SERVICE RECOVERY STRATEGIES IN WESTERN BASED FAST FOOD RESTAURANTS: A STRUCTURAL EQUATION MODEL TEST

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ABSTRACT

This paper sets out to confirm a model that depicts the probability that service recovery activities will be carried out by front liners in Western based fast food restaurants. The study used a Juster scale based questionnaire survey format the restaurants customers. Data was then analyzed using exploratory and confirmatory factor analysis utilizing Structural Equation Model. Factor analysis indicated three views of customers termed as Spoken, Minor Action, and Major Action service recovery strategies. The confirmatory factor analysis indicated that the model was of a good fit (.749). The study was limited to respondents in Kuching. Nevertheless the finding has important implications to management and academia. For academics, the findings provide insight into service recovery modeling. A practical application from this study would be the use of Minor or Major Action service recovery strategies to improve customer's perception of a company after service failure.

Keywords: Service recovery, Fast food restaurant, Structural Equation Model

I.   INTRODUCTION

The fast food industry is a high growth industry that is mainly a service and people oriented business (Lam and Zhang, 2003). Nevertheless, mistakes are an unavoidable feature of all human endeavors (Boshoff, 1997). The unique characteristic of the service industry, especially in the restaurant industry, makes mistakes more distinct and zero defects not attainable (Hart, *et al.*, 1990; Hoffman, *et al.*, 1995; Wirtz and Mattila, 2004). In the restaurant sector, a majority of service failure relates to slow service (long wait for seating, food and bill), staff error (orders mixed), and cook / kitchen error (Mack, *et al.*, 2000). Because of these errors, customers may switch and thus cause losses to the restaurant (Keaveney, 1995).

As such, service recovery strategies are advocated to deal with such failures (Johnston, 1994). Service recovery is a thought out plan of all the possible actions taken by a service provider in order to resolve the problem that caused the service failure and return the customer to a state of satisfaction (Gronroos, 1990; Lewis and Spyrakopoulos, 2001; Zemke and Bell, 1990). It is not complaint handling, as not all customers that experience service failure will complain but they may engage in private actions (Agbonifoh and Edoreh, 1986; Day, 1977; Day and Landon, 1976; Day and Landon, 1977; Grønhaug, 1977).

Numerous studies have been done in the West that identifies the service recovery strategies that are used in restaurant (Hoffman, *et al.*, 1995; Mack, *et al.*, 2000). Most studies in Malaysia however only look at the normative and legal aspects of Western based fast food restaurants (WFFR) (Azudin and Karaim, 1988; Ismail, *et al.*, 2002; Noor, 2006). As such, this research explores the issue of service recovery done at WFFRs through the perception of its customers. It utilizes past literature on service recovery methods that are translated into a questionnaire format and further analyzed by exploratory and confirmatory factor analysis.

The aim of this research is determine the various service recovery responses perceived by consumers that would be used by WFFR when there is a service failure. This is obtained by exploratory and confirmatory factor analysis of various service recovery methods. The rest of the paper is organized as follows: first, discussion of the relevant literature is presented; second, followed by a discussion of the methodology used, thirdly, the findings are

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