

Operational improvement competence and service recovery performance: The moderating effects of role stress and job resources



Yefei Yang, Peter K.C. Lee*, T.C.E. Cheng

Department of Logistics and Maritime Studies, Faculty of Business, The Hong Kong Polytechnic University, Hung Hom, Kowloon, Hong Kong

ARTICLE INFO

Article history:

Received 5 November 2014

Accepted 6 March 2015

Available online 19 March 2015

Keywords:

Service recovery
Continuous improvement
Service operations
Role stress
Survey

ABSTRACT

Many scholars and service practitioners perceive service recovery as an important means to retain customer after service failures, but in practice many service recovery efforts are unsuccessful. Studies on service recovery suggest that recovery activities are the core process of service operations and frontline teams play an important role in performing such activities. So we propose operational improvement competence (OIC) as a new approach that is highly relevant to process improvement and frontline teams for improving service recovery performance. We also draw on role stress theory and conservation of resources theory to argue that frontline teams' peculiar characteristic (i.e., role stress) and two types of important resources (i.e., organization inducement and psychological resilience) moderate the effectiveness of OIC in improving service recovery performance. Based on data collected from 146 frontline teams in the banking sector in China, we test our posited hypotheses. Our study advances knowledge on service operations by establishing a link between OIC and service recovery performance. Our findings also contribute to the literature by showing that the process improvement approach can enhance service recovery performance, and ascertaining the intricacies among OIC, the peculiar characteristic pertinent to frontline teams, and service recovery in service firms.

© 2015 Elsevier B.V. All rights reserved.

1. Introduction

Because of the complexity and uncertainty in service environments, service failures are often inevitable and can pose serious threats to customer satisfaction and retention (Miller et al., 2000; Song et al., 2013). To reduce customer loss in failure events, service recovery has been recognized as an effective means that can not only remedy problems relating to customer discontent, but also improve customer loyalty and company profitability afterwards (Hart et al., 1990). From the human resource management and marketing perspectives, the current literature on service recovery offers a multitude of advice to address the issue such as empowering frontline employees, and offering monetary and non-monetary remedies to customers (Mattila, 2001; McColl-Kennedy and Sparks, 2003; Bowen and Johnston, 1999; Sergeant and Frenkel, 2000). However, Gross et al. (2007) surveyed 4000 employees from nearly 600 US companies and found that 56% of the respondents perceived that their companies could not respond to and fix service failures promptly. The 2013 US National Customer Rage survey indicated that

only 21% of complaining customers were satisfied with the recovery results, suggesting a downward trend compared with the 1976 US Consumer Affairs survey (Grainer et al., 2014). This implies that more new insights are needed to supplement the current knowledge on service recovery. To this end, we find that using a process improvement perspective could help identify new insights because the relevant literature suggests that service recovery should be considered an important process in service operations (Miller et al., 2000) and that many process improvement techniques (e.g., sequence-orientated problem identification, fishbone diagram, and frequency-relevancy analysis of complaints) are effective in service failure investigations (Botschen et al., 1996; Stauss and Weinlich, 1997; Stauss and Seidel, 2005; Michel et al., 2009). We also find that an employee perspective is highly relevant as well as service firms (e.g., banks, airline companies etc) often rely on their employees to create services, improve the service process, and recover from service failures (Batt, 1999; Wageman, 1997; Yavas et al., 2003; Lee et al., 2013; Jong and De Ruyter, 2004). Nonetheless, studies using a process improvement perspective or an employee perspective to explore service recovery are virtually unavailable in the literature. To fill this gap in the literature, this study employs these two perspectives to identify new insights for improving service recovery performance.

The literature pertinent to process improvement has offered many useful insights into the wide range of relevant practices (e.g.,

* Corresponding author.

E-mail addresses: yefei.yang@connect.polyu.hk (Y. Yang), peter.kc.lee@polyu.edu.hk (P.K.C. Lee), edwin.cheng@polyu.edu.hk (T.C.E. Cheng).

structured methods, continuous improvement attitude) (Peng et al., 2008; Anand et al., 2009; Choo et al., 2007). In this study we recognize that process improvement practices' effectiveness is dependent on frontline service employees' participation because these employees possess hands-on knowledge on the diverse customer needs and service processes, and that relevant activities (e.g., an investigation into increasing customer complaints) are carried out through work-teams formed by operational employees (Choo et al., 2007). Based on such consideration, we conceptualize operational improvement competence (OIC) as an operational team's ability to use a process perspective and structured methods to continuously improve operational activities. According to the relevant literature, process improvement practices could lead to benefits including reduced operational cost and lead-time (Anand et al., 2009), knowledge sharing, effective root-cause analysis (Taylor and Wright, 2006), and enhanced capability in making changes (Anand et al., 2009; Peng et al., 2008). It can be inferred from these benefits that OIC could help service teams to improve the efficiency of recovery activities, identify the root causes of service failures, encourage members to share service recovery experience, and enhance their capabilities in making service changes. Consequently, we argue that OIC can effectively improve service recovery performance.

When using an employee perspective to examine the effectiveness of OIC in improving service recoveries, we find that OIC's effectiveness could be impeded by one peculiar problem in service operations – employee role stress. Compared with their counterparts in manufacturing firms, operational employees of service firms (i.e., frontline service employees) often suffer from higher levels of stress because of the complexity and uncertainty in their jobs (Maslach, 1982; Boles et al., 1997). More specifically, frontline service employees have to work with customers to co-produce services, and display high-energy and positive emotion to customers during the co-production process (Bowen and Ford, 2002; Boshoff and Allen, 2000; Metters and Vargas, 2000). The literature of role stress indicates that employees with high levels of stress tend to have reduced job accomplishment and organizational commitment (Goolsby, 1992; Nordenmark, 2004). However, frontline service employees' efforts to apply OIC to improve service recoveries are workload on top of their routine service processes. In order to undertake such extra workload (i.e., the improvement efforts) effectively, frontline service employees must possess adequate levels of job accomplishment and organizational commitment. Consequently, since role stress results in reduced job accomplishment and organizational commitment, this could be a significant factor impeding the effectiveness of OIC in improving service recovery performance.

To address the potential negative impact of role stress on OIC, we draw on conservation of resources theory to identify the possible solutions. Conservation of resources theory suggests that job resources refer to differing forms of resources (e.g., rewards, support from supervisor, participation in decision making, psychological resources), and that providing such job resources to employees could lead to benefits such as increases in job engagement, positive attitudes, organizational commitment, informational resources, and job satisfaction (Hobfoll, 2001; Demerouti et al., 2001). Considering the complexity and uncertainty in the service recovery process, job resources could have a motivational effect on service teams when relying on their OIC to improve service recoveries. Also, while OIC's effectiveness in improving service recoveries could be impeded by role stress in service employees, job resources could alleviate the negative impacts of role stress (e.g., reduced job accomplishment and organizational commitment). Consequently, we argue that job resources could improve OIC's effectiveness in improving service recoveries directly and indirectly through reduced impacts of role stress.

The objectives of this study are to examine whether or not 1) OIC improves service recovery performance, 2) role stress negatively impacts the effectiveness of OIC in improving service recovery performance, 3) job resources improve the effectiveness of OIC in improving service recovery performance, and 4) job resources reduce the negative impact of role stress on the association between OIC and service recovery performance. Using data collected from 146 frontline teams in the banking industry of China, we test our posited hypotheses (see Fig. 1) using statistical methods such as confirmatory factor analysis and hierarchical regression analysis. The central contribution of this study lies in its use of two pertinent perspectives, i.e., the process improvement and employee perspectives, to examine service recovery. By employing these two perspectives, this study links the literature of process improvement, role stress, and conservation of resources to develop new insights on achieving superior service recovery performance. Our findings provide not only new insights to the relevant literature, but also managerial guidelines for practitioners to enhance the service recovery performance of their frontline teams.

2. Theoretical background and hypothesis development

2.1. Service recovery performance and operational improvement competence

Service recovery refers to service providers' actions to properly manage and adjust their behaviors to handle customers' complaints and recover customers' loyalty and satisfaction (Miller et al., 2000;

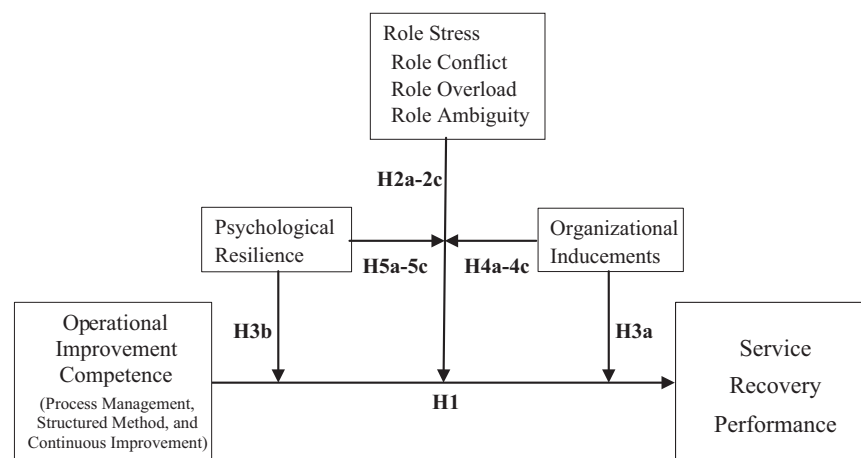


Fig. 1. The conceptual model.

Download English Version:

<https://daneshyari.com/en/article/5079647>

Download Persian Version:

<https://daneshyari.com/article/5079647>

[Daneshyari.com](https://daneshyari.com)