



Exploring Service Recovery Satisfaction Following Trust in Service Provider

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การแก้สถานการณ์บริการให้ลูกค้า (service recovery) เป็นงานหลักของแผนกบริการ อย่างไร ก็ต้องการศึกษาเรื่องความพึงพอใจของลูกค้าหลังการแก้สถานการณ์การให้บริการยังมีไม่มากพอ บทความนี้ขอนำเสนอในเดลการวิจัยเพื่อไปศึกษาขบวนการแก้สถานการณ์บริการให้ลูกค้า และได้ใช้การศึกษาเชิงปริมาณเพื่อไปเก็บข้อมูลจากตัวอย่างที่ใช้ระบบบริหารความสัมพันธ์ ลูกค้าหรือซีอาร์เอ็ม ซึ่งเป็นซอฟต์แวร์แอปพลิเคชันที่ให้บริการผ่านอินเทอร์เน็ตเป็นเว็บแอปพลิเคชันบนคลาวด์คอมพิวเตอร์ บทความนี้จะทำให้เกิดความเข้าใจมากขึ้นเรื่องผลลัพธ์หลังจาก ที่แผนกบริการทำการแก้สถานการณ์บริการลูกค้า

Abstract

Service recovery activities are primarily managed by service delivery functions. However, service recovery satisfaction has received little attention in service management literature. This study outlines a proposed conceptual model to examine the post service recovery process and then an empirical study was conducted to test this model. A quantitative study was conducted based on data collected through a structured questionnaire with samples who use customer relationship management Software-as-a-Service. The study points to the need for an array of service management research efforts and will lead to a better understanding of the customer's perception of post service recovery.

Keywords: Service Fairness, Service Recovery Satisfaction, Trust

1 INTRODUCTION

In the service management industry, organizations try to retain their existing customers as much as they can due to the higher cost of attracting new customers. It is essential to satisfy the existing customers in an exchange (Oliver & Swan, 1989).

A service failure could occur when customers cannot get the agreed services as expected and

the level of customer satisfaction decreases if the service personnel from their provider cannot recover the system ([Zhu, Shivkumar, & Parasuraman, 2004](#)). In general, one out of ten corporate customers are not satisfied with the service they have received ([Eccles & Duran, 1998](#)).

In a highly competitive market, excellent service delivery should be regarded as a main strategic business goal. Therefore, a high level of service recovery satisfaction (SRS) when a service failure occurs should be reached so that a long-term relationship between the customers and their service provider can be established.

Because of the rapid growth of cloud computing, it is important to respond to the needs of subscribed customers during service failures as agreed in the signed service level agreement. Due to the intangibility of service, a service failure could not be corrected as fast as a tangible product failure. Therefore, the service process of a service provider is important during service recovery.

The primary objective of this research is to explore and test a model, which shows the dependencies between the service processes of a service provider and the level of SRS of the customer, and to determine how SRS stimulates positive customer behavioral outcomes in terms of trust in the service provider. Several marketing scholars and practitioners have explored the service recovery satisfaction construct in their studies ([Chaparro-Peláez, Hernández-García, & Urueña-López, 2015](#); [Zhou et al., 2013](#)). Additionally, SRS is one of the important components in organizational operations literature (e.g., [Chang, 2006](#)).

This paper explores the two distinct fairness dimensions (structural and social fairness) based on Greenberg's (1993) taxonomy of organizational fairness. Figure 1 presents the conceptual model and hypothesized relationships in this study in which three hypotheses will be tested.

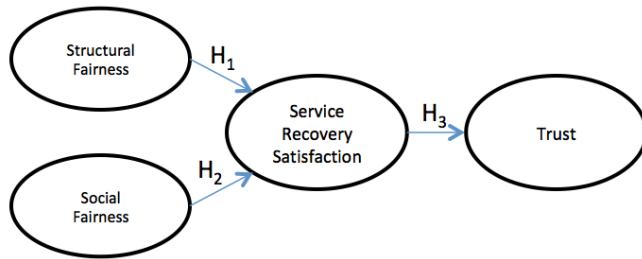


Figure 1 Conceptual model.

The structural service fairness and social service fairness of the provider positively impact SRS, which favorably influences trust. Starting from the current literature concerning SRS, three hypotheses will be developed in section 2. Section 3 will cover data collection and the statistical methods applied. In section 4, the numerical results together with their interpretation will be presented. The results of the study will be summarized and discussed in section 5.

2 LITERATURE REVIEW AND HYPOTHESES

2.1 Service Recovery Satisfaction

In satisfaction literature, satisfaction is divided into two different categories. The first category is cumulative satisfaction, which refers to impact on satisfaction that derives from the multiple interactions between the customer and the organization over time. The second category is specific transactional satisfaction, which refers to satisfaction resulting from a discrete encounter (Bitner & Hubbert, 1994; Johnson, Anderson, & Fornell, 1995).

Levesque and McDougall (1996, p. 14) defined satisfaction as the “overall customer attitude towards a service provider”. It means the customer’s overall judgment on the service provider (McDougall & Levesque, 2000) that a product or service itself, or the product or service feature provides, which could be under or over fulfilment, (Tronvoll, 2011). When a service failure occurs, the service provider fails to deliver his services as expected by the consumer (Kelly, Hoffman, & Davis, 1993; Kelly & Davis, 1994). A service failure is basically a flawed outcome that might indicate a breakdown in reliability (Berry & Parasuraman, 1991; Lawkobkit & Blomer, 2015, p. 2).

SRS is a good example of a specific transactional satisfaction category and can be defined as “the customer's overall affective feeling about the company as a result of the company's handling of the complaint” (Davidow, 2003, p. 72). For the practitioner, customer satisfaction is one of the key performance indicators in terms of service recovery for the service provider (Lawkobkit & Blomer, 2015).

In service recovery, SRS refers to the end-users' perception when interacting with a specific system in regard to service failures or dissatisfaction with the firm's approach to service recovery (Kwok, Land, & Stephens, 2009). Service recoveries and failures have been researched in several contexts such as service delivery (Lawkobkit & Blomer, 2015; Lawkobkit & Larpsiri, 2016) and a variety of services (Choi & Choi, 2014).

Several studies have shown that service recovery fairness for customers affects their level of satisfaction (Hui, 2007). SRS can bring several benefits such as continuance intention and trust (Kim, Jung-Eun Yoo, & Lee, 2012). Previous research suggests that fairness could play a significant role in service failure and recovery (Yang & Peng, 2009). In the following section, two-dimensional service fairness that influences SRS in a service recovery context is discussed.

2.2 Structural and Social Determinants of Fairness

Organizational fairness has been widely researched in organizational behaviour literature and has become one of the main dimensions in several researches (Beugre & Baron, 2001; Colquitt *et al.*, 2001). Organizational fairness has been explored in different contexts from the workplace (Folger & Greenberg, 1985) to external organizations with customer service (Clemmer, 1993; Groth & Gilliland, 2001). Organizational fairness in a workplace environment could be defined as an individual perception of fairness (Byrne & Cropanzano, 2001; Greenberg, 1990).

Greenberg (1993) published a rudimentary taxonomy that distinguished between the focal determinants of fairness and the categories of fairness. This paper studies the focal determinants of fairness, which comprise structural fairness and social fairness.

Research into focal determinants can be found in organizational psychology literature (Croppanzano, 1993). Various contexts for this research area include human research management in compensation and performance management (Kee, Patrickson, & Bambacas, 2008), and leadership and ethics (Tatum *et al.*, 2003; Tatum and Eberlin, 2007). Additionally, the concept of the focal determinants of service fairness was applied in a service management context (Lawkobkit & Speece, 2012; Lawkobkit & Larpsiri, 2014).

Social fairness is one of the important components of outcome fairness. Previous research has revealed a relationship between social fairness and employee behaviours (Masterson *et al.*, 2000), management performance (Tatum *et al.*, 2002), customer satisfaction (Lawkobkit & Speece, 2012). In several previous studies, structural fairness had less impact than social fairness due to the open and responsive nature of the followers, including well-being (Eberlin & Tatum, 2005; Iles, 2001; Tatum *et al.*, 2003). Two-dimensional fairness from the concept of determinants gives rise to the following:

1) *Structural Determinants of Fairness*: Structural determinants of fairness refer to the structural elements of the organization and focuses on the environmental context within which the interaction occurs (Greenberg, 1993; Lawkobkit & Speece, 2012, p. 3).

In service recovery, structural fairness refers to the structural elements of the service provider that allow the involvement of their customers in decision-making, and provide a fair distribution of outcomes. When customers perceive high structural fairness, they will believe that an unfair outcome was merely an accident and will expect structural fairness to occur the next time. That is, they will be less likely to terminate their relationship with the service provider, and they remain satisfied with the service. Moreover, the service provider always has a service desk system to record all calls and track their services, which increases the level of customer satisfaction (Lawkobkit & Speece, 2012). Previous studies revealed the concept of perceived structural fairness has an impact on outcomes (Kee, Patrickson, & Bambacas, 2008; Tatum *et al.*, 2003; Tatum & Eberlin, 2007).

Structural fairness is important to customers who often contact their service provider. Customers feel they should receive the same services from the service personnel as anyone else. When customers have experienced a fair process, positive customer outcomes (i.e. satisfaction) will increase. However, customers can have bad feelings if they have received more inferior services than others. From this, the following hypothesis is developed:

H_1 : Perceptions of structural service fairness are positively associated with service recovery satisfaction.

2) *Social Determinants of Fairness*: Social determinants of fairness are recognized as important sources of fairness perceptions and Greenberg (1993) proposed this type of fairness in the taxonomy. Social fairness focuses on the treatment of individuals and informational exchange (Greenberg, 1993) by “showing concern for individuals regarding the distributive outcomes they receive” (Greenberg, 1993, p. 85), and “may be sought by providing knowledge about procedures that demonstrate a regard for people’s concerns” (Greenberg, 1993, p. 84; Lawkobkit & Speece, 2012, pp. 4–5).

In service recovery, social fairness refers to interaction and informational fairness. Interaction fairness is the degree to which customers have been treated fairly, sincerely, politely and with respect by their service provider. Informational fairness is about the information customers are given about services before, during, and after the service delivery process. In summary, when customers perceive social fairness (i.e. interaction and information fairness) during the service process, the customer outcomes will be increased. This consideration leads to the following hypothesis:

H_2 : Perceptions of social service fairness are positively associated with service recovery satisfaction.

The structural and social determinants of fairness should have an impact on SRS. Hypothesis 1 and hypothesis 2 address the question of whether an individual’s perception of the structural or

social fairness is strong enough to influence SRS, and thus, indirectly, trust. Figure 1 presents the conceptual model for this study.

2.3 Service Recovery Satisfaction and Trust

SRS is related to actions from an organization in responding to their customers when their services fail (Grönroos, 1990). Customers assess their supplier in regard to how they handle their services during such failure. Complaint handling could be used to measure SRS (Orsingher, Sara, & de Angelis, 2010). Therefore, SRS helps the service provider to maintain their relationship with their customers (Fornell & Wernerfelt, 1987; Ganesan, 1994).

Trust refers as “the firm’s belief that another company will perform actions that will result in positive outcomes for the firm as well as not take unexpected actions that result in negative outcomes” (Anderson & Narus, 1990, p. 45). Trust is also related to reliability and integrity (Morgan & Hunt, 1994).

In service recovery, trust refers as “a willingness to rely on an exchange partner in whom one has confidence” (Moorman, Deshpande, & Zaltman, 1993, p. 82). Trust has been explored in regard to service recovery (La and Choi, 2012). Previous research reveals that the relationship between the service provider and their customers are recognized as a result of trust (Kim, Jung-Eun Yoo, & Lee, 2012; Wen & Geng-qing Chi, 2013).

SRS is predicted to generate higher levels of trust. Several studies reveal the positive influence of SRS and trust in the context of banking (Baksi & Parida, 2012), corporate social responsibility (Choi & Choi, 2014) and e-commerce (Chaparro-Peláez, Hernández-García, & Urueña-López, 2015). These researches indicate successful service recovery strengthens trust after a service failure. Therefore, we hypothesize that:

$$H_3: \text{Service recovery satisfaction has a positive influence on trust}$$

This paper applies a conceptual model in which the perceptions of two-dimensional service fairness on SRS, and SRS on trust result from the use of technology with support services.

3. DATA AND METHODS

A quantitative study was conducted to explore the relationships between two dimensions of service fairness (structural and social) and SRS, and SRS on trust in the service provider. The measures for this study have been selected and modified in order to reflect the specific context and the targeted users. The service fairness items were adapted from a number of works but generally follow (Bies & Moag, 1986; Leventhal, 1980; Maxham & Netemeyer, 2003; Shapiro, Buttner, & Barry, 1994). Other items were adopted from Maxham & Netemeyer (2002) for SRS and Bansal et al. (2004) for trust.

3.1 Sample and Data Collection

Cloud computing has been categorized into three primary services, which are Platform-as-a-Service (PaaS), Infrastructure-as-a-Service (IaaS) and Software-as-a-Service (SaaS). In the service delivery function, cloud service plays an important part as one of the core business backbones such as Amazon's EC as IaaS, Google's App Engine as PaaS, and CRM, Google Docs, Google Mail as SaaS (Dillon, Wu, & Chang, 2010). The cloud computing market is a rapidly growing industry because of emerging technology. The global cloud computing market will grow from a \$40.7 billion in 2011 to \$241 billion in 2020, according to Forrester Research and Gartner says SaaS is expected to grow from US\$46.3 billion in 2017 to US\$75.7 billion in 2020.

Cloud service providers are still challenging to meet the agreed service level agreement with their customer because the service are delivered via the Internet which has less a quality of service mechanism. The cloud system may shutdown and has difficulty to detect it (Armbrust et al., 2010). Subscribers to the services are always aware of these challenges. Moreover, the relationship between cloud service providers and their customers is as long-term partners (Buyya et al., 2009; Dhar, 2012).

The context of this research is SaaS providers who provide an application or software together with a service (e.g., salesforce.com, Zoho CRM, HubSport CRM). Targets are small and

medium-sized enterprises that use CRM-SaaS as a core business application and the respondents for this study consist of 450 CRM-SaaS users in USA.

The internal reliability of the measures ranged from .960 to .963 for the two-dimensional service fairness constructs. The other two measures were .909 for SRS and .918 for trust. All the measures included in the questionnaire showed adequate levels of initial internal consistency reliability ($> .70$) (Hair et al., 2009; Nunnally & Bernstein, 1994).

Figure 2 and Table 1 present the standardized regression weights and estimates with all five hypotheses supported. The structural model was accepted and the chi-square was significant (chi-square = 1062.144; df = 248, $p = .000$, relative chi-square = 4.283; CFI = .931; TLI = .923; NFI = .912; GFI = .829; RMSEA = .083).

Table 2 presents a summary of the standardized path coefficients and the square multiple correlations (R^2) of the best-fit measurement model. The significance of the three path coefficients to the model is amplified with positive and statistical significance at $p > 0.05$. Additionally, both R^2 values of the observed variables were greater than 0.50, indicating a reasonably good convergent validity for the model.

The analysis of path coefficients indicates that three hypotheses are supported. The influences of structural fairness (coefficient = 0.377) and social fairness (coefficient = 0.589) on SRS are significant. Similarly, the influence of SRS on trust (coefficient = 0.922) is also significant. The impact of the endogenous variables is indicated by the R^2 values. The highest R^2 appears in SRS (90%) and the next R^2 is shown in trust (85%) (see Table 2). The results of the research model show that the three hypotheses are supported. Therefore, the proposed model works fairly well in this context.

Table 1

Descriptive statistics and reliability analysis results

Variable (Number of items)	Mean	SD	Cronbach's Alpha
Structural Fairness (13)	5.51	0.961	.960
Social Fairness (10)	5.60	0.993	.963
Service Recovery Satisfaction (4)	5.55	1.069	.909
Trust (4)	5.54	1.032	.918

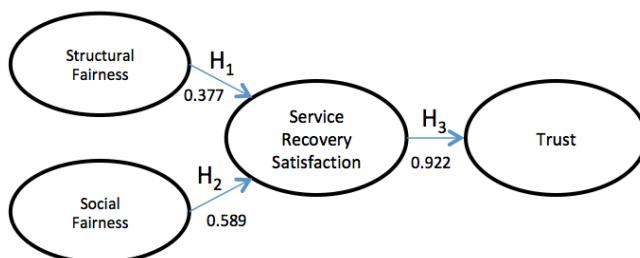


Figure 2 Result of Structural Equation Modelling (SEM).

Table 2

Results of standardized coefficients.

Outcome	Determinant	Hypothesis	Coefficients	P-value
SRS* ($R^2 = .909$)	Structural Fairness	H_1	0.377	***
	Social Fairness	H_2	0.589	***
Trust ($R^2 = .847$)	SRS	H_3	0.922	***

Coefficients - Standardized regression weights (*** P-Value < .001)

*SRS = Service Recovery Satisfaction

5. CONCLUSIONS

This study examined the effects of service recovery during service failure recovery. The results show a positively relationship between two-dimensional service fairness and SRS, and SRS on

trust in the CRM-SaaS setting. Moreover, the study investigated the actual participants in a real cloud service delivery, increasing the external validity of the results.

In other words, the impact of social service fairness on SRS appears to be stronger than that of structural service fairness. The significant roles of social fairness in affecting SRS are supported by polite, fair and respectful service delivery by the service provider. Therefore, social service fairness should be implemented in an effective way such as offering information exchange by informing the customer before, during and after delivery of the service. The customers are aware of the activities of their service provider and know the status of the system. They can expect when the system will be back to the operation. The customers do not fear to missing out due to the interaction between both parties. Thus, structural fairness should also be implemented when providing excellent service according to the signed service level agreement (SLA) with equal or fair treatment by their service provider (Lawkobkit & Blomer, 2015). The same cloud services provide to the customers with the same SLA regardless of the organizational size and relationship. The different customers do not feel the different when receiving the services from the same service provider.

Next, a construct that was found to support the relationship between the service provider and their customers after a service failure was the customer's trust in the service organization to resolve the service failures. Trust is a strong construct in relationship development (DeWitt, Nguyen, & Marshall, 2008; Morgan & Hunt, 1994). Therefore, an increasing level of SRS leads to the customer's trust. The trust in service providers is related to sincerity, honesty and truthfulness with their customers. In addition, the customers can count on their service provider to help them when they need it. Once the customers trust their service provider especially the service provider personnel, they will be continuing to use the same system and the services without switching to other providers. This may lead to word-of-mouth for third parties. It will benefits to any cloud service providers in the competitive markets.

The findings are consistent with previous research as there was found to be a positive relationship between SRS and trust (Choi & La, 2013; Kim, Yoo, & Lee, 2012; Lawkobkit & Larpsiri, 2016).

This study contributes to both practitioners and academia. For practitioners, the study provides an understanding on the SRS measures to improve customer trust with their respective service providers. The service provider could employ best practice to improve the level of SRS during service failures. Service personnel should consider these as important areas to maintain the relationship with customers. For academia, the study builds on previous research in SRS literature on the relationships between two-dimensional service fairness on SRS and SRS on trust.

For future research, other SaaS types (e.g., Enterprise Resource Planning, Human Resources) could be expanded to understand the specifics of cloud service and any possible differences in the results. Additionally, future study could be conducted in other areas of service recovery.

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