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1	Whom to Punish? Examining Observers' Reactions to Customer Mistreatment by
2	Hospitality Employees
3	Abstract
4	Purpose
5	This study explores how witnessing a hospitality employee mistreating a customer impacts observers'
6	revenge-seeking behavior, directed not only at the offending employee but also at innocent
7	employees.
8	Design/methodology/approach
9	This study conducts four online experiments to test the proposed relationships, involving 881 UK
10	adults.
11	Findings
12	Observing hospitality employees mistreating customers prompts observers to view the guilty
13	employee as harmful, triggering revenge-seeking behavior. This perception of harmfulness also
14	extends to innocent employees, leading observers to seek revenge against them. However,
15	empowering fellow customers during the recovery process reduces observers' intent to seek revenge
16	against both guilty and innocent employees. Additionally, our results reveal the black sheep effect,
17	where shared group membership between the observing customer and the guilty employee results in
18	harsher punishment for the latter, particularly when the mistreatment targets an out-group customer.
19	Practical implications
20	The findings offer practical guidance for hospitality companies on how observers' perceptions of
21	employees can reshape service evaluations and influence restorative approaches. Service recovery
22	efforts should extend beyond directly affected customers to include those who witnessed the incident.

23 Originality/value

- 24 This study is among the first to explain how observers appraise the mistreatment of fellow customers
- 25 and how this influences their perceptions and revenge-seeking behavior towards both guilty and
- 26 innocent employees.
- 27 *Keywords*: Customer revenge; Spillover effect; Service recovery; Customer empowerment

28 **1. Introduction**

Imagine being a hotel guest who witnessed a receptionist being rude to another guest. You are likely to develop a negative attitude toward that receptionist and potentially seek revenge. But how will you perceive other hotel employees who were not involved in the incident? Will you also perceive them more negatively, or even seek revenge on those innocent employees? And how would your behavior change if you knew that the customer actually had a degree of power in that situation?

35 This scenario, though hypothetical, is common in tourism and hospitality settings and highlights the spillover effects of observing negative incidents on subsequent service 36 experiences. Therefore, the notion of always treating customers with respect is a mantra in the 37 38 tourism and hospitality industry in particular (Lee *et al.*, 2021) and 74% of customers believe 39 that employee behaviors and attitudes have an impact on the customer experience (Cogito, 2022). Unfortunately, incidents of mistreatment by employees still occur, as exemplified by the 40 widely shared episode of United Airlines staff dragging a passenger from an overbooked flight, 41 leading to negative electronic word-of-mouth and marketplace aggression (Zdanowicz and 42 43 Grinberg, 2018).

While managerial focus often centers on the mistreated customer, the experiences of those who observe such mistreatment (hereafter, "observers") are equally critical. Research increasingly shows that consumers who witness staff treating other customers with incivility experience heightened negative emotions, including anger, reduced satisfaction, lower likelihood of returning, and even desires for revenge (e.g., Van Vaerenbergh *et al.*, 2013; Karabas *et al.*, 2019). These outcomes are influenced by factors such as social distance, traits and moral (see Web Appendix A for key studies of consumers as "observers"). Despite acknowledging the role

of observers in service marketing, there remains limited research into how observers' revengeseeking behavior is triggered.

53 Tourism research has largely focused on mistreatment from the perspective of the employee being mistreated, whether by a supervisor, another employee, or a customer (Boukis et 54 al., 2020; Porath et al., 2010, Ye et al., 2024). While these lines of research offer important 55 insights into the negative consequences of mistreatment, they mainly focus on the employee who 56 is being mistreated. Less attention has been paid to the impact on customers who observe 57 58 mistreatment. Observers are more numerous than mistreated customers (Béal et al., 2022). Therefore, their negative attitudes and behaviors are potentially much more harmful to providers 59 in the tourism and hospitality industry than any negative attitudes and behaviors displayed by 60 61 mistreated customers alone.

With that in mind, by explaining how *observers* appraise the mistreatment of fellow 62 customers and how that appraisal process influences observers' perceptions and behaviors, our 63 64 research contributes to both service theory and practice in at least three ways. First, while previous research assessed the effect of being mistreated by customers on employees' well-being 65 66 and also on those employees' tendency to mistreat other customers (Boukis et al., 2020; Shi and 67 Huang, 2022), we supplement this stream of research by applying appraisal and social identity 68 theory to explain how observers' revenge-seeking behavior extends not only toward employees 69 who have mistreated customers (the "guilty" employees) but also toward employees who have 70 not engaged in mistreatment (the "innocent" employees).

Second, our research expands existing research on social identity in tourism by
highlighting the critical role of the observer. Prior research has indicated various ways in which
perceptions of one service encounter can "spill over" into subsequent engagement (Wang *et al.*,

74 2020). Taking the observer's perspective, our research provides insights into this novel conception of a spillover effect. We find that when employees mistreat fellow customers in 75 76 tourism and hospitality settings, observers perceive both guilty and innocent employees as 77 harmful, often prompting revenge-seeking behaviors toward both groups of employees. Furthermore, we document the "black sheep effect" (Marques and Paez, 1994), where shared 78 79 social group membership between the observing customer and the guilty employee results in harsher punishment for the latter, especially when the guilty employee mistreated the out-group 80 81 customer. This study is one of the first to demonstrate the black sheep effect within a hospitality 82 and tourism context, revealing how customer-employee dynamics are shaped by social group membership. 83

Third, our findings serve as guidelines for overcoming the harmful effect of employee incivility in the tourism and hospitality context: when employees mistreat customers, the management should empower the victim to avoid the spillover effect that causes observers to engage in revenge-seeking behaviors. This finding also contributes to the literature on customer empowerment (Rucker *et al.*, 2012; Wang *et al.*, 2020) by showing how empowering fellow customers can influence the behavior of observers.

90

91 **2.** Employee mistreatment in tourism and hospitality service

In tourism and hospitality settings, customers and employees expect respectful behavior, adhering to societal norms (Torres *et al.*, 2017). Having someone break those norms and rules leads to the perception of being mistreated. This mistreatment not only affects the victim but also those who witness it. Observers can feel the victim's devaluation and loss of identity, influencing their attitudes and behaviors toward the perpetrator (Kim and Baker, 2019; Porath *et al.*, 2010,

97	2011). For example, Wan <i>et al.</i> , (2011) found that when observing an employee mistreating a
98	fellow customer, observers were more likely to blame the service provider and have lower
99	satisfaction if the victim is similar (vs. dissimilar) to the observer. Web Appendix A highlights
100	studies that take a third-party perspective.
101	Furthermore, the literature (e.g., Anderson and Galinsky, 2006; Shin et al., 2023)
102	suggests that customer empowerment may mitigate the negative impact of mistreatment, as
103	perceived power can influence the observer's response. However, it remains unclear whether
104	such observer responses are positive or negative. Although some studies have identified that
105	empowerment reduces revenge-seeking behavior (Li, 2019; Pranić and Roehl, 2013), Antonetti
106	and Crisafulli (2022) recently showed a negative effect and called for more research on the role
107	of customer empowerment in the recovery process. This gap in understanding, coupled with a
108	lack of focus on the observer's perspective, highlights the need for more research and a
109	comprehensive conceptual model.

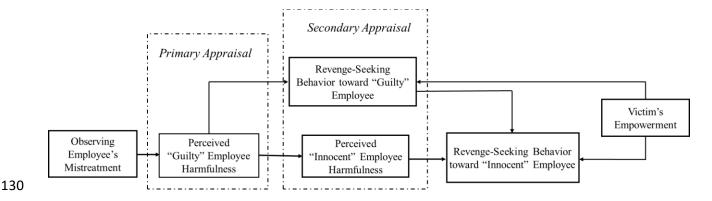
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3. Theoretical foundation and hypotheses

3.1 Appraisal theory in observing employees' mistreatment

113 This research adopts appraisal theory, which examines how individuals evaluate and cope 114 with events/situations (Cai *et al.*, 2018). In our research, we consider situations in which 115 observers assess the employee-customer interaction. If the behavior is perceived as harmful and 116 conflicting with the observers' goals, it triggers a secondary appraisal. In this phase, the 117 evaluative process encompasses cognitions, responsive behaviors, and/or negative emotions to 118 further integrate the evaluation attributes revealed from the observation to establish a judgement. 119 Furthermore, if injustice still exists, in the final stage, observers evaluate different coping 120 strategies and select the most suitable ones as their behavioral reaction (Lazarus, 1991; Min and Joireman, 2021). Consequently, the outcome of this appraisal process, initiated with an initial 121 122 cognition (i.e., primary appraisal) and processed through subsequent cognitive assessments (i.e., secondary appraisal), shapes an observer's behavioral intentions (Cai et al., 2018). 123 In the context of tourism and hospitality, our model suggests that when employees 124 mistreat customers, observers will view both guilty and innocent employees negatively, 125 triggering revenge-seeking behaviors. However, when mistreated customers are empowered, this 126 127 reduces observers' revenge-seeking behaviors. The following sections outline the hypotheses that support our conceptual model (Fig. 1). 128

129



131 **Fig. 1**: Conceptual framework (Source: Authors own work).

132 **3.2** Primary appraisal – perception of a guilty employee as harmful

133 Primary appraisal involves assessing the personal relevance of an event based on beliefs,

including moral values and fairness (Cai et al., 2018). In our study, this process focuses on the

- 135 observer's perception of employee harmfulness. In tourism and hospitality settings, customers
- expect fair and appropriate treatment from employees (Torres *et al.*, 2017). Building on the idea
- that all parties should possess a clear understanding of appropriate behavior (Lee *et al.*, 2021),
- the uncivil behavior of an employee toward a customer not only contradicts that customer's pre-

existing beliefs about how they expect to be treated, but also challenges the observer's own
experience. This deviation from the expected norms shapes an observer's perceptions of that
employee.

When an employee mistreats a customer, observers view this as a violation of social 142 norms, leading to harm to the victim (Rotman et al., 2017; Schein and Gray, 2015), reinforcing 143 144 negative deductive inferences (Porath et al., 2010). In the realm of harm pluralism, we employ the term "harmful" to signify the recognition of diverse forms of harm. This may encompass 145 breaches of fairness, loyalty, or purity, underlining the legitimacy of these distinct facets of harm 146 (Rotman et al., 2017). Observing mistreatment challenges the observer's expectations of 147 appropriate behavior, leading them to view the responsible employee as a significant source of 148 149 harm.: 150 **H1:** Observing an employee mistreating a customer leads the observer to perceive the guilty 151 employee as harmful. 152 153 154 3.3 Secondary appraisal – perception of innocent employees as harmful and revenge-155 seeking toward a guilty employee 156 Secondary appraisal involves evaluating coping options, resources, and prospects in 157 response to an event (Lazarus, 1991). It helps individuals rationalize possible responses, 158 considering factors like their internalized moral code and group norms. The intensity of this 159 appraisal varies based on the event's characteristics and social context (Cai et al., 2018). In our context, we propose that witnessing an employee mistreating a customer not only 160

161 fosters a perception of the employee as guilty, but also negatively affects the perception of other,

innocent employees. We ground this prediction in social identity theory (Tajfel, 1974) and
investigate the possibility of a "harm spillover effect." We define the "harm spillover effect" as a
phenomenon in which witnessing just one instance of harmful behavior by a particular entity
taints individuals' views of other entities within the same group, making these "others" appear
harmful as well.

Social identity theory posits that people categorize themselves and others into in-groups 167 and out-groups based on shared characteristics (Lee et al., 2021; Tajfel, 1974). This 168 169 categorization can lead to in-group bias, where individuals prefer their own group over others 170 (Lee *et al.*, 2021). In our context, observing customer-employee interactions can have profound implications for the observer's perceptions and group affiliations (Cai *et al.*, 2018). Specifically, 171 172 when a customer observes an employee behaving uncivilly toward another customer, it can lead 173 to a sense of shared group identity among the customers. This dynamic can cause the observing customer to align more closely with fellow customers, viewing them as part of their own in-174 175 group. Conversely, all employees might then be viewed as part of an out-group.

176 Directly relevant to our research is also the notion that people often see their in-group as 177 diverse, but the out-group as homogeneous (Simon, 1992). This bias can cause observers to 178 perceive an employee's mistreatment as a characteristic of the entire employee group. In line 179 with this, Chou et al. (2022) demonstrate that people who feel betrayed by a group member are 180 less likely to trust others from that group. Similarly, we argue that witnessing service failure can 181 lead observers to attribute blame to the entire establishment (Schumann et al., 2014), reinforcing 182 the harm spillover effect. Thus, the evaluation of a guilty employee can negatively affect the perceptions of their co-workers. Wan and Wyer (2019) state that when consumers witness 183 service failure, they may hold the service provider responsible, and this attribution of blame can 184

subsequently affect their perception of the entire establishment. Therefore, the "harm spillover
effect" would lead to the perception that other innocent employees within the same service
organization are also harmful. We hypothesize:

188

H2: Perceiving a guilty employee as harmful also leads the observer to perceive an innocentemployee as harmful.

191

192 Secondary appraisal involves evaluating potential responses to an event or situation, including decisions on how to react to harm. The inclination to punish those who cause harm is 193 194 widespread, even when there is no direct personal transgression (Cai et al., 2018). In the context 195 of service failure, revenge-seeking behavior is a central theme in the literature. Customers have 196 been shown to engage in various vengeful activities directed at a service firm, including giving negative word of mouth (McColl-Kennedy et al., 2009), switching behavior (Strizhakova et al., 197 198 2012), and punishing employees (Komarova Loureiro et al., 2018). According to appraisal 199 theory, these revenge behaviors serve as coping mechanisms for observers. Viewing a guilty 200 employee as harmful justifies moral judgment, which is typically based on quick, automatic 201 evaluations. It is only in situations where there is no evident moral intuition concerning the 202 appropriateness of a behavior, such as in more intricate ethical dilemmas, that a more deliberate 203 form of moral reasoning may become necessary.

In the context of punishing a guilty employee following their mistreatment of a customer, perceived harmfulness is likely to form such an intuition and signal that punishment must be used in responding to the offense (Karabas *et al.*, 2019). Witnessing injustice can threaten the observer's sense of self, making them feel like a potential victim and triggering concerns about

their personal and social identities (Skitka, 2003). Research has shown that when in-group
members are harmed by an out-group, it induces a social identity threat, leading to a heightened
desire for retaliation (Doosje and Haslam, 2005). Therefore:

211

H3: Perceiving a guilty employee as harmful increases the observer's revenge-seeking behaviortoward the guilty employee.

214

3.4 Outcome of appraisal – revenge-seeking behavior toward an innocent employee

Individuals engage in revenge-seeking behaviors for two main reasons. First, they seek 216 217 retribution against wrongdoers to ensure justice. Second, they may punish innocent individuals 218 simply due to their affiliation with a group that includes the actual offender, a phenomenon 219 known as collective punishment (Falomir-Pichastor et al., 2007). As previously noted, outgroups are often viewed as a homogeneous set of similar individuals. This heightened perception 220 221 of homogeneity within the out-group increases the perception of collective responsibility for the 222 group's actions and wrongdoings, thereby giving rise to the act of collective punishment (Pereira 223 et al., 2015). This perception of a group as highly cohesive and similar can also lead to increased 224 support for collective punishment when some members of the group commit an offense (Pereira 225 and Van Prooijen, 2018). Furthermore, collective punishment may occur by deeming innocent 226 out-group members as "guilty by association" (Komarova Loureiro et al., 2018), wherein the 227 innocent members are perceived as bearing responsibility solely due to their affiliation with the 228 out-group.

In the context of mistreatment in tourism and hospitality, we argue that the perceived
harmfulness of the perpetrator group (employees) influences the likelihood of displaced revenge.

231 The greater the perception of harm from the perpetrator group, the more likely observers are to direct retaliatory actions to the entire group, regardless of individual involvement in the original 232 233 offense (Stenstrom et al., 2008). Consequently, observers of mistreatment may, driven by a 234 "harm spillover effect," exhibit a heightened inclination to seek retribution against innocent employees, just as they seek retribution against a guilty employee: 235 236 237 **H4:** The positive effect of observing an employee mistreating a customer on an observer's revenge-seeking behavior toward an innocent employee is serially mediated by the perception of 238 the guilty employee as harmful (+) and by the perception of the innocent employee as harmful 239 240 (+). H5: The positive effect of observing an employee mistreating a customer on an observer's 241 242 revenge-seeking behavior toward an innocent employee is serially mediated by the perception of the guilty employee as harmful (+) and revenge-seeking behavior toward the guilty employee 243 244 (+). 245 246 3.5 Impacts of a victim's empowerment on the observer's perception 247 Prior research highlights that when observing mistreatment, empowering the vulnerable 248 party (i.e., the victim) could shape the observer's reactions to the mistreatment (Ng et al., 2020). 249 Power refers to a psychological state of "perceived asymmetric control such that one individual 250 has, or feels as if he or she has, more or less control relative to another" (Rucker et al., 2012, p. 251 354). Power influences individuals' evaluation of a situation and shapes their actions (Rucker 252 and Galinsky, 2016).

253 In a service recovery context, Sembada et al., (2016) suggest that empowering customers 254 as a recovery strategy following a service failure reduces the likelihood of their revenge-seeking 255 behaviors. Therefore, customer empowerment could be leveraged as an effective recovery 256 strategy to reduce revenge-seeking behaviors (Li, 2019; Pranić and Roehl, 2013). However, 257 recent research highlights that customer empowerment could also backfire since it could enhance 258 the perception of manipulative intent (Antonetti and Crisafulli, 2022). Applied to our context, 259 when observers witness mistreatment, their response toward the employee is influenced by how 260 empowered they perceive the victim to be (Cranham and Carroll, 2003). If the observer believes 261 the victim has sufficient power to address the mistreatment, they are less likely to seek retribution. However, if the victim is seen as powerless, the observer may engage in revenge-262 263 seeking behavior to restore justice (Bone and Raihani, 2015). This suggests that victim 264 empowerment can either mitigate or intensify observers' desire to punish the guilty employee: 265

H6: The observer's perception of the victim's empowerment reduces the observer's revenge-seeking behavior toward the guilty employee.

268

Observers may seek revenge against innocent employees due to the perception that they are harmful by association, viewing punishment as a way to restore justice. However, power imbalances influence reactions (Bone and Raihani, 2015). Victim empowerment can mitigate these negative reactions (Karabas *et al.* 2019). Perceiving an innocent employee as harmful is just one aspect of the cognitive influences involved in secondary appraisal. Specifically, observers' perception of the victim's empowerment also plays a crucial role as a cognitive factor in this process (Nascimento *et al.*, 2023). This perception helps observers shape their reactions to

276 prevent potential harm. When observers perceive that the victim has been empowered, it reduces

277 their moral justification for punishing an innocent employee:

278

279 H7: The observer's perception of the victim's empowerment reduces the observer's revenge-

280 seeking behavior toward an innocent employee.

281

4. Study 1: Effects of observing an employee mistreating a fellow customer

283 4.1 Objective and procedure

Study 1¹ focused on examining the effects of observing an employee mistreating a fellow customer on observers' perception of guilty (H1) and innocent (H2) employees, which further influences their revenge-seeking behaviors toward the guilty (H3) and an innocent employee (H4 and H5).

A sample of 151 UK adults from Prolific participated in Study 1 ($M_{age} = 40.61$, $SD_{age} =$

14.11, 61.1% females). The participants, who were all put in the role of observers of an

290 interaction, were assigned to a mistreatment or a non-mistreatment condition randomly. We

identified a hotel setting as the context for investigating the effect of observing mistreatment

because it is an environment in which employees have been found to mistreat customers

293 (Zoghbi-Manrique-de-Lara *et al.*, 2013).

- All participants were asked to imagine that they were staying at a hotel where they
- witnessed a conversation between a receptionist and a fellow customer. In the mistreatment
- condition, the receptionist *ignores the customer and uses unfriendly language to talk to that*

¹ The study received ethics approval before data collection and complies with all regulations for research involving human participants. All participants provided informed consent after being informed about the study's purpose, data confidentiality, storage, use, and any associated risks.

297 *individual. In the non-mistreatment condition, the receptionist uses more friendly and supportive*

298 language to respond to the customer. Participants then have some interactions with other

299 (innocent) employees (see Web Appendix B for the scenarios).

300 After reading the scenario, participants were asked to answer an item as a manipulation check of mistreatment ("The employee mistreats the customer"). Participants then rated the 301 302 perceived harmfulness of the guilty employee (5-item, α =.92; adopted from Piazza *et al.*, 2014); perceived harmfulness of an innocent employee (5-item, α =.83; adopted from Piazza *et al.*, 303 2014), and indicated their revenge-seeking behavior toward the guilty employee (3-item, 304 α =.93; adopted from Grégoire *et al.*, 2010) and an innocent employee (3-item, α =.91; adopted 305 306 from Grégoire et al., 2010). Next, participants provided demographic information. All variables 307 were measured on 7-point Likert scales. The measurement items are detailed in Web Appendix 308 C. Participants were also asked to rate the realism of the scenario on a single-item realism 309 310 scale adapted from Hoang and Tran (2022). Results showed that participants rated the 311 mistreatment and non-mistreatment scenarios as equally realistic ($M_{\text{mistreatment}} = 5.13$, 312 $SD_{mistreatment}=1.29$; $M_{nonmistreatment}=5.24$, $SD_{nonmistreatment}=1.06$; F(1, 149)=.28; p=.59) and that the 313 standard of realism was high with the mean of realism being statistically higher than the 314 midpoint (4.0) of the realism scale (M=5.19, SD=1.18; t(150)=12.28, p<.001). 315 Furthermore, ANOVA showed that participants perceived the employee in the 316 mistreatment condition to have significantly mistreated the customer compared to the employee 317 in the control condition ($M_{\text{mistreatment}}$ =4.88, $SD_{\text{mistreatment}}$ =1.62; $M_{\text{nonmistreatment}}$ =2.99, $SD_{nonmistreatment}=1.62$; F(1, 149)=51.30, p<.001). This indicates that the manipulation worked as 318 319 intended.

4.2 Results

322	The ANOVA results indicated that compared to participants who were told that they
323	had observed mistreatment, those who did not observe mistreatment rated the guilty employee as
324	significantly less harmful ($M_{\text{mistreatment}}$ =5.86, $SD_{\text{mistreatment}}$ =.97; $M_{\text{nonmistreatment}}$ =3.30,
325	<i>SD</i> _{nonmistreatment} =1.08; <i>F</i> (1, 149)=233.94, <i>p</i> <.001), supporting H1.
326	Our regression result showed a positive association between the perceived harmfulness
327	of the guilty employee and the perceived harmfulness of an innocent employee (β =.19, p<.001),
328	supporting H2. Web Appendix D shows a comparison of all the study means. Furthermore, the
329	finding supported our prediction (H3), showing a positive association between perceived
330	harmfulness and revenge-seeking behavior toward the guilty employee (β =.56, p<.001).
331	Furthermore, we tested the serial mediating effects of perceived guilty employee
332	harmfulness and perceived innocent employee harmfulness on the relationship between
333	observing mistreatment and revenge-seeking behavior toward an innocent employee using
334	PROCESS, Model 6. Results indicated significant indirect effects of observing mistreatment on
335	revenge-seeking behavior toward an innocent employee, mediated via both perceived guilty
336	employee harmfulness and perceived innocent employee harmfulness (β =.23, 95% CI=[.06;
337	.45]), supporting H4 (see Web Appendix E).
338	Second, we conducted a full mediation model test whereby perceived guilty employee
339	harmfulness and revenge-seeking behavior toward the guilty employee were highlighted as serial
340	mediators (PROCESS, Model 6). The results showed significant indirect effects of observing
341	mistreatment on revenge-seeking behavior toward an innocent employee, via both perceived

guilty employee harmfulness and perceived innocent employee harmfulness (β=.38, 95%
CI=[.12; .70]), supporting H5 (see Web Appendix E).

344

345 **4.4 Results and discussion of Study 1 and its replication**

The results from Study 1 and its replication² highlight the importance of the harm spillover effect: observing mistreatment not only has an impact on the observer's negative attitudes and behaviors toward the guilty employee but also extends to an innocent employee. This finding suggests that one appraisal spills over to subsequent appraisals that are not necessarily related.

351

5. Study 2: Minimizing revenge-seeking behaviors: the role of victim empowerment

353 5.1 Objective and procedure

Study 2 aimed to examine whether empowering the victim of mistreatment would
minimize observers' revenge-seeking behaviors toward both guilty and innocent employees after
observing the mistreatment (H6 &H7).

We conducted a single-factor (victim empowerment: low vs. high) between-subject scenario-based experiment. We recruited 249 UK participants (M_{age} =42.92; SD_{age} =14.14, 62.70% female) using Prolific. Participants were asked to imagine that they were staying at a hotel where they witnessed a conversation between a receptionist and a fellow customer. All participants were shown a scenario in which an employee mistreats a fellow customer. The mistreatment scenario is the same as that used in Study 1. Thereafter, participants were randomly assigned to one of two scenarios. In the high victim empowerment condition, participants were

² The replication study is reported in Web Appendix F.

364 presented with information that the hotel manager approaches the victim telling them that they 365 apologize for what happened and, as a customer, the victim has the power to determine what the 366 hotel does. In the low victim empowerment condition, the hotel manager just apologizes for what happened. This method of activating perceived power is in line with Sembada et al., (2016) (see 367 the detailed stimuli in Web Appendix B). Participants then answered questions based on a 368 369 manipulation check of victim empowerment (3-item, α =.83; adopted from Sembada *et al.*, 2016). 370 They then answered questions about guilty and innocent employees' perceived harmfulness and 371 their own revenge-seeking behaviors toward them, similar to those used in Study 1. 372 The manipulation of victim empowerment was successful ($M_{empower}$ =4.70, SD_{empower}=1.09; M_{noempower}=4.33, SD_{noempower}=1.13; F(1, 247)=6.49, p=.011). Participants 373 374 perceived the scenarios as realistic and no differences were found across conditions 375 $(M_{empower}=5.35, SD_{empower}=1.21; M_{noempower}=5.20, SD_{noempower}=1.28; F(1, 247)=.82, p=.36).$ A sample *t*-test confirmed that the mean realism score was greater than the scale mid-point of 4 376 377 (M=5.28, SD=1.26; t(249)=16.03, p<.001), confirming that the scenarios were seen as realistic. 378 379 **5.2 Results and discussion**

The ANOVA results demonstrated that participants exposed to the high victim empowerment condition showed lower levels of revenge-seeking behavior toward the guilty employee compared to those in the low victim empowerment condition ($M_{empower}=2.55$, $SD_{empower}=1.46$; $M_{notempower}=3.16$, $SD_{notempower}=1.69$; F(1, 247)=9.34, p=.002), supporting H6. The results further showed that subjects exposed to the high victim empowerment condition exhibited lower levels of revenge-seeking behavior toward an innocent employee

386	compared to those in the low victim empowerment condition ($M_{empower}=1.61$, $SD_{empower}=1.03$;
387	<i>M</i> _{notempower} =2.05, <i>SD</i> _{notempower} =1.50; <i>F</i> (1, 247)=7.61, <i>p</i> =.006), supporting H7.
388	The results of Study 2 highlight the importance of empowering the victim following
389	mistreatment by an employee to minimize observers' revenge-seeking behaviors toward both
390	guilty and innocent employees.
391	
392	6. Study 3: Exploring the black sheep effect
393	6.1 Objective and procedure
394	We previously suggested that observers may align more readily with mistreated
395	customers, viewing them as in-group members, while perceiving employees as out-group
396	members. This dynamic reflects broader societal patterns of discrimination, dehumanization, and
397	stigmatization in intergroup conflicts. To expand on these findings, the experiment examined
398	how group affiliations, such as ethnicity, influence revenge-seeking behavior toward guilty in-
399	group or out-group employees in cases of mistreatment.
400	The tendency to favor in-group over out-group members is common but not universal
401	(e.g., Mullen et al., 1992). In cases where in-group members engage in norm-violating behavior,
402	they may be judged more harshly than out-group members—a phenomenon known as the black
403	sheep effect (Jetten and Hornsey, 2014). This effect refers to the stricter punishment of deviant
404	in-group members, especially when the group's image is at stake (Marques and Paez, 1994).
405	Research shows that while in-group members are generally viewed more favorably, this does not
406	apply to those seen as anti-normative (Abrams et al., 2000). In-group deviants are judged more
407	harshly to protect the group's positive image, particularly when their deviance targets an out-

group member, as this damages the group's reputation (e.g., Eidelman and Biernat, 2003;
Travaglino *et al.*, 2014).

410	Applying this insight to the hospitality and tourism context, we examined interactions
411	between frontline employees and mistreated customers, focusing on natural social group
412	dynamics. Specifically, we explored responses of White British adults observing mistreatment by
413	either an in-group (White British) or out-group (Pakistani) employee toward an in-group (White
414	British) or out-group (Pakistani) customer. Using a 2×2 between-subjects design, we
415	manipulated victim group membership (in-group vs. out-group) and employee group
416	membership (in-group vs. out-group). Our sample included 281 White British adults
417	(M_{age} =41.21; SD_{age} =12.22, 60.85% female) recruited via Prolific. An attention check was
418	included, with survey termination for participants who failed it.
110	

6.2 Manipulation of the independent variabless

We used the mistreatment scenario and hotel context from Study 1, manipulating the
victim's and guilty employee's group memberships. Participants were randomly assigned to one
of two victim conditions: in-group ("a fellow Briton, a white individual with a familiar British
accent") or out-group ("a person of Pakistani descent with a recognizable Pakistani accent").
Similarly, the guilty employee was described as either in-group (white British) or out-group
(Pakistani). Full scenarios are in Web Appendix G.

6.3 Measures

We used manipulation checks to ensure the effectiveness of group membership
manipulations. For example, participants rated statements like "The guest was white British" on

431	a 7-point Likert scale (1 = "strongly disagree"; 7 = "strongly agree"). For the dependent
432	variables, we measured perceived harmfulness of the guilty employee ($\alpha = .84$), revenge-seeking
433	behavior toward the guilty employee ($\alpha = .91$), and emotional hostility toward the guilty
434	employee ($\alpha = .84$). Additionally, several control variables were included: firm's blame ($\alpha = .60$),
435	situation severity (α =.85), perceived unfairness (α = .60), and group identification (α =.88). A
436	single-item measure was used to assess blame specifically attributed to the receptionist (guilty
437	employee). All measures are reported in Web Appendix C. The measures appeared in
438	randomized order, and participants subsequently reported their age and gender.
439	
440	6.4 Results and discussion
441	We confirmed the success of the group membership manipulations, the realism of the
442	scenarios, and the strength of participants' identification with their own group (see Web
44Z	scenarios, and the strength of participants identification with their own group (see web
442	Appendix H).
443	Appendix H).
443 444	Appendix H). Perceptions of the guilty employee's harmfulness and emotional hostility were analyzed
443 444 445	Appendix H). Perceptions of the guilty employee's harmfulness and emotional hostility were analyzed using 2×2 (victim group membership: in-group vs. out-group) $\times 2$ (guilty employee group
443 444 445 446	Appendix H). Perceptions of the guilty employee's harmfulness and emotional hostility were analyzed using 2×2 (victim group membership: in-group vs. out-group) $\times 2$ (guilty employee group membership: in-group vs. out-group) between-subjects ANCOVAs, controlling for the firm's
443 444 445 446 447	Appendix H). Perceptions of the guilty employee's harmfulness and emotional hostility were analyzed using 2×2 (victim group membership: in-group vs. out-group) $\times 2$ (guilty employee group membership: in-group vs. out-group) between-subjects ANCOVAs, controlling for the firm's blame, blame attributed to the guilty employee, situation severity. Full results and details for
443 444 445 446 447 448	Appendix H). Perceptions of the guilty employee's harmfulness and emotional hostility were analyzed using 2×2 (victim group membership: in-group vs. out-group) $\times 2$ (guilty employee group membership: in-group vs. out-group) between-subjects ANCOVAs, controlling for the firm's blame, blame attributed to the guilty employee, situation severity. Full results and details for these dependent variables are provided in Web Appendix I. In sum, participants perceived the
443 444 445 446 447 448 449	Appendix H). Perceptions of the guilty employee's harmfulness and emotional hostility were analyzed using 2×2 (victim group membership: in-group vs. out-group) $\times 2$ (guilty employee group membership: in-group vs. out-group) between-subjects ANCOVAs, controlling for the firm's blame, blame attributed to the guilty employee, situation severity. Full results and details for these dependent variables are provided in Web Appendix I. In sum, participants perceived the guilty employee as more harmful and felt greater emotional hostility when the victim was an out-

453	Similar 2×2 ANCOVA was conducted to examine revenge-seeking behavior toward the
454	guilty employee. Results revealed a significant main effect of the victim group membership, with
455	participants reporting higher levels of revenge-seeking behavior towards the guilty employee
456	when the victim was from the out-group ($M = 3.06$, $SD = 1.65$) compared to the in-group (M
457	=2.38, SD =1.39), $F(1, 272)$ =11.23, $p < .001$. There was a significant main effect of guilty
458	employee group membership on revenge-seeking behavior. Participants reported higher levels of
459	revenge-seeking behavior when the guilty employee was from the in-group ($M = 3.03$, $SD = 1.64$),
460	compared to the out-group ($M = 2.41$, $SD = 1.42$), $F(1, 272) = 8.68$, $p < .01$. A significant
461	interaction was found between the victim group membership and the guilty employee group
462	membership, $F(1, 272) = 7.26$, $p < .01$ (see Fig 2).

Followed up pairwise comparison with an LSD test revealed that, when the victim wasfrom the out-group, participants reported higher levels of revenge-seeking behavior toward an in-

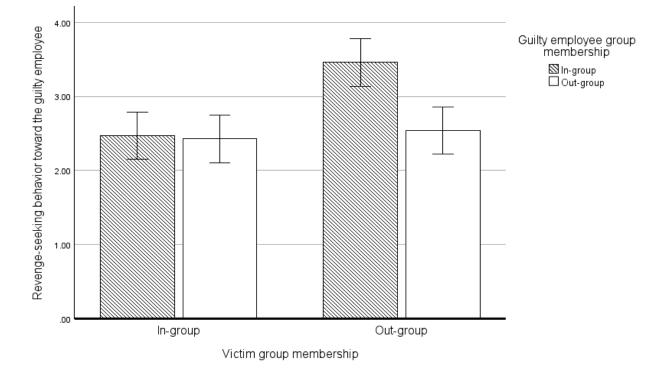


Fig 2. Revenge-seeking behavior towards the guilty employee as a function of victim group membership and guilty employee group membership (Source: Authors own work).

group guilty employee (M = 3.64, SD = 1.57) than toward an out-group guilty employee (M = 2.50, SD =1.53; F(1, 272) = 15.69, p < .001). In contrast, when the victim was from the in-group, there was no significant difference in reported levels of revenge-seeking behavior toward the in-group (M = 2.44, SD =1.48) versus the out-group guilty employee (M = 2.32, SD =1.31; F(1, 272) = 0.04, p = .84).

The results of Study 3 demonstrate that group membership shapes observers' responses to norm violations in hospitality. White British participants viewed an employee as more harmful and expressed greater hostility when the victim was Pakistani (out-group) versus White British (in-group). Consistent with the black sheep effect, they sought more revenge against an in-group guilty employee, especially when the victim was out-group.

475

476 **7. General discussion**

The present work departs from previous studies on mistreatment by taking the observer of 477 478 the mistreatment in focus. By integrating the appraisal process with SIT, we examined observers' 479 revenge-seeking behaviors toward guilty and innocent employees, uncovering a harm spillover 480 effect. Observing mistreatment influenced negative attitudes and behaviors not only toward the 481 guilty employees but also towards innocent ones. Empowering the mistreated customer reduced 482 observers' revenge-seeking behaviors toward both guilty and innocent employees. Additionally, 483 we demonstrated that shared group membership between the observing customer and the guilty 484 employee led to stricter punishment for in-group offenders. Web Appendix J summarizes the 485 findings of our studies. Our inquiries result in several theoretical and managerial contributions. 486

487 **7.1 Theoretical contributions**

509

Findings from our research contribute to the literature on incivility, tourism and 488 489 hospitality, and customer-employee interaction in several ways. First, to the best of our 490 knowledge, our research offers the first empirical examination of the consequences of employee mistreatment of customers in different settings in tourism and hospitality practices through the 491 492 perspective of observing customers. We contribute to tourism and hospitality research, which primarily examines the impact of customer mistreatment on employees' well-being (Boukis et 493 al., 2020; Shi and Huang, 2022), by exploring the observer's perspective. Building on appraisal 494 theory and SIT, we explain how witnessing employee mistreatment of customers drives revenge-495 496 seeking behavior toward both guilty and innocent employees. While customer behavior is often 497 self-focused (Folger and Greenberg, 2001), our findings highlight the emergence of other-498 focused social concerns in such scenarios, offering new insights into the social dynamics of 499 customer-employee interactions (Boukis et al., 2020; Shi and Huang, 2022). 500 Second, this research advances the literature on spillover effects in tourism and 501 hospitality by documenting a harmful spillover effect that influences collective punishment. 502 While prior studies have explored spillover effects between employees' work and non-work 503 environments (Leung et al., 2023), customer and employee incivility (Chen et al., 2021), or 504 across brand portfolios (Wang et al., 2020), our findings focus on inter-group dynamics (Chou et 505 al., 2022). Specifically, we show how harm perceptions can spill over from one individual to 506 their entire social group. Witnessing a single employee mistreating a customer can tarnish the 507 reputation of all employees within the organization, regardless of their actions, demonstrating how wrongdoing by one group member can unfairly extend to others based on shared group 508

identity. Supporting Simon's (1992) concept of out-group homogeneity, we found that

510 employees are often viewed not as individuals but as a unified collective, indistinguishable in511 their group identity within service contexts.

512 Our findings show that perceptions of harmfulness escalate revenge-seeking behaviors toward both guilty and innocent employees, driving collective punishment. Aligning with 513 previous studies (e.g., Falomir-Pichastor et al., 2007; Pereira and van Prooijen, 2018), negative 514 515 sanctions in the form of revenge-seeking behaviors from an external agent can extend to an 516 entire group, including innocent individuals, for the misdeed of a few group members. Our 517 research adds to Komarova Loureiro et al. (2018) by demonstrating that collective punishment 518 may occur by deeming innocent out-group members as harmful by association. Therefore, our 519 findings highlight the potential for innocent individuals to be unfairly punished due to the actions 520 of a few group members. By examining the harmful spillover mechanism of punishment, we 521 echo the call for more research on how observing a service experience in tourism and hospitality 522 settings affects customer behaviors (Cai et al., 2018).

523 Our findings further demonstrate the "black sheep effect" (Marques and Paez, 1994), 524 where shared group membership between the observing customer and the guilty employee leads 525 to harsher punishment for deviant in-group members. This study extends the black sheep effect 526 to a hospitality and tourism context, showing how social group affiliations shape customer-527 employee interactions during mistreatment. Consistent with prior research (e.g., Su et al., 2023; 528 Travaglino et al., 2014), individuals punished in-group deviants more severely, with this effect 529 intensifying when the in-group deviant targeted an out-group member, reflecting a need to 530 protect the in-group's image (Eidelman and Biernat, 2003). Additionally, in-group members perceived the guilty employee as more harmful and expressed greater hostility when the victim 531 532 was an out-group member, possibly due to individuals from the majority group

overcompensating to avoid appearing biased against the minority out-group (e.g., Trawalter *et al.*, 2012).

535 *Third*, our study contributes to the debate on the role of customer empowerment in the recovery process (Antonetti and Crisafulli, 2022; Sembada et al., 2016) and extends the 536 discussion on remedies and preventive measures (Cugueró-Escofet et al., 2014). Although there 537 538 is evidence that empowering customers minimizes their dissatisfaction following a service 539 failure (Sembada et al., 2016), recent research has shown that customer empowerment could backfire as it enhances customers' inference of being manipulative (Antonetti and Crisafulli, 540 2022). Our finding answers the call for more research on the role of customer empowerment 541 542 during the recovery process, especially in tourism and hospitality settings, by focusing on the 543 effect of the customer's empowerment as a recovery strategy that minimizes observers' revenge-544 seeking behavior. Our finding aligns with literature showing that third-party punishments are harsher for those who harm vulnerable victims who evoke empathy, compassion, and likability 545 546 (Pfattheicher et al., 2019; Schwartz et al., 2022).

547

548 **7.2 Managerial contributions**

549 Service providers in the tourism and hospitality industry, such as restaurants, hotels, and 550 airlines, need to pay particular attention to employees who mistreat customers. To mitigate these 551 effects, firms should invest in training programs on civility, morality, and ethics to standardize 552 service processes. Managers should actively monitor employee behavior and its impact. Our 553 research emphasizes the importance of understanding observers' perceptions, which can reshape 554 service evaluations and restorative actions. Firms should gather customer feedback on

harmfulness through ongoing surveys and promote a culture of mutual support within teams tominimize the effects of incidents.

557 Our study reveals that consumers who witness mistreatment may seek revenge against 558 both guilty and innocent employees due to a shared group identity. Therefore, service recovery 559 efforts should address not only the victims but also the observers. Service recovery actions 560 should be communicated transparently to observers, enhancing fairness perceptions and reducing 561 negative reactions.

562 Our findings imply that service recovery must not be limited solely to the customers involved in the service failure (i.e., the victims), but also extended to those who witness it. 563 564 Service recovery actions on social occasions have ripple effects (Yuksel et al., 2006). Firms that 565 wish to minimize observers' revenge-seeking behaviors should try to empower the victim during 566 the recovery process. After all, empowering victims enables observers to feel less motivated to take further actions in order to restore justice in such situations. More importantly, it is essential 567 568 to showcase the positive attitude of the service provider when it comes to incident handling -569 instead of hiding from the incident, we advise service providers to confront the issues if such an 570 incident is discussed in public.

571 Managers can implement training programs that address the "black sheep effect" 572 observed in our findings, where customers tend to judge ingroup employees more harshly, 573 particularly when an outgroup guest is involved. By increasing staff awareness of how social 574 group affiliations shape customer responses, employees can navigate interactions with diverse 575 customer groups more effectively and minimize behaviors that may trigger heightened 576 judgments or hostility. Additionally, it is crucial to foster a deeper understanding of both 577 intergroup and intragroup dynamics. This understanding should extend beyond the main actors in

each interaction to also encompass third parties and their social group memberships, as theseaffiliations significantly influence perceptions, reactions, and overall group interactions.

Finally, hospitality firms can benefit from the findings of this study by providing psychological protection and support for innocent employees. Our study evidenced that observers may seek revenge on innocent employees after witnessing mistreatment by another colleague. Creating psychological safety can help maintain employee morale, even when employees are unfairly targeted by customers. This approach not only shields employees from undue stress but also promotes a healthier and more resilient workplace.

586

587 **7.3 Limitations and future research**

588 Despite the contributions described above, our research has several limitations. First, the 589 research focuses on the effect of observing employee mistreatment of a customer but does not explore different types of mistreatments. Future studies could investigate how various forms of 590 591 mistreatment (e.g., being ignored or humiliated) affect observers' reactions (Boukis et al. 2020). 592 Second, while we explore how providers can minimize revenge behaviors, we do not examine 593 boundary conditions that could strengthen or weaken these effects. Future research could 594 consider factors like the observer's relationship with the service provider. Research on service 595 recovery has shown that relationship quality influences how customers react to service failures 596 (e.g., employee mistreatment) (Grégoire et al., 2009). Future research could consider the 597 observer's relationship with the service provider and explore how it influences their reactions to 598 employee mistreatment. Third, while our findings support the black sheep effect, we did not 599 manipulate the group membership of innocent employees, leaving room to explore a "black

600 sheep" spillover effect. Future research could investigate why revenge-seeking behavior might extend to in-group innocent employees, considering factors like empathy or perceived threat. 601 602 Moreover, our study shows that victim empowerment can reduce revenge-seeking behaviors, but future research could examine whether empowering the observer influences their 603 604 reactions. Additionally, incorporating service recovery efforts (e.g., apology with compensation; 605 Joireman et al., 2013) might impact observers' perceptions of harmfulness and revenge-seeking behaviors (Joireman et al., 2013). Finally, experiencing and observing mistreatment in the 606 service setting might bring ripple effects to the customer perception and shape their future 607 service experience and decision-making. Therefore, future research could take a longitudinal 608 approach to identify and differentiate the long-term effects of experiencing and observing 609 mistreatment in shaping customers' coping behaviors in the service setting. 610

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