“Do Frontline Staff’s Psychographic Attributes and Perception of Organizational Factors Affect Service Recovery Performance?”

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Do frontline staff’s psychographic attributes and perception of organizational factors affect service recovery performance?

Abstract: The objective of this research is to investigate the effect of psychographic attributes and perception of organizational factors (perceived managerial attitudes and perceptions of the working environment) on service recovery performance. A total of 429 customers that chosen with simple random sampling method from 8 private major retail banks in Turkey. Structural Equations Model was used to verify the reliability and validity of the scale and to test the proposed model. Our results indicate that psychographic attributes, perceived managerial attitudes and perceptions of the working environment have effects on service recovery performance with different degree. But there is no relationship between service recovery performance and intention to resign, extrinsic job satisfaction.

Keywords: Service Recovery Performance, Psychographic Attributes, Perceptions of The Working Environment, Perceived Managerial Attitudes.

INTRODUCTION

Consumers are individuals that need to somethings and want to resolve these conditions. To resolve their problems consumers apply organizations that offer consumers service and product. Sometimes firms can not know what consumers want exactly. And sometimes firms know what exactly consumers want but they can’t meet these wants. And sometimes firms meet consumers wants but not in time and with imperfection. Thence, disagreements occur between firms and consumers (Bell and Zemk, 1987). When a service failure happens, firms should take recovery actions in response to service failure (Gronroos, 1988). The essential aim of service recovery struggle is to change dissatisfaction with satisfaction (Zemke, 1993). Solomon et al. (1985) stated that whole service quality supplied to consumer can significantly affect consumer satisfaction and loyalty. Only one service failure can decrease consumers’ whole satisfaction and destroy organizational image. When a consumer get dissatisfied as a consequence of a service failure, response of this consumer may be include to stop buying behaviour that firm or unfavourable word of mouth conduct (Richins, 1983). Tax and Brown (1998) and Boshoff and Allen (2000) pointed out that successfully managed process of service recovery is on a large scale affected by the effectiveness of staffs who take the complaint. Abrams and Pease (1993) argued when a service failure has been victorious detached, consumers may sense powerful linkage to the organization than if no failure had happened in the precedence condition.

On the other hand, psychographic characteristics’ significance that include; sense of justice, self confidence, assertiveness, conservatism, risk taking behavior, and attitude towards complaining has been searched extensively. Rosenberg (1956) and Vinson and Munson (1976) explored the effect of psychographic specialities on customer treatment. Some other investigation searched psychographic characteristics influence on selection of media service (Becker and Connor, 1981), on journey judgements (Pitts and Woodside, 1986) on product selection (Homer and Kahle, 1988). Homer and Kahle (1988) concluded that psychographic characteristics are the determinators of human behaviour.

From this background, the aim of this investigation is to search the potential effect of organizational factors and psychographic characteristics on the service recovery performance of frontline staff in banks, and the impact of successful service recovery on frontline employees’ job satisfaction and intentions to resign by using the Turkey bank sector as a case in point.

This paper is arranged as follows. The next section provides a presentation of theoretical development. The methodology used is then described, followed by the study's results. Discussion of findings and strategic implications for the bank service sector are then provided.
THEORETICAL FRAMEWORK

The theoretical framework that in following part included the psychographic characteristics of employee, managerial behaviours and frontline staffs’ sensations of their work environment, service recovery performance Assertiveness, sense of justice, risk taking behavior, behavior towards complaining, conservatism and self confidence are taken as a determined factors of the psychographic properties. Service processing of the banks organization and willingness to reward personnels are variables of the managerial behaviour. The work environment factor includes training, empowerment, teamwork, role ambiguity and organizational commitment. The hypothesized relationships among these factors were discussed below.

Employees have different characteristics. So that It is required to behave each of these employees varied manner to achieve organizational aims. Consumer also human beings and they also have different each other with respect to psychographic specialities. When these varied psychographic characteristics encounter each other, some problems are unavoidable. Bearden and Mason (1984) asserted that complaint handling attitude is related to assertiveness and feelings of powerlessness. Morgansky and Buckley (1986) claimed that characteristics like uniqueness and individuality and sense of independence affect complain handling behavior.

Perceived managerial attitudes are considerable factors that form the whole way a firm operates. Two factors that are directly influenced by managerial attitudes are believed to influence the service recovery performance. These are customer service orientation of the firm and employee rewards for service excellence (Boshoff and Allen, 2000). With respect to Gronroos (1990) in order to obtain long term relation with consumer, firms should consider service orientation structure is essentail for organizational culture. Organizations that want to get big marketing share should give importance to their existent consumer and potential consumer. Boshoff and Allen (2000) asserted that powerful customer oriented cultural form create accountable employees from consumer and these staffs distribute qualified service. Because they believe If they don’t behave customer oriented, they couldn’t stay in their job. If some service failures exist, these workers that give importance to consumers would get responsibility and would recover those failures. Generally, people starts to move for an action with in the existence of a motivator factors. Rewards are the key motivators for employee. Yavas et al. (2003) argued that rewards are not only essential to hearten employees to get huge quality services, but they are also consider-
all about, they are improbable to deal satisfactory recovery to customers. It is generally debated by both business practitioners and academicians that organizations can develop their performance by using teams, as against to singular production, through the agency of regulating the production process and that the efficacy to team production may be even huger when administrator grant important autonomy to teams. According to Davenport and Travca (1995) teamwork has been claimed to have a useful influence on job performance. With the point of view Berry (1995) perfect service is created with the movements of a group of people working jointly. A originate team climate attaches the group together and drive the members to prosper for the good of the team and their general aim. It should be supportive, encourage associates to master from each other and appraise the struggle of each person in the reach of individual aims. Murakami (1995) and Yavas (1995) stated that in both the management and service marketing literature, there is so much proofs about teamwork increases performance and service quality. Yavas (1998) claimed that in order to create good service quality It is essential to have working related skills and behavioural ability and to cope with different consumer necessities, personalities and situations. Training supports personnels to get these particularities. Boshoff and Allen (2000) asserted that staffs who do not have the requisite work and interpersonal skills lose out supplying a sufficient grade of service and getting over consumers’ complaints.

**H1.** There is a positive relationship between psychographic attributes and perceived managerial attitudes.

**H2.** There is a positive relationship between psychographic attributes and perceptions of the working environment.

**H3.** There is a positive relationship between psychographic attributes and handling patients’ complaint.

**H4.** There is a positive relationship between perceived managerial attitudes and handling patients’ complaint.

**H5.** There is a positive relationship between perceptions of the working environment and handling patients’ complaint.

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**Figure 1.** Research Model (Adopted from Boshoff and Allen, 2000; Keng. and Liu, 1997)

**RESEARCH METHODOLOGY**

**Data collection, sample and procedure**

A total of 650 questionnaires were distributed to frontline employees working in 8 private major retail banks in four (Trabzon, Giresun, Samsun, Ordu) cities in North of Turkey. Respondents were asked to complete the questionnaire in a self administered manner. 429 usable questionnaires were retrieved for a response rate of 66 percent. 71 percent of respondent were female, 28 percent had secondary, 58 percent had university education. 59 percent of the respondents were between the ages of 18 and 30.
Questionnaires were deal out personally by the researchers. Directors of the banks that enlightened their frontline employee about the investigation and heartened them to take a share in. Contributors were given guarantee of privacy by the researchers. To appraise non response bias, first and late respondents were compared on whole variables with applying t-tests. Replies were registered as they were obtained, a comparison between first and late respondents could be performed. Then, Chi square values were computed to appraise the variances between first and late respondents. The analysis made clear that no important variances subsisted between first and late respondents with the view of dependent and independent factors. So, non response bias was not a funeral.

The sample size was identified by broad principles of structural equation modeling. When sample size small, Tabachnick and Fidell (1996) argued that correlation coefficients are less reliable. Comrey and Lee (1992) asserted that sample size that is less than 200 individuals are uncertain coefficient guesses. Objects per free is useful criteria for determining sample size. Ten experimental per guessed free parameter should be competent, When the evaluated variables are normally distributed. MacCallum et al. (1999) stated that the requisite sample magnitude changes not grounded on the complexity of the model and on the assesment of communalities in factor analysis. MacCallum et al.’s (1999) survey pointed out that higher communalities reduce the necessity of big sample size in assesing population coefficient. First decomposition of the items and the factors approved in the this survey indicated that their communalities were fully high (around 0.8) to ensure sample size offered by MacCallum et al. (1999). Therefore, a sample size of 429 was assumed adequate for proposed model.

The inquiries were dealt between 12 June 2007 and 19 July 2007. A structured questionnaire was dealt with unopened enquiries and 7-point Likert type scale. Respondents were requested to appraise how much they gone along with each clause on the scale. The opening questionnaire was preexamined with a sufficiency sample of 30 individuals to further correction the list of items and as a result of this refinement, survey questions has been developed (Appendix A).

The suggested hypotheses were then resolved with structural equation modelling using AMOS 5.0 the technic used was the maximum likelihood estimation (MLE) treatment on the variance covariance matrix with the crude data as entry. When appraising structural equation modelling fit, two probabilities appear: the evaluation of both the estimation and the structural model can be accomplish either at the same time or consecutively (Diamantopoulos, 1994). In this survey, Anderson and Gerbing’ (1982) suggestion that to follow the sequential approach is used because two motion methodology is more coherent with the double aim of this investigation.

**Measures**

Multiple substance indicators were used from the summer and get ready with the sixteen study constructs in the knowledge about service recovery. Extrinsic job satisfaction and empowerment with each of four items, intentions to resign with three items were adapted form Yavas, et al. (2003). Service recovery performance, organisational commitment, rewards, teamwork and training constructs were adapted from Boshoff and Allen (2000). Role ambiguity and customer service orientation transcripted from Ashill, et al. (2005). Psychographic statements (sense of justice, attitude towards complaining, risk taking attitude, assertiveness, conservatism, self confidence) were adapted from Keng and Liu (1997).

**RESULT**

**Measurement Model**

With the point of view Fornell and Larcker (1981) in the SEM, generally constructs should first be evaluated by confirmatory factor analysis (CFA). In this survey, given research model is relatively simple with sixteen constructs, the sample size of 429 collected in this study is assumed sufficient. Anderson and Gerbing (1982) argued that the minimum sample size for reliable SEM analysis ranges from 100 (Bollen, 1989) to 200 or more (Boomsma, 1982) to create statistically secure assesment on regression paths among constructs. Seven general model fit measures were used to evaluate the model’s whole goodness of fit: the ratio \( \chi^2/(\text{d.f.})=4.645 \), adjusted goodness-of-fit index (AGFI)=0.91, non-normalized fit index (NNFI)=0.93, relative fit index (RFI)=0.95, normalized fit index (NFI)=0.94, comparative fit index (CFI)=0.95 and root mean square error of approximation (RMSEA)=0.071. All the model fit indices gone beyond the general approval grades proposed by former investigations, indicating that the measurement model showed a good fit with the data collected. So that, we proceeded to asses the specialities of the measurement model with the point of reliability, convergent validity.

Convergent validity should be sustained by item reliability, construct reliability and average variance extracted (Chau, 1996). Item reliability shows the variance change in an item because of the underlying construct, t-values for all the factor loadings of items were found considerable (p<0.05), engaging

Hair et al. (1998) suggested construct reliability assessed should be greater than 0.70. In this survey, construct reliability assessed between 0.645 to 0.913, which is satisfactory. The average variance extracted, which should be above 0.50, measures the amount of variance clarified by the construct (Chau, 1996; Hair et al., 1998). The average variance taken out are between 0.589 and 0.873. These consequences show that the measurement items have high reliability and validity.

Structural model

A parallel category of fit indices was used to try the structural model. Comparison of whole fit indices, with their conforming advised values, supplied proof of a good model fit ($X^2/d.f. = 3.196$, AGFI = 0.90, NFI = 0.93, NNFI = 0.91, CFI = 0.94, RFI = 0.94, RMSEA = 0.069). So, we could make a progress to investigate the path coefficients of the structural model. Figure 2 indicates the parameter guesses of the structural equations.

CONCLUSION

All the path coefficients significant with respective t-values greater than 1.96. Psychographic characteristics were found to display a direct positive effect on perceived managerial attitudes ($\gamma = 0.673$, $p<0.05$) (H1 accepted), perception of the working environment ($\gamma = 0.709$, $p<0.05$) (H2 accepted) and service recovery performance ($\gamma = 0.879$, $p<0.05$) (H3 accepted). Perceived managerial attitudes has a positive direct effect on service recovery performance ($\beta = 0.603$, $p<0.05$) (H4 accepted). Perception of the working environment was found to display a direct positive effect on service recovery performance ($\beta = 0.481$, $p<0.05$) (H5 accepted). Service recovery performance has no direct positive effect on intent to resign ($\beta = -0.079$, $p>0.05$) (H6 not accepted) and no direct positive effect on extrinsic job satisfaction ($\beta = 0.105$, $p>0.05$) (H7 not accepted). So five of the hypothesis were accepted and two of them were denied.

In this research, it has been tried to determine antecedents of the service recovery performance in bank sectors in Turkey. So that this study may provide useful information about service recovery context. Before this investigation some research has been done on the subject of service recovery from different sectors like banking, health care, restaurants (Boschhoff and Allen, 2000; Babakus et al., 2003; Yavas et al.(2003)). Different from these surveys, this investigation added psychographic statements as an antecedent of service recovery performance. Every person varied from each other with respect to psychographic characteristics like attitude towards complaining, risk taking attitude. Other antecedents found of the service recovery performance are perceived working environment and perceived managerial attitudes. To understand the antecedents of service recovery performance is a essential and fatal point in developing and implementing service recovery procedures.

Some advice can be emerged from this investigation. Perception of working environment is an important antecedent of service recovery performance in the banks sector in Turkey. Determinants of the perception of working environment are teamwork, empowerment, training, role ambiguity and organizational commitment. Firstly, employees of the
banks should be work together as a team to create a synergy. It is well know that outputs of a team always greater than outputs of the people who are the same number of that team. Anyway, synergy means above statement. So if an organization like bank encourage employees to work as a team. If a failure occurs when doing job in the bank and if the workers doing their job as a team, service recovery action will be taken in a good and short process. Because all employee in the bank help each other and all of them know what their duties are, if they are a team. Another determinant of the working environment is employee training. Normally, employee of an organization can not react from a service failure by themselves. And they can not know how should be done as a whole in this situation. Training about interpersonal relationship may be helpful to become employee behaving in a correct action for service failure. Because of this, banks should coordinate training seminars with bank professionals and get professionals from outside of the bank. Another factor determine working environment is empowerment. Empowerment is an important factor for bank employees to recover service failures. When bank direction don’t distribute power for employees to recover failures, these employees will not solve the troubles that encounter. Banks should specify their employees’ responsibilities and authorities understandably and should explain what are anticipated from employees. If every employees in the bank know their jobs, it will be simple to answer customer complaint rapidly and wright manners.

In our research, psychographic attributes (assertiveness, conservatism, self-confidence, risk-taking attitude, sense of justice and attitude towards complaining) were found to influence customer recovery performance. It is well known that psychographic attributes affect human behaviours. So it is normal to thinking these attributes affecting perceived recovery performance. Customers that has assertive, conservative, self-confident and risk-taking characteristics give more importance to service failures and they follow their rights. These customer can be satisfied more difficult than others. Beside this, sense of justice and attitude towards complaining characteristics influence perceived recovery performance.

REFERENCES


APPENDIX A

**Customer service orientation** (Ashill, N.J. et al., 2005)
This bank measures customer satisfaction on a regular basis.
This bank understands its customers’ needs.
This bank sets objectives in terms of customer satisfaction.
This bank is totally committed to serving its customers well.
A reputation for good service is stressed in my bank.
In my bank, prompt service is a priority.

**Rewards** (Boshoff, C. and Allen, J. 2000)
If I improve the level of service I offer customers, I will be rewarded.
The rewards I receive are based on customer evaluations of service.
Employees in this bank are rewarded for serving customers well.
Employees of this bank are rewarded for dealing effectively with customer problems.
I am rewarded for satisfying complaining customers.

**Teamwork** (Boshoff, C. and Allen, J. 2000)
Everyone in my branch contributes to a team effort in serving customers.
I feel that I am part of a team in my branch.
My fellow branch employees and I co-operate more often than we compete.

**Empowerment** (Yavas, U. et al., 2003)
I am encouraged to handle customer problems by myself.
I do not have to get management's approval before I handle customer problems.
I am allowed to do almost anything to solve customer problems.
I have control over how I solve customer problems.

**Training** (Boshoff, C. and Allen, J. 2000)
Employees in this bank receive continued training to provide good service.
Employees in this bank receive extensive customer service training before they come into contact with customers.
Employees of this bank receive training on how to serve customers better.
Employees of this bank are trained to deal with customer complaints.
Employees of this bank receive training on dealing with customer problems.
Employees in this bank receive training on how to deal with complaining customers.

**Role ambiguity** (Ashill, N.J et al, 2005)
I have clear, planned goals and objectives for my job.
I know exactly what is expected of me.
I know what my responsibilities are.
I feel certain about the level of authority I have.

**Organisational commitment** (Boshoff, C. and Allen, J. 2000)
I find that my values and the bank's values are very similar.
I really care about the future of this bank.
I am proud to tell others that I work for this bank.
I am willing to put in a great deal of effort beyond that normally expected in order to help the bank to be successful.
For me, this is the best of all possible organisations for which to work.

**Service recovery performance** (Boshoff, C. and Allen, J. 2000)
Considering all the things I do, I handle dissatisfied customers quite well.
I don't mind dealing with complaining customers.
No customer I deal with leaves with problems unresolved.
Satisfying complaining customers is a great thrill to me.
Complaining customers I have dealt with in the past are among today's most loyal customers.

**Extrinsic job satisfaction** (Yavas, U. et al., 2003)
I am relatively well awarded financially for my work.
I am satisfied with the amount of pay I receive for the job I do.
I am satisfied with my working conditions.
Given the work I do, I feel lam paid fairly.
**Intentions to resign** (Yavas, U. et al., 2003)
I often think about resigning.
It would not take much to make me resign from the bank.
I will probably be looking for another job soon.

**Psychographic statements** (Keng, K.A. and Liu, S., 1997)

**Self-confidence**
I like to receive attention
I like to be different from others
I prefer to be different rather than to do things the way other people do
I like products that are different and unique
I will not buy anything that my friends dislike
I have more self-confidence than most people

**Conservatism**
I always listen to advice given by my elders
Everything is changing too fast today
I like to stick to the usual ways of doing things
It is wrong to have sex before marriage
Conforming to social norms is very important to me

**Assertiveness**
I always stand up for what I believe in
I like to leave everything to fate
Complaining is a consumer's right
I feel unable to determine my future and destiny
I am an assertive person

**Risk-taking attitude**
I like taking chances
I like people who take risks in life without fear of what will happen
If you want big gains, you have to take risk
Investing in the stock market is too risky for me

**Attitude towards complaining**
I always complain when I'm dissatisfied because it is my right
Complaining is done by people with little else to do
Complaining about anything is distasteful to me
I find it embarrassing to complain

**Sense of justice**
Complaining about unsatisfactory products is my duty
It bothers me if I don't complain about an unsatisfactory product
People have a responsibility to inform the seller about a defective product