The determinants of service recovery in the retail industry: A study of micro and small enterprises in Ghana

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Abstract:

Purpose: Service recovery strategies are efforts used by organizations to bring back dissatisfied customers to a state of satisfaction with the organization. It has been argued that successful service recovery by organizations is dependent on the effectiveness of front line employees. The purpose of this paper is to examine a model of service recovery performance (SRP) of front line employees in the retail industry in Ghana. **Design/methodology/approach:** The study uses personally administered survey data collected from 136 employees in 20 micro and small retail enterprises in Ghana. Hierarchical multiple regression analysis is used to test the direct and interactive effects of organizational variables such as perceived managerial attitudes and work environment factors on the SRP of front line employees. **Findings:** The findings indicate that the SRP is influenced by employee empowerment, interaction between customer service orientation and empowerment, interaction between customer service orientation and training for customer service excellence, and the interaction between empowerment and training for customer service excellence. **Research limitations/implications:** Focussing only on the antecedents of SRP, and using cross-sectional data based on the self-assessments of the front line employees from one country. **Practical implications:** Empowering front line employees to deal with service failures should be combined with training them in job related and behavioral skills to attend to the needs of customers. Moreover, it is critical to combine perceived customer service orientation with training front line employees in job related and behavioral skills. **Originality/value:** First study to examine the antecedents of SRP of front line employees in a sub-Saharan African environment. Moreover, study examines the interactive effects of organizational and work environment variables on SRP.

Keywords: Service recovery | Empowerment | Sub-Sahara Africa | Customer relations | Employee training | Retail industry

Article:

Introduction

Organizations in today's competitive business environment thrive on finding new ways of serving customers in order to survive in the global marketplace. Faced with fierce competition as a result of globalization, advances in technology and transportation, and improvement in general economic growth in nations around the world, organizations are compelled not only to become efficient and effective, but also embrace a new philosophy that focusses on customer relationship management through the provision of quality service. However, because of the co-production of service delivery to customers, and the intangible and variable nature of services customers receive from front line employees, the delivery of consistent levels of quality customer service to clients is usually difficult to achieve (Johnson *et al.*, 2002; Wang and Chang, 2013).

The literature in services marketing argues that successful service recovery is dependent on the effectiveness of front line employees (Ashill *et al.*, 2005; Boshoff and Allen, 2000; Robinson *et al.*, 2011; Yavas *et al.*, 2003). As a result, extant studies have used a model by Boshoff and Allen (2000) that examined the role of front line employees in successfully delivering service recovery in organizations in the banking industry (Boshoff and Allen, 2000; Yavas *et al.*, 2003); healthcare industry (Ashill *et al.*, 2005); retailing (Hoffman *et al.*, 1995), multi-industry service settings such as restaurants, hair styling, and dry-cleaning (Mattila, 2001), and recently on organizations in the private and public sector industries (Robinson *et al.*, 2011). These studies have argued that service recovery performance (SRP) of front line employees' is a function of perceived managerial attitudes (customer service orientation of the organization, and rewarding employees' for providing excellent customer service) and front line employees' perceptions of the work environment (teamwork, empowerment, training employees to provide excellent customer service, role ambiguity, and organizational commitment). However, the empirical findings from most of these studies have not corroborated the argument that SRP of front line employees are a function of perceived managerial attitudes and employees' perceptions of the work environment. In fact several of the studies have not found a link between SRPs and perceived managerial attitudes (Ashill *et al.*, 2005; Boshoff and Allen, 2000; Yavas *et al.*, 2003).

Some of the limitations of these previous studies are as follows: first, they fail to investigate the interaction effects of the managerial attitude factors and work environment perceptions on the SRP of front line employees. For instance, the effectiveness of customer service training in enhancing SRP is dependent on a culture of customer service orientation. Second, most of the studies were conducted in single organizational settings (e.g. Ashill *et al.*, 2005; Boshoff and Allen, 2000; Yavas *et al.*, 2003) and thus lack generalizability in the industries of their respective organizations. Third, very little attention has been given to understanding SRP in transition economies, especially, in sub-Saharan Africa (SSA). Previous studies have focussed on front line employees in organizations in developed economies. However, as argued by Mattila (2001), the effectiveness of various service recovery strategies is context specific. Thus, the service recovery strategies that have been effective in developed countries may not work to bring dissatisfied customers to a state of satisfaction, create positive perceptions, and engender repeat purchases and loyalty due to service failures in transition economies including SSA.

According to the Africa Progress Report 2012, SSA is currently the fastest growing region of the world with seven of the ten projected fastest growing economies from 2011 to 2015. While the average growth rate of these SSA economies (which includes Ghana) is projected to be 7.2 percent, that of the whole continent is projected to increase to about 5.5 percent in 2015 (Africa

Progress Panel, 2012). Despite the rise of a new middle class, spiraling consumer spending and an estimated 200 million Africans expected to enter the consumer goods market, modern retail practices are still nascent (Drakati *et al.*, 2010). The traditional "mom and pop" stores, kiosks, and umbrella vendors still dominate the retail scene making up more than 85 percent of retail sales volume (Drakati *et al.*, 2010). In addition, many traditional markets operate as sellers' markets making customer service and satisfaction a latent choice option for retailers. What is happening in the retail environment in Ghana is not different from the experience in other SSA economies. Ghana has been ranked sixth in retail sales growth according to the 2014 African Retail Index with retail sales projected to grow at 10 percent annually (ATKearney, 2015). The new rising middle class of consumers are demanding better customer service experience, but anecdotal evidence of the customer service being offered by retail enterprises in Ghana is not up to the standard in developed and other emerging economies outside Africa. The relative political stability and the growth in the economy over the past five years in Ghana has attracted significant number of expatriate population and the growth of the middle class in the urban areas thereby increasing the number of supermarkets in the capital. Thus, Ghana provides a unique setting to examine the factors that influence SRP in the retail sector in SSA.

This study, therefore, attempts to fill these gaps by examining the antecedents of SRP of front line employees in a sample of firms in the retail industry in a sub-Saharan African economy – Ghana. We argue that not only are the perceived managerial attitudes and work environment factors important in influencing SRP of front line employees, but the interaction between these two factors and also among the work environment factors are also important in determining the SRP of front line employees. This focus on SSA is particularly relevant because implementing customer relationship strategies seem to elude many businesses, and businesses do not seem to give the necessary attention to satisfying customers or, even measure customer satisfaction with service delivery. Moreover, there seems to be lack of studies examining customer service recovery strategies in SSA which may be due to the lack of awareness of service failure (when it occurs). This study therefore seeks to contribute to practice in the service management arena especially when studies (Drakati *et al.*, 2015) confirm that the retail sector of SSA (including Ghana) is still rudimentary. Our findings to uncover the antecedents to SRP in retail organizations in Ghana may be useful to researchers and practitioners in the international service marketing to invest in consumer education and non-traditional marketing techniques in order to create awareness of the uniqueness of retail sector of Africa.

Research model and hypotheses

SRP

Service delivery is a co-production process between an organization's front line employees and customers. Consequently, service delivery failures are inevitable part of service delivery no matter how well the service process is designed because of the inconsistencies with which the services would be delivered to different customers (Roggeveen *et al.*, 2012). These service failures often result in customers who are dissatisfied, who may switch providers and/or share the negative experiences with friends and family via word of mouth (Robinson *et al.*, 2011). Despite the occurrence of service failures, customer dissatisfaction, and customer disloyalty could be avoided if the appropriate responses to the service failures are initiated. This is because

dissatisfied customers who are provided excellent recovery are likely to be more satisfied after the recovery than before the service failure, and would not only remain loyal but also become more committed to the organization (Hart *et al.*, 1990; Tax *et al.*, 1998). Moreover, Hoffman and Kelley (2000) have argued that it is imperative for organizations to do everything possible to retain loyal and committed customers because the cost of obtaining new customers is about three to five times greater than those associated with keeping existing customers. Therefore, organizations should implement appropriate recovery strategies that would minimize or even eliminate negative outcomes (e.g. negative word of mouth, customer disloyalty, etc.) in order to retain loyal customers' (Andreassen, 2001; Homburg and Furst, 2005; Tax *et al.*, 1998).

Service recovery refers to actions organizations take to respond to customers complaints following service failures (Gronroos, 1988; Zeithaml and Bitner, 2000). The outcome of service recovery is to bring dissatisfied customers to a state of satisfaction, create positive perceptions, and engender repeat purchases and loyalty (Berry and Parasuraman, 1991; Boshoff, 1997; Pranic and Roehl, 2012). The activities that have been identified by the literature for recovering customers who have experienced service failures have been summarized by Johnston and Michel (2008) as follows: acknowledging that a problem has occurred; empathizing with the customer; apologizing; fixing or at least trying to fix the problem for the customer; providing assurance that the incident would not occur again; and providing compensation. The literature has shown that the benefits to these service recovery initiatives used to satisfactorily resolve customers complaints include enhanced customer loyalty and retention, and positive word of mouth, and long-term performance (Mittal *et al.*, 2005).

It has been contended that because front line employees account for about 65 percent of service failures, any effective service recovery strategy should be targeted at how to improve the service delivery performance of front line employees (Brown, 2000; Kim *et al.*, 2012; Maxham and Netermeyer, 2003). In fact, Boshoff and Allen (2000) and Tax and Brown (1998) have argued that successful service recovery of dissatisfied customers is critically dependent on the performance of front line employees who receive complaints about service failures, and the effectiveness with which they resolve customer service dissatisfaction complaints and problems. Boshoff and Allen (2000) developed a model where both perceived managerial attitudes and work environment factors influence the service delivery performance of front line employees. The perceived managerial attitudes factors include customer service orientation of the organization, and rewarding customer service excellence; while the perceived work environment factors were made up of teamwork, empowerment, customer service training, role ambiguity, and organizational commitment.

Boshoff and Allen (2000) tested the model in a bank and found that rewarding customer service excellence, empowerment, and organizational commitment were the only factors that influence front line employees' SRP. Two studies have replicated Boshoff and Allen's (2000) model using front line employees from the banking industry in Greece (Yavas *et al.*, 2003), and a healthcare provider in New Zealand (Ashill *et al.*, 2005). These studies also found empowerment to influence SRP, but did not found any of the perceived managerial attitude factors to affect SRP. Both Yavas *et al.* (2003) and Ashill *et al.* (2005) found role ambiguity to have a negative influence on SRP; while Ashill *et al.* (2005) also found teamwork and organizational commitment to influence the SRP of front line employees. In a recent study by Robinson *et*

al. (2011), they found service recovery to be influenced directly by adaptability and job satisfaction and indirectly by empowerment through job satisfaction and self-efficacy through both job satisfaction and adaptability. The summary of these relevant studies is shown in Table I.

Table I. Summary of service recovery studies relevant to the current study

Study	Dependent Variables	Independent Variables	Moderating/ Mediating Variables	Findings	Industry and Country of Focus
Boshoff and Allen (2000)	Job satisfaction Intentions to resign	Customer service orientation Teamwork Rewards Training Role ambiguity Organizational commitment Empowerment	Service recovery performance (SRP)	Rewards, empowerment, and organizational comment positively related to service recovery performance SRP positively related to job satisfaction and negatively related to intentions to resign	Banking (used only one national retail bank) Country not indicated in study
Yavas et al. (2003)	Extrinsic job satisfaction Intentions to resign	Customer service orientation Teamwork Rewards Training Role ambiguity Organizational commitment Empowerment	SRP	Empowerment was positively related to SRP, while role ambiguity is negatively related to SRP SRP positively related to extrinsic job satisfaction	Banking (16 public and private retail banks) Turkey
Ashill et al. (2005)	Extrinsic job satisfaction Intentions to resign	Customer service orientation Teamwork Rewards Training Role ambiguity Organizational commitment Empowerment	SRP	Empowerment, teamwork, and organizational commitment were positively related to SRP, while role ambiguity was negatively related to SRP SRP was negatively related to intentions to resign	Healthcare (one public hospital) New Zealand
Robinson et al. (2011)	Service recovery	Empowerment Job satisfaction Adaptability	Job satisfaction Self-efficacy Adaptability	Job satisfaction and adaptability positively influenced service recovery Job satisfaction positively mediated relationship between empowerment and service recovery Job satisfaction and adaptability also positively mediated the relationship between self-efficacy and service recovery	Several service industries (number of companies used not mentioned) USA

We argue that the model is incomplete and that the influence of some of the work environment factors on front line employees' SRP would be contingent on perceived managerial attitudes, especially a culture of customer service orientation. Moreover, some of the work environment factors such as empowerment and training employees to deliver customer service excellence

would reinforce one another. We therefore replicate and extend the Boshoff and Allen (2000) model in the retail sector in Ghana by focussing on the direct determinants of SRP and the interactions between some of the managerial attitudes factors and work environment factors. We further include interactions among some of the work environment factors in the model. In this study, we follow the definition of SRP proposed by Babakus *et al.* (2003, p. 274), as "frontline service employees' perception of their own abilities and actions to resolve a service failure to the satisfaction of the customer."

Hypotheses

Most organizations recognize the importance of providing customers with excellent and quality service as it creates loyalty and commitment to the organization's products and services. Many organizations, therefore, have policies that state that "the customer is always right." However, if formal policies are not reinforced with a culture of customer service orientation that espouses, supports, and rewards front line employees for delivering quality and excellent service, recovering aggrieved customers will not materialize. Thus, an organizational culture which focusses on quality service orientation is indispensable for sustaining long-term relationships with customers because quality service orientation is "imperative for the creation and/or enhancement of good interactive marketing performance" (Yavas *et al.*, 2003, p. 256). An organizational culture embracing a strong customer service orientation could lead to the delivery of quick, reliable, and quality service to dissatisfied customers by front line employees after service failures (Ashill *et al.*, 2005; Boshoff and Allen, 2000; Yavas *et al.*, 2003). It could also lead to developing and sustaining long-lasting relationship with customers (Gronroos, 1990). It is hypothesized that:

> *H1*. Customer service orientation will be positively related to SRP of front line employees.

Rewarding customer service excellence is also an important booster in employees' perception of managerial attitudes toward the provision of customer service by the organization. The speed with which customers are provided quality service by front line employees would reduce customer negativity in the recovery process (Miller *et al.*, 2000). Thus, acknowledging and rewarding employees who provide exceptional and timely quality service to customers in support of an organization's goal of customer service excellence must be encouraged (Malhotra and Mukherjee, 2004). Since front line positions in retail organizations are usually low paying, extrinsic rewards in the form of financial payoff, salary increases, or bonuses is very important. This is reiterated by Forrester (2000, p. 69), when he stated that "money counts a lot, especially for those who have little of it." Therefore, providing appropriate rewards for the provision of quality and excellent service to customers would have significant impact on the loyalty of front line employees and consequently their attitude toward customers and job performance. Many studies have argued that an organization is unlikely to have loyal customers without having loyal employees (e.g. Boshoff and Allen, 2000). We therefore hypothesize that:

> *H2.* Rewarding customer service excellence will be positively related to SRP of front line employees.

Employees' perception of workplace environment relates to factors such as customer service training, empowerment, teamwork, role ambiguity, and organizational commitments. Customer service training refers to the extent to which employees feel confident about their job skills, capabilities, qualifications, and the overall self-efficacy to deliver customer-centered services (Ashill *et al.*, 2005). Dealing effectively with customer complaints in a retail shop environment with different units requires formal and informal training programs to equip employees with new skills and industry standards that refines and balances individual personality needed for good customer-employee relationship. Investment in customer service training will lead to enhancement in increasing authority and responsibility to enrich customer service performance (Gronroos, 1990). We hypothesize that:

> *H3*. Training to deliver quality customer service will be positively related to SRP of front line employees.

Empowerment is the "freedom and ability to make decisions and commitments" (Forrester, 2000, p. 67). It is the extent to which employees are allowed to use their own initiatives and judgment to attend to customer needs (Robinson *et al.*, 2011). Empowerment delegates decision-making authority and responsibilities to employees who are allowed to engage in discretionary behaviors aiming at meeting or exceeding customers' expectations during routine and non-routine service situations (Klidas *et al.*, 2007). Empowerment leads to increased employees' self-efficacy, adaptability, and flexibility in attempting to serve customers (Robinson *et al.*, 2011). Empowerment gives front line employees the power to act quickly to address concerns of customers and provide services that would recover customers to the organization by retaining them and strengthening their loyalty (Pranic and Roehl, 2012). Empowerment has been found to influence SRP of front line employees in various industries (Ashill *et al.*, 2005; Boshoff and Allen, 2000; Yavas *et al.*, 2003). It is therefore hypothesized that:

> *H4*. Empowerment will be positively related to SRP of front line employees.

Teamwork is the cooperative attitude of employees to achieve the objectives of the organization. A strong team culture increases employee morale, decreases staff turnover, increases the willingness to help customers and other employees, and engenders a positive atmosphere (Lewis and Clacher, 2001). Studies have shown that excellent customer service is often the result of teamwork rather than one outstanding individual (Boshoff and Allen, 2000), or an organization with a culture of blame (Johnston and Mehra, 2002). We hypothesize that:

> *H5*. Teamwork will be positively related to SRP of front line employees.

Role ambiguity occurs when employees do not feel that they have been provided the necessary information and authority to accomplish their tasks effectively (Yavas *et al.*, 2003). It also arises when employees are not certain about what is expected of them (Boshoff and Allen, 2000). Role ambiguity derails employees' confidence and authority to act swiftly to redress customer complaints. Role ambiguity also creates an environment where front line employees may have to resort to seeking their supervisors' approval in order to respond to customer complaints. Thus, front line employees would not be able to deliver quality, timely, and appropriate service recovery to customers who have experienced service failure when they are not sure about their

responsibilities. Role ambiguity has been found to have a negative influence on SRP of front line employees in the banking and healthcare industries (Ashill *et al.*, 2005; Yavas *et al.*, 2003). It is hypothesized that:

H6. Role ambiguity will be negatively related to SRP of front line employees.

Perceived organizational commitment (POC) has been defined as the extent with which employees identify with the values and goals of an organization, and their involvement in exerting effort toward the achievement of the organization's goals (Reichers, 1985). The POC literature distinguishes three types of commitment, such as affective, continuance, and normative (Allen and Meyer, 1990). We focus on affective commitment which is defined as "affective or emotional attachment to the organization such that the strongly committed individual identifies with, is involved in, and enjoys membership in the organization" (Allen and Meyer, 1990, p. 2). Affective commitment engenders positive work attitudes and behaviors from employees. Several studies in organizational behavior have shown that committed employees are more likely to perform their in-role and extra role jobs well (e.g. Riketta, 2002; Zellars and Tepper, 2003). POC has been found to influence SRP of front line employees in previous studies (Ashill *et al.*, 2005; Babakus *et al.*, 2003; Boshoff and Allen, 2000). It is therefore hypothesized that:

H7. POC will be positively related to SRP of front line employees.

Almost all the studies replicating Boshoff and Allen (2000) study argue for direct relationships between perceived managerial attitudes and SRP of front line employees; and work environmental perceptions and SRP of front line employees. However, one important perceived managerial attitudes variable that has not been significant in all the extant studies is a culture of customer service orientation. We argue here that the influence of a culture of customer service orientation on SRP of front line employees would be dependent on the training of front line employees to deliver quality service and also handle customer complaints; and the empowerment of front line employees to provide the appropriate service recovery to aggrieved customers without seeking permission from supervisors. Moreover, empowerment would have a stronger influence on SRP if front line employees are trained in delivering quality and appropriate service to customers.

A retail organization's culture of customer service orientation is a first step in management's intended commitment to service quality. The argument that a culture of customer service orientation could lead to the delivery of quick, reliable, and quality service to unsatisfied customers by front line employees after service failures cannot be overemphasized. This is because it has been found that it is especially difficult for organizations to recover from service breakdowns resulting from the behaviors and attitudes of front line employees (Hoffman *et al.*, 1995). Furthermore, the effects of customers' relationship with an organization after a service failure may be attenuated when front line employees possess the knowledge about how to deal with customers after failure encounters. Thus, a culture of customer service orientation will have a greater impact on SRP when front line employees are trained in both job related and behavioral skills to provide the service. Therefore we hypothesize that:

H8. The influence of customer service orientation on SRP will be high when front line employees are trained to deliver excellent customer service.

We follow the line of reasoning above to further argue that a culture of service orientation would influence SRP of front line employees. However, the impact would be stronger when front line employees are empowered to make quick and appropriate decisions without waiting for a supervisor to resolve customer complaints after service failures (Babakus *et al.*, 2003). Thus, in an environment where the provision of excellent customer service is strongly supported, if front line employees are empowered to use their discretion they would have the flexibility to quickly resolve customer problems during service failures (Chebat and Kollias, 2000), which would in turn influence their SRP. We thus hypothesize that:

H9. The influence of customer service orientation on SRP will be high when front line employees are empowered to provide customer service.

We have argued that empowerment gives front line employees the power to act quickly to address concerns of customers who have experienced service failures and provide services that would recover those customers to a state of satisfaction with the organization. However, it has been argued that empowering front line employees to provide customer service would not realize their intended objectives unless empowerment is combined with the requisite training in delivering the customer service (Bowen and Lawler, 1992). Consequently, training front line employees for customer service excellence would achieve its intended outcome only when empowerment mechanisms are in place to allow front line employees to take the initiative to provide the appropriate service (Forrester, 2000; Hart *et al.*, 1990). We therefore hypothesize that:

H10. The influence of empowerment on SRP will be high when front line employees are trained to deliver excellent customer service.

Methodology

Data for this study were collected from 20 retail shops in Accra and Tema – the capital and industrial cities of Ghana, respectively. A total of 200 questionnaires were administered to a convenience sample of front line employees of the twenty small retail shops who have direct contacts with customers. For a retail shop to be selected for the study, it must satisfy the criteria of being a small enterprise. In Ghana, a micro organization usually employs between one and nine workers while a small enterprise employs ten to 29 workers. All the retail shops selected for this study employed less ten to 29 workers. The survey instrument was designed by using the items proposed by Boshoff and Allen (2000) while consulting the service recovery literature (e.g. Ashill *et al.*, 2005; Babakus *et al.*, 2003; Yavas *et al.*, 2003). The questionnaire focussed on the items relating to perceived managerial attitudes, employees' perceptions of the workplace environment, and perceptions of customer SRP. In addition, demographic characteristics such as employees educational levels, age, gender, tenure, and position in their organizations were also solicited.

The questionnaire surveys were personally distributed by one of the researchers with the assistance of research assistants to the selected retail shops. Initial attempts to distribute the questionnaires to the front line employees without notifying the managers failed because the managers became suspicious that the shops were being investigated by journalists. In some instances the questionnaires were seized from research assistants employed to distribute the questionnaires. Subsequently, shop managers/owners were briefed by the researchers about the purpose of the study and why the shops were chosen. Once the managers/owners agreed, the questionnaires were then given to selected employees who were literate enough to answer the survey. Ten questionnaires were given to ten front line employees in each shop. The selected respondents were also briefed about ethical clauses of confidentiality, voluntariness, and anonymousness of the research and requested completed questionnaires are handed personally to the researcher by respondents. This was done to ensure total trust especially with lower level employees and to avoid influence and possible victimization by superiors. Completed questionnaires were collected from respondents who had time to complete them immediately. Questionnaires were otherwise left for respondents to complete during their break periods. A total of three weeks was used for the distribution and collection of the questionnaire. All the 200 questionnaires were returned but only 136 questionnaires were found useful, representing a response rate of 68 percent.

The demographic characteristics of the respondents indicates that 73 percent were female; 91 percent were less than 40 years of age; 85 percent have less than a tertiary level of education (post-secondary and university); 33 percent were in managerial/supervisory positions; 21 percent have been on the job for more than three years; with 68 percent earning less than 200 Ghana Cedis a month (almost US$100 at the time the questionnaires were administered). The demographic characteristics of the respondents are shown in Table II.

Measurement of variables

Multiple items were used to measure and operationalize the eight study constructs in the retail environment in Ghana. The items were measured with a seven-point Likert-type scale ranging from "Strongly Agree" (1) to "Strongly Disagree" (7). The responses were later reverse coded for the analysis. Items that have previously been used in other service recovery studies with proven validity and reliability were utilized (e.g. Boshoff and Allen, 2000; Ashill *et al.*, 2005; Yavas *et al.*, 2003). Moreover, the items are widely cited in the services marketing literature as representative of the relevant organizational factors that had the potential to influence the SRP of front line staff (Ashill *et al.*, 2005; Boshoff and Allen, 2000). However, to check for potential common method variance problems and further examine the validity of the constructs in a different institutional environment, a factor analysis of the SRP, perceived managerial attitudes, and employees' perceptions of the workplace environment variables was performed together. The results of the factor analysis yielded eight factors with eigenvalues greater than one, with the first factor accounting for 11.7 percent of the variance. Thus, not only is common method variance minimized (Harman, 1967), but all items loaded on their respective construct showing the validity of the constructs. The factor loadings were consistent with previous studies on SRP (e.g. Ashill *et al.*, 2005; Boshoff and Allen, 2000; Yavas *et al.*, 2003). The factor analysis result is shown in Table AI.

Table II. Demographic characteristic or respondents

Demographic characteristics	*n*	Percentage
Gender		
Male	37	27.2
Female	99	72.8
Total	136	100
Age		
Less than 20 years	5	3.7
20–29 years	73	53.7
30–39 years	46	33.8
40+ years	12	8.8
Total	136	100
Educational level		
Primary	16	11.8
Secondary	99	72.8
Tertiary	17	12.5
Post-university	4	2.9
Total	136	100
Income per month (New Ghana Cedis)		
Less than 100	22	16.2
101–300	94	69.1
301–500	14	10.3
500 or more	6	4.4
Total	136	100
Position		
Managerial	9	6.6
Supervisory	36	26.5
Subordinate/sales personnel	91	66.9
Total		100
Tenure		
Less than 1 year	48	35.3
1–2 years	49	36.0
2–3 years	10	7.4
More than 3 years	29	21.3
Total	136	100
Ownership type		
Wholly local	32	23.5
Joint venture	6	4.4
Wholly foreign	98	72.1
Total	136	100

Specifically, employee rewards for customer service excellence (EMR) was operationalized with six items; while customer service orientation of the firm (CSO), training employees for customer service excellence (TRE), teamwork (TMW), empowerment (EMP), and organizational commitment (POC) were operationalized with four items each. SRP and role ambiguity (RAM) were measured with three items each. To create the overall composite measure for each of the constructs (variables), the mean of the items were used. As shown in the Table AI and also the correlation matrix of variables (Table II), the reliability estimates of all the constructs using Cronbach α exceeded the 0.70 benchmark suggested by Nunnally (1978). The coefficients ranged from 0.76 (for RAM) to 0.88 (for CSO and TRE). Convergent and discriminant validity were examined by the factor analysis results. Convergent validity is considered to be satisfactory

when items have higher loadings on their respective underlying constructs (Anderson and Gerbing, 1988). All the items had loadings of an absolute value of 0.40 or higher on their respective constructs indicating convergent validity. We examined discriminant validity of the constructs by evaluating the magnitude of the loadings on the underlying constructs relative to the loadings on other constructs. Discriminant validity is achieved if the item loadings of its constituent construct are higher than on other constructs. The factor analysis results indicated no cross-loadings providing support for the discriminant validity of the measures in the study.

We also controlled for demographic characteristics that have the potential to influence individuals' perceptions of SRP. The control variables were gender, age, educational level, position in organization, tenure in organization, and the type of organizational ownership. Gender was measured as a dichotomous variable where male=1 and female=0. Age of respondent was measured as follows: less than 20 years=1; 20-29 years=2; 30-39 years=3; and 40 years and above=4. Educational level was also measured as follows: primary school or less=1; secondary school=2; tertiary (post-secondary and university)=3; and post-university=4. Position in organization was measured as a dichotomous variable with managerial/supervisory=1; and subordinate=0. Tenure in the organization was operationalized as follows: less than one year=1; between one and two years=2; between two and three years=3; and more than three years=4. Finally, ownership type was operationalized using a dichotomous variable with wholly foreign-owned organizations=1; and wholly locally owned organizations=0. There were six organizations that were classified as joint ventures between locals and foreigners. Data from respondents in these six organizations were not included in the study.

Results

Preliminary analyses focussed on examining the correlations among the variables (see Table III). The correlations indicated some positive and significant correlations among the perceived managerial attitude variables, work environment variables, and between the perceived managerial attitude and work environment variables. For example, there are highly significant correlations between CSO and EMR (r=0.42); EMR and TRE (r=0.58); and TMW and POC (r=0.54), however, none of the correlations created a problem of multicollinearity in the statistical analysis. The correlations also indicated that while the work environment variables were positive and significantly correlated with SRP (except RAM which was negatively correlated with SRP), the managerial attitude variable were not correlated with SRP.

Table III. Descriptive statistics and correlation matrix of variables

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Customer service orientation	0.880													
2. Employee rewards	0.42	0.868												
3. Employee training	0.37	0.58	0.878											
4. Empowerment	0.20	0.46	0.40	0.809										
5. Teamwork	0.52	0.52	0.51	0.37	0.863									
6. Role ambiguity	−0.32	−0.01	0.03	−0.29	−0.42	0.767								
7. Organizational commitment	0.48	0.34	0.34	0.36	0.54	−0.53	0.791							
8. Service recovery performance	0.05	0.04	0.17	0.28	0.25	−0.40	0.28	0.778						
9. Gender[1]	−0.04	−0.01	−0.10	0.02	0.04	−0.05	−0.05	0.21						
10. Age[b]	0.05	−0.05	0.12	0.11	0.10	−0.26	0.15	0.20	0.29					
11. Educational level[c]	−0.07	−0.03	−0.07	−0.02	0.16	−0.23	0.01	0.14	0.05	0.03				
12. Position[d]	−0.14	0.05	−0.01	0.27	0.10	−0.05	0.10	0.09	0.34	0.37	0.28			
13. Tenure[e]	−0.02	−0.16	−0.11	−0.08	0.14	−0.34	0.12	0.30	0.20	0.41	0.29	0.20		
14. Ownership type[f]	−0.08	0.08	−0.06	0.04	−0.06	0.23	−0.20	−0.21	0.15	−0.34	−0.04	0.61	−0.38	
Mean	6.14	4.79	4.91	4.82	5.83	1.82	5.96	5.80	0.43	2.42	2.10	0.32	2.15	0.75
SD	1.07	1.52	1.74	1.71	1.25	0.86	1.04	1.12	0.50	0.78	0.58	0.47	1.14	0.43
Minimum	1.00	1.00	1.00	1.00	1.25	1.00	1.50	1.33	0.00	1.00	1.00	0.00	1.00	0.00
Maximum	7.00	7.00	7.00	7.00	7.00	4.00	7.00	7.00	1.00	4.00	4.00	1.00	4.00	1.00

Notes: Values in diagonal are Cronbach α's (reliability coefficients). [a]Gender: male=1; female=0; [b]age: o20 years=1; 20-29 years=2; 30-39 years=3; 40+ years=4; [c]educational level: primary=1; secondary=2; tertiary (post-secondary and university)=3; post-university=4; [d]position: managerial/supervisory=1; subordinate=0; [e]tenure: <1 year=1; 1-2 years=2; 2-3 years=3; W3 years=4; [f]ownership type: wholly foreign-owned=1; wholly local-owned=0. Significance levels: $r > 0.14$, $p < 0.10$; $r > 0.17$, $p < 0.05$; $r > 20$, $p < 0.01$; $r > 0.27$, $p < 0.001$

The hypothesized relationships in Figure 1 were tested using a hierarchical multiple regression analysis. Table IV presents the standardized regression results from the regression models. Model 1 tests the relationship between the control variables and SRP. The results from Table IV indicate that both gender (β=0.182, $p < 0.10$) and tenure in organization (β=0.205, $p < 0.10$) were positive and marginally significantly related to SRP. In Model 2 we add the perceived managerial attitudes and work environment perception variables to the model. The results show that only one of the perceived managerial attitudes variable, CSO (β=−0.180, $p < 0.10$), is marginally significant but negatively related to SRP. Thus both *H1* and *H2* were not supported. Out of the five work environment variables, three are significantly related to SRP with all the three in the predicted directions. Training employees for customer service excellence (TRE) (β=0.240, $p < 0.05$) and empowerment (EMP) (β=0.188, $p < 0.10$) were positively related to SRP; while role ambiguity (RAM) was negatively related to SRP (β=−0.294, $p < 0.05$). Thus *H3*, *H4*, and *H6* were supported. The remaining two variables, teamwork (TMW), and organizational commitment (POC) were not significantly related to SRP. Thus, *H5* and *H7* were not supported. The inclusion of the perceived managerial attitudes and work environment perceptions variables improved the explanatory power of the model as shown by the *F*-test for the change in adjusted $R2$ ($\Delta R2$=13.6 percent, $p < 0.01$).
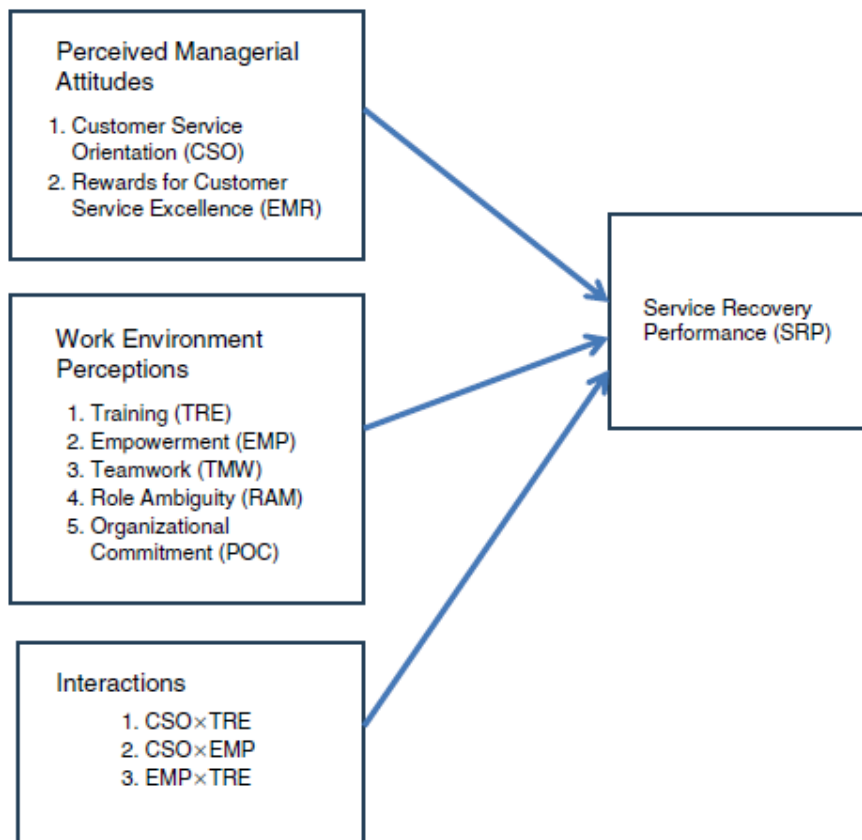

Figure 1. Research model

Table IV. Regression analysis of perceived managerial attitudes and working environmental perceptions on service recovery performance[a]

Variables	Model 1 β (*t*-value)	Model 2 β (*t*-value)	Model 3 β (*t*-value)
Controls			
Gender	0.182 (1.80)***	0.239 (2.48)*	0.273 (2.79)**
Age	0.028 (0.25)	0.067 (–0.62)	–0.094 (–0.88)
Educational level	0.070 (0.71)	0.041 (0.43)	0.010 (0.11)
Position in organization	–0.041 (–0.39)	–0.089 (0.82)	–0.129 (–1.11)
Tenure in organization	0.205 (1.83)****	0.162 (1.49)	0.103 (0.84)
Organizational ownership	–0.154 (–1.43)	–0.123 (–1.22)	–0.236 (1.96)*
Perceived managerial attitudes			
Customer service orientation (CSO)		–0.180 (–1.69)****	–0.015 (0.14)
Employee rewards for customer service excellence (EMR)		–0.102 (–0.80)	–0.048 (–0.38)
Working environmental perceptions			
Employee training for customer service (TRE)		0.240 (1.95)*	0.243 (1.86)****
Empowerment (EMP)		0.188 (1.74)****	0.324 (2.84)*
Teamwork (TMW)		–0.008 (–0.06)	–0.074 (–0.54)
Organizational commitment (POC)		0.089 (0.78)	0.076 (0.66)
Role ambiguity (RAM)		–0.294 (2.27)	–0.167 (1.26)
Interactions[b]			
CSO × TRE			0.399 (1.70)****
CSO × EMP			–0.387 (–1.89)****
EMP × TRE			0.107 (2.56)**
Adjusted R^2	0.098	0.234	0.290
Change in adjusted R^2	0.000	0.136**	0.056**
F	3.11**	3.74***	3.98***

Notes: n=118. [a]Coefficients are standardized regression coefficients. The sample size is smaller than 136 due to missing information and exclusion of information from respondents whose company ownership type was joint venture; [b]interaction created by multiplying the centered variables. Significance levels: *p<0.05; **p<0.01; ***p<0.001; ****p<0.10

In Model 3, we included the interactions between CSO and TRE (CSO×TRE), CSO and EMP (CSO×EMP), and EMP and TRE (EMP×TRE) to test our interaction hypotheses. The interaction hypotheses state that the influence of CSO on SRP is dependent on training employees for customer service delivery and the empowerment employees are given to resolve customer service problems. Moreover, EMP would have a stronger impact on SRP when TRE is high. The results indicate that CSO×TRE is positive and marginally significantly related to SRP (β=0.399, $p < 0.10$), and so also is EMP×TRE (β=0.107, $p < 0.001$) which is significantly related to SRP. However, CSO×EMP is negative and marginally significantly related to SRP (β=−0.387, $p < 0.10$), which is contrary to our expectations. Thus *H8* and *H10* were supported but *H9* was not supported. It should be noted that with the inclusion of the interaction variables, ownership became significant and positively related to SRP indication that SRP is enhanced for wholly local-owned businesses compared to wholly foreign-owned businesses. At the same time, while the impact of EMP on SRP was enhanced, RAM was not significantly related to SRP.

Discussion and conclusion

This study replicates and extends Boshoff and Allen's (2000) model to investigate the determinants of SRP of front line employees in the retail industry in Ghana. The study posited

that SRP of front line employees in the retail industry will be influenced by the front line employees' perceptions about managerial attitudes (customer service orientation and employee rewards for excellent customer service), and the work environment (employee training for customer service excellence, empowerment, teamwork, role ambiguity, and organizational commitment). We also hypothesized that SRP will be influenced by the interactions between the perceived managerial attitudes and work environment perceptions variables on the one hand, and the interactions among the work environment variables on the other hand.

The findings revealed that when only the direct effects of the perceived managerial attitudes are examined, CSO was found to negatively influence SRP. This finding is different from the results from Ashill *et al.* (2005), Boshoff and Allen (2000), and Yavas *et al.*'s (2003) studies. However, none of the two perceived managerial attitude variables (CSO and EMR) directly influence SRP of front line employees when contingent effects are included. When contingent effects are included, the finding is consistent with most of the studies investigating the antecedents of SRP in different industries and country environments (e.g. Ashill *et al.*, 2005; Yavas *et al.*, 2003). At the same time, TRE, EMP, and RAM had an impact on SRP without the contingency variables. These relationships again demonstrate some differences between or findings and that of the other service recovery studies. For instance, while all the studies including ours found empowerment to influence SRP, our study is the only one to show that training employees to deliver excellent customer service influences SRP. Moreover all the three interaction variables – CSO×EMP, CSO×TRE, and EMP×TRE – had an influence on SRP. These findings imply that the influence of CSO in the Ghanaian retail industry is contingent on EMP and TRE. While TRE enhances the impact of CSO on SRP, EMP reinforces the negative impact of CSO on SRP. Moreover, the impact of EMP on SRP is contingent on TRE.

These phenomena are explainable in the retail industry in Ghana. First, providing customers with high-quality service is a philosophy that is neither recognized nor emphasized in the retail industry in Ghana so front line employees may not be aware of such a policy in their organizations. Thus, when these front line employees are trained in delivering excellent customer service, they become knowledgeable not only about how to deliver high-quality service, but they also become informed about the CSO policy of their organizations. This leads TRE to attenuate the negative influence of CSO on SRP. Second, though EMP enhances SRP of front line employees, when it is combined with CSO the front line employees are likely to overemphasize the authority and responsibility given to them to deal with customers such that it reinforces the negative impact of CSO on SRP. Third, about 88 percent of the front line employees in the retail industry in Ghana in our sample have at least a secondary school education, thus empowering and providing them with the requisite customer service training would enhance their SRP since they would understand when and how to exercise the authority given to them to address any service failure.

The implications from this study are as follows: first, empowering front line employees to take appropriate action in real time when service failure occurs is very important in their SRP as has been demonstrated in several service recovery studies (Ashill *et al.*, 2005; Babakus *et al.*, 2003; Boshoff and Allen, 2000; Yavas *et al.*, 2003). However, in the Ghanaian retail industry, this action should be combined with training the front line employees in job related and behavioral skills to attend to the needs of customers. Training increases the competency level of

front line employees and this gives them the confidence in their abilities to exercise the authority accorded through empowerment to provide the best service to customers. Second, it is critical to combine perceived customer service orientation with training front line employees in job related and behavioral skills if the SRP of front line employees are to improve. Training signals to front line employees' management's commitment to service quality (Babakus *et al.*, 2003) and energizes them to provide that level of service quality to aggrieved customers who have experienced service failures. However, management should be wary about combining empowerment with customer service orientation because the outcome could be the reinforcement of service failure may be as a result of the ego of front line employees in exercising the authority afforded them.

As with all research studies, the current study have some limitations that should be considered in the interpretation of the findings. First, though we replicated Boshoff and Allen's (2000) model, we only focussed on the antecedents of SRP. This was because "understanding the nature and significance of service recovery performance is a necessary and critical starting point in developing and implementing service recovery programs" (Ashill *et al.*, 2005, p. 303). Moreover, there is no clear evidence from the literature that SRP of front line employees influences their intentions to leave and job satisfaction (Ashill *et al.*, 2005; Boshoff and Allen, 2000; Robinson *et al.*, 2011; Yavas *et al.*, 2003). Furthermore, the items used to measure customer service recovery in previous studies that we used did not focus on how front line employees specifically deliver quick, reliable, and quality service to unsatisfied customers. Second, we used cross-sectional data rather than longitudinal data. Therefore, we cannot draw inferences based on a cause and effect relationship between perceived managerial attitude and work environment perceptions variables, and SRP of front line employees. Future studies should endeavor to use longitudinal data to examine the relationships. Third, all the constructs in the study (just like previous research) are based on the self-assessments of the front line employees. This has the potential of creating common method variance problems. Consequently, this problem is likely minimized in this study because multiple respondents were used for measuring the constructs in each organization. However, only front line employees were survey so future research should survey both front line employees and management and/or supervisors. For example, management should be surveyed about the perceived managerial attitude variables and the SRP of front line employees, while the front line employees are survey about the work environment variables. Finally, the study was limited to only one country in Africa – Ghana – so caution should be exercised in generalizing the findings to other Africa countries.

In conclusion, this study has demonstrated that SRP in the retail industry in Ghana is dependent on the direct and interactive effects of perceived managerial attitudes and work environment perceptions. Specifically, empowering front line employees is a powerful way of enhancing SRP. Moreover, empowerment should be combined with training for customer service excellence to induce greater SRP of front line employees. However, managerial policy of customer service orientation is only effective in the presence of front line employees training for customer service excellence. We hope this study has contributed positively to the discussion on the antecedents of SRP by providing additional evidence from an African country.

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