



A light in the dark: The benefits of co-production in service failures



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ARTICLE INFO

Keywords:

Co-production
Customer participation
Self-serving bias
Locus attribution
Regret
Disappointment

ABSTRACT

Co-production is increasingly common but, at the same time, services failures are inevitable. Considering that previous studies are controversial about the effects of failed co-produced services, the goal of this research is to investigate the influence of co-production on causal locus attribution, in addition to emotional and attitudinal outcomes. Two experimental studies show that co-production reduces the self-serving bias, a result that brings implications for the services literature and practice. In addition to the positive effects of co-production, evidenced by previous studies, this research shows that companies and customers can benefit from co-production even when failures occur.

1. Introduction

Service co-production – customer participation in service specification and delivery (Yen et al., 2004) – is an emerging trend in service marketing (Joosten et al., 2016). As a service management strategy, co-production may lead to positive outcomes to customers and service providers as it increases customer satisfaction, perceived control, and perceived quality of an offer (Chan et al., 2010; Golder et al., 2012; Hunt et al., 2012). In spite of marketers and researchers' growing interest in co-production, research on the consequences of failed co-produced services is scarce (Heidenreich et al., 2015). For instance, whether failed co-produced services could bring any positive consequence for companies and customers when compared to failed non-co-produced service remains underexplored.

Causal locus attribution – the extent to which one perceives the cause of a failure to be located inside or outside oneself (Folkes, 1984; Weiner, 2000) – seems imperative to understand the consequences of failed co-produced services. Despite such importance, there are few studies about the relationship between co-production and causal locus attribution (i.e., whether the cause of a failure is perceived as internal – due to the customer – or external – due to the service provider or other circumstances) in a failed co-produced service (e.g., Heidenreich et al., 2015; Jong-Kuk et al., 2010; Yen et al., 2004). These studies show that high participation leads to either more external (Jong-Kuk et al., 2010; Yen et al., 2004) or internal attributions (Heidenreich et al., 2015). In short, the literature is conflicting and inconclusive.

Moreover, sometimes it may be hard to attribute a failure to the service provider or the customer, because people may be uncertain about causal attributions (Choi and Mattila, 2008; Weary and Jacobson, 1997). Addressing causal uncertainty in failed co-produced services is relevant because causal uncertainty may lead to reduced emotional intensity (Barrowclough and Hooley, 2003). Thus, it would be interesting to understand how causal uncertainty affects customers' reactions in case of failed co-produced services.

Therefore, the purpose of this research is threefold: 1) to investigate the influence of co-production on customers' causal locus attribution for failed co-produced services; 2) to investigate customers' dissatisfaction and emotional reactions, particularly regret and disappointment, to such failures; and 3) to explore how customer who co-produced react when causal locus attribution is uncertain. Regret and disappointment were chosen among several negative emotions because they are the two emotions most closely related to decision making (Van Dijk and Zeelenberg, 2002) and have been addressed as antecedents of customer dissatisfaction (Zeelenberg and Pieters, 2004).

The present research contributes to the literature of service management in three ways. First, it sheds light in the controversial relationship between co-production and causal locus attribution. Second, in addition to the bipolar causal locus attribution (customer vs. company), it investigates a very likely situation in a co-produced service with a failure: uncertain causal locus. To the best of our knowledge, no previous research about causal locus attribution in failed co-produced services has addressed causal uncertainty. Third, it

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investigates emotional and attitudinal outcomes of co-production and causal locus attribution.

2. Co-production and causal locus attribution

Co-production refers to customer participation in the creation of the core offering (Etgar, 2008; Lusch and Vargo, 2006). In the case of services, it refers to customer participation in service specification and delivery (Yen et al., 2004), such as designing a workout programme with a personal trainer at the gym. Co-production has been gaining attention in the service literature (Joosten et al., 2016), especially due to its positive outcomes for customers and service providers (Mustak et al., 2016).

When customer and service provider are collaborating and employing resources to design a service, the benefits for customers may consist in outcomes very close to their expectations (Golder et al., 2012) and increased satisfaction (Hunt et al., 2012). For the service provider, the benefits may be reduced costs (Mustak et al., 2016) and greater customer loyalty derived from customer satisfaction (Kumar et al., 2013).

Sometimes co-production leads to unsatisfactory outcomes though (Mustak et al., 2016). Unsatisfactory outcomes, in turn, often lead customers to make attributions about the cause of the failure (Weiner, 2000). One of the attributions a customer may formulate after a failure refers to the causal locus – attributing the cause of the failure to oneself, the company, or the circumstances (Folkes, 1984; Weiner, 2000).

So far, the literature is still inconclusive on whether customers who co-produce will make more external (vs. internal) attributions after service failures. One research stream states that a self-serving bias occurs, that is, the tendency for individuals to attribute success to internal causes (i.e., themselves) and failures to external causes (i.e., other people or circumstances) (Mezulis et al., 1985). However, another research stream states that co-production leads to more perceived control (Chan et al., 2010), which should lead to more internal attributions for failures (Heidenreich et al., 2015; Hui and Toffoli, 2002). In short, there are different approaches suggesting that co-production may either increase or decrease the self-serving bias (Yen et al., 2004).

Jong-Kuk et al. (2010) and Yen et al. (2004) show that co-production may increase external attributions and, therefore, the self-serving bias. According to these authors, higher customer participation leads to more external attribution than lower customer participation. The authors' rationale, based on the equity theory, is that high participation implies high inputs from the customer (e.g., information and effort). The discrepancy between customers' high inputs and service providers' low output (i.e., failed service) will generate customers' desire to protect their self-esteem, which will make them attribute blame to the service provider rather than to themselves.

However, the theory has conflicting findings. For example, Heidenreich et al. (2015) found that a high level of co-production leads to more internal attributions than a lower level of co-production. According to them, a high level of co-production brings higher customer involvement, which in turn is positively related to responsibility. So, customers with high level of co-production feel more responsible and make more internal attributions than customers with low level of co-production (Heidenreich et al., 2015).

Corroborating this point-of-view, Bendapudi and Leone (2003) have shown that there is no difference in the resulting dissatisfaction with the company between customers who co-produced and those who did not. According to the authors, differences appear only when customers have the option to co-produce. Giving customers this option leads to lower dissatisfaction with the company, suggesting that these customers have reduced self-serving bias (i.e., increased internal attribution) (Bendapudi and Leone, 2003).

Other evidence suggesting that co-production may increase internal

attribution is the higher perceived control level among customers who co-produce (Chan et al., 2010; Pacheco et al., 2013). Customers with high perceived control levels tend to make more internal than external attributions (Hui and Toffoli, 2002). The more people perceive having control over their acts, the more responsible they feel (Caouette et al., 2012). Lack of control, in turn, increases attributional activity (Pittman and Pittman, 1980), suggesting that the lower the perceived control, the higher the search for someone to blame for a failure.

In an effort to understand which perspective holds for failed co-produced services, this paper relies on such control and responsibility literature and empirical evidence to expect more internal attributions for failed co-produced services. Previous results linking co-production to higher external attribution may be due to factors other than co-production itself, such as effort and commitment (e.g., Yen et al., 2004). Hence, the following hypothesis is formulated:

H1: Customers who co-produce (vs. do not co-produce) tend to make more internal than external attributions for a service failure.

Rather than blaming the service provider or themselves, sometimes customers may be uncertain about causal attributions (Choi and Mattila, 2008; Weary and Jacobson, 1997). Causal locus uncertainty may be a consequence of chronic individual differences but it may also be produced by the situation (Weary and Jacobson, 1997). It is reasonable to think that co-production may enhance the possibility of such causal locus uncertainty because it brings the customers into the service production process, driving them and the service provider to work jointly. In this case, both the customer and service provider could be responsible for what they have jointly produced. In some situations, it may be difficult to identify only one responsible because both parties may have some responsibility over the results. Besides, there may be more than one cause for a failure, what can lead to causal uncertainty (Barrowclough and Hooley, 2003).

Causal uncertainty may lead to reduced emotional intensity (Barrowclough and Hooley, 2003), mitigating customers' negative reactions towards the service provider (Choi and Mattila, 2008). Therefore, it is logical to expect reduced levels of negative emotions from customers with causal locus uncertainty (vs. internal or external causal locus attribution). However, this result cannot be taken for granted, since we have not found previous research addressing locus uncertainty in failed co-produced services. We do not formulate hypothesis about the effects of uncertain causal locus, but we do investigate how locus uncertainty affects regret, disappointment, and dissatisfaction in failed co-produced services.

Regret emerges from a comparison between the result and the outcome that could have been obtained if the customer had done something different (Zeelenberg et al., 1998). Thus, regret is associated with internal attribution (López-López et al., 2014). Disappointment emerges from a comparison between the obtained result and the outcome that could have been obtained if an external circumstance (e.g., the service provider's actions) had been different (Zeelenberg et al., 1998). Consequently, disappointment may emerge when the causal locus is on the company. In line with that, it is expected that customers will experience more regret when they attribute the cause of a failed co-produced service to themselves, and more disappointment when they attribute the cause to the service provider.

Causal attribution can also affect (dis)satisfaction. According to Choi and Mattila (2008), customers report lower satisfaction levels after a service failure when they perceive that the service provider could have prevented the failure compared to when the customer is partly responsible for the failure. This suggests that the more external the attribution, the higher the dissatisfaction. Besides, Zeelenberg and Pieters (2004) found that both regret and disappointment influence dissatisfaction – disappointment being a better predictor than regret. This high association between dissatisfaction and disappointment is an additional sign of a potential effect of external attribution on dissatisfaction. Therefore, the following hypothesis is formulated:

H2: In case of failed services, the higher the customer internal

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