

THE ROLE OF PERCEIVED ENVIRONMENT IN A SERVICE SETTING: A CROSS-COUNTRY EMPIRICAL STUDY

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ABSTRACT

Service environment, through its dimensions of design, ambience, and social factors, has been established to shape customers' perceptions of the overall quality of the service, affect customer satisfaction, and in turn, determine customer behavioral intentions. This study examined the effect of culture (in terms of power distance, collectivism/individualism, masculinity/femininity, and uncertainty avoidance) on the relationships between perceived service environment, customer satisfaction, and behavioral intentions. We surveyed 416 customers in two coffee shops, one in the United States and one in Indonesia. The structural equation modeling was used to test our theoretical framework. It was hypothesized that perceived service environment exerts a positive influence on both customer satisfaction and customer behavioral intentions. Stronger relationships were conjectured between perceived service environment and customer satisfaction for low power distance, individualist, masculine, and high uncertainty avoidance cultures.

Key words: Service operations management; Service environment; Culture; Customer Satisfaction; Behavioral intentions