



Generating positive word-of-mouth communication through customer-employee relationships

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Abstract *In this study, we hypothesize and empirically test the proposition that interpersonal bonds, or relationships between employees and customers, can significantly influence positive word-of-mouth (WOM) communication. Such influence may be especially true for many services, particularly in situations where a relationship has developed between the customer and individual service providers. In this study we look at four dimensions of interpersonal bonds: trust, care, rapport, and familiarity. We contend that as a customer's trust increases in a specific employee (or employees), positive WOM communication about the organization is more likely to increase and such trust is a consequence of three other interpersonal relationship dimensions: a personal connection between employees and customers, care displayed by employees, and employee familiarity with customers. These propositions are investigated using data collected from bank customers and dental patients, and we find empirical support for all but one of our hypotheses. A key finding is that the presence of interpersonal relationships between employees and customers is significantly correlated with customer WOM behavior. We conclude with a discussion of how interpersonal relationships between customers and employees might be fostered in order to increase the likelihood of customer WOM behavior.*

Introduction

Word-of-mouth (WOM) communication, "informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (Westbrook, 1987, p. 261), has recently received renewed attention in the marketing literature (Anderson, 1998; Gilly *et al.* 1998; Money *et al.*, 1998). Positive WOM communication has been recognized as a particularly valuable vehicle for promoting a firm's products and services. Indeed, given its non-commercial nature, WOM communication is viewed with less skepticism than firm-initiated promotional efforts (Herr *et al.*, 1991). Although WOM communication can be very influential in any purchase decision, previous research suggests it is particularly important for services

(Ettenson and Turner, 1997; Heskett *et al.*, 1997; Murray, 1991) and that a single recommendation – the only source of information obtained – is often sufficient to convince a person to try a particular service provider (Gremler, 1994; Price and Feick, 1984; Reingen, 1987).

Even with the renewed interest in WOM communication, antecedents to WOM have received little attention (Anderson, 1998). Regrettably, the limited discussions in the literature of how firms can encourage positive WOM behavior have tended to concentrate on reward dispensing strategies or assumed that satisfying customers will naturally lead to these behaviors. As such, the opportunity for employee-customer relational bonds to influence customer WOM behavior has been ignored.

Before examining the constructs relevant to the study, a brief example is offered from Harley-Davidson to illustrate the impact of interpersonal bonds on WOM communication. Much of the success of Harley-Davidson can be attributed to positive WOM communication emanating from customer-employee relationships. Despite the corporation's impressive track record of growth and profitability, relatively little is budgeted for traditional marketing expenditures. Instead, Harley pursues a genuine relationship marketing approach focused on its dealers and their employees. Through its customer clubs, known as the Harley Ownership Groups or HOGS, over one-half million customers frequent the dealerships for weekly meetings, special events, vehicle service, and the purchase of clothing and accessories. Dealer employees are overtly encouraged by management and corporate leaders to "get to know these customers personally, demonstrate attention and care, and become their friends" (van der Sande, 2000). The bonding between employees and customers has been so successful in spreading positive WOM communication that Harley has no need for substantial expenditures on advertising and promotions.

In this study, we hypothesize and empirically test the proposition that interpersonal relationships between employees and customers can significantly influence positive WOM communication. For many services, an important component of the offering is the interpersonal interaction between employees and customers (Czepiel and Gilmore, 1987; Surprenant and Solomon, 1987) or what Gremler and Brown (1996) refer to as "interpersonal bonds." Scholars have suggested that customers who are members of a firm's "social network" (Reingen and Kernan, 1986) or are in situations where "relationship closeness" exists (Colgate and Danaher, 1999) are more likely to engage in WOM behavior.

One key dimension of the employee-customer relationship is interpersonal trust, or "confidence in an employee's reliability and integrity" (adapted from Morgan and Hunt, 1994). We contend that as a customer's trust increases in a specific employee (or employees), positive WOM communication about the organization is more likely to increase. In our proposed model, we argue that such trust is a consequence of three other interpersonal relationship dimensions: familiarity between employees and customers, a personal connection between employees and customers (Gremler and Gwinner, 2000), and care displayed by employees (Dubinsky, 1994; Lewis, 1991; Surprenant and

Solomon, 1987). That is, a customer's trust in a specific employee is likely to form if the employee and customer are well known to each other, a personal connection is present in the relationship, and the employee has demonstrated genuine care and concern for the customer's well-being. Finally, we contend that both personal connection and care are consequences of employee familiarity of customers (Rafaeli, 1989; Zeithaml, 1981). A better understanding of the conditions that facilitate positive WOM communication, such as the relationships proposed above, can provide managers with insight as to how to best stimulate such behavior.

Delineating employee-customer relationships

If one accepts a broad definition of a relationship, whereby all interactions between people over an extended period of time constitute relationships (Hinde, 1979), then a great number of interactions between customers and employees could be considered "relationships." We do not believe that all interactions constitute relationships. Rather, in the same sense that a relationship between friends, or a husband and wife, involves some deeper meaning beyond frequency of interaction, our notion of an employee-customer relationship goes beyond repeated encounters. That is not to say that repeated encounters with the same service provider do not help to foster relationships between employees and customers. They do. It is just that a history of multiple interactions do not make a relationship. In order to contextualize the notion of employee-customer relationships, the remainder of this section discusses two different perspectives for understanding and classifying relationships between employees and customers.

Formal versus personal relationships

In order to be more precise, it is useful to think about the distinction between formal and personal relationships (Hinde, 1979; McCall, 1970). "Formal" relationships are those where the behavior between individuals is primarily based upon the roles individuals occupy in the encounter. Examples of interactions where one's role will play a large part include interactions between: teacher and student, doctor and patient, waiter and customer. Indeed, researchers have studied how our expectations of such encounters, codified in the form of scripts, influence our behavior and our expectations of the other party (Schank and Abelson, 1977; Hubbert *et al.*, 1995). In contrast, the behaviors exhibited in "personal" relationships are guided more on the knowledge each party has of the other as an individual. Although the positions each party occupies in society (that is, their roles) are likely to influence behavior in personal relationships, it is the individual knowledge aspect that primarily influences behavior. We will use the term "interpersonal relationship" to describe the latter types of interactions between customers and employees in this paper.

Communal relationships

Aside from the factors of role and knowledge that can shape relationship interaction, we can also think of relationships in terms of motives. Clark and

Mills (1979) have distinguished between communal and exchange relationships. They have theorized that exchange relationships are those where “benefits” are given by one party with the expectation of receiving comparable benefits. Thus, in exchange relationships the receipt of a benefit creates a debt or obligation for the receiver. In contrast, in communal relationships “benefits are given in response to the other’s needs or simply to please the other” (Mills and Clark, 1994, p. 29). As such, behavior in communal relationships is driven out of concern for the welfare of the other individual, rather than motivated by what benefit one might receive in return. However, this is not to say that participants in communal relationships are unselfish, only that there is not an indebtedness aspect to their behavior. Indeed, the underlying motivation may be to satisfy a personal need to be a “good citizen” or to make one feel good about themselves.

To further illustrate, consider an exchange relationship example in a service encounter context. A counter employee at the local dry cleaner may take extra care to remove a particularly stubborn stain from a customer’s shirt with the expectation that the firm will be rewarded with prompt payment and future business. However, the motivation may change if a communal relationship is present in the above example. If the relationship is of the communal type, then the motivation for taking extra care to remove the spot is not tied to the benefits likely to be received, but rather is motivated out of concern for the welfare of the other individual. Of course, these constructs are not mutually exclusive. Indeed, according to Mills and Clark (1994, p. 31), “it is possible to have both a communal relationship and an exchange relationship with the same other person.”

Goodwin (1996) argues that communal relationships between employees and customers in service transactions alter the nature of the transaction by changing the manner in which each party responds to the other. We extend this assertion by suggesting that “interpersonal” relationships (consisting of knowledge driven and communally motivated interactions) will have a positive differential impact on a consumer’s tendency to offer positive comments to others regarding the firm.

With the preceding as a framework for thinking about employee-customer relationships, in the next section we introduce a model examining four constructs prominently discussed in the literature as being components of relationships. Our discussion focuses on how these constructs interact with each other and how they may impact WOM communication between consumers.

Relational constructs influencing WOM communication

The hypothesized relationships of the relational constructs influencing WOM communications are illustrated in Figure 1. Each of the constructs and associated hypotheses are discussed in the following subsections, organized from left to right as depicted in the model.

Familiarity

We define familiarity as the customer’s perception that the employee has personal recognition of the customer and knows specific details about his/her service needs. Familiarity is driven by the frequency of the interaction and the depth of the interaction. Naturally, when interacting with someone on a weekly basis (for example, a waitress at a favorite restaurant) the amount of “personal” knowledge gained about that individual will be greater than when interactions occur every three months (for example, the technician at an auto service center). Frequency of interaction with the same service provider has been identified by many researchers as one aspect that can be used for delineating types of relationships (Gutek *et al.*, 1999; Hinde, 1979; Kelley *et al.*, 1983).

We propose that in order for a customer to perceive that he or she is cared for or to sense the existence of a personal connection with a service provider, some employee knowledge of the customer must exist. In a service provision context, this knowledge can be developed through repeated encounters, which results in employees becoming familiar with a customer and his/her specific service needs. This information can come from explicit verbal information provided by the customer and from an employee’s observation of customer behavior during the encounters. In support of our contention, communication researchers have correlated the growth in knowledge about partners with the development of intimate relationships (Crockett and Freidman, 1980; Duck, 1977). This lends support for a familiarity to caring link. (Figure 1 depicts the hypothesized relationships.)

H1: Familiarity positively influences perceptions of care.

Like its influence on perceptions of care, familiarity can be regarded as a necessary, but not sufficient, condition for the development of a personal connection with a service provider. In order for personal connection bonds to develop between customers and employees, knowledge of the other participant in the service exchange and sharing of details of one’s own experiences (that is, self-disclosure) are necessary. According to Miller and Berg (1984, p. 173) “the closer the relationship to the other and the longer we have known the other, the

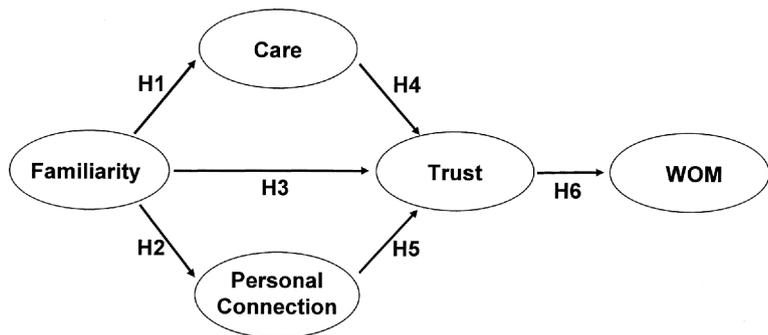


Figure 1.
Relational constructs
influencing word-of-
mouth communication

more likely it is that we will have detailed and extensive knowledge of that other's desires, needs, and preferences". To the extent that this knowledge results in a "connection" between the participants then a bond may be formed. Oakes *et al.* (1995) found that as members of a 26-day outward bound course gained increasing familiarity with other group members their perceptions of group homogeneity were increased. When there are higher levels of homogeneity the chances of two individuals finding some common ground or connection are greater. Thus, familiarity should have a positive influence on the development of a personal connection.

H2: Familiarity positively influences the development of a personal connection.

Familiarity also appears to play a role in the development of trust. In a consumer context, Garbarino and Johnson (1999) empirically demonstrate that, among "strong relationship" customers, there is a positive relationship between a consumer's familiarity with performers in a theatrical context and the consumer's level of trust with the organization. As such, we posit a positive relationship between familiarity and trust in the employee.

H3: Familiarity positively influences perceptions of trust in the employee.

Care

We define care as the customer's perception of the employee having genuine concern for the customer's well being. The level of care exhibited in a customer-employee context may be partially explained by the tenets of equity theory. Gouldner (1960) states that in interpersonal interactions individuals tend to help those that have helped them. A general norm of reciprocity may exist in service relationships where an employee exhibits concern for a customer because they feel indebted to them for their business. Of course, there may be insincere displays of caring in business transactions, but our discussion focuses on those that are derived in relational exchanges and are genuine.

The degree to which caring leads to trust is likely to be based upon the motivation ascribed to the employee for the caring behaviors. Miller and Berg (1984) identify three classes of giving behavior that are useful for examining the motivations directing caring behavior in a service exchange. Obligatory behaviors are those that are normative in nature and, thus, expected in certain contexts. For example, we expect service employees to be polite. Instrumental behaviors are motivated by goal achievement. In the current discussion, caring behavior exhibited only to get a customer to purchase more would represent instrumental behavior. Finally, hedonic behaviors are those motivated by the giver's desire to make others feel good. Caring behaviors that are ascribed hedonic motivations are likely to result in greater levels of trust being formed.

H4: Caring behaviors positively influence perceptions of trust in the employee.

Personal connection

We define a personal connection as a strong sense of affiliation or bond based on some tie. We often hear in everyday language phrases like “I really connected with him” or “we really clicked”. Despite the adage that “opposites attract,” connections are often based upon having some common attribute (such as personality or attitudes) or interests (e.g. growing up in the same neighborhood, being avid hikers) with another party (Duck, 1994). Research in the attraction literature has argued that information communicated during initial encounters is used by the individuals (for example, potential friends) to assess the level of similarity between their personalities. Individuals perceiving a high level of similarity are more likely to form relationships (Duck, 1976). Indeed, Coulter and Coulter (2000) found that as perceived similarity between customers and service employees increased, customer trust also increased.

In a similar vein, Price *et al.* (1995) discuss a relational factor they call “authentic understanding” which describes relational elements well beyond traditional customer-contact employee roles. Authentic understanding is developed when “service provider and client engage in self-revelation, expend emotional energy, and connect as individuals” (Price *et al.*, 1995, p. 92). Although their construct is developed in the context of extended, affectively charged, intimate service encounters, it is possible for connections among customers and employees to occur in briefer transactions that are repetitive in nature (for example, weekly Harley-Davidson HOGS meetings) (Czepiel, 1990). Indeed, it is not unheard of for customers and employees to develop strong friendships out of such encounters (Goodwin, 1996; Goodwin and Gremler, 1996).

H5: A personal connection positively influences perceptions of trust in the employee.

Trust

Trust can be conceptualized as existing between individuals (interpersonal trust), between organizations (organizational trust), or between individuals and organizations (inter- or intra- organizational trust) (Ganesan and Hess, 1999; Moorman *et al.* 1993). The current study focuses on trust developed in a relationship between individuals, specifically customers and contact employees. We operationalize trust in a manner consistent with the work of Morgan and Hunt (1994) who define trust as “existing when one party has confidence in an exchange partner’s reliability and integrity” (p. 23). Thus, our construct can be considered trust in the employee, as opposed to trust in an organization.

Empirical research examining the employee-customer interaction has found that encounters that can be characterized as occurring under the broader umbrella of a relationship are likely to produce customer advocacy behaviors such as positive WOM communication (Beatty *et al.*, 1996; Bendapudi and Berry, 1997; Griffin, 1995). Further, the trust construct has been associated with many pro-firm related behaviors in both empirical and conceptual research

(Ganesan, 1994; Garbarino and Johnson, 1999; Moorman *et al.*, 1993; Morgan and Hunt 1994). In fact, Ganesan and Hess (1999) found that interpersonal credibility (the individual partner's ability and intention to keep promises) was a stronger predictor of the buyer's commitment to a vendor organization than organizational credibility (the organization's ability and intention to keep promises). Garbarino and Johnson (1999) find trust in an organization to be related, among relationship customers, to customers' future intentions. While their future intention battery did not include WOM communication, saying positive things about the organization to others is not inconsistent with the behaviors they did measure – attendance, subscription, and donations. We propose that customer trust in an employee will have a direct positive influence on the propensity to engage in positive WOM communication behaviors.

H6: Trust has a positive influence on word-of-mouth communication.

Methodology

To empirically investigate the proposed model, we use a self-report questionnaire format with two sets of respondents, bank customers and dental patients. The bank sample consists of 1,303 respondents randomly selected from among the customers of one district of a large bank in the southwestern US. In this sample, 48 per cent of the respondents are men, the average age is 48.4, and the average length of time as a customer of the bank is 13.2 years. Additionally, 368 patients of a dental practice in a large, southwestern US metropolitan area also participated in the study. Of these respondents, 42 per cent are men, the average age is 47.6, and the average length of time as a patient is 8.7 years.

Multi-item scales are used to measure each of the five constructs included in the model discussed earlier. In particular, measures for familiarity (three items), care (three items), and WOM communication (four items) were created for use in this study. The five-item measure of personal connection is based on Gremler and Gwinner's (2000) work on rapport. Finally, the trust scale (four items) is based upon Morgan and Hunt's (1994) measure of trust. All items are seven-point Likert scales, ranging from 1 (strongly disagree) to 7 (strongly agree).

A two-step approach was employed to analyze the data. In the first phase, the measurement model was assessed by performing a confirmatory factor analysis using the CALIS procedure in SAS. The measurement model statistics that resulted are reported in Table I. The results suggest a good fit of the model to the data in both the bank sample (TLI = 0.964; CFI = 0.971; $\chi^2 = 1213.1$, $df = 239$) and in the dental sample (TLI = 0.929; CFI = 0.939; $\chi^2 = 852.8$, $df = 239$). All indicator loadings are positive and significant ($p < 0.01$). The factor loadings for each item of each construct are fairly high, with 0.80 being the lowest loading of any of the items in the bank sample and 0.71 being the lowest factor loading in the dental sample. The statistics also provide evidence of reliability: the coefficient alphas for each scale ranged from 0.92 to 0.96 in the bank sample and from 0.86 to 0.96 in the dental context, and the average variance extracted values are greater than 0.70 for all but one of the measures

Measurement model statistic	Overall model fit			
	Bank sample	Dental sample		
χ^2	1213.1	852.8		
df	239	239		
CFI	0.971	0.939		
TLI	0.964	0.929		

	Internal consistency			
	Number of items in scale	Composite reliability	Coefficient alpha	Average variance extracted
Familiarity	3	0.954 / 0.921	0.950 / 0.915	0.873 / 0.796
Care	3	0.956 / 0.963	0.951 / 0.958	0.879 / 0.896
Personal connection	5	0.929 / 0.936	0.927 / 0.934	0.723 / 0.746
Trust	4	0.947 / 0.929	0.946 / 0.929	0.816 / 0.766
Word-of-mouth communication	4	0.918 / 0.854	0.919 / 0.855	0.736 / 0.594

Notes: Statistics are presented for each of the two samples, with the bank sample statistics first (before the “slash”) and the dental sample statistics second. The χ^2 statistic is significant at the 0.01 level. CFI refers to the Comparative Fit Index of Bentler (1990). TLI refers to the Tucker-Lewis ρ (Tucker and Lewis, 1973). Composite Reliability is based on the reliability index suggested by Fornell and Larcker (1981).

Table I.
Measurement model results

(for word-of-mouth communication in the dental context it is 0.594) and exceed the 0.50 cutoff recommended by Bagozzi and Yi (1988). Overall, the measurement model statistics suggest sufficient reliability for each set of items.

In the second phase of the analysis, the relationships between the constructs in the structural model (displayed in Figure 1) were assessed. Table II contains the overall goodness-of-fit indices and the standardized parameter estimates for the hypothesized model. As shown in the table, the goodness-of-fit indices suggest a good fit of the model to the data in both the bank sample (TLI = 0.956; CFI = 0.962; $\chi^2 = 1114.3$, $df = 146$) and in the dental sample (TLI = 0.929; CFI = 0.948; $\chi^2 = 514.5$, $df = 146$). In each data set, all but one of the standardized path coefficients in the model are positive and significant. (The path coefficients are displayed in both Table II and in Figure 2). The only nonsignificant path, both in the bank sample and the dental sample, is the familiarity-trust path. Thus, there is empirical support for all of the hypotheses specified in the model except for $H3$.

Of particular interest is an examination of the amount of variance explained in each of the four endogenous variables in the model. The variance explained (measured in terms of R^2) in each of these constructs is: for trust the amount of variance explained is 0.492 in the bank sample and 0.491 in the dental sample[2]; for care the variance explained is 0.512/0.599; for personal

Structural model statistic	Overall model fit	
	Bank sample	Dental sample
χ^2	1114.3	514.5
df	146	146
CFI	0.962	0.948
TLI	0.957	0.929

Path	Standardized path estimates and <i>t</i> -values			
	Bank sample		Dental sample	
	Standardized path estimate	<i>t</i> -value	Standardized path estimate	<i>t</i> -value
H1: Familiarity → Care	0.715	43.4	0.774	20.5
H2: Familiarity → Personal connection	0.880	32.8	0.783	18.3
H3: Familiarity → Trust	0.041	0.7 (ns)	-0.041	-0.4 (ns)
H4: Care → Trust	0.541	15.5	0.457	6.8
H5: Personal connection → Trust	0.179	3.3	0.363	5.1
H6: Trust → Word-of-mouth communication	0.416	14.5	0.517	9.8

	Variance explained for endogenous variables	
	Bank sample	Dental sample
R^2 – Care	0.512	0.599
R^2 – Personal connection	0.775	0.613
R^2 – Trust	0.493	0.491
R^2 – Word-of-mouth communication	0.173	0.267

Notes: The χ^2 statistics are significant at the 0.01 level. CFI refers to the Comparative Fit Index of Bentler (1990). TLI refers to the Tucker-Lewis ρ (Tucker and Lewis, 1973). Except where noted by “ns” (nonsignificant), *t*-values with an absolute value of 1.96 or greater are significant at the 0.01 level.

Table II. Structural model fit

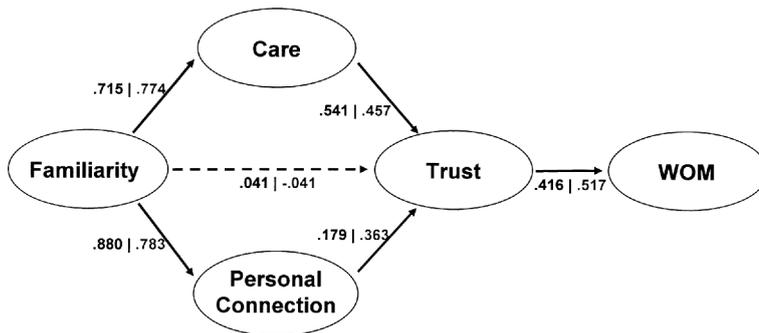


Figure 2. Structural model

connection the variance explained is 0.775/0.612; and for WOM communication the variance explained is 0.172/0.268. Even though the amount of variance explained for WOM communication is, relatively speaking, not as large as it is for the other endogenous constructs, these last two statistics provide evidence of the importance of customer-employee relationships in encouraging WOM communication.

These statistics are noteworthy considering that satisfaction with the service, a construct typically thought to drive positive WOM communication, is not included in our model. In order to further verify the importance of the relationship oriented constructs, we also evaluated a model with customer satisfaction with the service included. This second model has all of the constructs and paths indicated in Figure 1, plus a customer satisfaction construct with a direct path into WOM communication. Additionally, a path is estimated from the trust construct to satisfaction with the service. Both of the two new paths are significant in the expanded model: for the trust-satisfaction path $\beta = 0.387/0.367$ ($p < 0.01$), and for the satisfaction-WOM path $\beta = 0.821/0.523$ ($p < 0.01$). Most importantly, all of the relationships among the relationship oriented constructs (as reported above) remain significant and in the same direction in both the dental and bank contexts. As such, we have an added level of confidence in being able to claim that these relationship-oriented constructs are important predictors of WOM behavior, above and beyond the impact of customer satisfaction.

Discussion and implications

In spite of the importance WOM communication can have in encouraging new customers to try a good or service, businesses have generally struggled in developing strategies to encourage WOM behavior. Many providers have assumed that providing service that satisfies their customers is sufficient for stimulating positive WOM communication. However, researchers have suggested that satisfaction with the core service provided may not necessarily generate positive WOM (Gremler and Brown, 1996; Reynolds and Beatty, 1999). In this paper we have argued, and presented empirical support, that the fostering of interpersonal relationships between employees and customers may help encourage positive customer WOM behavior. Thus, encouraging interpersonal bonds may be a strategy worth considering to increase the likelihood of customer WOM behavior. In the remainder of the paper we recommend some strategies a service firm might consider in order to strengthen interpersonal bonds between employees and customers, including four key areas: service design, support systems, employees, and customers.

Focusing on service design

One way to facilitate the development of interpersonal bonds is to design the environment where the service takes place (the servicescape) in such a way that opportunities for interactions (both formal and informal) between employees and customers are plentiful. For example, some firms encourage or require their

associates to dress in a manner that mirrors the typical attire of customers (minimizing role status barriers) and thus invites the development of interpersonal bonds. Other firms, such as the largest independent furniture retailer in the US, Gallery Furniture of Houston, have created special supervised playgrounds for children so that parents may spend more time with Gallery's salespeople.

In addition to the environment, services marketers might consider how to design the service delivery process to encourage employee-customer interactions. This could include "assigning" an employee to a specific customer to create "an ongoing series of interactions" (Reynolds and Beatty, 1999). Many banks have operationalized this idea by assigning a "personal banker" to their more affluent customers.

Focusing on support systems

Firms might consider adopting (or altering) technology in order to allow more time for employees to interact with customers. Some customer relationship management (CRM) software adds considerable efficiencies to customer service. Firms deploying this software might encourage front-line employees to use this "extra time" for interactions with customers.

The deployment of the software by employees may also help them readily recall customer characteristics and use this information in relationship building. For example, an employee of a medical office may access the software pertinent to patients and then ask whether they would like to pick up their prescription at the same pharmacy as used previously. Using the CRM accessed customer characteristics in conversation may help to increase consumers' perceptions of caring, familiarity, or personal connection, thus helping to build interpersonal bonds in the exchange.

Data bases might also be designed and used to build a base of knowledge to encourage the development of employee familiarity of customers. For example, the inclusion of data base records to capture qualities customers have in common with employees can be used to cultivate the development of customer-employee rapport (Gremler and Gwinner, 2000).

Focusing on employees

Service businesses might consider empowering employees and giving them the freedom to develop relationships, do what is right, and correct problems. Such efforts can often result in a customer's trust in an employee developing. The flattening of organizations and the employees' ready access to data base information is better enabling this empowerment.

If the organization would like to encourage relationships to develop between customers and employees as part of a WOM strategy, then employees need to be trained to develop interpersonal bonds. Further, employees should be rewarded accordingly when success occurs. Database capabilities of increasing numbers of firms can track new customers back to customer referral sources. If

employee-customer bonds would also be stored in the data base, employees stimulating this WOM behavior can be identified and rewarded.

Focusing on customers

Similarly, if the organization would like to encourage relationships to develop between customers and employees as part of a WOM strategy, then customers also need to be rewarded for developing interpersonal bonds with employees. Firms might even point out to the customer the benefits of knowing a specific person within the organization. Here again, data base capabilities may make these customer rewarding actions possible.

As a caveat, care must be exhibited in putting too much emphasis on developing relationships with customers – not all customers want to develop interpersonal relationships with their service providers (Adelman *et al.*, 1994; Goodwin, 1996). Yet, in some of these situations positive WOM can still be encouraged and generated via alternative methods such as providing customers the option of user friendly and functional self-service technologies.

Conclusion

Word-of-mouth (WOM) communication from an existing customer to a potential customer is often the most creditable method of stimulating new business for firms. In services settings, these referrals may be encouraged through cultivation of interpersonal bonds between employees and customers. This study empirically demonstrates that these relationships are indeed significantly correlated with WOM behavior. Management implications for strengthening these bonds are offered in the form of service design and support systems.

Notes

1. TLI refers to the Tucker-Lewis ρ (Tucker and Lewis, 1973). CFI refers to the Comparative Fit Index of Bentler (1990). The χ^2 statistics are significant at the 0.01 level.
2. For the remaining statistics, those statistics from the bank sample will be presented first, followed by a slash "/" and then the statistics from the dental sample.

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