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The Role of the Employee: An Exploratory Study in Service Recovery Satisfaction in the Luxury Resort Industry

by

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Abstract

Satisfaction plays a key role in the service industry and especially in the hospitality industry (Edvardsson, Johnson, Gustafsson & Strandvik, 2000). This study seeks to explore satisfaction and organizational commitment in relation to service recovery performance among luxury resort employees. This study is a replication of a previous study conducted by Yavas, Karatepe, Avci & Tekinkus (2003) and was carried out on a pilot study basis. The pilot study was conducted to determine if there is enough support for studying the model proposed by Yavas, Karatepe, Avci & Tekinkus (2003) in the original study. The results support further development of the study within the luxury resort setting.

Introduction

Within the service industry, many organizations are now realizing that customer satisfaction through the delivery of service quality is a key component to overall success and satisfaction; both which are equally important to customers as well as employees. In 1997, Oliver stated that customer satisfaction must remain a central tenet of all relationship management efforts in the hospitality sector. Hospitality organizations do typically strive to make customer satisfaction a focal point of their core values, visions and mission; however, steady growth and expansion, global competition, and the influx of seasoned travelers create cumbersome obstacles in delivering quality service. It appears that quality service is the cornerstone to industry success; thus, those organizations that focus on quality become the flagships for ongoing customer satisfaction, engendering loyalty, and influencing future behavioral intentions as well as having a direct influence on employee satisfaction and retention.

One of many critical components in achieving customer and employee satisfaction through service quality is the organization’s approach to service recovery satisfaction. Andeassen (2000) observed that service recovery research over the past decade only focused on why, to whom, and how customers responded to dissatisfaction. Prior to that scrutiny Goodwin and Ross (1992) concluded that less attention was directed to corporate responses to the customers’ voiced complaints and customers’ subsequent attitudinal and behavioral changes were not effectively monitored. Furthermore, Conlon and Murray (1996) argued that most of the existing service recovery studies, at that time, focused on the short-term impact of recovery efforts (i.e. compensation and quality of apology) and failed to explore the true drivers of service recovery satisfaction or the role of the employee. Moreover, Ruyter and Wetzels (2000) revealed that very little research had examined the relationship between service recovery and service quality variables (i.e. ongoing customer satisfaction, loyalty and behavioral intentions). In addition to the dearth of research on the effects of service recovery satisfaction to guests, Yavas, Karatepe, Avci & Tekinkus (2003) suggest that the lack of research also extends to the critical role of the employee in service recovery satisfaction. Consequently, service organizations were not effectively identifying or evaluating the drivers of service recovery satisfaction within the service industry; therefore, the benefits of a quality service recovery process, ongoing satisfaction, the effects of employees on satisfaction and retention were not truly achieved.

Hospitality professionals tend to view complaint management and creating a positive service recovery experience as complex issues. This opinion could be especially true when considering the demands and expectations placed upon luxury hospitality properties. However, current research suggests that, although detailed policies and procedures are necessary, service recovery satisfaction is not as cumbersome as hospitality professionals believe. In 2007, Riscinto-Kozub and O’Neill explored the significance of service recovery satisfaction from the guest’s perspective within five luxury hotels around the United States. Of the 1,138 valid questionnaires, 553 respondents or 48.5% attested to experiencing a service failure during their visit. Overall, guests who were satisfied with the service recovery
experience attested to being satisfied two specific areas 1) the actual process applied by the employee(s), and 2) how quickly and efficiently the employee(s) was able to resolve the problem. Thus, results of that study lend reason to believe that the role of the employee is a critical component and should be explored.

In 2003, Yavas et al. explored the antecedents and outcomes of service recovery performance as it specifically related to frontline employees. Interestingly, their research produced a model which suggested that several antecedents of perceived managerial attitudes and the employee’s working environment perceptions had a direct influence on the employee’s service recovery performance. Overall results of Yavas et al. (2003) proved to be a valid and reliable instrument; thus contributing to the overall body of literature on service recovery satisfaction and employee performance; however, to the researchers’ knowledge the model has only been applied in the banking and finance industries creating opportunities to explore the validity of this study across other service industries, especially within the luxury resort segment of the hospitality industry.

Although an extensive and thorough body of literature exists on employee relations, service quality and satisfaction (Zeithmal, Parasuraman & Berry, 1985, 1986, 1990; Cronin and Taylor, 1992 & 1994; O’Neill, 1992, 2001; Kandampully, 2000; Oliver, 1980, 1991, 1992, 1993 & 1997; Wirtz & Bateson, 1999;) and service recovery (Boshoff, 1997, 1999; Matilla, 2002, 2003, 2004; Mueller, Palmer, Mack, & McMullan, 2003; Yavas, Karatepe, Avci, & Tekinkus, 2003), there is little that is specific to the luxury resort industry; therefore, there appears to be areas of opportunity for additional research and new contributions. In consideration of the above, this research sought to create a better understanding of service recovery performance and its relationship with the employee’s intention to quit and organizational commitment by evaluating the psychometric performance of Yavas et al. (2003) model in the luxury resort industry. Due to the unique nature and setting of the resort environment, researchers felt that it was important to confirm or identify factors that may explain the employee’s attitudes toward service recovery performance and explore a potential correlation between service recovery performance and the employee’s intention to resign and/or their commitment toward the organization.

Therefore, the goal for this research project was to make a unique contribution to supporting literature which will lead to a greater understanding of service recovery satisfaction, the role of the employee and the related constructs. This means one of two things. First, that constructs and hypotheses would be re-tested and supported or second, a clarified, more elaborate interpretation would emerge. Either way, a better approach to explaining the relationships will be revealed.

Literature Review

Satisfaction

Satisfaction plays a key role in the service industry and especially in the hospitality industry (Edvardsson, Johnson, Gustafsson & Strandvik, 2000). As the service industry has evolved, researchers have made great strides to define and understand satisfaction from the consumer’s perspective. The emphasis to comprehend what truly creates satisfied customers has lead to an ever increasing body of literature surrounding satisfaction, how service providers create satisfied customers and the effects that satisfaction has on businesses today (Oliver, 1997; Barsky & Nash, 2002).

McKenna (1991) suggested that in order to achieve satisfied customers, organizations must forget about market surveys, advertisements, and promotions and focus on developing the right infrastructure that offers the right products and services that meet the customer’s expectations. To a certain degree, relationships may keep the customer loyal but the customer must be fulfilled on other levels too; thus, the customer must be truly satisfied with the quality and value of the services and products. For example, if a customer chooses to stay at a luxury hotel, he or she must receive accommodations and services that correspond with other luxury properties and find value in the price paid to truly be satisfied. Interestingly, research suggests that amenities and accommodations can easily be duplicated; therefore, setting standards of service and the expertise of employees the deciding factor in overall satisfaction.

On the contrary, in 1996, Luchars and Hinkin acknowledged that managers typically choose to ignore satisfaction and service quality research and suggested techniques since direct operating costs could not be accurately measured or associated with specific instances of good or bad service. This in turn, led justification for a manager to rely on data collected from the tangible or quantifiable measurements in order to make managerial decisions. However, in consideration of the ramifications, when customers are satisfied, they are likely to participate in favorable behavior toward the provider, i.e. positive word of mouth advertising, willingness to recommend, revisit intentions, decreased price sensitivity over time and...
their willingness to participate in research to help the organization revolutionize.

Service Quality and Satisfaction in Hospitality

Ramaswamy (1996) suggested that a lack of quality service or meeting customers’ expectations will result in a lack of customer satisfaction (O’Neill, 2001). When customers are satisfied with the organization’s tangible goods and service efforts, customers are more inclined to be loyal to the organization and continuously show their support through repeat visits and positive word-of-mouth advertising. When service quality and customer satisfaction are analyzed research tends to aim toward the disconfirmation theory. As outlined in a previous section, the difference between the customer’s expectations and perception is defined as positive or negative disconfirmation. There appears to be an on-going debate in quality research today. Some researchers suggest that service quality is a vital antecedent to customer satisfaction (Berry, Zeithaml & Parasuraman, 1985; Cronin & Taylor, 1992; O’Neill, 1992). However, on the opposite side of the debate, many researchers suggest that customer satisfaction is a vital antecedent of service quality (Oliver, 1981; O’Neill, 1992). Either way, it appears that both customer satisfaction and service quality are vital to the overall success of today’s hospitality professionals (O’Neill, 1992).

In the hospitality industry today service quality and customer satisfaction are two critical elements to most organizations. Professionals are constantly searching for new and exciting ways to promise more than the competition and deliver on their promise. O’Neill and Palmer (2004) explained that service quality and the degree of satisfaction derived from service quality is becoming the single most important differentiating factors in almost every hospitality environment. For the hotel industry, the increasing competition and expansion of unique services and amenities has forced hoteliers to continuously search for the competitive advantage. Today, customers have an abundance of options when traveling. Customers are educated, well traveled and notorious for conducting extensive research before selecting that perfect hotel, restaurant, resort, or cruise line experience. Individual hospitality organizations face a significant challenge when they attempt to deliver quality service to create satisfied customers; customers who will hopefully demonstrate their loyalty to one exclusive brand.

Service Recovery

When service failures occur the negative effects on profitability and customer loyalty create drastic challenges for service organizations to overcome. Although at first a service failure can be a devastating embarrassment for the organization, if handled properly a service provider can counter act those negative effects and challenges by responding to a customer’s complaint in an effective manner. This task can be accomplished by the service organization’s approach to a quality service recovery process. A service organization can create the ideal strategic plan for handling customer complaints; however, a plan which is never implemented only looks pleasing on paper. Thus, one of the most important keys to providing excellent service recovery is convincing the customer to bring the failure to the provider’s attention and allow the organization to implement the service recovery process.

Service recovery related literature attributes the social exchange theory and the equity theory for providing the theoretical framework for studies exploring customer’s evaluation of service recovery efforts (Adams, 1963; Ok, Back, & Sharklin, 2005). According to Adams (1963), the two theories demonstrate that the exchange relationship should be balanced between the service organization and the customer. Oliver (1997) explained the significance of social exchange when he stated that the customer’s satisfaction is based on their perception of equal partners during the service recovery exchange. For example, the professionalism demonstrated between employees, managers and employees, and between the service organization and the customer. Oliver (1997) continued to explain that the equity theory; which is also a vital component, is the customer’s perception of fair or unfair interpersonal relations or the amount of compensation involved in correcting the problem.

Predictor Variables

This study not only focuses on service recovery in the luxury resort environment, but also on the effect the organization may have on employee’s service recovery performance. As was done in the Yavas, Karatepe, Avci, and Tekinkus (2003) study the organizational effect was divided into two large groups, perceived managerial attitudes and work environment perceptions. Perceived managerial attitudes included two predictor variables, service orientation of the resort and rewards based on service excellence. Work environment perceptions included five predictor variables, customer service training, empowerment, teamwork, role ambiguity, and organizational commitment. Table 1 provides descriptions of all predictor variables used in the study. Each variable was assessed in the measurement used in the study to develop a better understanding of how applicable the
Yavas, Karatepe, Avci, and Tekinkus (2003) model is within the luxury resort environment where high levels of service are expected and must be delivered in order to maintain competitive differentiation.

**Methodology**

Data was collected at a luxury resort property located within the Southeastern United States. The resort property has six restaurants, a 210 room hotel, 175,000 square feet museum, and an established winery that makeup the 8,000 acre resort and the site for data collection for this pilot research project.

**Data collection process**

Employees of the resort were surveyed during a three day site visit by the researchers. During the site visit two data collection areas were set up. Data was collected at two individual times in food and beverage outlets before the restaurant opened, at two individual times in the break room for guest services employees within the museum, and two individual times in the break area of the hotel. Each data collection site had one investigator and three laptop computers set up for employees to visit and complete the electronic survey. Participation in the research was done on a voluntary basis, during employees’ breaks (guest services break room and the hotel break area) and before their shift began (food and beverage outlets).

Employees were made aware of the research opportunity before the researchers arrived on-site for data collection. Managers were sent an information letter regarding the study, its time requirements (approximately 10-15 minutes to complete the survey), and the schedule of data collection. Managers were asked to read the information letter to their employees during meetings and post flyers in break areas to make employees aware of the opportunity to participate in research. When the researchers arrived at the data collection sites, not only were flyers posted, but the flyers were on the tables where the laptops were setup.

A total of 50 surveys were collected during this data collection visit. Of these surveys, 5 were not completed and were not used in data analysis. A total of 45 surveys were deemed usable and complete and were included in data analysis for this pilot research project.

**Measurement**

The purpose of this research was to pilot test the applicability of the measure, model, and relationships within the luxury resort setting that were originally assessed by Yavas, Karatepe, Avci, and Tekinkus (2003)
in the banking industry. Therefore, the survey used previously and supported as reliable and valid by Yavas, Karatepe, Avci, and Tekinkus (2003) was used during data collection. The 43 item instrument assessed the 10 variables under investigation in this research, including service orientation, employee rewards, training, empowerment, teamwork, role ambiguity, organizational commitment, service recovery performance, intention to quit, and intrinsic job satisfaction. A Likert-type scale anchored at 1 “strongly disagree” and 5 “strongly agree” was used for all multi-items scales. Demographic items were also included on the instrument and they assessed gender, length of employment, age, and department.

Reliability and validity

In terms of reliability and validity, this instrument proved to be both a valid and reliable instrument when initially tested in 2003 by Yavas, Karatepe, Avci, and Tekinkus. However, for the purpose of this study, researchers conducted a reliability analysis as well as convergent and discriminate validity analysis. Internal reliability statistics was calculated for the scale. Analysis reveals that the scale performed well with co-efficient alpha $\alpha = .965$

Convergence was investigated by calculating the mean score for Organizational Commitment scale item and correlating (Pearson’s product moment correlation) this with the mean score for the Overall Satisfaction variables. In other words, it is hypothesized that the employee’s commitment to the organization should correlate with their overall satisfaction with employment. A correlation of 0.452 was found which was significant at the 1% level. A significant correlation between both organizational commitment and overall satisfaction attest to the convergent validity of the instrument.

Discriminability, on the other hand, means that the researcher should be able to discriminate, or differentiate, the construct being studied from other similar constructs (Leedy, 1993). The question of discriminant validity necessitated the computation of a further correlation coefficient (Pearson product moment) between respondents’ mean score for overall job satisfaction with the mean score calculated for their intention to quit or leave the organization. The results attest to the discriminant validity of the research measure in that they reveal a statistically insignificant (0.03; p=0.986) correlation between respondents overall satisfaction and their mean score for intention to quit.

Findings

Of the 45 respondents 32% were male while 42% claimed to be female, with the remaining 26% choosing not to specify. The largest age classification was the 30-39 age classification with the second largest classifications falling into the 20-29 and 50-59 categories. Over 50% of the respondents claimed to be employed full-time while 20% claimed to be employed on a part-time basis. The remaining 30% fell into the seasonal employment classification.

Table 2: Descriptive Statistics

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>2.72</td>
<td>1.14</td>
</tr>
<tr>
<td>Employee Rewards</td>
<td>2.72</td>
<td>1.14</td>
</tr>
<tr>
<td>Training</td>
<td>2.38</td>
<td>.93</td>
</tr>
<tr>
<td>Empowerment</td>
<td>2.90</td>
<td>1.20</td>
</tr>
<tr>
<td>Teamwork</td>
<td>2.01</td>
<td>1.11</td>
</tr>
<tr>
<td>Role Ambiguity</td>
<td>1.88</td>
<td>.84</td>
</tr>
<tr>
<td>Organizational Commitment</td>
<td>1.65</td>
<td>.77</td>
</tr>
<tr>
<td>Service Recovery Performance</td>
<td>2.15</td>
<td>.70</td>
</tr>
<tr>
<td>Intention to Quit</td>
<td>3.68</td>
<td>1.39</td>
</tr>
<tr>
<td>Intrinsic Job Satisfaction</td>
<td>2.85</td>
<td>1.22</td>
</tr>
</tbody>
</table>
Table 2 presents the mean score and standard deviation for each of the variables analyzed. This data illustrates satisfactory mean scores ranging from 2.38 for “training” through to 2.85 for “intrinsic job satisfaction”. In terms of the variables scoring below average, scores ranges from 1.65 for “organizational commitment” through to 3.68 for the employee’s overall “intention to quit”.

**Path analysis**

In order to assess the hypotheses for this research, a path analysis was performed using AMOS (version 17). The path analysis assessed the relationships seen in the model provided in Figure 1. The results of the path analysis can be seen in Table 3.

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**Figure 1. Proposed model.**
The current study found similar results to those of Yavas, Karatepe, Avci, and Tekinkus (2003). Both studies found that Hypotheses 1 and 2 were rejected, suggesting that perceived managerial attitudes does not predict service recovery performance, particularly in service environments. The initial study rejected hypothesis 3, while the current study accepted this hypothesis. Both studies accepted hypothesis 4 and rejected hypothesis 5. The initial study accepted hypothesis 6, while the current study rejected this hypothesis. Both studies rejected hypotheses 7 and 8 while accepting hypothesis 9. Apparently there are similarities in the banking sector and the luxury resort sector of the service industry in terms of the relationships between service recovery performance, work environment perceptions, and organizational outcomes, namely job satisfaction.

**Discussion/Conclusions**

The goal of this research project was for constructs and hypotheses of the model to be re-tested and supported. This goal helps in assisting luxury resorts in identifying areas of opportunity for further employee training to enhance service recovery performance and overall job satisfaction.

The pilot study results helped to meet the goal of this research project. The hypotheses associated with the study were re-tested using the pilot sample. Some of these were supported as they were in the original study by Yavas, Karatepe, Avci, and Tekinkus (2003) and yet other hypotheses were rejected. There were several similar findings in the initial study of the banking sector and this study of the luxury resort setting. The findings suggest that there are some similarities between the banking sector and the hospitality sector. This is understandable as each sector belongs to the greater service industry. Ultimately by conducting this pilot study initial data and findings support pursuing this line of research on a larger scale within the luxury resort setting. The resort setting encompasses several outlets of the hospitality sector, including food and beverage, lodging, guest services, meetings and conventions, spa services, and recreational services. By pursuing this line of research in the resort setting, much information can be gained about the individual hospitality outlets, the hospitality sector as a whole and the greater service industry.

Limitations of this study were noted by the researchers and are now discussed. Two specific limitations were noted, including the small sample size and a situation specific to the resort where data were collected. While the sample size of 45 participants was sufficient for a pilot study, it is difficult to gain a full picture of the relationships and their relative powers with this many participants. In order to fully understand these
relationships and how generalizable these are to the greater population of resort employees, a much larger sample size is needed. The larger sample size will provide a sufficient representation of the population so that the results of the study may be assumed for the population as a whole.

An additional limitation that was noted during this study was a situation specific to the resort location where data were collected. At this resort the executive management staff tries to gain employee opinions and employee satisfaction information continually and consistently. The resort uses frequent survey in order to gain this information. While the resort is being proactive in its attempt, it seems that several of the employees are burned out on surveys. During data collection several employees told the investigators, “I filled out that survey two weeks ago and a few months before that”. It appears that even with information about this study that was provided via flyers and during meetings, that some employees could not separate this research from internal research.

This situation did have an impact on the study. When the investigators would explain this was a separate survey being used for outside research, not for internal data collection, the majority of the employees chose not to complete the survey stating they were tired of completing surveys. It is believed this was the greatest contributor to the relatively small sample garnered from the data collection process.

Although the study was completed as a pilot, there were strong findings that suggest some of the relationships that were examined should continue to be examined within the luxury resort environment. A larger sample size should be created from a diverse group of luxury resort settings and departments. With this data the model can be examined further and the power of each relationship can be examined for a better understanding of how service recovery performance relates to the employee work environment and subsequent employee outcomes, including job satisfaction and intention to resign.

As well, future research should include an investigation into potential mediation of the variables examined in the model by service recovery performance. If mediation is supported, this would provide a better understanding of the cognitive processes at work in the supported relationships found within this study.

References


Authors’ Biographies

Alleah Crawford is an Assistant Professor in Hospitality Management at East Carolina University. She joined the faculty in 2008 after completing her PhD at Auburn University. She teaches lodging management, convention sales and services, and introduction to hospitality management. Her research interests include the lodging environment, core self-evaluation, employee welfare, and organizational culture/climate.

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