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Perceived supervisor and co-worker support for error management: Impact on perceived psychological safety and service recovery performance

Priyanko Guchait[a,*], Ayşın Paşamehmetoğlu[b], Mary Dawson[a]

[a] Conrad N. Hilton College of Hotel & Restaurant Management, University of Houston, 229 C. N. Hilton Hotel & College, Houston, TX 77204, United States
[b] School of Applied Sciences, Hotel Management Program, Özyeğin University, Istanbul, Turkey

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ABSTRACT

The study examined the influence of perceived supervisor and co-worker support for error management on employees' engagement in service recovery performance. Furthermore, the current work examined the mediating role of perceived psychological safety. Data was collected from 22 restaurants in Turkey involving 236 employees. Hierarchical linear regression analysis was used to test the mediated-moderated model. Results indicate the (1) direct main effects of perceived supervisor and co-worker support for error management on employee engagement in service recovery performance, (2) positive interaction effect of perceived supervisor and co-worker support for error management on perceived psychological safety, and (3) mediating effect of perceived psychological safety between perceived support for error management and employee engagement in service recovery performance.

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1. Introduction

Front line employees typically have the most face to face interaction with an organization's customers and thus play a critical role not only on service delivery but also during the service recovery process (Boshoff and Allen, 2000; Choi et al., 2014; Zeithaml et al., 2012). Tax and Brown (1998) found that as many as 60% of service failures originated in the front of the house. Front line personnel can also offer valuable information regarding customer's requests, complaints, and expectations (Karatepe, 2012). At the same time, these employees may be reluctant to bring this information forward to management for fear of retaliation (i.e., lack of employee perceptions of psychological safety at the workplace). Managers who realize this issue employ strategies to effectively manage service errors/failures (i.e. error management). Previous scholars have suggested that error management can improve organizational effectiveness when people are confident that they will not be blamed, ridiculed, or punished when errors occur (Edmondson, 1999).

Every service organization has delivered a product or a "guest experience" that has fallen short of the consumer's expectations. These shortfalls are commonly referred to as service errors or a service failure (Michel, 2001). Given the high "people factor" in the hospitality industry service failures are unavoidable (Susskind, 2002). The tangible nature of service itself increases the likelihood of errors making it difficult to achieve an environment with zero defects or errors (Brown et al., 1996). Unlike a manufacturing company that can adjust the inputs and machinery (Hart et al., 1990), the service personnel are responsible for creating and delivering the product. The manner in which the employee provides the service is critical to the customer's overall satisfaction with the product or the experience being purchased (Dawson et al., 2011). Even with rigorous procedures, employee training, and/or using advanced technology, the total elimination of errors is impossible (Hart et al., 1990; Reason, 1997).

Prior research has reinforced the concept of error avoidance or error prevention. The prevailing thought is that avoiding service failures/errors all together is critical because it often results in higher customer satisfaction when compared to recovery after service failure situations (Smith and Bolton, 1998; McCollough et al., 2000). These researchers have largely focused on the negative consequences of service failures/errors such as customer dissatisfaction, a drop in consumer confidence, negative word-of-mouth,

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* Corresponding author. Tel.: +1 7137432433.
E-mail addresses: pguchait@uh.edu (P. Guchait), aysin.pmoglu@ozyegin.edu.tr (A. Paşamehmetoğlu), MDawson@central.uh.edu (M. Dawson).

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loss of revenue, increased costs, decreased employee morale, and lower employee performance (Babakus et al., 2003; Swanson and Hsu, 2011). Although generally most people agree that they learn from errors (McCune, 1997), the benefits of errors in service failure situations are less obvious than the negative consequences of the service failure itself.

Van Dyck et al. (2005) suggest using the practice of error management in order to reduce the negative and promote the positive consequences of errors. The error management approach does not focus on eliminating errors completely, but instead strives to deal with errors and their consequences after an error has occurred (Van Dyck et al., 2005; Guchait et al., 2012). Error management offers a communication environment whereby employees not only learn from their own errors but from the shared knowledge of others. Error management also ensures quick detection and reporting of errors, effective handling and minimization of the negative consequences of an error, and promotes learning from errors (Frese, 1991, 1995; Brown et al., 1996). This atmosphere may also stimulate organizational innovativeness; secondary error prevention; and improved quality of existing products, services, and work procedures (Van Dyck et al., 2005).

Due to the volume of customer interactions and their impact to the bottom-line, service failures and service recovery performances have been studied extensively in the hospitality field (Choi et al., 2014; Magnini and Karande, 2009; Yoo et al., 2006). The majority of this research has concentrated on the customers' perspective or specific recovery actions made by various organizations. Prior research has studied the types of and reasons for service failures and recoveries (Hoffman et al., 1995; Lee and Sparks, 2007; Smith et al., 1999), the effectiveness of different types of service recovery strategies after a service failure (McDougall and Levesque, 1998; Wirtz and Mattila, 2004), the relationships between service recovery and perceived justice (Mattila and Patterson, 2004), service recovery's influence on positive word of mouth (Lee et al., 2008; Maxham, 2001), and the factors that affect strategic applications of service recovery (Wong, 2004). Conversely, few studies have focused on internal prevention by examining the internal factors within organizations that affect employees' service recovery performance (Lin, 2010). Minimal research has been conducted examining service failures and recoveries from the organizational or employees' perspectives. Heskett et al. (2003) noted that the performance of frontline employees is critical to the valuation of service outcomes by customers. Tax and Brown (1998) noted that recovery strategies have a dramatic impact on company's revenue, profitability, and customer-base. Therefore, employees' service recovery performance is more important than error-free service (Lin, 2010). Thus it is critical to examine predictors of service recovery performance of employees.

To bridge this gap, the current study integrates the error management approach with service recoveries and investigates whether perceived supervisor and co-worker support for error management motivates customer-contact employees to engage in superior service recovery performances. To the best of our knowledge, no prior field study has investigated the relationships between perceived support for error management and service recovery performances. Furthermore, this study investigates the possible reasons why an error management approach might improve service recovery performance. Although recent research has investigated some factors that lead to improved service recovery performance (Lin, 2010), there is a lack of research that looks at exactly why these factors result in improved service recovery performance. The present study explains that error management results in positive outcomes (i.e., enhanced service recovery performance) because employees feel psychologically safe ("perceived psychological safety") in their work environment to engage in learning behaviors, such as discussing the errors, admitting their mistakes, seeking feedback about errors, and sharing information about errors.

The purposes of this study are twofold: (1) to examine the influence of perceived supervisor support for error management, and perceived co-worker support for error management, and their interaction effects on employees' engagement in service recovery performance, and (2) to examine the mediation effects of perceived psychological safety.

2. Error management

Errors or failures have been largely defined as unintentional deviations from codes of behavior, goals, procedures, standards, true values, or the truth (Cannon and Edmondson, 2001; Merriam-Webster, 1967). Rather than focusing on the complete elimination of errors, the error management approach assumes that human errors cannot be entirely prevented. Therefore, error management attempts to deal with the error(s) and their consequences as they occur (Van Dyck et al., 2005). Organizations practicing error management are primarily interested in discovering how errors occur and then understanding how the systems and processes can be organized so that these errors do not occur in the future (Guchait et al., 2012).

Organizations that use an error management approach encourage employees to openly communicate when a procedural or service error has occurred. This open dialog can result in the development of shared knowledge about errors and effective error-handling strategies (Mathieu et al., 2000). Employees in these types of organizations not only learn from their own mistakes, but also from the mistakes of others. Open communication allows for the early detection and handling of errors because employees are more likely to come to management in a timely manner (Reason, 1990). Employees are also quick to seek and receive help from co-worker in error situations (Helmreich and Merritt, 2000). In this context, errors provide an important source of information about our staff's performance because they reveal processes or systems are not working as intended (Schein, 1993). This results in efficient error handling, continual improvement of work procedures (Van Dyck et al., 2005), effective service recovery performances, and increased service quality. Organizations are striving to ensure that customers are not permanently lost due to a service failure or error. Accordingly, important elements of error management in a service setting are the service recovery performance efforts (Guchait et al., 2012).

2.1. *Service recovery performance*

Service recovery refers to the actions taken by an organization to make up for a service failure or error in the hopes to retain the customer (Choi et al., 2014). It specifically refers to the specific actions taken by organizations to correct the error and to ultimately entice the customer to return (Miller et al., 2000). When properly executed, service recovery can lead to multiple benefits including improved satisfaction, greater customer loyalty, repurchase intent, positive word of mouth, and increased profits (Boshoff and Allen, 2000; Liao, 2007; Swanson and Hsu, 2011). Thus, organizations must ensure that employees are able to deal effectively with service failures (Magnini and Ford, 2004). Service recovery performance applies to the service employee's perception of their own abilities and actions to resolve a service failure to the satisfaction of the customer (Babakus et al., 2003). An organizational commitment to service excellence can be influential on the service recovery performance by the employees as well.

Dissatisfaction among your external customers frequently creates a stressful work environment for your internal customers, the employees. Frontline service employees are often the first point of

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