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**THE INTENTIONAL USE OF  
SERVICE RECOVERY STRATEGIES  
TO INFLUENCE CONSUMER  
EMOTION, COGNITION AND  
BEHAVIOUR**

## CHAPTER 6

# **THE INTENTIONAL USE OF SERVICE RECOVERY STRATEGIES TO INFLUENCE CONSUMER EMOTION, COGNITION AND BEHAVIOR**

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### **ABSTRACT**

*Service recovery strategies have been identified as a critical factor in the success of service organizations. This study develops a conceptual frame work to investigate how specific service recovery strategies influence the emotional, cognitive and negative behavioural responses of consumers, as well as how emotion and cognition influence negative behavior. Understanding the impact of specific service recovery strategies will allow service providers' to more deliberately and intentionally engage in strategies that result in positive organizational outcomes. This study was conducted using a 2 x 2 between-subjects quasi-experimental design. The results suggest that service recovery has a significant impact on emotion, cognition and negative behavior. Similarly, satisfaction, negative emotion and positive emotion all influence negative behavior but distributive justice has no effect.*

## INTRODUCTION

Both service failure and service recovery have gained increasing prevalence in services marketing literature of late (Andreassen, 2000; Forrester & Maine, 2001; Hoffman, Kelley, & Rotalsky, 1995; Johnson & Zinkham, 1991; Kelley, Hoffman, & Davis, 1993). Regardless of the best intentions of service providers and their organizations, service delivery is seldom perfect. Moreover, the inseparable nature of service production and consumption makes flawless service delivery unrealistic (Bitner, Booms, & Tetreault, 1990; Fisk, Brown, (Sc. Bitner, 1993). When service organizations fail to meet the needs or expectations of their customers (Smith, Bolton, & Wagner, 1999), they "breach the central promise concept" of exchange relationships and threaten their customers' trust (Gronroos, 1995; Palmer, Beggs, & Keown-McMullan, 2000).

Service providers often respond to these organizational "moments of truth" (Smith & Bolton, 2002) by engaging in service recovery, which is an attempt to redeem a failed encounter by undertaking some form of "corrective action" (Gronroos, 1988). According to McColl-Kennedy and Sparks (2003), service recovery strategies "have a significant impact on customers' emotional and cognitive responses" to a failed service encounter. In turn, these responses are thought to directly impact behavior (McColl-Kennedy & Sparks, 2003). Previous research suggests that appropriate recovery strategies can re-establish customer satisfaction, redeem customer relationships and reduce customer defection (Smith et al., 1999), whereas inferior recovery strategies can result in a double deviation from customer expectations (Bitner et al., 1990). Thus, the aim of service recovery is to deliberately influence consumers' emotions, cognition and behavior in favour of the organization.

Although there are many studies that have investigated individual emotional, cognitive and behavioural responses to service failure and recovery strategies (e.g., Davidow, 2003; Smith & Bolton, 2002; Wirtz & Manila, 2004), none of these studies link all three responses to specific service recovery strategies. More importantly, while behaviours that are detrimental to the organization (such as exit or negative word-of-mouth) are often investigated, deviant or dysfunctional behavioural responses (such as theft or verbal attack) are not. This bias is surprising given that service recovery focuses primarily on minimising destructive consumer behavior (I-Huefner & Hunt, 2000) and may be the result of an assumption that consumers behave rationally and appropriately within exchange environments (Fullerton & Punj, 1993). In fact, qualitative investigations suggest that this is far from the truth (Harris & Reynolds, 2003; Huefner & Hunt, 2000). Consumer behavior research thus appears over-focused on the functional and places little emphasis on the dysfunctional (Harris & Reynolds, 2004). Consequently, this study investigates how specific service recovery strategies influence the emotional, cognitive and behavioural responses of consumers, because understanding the influence of service recovery will allow service providers to more deliberately and intentionally engage in strategies that result in positive organizational outcomes. Linking all three responses to service recovery strategies is important due to the "interactive relationship among affect, social cognition and interpersonal behavior" during service encounters (Forgas, 2001). This study aims to answer the following research questions:

**RQ1.** What is the influence of specific service recovery strategies on consumers' subsequent (1) emotional responses, (2) cognitive responses and (3) negative behavioural responses?

**RQ2.** What is the influence of emotional and cognitive responses on negative behavioural responses to service recovery?

In this study, a conceptual framework (see Fig. 1) that links service recovery strategies, emotions, cognition and negative behavior is developed and investigated. The results provide insights-about how consumers respond to specific service recovery strategies and thus how service providers could potentially use them to generate more appropriate consumer responses. The following section outlines the conceptual framework for the study and reviews the relevant literature. Next, the method of the study is described and the results are analysed. Finally, the implications of the results and future directions of the study are outlined.

## CONCEPTUAL FRAMEWORK

### *Service Recovery*

Service recovery is an attempt to redeem a failed encounter by undertaking some form of "corrective action" (Gronroos, 1988). Initially, research in the field of service failure and recovery focused on creating classification schemes (Smith et al., 1999). Critical incident techniques (CIT) were used to initially categorize service encounters into favourable and unfavourable incidents Bitner & Mohr, 1994; Bitner et al., 1990). Subsequently, service failures have been classified (1) as either outcome or process

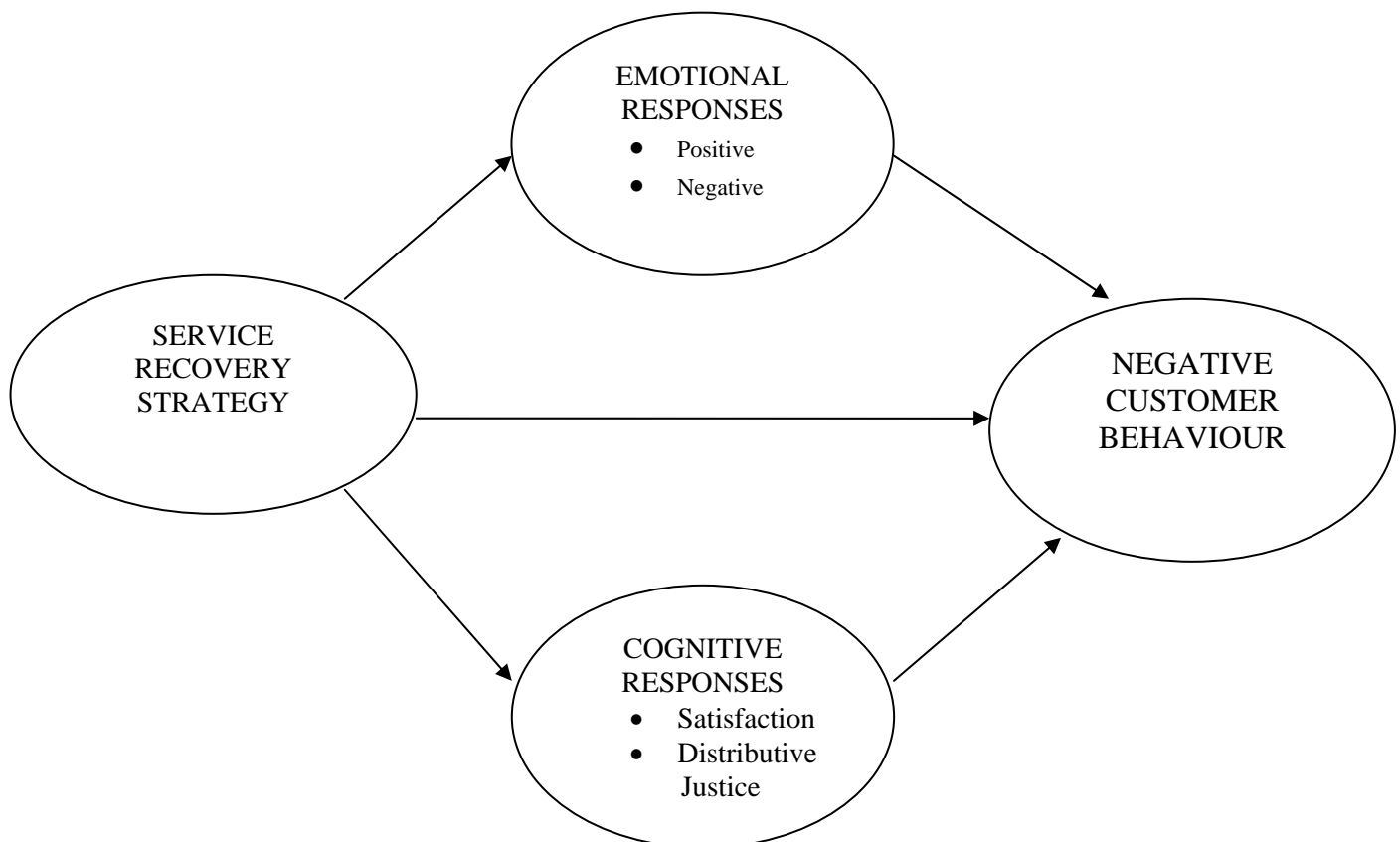


Fig. 1. Emotional, Cognitive and Negative Behavioural Responses to Service Recovery Strategies.

failures,

(2) as core or non-core failures and (3) by the magnitude of the failure (Nguyen & McColl-Kennedy, 2003). These categorizations were deliberately created to complement emerging recovery strategies such as discounts, apology and compensation (Hoffman et al., 1995; Kelley et al., 1993), because research suggested that customers prefer their recovery strategy to "match" the failure that they experience in amounts that are proportionate with the magnitude of the failure (Smith et al., 1999). This finding was supported by Hoffman et al. (1995), who found that some recovery strategies (e.g., compensation) are deemed more favourable than others (e.g., apology or nothing) by consumers. Subsequent research also confirmed that outcome failures are best recovered by compensation and process failures are best recovered by an apology (Smith et al., 1999).

As a result of previous research, the specific service recovery strategies of compensation and apology were investigated in this study. These two recovery strategies were chosen for three reasons. Prior research suggests that (1) organizations will respond to service failure by offering a recovery strategy that involves economic resources (such as compensation), social resources (such as an apology) or both (Smith et al., 1999); (2) some recovery strategies (such as compensation) are more

**Table 1.** Specific Recovery Strategies Investigated in this Research

	<i>Presence of Apology</i>	<i>Absence of Apology</i>
Presence of Compensation	Compensation and apology	Compensation, but no apology
Absence of Compensation	Apology, but no compensation	No compensation or apology (nothing; control condition)

favourable than others (such as apology or nothing) (Hoffman et al., 1995); and (3) outcome failures are best recovered by compensation and process failures are best recovered by apology (Smith et al., 1999). Consequently, the two specific recovery strategies investigated in this research needed to represent both economic/outcome dimensions and social/process dimensions, as well as being able to be meaningfully combined. Compensation and apology fulfil these criteria. The resulting service recovery strategies used in this study are represented in Table 1.

#### *Negative Behavioural Responses*

Since the emergence of the concepts of service failure and recovery, service organizations have been burdened with the philosophy that the customer is always right and that customer satisfaction and loyalty should be obtained at all costs (Woo & Fock, 2004). Some customers, coined "jaycustomers" by Lovelock (1994), take advantage of this service ethos and misbehave in order to gain excessive utility from service providers' mistakes (Harris & Reynolds, 2004). This misbehaviour is known as *dysfunctional customer behavior* and refers to "actions by customers who

intentionally or unintentionally, overtly or covertly, act in a manner that, in some way, disrupts otherwise functional service encounters" (Harris & Reynolds, 2003). This misbehaviour can be directed at (1) an organization's employees, (2) merchandise, (3) financial assets, (4) customers and (5) physical and electronic premises (Fullerton & Punj, 2004). Anecdotal evidence suggests that "consumer vandalism, retaliation, violence, illegitimate complaining and compulsive consumption" are all regularly manifested dysfunctional customer behaviours (Harris & Reynolds, 2004). In essence, this behavior is anti-social and counterproductive (Bennett & Robinson, 2000). In their conceptual paper, Fullerton and Punj (1993) state that dysfunctional customer behavior can result in "serious financial, physical and/or psychological harm to marketing institutions and their employees, and to other consumers" (Fullerton & Punj, 1993). A qualitative study by Harris and Reynolds (2003) supports this claim by finding that dysfunctional customer behavior has consequences for (1) employees, (2) customers and (3) organizations themselves. Customer-contact employees were found to be affected emotionally (in the short-term), psychologically (in the long-term), behaviourally and physically by dysfunctional behavior (Harris & Reynolds, 2003). Other customers can experience spoilt consumption effects and/or a domino effect, which is exhibited either as a collective expression of sympathy for the service provider or as a "contagion" of the behavior (Harris & Reynolds, 2003). Finally, organizations suffer direct and indirect financial costs due to misbehaviour. In combination, the effects of dysfunctional behavior can result in customer dissatisfaction and switching, employee absenteeism and turnover, reduced job satisfaction and financial loss (Fullerton & Punj, 1993). However, the fact that this behavior is less than ideal does not preclude it from being logical (Harris & Reynolds, 2004); dysfunctional customer behavior is "frequently a behavioural manifestation of deeper, cognitive evaluations and judgements" (Harris & Reynolds, 2004). Consequently, this behavior is worth investigating more thoroughly in service settings given its severe consequences for organizations.

Obviously, dysfunctional customer behavior is not the only behavioural response provoked by service failure and recovery. Service recovery has been linked to a number of more functional post-pm-chase behaviours: positive word-of-mouth (Maxham, 2001), negative word-of-mouth (Wirtz & Mattila, 2004), compliment and complaint (Mattila & Wirtz, 2004), repurchase intentions (Palmer et al., 2000), exit (Davidow, 2003) and switching (Bougie, Pieters, & Zeelenberg, 2003). All of these behaviours are considered acceptable conduct within an exchange environment because they allow service providers and customers to work towards a mutually acceptable goal. This suggests that while dysfunctional behaviours are inherently negative, functional behavior can be both positive (e.g., positive word-of-mouth, compliment, repurchase) and negative (e.g., negative word-of-mouth, complaint, exit) from an organization's perspective. Since service recovery is ultimately conducted to minimise the negative effects of a service failure, this study focuses on how service recovery strategies influence two types of negative consumer behavior: functional negative behavior (e.g., complaint, negative word-of-mouth, exit) and dysfunctional negative behavior (e.g., retaliation).

To date there is limited research (e.g., Fullerton & Punj, 1993; Huefner et al., 2002) that investigates both functional and dysfunctional negative behavior. Likewise, there is no definitive list of negative behaviours in a service failure context. Huefner et al.'s (2002) set of parallel behavioural responses to satisfaction and dissatisfaction (ranked in order of severity) is a useful taxonomy to assist in developing a list of functional and dysfunctional negative behaviours (Huefner et al., 2002). Essentially, Huefner et

al. (2002) divided potential behavioural responses to satisfaction and dissatisfaction into two categories: positive functional behavior such as complimenting, repurchase, loyalty and substantial helping; and negative behavior such as complaining, negative word-of-mouth, exit and retaliation. As the focus of this research is negative behavior, Huefner et al.'s (2002) behavioural responses to dissatisfaction will be used as a typology of negative behavioural responses. Three categories of negative behavioural response are identified in Huefner et al.'s (2002) research: voice (complaining and word-of-mouth), exit (including switching) and retaliation. Retaliation is defined as "aggressive behavior done with the intention to get even" (Hue-filer & Hunt, 2000). Huefner and Hunt (2000) identified six categories of retaliation, which include behaviours such as making false appointments, engaging in theft for revenge and disseminating exaggerated negative information with the intent of hurting the business. These six categories of retaliation closely align with the categorization of aberrant customer behavior developed by Fullerton and Punj (2004). A comparison is presented in Table 2.

The complementary nature of Fullerton and Punj's (2004) aberrant customer behavior categorization and Huefner and Hunt's (2000) retaliation categorization provide theoretical support for using Huefner et al.'s (2002) taxonomy of behavioral responses in a service failure and recovery context. Given that some recovery strategies (e.g., compensation) are deemed more favourable than others (e.g., apology or nothing) (Hoffman et al., 1995), customers who receive high-level or more favourable service recovery strategies (e.g., compensation and an apology) are expected to be less likely to engage in either functional negative behavior (such as complaining or taking their business elsewhere) or dysfunctional behavior (such as verbal abuse or vandalism). Conversely, customers who receive low-level or less favourable service recovery strategies (e.g., apology or nothing at all) are expected to be more likely to engage in both functional and dysfunctional negative behaviours. Thus, the relationship between the level of service recovery offered and consumer behavior is hypothesized as follows:

**Hypothesis 1.** As the service recovery strategy improves (from nothing to apology to compensation to compensation *and* apology) consumers are

- (a) less likely to engage in functional negative behavior (e.g., complaint, exit) and
- (h) less likely to engage in dysfunctional behavior (e.g., verbal abuse, illegitimate complaining).

<b>Table 2</b> Comparison of Consumer Misbehaviour Categories	
Categories by Fullerton and Punj (2004)	Categories by Huefner and Hunt (2000)
Behaviour directed at employees	Personal attack (physical or verbal abuse)
Behaviour directed at merchandise	Trashing
Behaviour directed at financial assets	Create cost/loss Stealing
Behaviour directed at customers	(Illegitimate) negative word-of-mouth
Behaviour directed to physical and electronic premises	Vandalism

### *Emotional Responses*

Contemporary research has shifted towards investigating emotions in service settings due to their influence on service evaluations, particularly for high-involvement services (Johnson & Zinkham, 1991; Manila & Enz, 2002). Bagozzi, Gopinath, and Nyer (1999) define an emotion as "a mental state of readiness that arises from cognitive appraisals of events or thoughts... and may result in specific actions to affirm or cope with the emotion". Emotions are thought to arise in social exchange settings in response to an appraisal of something significant to one's welfare (Bagozzi et al., 1999; Manila & Enz, 2002). As the failure and recovery of a service provision is indeed significant to consumer welfare, appraisals of service recovery efforts are likely to evoke emotions that may drive negative consumer behavior (be it functional or dysfunctional).

A number of prior studies have linked emotions and key service recovery outcomes. For example, Andreassen (2000) linked negative emotions to reduced customer satisfaction, Oliver (1993) linked positive emotions to increased satisfaction, and Smith and Bolton (2002) linked neutral and negative emotions to various levels of satisfaction. Similarly, extant research into emotions has found that evaluations of service encounter satisfaction correlate highly with displayed emotions (Manila & Enz, 2002) and that perceptions of perceived justice were predictive of negative or positive emotion (Schoefer & Ennew, 2005).

As this research investigates responses to service recovery (rather than service failure), it is likely that a large range of both positive and negative emotions will be expressed. Moreover, the presence of positive emotional responses may mean that the service recovery strategy has negated the negative or neutral emotions engendered by the service failure. Thus, this research also broadens emotions research by investigating both the positive and negative emotions that arise from specific service recovery strategies. The relationship between the level of service recovery offered and emotion is hypothesized as follows:

**Hypothesis 2.** As the service recovery strategy improves (from nothing to apology to compensation to compensation *and* apology) consumers are

- (a) more likely to experience positive emotions and
- (b) less likely to experience negative emotions.

Both discrete and superordinate emotions, which represent the valence of the emotional state, have been linked to service failure and recovery efforts (e.g., Bougie et al., 2003; Nguyen & McColl-Kennedy, 2003; Smith & Bolton, 2002). However, investigations of discrete emotions generally focus on affective extremes such as anger (Bougie et al., 2003), delight (Rust & Oliver, 2000), betrayal (Price, Arnould, & Bardhi, 2004) and desire for vengeance (Bechwati & Morrin, 2003). Furthermore, these emotions are associated with behavioral outcomes such as voice, exit and negative word-of-mouth. For example, Bechwati and Morrin (2003) found that when the desire for vengeance is strong enough, customers will switch to suboptimal products or services to get even with the firm. Their research suggests that this suboptimal switching behavior "may provide psychological utility to those consumers that ... offsets the loss of objective product utility" (Bechwati & Morrin, 2003). Based on this knowledge, the hypothesized relationship between emotion and negative consumer behavior is as follows:

**Hypothesis 3.** Consumers who experience higher levels of positive emotion are

(a) less likely to engage in functional negative behavior (e.g., complaint, exit) and

(b) less likely to engage in dysfunctional behavior (e.g., verbal abuse, illegitimate complaining).

**Hypothesis 4.** Consumers who experience higher levels of negative emotion are

(a) more likely to engage in functional negative behavior (e.g., complaint, exit) and

(b) more likely to engage in dysfunctional behavior (e.g., verbal abuse, illegitimate complaining).

### *Cognitive Responses*

Both theory and research suggest that consumers engage in "extensive cognitive appraisal" following service failure and recovery (Forrester & Maute, 2001). There are two key cognitive constructs that inform current service failure and recovery literature: satisfaction and perceived justice (Andreassen, 2000; Dube & Menon, 2000; McCollough, Berry, & Yadav, 2000; Spreng, Harrell, & Mackoy, 1995). Satisfaction is often investigated as a key outcome of service failure and recovery strategies. Oliver (1997) defines satisfaction as "the customer's fulfilment response; a judgement that a product or service feature, or the product or service itself, provided a pleasurable level of consumption-related fulfilment, including levels of under-fulfilment or over-fulfilment". Satisfaction judgements are made by assessing the expectations, performance and disconfirmation of expectations of both the process and outcome dimensions of a service delivery, as consumer expectations prior to the purchase of a product or service can act as a standard for a satisfaction judgement (Hill, 2003; Oliver, 1980; Szymanski & Henard, 2001). Although satisfaction has an affective component, evaluations are cognitive processes and satisfaction is consequently considered to be a cognitive response (Weiss, 2002).

Satisfaction has been found to vary significantly in response to the implementation of specific service recovery strategies (Maxham, 2001; Sparks & McColl-Kennedy, 2001). For example, moderate to high service recovery efforts such as compensation significantly increase satisfaction (Maxham, 2001). Extant research measures satisfaction as a key endogenous variable; however, this forces researchers to make assumptions about the effect of satisfaction on salient marketing outcomes such as consumer behavior. Consequently, this research investigates satisfaction as a cognitive response to service recovery and then assesses its impact on consumers' behavioural responses.

Perceived justice is often researched alongside satisfaction in relation to service failure and recovery. According to McColl-Kennedy and Sparks (2003), justice theory is predicated on the "idea that customers' levels of satisfaction and their future loyalty depend on whether the customer feels that they were treated fairly, that is, whether justice was done". Perceived justice is often linked to service failure and recovery because its dimensions incorporate aspects of fairness and equity theory, implying

that exchange interactions between service providers and consumers should be equitable (Andreassen, 2000).

There are three dimensions of perceived justice: (1) distributive justice, which focuses on the actual service recovery outcome; (2) interactional justice, which focuses on the service provider-consumer exchange; and (3) procedural justice, which focuses on the process of service recovery (Sparks & McColl-Kennedy, 2001). Although recent research has focused on linking all three justice dimensions to satisfaction and behavioural intentions (Smith & Bolton, 1998; Tax, Brown, & Chandrashekar, 1998), this study focuses solely on distributive justice for two reasons. Firstly, distributive justice is concerned with resource allocation and the perceived outcome of an exchange (Smith et al., 1999). Service recovery strategies directly represent these exchange outcomes and research has shown that distributive justice is strongly and positively affected by compensation (Smith et al., 1999). Secondly, distributive justice has been identified as a "necessary but not sufficient condition" for engendering interactional and procedural justice (McCollough et al., 2000). Consequently, only the initial evaluations of distributive justice will be investigated in this study.

Customers who receive an optimal service recovery strategy (e.g., Compensation and an apology, or compensation) are expected to report higher levels of both satisfaction and distributive justice than customers who receive a suboptimal service recovery strategy (e.g., nothing or apology). Thus, the hypothesized relationship between service recovery strategies, satisfaction and distributive justice is as follows:

**Hypothesis 5.** As the service recovery strategy improves (from nothing to apology to compensation to compensation and apology) consumers are more likely to report higher levels of

- (a) satisfaction and
- (b) distributive justice.

As stated earlier, cognitive evaluations and judgments frequently drive behavior (Harris & Reynolds, 2004). For example, the three dimensions of perceived justice have been empirically linked to varying levels of word-of-mouth, satisfaction and repurchase intention (Davidow, 2003; McCollough et al., 2000; Palmer et al., 2000). Based on this knowledge, the hypothesized relationship between cognition and negative consumer behavior is as follows:

**Hypothesis 6.** Consumers who experience higher levels of satisfaction are;

- (a) less likely to engage in functional negative behavior (e.g., complaint, exit) and
- (b) less likely to engage in dysfunctional behavior (e.g., verbal abuse, illegitimate complaining).

**Hypothesis 7.** Consumers who experience higher levels of distributive justice are

- (a) less likely to engage in functional negative behavior (e.g., complaint, exit) and

(b) less likely to engage in dysfunctional behavior (e.g., verbal abuse, illegitimate complaining).

## METHOD

### *Experimental Design*

In order to assess how specific service recovery strategies affect the emotional, cognitive and negative behavioural responses of consumers, a 2 x 2 between-subjects quasi-experimental design was administered via a written survey. More specifically, the study used written role-playing scenarios to manipulate two possible levels (presence and absence) of two service recovery strategies (apology and compensation), resulting in four possible scenarios: (1) the presence of both compensation and apology, (2) the presence of compensation but absence of apology, (3) the presence of apology but absence of compensation and (4) the absence of both compensation and apology (a control scenario). These specific strategies were chosen to maximise the variation in service recovery.

### *Scenario Development*

The form and content of the scenarios were carefully developed to manipulate or control for a number of exchange setting characteristics. Initially, care was taken to choose a service encounter that was realistic as well as relevant and familiar to the sample (Schoefer & Ennew, 2005). Previous research suggests that there is an increase of consumer aggression in the airline industry (Harris & Reynolds, 2004), particularly in relation to incidences such as baggage loss and flight delays (Scherer & Caechi, 2000). Consequently, a hypothetical baggage loss scenario describing the loss of a customer's luggage following an interstate flight was developed. The scenario was as follows:

Sam has decided to visit family in Darwin for a five-day holiday and has booked a flight with Flight Australia. This is a new airline that Sam has never flown with before but whose ticket price and service standard is similar to other carriers. Since Sam is flying alone and has never experienced any travel problems previously, Sam decides against purchasing travel insurance. The check-in and flight proceeds as normal but when reaching the baggage claim area, Sam's suitcase is missing. Sam then heads over to the Lost Baggage desk (where there are no other customers) and tells the Flight Australia employee about the missing suitcase.

The scenario was written to control a large number of factors: prior relationships with the airline, competitive parity, the influence of peers, prior experience of baggage loss, gender and alternative sources of service recovery. The scenario was worded in third-person to control for the social desirability bias inherent in admitting to negative behavior. Gender was controlled in the third-person scenarios by using the gender-neutral name "Sam", which could refer to the masculine name Samuel or the

feminine name Samantha. Pre-tests showed that 95% of respondent had not heard of the fictitious airline "Flight Australia" before reading the passage. The scenario was also subjected to realism and credibility tests (Sparks & McColl-Kennedy, 2001), which resulted in the addition of the footnote to increase the credibility of the optimal service recovery.

Having outlined the service failure and controlled for extraneous factors, the scenario was then manipulated to produce the four possible recovery strategies. These manipulations are outlined in Table 3.

### *Sample*

The sample for this study consisted of 80 Generation Y (born between 1977 and 1993) consumers from a large Australian university, ensuring that each scenario manipulation had 20 respondents. Although this is a relatively small sample, its size was derived from the recommendation of Hair, Anderson, Tatham, and Black (1998), who suggest that the minimum cell size for MANOVA analysis is 20 observations, provided that those observations are greater than the number of dependent variables. The cell size for each manipulation ranged from 19 to 22 respondents, resulting in appropriate statistical power and statistical conclusion validity to conduct the study. The sample contained more females than males (57% female and 43% male) and the mean age of the respondents was 20 years old.

A Generation Y sample frame was chosen for three reasons. Firstly, prior research suggests that "younger, more educated and higher income consumers" are more likely to tolerate ethical transgressions (Fullerton, Kerch, & Dodge, 1996). Secondly, previous studies have identified Generation Y as a consumer group that engages in and admits to aberrant customer behavior (Freestone & Mitchell, 2004).

**Table 3** Manipulations of Service Recovery Strategies

	Presence of Apology	Absence of Apology
Presence of Compensation	Scenario 1	Scenario 2
	After checking all the expected places, the employee apologizes and informs Sam that financial compensation will be provided for the lost suitcase and items, as well as any emergency clothing Sam might need. Sam is then given a claim form to fill in	After checking all the expected places, the employee informs Sam that financial compensation will be provided for the lost suitcase and items, as well as any emergency clothing and toiletries that Sam might need
Absence of Compensation	Scenario 3	Scenario 4
	After checking all the expected places, the employee apologizes and informs Sam that the airline would be in contact if the suitcase is found, although lost baggage recovery can	After checking all the expected places, the employee apologizes and informs Sam that Flight Australia is not responsible for lost baggage and that it is the passenger's

take up to two weeks

responsibility to take out appropriate insurance. There is nothing that the employee can do

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Finally, scenario pilot-testing showed that Generation Y respondents were likely to be both knowledgeable and experienced with the service setting. In this sample, all but three respondents (98%) had previously flown on an airplane and nearly a fifth of respondents (17.5%) had some experience of airlines losing their baggage. Each respondent was randomly assigned one of the four experimental conditions. Participants were assured of their anonymity, informed that the study was voluntary and advised that they could withdraw at any time.

### *Procedure*

Before beginning the survey, participants were asked to read the participant information sheet and then sign a statement of consent if they were willing to participate in the research. In Part 1, participants were asked to indicate their current mood by circling the Kunin face that best described how they were feeling (Kunin, 1955, 1998). This check allowed mood to be controlled when the results were analysed, which is particularly important when researching emotions to remove any confounding effects (Hill & Ward, 1989).

In Part 2, respondents were asked to read a scenario describing a baggage loss and the recovery strategy offered by the airline, then consider the likelihood of a third party (referred to as "Sam", a gender-neutral name) engaging in a number of functional or dysfunctional negative behavioural responses. The scenario manipulations are outlined in Table 3. Behavior was measured before cognitive or emotional responses to prevent common method bias. Part 3 asked respondents to answer a number of questions measuring (1) their perceptions of the distributive justice Sam received, (2) their estimation of Sam's satisfaction with the recovery strategy and (3) Sam's emotions towards the service recovery strategy. This section was carefully worded to avoid the influence of affective forecasting.

Prior research by Fullerton and Punj (1993) states that a number of individual characteristics (such as demographic characteristics, personality traits, attitude towards big business and antecedent state) might impact on a respondent's willingness to engage in aberrant behavior. As this study investigated the effects of the exchange setting rather than the effects of individual consumer differences, Parts 4 and 5 of the survey recorded personal information (including age, gender, experience with the service provision, experience with the service failure, mood, attitude towards big business, personality traits and consumption values) to statistically control for their effects.

### *Measures*

The measurement scales used in the study were adapted from previous studies in marketing and psychology (Helffer & Hunt, 2000; Kunin, 1955; Smith & Bolton, 1998). With the exception of mood, each construct was measured using a 5-, 7- or 9-point Likert scale anchored at the endpoints (strongly agree and strongly disagree). The reliability of the scale was validated using Cronbach's  $\alpha$  and the corrected item-to-total correlations. All Cronbach's  $\alpha$  values and corrected item-in-total correlations

exceeded the respective cut-offs of 0.7 and 0.3 recommended by Nunnally (1978). Only one variable showed a significant percentage of missing data: consumption value (21%). This is likely due to the respondents' failure to properly read the survey instructions. As this variable was only a control variable, it was retained but interpreted with caution. The items, sources and reliabilities of each scale are presented in appendix.

### *Method of Analysis*

In order to assess how specific service recovery strategies affect the emotional, cognitive and negative behavioural responses of customers, three separate statistical techniques were used: analysis of covariance (ANCOVA), multiple analyses of covariance (MANCOVA) and multiple regression analysis. Both ANCOVA and MANCOVA explore whether there is a statistically significant difference among the means of several groups, while controlling for the possible effects of confounding variables (Pallant, 2005). Specifically, the four experimental manipulations were analysed as the fixed factors and the emotional, cognitive and negative behavioural responses were analysed as dependent variables using ANCOVA and MANCOVA.

Multiple regression analysis was used to identify the effect that cognitive and emotional responses had on negative behavioural responses. Prior to analysing the results, a number of statistical tests were conducted to ensure that the data conforms to the assumptions of ANCOVA, MANCOVA and regression analysis. Those tests indicated that the assumptions of both techniques have been satisfied, thus increasing the confidence in the results.

## **RESULTS**

There were seven hypotheses investigated in this study. Within the conceptual framework, service recovery is linked to behavior (Hypothesis 1), emotion (Hypothesis 2) and cognition (Hypothesis 5). Both emotion (Hypotheses 3 and 4) and cognition (Hypotheses 6 and 7) are also linked to behavior. Of the seven hypotheses, six were supported. This outcome is summarised in Table 4 and the results are given below.

### *Negative Behavioural Responses*

Hypothesis 1 proposed that as *the service recovery strategy improves (from nothing to apology to compensation to compensation and apology) consumers are (a) less likely to engage in functional negative behavior (e.g., complaint, exit) and (b) less likely to engage in dysfunctional behavior (e.g., verbal abuse, illegitimate complaining)*. Two univariate tests were conducted to assess the effect of service recovery strategy on functional and dysfunctional negative behavior. The first univariate analysis revealed that there was a statistically significant difference in average functional negative behavior based on the effects of specific service recovery strategies ( $F= 7.469, p .000$ ). As the level of service recovery strategy improved (from nothing to apology to compensation to compensation and apology), mean scores of functional negative behavior decreased. This suggests that optimal recovery strategies reduce the occurrence of complaint and exit.



<b>Table 5</b> Impact of Service Recovery on Negative Behavioural Responses.				
Scenario	<u>Functional Negative Behaviour</u>		<u>Dysfunctional Negative Behaviour</u>	
	Mean deviation	Standard	Mean deviation	Standard
Nothing	3.7436*	0.40160	2.0759*	0.65028
Apology	3.4667*	0.56375	1.9077*	0.76604
Compensation	3.0694*	0.74577	1.9077*	0.62737
Compensation + Apology	2.7974*	0.64338	1.7149*	0.66826

\* Significant at  $p < .05$ .

#### *Emotional Responses*

Hypothesis 2 proposed that *as the service recovery strategy improves (from nothing to apology to compensation to compensation and apology) consumers are (a) more likely to experience positive emotions and (b) less likely to experience negative emotions*. Again, two univariate tests were conducted to assess the aggregate effect of service recovery strategy on positive and negative emotions. The first univariate analysis revealed that there was a statistically significant difference in the mean scores of average positive emotion based on the effects of specific service recovery strategies ( $F = 3.248$ ,  $p < .05$ ). Similarly, there was a statistically significant difference in mean scores of average negative emotion based on the effects of specific service recovery strategies ( $F = 4.442$ ,  $p < .05$ ). The changes in mean score of aggregate positive and negative emotion can be seen in Table 6.

#### Influence of Service recovery Strategies on Consumer Responses

<b>Table 6</b> Impact of Service Recovery on Aggregate Emotional Responses.				
Scenario	<u>Aggregate Positive Emotion</u>		<u>Aggregate Negative Deviation</u>	
	Mean	Standard Deviation	Mean	Standard Deviation
Nothing	1.9391*	0.49352	4.3777*	0.97720
Apology	2.4211*	1.24581	4.1074*	1.08328
Compensation	2.3421*	0.76343	3.7222*	1.25314
Compensation + Apology	3.3004*	1.49366	3.3105*	1.04417

- Significant at  $p < .05$ .

Consequently, as the service recovery strategy improves (from nothing to apology to compensation to compensation and apology), aggregate positive emotions increase and aggregate negative emotions decrease, providing support for Hypothesis 2.

More specifically, MANCOVA was used to investigate which discrete positive and negative emotions were affected by specific service recovery strategies. Firstly, the multivariate analysis revealed that there was a statistically significant difference ( $F = 1.563, p < .01$ ) in the mean scores of seven positive emotions due to specific service recovery efforts: fulfilment ( $F = 3.573, p < .05$ ), happiness ( $F = 3.412, p < .05$ ), optimism ( $F = 3.984, p < .05$ ), feeling pleased ( $F = 4.077, p < .05$ ), relief ( $F = 5.019, p < .05$ ), surprise ( $F = 2.883, p < .05$ ) and feeling thrilled ( $F = 3.937, p < .05$ ). The changes in mean scores can be seen in Table 7. Conversely, there is no statistically significant difference in mean scores of discrete negative emotions as a result of specific service recovery strategies. This may be because differing levels of service recovery engender a mix of discrete negative emotions with no specific emotion dominating the general affective state.

In general, as the level of service recovery strategy improved (from nothing to apology to compensation to compensation and apology), mean scores of the discrete positive emotions increased. The only emotion that failed to follow this general trend is surprise, where apology has the highest mean score (4.21), followed by compensation and apology (4.20), then nothing (3.64) and compensation (2.80). This is possibly because surprise can be a positive or negative emotion. This is consistent with Shaver, Schwartz, Kirson, and O'Connor (1987) who list surprise as one of the six basic emotions situated between two positive basic emotions and three negative basic emotions.-

Following from Hypothesis 2, Hypothesis 3 proposed that *consumers who experience higher levels of positive emotion are (a) less likely to engage in functional negative behaviour (e.g., complaint, exit) and (b) less likely to engage in dysfunctional behaviour (e.g., verbal abuse, illegitimate complaining), whereas Hypothesis 4 proposed that consumers who experience higher levels of negative emotion are (a) more likely to engage in functional negative behaviour (e.g., complaint, exit) and (b) more likely to engage in dysfunctional behaviour (e.g., verbal abuse, illegitimate complaining)*. Two multiple regression analyses were conducted to ascertain what effect aggregate positive and negative emotions have on negative behaviours.

The first regression analysis revealed that positive and negative emotions explain approximately 35% of the variance in functional negative behaviour ( $F = 22.411, p = .000$ ). Both positive and negative emotions are significant predictors of functional negative behaviour ( $\beta = -.423, p < .05$  and  $\beta = .425, p < .05$ , respectively) and are almost perfectly inversely related. This suggests that consumers are less likely to engage in functional negative behaviour when they are feeling positive but more likely to engage in functional negative behaviour when they are feeling negative. The second regression analysis revealed that positive and negative emotions explain about 24% of the variance in dysfunctional behaviour ( $F = 13.745, p = .000$ ). Of the two predictors, only negative emotions appear to be significantly and positively correlated with dysfunctional behaviour ( $\beta = .510, p = .000$ ). This suggests that consumers are more likely to engage in dysfunctional behaviour when they are feeling negative. Overall, these findings support Hypotheses 3 and 4.

**Table 7** Impact of Service Recovery on Discrete Positive Emotions

Scenario	Mean	Standard Deviation
<b>Fulfilled</b>		
Nothing	1.00*	0.000
Apology	1.50*	0.0855
Compensation	2.27*	1.223
Compensation + apology	2.60*	1.957
<b>Happy</b>		
Nothing	1.18*	0.405
Apology	1.70*	1.069
Compensation	2.20*	1.207
Compensation + apology	3.13*	2.264
<b>Optimistic</b>		
Nothing	2.36*	1.362
Apology	2.36*	1.393
Compensation	2.07*	1.223
Compensation + apology	3.73*	1.624
<b>Pleased</b>		
Nothing	1.27*	0.647
Apology	1.57*	1.342
Compensation	1.93*	1.100
Compensation + apology	3.13*	2.031
<b>Relieved</b>		
Nothing	1.09*	0.302
Apology	2.07*	1.492
Compensation	2.80*	1.699
Compensation + apology	3.93*	2.120
<b>Surprised</b>		
Nothing	3.64*	1.804
Apology	4.21*	1.718
Compensation	2.80*	1.699
Compensation + apology	4.20*	2.111
<b>Thrilled</b>		
Nothing	1.18*	0.603
Apology	1.50*	0.650
Compensation	2.00*	1.464

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\*significant at  $p < .0$

## Cognitive Responses

Hypothesis 5 proposed that as the *service recovery strategy improves (from nothing to apology to compensation to compensation and apology) consumers are more likely to report higher levels of (a) satisfaction and (b) distributive justice*. Univariate tests revealed that there was a statistically significant difference in satisfaction scores based on the effects of specific service recovery strategies ( $F = 17.764, p = .000$ ). Likewise, there was a statistically significant difference in distributive justice scores based on the effects of specific service recovery strategies ( $F = 16.160, p = .000$ ). Consequently, as the level of service recovery strategy improved (from nothing to apology to compensation to compensation and apology), mean scores of both satisfaction and distributive justice increased. This provides support for Hypothesis 5. The changes in mean scores of satisfaction and distributive justice can be seen in Table 8.

Scenario	<u>Satisfaction</u>		<u>Distributive Justice</u>	
	Mean	Standard Deviation	Mean	Standard Deviation
Nothing	1.6923*	0.94733	2.0577*	0.53184
Apology	2.800*	1.26491	3.0000*	0.73800
Compensation	3.7500*	1.29099	3.5625*	0.85878
Compensation + Apology	4.7059*	0.98518	3.8382*	0.71229

\* Significant at  $p < .05$ .

Following on from Hypothesis 5, Hypothesis 6 proposed that *consumers who experience higher levels of satisfaction are (a) less likely to engage in functional negative behaviour (e.g., complaint, exit) and (b) less likely to engage in dysfunctional behaviour (e.g., verbal abuse, illegitimate complaining)*, whereas Hypothesis 7 proposed that *consumers who experience higher levels of distributive justice are (a) less likely to engage in functional negative behaviour (e.g., complaint, exit) and (b) less likely to engage in dysfunctional behaviour (e.g., verbal abuse, illegitimate complaining)*. Again, two multiple regression analyses were conducted to ascertain what effect satisfaction and distributive justice have on negative behaviours.

The first regression analysis revealed that satisfaction and distributive justice explain approximately 23% of the variance in functional negative behaviour ( $F = 12.702, p = .000$ ). Of the two predictors, only satisfaction appears to be significantly and negatively correlated with functional negative behaviour ( $\beta = -.395, p < .05$ ). The second regression analysis revealed that satisfaction and distributive justice explain only 7% of the variance in dysfunctional behaviour ( $\beta = 3.820, p < .05$ ). Once again, only satisfaction appears to be significantly and negatively correlated with dysfunctional behaviour ( $\beta = -.322, p < .05$ ). The inverse relationship between satisfaction and behaviour supports Hypothesis 6 but the non-significant nature of distributive justice in predicting behaviour provides no support for Hypothesis 7.

### DISCUSSION AND IMPLICATIONS

The primary aim of this study was to more fully explain the relationship between service recovery strategies and emotion, cognition and negative behaviour. Although previous research has established associations between a number of the constructs under investigation, very little research has focused on all three responses to specific service recovery strategies. More importantly, research often considers functional behaviour that is detrimental to organizations but fails to investigate behaviour that is extreme and dysfunctional. Consequently, this study investigated how specific service recovery strategies affected consumers' emotional, cognitive and negative behavioural responses (RQ1), as well as investigating the relationships between those responses (RQ2).

The results of this study have a number of important implications for both marketing theory and practice. The first contribution of this study is that it adds its support to a growing body of literature that champions the need for adequate and appropriate service recovery strategies in organizations (Davidow, 2003; McColl-Kennedy & Sparks, 2003). The results for Hypothesis 1 show that specific service recovery strategies do influence negative consumer behaviour. The intentional use of an optimal service recovery strategy, such as compensation and apology, should then reduce the occurrence of complaint, exit and retaliation. This deceptively simple finding takes on a weighty significance when one considers that retaliatory behaviour such as physical attack, verbal abuse, theft and vandalism are more than merely undesirable: they are illegal. This finding suggests that service recovery fulfils its purpose as it reduces the occurrence of a variety of negative behavioural reactions to service failure. Further, service providers can deliberately influence consumers' negative behaviour by instigating appropriate service recovery strategies following a service failure.

Practically, if the deliberate use of specific service recovery strategies can reduce the occurrence of negative behaviour, then it is likely to have a positive flow-on effect to organizations, their customers and their employees. As stated earlier, negative behaviour can result in "serious financial, physical and/or psychological harm to marketing institutions and their employees, and to other consumers" (Fullerton & Punj, 1993). Reducing this behaviour then has implications for organizations' employees, merchandise, financial assets, customers and premises (Fullerton & Punj, 2004). For example, organizations whose employees experience less work stress may have lower levels of absenteeism and employee turnover. They may retain more of their functional customers as the effects of spoilt consumption are reduced and may have less stock shrinkage due to reduced theft or trashing.

Secondly, service recovery strategies were found to influence both emotion and cognition. It is unsurprising that an excellent service recovery strategy will leave customers feeling more positive and less negative. Specifically, consumers who receive high-level service recovery strategies are like to feel more fulfilled, happy, optimistic, pleased, relieved and thrilled than their fellow consumers who received nothing. However, the mean scores of positive emotions are relatively low (i.e., high-level service recovery mean = 3.3004) while the mean scores of negative emotions are higher (i.e., no service recovery mean = 3.3105), which may indicate some emotional contamination of the service recovery emotions due to the original service failure. This adds to current recovery paradox research that suggests that the ultimate service delivery is reliable and error-free with no need for recovery.

Likewise, it is unsurprising that an excellent service recovery strategy will leave customers feeling more satisfied and with a greater sense of justice regarding the outcome of their service encounter. This confirms a large body of research that supports the association between service recovery, satisfaction and distributive justice

(Maxham, 2001; McColl-Kennedy & Sparks, 2003; Tax et al., 1998). However, what is interesting about this result is the marked improvement in cognitive responses that an incremental increase in service recovery will create (see Table 8). For example, offering a customer an apology rather than nothing will increase the mean scores of both the satisfaction and distributive justice an entire scale point (see Table 8). Furthermore, the results suggest that as satisfaction increases, incidences of both functional and dysfunctional negative behaviour will decrease, although the reductions in dysfunctional behaviour may be minor. In practical terms, this means that even a small recovery effort could prevent negative behaviour. Interestingly, distributive justice does not significantly influence negative behaviour. This may be because respondents assess distributive justice prior to making a satisfaction judgement, subsuming its importance in the relationship.

Overall, emotions explain over a third (35%) of variance in functional negative behaviour but only a quarter (24%) of dysfunctional behaviour. Satisfaction and distributive justice explain just under a quarter (23%) of variance in functional negative behaviour but only a fraction (7%) of variance in dysfunctional behaviour. Obviously, dysfunctional behaviour is hard to predict. The lack of impact of service recovery satisfaction and distributive justice evaluations may provide some support for the suggestion that dysfunctional customer behaviour is pre-planned and deliberate rather than a response to dissatisfaction (Fullerton & Punj, 1993; Harris & Reynolds, 2004).

## **LIMITATIONS AND FUTURE DIRECTIONS**

There are a number of limitations that constrain this study. Firstly, the absence of explanatory research regarding dysfunctional behaviour has resulted in a number of methodological concerns. This is typified by the use of a measurement scale for functional and dysfunctional behaviour that was not developed within the dysfunctional behaviour domain. Consequently, the functional behaviours in the measurement scale were inherently negative, reducing the variation in responses. Similarly, social desirability bias may have influenced the study responses as negative behaviour is not socially acceptable, especially when it is dysfunctional or illegal. Although this was mitigated somewhat by using a third-person scenario in an anonymous survey for a sample known for deviant behaviour (i.e., Generation Y), it is possible that social desirability affected the results. Consequently, future research methods need to specifically address social desirability bias.

Secondly, this study acts as a preliminary pilot study to link emotion, cognition and negative behaviour to service recovery strategies. The results need to be replicated and validated both with a larger Generation Y sample and a more representative sample to enable comparisons with other generational cohorts. It is possible that a more representative sample will also result in different behavioural patterns to those discovered in this study.

Finally, the simplicity of the theorised framework of responses to recovery efforts and subsequent customer behaviour means that there is a possibility that extraneous variables will affect the relationships under examination. This study focuses on exchange setting characteristics while controlling for individual characteristics; however, theory suggests that dysfunctional customer behaviour may be a product of interactions between the consumer and the exchange setting (Fullerton & Punj, 1993). Consequently, a more in-depth study might consider the effects of the type of service, physical environment, types and levels of deterrence and the attitude or conduct of

marketing employees as they interact with personality, attitudes and values (Fullerton & Punj, 1993).

## CONCLUSION

This study was motivated by a lack of research that investigated the emotional, cognitive and negative behavioural responses of consumers to service recovery strategies. This holistic approach to understanding the effects of service recovery strategies has significantly contributed to the services marketing field by finding that even incremental improvements in service recovery can markedly improve consumer responses to service failure. Further, this study addresses the often-ignored area of dysfunctional consumer behaviour. Although this preliminary study resulted in some interesting conclusions, it highlights the need for further study into how service organizations are affected by negative consumer behaviour, particularly dysfunctional behaviour, as well as what service recovery strategies could be implemented to intentionally mitigate such behaviour.

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## **APPENDIX**

### **Measurement Scales for Cognitive Responses.**

Construct	Satisfaction		
Source	Adapted from Bitner and Hubbert (1994) and Oliver and Swan (1989) by Smith et al. (1999)		
Scale	7-point Likert scale anchored at endpoint (1= very dissatisfied, 7 = very satisfied)		
Item	Think about how the airline responded to Sam's problem. How satisfied would Sam be with Flight Australia's efforts?		
Construct	Distributive justice		
Source	Adapted from Oliver and Swan (1989) and Tax (1993) by Smith et al. (1999)		
Summated Scale	5-point Likert scale anchored at endpoints (1=strongly disagree, 5= strongly agree)	<u>Item-total correlation</u>	<u>Factor loadings</u>
Items	1) The outcome Sam received was fair	0.738	0.863
	2) Sam did not get what he/she deserved (R)	0.653	0.804
	3) In resolving the problem, the company gave Sam what was needed	0.664	0.815
	4) The outcome Sam received was not right (R)	0.701	0.842
	Cronbach's $\alpha$	0.848	

R, reversed item.

### Measurement Scales for Emotional Responses

Construct	Discrete emotions		
Source	Richins		
Summated scale	7-point Lickert scale anchored at endpoints 1 = not at all, 7 = strongly	Item-total	Factor loading
Items	Positive emotions		
	Amazed	0.302	.0317
	Astonished	Deleted <sup>a</sup>	Deleted <sup>a</sup>
	Calm	0.344	0.424
	Contented	0.613	0.689
	Eager	0.343	0.351
	Encouraged	0.686	0.710
	Enthusiastic	0.713	0.736
	Excited	0.672	0.738

	Fulfilled	0.722	0.811
	Happy	0.727	0.813
	Hopeful	0.401	0.426
	Joyful	0.729	0.795
	Optimistic	0.678	0.694
	Peaceful	0.763	0.822
	Pleased	0.740	0.811
	Proud	0.577	0.634
	Relieved	0.642	0.739
	Sentimental	Deleted <sup>a</sup>	Deleted <sup>a</sup>
	Surprised	0.411	0.423
	Thrilled	0.601	0.648
	Warmhearted	0.754	0.783
	Cronbach's $\alpha$	0.916	
Items	Negative emotions		
	Afraid	0.414	0.465
	Angry	0.605	0.673
	Depressed	0.681	0.737
	Discontented	0.516	.0596
	Embarrassed	Deleted <sup>a</sup>	Deleted <sup>a</sup>
	Envious	0.359	0.390
	Frustrated	0.542	0.617
	Homesick	0.433	0.472
	Humiliated	0.505	0.550
	Irritated	0.501	0.579
	Lonely	0.496	0.538
	Miserable	0.643	0.700
	Nervous	0.605	0.653
	Panicky	0.704	0.760
	Sad	0.723	0.770
	Scared	0.604	0.657
	Tense	0.567	0.630
	Unfulfilled	0.588	0.646
	Worried	0.760	0.813
	Cronbach's $\alpha$		

Excluded emotions: ashamed, jealous, sexy, romantic, passionate, loving

### Measurement Scale for Behavioural Responses

Construct	Behaviour
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*Influence of Service Recovery Strategies on Consumer Responses*

Source	Huefner and Hunt (2000) Huefner et al. (2002)		
Summated scale	5-point Likert scale anchored at endpoints (1 = very unlikely 5 = very likely)	Item-total <u>Correlation</u>	Factor <u>loadings</u>
Items	Negative Functional Behaviours		
V	Complain to Flight Australia employee	0.437	0.638
V	Warn friends and family so that they do not experience the same problem	0.461	0.646
E	Cancel the flight home on Flight Australia	0.342	0.468
V	Complain to the Customer Service manager	0.547	0.701
E	Decide to never fly with Flight Australia again	0.647	0.798
E	Only fly Flight Australia again if absolutely necessary	0.339	0.450
V	Complain to Flight Australia's regional or national headquarters	0.432	0.544
V	Make a formal complaint to the Airline Complaints Tribunal	0.336	0.441
E	Purchase a flight home on a different airline	0.398	0.532
	Cronbach's $\alpha$		
	Dysfunctional behaviours		
R	Threaten an employee that they will be reported to their supervisor if the problem is not corrected	0.481	0.535
R	Intentionally damage or break something on the Lost Baggage desk	0.759	0.812
R	Strike an employee	0.716	0.784
R	Threaten to tell everyone they know if the problem is not solved	0.565	0.620
R	Disturb other customers to hurt the business	0.718	0.772
R	Intentionally create a mess at the Lost Baggage desk or the Flight Australia lounge so that employees will have to do extra work	0.781	0.824
R	Use name calling or obscenities to vent some frustration	0.534	0.595
R	Make a fake flight reservation to run up expenses	0.669	0.733
R	Damage the Lost baggage desk or other	0.814	0.839
R	File a lawsuit asking for more than just damages	0.625	0.703
R	Drop a large pile of brochures and luggage on the floor to create extra	0.758	0.794

R	work Deliberately stay past airline office closing hours so that the employee dealing with the problem will have to stay late	0.675	0.687
R	Tell everyone about the situation as negatively as possible in order to hurt the business	0.628	0.623
	Cronbach's $\alpha$	0.919	

V, Voice; E, exit; R, retaliation

### Measurement Scale for Attitude Towards Big Business

Construct	Attitude towards big business		
Source	Allison (1978) and Lundstrom and Lamont (1976)		
Summated scale	5-point Likert scale anchored at endpoints (1 = very unlikely 5 = very likely)	Item-total Correlation	Factor loadings
Items			
	1) Big business take a real interest in the environment and are trying to improve it	0.422	0.534
	2) Big business profits are too high	0.397	0.496
	3) As soon as they finish serving them, most big businesses forget about their customers (R)	0.536	0.648
	4) Employees of large corporations really take an interest in the consumer and make sure they receive what they want	0.483	0.591
	5) Large stores do not care why people buy their products just as long as they make a profit (R)	0.489	0.609
	6) Prices are reasonable given the high cost of doing business	0.372	0.481
	7) Unethical practices are widespread throughout large businesses (R)	0.519	0.617
	8) Most large companies are responsive to the demands of their consumers	Deleted <sup>a</sup>	Deleted <sup>a</sup>
	9) The only person who cares about the consumer is the consumer themselves (R)	0.643	0.745
	10) Small businesses are more likely to pay attention to customers than large businesses	Deleted <sup>a</sup>	Deleted <sup>a</sup>

(R)		
11) Large companies try to take personal interest in each consumer rather than treating them as a number	0.382	0.488
12) Large organisations are so big that they really do not treat their customers personally (R)	0.416	.0523
13) it is not unusual to find out that large corporations have lied to the public (R)	0.339	0.449
14) The prime objective of big businesses is to make money rather than satisfy the consumer (R)	0.588	0.688
Cronbach's $\alpha$	0.816	

R, reversed item

<sup>a</sup> Items were deleted if the item-to-total correlation or factor loadings fell below 0.3 threshold

### Measurement Scale for Consumption Values

Construct	Consumption values		
Source	Kahle and Kennedy (1989)		
Scale	9- point Likert scale anchored at endpoints (1 = very unimportant, 9 = very important)		
Items	1) Sense of belonging 2) Excitement 3) Warm relationships with others 4) Self-fulfilment 5) Being well respected 6) Fun and enjoyment in life 7) Security 8) Self-respect 9) A sense of accomplishment		

Now re-read the items and circle the one thing that is most important to you in your daily life.

### Measurement Scale for Personality Traits

Construct	Personality Traits		
Source			
Scale	5-point Likert scale anchored at endpoints (1 = very unlikely 5 = very likely)	<u>Item-total Correlation</u>	<u>Factor loadings</u>
Items	Agreeableness		
	Am interested in people	0.573	0.673
	Sympathise with others' feelings	0.657	0.761

Have a soft heart	0.466	0.574
Take time out for others	0.485	0.588
Feel others' emotions	0.712	0.802
Make people feel at ease	0.477	0.587
Am not really interested in others (R)	0.626	0.718
Insult people	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Am not interested in others' problems (R)	0.520	0.628
Feel little concern for others (R)	0.520	0.628
Feel little concern for others (R)	0.696	0.788
Cronbach's $\alpha$	0.856	
Conscientiousness		
Am always prepared	0.509	0.692
Pay attention to details	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Get chores done right away	0.478	0.651
Like order	0.353	0.519
Follow a schedule	0.516	0.708
Am exacting in my work	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Leave my belongings around	0.384	0.534
Make a mess of things (R)	0.322	0.466
Forget to put things back in their proper place (R)	0.471	0.618
Shirk my duties (R)	0.335	0.479
Cronbach's $\alpha$	0.730	
Extroversion		
Am the life of the party	0.585	0.688
Feel comfortable around people	0.699	0.625
Start conversations	0.728	0.804
Talk to a lot different people at parties	0.499	0.593
Do not mind being the centre of attention	0.765	0.833
Do not talk a lot (R)	0.662	0.743
Keep in the background (R)	0.484	0.579
Have little to say (R)	0.577	0.679
Do not like to draw attention to myself (R)	0.419	0.511
Am quiet around strangers (R)		
Cronbach's $\alpha$	0.871	
Neuroticism		
Get stressed out easily		0.608
Worry about things	0.309	0.402
Am easily disturbed	0.678	0.762
Get upset easily	0.526	0.643
Change my mood a lot	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Have frequent mood swings	0.508	0.624
Get irritated easily	0.725	0.818
Often feel blue	0.728	0.824

Am relaxed most of the time (R)	0.490	0.617
Seldom feel blue (R)	0.608	0.702
Cronbach's $\alpha$	0.847	
Openess		
Have a rich vocabulary	0.627	0.747
Have vivid imagination	0.365	0.537
Have excellent ideas	0.642	0.811
Am quick to understand things	0.462	0.621
Use difficult words	0.506	0.659
Spend time reflecting on things	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Am full of ideas	0.612	0.791
Have difficulty understanding abstract ideas (R)	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Am not interested in abstract ideas (R)	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Do not have a good imagination (R)	Deleted <sup>a</sup>	Deleted <sup>a</sup>
Cronbach's $\alpha$	0.780	

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R. reversed item

<sup>a</sup> Items were deleted if the item-to-total correlation or factor loadings fell below 0.3 threshold

RESEARCH ON EMOTION IN ORGANIZATIONS  
VOLUME 3

**FUNCTIONALITY  
INTENTIONALITY  
MORALITY**

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## **OVERVIEW: FUNCTIONALITY, INTENTIONALITY AND MORALITY**

The field of research on emotions in organizations is one that has garnered a great deal of enthusiastic attention and positive regard from both scholars and practitioners. As a sign of the maturation of the field, we are seeing more and more critical and self-reflective approaches and examinations to the topic area. In this volume of the *Research on Emotions in Organizations* series, we provide examples of some of these works with respect to the function of emotions in the workplace and the many ways in which emotions can be intentionally used and abused to influence behaviour. Collectively, the works expand our understanding of the boundary conditions of emotional influences in organizations, the ways in which emotions are intentionally used to influence organizational outcomes, the conditions that determine whether emotions influence to public detriment or good, and the connection between emotions and morality.

### **THE 2006 'EMONET' CONFERENCE**

As in the previous volumes of *Research on Emotions in Organizations*, the chapters in this book are drawn largely from the best contributions to the biannual *International Conference on Emotions and Organizational Life*. The editors of this series are the co-founders and co-organizers of this event which has come to be known as the "Emonet" conference. Eight of the chapters in this volume were selected from those papers accepted, using a double-blind peer-review process, for inclusion in the fifth Emonet conference held in Atlanta in August 2006. The conference attracted 51 submissions from which a total of 39 paper, symposium, and poster presentations were selected for inclusion on the program. Conference program submission included as chapters in this volume were selected based on their quality and interest, as well as the contribution that they make to the theme of this volume: functionality, intentionality and morality of emotions. The volume is completed by four additional invited chapters.