

The Value of Resilience in Emotional Labor Work: The case of the property-casualty insurance adjuster

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Abstract

The use of empathy is highly desired with adjusters in property and casualty insurance organizations; those adjusters who can empathize with claimants are better able to maintain positive relationships between claimants and the organization. What these insurance organizations may not realize, however, is that there is a potential downside for the adjusters with the continued use of empathy in their emotional labor roles. Some adjusters excel in this type of work while others become drained and potentially leave. To examine these differences, resilience is considered. Like empathy, every adjuster has varying stores of resilience, which may help to buffer the possible negative effects of emotional labor work. Through a survey of the claims division of a midwestern P & C insurance company, there is some evidence to show that resilience does provide value for individuals and organizations where empathy is a job requirement.

Keywords: resilience, empathy, emotional labor, property and casualty insurance, claims

JEL Classification: G22, G41

I Introduction

Claims adjusters are the superheroes of the property and casualty insurance industry. They have the challenging task of applying the terms of the insurance contract to each unique claims situation, all while using their soft skills to aid those who are facing some type of loss. Claimants may exhibit a wide range of emotions while dealing with the loss, including shock, disbelief, denial, dismay, frustration, and even hostility or anger. The emotions are due to the situation the claimant finds themselves in, but the emotions (hostility and/or anger, in particular) can easily be directed toward the claims adjuster who is trying to help them through the process. Because the adjuster must be prepared to work with individuals in whatever emotional state they are in, empathy is often listed as a very highly desired characteristic when hiring claims adjusters.

The emphasis on the use of empathy as a claims adjuster is an example of the emotional labor requirements of the claims adjuster's job. Emotional labor occurs when employees must engage with customers using emotions that paint a positive image of the organization, but the employee may not feel these emotions themselves (Hochschild, 1983). Because the claims adjuster is at the front line of keeping the insurance company's promise, they are the ones subject to potentially emotionally charged interactions in their work. However, there is evidence to suggest that individuals who have high levels of empathy may also be more susceptible to emotional contagion on the job. For the claims adjuster, this can mean the unintentional absorption of the claimant's emotions. If the absorbed emotions are stressful or negative, this can result in a greater emotional toll to the adjuster because their interactions on the job may be required to be based in a different emotion than what the adjuster truly feels.

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It seems that there should be a counter-balancing reserve that the adjuster can use to successfully complete their job without completely taxing themselves emotionally. There are claims adjusters who have adjusted property and casualty insurance claims for their entire career; they must have also successfully dealt with emotionally charged situations at various points in their careers. There must be a factor that counterbalances the negative effects of emotional labor work that might otherwise be draining to the adjuster and lead to their withdrawal from that occupation. In this study, we consider the effect of resilience in the emotional labor work of claims adjusting.

Working with customers can be a challenge, especially when customers exhibit very strong emotions. Empathy is a key component in successful interactions with customers and is a highly desirable trait for employees working on organizational front lines. Empathy may even be listed as a preference on job postings; this is especially true for the role of claims adjuster in the property-casualty insurance industry.

The insurance industry does not enjoy a good image with the public (Eccles & Vollbracht, 2006), nor is it favored as a great industry for employment (Acharyya & Secchi, 2015). There is a significant need for new talent in this ‘greying’ industry (McKinsey & Company, 2010), and those who retire or otherwise leave the industry take this specialized knowledge and skill with them (Acharyya & Secchi, 2015). Most do not understand how insurance works (Eccles & Vollbracht, 2006) and feel that the goal is to pay out as little as possible (Acharyya & Secchi, 2015). In the case of the claims adjuster, there may be concern that being the face of the insurance organization to those experiencing a wide range of emotions as they deal with their loss would make for a difficult occupation. Indeed, the work of the claims adjuster was studied by Hochschild in her work on emotional labor, where the employer requires the employee to manage his or her emotions in a way that benefits the employer (Hochschild, 1983). While the claims adjuster has the task of objectively reviewing and settling the loss according to the terms of the contract, they must manage their own emotions and interact with the customer in the appropriate manner – whether the customer is distraught, frustrated, or even hostile.

In this study, the effect of employee resilience is considered in the relationship between the use of empathy by the claims adjuster and their output of emotional labor. Once the relationship between empathy and emotional contagion is established, resilience is examined as a mediator in explaining the cost of emotional labor to the adjuster. The goal of this study is to demonstrate the value of employee resilience in roles where the use of empathy is emphasized.

While empathy is a factor in emotional labor work, the goal is to show the value of employee resilience in lessening the potentially harmful effects of emotional labor to the employee. This is important to both the adjuster and their employer because adjusters who become disengaged with their work could hamper their employer’s reputation. Additionally, employers spend considerable time and resources to onboard and train adjusters, which becomes a sunk cost if they leave. To that end, this study attempts to answer the following questions:

- Are more empathic employees more susceptible to emotional contagion and the demands of emotional labor in their roles?
- Are more resilient employees better able to manage the demands of empathy and emotional labor requirements?

Beginning with brief descriptions of emotional labor and resilience to build the hypothesis, the methods section will describe how these variables were tested through a survey of claims adjusters. Results are explained with implications for practice and further research.

II Literature Review

Every individual has resources that they want to protect and further develop, and they will attempt to avoid situations that threaten their store of resources; this is the basis of Hobfoll's Conservation of Resources theory (1989). Even in situations where there might be a gain to resources and a potential loss of resources, the loss will be felt much more strongly than the gain (Hobfoll, 1989). Additionally, an employee's success in their role may be more related to their own perceptions of the demands than the actual demands of the role (Brotheridge & Grandey, 2002). In the context of employment and the role of the property and casualty insurance adjuster, there may be more concern for the potential loss of resources.

Insurance companies don't enjoy the best reputation among consumers (Eccles & Vollbracht, 2006). The service provided is in the form of a promise documented in very complex contracts, and few likely understand the coverage they've purchased (Gebert-Persson et al., 2019). In addition, no one wants to have to make a claim to their property and casualty insurance, because using it signifies that a financially significant loss has occurred. Those who do use their coverage may not be happy about their circumstances, and the negative emotions may pass to the individual trying to help them through emotional contagion (Groth et al., 2019). The insurance claims adjuster is charged with applying the terms of the contract to the situation at hand and explaining to the customer what is or is not covered under the policy. Every case is unique, and the claimant is likely to feel very uncertain about how their coverage does or doesn't apply (Apte et al., 2010). This is where the claims adjuster becomes the front line of the insurance organization, balancing their very technical/analytical skills with their communication/people soft skills to build a positive image of the insurance company during their interactions. Indeed, when the adjuster provides exceptional customer service in their interactions, this can create an image of the company that is so positive that the customer won't even consider their competitors (Parasuraman, 1991).

The Conservation of Resources theory was further expanded in the Job Demands-Resources (JD-R) framework to further explain connections between job demands, employee resources, and the impact to employee engagement (Demerouti et al., 2001). The initial model considered the negative effects of job demands in human services occupations as well as a lack of job resources available to employees to meet these demands, but later studies recognized the value of enhancing employee resources. By helping employees build their resources through performance feedback and professional development initiatives, as examples, employees were able to proactively cope with the demands of the role and reduce their levels of job burnout (Xanthopoulou et al., 2007). Personal resources were also found to be significant in the employee's arsenal of tools (Bakker et al., 2014). Those who were able to proficiently use their resources on the job were likely to further build their own levels of personal resources, and the updated Job Demands-Resources theory acknowledges the potential for these gain spirals in the updated model (Bakker & Demerouti, 2017). It's even possible for certain job demands to provide personal resource gains; challenge demands can lead to personal growth for the employee, while hinderance demands do not (Crane & Searle, 2016). However, when job demands exceed the resources at the employee's disposal, role stress will increase (Varca, 2009).

The role of the property and casualty claims adjuster provides a unique situation to observe the effects of J D-R theory in an occupation beyond human services. One of the key demands for any claims adjuster involves the use of emotional labor. In a nutshell, emotional labor refers to the employee's duty to manage their emotions to earn their pay; employees are expected to show emotions that are beneficial to the employer, regardless of how the customer is behaving during the interaction (Hochschild, 1983). Expressing these employer-desired emotions is a benefit to the employer due to the customer's positive perception of the service interaction (Pugh, 2001), but it

is typically associated with negative outcomes for the employee (Groth et al., 2019). Emotional labor tends to have a negative effect on employees because they may perceive the loss of their emotional autonomy as a job demand (Brotheridge & Grandey, 2002).

As originally stated, emotional labor involved three criteria: 1) the employee engages with the public in face-to-face or vocal contact, 2) the interaction is managed in a way to build a customer emotional state that is positive for the employer, and 3) the employer has significant influence in how the employee manages their emotions during these interactions (Hochschild, 1983). Later research found that other types of interactions incorporating technology in place of face-to-face interactions also qualified as the use of emotional labor (Barsade et al., 2018). There are also two facets to emotional labor; the first is the effort for the employee to control their own emotions, and the second is the effort needed for the employee to control the emotions of others during these interactions (Pugliesi, 1999). The demands of emotional labor require employees to attempt to control their own emotions during customer interactions (Pekaar et al., 2018). This is definitely a job demand in the role of the property and casualty insurance adjuster; in fact, Arlie Hochschild included adjusters in her studies of emotional labor (1983). Of course, in order to modify the emotions of others, one must acknowledge them first. This leads to the demand for empathy in claims adjusters.

Empathy is a very desired trait of those engaged in claims adjuster roles. Empathy refers to the employee's ability to appropriately respond to others when they see what they are experiencing (Davis, 1983). Empathy is important when working with others, as it encourages each party to consider the needs of the other (Greif & Hogan, 1973). This is critical to the work of the claims adjuster, since their customers want to know that the company cares about them not just as a number but as someone in a tough situation who needs personalized attention (Parasuraman et al., 1991). The need to hire empathic employees who can anticipate the needs of the customer and successfully, manage interactions with them, and potentially build relationships with them (Wieseke et al., 2012). While those with higher levels of empathy are better aware of the expectations of their customers (Greif & Hogan, 1973), relatively few customers of the insurance company will ever work with an adjuster, as not every insured has a loss. For those who do suffer a loss, the interactions with the adjuster are largely infrequent and short, leaving little time to build trust and deepen relationships (Gebert-Persson, 2019). This means increased pressure for the claims adjuster who has little time to foster the positive image of the organization in the customer's eyes.

Many position descriptions for insurance claims adjusters list the quality of empathy as a preferred or required trait, and many companies also provide training to their adjusters to help them build this quality. From the employer's perspective, empathy is a key in helping the organization achieve its goals, but this may come at the unrealized cost of increased stress to the employee (Miller et al., 1995). Because customers are rarely well-versed in how the insurance contract works (Parasuraman, 1991), this may lead to negative interactions at the time of a claim. Customer verbal abuse is a form of employee job strain (Grandey et al., 2007), and dealing with such negative emotions can elicit an intense response that is deeply felt by the service provider (Barsade, 2002). When showing empathy to claimants becomes stressful to the adjuster, it becomes a requirement of the job for them to act in a way they do not feel, which is a taxing form of emotional labor (Hochschild, 1983).

In addition, those with higher levels of empathy tend to unintentionally absorb the emotions of others, leading to emotional contagion (Barsade, 2002; Vijayalakshmi & Bhattacharyya, 2012). Emotional contagion is closely related to empathy because it's generally human nature to reflect the emotions of the other person during interactions (Hatfield et al., 2009). Someone who is more in-tune with the emotions of another is also more likely to absorb those emotions, and this can lead

to a change in the emotions or behavior of the recipient (Barsade et al., 2018). When negative emotions are absorbed, more stress may be felt by the claims adjuster as resources are drained in an attempt to respond according to the demands of the job (Varca, 2009). The interpretation of emotions during interactions forms the basis for the employee's emotional response (Pekaar et al., 2018), which may need to be internally adjusted to meet employer policy. For these reasons, empathy, emotional contagion, and emotional labor are considered positively related demands in the claims adjuster's role.

In a relationship-based business where caseload counts, but the quality of service counts even more (Apte et al., 2010; Parasuraman, 1991), adjusters must quickly foster trust in their interactions. They would face less stress on the job if they simply didn't care about the emotions of others (Varca, 2009), but this is quite contrary to organizational desires! Many organizations invest in their employees to provide them with additional resources. Performance review, social support, and performance development opportunities can reduce job stress by giving the employee a means to cope with the demands (Xanthopoulou et al., 2007), but it seems that some form of internal resource would help to explain how some adjusters thrive within the demands of emotional labor while others do not. For those providing services to others, it's important to have many tools in the resource arsenal to reduce stress (Varca, 2009). Here, the variable of interest to explain differences in the response to role demands is personal resilience. This helps to answer a need to further examine the relationship between resilience and emotional labor in the workplace with service outcomes (Hur et al., 2016; King et al, 2016).

Resilience is defined as the "the developable capacity to rebound or bounce back from adversity, conflict, failure or even positive events, progress, and increased responsibility" (Luthans, 2002, p. 702). It is a form of psychological capital that can be continuously developed, either through experiential application or intentional interventions (Luthans & Youssef, 2007). Resilience is similar to other levels of psychological capital (such as hope, optimism and confidence) which can change over time, but it is likely the best defense for the employee in negative work situations (Luthans, 2002). When using resilience to successfully manage negativity at work, employees can even restore confidence in their abilities (Luthans et al., 2006) and foster continued personal development and growth (Youssef & Luthans, 2007). In terms of work demands, higher levels of resilience were related to challenge demands while lower levels were associated with hinderance demands (Crane & Searle, 2016). This makes resilience a considerable variable of interest when examining individual differences in responses to work demands (Luthans, 2002).

III Hypothesis Development

Insurance claims adjusters are the front line of the insurance company who assist claimants when they are faced with losses. Losses tend to be stressful for those affected, and claimants can be emotionally charged when dealing with the situation. As the insurance company's representative, the claims adjuster is subject to the emotions of their customers but must maintain control of their own emotions while assisting them.

According to the Job Demands-Resources (JD-R) theory developed by Bakker and Demerouti (2017), employees will expend their personal resources to offset the very taxing demands of the job. As a personal resource, resilience may be the factor that helps the claims adjuster overcome the negative aspects of their form of emotional labor work. This paper addresses these questions by testing the hypotheses that follow.

One of the hallmarks of emotional labor is the degree of employer control in the employee's use of emotions when working with customers; this job demand is considered to have a negative

influence on employees (Grandey, 2000; Hochschild, 1983). Whether the loss of emotional autonomy is real or perceived by the employee, it is a stressor to the employee (Brotheridge & Grandey, 2002). Likewise, the need for employees to frequently use empathy in their customer interactions also face role conflict (Varca, 2009). The requirement of the employee to show feelings that they don't feel can create stress for the employee (Groth et al., 2019; Huang et al., 2015), which leads to the first hypotheses:

H1 – Employee empathy is positively associated with emotional labor.

While using empathy is key to the adjuster's ability to understand their customer's situation and providing exceptional customer service (Parasuraman et al., 1991), the customer's uncertainty in submitting the claim can make the interaction more negatively charged at the onset (Apte, 2010). The adjuster can deliver better customer service by being aware of their own emotions as they try to understand the customer's emotions, but it is also very possible that the customer's emotions may be absorbed by the adjuster without them even realizing it (Vijayalakshmi & Bhattacharyya, 2012). For these reasons, it is hypothesized that empathy have a direct relationship, as follows:

H2 – Employee empathy is positively associated with emotional contagion.

The emotional labor demands of the claims adjuster are not dependent on the type of interaction. These demands are in place whether interacting in person, on the phone, or through email or other electronic means of communication, and emotional contagion is possible through any of these mediums (Hatfield et al., 2009; Petitta and Naughton, 2015). In addition, the adjuster may have to deal with individuals who are in critical situations or with individuals who are frustrated because they don't feel the claim is being properly managed to their satisfaction; either situation can lead to a very demanding customer interaction (Parasuraman et al., 1991). When emotional contagion is the norm for the job, employees may try to pull back from these situations to conserve their personal resources (Doherty, 1997), leading to the third hypotheses:

H3 – Employee emotional contagion is positively associated with emotional labor.

Employees with higher levels of empathy tend to be more perceptive of the emotions of their customers (Greif & Hogan, 1973), but these emotions have the considerable potential to transfer during these interactions (Petitta & Naughton, 2015). Employees may need to use higher levels of emotional labor as they deal with both the customers' emotions and any changes to their emotions to appropriately engage during these interactions in a manner that the employer considers appropriate (Pugliesi, 1999; Varca 2009). This leads to the notion that there is an indirect relationship between empathy and emotional labor through emotional contagion, as stated in the fourth hypothesis:

H4 – Empathy has an indirect association with emotional labor through emotional contagion.

Personal resilience has been shown to help employees effectively deal with challenging work demands and even maintain a degree of emotional stability in adverse situations (Youssef & Luthans, 2007). The organization benefits from having resilient employees, especially when things get tough (Yost, 2016). Resilience is a state-like employee quality that changes over time and with experience, and it can help employees overcome negativity in the workplace (Luthans, 2002). This

leads to the hypothesis that emotional contagion shares an indirect relationship with resilience, as explained in hypothesis five:

H5 – Emotional contagion is negatively associated with resilience.

Resilience is an important consideration when evaluating employee psychological capital in service roles requiring the use of emotional labor (Hur et al., 2016). Employees who regularly deal with native events have the potential to learn and build their resilience, resulting in a positive gain spiral to their personal resources; this higher level of resilience can help them deal with future adversity in their roles (Luthans et al., 2007). Given this potential for positive adaptation when dealing with negativity, the final hypothesis proposes that resilience has an indirect, but positive relationship on the proposed direct relationship between emotional contagion and emotional labor.

H6 – Emotional contagion has an indirect association with emotional labor through resilience.

IV Methods

To test these hypotheses, the claims division of a regional property & casualty insurance company was surveyed. Of the 243 members of the claims division surveyed, 110 surveys were completed, and another three surveys were at least 50% complete. The partially completed surveys were made complete by using median values from the completed surveys to substitute missing values in the incomplete surveys. This brought the number of usable samples to 113 (a 47% response rate). All sections within the claims division were surveyed, including auto physical damage claims, liability claims, workers comp claims, and subrogation, among them.

The survey used 25 items to measure the four key variables of resilience, empathy, emotional contagion, and emotional labor. Resilience was measured using that portion of the PsyCAP (psychological capital) developed by Luthans et al. (2007), but a seven-point scale was used in place of the original six-point scale to allow for consistency across all variables in the data collection. Empathy was measured using a scale modified by Wieseke et al. (2012) to apply better to the provision of business services rather than more human services occupations. Wieseke's modified scale includes items to measure both cognitive and emotional dimensions of empathy, which seem likely to apply in the role of the claims adjusters. The challenge in evaluating emotional contagion was to use a measure that was appropriate to the workplace (i.e., no items to measure romantic love), or didn't rely on face-to-face interactions and nonverbal cues. Additionally, many of the tested scales were not balanced and tipped toward the negative-only outcomes of emotional contagion, like sadness, fear, and anger. Once again, Wieseke et al. (2012) provided a modified emotional contagion scale that better fits the workplace. The dependent variable, emotional labor, used a scale by Pugliesi (1999) that accounted for both the effort to manage the emotions of customers as well as the employee's management of their own emotions. Both the self-focused and other-focused elements of emotional labor were separately analyzed in the results. The scale was also modified to a seven-point scale to make the collection of data more consistent across all variables.

Additionally, three control variables were applied to the results, including age (in ranges), gender of the respondent, and their tenure within the insurance industry (in ranges of time).

Confirmatory factor analysis and model testing were completed using the partial least squares method of structural equation modeling (SmartPLS 3.3.0; Ringle et al., 2015) to identify the relationships among the variables.

V Results

The demographic profile of the 113 respondents from the claims division is shown in Table 1. Just over one fifth of respondents were under the age of 35, which suggests that the struggle to draw new talent to the insurance industry (as described by McKinsey & Company, 2010) is valid. Another interesting result from this sample indicates that an overwhelming majority (77%) of respondents have 5 years or more of experience within the insurance industry, suggesting that individuals who do join the industry tend to stay within the industry.

Table 1: Survey Respondent Demographics

Variable	%	Category
Age	4%	18-24 years old
	17%	25-34 years old
	40%	35-44 years old
	26%	45-54 years old
	12%	55 years or older
Gender	60%	female
	38%	male
	2%	preferred not to answer
Insurance Industry Experience	24%	5 years or less
	34%	between 5 and 15 years
	43%	15 or more years

Note. N = 113 responses.

A confirmatory factor analysis resulted in item loadings that had good reliability and validity for each variable. Composite reliability is shown in Table 2, construct reliability and validity are documented in Table 3, and discriminant validity is established in Table 4. While not all hypotheses were fully supported, some interesting relationships emerged from the data.

Table 2: Emotional Labor Outer Model Loadings and Variable Composite Reliability with Resilience as a Mediator

Variable (Composite Reliability)	Items with loadings >0.7	Loadings (t-statistic)
Emotional Contagion (0.807)		
EC1	I become nervous if others around me are nervous	0.802 (16.358)
EC2	I find that I can remain cool in spite of the excitement around me (R)	0.749 (10.216)
EC4	When I work with unhappy people, I feel unhappy myself	0.736 (12.168)
Empathy (0.797)		
EM2	When I am upset at someone, I usually try to “put myself in their shoes”	0.772 (9.078)

Variable (Composite Reliability)	Items with loadings >0.7	Loadings (t-statistic)
EM4	I would describe myself as a pretty soft-hearted person	0.756 (7.271)
EM7	I often have tender concerned feelings for people less fortunate than me	0.732 (7.431)
Emotional Labor – Other Focused (0.792)		
OEL2	I help customers deal with stresses and difficulties	0.891 (17.689)
OEL3	I attempt to “keep the peace” by calming clashes with customers	0.723 (5.057)
Resilience (0.787)		
RE1	When I have a setback at work, I have trouble recovering from it, moving on (R)	0.818 (15.771)
RE4	I usually take stressful things at work in stride	0.793 (12.227)
Emotional Labor – Self-Focused (0.704)		
SEL1	I am unable to express my true feelings to co-workers	0.686 ^a (1.868)
SEL4	I cover or manage my own feelings so as to appear pleasant at work	0.786 (2.605)

Note. All items were scored on 7-point Likert scale where 1 = strongly disagree, 4 = neither agree nor disagree, and 7 = strongly agree. Reverse coded items are indicated with (R) after the item.

^a While the first item representing self-focused emotional labor was less than the 0.7 benchmark, it was retained due to theoretical relevance.

Table 3: Construct Reliability and Validity

Variable	Composite Reliability	Average Variance Extracted
Emotional Contagion	0.807	0.582
Empathy	0.797	0.567
Emotional Labor - Other-Focused	0.792	0.658
Resilience	0.787	0.649
Emotional Labor - Self-Focused	0.704	0.545

Table 4: Measurement Model Validation: Discriminant Validity

Variable	EC	EM	OEL	RE	SEL
Emotional Contagion (EC)	0.763				
Empathy (EM)	0.148	0.753			
Emotional Labor - Other-Focused (OEL)	-0.193	0.356	0.811		
Resilience (RE)	-0.573	-0.069	0.151	0.806	
Emotional Labor Self-Focused (SEL)	0.223	-0.003	-0.028	-0.381	0.738

Hypothesis 1 stated that employee empathy is positively associated with emotional labor. In this study, emotional labor was divided, with one set of items measuring the efforts of respondents to manage the emotions of others and another set of items measuring the efforts of respondents in controlling their own emotions in interactions when working with claimants. A very strong and significant relationship was found between empathy and other-focused emotional labor, but no significant relationship was found for self-focused emotional labor. Therefore, Hypothesis 1 is partially supported.

Hypothesis 2 stated that employee empathy is positively associated with emotional contagion. Surprisingly, no significant relationship was found to exist between empathy and emotional contagion, and Hypothesis 2 is not supported in this sample.

Hypothesis 3 stated that employee emotional contagion is positively associated with emotional labor. Once again, the results here were surprising. No significant direct relationship was shown to exist between emotional contagion and either form of emotional labor. Hypothesis 3 was also not supported in this sample.

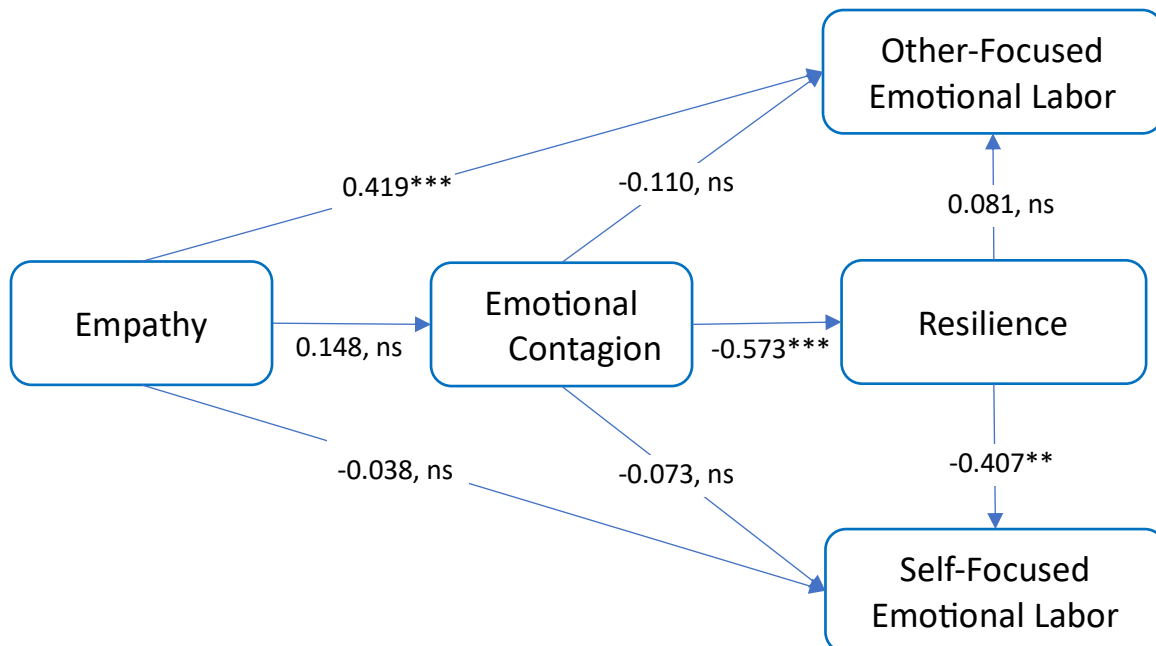
Hypothesis 4 stated that empathy has an indirect association with emotional labor through emotional contagion. Because there was no support for either Hypothesis 2 or Hypothesis 3, there is no support for Hypothesis 4. No indirect relationship between empathy and emotional labor through emotional contagion was found.

Hypothesis 5 stated that emotional contagion is negatively associated with resilience. The results showed a very strong and negative relationship between emotional contagion and resilience. Hypothesis 5 is fully supported.

Hypothesis 6 stated that emotional contagion has an indirect association with emotional labor through resilience. The data show that this indirect relationship is significant and true for self-focused emotional labor, but not significant for other-focused emotional labor. Therefore, there is only partial support for Hypothesis 6.

These hypotheses and the associated relationships are visually displayed in Figure 1.

Figure 1: Diagram of Hypothesized Relationships



Note. Non-significant relationships are indicated by ns.
 *p<0.05, **p<0.01, ***p<0.001

VI Discussion

The strong relationship between empathy and other-focused emotional labor certainly demonstrates why insurance companies put so much emphasis on this personal resource when hiring claims adjusters (Wieseke et al., 2012). This direct, positive relationship also signals a warning to the insurance organization as the adjusters are more likely to spend more of their personal resources (i.e., empathy) trying to manage the emotions of the claimants they are working with. Being able to empathize with those who have suffered a loss is an important skill, but there must be awareness of the potential emotional labor toll to those who regularly use empathy as part of their job (Varca, 2009).

It is truly surprising to find no direct relationship between empathy and emotional contagion. It seems that emotional contagion is likely to be present in the work of the claims adjuster. While prior studies found a positive relationship between empathy and emotional contagion, some of them were based on interactions between co-workers (Grandey et al., 2007); this study expected the same result based on the adjuster's unintentional absorption of negative emotions from the customer. Yet, no such direct relationship evolved in this study of claims adjusters. While this may be due partially to the small sample size, it's also possible that the adjusters absorbed positive, versus emotions. While customers of insurance have little understanding of the insurance contract and how it works (Parasuraman et al., 1991), the adjuster's successful management of customer interactions may lead to them feeling more empowered in their roles where other-focused emotional labor leads to more successful employee outcomes (Pugliesi, 1999). Enough of these positive interactions may result in positive outcomes for the adjusters, who then feel more successful in their roles (Brotheridge & Grandey, 2002).

Where emotional contagion and its association with emotional labor did become evident, however, was with the introduction of resilience as a mediator. In terms of buffering the negative effects of emotional labor, the results showed that those who did have emotional contagion were able to offset this to a degree through their stores of resilience, which also helped them offset the self-focused emotional labor demands of the job, where they have to manage their own feelings and reactions during their interactions with claimants.

Although not every relationship panned out as expected from the theory, there were many indications that empathy does come at an emotional cost to the employee, and that resilience had some positive effects in mitigating the negative effects of emotional labor. While further study and larger samples could add to these results, it does appear that there is a need for emphasis on a positive resource for the employee to balance the negative demands of the claims adjuster role. Many insurance organizations actively search for the quality of empathy in their recruits for new claims adjusters, but perhaps they should also be seeking the quality of resilience in their hires. Likewise, professional development opportunities are commonly offered to help their adjusters build their stores of empathy, but the same effort should also be promoted to help the adjusters also build their stores of resilience.

VII Conclusion

The purpose of this study was twofold: one was to determine whether employees with higher levels of empathy were also more susceptible to emotional contagion and increased use of emotional labor during their interactions with their customers, and the other was to determine whether resilience would help the employee manage the demands of using empathy on the job as well as minimizing the effects of emotional contagion and emotional labor. While the connection between the use of empathy and emotional contagion was strong, this was only true for the facet of other-

focused emotional labor, where the adjuster is attempting to manage the emotions of their customer. The expected relationship between empathy and emotional contagion was not substantiated, possibly because the transferred emotions may have been positive – the strong connection between empathy and other-focused emotional labor may be evidence to test this theory. Personal resilience did share a very strong relationship with self-focused emotional labor, making it a critical resource for employees who must routinely manage their own emotions at work. This study affirms the importance of the quality of empathy in claims adjusters, but it also provides some initial evidence to suggest that personal resilience is another very important quality for claims adjusters to build to be more successful in their emotional labor work.

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