An Integrated Framework on Service Recovery Performance: 
The Mediating Role of Organizational Commitment

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Abstract

This study aims to provide a summary review of what is already known about service recovery performance and recognizes some emergent issues that assume a vital part in it. By synthesizing extant service recovery literature, this article seeks further understanding of service recovery performance and offers priorities for ongoing research on this area in the telecom industry in Pakistan. Despite, there been a substantial amount of discussion done to address the service recovery performance issue that is featuring massive challenges, there is a certain paucity of information regarding the subject matter in Pakistan. This study provides a conceptual framework intended to broaden the comprehension of service recovery performance and the impact of the evolving role of selected internal marketing practices. For instance, internal communication, employee rewards, employee training, and employee empowerment. Finally, presenting the mediation role of organizational commitment in the proposed framework make an important contribution to the existing literature on service recovery performance by addressing both practical and conceptual aspects.

Keywords: Service Recovery performance, service recovery, internal marketing, internal Communication

I. Introduction

The business environment of competitive market increasing customer awareness and customers demand more from the firms in terms of quality. Hence, to meet customer expectations regarding initial services, and also the expectations of service recovery could be an advantage of competitiveness and differentiation for the service firms (Mitchell & Critchlow, 1993). According to Ali et al. (2010), poor service recovery performance and inefficient complaint handling by service employee inversely affect customer retention and leads toward customer dissatisfaction. Consequently, customers are switching to another service provider than ever before (Kouser, Qureshi, Shahzad, & Hasan, 2012). Hence,
companies should have more concerned toward customer satisfaction and should have to
develop related strategies because customer satisfaction and loyalty plays a significant role in
company success and growth (Danish, Ahmad, Ateeq, Ali, & Humayon, 2015).

Since the 1970s, companies have collectively spent billions of dollars to upgrade the
corporate complaint-handling practices, for the improvement of customer services. Such as
call centers, technology and staff training to provide better service to the customer, however,
companies are still not able to provide better customer services, and the complainant
satisfaction is lower today than in 1976 (Grainer, Noble, Bitner, & Broetzmann, 2014).
Service firms that are not able to successfully handle the customer complaints not only risk
for losing dissatisfied customers due to competition but also an ultimate failure (Boshoff &
Allen, 2000; Kumar, Isa, Hin, & Abdullah, 2012).

Service recovery performance (SRP) in the services marketing literature considered
as a strategic issue (Ashill, Baron, Carruthers, & Krisjanous, 2005). SRP carries a learning
experience to services organizations that will help to assure excellent service quality is
provided to customers (Piaralal, Bhatti, Piaralal, & Juhari, 2016). The customer service failure
by the firm might lead to ‘disconfirmation state’ as identified by (De Ruyter & Wetzels, 2000;
Oliver, 1980), but successfully recovered service can return a customer to the satisfaction
state from the dissatisfaction (Ashill et al., 2005).

Services marketing literature revealed that successful service recovery leads toward
customer satisfaction and improved service quality perceptions leading to positive
behavioural intentions such as repeat purchases and loyalty (Matos et al., 2007). Previous
literature is also evident that successful service recovery depends on the efforts of FLE’s
performance that is known as SRP (Daskin & Yilmaz, 2015). SRP involves the actions taken
by FLE to resolve customer complaints effectively and get the customer back to satisfaction
state (Oentoro, Popaitoon, & Kongchan, 2016). Consequently, SRP resulted as customer’s
perceptual, intentional, affective, and behavioural outcomes such as customer repurchase
intention and satisfaction that may be influenced by SRP of an employee (Piaralal, Mat,
Piaralal, & Bhatti, 2014).
II. Literature Review

A. Service Recovery Performance (SRP)

The research on examining factors that contribute to employees’ SRP starts to gain its popularity in the past two decades. Examples of studies are Boshoff and Allen (2000) who conduct an exploratory study in New Zealand to investigate the several management factors that have a significant influence on service firm's ability to recover a failure of service successfully and get back a dissatisfied customer to the state of satisfaction. In other words, to investigate the possible impact of organizational variables that can influence the SRP of frontline staff. Similarly, Yavas, Karatepe, Avci, and Tekinkus (2003) examine the SRP of FLE’s in Turkish Banks, had replicated Boshoff and Allen (2000) framework but removing the role conflict and top management commitment in banking industry turkey. Ashill et al. (2005) argued that service recovery covers a complex and broader range of matters. These might be relatively minor, such as waiting time or space of car park, but the highly complex is the employee competence issues because the employee perspective might become a matter of customer dissatisfaction. (Ashill, Carruthers, & Krisjanous, 2006) claimed that service recovery systematic organizational approach to respond quickly and resolve customer concerns immediately.

In the past, several researchers investigated the effect of different factors toward SRP in different contexts. For instance, Karatepe (2006) extend the SRP model with the addition of one factor, namely emotional exhaustion with SRP. Furthermore, Ardahan (2007) conduct an empirical base study to identify the potential impact of several management factors on boundary spanning role employees’ perception of SRP in the Turkish hospitality industry. In addition, Ashill, Rod, and Carruthers (2008) have examined the role overload, role ambiguity, and role conflict, relationship with the SRP of frontline employees (FLE’s) on governmental staff. Additionally, Tan, Hussain, and Murali (2014) examined the impact of an organization’s characteristics, employee’s characteristics, and employee’s SRP. Karatepe (2012); Karatepe and Vatankhah (2015) investigates perceived organizational support on SRP and job performance. Kim, Paek, Choi, and Lee (2012) investigate the role of work engagement and burnout as mediator toward service recovery and FLE’s performance in the healthcare industry. Recently, Piaralal et al. (2016) investigate management factors, personal factors, and human resource factors in the insurance industry. Oentoro et al. (2016) investigate the moderating impact of personality traits on the relationship between the perceived supervisory support (PSS) and employees SRP. Most of the past studies done in the...
context of organizational level service recovery. To some extent, past literature has ignored the potential impact of the employee recovery in providing effective service recovery. In this study, the researcher focuses the discussion on how employee recovery leads to a good customer recovery. The focus of this study will be on SRP of employee that how internal marketing practices influence the SRP of FLE’s in service firms and in response how the employee deal better to service encounters. A related objective of this study is to expose whether these relationships show similar patterns between employees with high organizational commitment.

B. Internal Marketing Practices

The concept of internal marketing introduced in the 1970’s. Correspondingly, internal marketing practices operationalized by Berry (1981), they realized that it is necessary to satisfy internal employees before satisfying the external customers because internal employees are the key source to satisfy the external customers. By the implementation of this concept they stressed that the need of employee’s satisfaction, in the service-oriented organizations, is as much important than customer satisfaction, because the company’s claim to provide superior service quality is highly depend on that customer cantered employees (Kohli & Jaworski, 1990; Narver & Slater, 1990). Hence, for the service organization especially, in the services marketing has an internal role additionally, that ensures that front liners are more satisfied with their job and ultimately, they become more customer oriented as well. Therefore, the marketing researchers consider as internal customers and they established the internal marketing to interact with the employees of the organizations. (Ahmed & Rafiq, 2003; Greene, Walls, & Schrest, 1994).

Internal Communication

It is defined as in the previous literature, the smooth flow of information transmission between the members of the organizations or the people that are attached to the firm. Internal communication bedevils all levels of the organizations and the sub units of the organizations (Huang & Rundle-Thiele, 2014; Verčič, Verčič, & Sriramesh, 2012). Internal communication is one of the fastest growing body of knowledge that penetrates rapidly among public relations and communication management (Austin & Pinkleton, 2006). This concept of internal communication gains its popularity in the mid-1990s in the US and spread thereafter to European and Asian regions gaining strength in the new era (Lahap, O’Mahony, & Dalrymple, 2016).
According to the Verčič et al. (2012) in the domain of public relations, the paucity of research in internal communication is a conspicuous gap that needs to be addressed. As stated by the Cheney and Tompkins (1987) communication is a key concept of organizational and management theory. and much of the research by the organizational communication researchers have done on the emerging topic for instance (Cox, Arnold, & Porter, 1987; Goldhaber, 1993; Jablin, 1987; Putnam & Jablin, 2001). Therefore, internal communication implementation in the organizations will develop the sense of belonging toward the firm that might help to raise their level of motivation toward task fulfilment (Cetin, Kale, & Morling, 2007) and effective service quality (Tsai & Tang, 2008).

Previous literature on the internal communication reveals that there is an association between effective communication programs with employee’s job performance and positive work outcomes of an employee for instance, (Gounaris, 2008; Lahap, O’Mahony, & Dalrymple, 2013). Correspondingly Billy and To (2013) conducted a study, and results of that study support this argument that communication, have a positive influence toward employee’s work attitude. A recent study conducted by Lahap et al. (2016) in the Malaysian context explains that internal communication is the potential factor that can influence the employee work attitude.

**Employee Rewards**

These are received as an exchange of services between employee and employer such as compensation, appreciation, position, and social identity (Piaralal et al., 2016; Yavas & Babakus, 2010; Yavas et al., 2003). Rewards are important in the organizations to shape and enhance the performance of employee toward the task fulfilment and linked directly toward with the motivation process (Danish & Usman, 2010). The rewards that employees receive from the organization induce them to deliver high-quality services and motivates them toward better resolution of customer complaints (Grover & Hui, 2005; Yavas et al., 2003).

Rewards and SRP has a significant relationship shown in past literature. For instance, (Ashill et al., 2008; Kim, Tavitiyaman, & Kim, 2009; Masdek, Rozana, Abdul Aziz, & Awang, 2011; Parasuraman, 1987; Piaralal et al., 2014; Yavas & Babakus, 2010). Prior studies that are conducted in service industry found that employee rewards have a positive relationship with SRP (Babakus, Yavas, Karatepe, & Avci, 2003; Boshoff & Allen, 2000; Kirkbir & Cengiz, 2007). Ashill et al. (2005) have been conducted an empirical study on FLE’s explore that the rewards exert a positive effect on the SRP of FLE. Forrester (2000) further explains that monetary rewards significantly influence employee performance.
Employee Training

It is defined by researchers simply as a systematic technique of learning, for the effectiveness of team and organization, individual development in terms of improving the knowledge of employee, bringing about behavioral and attitude changes, and skills development to perform efficiently and effectively (Aguinis & Kraiger, 2009; Ongori & Nzonzo, 2011). Employee training explains as programs given by the management of the firm to improve employees work and attitude skills (Yavas et al., 2003). Employee training is the foremost strategic resource of the organization it acts as the backbone of the services industry (Ahmad & Din, 2009). Khan, Abbasi, Waseem, Ayaz, and Ijaz (2016) emphasized that employee training and development programs for the employees are essential to improve and develop the skills of staff for the efficient and effective employee performance. Several past studies carried out by different authors for instance, (Yavas & Babakus, 2010) in banking sector in New Zealand, (Crawford & Riscinto-Kozub, 2011) in the luxury resort setting, (Ardahan, 2007) among FLE’s (Babakus et al., 2003; Kirkbir & Cengiz, 2007; Yavas et al., 2003) in retail banks, (Piaralal et al., 2016) in life insurance industry, and (Karatepe & Vatankhah, 2015) in airline industry identified that employee training affect SRP. Consequently, employees perform better than non-trained employees. In the services marketing literature, it is widely described that service employees who do not have the necessary job and interactive skills, cannot deal effectively with customer complaints to deliver quality service (Liao & Chuang, 2004; Lytle & Timmerman, 2006). Thus, employee training in service firms is essential for the service performance of employee and employee effectiveness. training is also one of the strategic tools in service firms to provide quality services to customers and in return to increase the loyalty of the customer and to increase market share of the firm (Magnini & Ford, 2004).

Employee Empowerment

It involves the liberty and willingness to take decisions and make commitments (Forrester, 2000). Employee empowerment, empower the employees toward fulfilment of tasks, use creative gut feelings to take fast and fair actions toward the complaints (Namashivayam, Guchait, & Lei, 2014; Yavas & Babakus, 2010). Therefore, it improves employee capability, builds up motivation, employs talent and knowledge (Rod & Ashill, 2010). Furthermore, employee empowerment increases organizational commitment, task fulfilment, job participation, and profession satisfaction (Karia & Hasmi Abu Hassan Asaari, 2006; Lee, Nam, Park, & Ah Lee, 2006). Moreover, empowerment enhances employee job
satisfaction, minimize the poor service delivery, and intention to leave as well (Heskett & Schlesinger, 1994; Ongori & Shunda, 2008). Studies that have done in services marketing literature, shows that employee empowerment have a relationship with SRP, such studies conducted in the different industries for example hospital, banking, life insurance industry and hotel industry (Ashill et al., 2005; Babakus et al., 2003; Kirkbir & Cengiz, 2007; Kumar et al., 2012; Lytle & Timmerman, 2006; Masoud & Hmeidan, 2013; Piaralal et al., 2016; Piaralal et al., 2014). However, finding from Ardahan (2007); Rod and Ashill (2010) not supporting the influence of empowerment on SRP but empowerment is providing the staff with the authority to take actions in the attention to improved client service, and as a consequence, the organizational achievement will be better (Slåtten, 2010). Hence, employee empowerment leads FLE’s toward effective, personal, responsive and better service recovery efforts (Bowen & Lawler, 1992).

III. Conceptual Framework

Based on previous discussion on the concept, SRP of employee, the theoretical framework of the study is developed, presented in figure 1 including four independent variables (internal communication, employee rewards, employee training, employee empowerment, one mediating variable (namely organizational commitment), one dependent variable (namely service recovery performance). This conceptual framework underpinned by the (Bagozzi, 1992) reformulation of attitude theory, which explains that when an individual observes a pleasant event it is expected that he/ she will experience a pleasant emotional response that will motivate the individual to take the appropriate actions.

Figure 1: Organizational commitment as a mediator

![Conceptual Framework Diagram]

- Internal Communication
- Employee Rewards
- Employee Training
- Empowerment

Organizational Commitment

Service Recovery Performance
Organizational commitment defined as the degree to which employee’s feel a sense of obligation, emotional attachment, and feeling the honour to work with the organization (Allen & Meyer, 1990; Rod & Ashill, 2010). Researchers explained that, workers that are committed such as “identify and involve themselves to their organizations” perform to higher levels (Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989; Mowday, Steers, & Porter, 1979).

In the context of SRP, where some sort of service failure, then the more committed the employee is, the more successful the employee to deal with a customer service failure, and due to successful service rectory ultimately customer will be more satisfied (Rod & Ashill, 2010). Mathieu and Zajac (1990) stated that earlier research studies unsuccessful to create a strong relationship of organizational commitment with performance. However, recent empirical studies establish a relationship between organizational commitment and employee’s job performance such as (Kim et al., 2009; Piaralal et al., 2016; Rod & Ashill, 2010) and customer’s perceptions regarding employee performance (Masterson, 2001). According to Meyer and Herscovitch (2001) characterizing “commitment is a desire to pursue a course of action relevance to a target” in terms of service recovery, the organization where the employee is working is the “target of desire” and the effective recovery of customer failure is the “course of action”. Furthermore, organizational commitment also influences directly to SRP toward frontlines employee in public healthcare setting, public sector service organization and banking industry (Ashill et al., 2005; Ashill et al., 2006; Kirkbir & Cengiz, 2007; Rod, Carruthers, & Ashill, 2006). Moreover, Findings from the Banking industry shows the direct influence of organizational commitment on service quality (Boshoff & Tait, 1996) and SRP of the employee (Babakus et al., 2003; Boshoff & Allen, 2000).

In addition, past literature is also evident that organizational commitment influenced by independent variables that are proposed in this study such as internal communication, (Lahap et al., 2016) employee rewards, employee training, employee empowerment (Rod & Ashill, 2010). Hence, this study proposed organizational commitment as mediating variable as suggested by Karatepe and Vatankhah (2015) to identify the mediating role in between internal marketing practices (namely internal communication, employee rewards, employee training, and employee empowerment) following the Baron and Kenny (1986) conception as they suggest that the independent variables also need to have a significant relationship with the mediating variable (i.e. organizational commitment), and mediation variable also
significant relationship with the dependent variable (i.e. SRP). Hence, the study propositions are that:

**Proposition One**: Organizational commitment mediates the relationship between internal communication and SRP

**Proposition Two**: Organizational commitment mediates the relationship between employee rewards and SRP

**Proposition Three**: Organizational commitment mediates the relationship between employee training and SRP

**Proposition Four**: Organizational commitment mediates the relationship between employee empowerment and SRP

### IV. Conclusion and Managerial Implication

Past studies have done on the SRP are investigated the factors that are mostly related to the organization strategies and organizational recovery such as (Piaralal et al., 2016; Yavas et al., 2003). In this study author proposed that the SRP of an employee is more related to an employee attitude that leads toward the effective service recovery and ultimately, that attitude of an employee put a positive image of the organization toward the customer. This study will contribute to literature particularly, on the fact that an organizational commitment as mediator is scarce in employee’s service recovery literature, using organizational commitment as a mediator between internal marketing practices toward employee’s SRP. It will expand the view and provide a philosophical dimension of perceiving new strategies and innovation in service recovery literature. Moreover, in this study, the role of organizational commitment as mediator between internal marketing practices and employee’s SRP will make an addition to the existing literature, in terms of emotional parameters such as (emotional responses of employee) based on the Bagozzi (1992) reformulation of attitude theory, and provide a deep insight to researcher to understand the factors influencing SRP of FLE’s. Therefore, it is projected that study in hand will provide a deep insight and understanding to the managers and practitioners on the factors that might affect the SRP of customer service employees.

### V. Future Recommendations of the Study

Past researchers investigated a number of determinants that are associated with SRP, for instance, customer service orientation, employee Reward, training, teamwork, and empowerment are received the most research attention e.g. (Boshoff & Allen, 2000; Piaralal et al., 2016) However, the only few studies put focus on the other factors that are related to SRP, for instance role stressors (e.g. Role conflict, role ambiguity, and emotional exhaustion),
workplace social support (e.g. organizational, supervisor, coworker support), and internal marketing factors that are suggested to investigate in the future studies. Therefore, future research should be done to investigate other additional factors of SRP in the services marketing context such as internal marketing factors (e.g. internal communication, and internal market research) that are almost unnoticed in the context of services marketing. From the theoretical perspective, future research in this area can develop or borrow from other theoretical perspectives that are not applied in past to address SRP.
References


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