



## Emotional intelligence and adaptability – Service encounters between casino hosts and premium players

Catherine Prentice<sup>a,\*</sup>, Brian E.M. King<sup>b</sup>

<sup>a</sup> Faculty of Business & Enterprise, Swinburne University of Technology, 91 Lancaster Dr, Point Cook, Victoria 3030, Australia

<sup>b</sup> Centre for Tourism & Services Research, Victoria University, PO Box 14428, Melbourne, Victoria 8001, Australia

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### ABSTRACT

The premium player segment has been widely acknowledged as the largest single contributor to casino revenues. So-called casino hosts are an important influence on player perceptions of service quality and ultimately on loyalty and casino profitability in their capacity as service representatives servicing this segment. To date little research has investigated the relationship between casino hosts and premium players. This study focused on service encounters between casino hosts and premium players, particularly in the case of relationships between emotional intelligence, adaptability and the service performance of casino hosts. A mediation model involving these constructs was proposed and tested, drawing upon theory and the relationship that has been established between basic personality traits and surface traits. In the current study emotional intelligence was identified as a basic personality trait, and adaptability is viewed as a surface trait. The results arising from a structural equation analysis confirmed the validity of the mediation model and found that the inclusion of adaptability as a mediator into the relationship between emotional intelligence and service performance provided a greater proportion of variance than a model which excluded mediation. Based on the research findings implications for researchers and practitioners were outlined.

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### 1. Introduction

The premium player segment is widely acknowledged as accounting for a disproportionately large share of casino revenues and profits. Reports have indicated that premium players account for only about 5% of gamblers in Las Vegas, but produce about 40% of the gross gaming win (High Roller's Vegas, 1998). Of the revenues generated from table games about 90% comes from about 3% of these players (Kale, 2003). Approximately 10 premium clients may account for as much as a third of the Baccarat revenues of major Las Vegas casinos (cited by Hannum and Kale, 2004). These figures are indicative of the importance and magnitude of this segment for the casino industry. The phenomenon has attracted increasing attention as a critical driver of the recent development and expansion of mega casinos in the Asia Pacific region. For example, Casino De Genting in Malaysia has invested massively in the development of two additional luxurious VIP clubs (Club Elite and Club Maxims) to accommodate premium players. The architectural concept of Crown Macau has a focus on high-end gamblers. Genting Sentosa

in Singapore has constructed lavish VIP gaming facilities. However despite the significant impact of premium players on casinos, little research has been undertaken on this market.

Marketing to the premium-player sector commonly involves emphasising three components: casino amenities, the value of incentives offered to players, and casino hosts (Kilby et al., 2005). When the competition to attract premium players intensifies, the first two components no longer suffice for gaining competitive advantage since they are commonplace in most casino settings (Johnson, 2002; Klein, 2000). It is the casino hosts, who are in direct contacts with premium players, who have become the major factor in attracting and retaining these players (Kale, 2005; Prentice and King, 2011a). Given the importance of their roles, it is surprising that researchers have provided such scant insights into these frontline staff within the literature.

As indicated above, premium players are the major source of casino revenues, and casino hosts are their primary point of contact. How they perform in the context of service encounters will be a critical determinant of player assessments about the of casino service provision. Within the services marketing literature, service quality is commonly acknowledged as linking directly with customer loyalty and retention and with company profitability (e.g. Zeithaml et al., 1996). This link has been empirically validated in the casino context (see Kale and Klugsberger, 2007; Prentice and

\* Corresponding author. Tel.: +61 406 627622.

E-mail addresses: [cathyjournalarticles@gmail.com](mailto:cathyjournalarticles@gmail.com) (C. Prentice), [brian.king@vu.edu.au](mailto:brian.king@vu.edu.au) (B.E.M. King).

King, 2011b). Consistent with the service profit chain concept and with relationship marketing theory, host service performance will have implications for casino profitability. On this basis, understanding the antecedents of host performance could impact on player retention and casino revenues. To date the research that has been undertaken on factors affecting service performance has centred on organisational and individual characteristics (see Singh et al., 1994). Employee personal characteristics are closely associated with service performance in the case of encounters involving intense personal contact, because such interactions require considerable emotional investment and emotional management skills on the part of employees (Price et al., 1995). With reference to the casino context, Prentice and King (2011a) have argued that encounters between hosts and players are emotionally charged, and that host emotional intelligence provides a means of dealing with such players. They also reported the positive influence of emotional intelligence on service performance.

Despite its positive impact on frontline employees, emotional intelligence has been classified as a personality trait when it is measured using the self-report method (see Petrides and Furnham, 2001). The effects of personality traits on employee performance have been discussed extensively in the context of sales and service (see Brown et al., 2002). The effects of basic personality traits on ratings of service performance are insubstantial albeit statistically significant (Brown et al., 2002; Park and Holloway, 2003). The small variance may be attributable to the distance between personality traits and actual focal behaviours or performance. When conceptualised as being more closely related to service interactions, surface traits may provide a more effective prediction of employee performance (see Brown et al., 2002). Brown et al. (2002) and Prentice and King (2012) have shown that predictions of variance may be enhanced by incorporating surface traits into the relationship between basic personality traits and service performance.

Drawing on the findings of previous studies, the current paper argues that service encounters between casino hosts and premium players are not exclusively emotional, but highly variable and require hosts to be adaptable when dealing with unpredictable and volatile clients. It will enhance host performance, if the relationship that connects emotional intelligence and service performance incorporates the concept of adaptability. On the basis of Brown et al.'s discussion of traits theory, adaptability is proposed as a surface trait mediating between emotional intelligence and host service performance. The following section reviews the relevant literature on these dimensions and proposes a series of hypotheses. Though it is acknowledged as rather specialised, such research may inform behaviours in other areas where service staff are dealing with demanding customers.

## 2. Relationship between emotional intelligence and host adaptability

Emotional intelligence may be defined as the capacity to perceive and manipulate emotional information without necessarily understanding it, and to understand and manage emotions without necessarily perceiving feelings well or fully experiencing them (Mayer and Salovey, 1997; Salovey and Mayer, 1990). Emotional intelligence related research has become commonplace over the past two decades. Its popularity may be explained by the capacity of emotional intelligence to account for a greater portion of variance in job performance that is unexplained by traditional intelligence (Goldstein et al., 2002). Since emotions are prevalent in the workplace, particularly where service encounters occur between frontline employees and customers, the emotional capacity of employees may play a determining role in their behaviours and performance during interactions with fellow employees and

clients. Prentice and King (2011a) have elaborated the emotional nature of service encounters between casino frontline employees and players and reported a positive relationship between host emotional intelligence and service performance.

In its original form adaptability was viewed as the deployment of adaptive selling behaviours in a selling environment. The concept requires selling behaviours to be altered and/or adjusted during the course of interactions with customers, or across customer interactions based on perceptions of messages about the relevant selling situation (Spiro and Weitz, 1990; Weitz et al., 1986). Adaptability requires the salesperson to adjust to different customer communication styles and to perform five activities through the selling process (Spiro and Weitz, 1990). The concept is widely acknowledged as an effective predictor of selling effectiveness and sales performance (e.g., Anglin et al., 1990; Park and Holloway, 2003; Weitz et al., 1986). To date, it is somewhat surprising that very limited research has been undertaken on the antecedents of adaptability.

According to Weitz et al. (1986) the effectiveness of the adaptive approach depends on the ability and skills of the employee in the relevant technique. The practice of adaptive behaviour during service encounters involves a capacity to recognise that different sales situations entail different selling approaches and sufficient employee confidence to alter their sales approach during the course of interactions with customers (Spiro and Weitz, 1990). Employees vary in their capacities, attributable in part to their personality traits. A few studies have examined the influence of individual characteristics such as cognitive style and motivation on employee adaptability (McIntyre et al., 2000; Roman and Iacobucci, 2010). Since adaptive behaviour concerns personal interactions that occur in service encounters, and entail an emotional component, employee emotional abilities may help to facilitate adaptability.

Emotional intelligence has been widely acknowledged as having a positive impact on roles which involve personal interactions, such as service representative (Ashkanasy and Daus, 2005; Prentice and King, 2011a). It may affect the adaptive behaviours of frontline employees in such contexts. It is associated with communication skills and those with superior emotional intelligence are said to be more effective at communicating their ideas, goals and intentions (Goleman, 1998). Since effective use of the adaptive approach entails communicative ability, emotional intelligence on the part of the frontline employee, may help explain why they adopt an adaptive approach. Boorum et al. (1998) noted an association between relational communication skills and the adoption of appropriate approaches towards customers. Since the context of the present study involves service encounters between casino hosts and premium players, it is anticipated that such interactions will be emotionally loaded. The emotional intelligence of the casino host will be critical for adopting an adaptive approach and managing emotional encounters. Consistent with the context of the study and drawing upon the foregoing discussion, the following hypothesis is proposed:

**Hypothesis 1.** Emotional intelligence is associated with casino host adaptability; the more emotionally intelligent the host is, the more adaptable when dealing with casino premium players.

## 3. Relationship between adaptability and host service performance

As has been noted above, the concept of adaptability has been widely cited in the sales literature. Previous studies have identified a gap in the relationship between adaptability and performance in the service sector. Adaptability is evident in service settings when service employees exhibit flexibility and adapt their behaviours

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