

The Effect of Frontline Employee Efforts in Service Recovery Performance

Fan-Yun Pai^{1*}, Tsu-Ming Yeh²

¹ Department of Business Administration, National Changhua University of Education, No.2, Shi-Da Road, Changhua City, 500, Taiwan.

² Department of Leisure and Recreation Management, Da-Yeh University, No.168, University Road, Dacun, Changhua 51591, Taiwan.

* Corresponding author. Tel.: 886-4-7232105 ext. 7415; email: fypai@cc.ncue.edu.tw

Manuscript submitted March 6, 2017; accepted July 25, 2017.

doi: 10.17706/ijeeee.2017.7.4.264-271

Abstract: When enterprises encounter service failure, service recovery provides an opportunity for firms retaining unsatisfied customers and then turning the customers into satisfied and loyal ones. Recently, service failure and recovery has become a more important research topic for enterprises and researchers. Service recovery is provided by first-line employees; however, few research studies how to improve Customer Satisfaction by frontline employee efforts. This study aims to examine the effects of employee efforts, customer service training, empowerment, teamwork, rewards, and supportive management on service outcome and the effect of service outcome on Customer Satisfaction. A conceptual model was constructed and questionnaires were collected. Managerial implications are provided for service providers to provide service recovery from the investigation results.

Key words: Customer satisfaction, frontline employee, service recovery.

1. Introduction

The decreasing barrier to service industry in past years has service providers encounter fierce competition. The rise of consumer awareness also has customer orientation become the first rule for business management. The establishment of long-term customer relationship is relatively important [1]. For this reason, maintaining favorable services has become a critical factor in increasing Customer Satisfaction and making profits for an enterprise. An enterprise should pay attention to the quality of service offered, while service failure is inevitable in the service delivery process [2]. Service failure would result in customer dissatisfaction [3]; luckily, favorable service recovery give an enterprise an opportunity to change dissatisfied customers into satisfied and loyal ones [4]. When an enterprise cannot effectively make recovery, negative results might be caused, e.g. customer churn and decreasing profits [5]. For this reason, it is a primary issue for service providers to offer effective service recovery.

Frontline employees play a critical role in the service delivery and customer relationship establishment processes [6]. Services appear normally on the face-to-face contact between employees and customers and are interacted when customers require services [7]. Besides, frontline employees are the first channel for customer complaints when service failure occurs [8] and could present key functions in service recovery, with effective and rapid problem-solving capabilities. Although it is understood that good service recovery could promote Customer Satisfaction [9], it is hardly ensured that Customer Satisfaction would be enhanced

by the performance of frontline employees.

2. Literature Review

2.1. Service Recovery

A lot of research suggested that effective service recovery could re-establish Customer Satisfaction as well as customer loyalty and word-of-mouth [10]. Gilly [11] indicated that consumers with experiences in service failure and effective service recovery would present higher loyalty than those without an experience of service failure. Johnston [12] suggested that active employee reactions to service failure could have the customers acquire high satisfaction and experiences and allow the organization proceeding effective service recovery. Employee attitudes and behaviors would affect customer perceived quality of service and satisfaction. Customer Satisfaction would be reduced when an employee presents unfavorable service attitudes because of dissatisfaction. Apparently, underestimating the function of employees in service recovery processes could result in overall service failure.

2.2. Employee Efforts and Service Outcomes

Employee efforts in reducing or recovering customer complaints and dissatisfaction caused by service failure are regarded as service recovery performance [13]. Ashill *et al.* [14] regarded manager committed quality of service, covering training, empowerment, employee rewards, supportive management, servant leadership, and service techniques, as the factor in the emotion of an organization to affect the frontline employees' job satisfaction and further influence the service recovery performance. Kim and Oh [15] considered service recovery efforts, including customer-oriented service, employee rewards, customer complaint management, customer service training, empowerment, and teamwork, as the antecedents of Service Recovery Performance. Summing up the above research, most proposed antecedents to Service Recovery Performance stress on employee training, empowerment, teamwork, and rewards.

2.3. Hypotheses

Scaduto *et al.* [16] suggested that organizational members should acquire training, as an essential skill in organizational management. Chiaburu and Tekleab [17] regarded training as a decisive factor in enhancing individual job performance. Several studies considered training as an essential factor in promoting employee performance and organization survival as well as maintaining the competitiveness of a company [18]. An organization could assist the employees in acquiring job knowledge as well as reduce cost and time through educational training [19]. Research on service recovery suggested that customer service training allowed employees learning essential work and interpersonal interaction skills to provide high-level services and deal with customer complaints [20]. Accordingly, the following hypothesis is then proposed.

H1. Customer service training has positive effects on service recovery performance.

Empowerment is a process allowing or empowering an individual thinking and taking actions as well as independently controlling the work and making decisions [21]. Empowerment is the share of power, i.e. empowering employees in the organization to freely take actions and complete tasks [22]. Organizations consider empowerment as the asset to promote organizational performance and provide competitive advantages [23], as employee empowerment could help the firm enhance the organizational management efficiency and reinforce employees' self-efficacy. Empowerment could enhance employee participation by sharing power, information, knowledge, and provide customers with better services [24]. Accordingly, empowerment could affect a frontline employee's Service Recovery Performance. The following hypothesis is then proposed.

H2. Empowerment has positive effects on service recovery performance.

Teamwork is primary for delivering high-quality services and service recovery [20]. When employees

collaboratively make efforts in implementing goals, the efficiency is motivated [25]. In this case, effective cooperation with colleagues is an essential element for an employee's service performance and productivity. Normally, customers merely contact with frontline employees in the service delivery process; however, frontline employees could provide customers with quality services by other supports [21]. Based on above statements, teamwork would affect a frontline employee's Service Recovery Performance. The following hypothesis is therefore proposed.

H3. Teamwork has positive effects on service recovery performance.

Quality of service is a key factor in connecting rewards and service delivery performance [14]. A service company could maintain the quality service and service recovery by offering the employees with proper encouragement and motivation. In addition to enhance the high-quality service of an employee, rewards are the key factor in motivating employees in service recovery [20]. Organizational efficiency could be promoted by a manager successfully motivating the employees and influencing the behaviors. Rewards could enhance an employee's cooperation willingness and challenge to grow at work and implement higher performance [26]. Accordingly, the following hypothesis is therefore proposed.

H4. Rewards have positive effects on service recovery performance.

Supportive management refers to a manager being willing to concern and support the employees' work and defending the subordinates [14]. Supportive management could create supportive, trustful, and mutually helpful organizational climate [27]. An employee could effectively do the job when an organization could help to deal with stress. A frontline employee would present active behaviors and reactions and work hard to reward the support [14] as well as enhance the job satisfaction and job engagement [5]. Based on above statements, supportive service would influence a frontline employee's Service Recovery Performance that.

H5. Supportive service has positive effects on service recovery performance.

Customer Satisfaction is the overall attitudes based on experiences [28]. When service failure occurs in a customer being dissatisfied with the service, an enterprise has to calm the customer's dissatisfactory emotion through service recovery; in addition to create satisfaction after the recovery, it shows the opportunity for positive word-of-mouth and repurchase intention [10]. In other words, the ultimate objective of service recovery is to maintain Customer Satisfaction. The interaction between employees and customers is a key in an enterprise making profits. An employee's working attitudes and behaviors would affect customer attitudes and reactions [28]. Accordingly, Service Recovery Performance would influence Customer Satisfaction. The following hypothesis is then proposed.

H6: Service recovery performance has positive effects on customer satisfaction.

3. Methodology

Three dimensions are covered in the research framework, namely frontline employee efforts, Service Recovery Performance, and Customer Satisfaction. The effects of frontline employee efforts on Service Recovery Performance are discussed with customer service training, empowerment, teamwork, rewards, and supportive management being the variables. The effects of Service Recovery Performance on Customer Satisfaction are inspected at the end. The conceptual framework is organized as Fig. 1.

3.1. Questionnaire Design

Questionnaire survey is employed in this study to verify the proposed conceptual model. Retrospective self-report is applied to the questionnaire design. The 7-point Likert scale is used for the measurement.

Based on the scale proposed by Boshoff & Allen [13], 5 questions are developed for the customer service training scale. And 4 questions are developed for the empowerment scale, based on the scales proposed by Boshoff & Allen [13] and Yavas *et al.* [20]. The teamwork scale was developed by the scales proposed by

Boshoff & Allen [13]. And the rewards scale was developed by the scales proposed by Boshoff & Allen [13] and Ashill *et al.* [14]. Based on the scale proposed by Boshoff & Allen [13], 3 questions are developed for service recovery performance scale. And the supportive management scale was developed by the scales proposed by Burke [29]. Referring to the viewpoints of Goodwin and Ross [3], 3 questions are developed for the customer satisfaction scale.

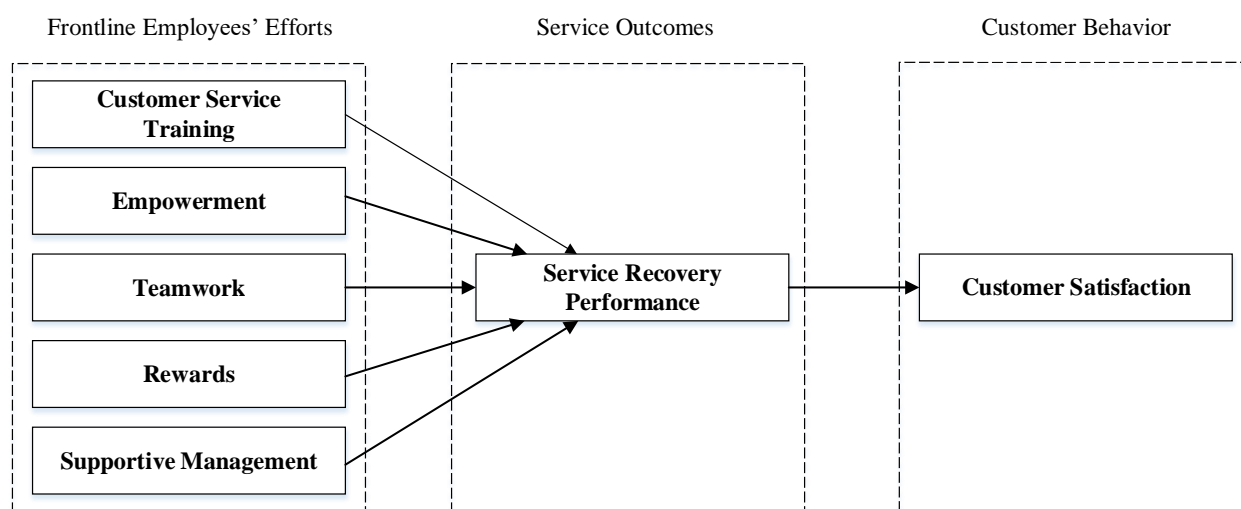


Fig. 1. Conceptual model.

3.2. Data Collection

Experienced frontline employees in hotels and restaurants are investigated with the questionnaires. Hotels and restaurants are considered as ideal environments to test the model as they present the characteristics of high contact between employees and customers and favorable comprehension of frontline employees to the recovery effectiveness [13]. Online and paper-and-pencil questionnaires are distributed with Convenience Sampling. Within a month, 546 copies of questionnaires are retrieved, in which 24 invalid copies are deducted. Total 522 valid copies are received, with the valid sample rate 95.6%.

4. Analysis Results

4.1. Sample Profile

According to the sample data, most participants are females, about 55.8% of total samples. Most samples are aged 20-29, about 72.6% of total samples; most samples show the educational background of colleges and universities, about 52.3% of total samples; and, most samples appear the seniority less than two years, about 55.6% of total sample, and followed by 2-5 years, about 22.9%.

4.2. Reliability Analysis

Cronbach's α is a criterion to judge the reliability. The reliability of the questionnaire content is acceptable when the α coefficient is larger or equal to 0.7. From the collected data, all Cronbach's alpha coefficients for each variable are higher than 0.7 (ranging from 0.821 to 0.942), revealing the variables being acceptable, and the questionnaire is deemed to have excellent stability and consistency.

Validity reveals a scale being able to measure the desired indicators. The questionnaire design is based on the relevant theories in past literatures and evaluated and revised by experts. Consequently, the question should present favorable content validity.

4.3. Correlation Analysis

Pearson correlation analysis is utilized for testing the correlations between variables. The results are organized in Table 1. The entire model appears positive correlations. Moreover, the maximum VIF from the correlation between training and supportive management ($VIF=1/(1-.70^2) = 1.96$) does not appear collinearity, which indicates the goodness of the data.

Table 1. Correlations Matrix

	Mean	STD	CST	EM	TW	RW	SM	SRP	CS
CST	5.29	1.09	1						
EM	4.80	1.20	.61**	1					
TW	5.49	1.20	.51**	.47**	1				
RW	4.55	1.35	.46**	.51**	.42**	1			
SM	4.61	1.31	.46**	.53**	.70**	.53**	1		
SRP	4.57	1.05	.46**	.62**	.50**	.63**	.47**	1	
CS	5.02	1.07	.49**	.64**	.55**	.51**	.49**	.75**	1

Note: * $p < 0.05$, ** $p < 0.01$. (CST = Customer Service Training, EM = Empowerment, TW = Teamwork, RW=Reward, SM = Supportive Management, SRP= Service Recovery Performance, and CS = Customer Satisfaction).

4.4. Regression Analysis

Regression analysis is applied to investigate the effects of independent variables of customer service Training, Empowerment, Teamwork, Rewards, and Supportive Management on the dependent variable of service recovery performance. Table 2 shows the Multiple Regression Analysis of frontline employee efforts in Service Recovery Performance; and, the regression model reaches the significance ($R^2=0.544$; Adj $R^2=0.525$; $p<0.001$). According to the model, empowerment ($\beta=0.392$; $t=4.657$; $p<0.001$), teamwork ($\beta=0.257$; $t=2.863$; $p<0.001$), and rewards ($\beta=0.408$; $t=5.344$; $p<0.001$) present significantly positive effects on Service Recovery Performance, while customer service training ($\beta=-0.075$; $t=-0.913$; $p>0.001$) and supportive management ($\beta=-0.105$; $t=-1.122$; $p>0.001$) do not show remarkable effects on Service Recovery Performance. Hypotheses H2, H3, and H4 therefore are supported, while H1 and H5 are not.

Table 2. Regression Analysis of Frontline Employee Efforts in Service Recovery Performance

Independent variable	Non-standardized β	S.D.	Standardized β	t	VIF
Constant	1.026	0.358		2.869	
CST	-0.072	0.079	-.075	-.913	1.833
EM	0.342	0.073	.392***	4.657	1.920
TW	0.224	0.078	.257**	2.863	2.183
RW	0.318	0.060	.408***	5.344	1.585
SM	-0.085	0.075	-.105	-1.122	2.388

$R=0.737$, $R^2=0.544$, adj. $R^2=0.525$, $F=29.544$

*: $p<0.05$, **: $p<0.01$, ***: $p<0.001$

Table 3. Regression Analysis of Service Recovery Performance and Customer Satisfaction

Independent variable	Non-standardized β	S.D.	Standardized β	t	VIF
Constant	1.528	0.281		5.443	
SRP	0.765	0.060	0.749***	12.781	1.000

$R=0.737$, $R^2=0.544$, adj. $R^2=0.525$, $F=163.350$

*: $p<0.05$, **: $p<0.01$, ***: $p<0.001$

Table 3 displays the Regression Analysis of Service Recovery Performance and Customer Satisfaction. The regression model achieves the significance ($R^2=0.561$; Adj $R^2=0.561$; $p<0.001$). Service Recovery Performance ($\beta=0.749$; $t=12.781$; $p<0.001$) reveals notable effects on Customer Satisfaction that H6 is supported.

Fig. 2 showed the standardized direct effects of Training, Empowerment, Teamwork, Rewards, and Supportive Management on Service Recovery Performance present the values of -0.075, 0.392, 0.257, 0.408, and -0.105, respectively; and, the standardized direct effect of Service Recovery Performance on Customer Satisfaction shows the value of 0.749. In the path analysis model, the significance test of coefficients shows 4 out of 6 paths reaching the significance 0.05, while Customer Service Training and Supportive Management are insignificant to Service Recovery Performance.

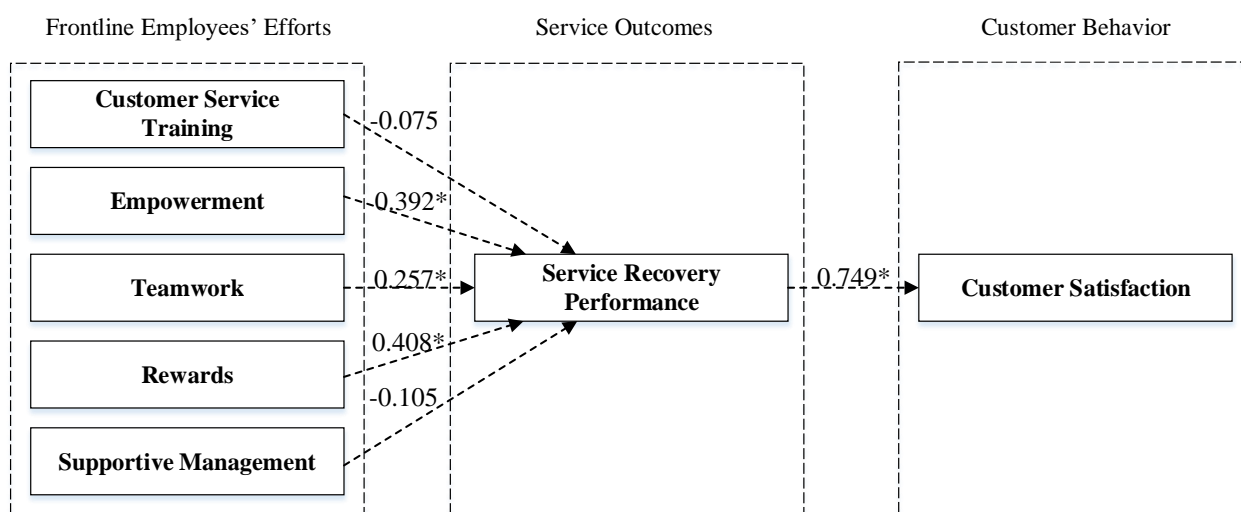


Fig. 2. Hypotheses testing results.

5. Conclusion

Aiming at frontline employees in hotels and restaurants in Taiwan, this study tends to discuss the antecedents in Service Recovery Performance, from the perspective of employees. The analysis results show employee empowerment, teamwork, and rewards could enhance Service Recovery Performance to promote Customer Satisfaction. That is, a service provider should empower the employees for service recovery and encourage them to independently solve problems without asking the manager, which might have the customer wait for too long and generate negative emotions. Creating the organizational climate of teamwork allows the employees learn from, rather than compete with, each other. In addition to monetary rewards, non-financial rewards, such as public appraisal, oral appraisal, and higher performance assessment, could be offered for employees with favorable performance in service recovery. Customer service is still an important training. It is suggested that a service provider should teach the employees about service recovery, in addition to service processes. Based on the research result, employees do not perceive large assistance from the management level. The managers and management levels are suggested to regularly have meetings with the employees in order to understand the ideas and formulate process plans agreed by both parties.

References

- [1] Cambra-Fierro, J., Melero-Polo, I., & Sese, J. (2014). Does the nature of the relationship really matter? An analysis of the roles of loyalty and involvement in service recovery processes. *Service Business*, 9(2),

297-320.

- [2] Hart, C. W., Heskett, J. L., & Sasser Jr, W. E. (1989). The profitable art of service recovery. *Harvard Business Review*, 68(4), 148-156.
- [3] Goodwin, C. & Ivan, R. (1992). Consumer responses to service failures: influence of procedural and interactional fairness perceptions. *Journal of Business Research*, 25(2), 149-163.
- [4] Spreng, R. A., Harrell, G. D., & Mackoy, R. D. (1995). Service recovery: Impact on satisfaction and intentions. *Journal of Services Marketing*, 9(1), 15-23.
- [5] Tax, S. S., & Brown, S. (1998). Recovering and Learning from Service Failure. *Sloan Management Review*, 40(1), 75-88.
- [6] Babakus, E., Yavas, U., Karatepe, O. M., & Avci, T. (2003). The effect of management commitment to service quality on employees' affective and performance outcomes. *Journal of the Academy of Marketing Science*, 31(3), 272-286.
- [7] Bitner, M. J., Booms, B. H., & Tetreault, M. S. (1990). The service encounter: diagnosing favorable and unfavorable incidents. *The Journal of Marketing*, 54(1), 71-84.
- [8] Zeithaml, V. A., Bitner, M. J., & Gremler, D. D. (2009). *Services Marketing: Integrating Customer Focus Across the Firm*. New York: McGraw-Hill/Irwin.
- [9] Hess, R. L., Ganesan, S., & Klein, N. M. (2003). Service failure and recovery: the impact of relationship factors on customer satisfaction. *Journal of the Academy of Marketing Science*, 31(2), 127-145.
- [10] Wirtz, J., & Mattila, A. S. (2004). Consumer responses to compensation, speed of recovery and apology after a service failure. *International Journal of Service Industry Management*, 15(2), 150-166.
- [11] Gilly, M. C. (1987). Postcomplaint processes: From organizational response to repurchase behavior. *Journal of Consumer Affairs*, 21(2), 293-213.
- [12] Johnston, R. (1995). Service failure and recovery: impact, attributes and process. *Advances in sServices Marketing and Management*, 4, 211-288.
- [13] Boshoff, C., & Allen, J. (2000). The influence of selected antecedents on frontline staff's perceptions of service recovery performance. *International Journal of Service Industry Management*, 11(1), 63-90.
- [14] Ashill, N. J., Rod, M., & Carruthers, J. (2008). The effect of management commitment to service quality on frontline employees' job attitudes, turnover intentions and service recovery performance in a new public management context. *Journal of Strategic Marketing*, 16(5), 437-462.
- [15] Kim, S. M., & Oh, J. Y. (2012). Employee emotional response toward healthcare organization's service recovery efforts and its influences on service recovery performance. *Service Business*, 6(3), 297-321.
- [16] Scaduto, A., Lindsay, D., & Chiaburu, D. S. (2008). Leader influences on training effectiveness: motivation and outcome expectation processes. *International Journal of Training and Development*, 12(3), 158-170.
- [17] Chiaburu, D. S., & Tekleab, A. G. (2005). Individual and contextual influences on multiple dimensions of training effectiveness. *Journal of European Industrial Training*, 29(8), 604-626.
- [18] Salas, E., & Cannon-Bowers, J. A. (2001). The science of training: A decade of progress. *Annual review of psychology*, 52(1), 471-499.
- [19] Kaynak, H. (2003). The relationship between total quality management practices and their effects on firm performance. *Journal of operations management*, 21(4), 405-435.
- [20] Yavas, U., Karatepe, O. M., Avci, T., & Tekinkus, M. (2003). Antecedents and outcomes of service recovery performance: an empirical study of frontline employees in Turkish banks. *International Journal of Bank Marketing*, 21(5), 255-265.
- [21] Murari, K. (2015). *Impact of Leadership Styles on Employee Empowerment*. Partridge Publishing.
- [22] Daft, R. (2006). *Organization Theory and Design*. Cengage learning.

- [23] Wright, B. E., & Kim, S. (2004). Participation's influence on job satisfaction the importance of job characteristics. *Review of Public Personnel Administration*, 24(1), 18-40.
- [24] Bowen, D. E., & Lawler, E. E. (1995). *Empowering Service Employees*. Cambridge, MA: MIT press.
- [25] Masdek, N., Abdul Aziz, Y., & Awang, K. (2011). Potential antecedents and outcomes of frontline employees' service recovery performance. *International Journal of Economics and Management*, 5(1), 114-139.
- [26] Pratheepkanth, P. (2011). Reward system and its impact on employee motivation in commercial bank of Sri Lanka Plc, In Jaffna District. *Global Journal of Management and Business Research*, 11(4).
- [27] Hartline, M. D., Maxham III, J. G., & McKee, D. O. (2000). Corridors of influence in the dissemination of customer-oriented strategy to customer contact service employees. *Journal of Marketing*, 64(2), 35-50.
- [28] Fornell, C. (1992). A national customer satisfaction barometer: The Swedish experience. *Journal of Marketing*, 56(1), 6-21.
- [29] Burke, R. J. (2003). Nursing staff attitudes following restructuring: The role of perceived organizational support, restructuring processes and stressors. *International Journal of Sociology and Social Policy*, 23(8/9), 129-157.



Fan-Yun Pai is professor of Dept. of Business Administration and received her PhD degree in business administration from National Taiwan University in 2008. Dr. Pai's research interests include service and operation management and supply chain management. She has published articles in expert systems with applications, industrial marketing management, technological forecasting and social change, *International Journal of Production Research*, *Production Planning and Control*, *International Journal of Production Economics*, *Quality and Quantity*, and the *Service Industry Journal*, etc.



Tsu-Ming Yeh is the distinguished professor of the Department of Leisure and Recreation Management at Da-Yeh University, Taiwan. He received the Ph.D. degree from the Department of Industrial Engineering in Chung-Yuan Christian University, Taiwan. His research interests include quality management, operation management, and service management.