
CHAPTER 7

CONCLUSION

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7.1 RESEARCH OVERVIEW

In the service sector unlike manufacturing, no matter how well rehearsed the service delivery is, the failures are inevitable. A service failure occurs when service providers are unable to deliver services as expected by consumer [1]. To have satisfied and loyal customer base effective handling of service failure is imperative. Action taken by the service provider to rectify the service failure is *service recovery*. Service recovery focuses on the actions taken by the organization to avoid or rectify the deviation, to prevent breaches in customer confidence and loyalty, and to return the customer to a state of satisfaction [6]. When a service failure occurs, the way companies recover, and the speed at which they do it, has a critical impact on subsequent customer responses. Consequently, service researchers [5] [9] [10] [7] and practitioners [11] [12] [13] have shown keen interest in service failures and recovery strategies. Service recovery actions may include, to start with acceptance or recognition of the service failure acknowledgment of the service slip up, providing customers with explanations or the reasons for the service failure, expressing regret, offering of compensation (i.e., refunds, price discounts, upgrade services, free products or services), empowering the front line employees to rectify the problems on the spot, and being courteous and empathetic during the recovery process [14] [18] [19] [20] [15] [21]. Appropriate service recovery efforts can transform a service failure into a very positive service encounter, attaining secondary satisfaction [33] and enhancing repurchase intention [18] [31] and positive word-of-mouth communication [40] [41]

7.2 RESEARCH OBJECTIVES

This dissertation aims to explain the impact of a recovery action on the perception of the dimensions of service recovery and overall satisfaction. The thesis also studied the effects of the individual consumer's cultural values and norms on perceptions of service recovery attributes following the service recovery process. Therefore the first and foremost need is to identify the service recovery attributes. The thesis proposes and tests the perception of service recovery attributes following a service recovery process. It also proposes and tests the impact

of the service recovery process on the overall satisfaction of the customers. The thesis captures the cultural orientation of the customers and explores the influence of cultural orientation on the perception of service recovery attributes. The specific objectives of this study are:

1. To study the service recovery factors.
2. To study the factors of culture.
3. To investigate and study the impact of the recovery action on the perception of service recovery dimensions and overall satisfaction of the customer.
4. To study the relationship of culture on the perceived relative importance of the service recovery dimensions.

7.3 RESEARCH METHODOLOGY

A systematic and organized methodology was applied for the research study. First and foremost, based on an in-depth discussion and exhaustive literature review, the objectives of the study were chalked out. This was followed by in-depth interviews and focused group discussions with service (hospitality) practitioners and customers of hospitality service. The most preferred service recovery attributes of the customers and the effective service recovery attributes cited by the practitioners were listed. The exhaustive literature review was done to study the recovery attributes. Based on the perception of the customers and service practitioners and in-depth secondary data analysis, eleven service recovery attributes were identified. A questionnaire was prepared using these inputs.

To examine the research questions, the single descriptive research design is used with six separate manipulations of service recovery. In each case the respondent reads the same description of the service failure (annexure), in an accommodation/hotel context. The recovery is manipulated to vary –

- The presence or absence of compensation (manipulation 1 and 2),
- The presence and absence of feedback given to the customer (cognitive control) (manipulation 3 and 4)
- The source of the service recovery initiation i.e. pro active and re-active service recovery (manipulation 5 and 6).

The respondents after reading the recovery manipulation are advised to note down his responses on a likert scale. The questions and responses were coded and entered in the computer using Microsoft Excel Software. Required statistical analysis was done with the aid of Statistical Package for Social Sciences 17.0 Version. Statistical techniques like mean, standard deviation, t-test, factor analysis, correlation and regression were applied to analyze the data.

7.3.1 SAMPLE

The sample comprised undergraduate students in NCR (national capital region) who have experience with hotels (the focus of the service failure in this study). The students who have stayed in the hotels for at least a week in the past one year were included in the study. The students were taken as respondents mainly because they help control for differences in language, demographics and education to ensure that the impact of the findings is not due to other extraneous factors, but rather due to the impact of cultural values [72]. Sixteen engineering colleges (four from each region i.e. Delhi, Ghaziabad, Rajasthan and Haryana) from the National Capital Region were randomly selected. A sample size of 800 was collected to test the influence of service recovery action on the perception of dimension of service recovery and overall satisfaction of the consumers and to study the influence of culture and the perceived relative importance of the service recovery dimensions

7.4 MAJOR FINDINGS

7.4.1 Objective 1: To Study the Service Recovery Factors.

A three phase study is undertaken to create a pool of potential attributes of satisfaction from service recovery. The extant literature on service recovery is used to identify the various attributes affecting the customer satisfaction from the service recovery. Seven attributes were chosen by the ranking method Then to gain an insight in to the attributes of service recovery in Indian context, data was collected through focus group interviews of both service practitioners and customers and lastly the customer complaint letters of an international chain of hotel over a 3-month period were analyzed.

A pool of 11 attributes of service recovery had been ascertained. The next step in the scale development process was to generate questionnaire items that could measure each of the

attributes. In total, 27 items were generated that were believed to measure the 11 attributes of satisfaction with service recovery. The items were linked to a 4-point Likert-type scale anchored by 4 as strongly agree and 1 as strongly disagree. It also included a question on the overall satisfaction of the customer.

The final year under graduate students were chosen as respondents. After the pre-test and pilot study, the questionnaire was personally handed over to the prospective respondents for tapping their responses. Out of 800 questionnaires, 594 were found to be complete and fit for the study. To tap the dimensions of satisfaction from service recovery the respondents were each provided with a hypothetical service failure and a recovery scenario. They were then asked to evaluate the service encounter (see appendix). Though the instrument was found reliable in the pilot test, again the reliability of each item was calculated with the help of total item correlation. (N=594). The total of all the 27 items was calculated for each respondent then Pearson correlation coefficient was calculated of total with each item. The items which were not having significant relationship (correlation coefficient) with the total score, those items were dropped from the final scale. There were total 23 items in this part of the instrument. The Cronbach alpha of these 23 items was calculated to measure the internal consistency reliability of the instrument. Since the variables were large in number and were inter-related, factor analysis was done to extract the factors affecting the success of the service recovery. Principal Component Analysis was the method of extraction. Varimax was the rotation method. As per the Kaiser criterion, only factors with eigen values greater than 1 were retained [202] [203]. Items of the same nature were caringly clubbed into factors. Six factors were finally extracted and used for further studies have been referred as the dimensions of service recovery. The six factors as extracted from factor analysis were empowerment, reliability, communication, standardized policies, compensation and response time

7.4.2 Objective2: To identify the dimensions of culture

The section C of the instrument measured the cultural orientation of the respondents. The standardized Cultural Value Scale [54] [65] [69] was adapted and modified to capture cultural orientation at the individual level. The original scale with 26 items was adapted and reliability was calculated.. The language of the question was made little simpler so as to ensure that the respondents comprehend the right meaning of the statements. The questionnaire was administered to 800 respondents out of which 594 were found fit to study. The reliability of

each item was calculated with the help of total item correlation. The items which were not having significant relationship (correlation coefficient) with the total score those items were dropped from the final scale. There were total 16 items in this part of the instrument. The psychometric properties of the instrument was examined by conducting factor analysis and reliability analysis (estimating alphas), Factor analysis confirmed that all five factors were one-dimensional. Also, reliability alpha was above the threshold of 0.60 [249]. The five dimensions of culture as extracted from factor analysis are uncertainty avoidance, collectivism values, long term orientation, masculinity and power distance.

7.4.3 Objective 3: To investigate and study the impact of the recovery action on the perception of service recovery dimensions and overall satisfaction of the customer.

To achieve this objective the respondents were divided into six groups of 99 each making it 594 in all. All 594 respondents were exposed to a similar service failure situation (non availability of rooms after confirmed booking due to double booking). Each set of 99 was then provided with a unique recovery scenario (annexure attached). The respondents were asked to note down their responses and state the extent of their agreement with the statements given on a five point scale. Data for each group was analyzed by the study of means and comparing the difference in the perception of service recovery dimensions for each sub group (t-test). Relationship between the service recovery dimensions and level of overall satisfaction was studied (Pearson correlation coefficient) and finally regression analysis was done to identify the significant determinants for overall satisfaction for each sub group.

The current research substantiates the contention that the perception of service recovery dimensions and overall satisfaction of the customer is effected by the recovery action taken by the service provider. The results of this study contribute to both academia and practice.

In the light of the six recovery actions it is found that the empowerment has significant negative influence on overall satisfaction of the customers when the service provider after a service failure provides compensation in kind i.e. a free sightseeing tour and also when the service provider indulges in giving too much of feedback i.e. updating the customer thrice during the waiting time of 45 minutes regarding the progress made to resolve the service problem. It can be said that the compensation provided after a service failure should match the loss/inconvenience suffered by the customer and should not be a meager activity on the part of the service provider to shun of the guilt of service failure. The compensation in kind does not

have a very positive effect so far as the perception of empowerment of the service provider is concerned. Even too much of explanation conveys the impression that the service provider is not in control of the situation. On the contrary, in both these situation the customer perceive the service organization as highly reliable and capable of providing error free service. A genuine apology from the service failure and an immediate assurance and action to resolve the problem is found to the positive determinant of overall satisfaction. The customers perceive that fairness in service transaction and perceive the provider as kind and empathetic. The customer perceives positively for the dimension compensation and communication. However the communication does not feature as strong determinant of overall satisfaction when the service provider extends compensation in kind (a free sightseeing tour) and when service provider gives explanation.

Overall satisfaction is highest when the service provider re-acts proactively (group six) to resolve the service problem. This is closely followed when the service provider extends the compensation to make good the inconvenience caused to the customer. . The service organization thus should ensure that the service is error free and in case a service problem does arise, a proactive and alert recovery process would be most effective. Compensation to the customers also assist in ebbing the discomfort and discontentment.

7.4.4 Objective 4: To study the influence of culture on the service recovery dimensions.

To achieve this objective the cultural profile of the respondents (N=594) was tapped on a five point scale. The responses of the respondents of each set (N=99) were studied separately. Data for each group (consisting of two sets based differentiated on the basis of recovery action meted out to them. For instance group one consisted of set one where the respondents were given compensation and set two where the respondents were only provided with an apology after a service failure) was analyzed by the study of means. Duncan's mean test was used to compare the difference in the dimensions of culture between the two sets in a group. Relationship between the service recovery dimensions and dimensions of culture were studied (Pearson correlation coefficient) and finally regression analysis was done to identify the significant determinants for each service recovery dimension.

Overall, our analysis provides support for the hypothesis that culture has an impact on service recovery. Uncertainty avoidance is not associated with any recovery dimension in any of the situations with the exception of pro active service recovery scenario and set two where

Uncertainty avoidance is positively associated with reliability when no explanation or feedback is provided by the service provider.

It is inferred that the customers high on this orientation are characterized by strong need for consensus, need for predictability hence, planning is important. They respect for authority and therefore are not very critical of the service provider in the presence of compensation, presence and absence of feedback and reactive service scenario. However they appreciate the pro activeness exhibited by the service provider and therefore perceive the communication of the service provider as satisfying. An assertive apology with an assurance to resolve the service problem reduces the anxiety and therefore they perceive service provider as fair in communication and on the dimension response time.

The customers of masculine orientation (emphasizes materialistic aspects of success and do not place great importance on benevolence), appreciate when the service provider gets into action to resolve the problem at their behest. They appreciate when the service provider resolves the problem without indulging in clarifications and explanations (provide feedback). The compensation in the form of sightseeing tour appears petty and they regard the provider as poor on standardized policies. They place importance on the value of mastery and therefore covering up acts with petty compensation does not impress such customers.

The customers of collectivist's orientation believe that service personnel should be concerned about individual customer's needs; that they should value the relationships among people [43]. The customers of this orientation are not easy to please and this explains the absence of any positive regression values for any of the dimension of service recovery. When meted with compensation and explanation from the provider do not elicit positive perceptions, but the absence of same elicits negative perceptions. Pro active service recovery tactics works best with them.

The customers in the study are characterized as weak customers high on this value, therefore can be characterized by acceptance for centralization and formalization of authority and tolerate the lack of autonomy which foster inequalities in power and wealth [68]. They tolerate power hierarchy, vertical top down communication. Weak customers with high score in power distance view themselves as being unimportant to service provider and do not expect an empathetic and responsive service [54]. A pro-active service recovery delights them.

However since they do not expect much from the service provider, therefore perceive the service provider in good light with whatever efforts it makes to resolve the service problem.

Long term orientation is not negatively associated with any of the dimension of the service recovery. It is positively related with empowerment, communication and compensation when they are extended a free sightseeing tour. When the customers of this orientation are provided with an apology and no compensation in the form of sightseeing tour, they are associated positively with compensation and reliability. The customers with long term orientation are difficult to offend. The customers with long term orientation are forgiving and easy to please as they try to overlook the faults and try to maintain the long term relationship with their trusted service provider [43]. This explains the absence of negative relationship with the dimensions of service recovery and positive relationship even in the absence of feedback and compensation.

7.5 THEORETICAL SIGNIFICANCE

With regards to the academia, the study builds on previous studies that have investigated the role of service recovery on the perception of service recovery dimensions and overall satisfaction of the customers. Most of the research in service recovery has been conducted only in Western cultural context based on theoretical frameworks developed in Western societies [79]. Thus our understanding of how customers in the eastern societies develop and maintain service relationship is very limited [53] [81] [82]. In India the research on service recovery is in nascent stage. Not much of the published work is found in the Indian context. The service recovery process is not customized and a uniform recovery process is found in the service manuals or SOP (standard operating procedures) which are used as guidelines to react in an event of service failure. The main purpose of this research is to bridge this knowledge gap. This research studies the influence of cultural values in explaining the different perceptions of consumers. This research not only enhances our understanding of how service recovery operates in a multicultural environment, it also contributes to the cross-cultural psychology literature.

7.6 MANAGERIAL SIGNIFICANCE

Global managers face challenges when trying to cater to customers from different cultures, especially for services where success depends largely on human factors that are susceptible to

cultural influence. Service managers should become aware of the cultural orientation of their customers. The overall satisfaction of the customer from the service recovery depends on the perception of the service recovery dimensions. The study explores the relationship between the customers' perception of service recovery dimension and their cultural orientation. Hofstede's well cited cultural values typology is useful in understanding an individual's fundamental cultural orientation. In this research five dimensions of that typology (collectivism, power distance, uncertainty avoidance, long term orientation and masculinity) proved valuable in understanding a customer's perceptions of organizations service recovery efforts. Changes in culture affect the customer expectation or the importance they assign to service recovery dimensions. It needs to be detected in time so that the service recovery efforts and resources are directed accordingly [103] [55]. Service managers should be conscious that the dynamic nature of culture may demand frequent monitoring and act accordingly in their markets. Hence, if service organizations can tap the cultural values of their key customers' via market research, this can then form part of a customers profile in the firm's customer data base or customer relationship management (CRM) system. In an event of service failure or customer enquiry the service manager or the front line executive are instantly equipped with a cultural profile of the customer thus allowing them to adapt their recovery tactics accordingly. The major findings of the thesis reveal the guidelines for service recovery strategies across different cultures. These strategies describe the aspects of service recovery that are to be taken care off when dealing with customers of a particular cultural orientation. Table 7.1 provides a summary of the managerial implications of each cross-cultural service recovery strategy.

Table 7.1: Summary of managerial implications

Service recovery action	Cultural profile	Recovery Dimension	Managerial implications
Proactive Service recovery and feedback	Uncertainty Avoidance	Communication, and Response time	Individuals high on this dimension get anxious after the service failure. They make efforts to reduce the uncertainty that is accompanied by a service slipup The service providers should ensure that while dealing with customers of such orientation, are clear in their communication and should be empathetic so that the customer is assured that the graveness of the situation is

			communicated. The service providers should also take quick action to solve the service failure so that the customer does not stay in the state of instability for long.
Compensation and feedback	Masculinity	Communication, Compensation and Empowerment	Service provider while handling service recovery situation should ensure that the service personnel is capable enough to solve the service problem, should be in control of the situation and in the capacity to provide apt compensation, for the inconvenience incurred by the service provider. .The service personnel should also be courteous and kind in his/her approach.
Apology and compensation	Long Term Orientation	Reliability, Communication, Compensation and Empowerment	The service providers need to assure to such customers that the service slip ups was one odd problem, otherwise the service organization is reliable and capable of providing error free service. They should have empowered personnel who are in capacity to take decisions and solve their service problem. Compensation also needs to feature as an imperative part of the service recovery strategy.
Apology and proactive recovery	Collectivists	Communication Response time Reliability	The service provider when dealing with collectivists needs to ensure that the service personnel handling the situation are polite and kind. The service personnel should be empathetic and capable of ironing out the grievance of the customer by good interpersonal skills. The customers are not complaining types and therefore the service provider needs to win them by taking care of these three attributes.
Apology and compensation, Pro active recovery	Power Distance	Policies and procedure, Compensation and Response time	The service provider should be able to communicate that they have policies and procedures laid out to solve such service failures. The Employees handling these customers should be quick in their response and take quick recovery action and should be in position to compensate the customer for the inconvenience caused.

7.7 LIMITATIONS AND SCOPE FOR FURTHER RESEARCH

This thesis examines the impact of the recovery action on the perception of service recovery dimensions and overall satisfaction of the customer. The service industry chosen is the Indian hotel industry (a medium contact service sector).

The study findings are from a single industry setting; its generalizability to other segments of the hospitality industry and to other service industries will be limited. This issue is of high managerial relevance, especially if the relative importance attributed by customers to different service recovery dimensions is likely to vary depending on the service recovery actions taken by the service provider and the cultural orientation of the customers.

The thesis adopts, hypothetical scenarios design (using a series of hypothetical scenarios). Although the appropriateness of the scenario method is justified, the generalizability of the study findings can be challenged as it limits the emotional involvement of research participants [26] [29]. While experiencing control over the stimulus materials and the measurement of key variables (internal validity), the use of hypothetical scenarios raise questions as to the regarding generalisability of the findings to actual service situations (external validity). Replicating the survey in different contexts using other samples, materials and methods is recommended.

The study uses students as the respondents. This is to ensure that any differences obtained are due to the variables under study, as opposed to demographic differences, individuals from a similar demographic background, such as students are used here. Care was taken to include only those respondents who have had the experience of staying in a hotel for at least a week in the past one year. Using final year undergraduate students as respondents for our study is proper since students are real life consumers of hotels/resorts. They are seen as a target group who are potential customers for many service providers and especially hotel industry. As after their graduation they usually get placed and indulge in traveling and tourism The greater variability in behavior associated with a heterogeneous group makes the predictions more difficult. However further work with a more diverse and representative sample might provide interesting conclusions

7.8 CONCLUSION

This chapter briefly summarized the purposes of the study, reiterated the research questions, gave the answers to the research questions, provided the implications for practitioners and researchers, listed limitations, and offered suggestions for future research.
