FACTORS INFLUENCING SERVICE RECOVERY PERFORMANCE

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ABSTRACT

Service recovery performance has emerged as an important topic for academicians and practitioners over the last two decades. Many studies have attempted to uncover the factors that influence the performance of service recovery. The purpose of this study is to develop comprehensive conceptual model of the factors that influence service recovery performance. An intensive literature review from the available studies are reviewed for the development of the research model. Three main construct are incorporated in this study i.e. frontline employees (rewards, empowerment, teamwork, training, and commitment), organizational strategies (compensations, verbal action, leadership, and justice), customers (personality, and purchasing experience). The model and its related hypotheses are presented and the limitation is discussed.

Keywords Service recovery performance, frontline employees, strategies, customers

1. Introduction/Background

Service recovery performance has emerged as an important topic for academicians and practitioners over the last two decades (e.g. Lin, 2011a; Santos and Basso, 2012; Kau and Loh, 2006). According to Wilson et al (2012), service recovery performance “refers to the actions taken by a corporation or service provider in response to a service failure”. The authors describe the role of service recovery performance as essential in enabling organizations to create customer satisfaction because the service is done by the frontline employees and serve the customer directly. Therefore, the literature emphasizes on the role of frontline employees and attribute to them the main role in creating good relationship between the organization and its customer because frontline employees are the one who delivery the service to customers (Babakus et al. 2003). In light of the importance of the role frontline employees, Santos and Basso (2012) pointed out that stronger client-company relationships may limit the impact of service and recovery failures on customer trust and loyalty. Similarly, Kau and Loh, (2006), found that when customers are satisfied with the performance of service recovery, it leads them to higher level of trust and positive word of mouth regarding the organization. Therefore, the services that are provided by frontline employees is vital for the company to develop customer satisfaction, loyalty and brand commitment (Burmann and Konig, 2011).

On the other hand, service recovery performance was defined by Andreassen (2000) as “the action an organization takes in order to seek out dissatisfaction and as a response to poor service quality i.e. service failure”. This definition emphasizes on the role of the organization itself in returning the dissatisfied customer to a state of satisfaction. Many researchers support this argument by providing evidence that the organization’s strategies are effective tools to develop
customer satisfaction after service failure (Grewal, Roggeveen and Tsiros, 2008; Magnini and Karande, 2009; Liao and Keng, 2013).

Both definitions focused on returning the customers satisfaction. Thus, researchers linked the service recovery performance to the characteristic of customers. Customer purchasing experience (Holloway, Wang and Parish, 2005), customers’ personality (Lin, 2011b) were investigated by researchers and linked to the service recovery performance.

By reviewing the literature, it has been found that there is conflict in the findings of researchers. While some research attribute the success in service recovery to the frontline employees (Lin, 2011a; Ashill et al., 2004; Masoud and Hmeidan, 2013), other associated the success to the organization’s strategies (Grewal et al. 2008; Magnini and Karande, 2009 Othman, Zahari and Radzi, 2013). Some other researchers related the service recovery performance to the customers’ characteristics (Holloway et al., 2005; Lin, 2011b). This study aims to find the influence of frontline employees, organization’s strategies and customer characteristic on the service recovery performance. The study attempts to develop comprehensive model that cover three dimensions of service recovery performance. Further, to find the most effective construct among the three proposed constructs.

This study is conducted in response for the call of Masoud and Hmeidan (2013). for more studies in service recovery performance. This study consists of four main section, the first section is presented above, and provided background of the study along with the gap and the objectives of this study. Second section presents the literature review, which is divided into three main parts; service recovery performance, factor influence service recovery performance of frontline employees, and organization’s strategies to enhance service recovery performance. Third section presents the conceptual model of this study. Fourth section discusses and concludes the research.

2. Literature Review

2.1 Service recovery performance

Service recovery performance is vital for organizations, customers, employees. The literature is rich with studies that show the importance of having good service recovery performance. In a cross cultural study conducted by Vaerenbergh, De Keyser and Larivière, (2013) to find customer intention to invoke service guarantees, using 171 respondents from four continents, they found that all customers are expected to request service guarantee after unsatisfactory service recovery, however, when the customers are satisfied with the service recovery, the results show that the customer intention to request service guarantee is low. Service recovery performance can increase the satisfaction level of customers. In a study conducted by Harris et al (2006) to examine the consumer response to service recovery strategies, using scenario-based experiment, they have found that better recovery performance level positively influences the satisfaction and intention of repurchase in online and offline environment.

Based on above, service recovery performance is important and can affect the customers’ satisfaction and intention to repurchase. Therefore, service recovery performance is important for the business and it must be up to the expectation of customers. Doing so, the business owner can reduce the negative word of mouth and increase customers’ satisfaction (Holloway et al., 2005)
2.2 Factors Influence Service Recovery

2.2.1 Employees

Factor that can influence the service recovery performance of frontline employees have been studied by many researchers (Lin, 2011a; Ashill et al., 2004; Masoud and Hmeidan, 2013). Ashill et al. (2004) conducted a study to find the antecedents and outcomes of service recovery performance in healthcare. They incorporated constructs such as customer service orientation, employee rewards, training, empowerment, teamwork, role of ambiguity, organizational commitment, job satisfaction, and intention to resign. Using a questionnaire, the findings revealed that employee rewards, empowerment, role of ambiguity, and job satisfaction are the significant factors that affect the service recovery performance. In similar approach, Masoud and Hmeidan, (2013) conducted a study to find the effect of perceived work environment on frontline employees’ service recovery performance. The study incorporates variables such as training, empowerment, motivation, supportive management, and service technology. Using data collected from 330 respondents via questionnaire, the findings show that training, empowerment, motivation, supportive management, and service technology significantly predict frontline employees’ service recovery performance.

Using almost the same variables Boshoff and Allen, (2000) investigate the influence of the antecedents on service recovery performance, they incorporated top management commitment to customer service, customer service orientation of firm, rewarding customer service excellence, teamwork, empowerment, customer service training, role ambiguity, role conflict, organizational commitment. Using a questionnaire, they found that organizational commitment, empowerment, and rewarding service excellence have significant influence on service recovery performance of frontline employees. Building on the work of Boshoff and Allen, (2000) Yavas et al. (2000) investigated the antecedents and outcome of service recovery performance customer service, customer service orientation of firm, rewarding customer service excellence, teamwork, empowerment, customer service training, role ambiguity, organizational commitment. Using 180 responses, they found that only empowerment and role ambiguity significantly influence service recovery performance.

Karatepe (2006) conducted a quantitative study on frontline bank employees in turkey, he found that trait competitiveness, intrinsic and extrinsic motivation, and role ambiguity have significant positive influence on frontline employees’ service recovery performance. The author pointed out that the consequences of service recovery performance are job satisfaction and intention to leave. Lin (2011a) in his study attributed the service recovery performance to the high level of self-efficacy of employees and to the relationship between managers and subordinates.

Yoo, Shin and Yang, (2006) conducted exploratory study by employing mix mode method to find the factors that affect frontline employees in restaurants. They found that pay raises, recognition from colleagues, full empowerment, and a case-by case reward method significantly influence the success of service recovery performance.

Rod and Ashill (2010) investigates the role of management commitment on the service recovery performance and management commitment for service quality. Using a questionnaire, they found that the relationship between Management commitment for service quality and service Recovery performance is mediated by organizational commitment. Battaglia et al (2012) uses a tree like structure to investigate service recovery performance, they found that the most important dimensions are speed of recovery, followed by empowerment.

Researchers incorporate, to some extent, similar variables to examine to examine the impact of frontline employees on the service recovery performance. This research is incorporating rewards,
empowerment, teamwork, training, and commitment as elements and dimensions of the construct factor related to frontline employees.

2.2.2 Strategies
Many strategies that can be made by the organization to enhance the service recovery performance. Grewal et al. (2008) investigated the influence of compensation on repurchasing intention after service recovery and they found that compensation, in case that the company is responsible for the failure and the failure occurs frequently, is an effective tool and it is required to influence the repurchasing intention of customers after service recovery. However, they found that if the company is not responsible for the failure, compensation is not required.

The strategy of thanking customers was identified to be one of the effective strategy. Othman et al. (2013) conducted a study on Malaysian restaurant. Using a data collected from 481 respondents via questionnaire, they found that service recovery strategy is influential in determining future behavioral intention. Moreover, the study revealed that verbal recovery strategy is the most important strategy that must be adopted by the Malay restaurant in Malaysia. Therefore, they concluded their study that Malay restaurant must use verbal recovery strategies more frequently during failure incidents. At the same token, Magnini and Karande (2009) found that thanking customers after placing a complaint is an effective tools to enhance their satisfaction and increase their intention to repurchase.

Kuo and Wu (2012) collected data from 252 respondents via questionnaire to investigate the impact of distributive, procedural, and interactional justice to increase post recovery satisfaction and intention to repurchase after service recovery. Using twenty scenarios that combine five service failures and four recoveries, they found that distributive justice, procedural justice, and interactional justice enhance post-recovery satisfaction. Similarly, Chang, Lai and Hsu, (2012) collected data from 187 customers to find the impact of the three mentioned variables on satisfaction of online service recovery and repurchasing intention. They found that distributive justice, interactional justice and procedural justice positively influence the satisfaction of online service recovery and repurchase intention toward online service.

Lin (2011a) by employing quantitative approach pointed out that the corporate leadership style can play vital role in service recovery performance. He found that transformational leadership, compared with paternalistic leadership, has positive and significant effect on the service recovery performance.

Liao and Keng (2013) employed data from 1078 and they found that when consumers meet a delivery delay, proving them with online consumer experiences could increase satisfaction and reduce complaint intention. Kuo, Yen, and Chen, (2011) recorded 867 incidents of service failure and sort them between satisfactory and unsatisfactory. The findings show that there are failures must be avoided by the organization such as alterations and repairs, gap between expectations and perceptions, seller fraud problem, and leak of personal data. Further, they found that some failure can be recovered effective such as pricing failure, packaging problem, size variation, and mischarged.

2.2.3 Customers
Third construct of this study is the impact of customers’ characteristic on the service recovery performance. Customer’s experience in buying and selling and business transaction can affect the level of satisfaction and the service recovery performance. Holloway et al. (2005) conducted a study on the impact of customer experience on service recovery using data collected from 649
respondents via questionnaire, they found that customers with low level of purchasing experience are more likely to be satisfied after remedy. However, if the remedy is not satisfactory, they might be engaged in negative word of mouth. In contrast, Magnini and Karande (2009) conducted a study on hotel customers and they found that those who have long transaction history are more satisfied with a recovery initiative and more willing to return than those with a short transaction history.

Lin, (2011b) conducted a study to find the role of consumer personality on service recovery rate, recovery manner. Using data collected from 186 respondents via questionnaire, he found that the personality traits of the consumers are related to the requirements for service remedy speed by the business owners, and the remedy expectation of service failure is comparatively stronger due to high-levels of self-awareness of consumers with internally controlled personality traits.

3. Conceptual Model

Based on the literature review that has been conducted for the purpose of this study, it has been found that the dependent variable i.e. service recovery performance can be influenced by many factors. These factors are the independents variables. Namely, the frontline employees is the first independent variable. It was found that frontline employees influence the recovery performance. This construct includes, rewards, empowerments, teamwork, training, and commitment. The second independent variable is organizational strategies. This construct includes compensation, verbal actions such as thank you, leadership, and justice. Further, the third independent variable is customer characteristics. This construct includes customer’ personality and purchasing experience. Figure 1 presents the conceptual model of this study.
In the light of above, the following hypotheses can be assumed:

**H1a:** There is a positive and significant relationship between reward and service recovery performance.

**H1b:** There is a positive and significant relationship between empowerment and service recovery performance.

**H1c:** There is a positive and significant relationship between teamwork and service recovery performance.

**H1d:** There is a positive and significant relationship between training and service recovery performance.

**H1e:** There is a positive and significant relationship between commitment and service recovery performance.

**H2a:** There is a positive and significant relationship between compensation and service recovery performance.

**H2b:** There is a positive and significant relationship between verbal action and service recovery performance.

**H2c:** There is a positive and significant relationship between leadership and service recovery performance.

**H2d:** There is a positive and significant relationship between justice and service recovery performance.

**H3a:** There is a positive and significant relationship between personality and service recovery performance.

**H3b:** There is a positive and significant relationship between purchasing experience and service recovery performance.

4. **Conclusion**

The purpose of this study is to develop comprehensive model. The literature was reviewed to find the studies pertaining to the topic. It was found that researchers have attempted to explain the difference in service recovery performance based on single view whether, employees, organization strategies or customers. This study have developed comprehensive model that include all the dimensions that might affect the service recovery performance.

The model is ready to be empirically tested by employing questionnaire that covers all the variables in this study. By testing the model, the most important factors can be identified. Then decision makers can focus more on the factors that strongly affect the service recovery performance.

It worthwhile to point that the study was limited to the available literature and due to the time limitation, the study has used the accessible literature. Therefore, validation of the model by incorporating more literature can strengthen the conceptual model.
References


