



## The Effect of Service Recovery Efforts on the Overall Satisfaction of the Guests: A Study of Hotels in Jalandhar

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### ABSTRACT

*Service recovery is a critical element in providing customer service that will attract and retain customers and have a positive impact on the bottom line of any business. No matter where it is located or what product or service it provides. An effective handling of service failure is imperative to have satisfied and loyal customer base. Scholars and service industries around the world have done studies to explore the effect of service recovery efforts on the customer satisfaction around the world. The eastern countries of the world still lack research in the particular area.*

*Present research utilizes hypothetical scenarios to study the effect of service recovery efforts on the overall satisfaction of the guests visiting hotels in Jalandhar.*

**Keywords : Service Recovery, Satisfaction, Hotels, Jalandhar**

### Introduction

In the service section 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 (Kelly and Devis, 1994; Holloway and Beatty, 2003). To have satisfied and loyal customer base effective handling of service failure is imperative. This focus stems from the recognition that attracting new customers tends to be more expensive than keeping existing customers. 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. In the medium and high contact service sector the service delivery also depends on the attitude, expectation, and perception of customers as well as the behavior of other customers (Zeithaml et al, 1996). Service cannot be stored, the production and consumption typically occur simultaneously, thus the service is delivered "live" (Goodwin and Ross, 1990; Collie et al, 2000; Hess et al, 2003). Despite unrelenting efforts to deliver excellent service, error free service or "zero defection" is an improbable goal in service delivery (Hart et al 1990; McCollough et al, 2000; Reichheld and Sasser, 1990; Sundaram et al, 1997; Webster and Sundaram, 1998). This emphasizes the fact that to survive in the business, the motto of "providing quality service" alone will not be enough. The service providers are required to be ready with a contingency plan in an event of service failure. Therefore, effective service recovery is considered to be an integral part of an organization's service quality program. Gilly (1987) observed that if customers are satisfied with the handling of their complaints, dissatisfaction can be reduced and the probability of repurchase can be increased. Appropriate service recovery efforts can convert a service failure into a very positive service encounter, attaining secondary satisfaction (Spreng et al, 1995) and enhancing repurchase intention (Maxham, 2001; Tax and Brown, 1998; DeWitt and Michael, 2003; Dubé et al, 1996; Feinberg et al, 1990; Halstead and Page, 1992; Mattila, 2001; Swanson and Kelley, 2001; Blodgett et al, 1997) and positive word-of-mouth communication (Maxham and Netemeyer, 2002; Maxham and Netemeyer, 2002).

### Research Design

Despite the growing interest in service recovery, methodological problems regarding the measurement of service recovery antecedents, service recovery processes, and their outcomes remain evident. Most researchers have either used written complaints to collect the datasets or have used the critical incidents from the respondents or they seek responses to hypothetical scenarios from respondents. Complaint data is collected from the real-world customers reporting actual service failure and recoveries. This method has an edge because of the availability of potentially large samples. However, it must be borne in mind that people who complain tend to be unrepresentative of the total consumer population. Besides this, it requires the respondents to recall the past events that may have occurred many months back. The method of critical incident technique has also received lots of criticism.

Another option with the researchers to collect data sets is to use hypothetical scenarios to collect responses. Although scenario approaches have been criticized because the improvement of its internal validity that is brought about by this method is a trade off of its external validity, especially in the case of recovery situations where customers' emotions are more important than their cognition.

### Findings

Pearson's correlation coefficient were computed to identify the relationship between the service recovery dimensions and overall satisfaction in the presence of pro activeness. This required computing the correlations of six dimensions of service recovery with the overall satisfaction of the customer. The coefficient of correlation clearly shows that there is a significant correlation between dimensions of service recovery and overall satisfaction. The correlations were statistically significant at 0.05 levels.

Reliability: There is a significant and positive relationship between reliability and overall satisfaction ( $r=0.365$  significant at 0.01 level.). In a pro active service recovery scenario, tend to perceive the service provider as more reliable and capable of providing error free service and have positive relationship with satisfaction.. The customer has positive feelings for the service provider and perceives the service provider as trust

worthy and capable of handling such problems and providing error free service.

**Compensation:** There is positive and significant relationship between compensation and overall satisfaction. ( $r=0.337$  significant at .01 level). This relationship indicates that customers in a pro active service recovery scenario tend to perceive positively about the service provider on the dimension of compensation. They perceive the outcome of the interaction as just and fair and this makes them feel more satisfied.

**Empowerment:** The table 6.62 shows that there is a significant and positive relationship between empowerment and overall satisfaction ( $r=0.311$  significant at 0.01 level.). This relationship indicates that customers perceive the service provider as more empowered and capable of handling the service failure when the service provider acts pro actively.

**Standardized Policies:** There is a positive and significant relationship between standardized policies and overall satisfaction. ( $r=0.261$  significant at 0.01 level.) When the service provider informs and initiates the recovery action before the customer complaints, the customer perceives the service provider to have fair policies and standard procedures for the employees to follow in such service slip ups situations.

**Response time:** There is positive and significant relationship between response time and overall satisfaction. ( $r=0.235$  significant at .05 level). This relationship indicates that the customers in a pro active service recovery scenario tend to perceive the response time of the service provider as positive. They perceive that the time taken was just fair and right. The

response from the service provider was perceived as timely and quick and this is positively related with satisfaction.

**Communication:** There is positive and in significant relationship between communication and overall satisfaction. ( $r=0.025$ ).

### Conclusion

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. 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 and when service provider gives explanation.

Overall satisfaction is highest when the service provider reacts proactively 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 assists in ebbing the discomfort and discontentment.

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