudes and behaviours. Managers should focus on the kind of training that enhances the self-efficacy of their salespeople. Individuals with high self-efficacy are more likely to consider work challenges and demands as things to be mastered; they also believe that they control more of the organization's resources which make them less likely to be affected by job demand stress (Bandura, 1997). Moreover, other trainings should focus on attenuating the negative effects of stress on salespeople. Emotional intelligence can enhance interpersonal relationship building which in turn can help facilitates sales, and helps salespeople cope with the stress they face at work (Gignac *et al.*, 2012).

As the job of a financial services salesperson has been found to be one of the most stressful (Montgomery *et al.*, 1996), it becomes important for managers to implement various managerial strategies to reduce salespeople's stress. Implementing strategies such as job autonomy can provide employees with more flexibility in how they perform their jobs which can have a positive effect on salespeople's self-efficacy. As self-efficacy has been found to reduce salespeople's perceptions of role conflict, role ambiguity and work overload (Mulki *et al.*, 2008), managers should attempt to enhance salesperson self-efficacy by giving frequent positive praise (Chan and Wan, 2012). Empowerment could be a significant strategy to increase salespeople's self-efficacy. This is supported by the positive relationship between empowerment and self-efficacy found by Hartline and Ferrell (1996). Managers should consider the mismatch between the employee and job since such a mismatch can results in stress and dissatisfaction (Singh *et al.*, 1996). Managers should also consider the counterintuitive effect of FS and how FS, especially stress felt by those with high listening skills, can lead customers to acquire negative perceptions of the job climate and the environment of the bank that in return can influence the RQ.

Managers should provide an organizational environment that is supportive, and they can show support to their salespeople by fostering open communication, giving positive feedback and developing social bonds with employees which can help lower the levels of FS experienced by their employees (Lagace *et al.*, 2011). Also, when conducting performance reviews in addition to evaluating salespeople on objective measures of sales performance, such as quota attainment, managers should evaluate salespeople based on non-financial performance measures, such as salesperson service performance. As salesperson service performance has been found to have a positive effect on customer loyalty (Amyx and Bhuiyan, 2009), customers' perceptions of how well salespeople deliver quality service can give managers a granular view of salesperson performance that may not be captured using only financial measures of performance. Giving surveys to customers using the SALESUPERF scale (Amyx and Bhuiyan, 2009) will allow managers to evaluate salesperson service quality as perceived by customers. Moreover, managers should try to reduce the different kinds of stressors that are caused by the boundary spanning nature of the salespeople job, such as role conflict/ambiguity, work overload, interpersonal conflict, family-work conflict and work-family conflict which were all found to affect stress experienced by salesperson (see Jaramillo *et al.*, 2011; Netemeyer *et al.*, 2005). Some of the managerial strategies that can be used to reduce job stress could be increasing managerial support and empowerment (Hartline and Ferrell, 1996). Managers should provide an organizational ethical climate (Jaramillo *et al.*, 2013; Mulki *et al.*, 2008) which can help hinder the stressors caused by unethical behaviour or interpersonal conflict in the organization. Stress management (Ardell, 1979) and wellness lifestyles (Porter *et al.*, 2003) can help salespeople cope better with different kinds of stressors.

Furthermore, managers should pay attention to the existence of strong interpersonal relationships that salespeople may have with customers, particularly among salespeople who are high in listening skills. Although the benefits of strong interpersonal relationships with customers are generally beneficial to the bank, the customer's allegiance with the salesperson may lead the bank to lose such customers, if the salesperson leaves the bank to work for a competitor. To minimize the likelihood of such an occurrence, banks should emphasize the importance of not discussing internal bank matters with customers and having solely professional relationships with customers to their salespeople. Managers should also get to know key customers, so customers can know that their relationship with the bank extends beyond one employee. Managers should make sure that professional customer-salesperson relationships are controlled and will not develop into advanced relationships such as commercial friendship (e.g. Price and Arnould, 1999). Banks should adopt rules that prohibit employees, particularly sales employees from fraternizing with customers. Such rules should be explicit and require employees' acknowledgement to ensure professional decorum is maintained at all times in salespersons' interactions with customers.

Limitations and future research

The findings of our study are tempered with several limitations. This study examined only the effects of some salespeople's characteristics and behaviours on customers' perceptions of the RQ with the bank. Other variables, such as the services offered by the bank, may also affect customers' perceptions of the RQ with the bank. FS may also affect employees in the bank who are not salespeople, such as those who have direct or indirect effects on customers' perception of the RQ with bank. Customers may interact with the managers or may use the self-services offered by the banks which in return can affect customers' perceptions. All those variables may explain the remaining variance in RQ with the bank that was not explained in this study. This study examined only the effects of FS on salespeople's empathy and listening. The study did not differentiate between the kinds of stressors in the financial service sector (e.g. role ambiguity, customers' demands and work overload) and how different stressors can have different effects on salespeople. Podsakoff *et al.* (2007) stated "Different types of stressors are associated with different affective and behavioural responses" (p. 439). Previous studies tested the effects of different kinds of stressors; the findings of such research found that challenge stressors can have positive effects of job performance, and satisfaction, while the hindrance stressors have negative effects (e.g. LePine *et al.*, 2004; Podsakoff *et al.*, 2007). Another study found that high-stress employees can deliver better performance on tasks that require limited self-regulation than low-stress employees (Chan and Wan, 2012). Further research should also try to find the level of job stress that affect the different factors and what is the type of relationships (inverted-U, negative linear) stress have with respect to other factors (e.g. Jamal, 1985). Moreover, FS can also affect factors besides listening which are predictors of salespeople's performance, such as adaptive selling skills. Even though the listening scale we used is a well-known scale used in the sales literature, another limitation in this study is caused by the scale that we used to measure the salespersons' listening. Several items were deleted, especially in the evaluating dimension of listening due to low loadings, a problem that was also found when developing that scale (see, Ramsey and Sohi, 1997). Other listening scales may be used in future studies. In addition to that, the study failed to incorporate some control variables that might be important to better

understand the relationships hypothesized, such as customer RQ with a salesperson and duration of the relationship the customer has with the bank.

The data were collected from one bank which could also limit the generalizability of the findings to other financial services markets. Chile is a collectivist culture where norms around personal disclosure and empathy may be different from that of other countries that are more individualistic. Previous research has found that collectivist cultures are more empathetic than individualistic cultures (Duan *et al.*, 2008). Thus, it is possible that, in individualistic countries, customers may emphasize less on relational variables, such as empathy and listening, and focus more on materialistic variables, such as facilities and offers provided by the salesperson. Therefore, to increase the generalizability of our findings, future research should examine the effects of FS on salespeople's attitudes and behaviours in individualistic cultures, such as USA. Moreover, the sample composes banks customers, which also limits the generalizability of the findings to other financial services contexts. Further research should try to replicate this study in different countries and different financial services companies. Caution should be taken when interpreting the findings of this study. Readers should notice the difference in findings that could be found in other financial services markets, countries and companies.

Future research should consider the counterintuitive effect of FS. The reciprocity norm between salespeople with high listening skills and their customers would be a key to such research. Also, future research could look at the specific predictors of FS, such as work overload, role conflict, role ambiguity and interpersonal conflict and their effects on other outcomes such as sales performance. The examination of specific predictors and outcome variables can enhance our overall model and yield a more finely grained view of the effects of FS on salespeople's behaviours and performance.

Conclusion

In this paper, we examined the relationships between salespeople's empathy and listening and customers' RQ with the bank from the perspective of customers. Moreover, we examined how such relationships may be affected by FS in a job climate that has deleterious impacts in the financial service context. Our findings show that empathy and listening have positive indirect and direct effects on customers' RQ with the bank, respectively. In addition, findings show that under high FS condition, salespeople with high listening skills will have negative effects on their customers' RQ with the bank. We hope such findings will provide both practical and theoretical contributions to the literature.

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Appendix

Moderating role of felt stress

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Latent variable	Item description	Factor loadings	Mean	SD
<i>Empathy</i> (Ahearne <i>et al.</i> , 2007) AVE = 0.76 $\alpha = 0.85$ CR = 0.91	My salesperson in (BANK NAME) always demonstrates a sincere interest in people My salesperson in (BANK NAME) displays a caring attitude toward others My salesperson in (BANK NAME) is always ready to help when others encounter problems	0.90 0.77 0.94	4.83 4.68 4.75	1.61 1.43 1.35
<i>Listening</i> (Ramsey and Sohi, 1997) Sensing AVE = 0.85 $\alpha = 0.94$ CR = 0.95	During our meeting, my salesperson in (BANK NAME) gave me full attention During our meeting, my salesperson in (BANK NAME) kept firm eye contact During our meeting, my salesperson's, in (BANK NAME), non-verbal gestures suggested he or she was listening to me During our meeting, my salesperson in (BANK NAME) seemed bored ^a (<i>Deleted</i>)	0.90 0.99 0.86	5.31 5.52 5.63	1.59 1.36 1.33
Evaluating	During our meeting, my salesperson in (BANK NAME) asked me for more details During our meeting, my salesperson in (BANK NAME) paraphrased my questions (<i>Deleted</i>) During our meeting, my salesperson in (BANK NAME) didn't interrupt me when I was talking(<i>Deleted</i>) During our meeting, my salesperson in (BANK NAME) changed subject too frequently ^a (<i>Deleted</i>) During our meeting, my salesperson in (BANK NAME) tried hard to understand what I was saying. (<i>Deleted</i>)	0.68	5.14	1.33
Responding AVE = 0.67 $\alpha = 0.84$ CR = 0.86	During our meeting, my salesperson in (BANK NAME) used full sentences instead of saying yes or no when responding During our meeting, my salesperson in (BANK NAME) offered relevant information to the questions asked During our meeting, my salesperson in (BANK NAME) showed enthusiasm in his or her responses During our meeting, my salesperson in (BANK NAME) answered at appropriate times(<i>Deleted</i>)	0.87 0.92 0.63	4.81 5.14 5.17	1.62 1.40 1.37
<i>Relationship Quality with Bank</i> AVE = 0.54 $\alpha = 0.77$ CR = 0.77	Overall, I'm very satisfied with the (BANK NAME) service The (Bank Name) is an honest institution	0.84 0.62	5.38 5.50	1.31 1.28
<i>Felt stress</i> (Netemeyer <i>et al.</i> , 2005) AVE = 0.74 $\alpha = 0.87$ CR = 0.92	In future, I will remain a customer of the (BANK NAME) My job tends to directly affect my health At the end of the day, my job leaves me "stressed out" Problems associated with work have kept me awake at night I feel fidgety or nervous because of my job	0.72 0.81 0.82 0.85 0.94	5.86 2.52 3.16 2.24 2.52	1.11 1.61 2.05 1.48 1.75

Notes: ^a, Cronbach's Alpha; CR, Composite reliability; AVE, Average variance extracted. ^aReversed coded all scales were addressed using seven points Likert-scale (1 = strongly disagree; 7 = strongly agree)

Table AI.
Constructs and measures