SERVICE FAILURE, SERVICE RECOVERY AND CRITICAL INCIDENT OUTCOMES IN THE PUBLIC TRANSPORT SECTOR

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Abstract

What are the underlying incidents that led to either satisfactory or dissatisfactory experience of passengers using transport services? How effective are recovery activities to generate positive outcomes? This study hopes to fill the gap in this understudied area by examining the link between service failure and service recovery efforts with critical incident outcomes in the Malaysian passenger transport sector. A total of 81 written accounts of these critical incidents was content analyzed through data obtained from interviews with passengers in this sector. It is found that Binney, Booms & Tetreault (1990)’s classification scheme is a useful diagnostic tool for passenger transport in Malaysia. However, only eleven out of the twelve critical incident categories from the three groups, are found. Interestingly, more incidents are judged ‘dissatisfactory’ (n=55) than ‘satisfactory’ (n=26). The largest group (Group 1) at 53.1% of the total 81 incidents, involved incidents to do with how transport providers responded to the service delivery system failure, with ‘response to unreasonably slow service’ accounting for 22.2% of the total. The second and third most frequent incidents also fall under Group 1 – those related to ‘response to other core service failures’ and ‘response to unavailable service’, followed by the category related to ‘employee behaviour in the context of cultural norm’ from Group 3. The second largest group (Group 3), comprising 38.3% of the total concerns incidents with ‘unprompted and unsolicited employee action’. Only seven incidents involved ‘employee response to customer need and request’ (Group 2), indicating the regulated nature of passenger transport services in Malaysia that are less likely open to customisation and accommodation of customer requests.

Keywords: Service failure and recovery, service satisfaction, critical incidents, public transport sector

Introduction

Extensive researches have examined the relationship between customer satisfaction and loyalty related to service failures involving encounters between the customer and the service provider. These researches were conducted in both Western settings [e.g. van Doom & Verhoef (2008); Matilla (2004); Lorenzoni & Lewis (2004); and Magnini, Ford & Markowski (2007)] as well as in Asian settings [(Kim & McLean (2007) and Saha & Theangi (2009))]. Previous research addressed many salient aspects of service failure and its recovery, such as the model of customer loyalty and the impact of negative or positive critical incidents (Matilla, 2004 and van Doom & Verhoef, 2008), as well as employees’ and contact personnel’s service recovery efforts and its influence on customer satisfaction: e.g. the skills needed (Lundberg & Moshberg, 2008). Other aspects include how customers perceived these efforts (Spech, Fichtel & Meyer, 2007); that such efforts should be made “naturalistic” (Thwaites & Williams, 2006); adequacy of explanation offered by the contact employees (Dunning, 2004); and whether customers’ reaction differ by nationality (Lorenzoni & Lewis, 2004; Sultan & Simpson, 2000); or by different cultural settings (Warden et al., 2003).

However, there is no other study examining the link between service failure and service recovery with critical incident outcomes from service providers in Asia (Aliah, Maisarah & Che Aniza, 2005; 2006). In particular, no previous empirical research was found to identify the sources of critical incidents in Malaysian transport sector. Specifically, what are the underlying incidents that eventually led to either ‘satisfactory’ or ‘dissatisfactory’ experience in using the transportation service? It was argued that when effective recovery efforts are made, service failures do not necessarily or permanently resulted in negative outcomes (Craighead, Karwan & Miller, 2004). Magnini et al. (2007) however, addressed the contradictory results between research that supports the service failure recovery in ‘reversing’ the outcome of negative critical incidents, and that which does not (i.e. service failure recovery has no or little impact on the outcome). Knowing the sources of such service failures (and effects of the service recovery attempts afterwards) is imperative in explaining the resulting satisfying and dissatisfying outcome experienced by the customers.

We found that there are only a few published research on users’ (dis)satisfaction using the CIT approach, and even less in the context of public transport (Friman, Edvardsson & Garling, 2001; Friman & Garling, 2001). Although there are increased research interest in recent years investigating users’ (dis)satisfaction in the transport sector [e.g. Pantouvakis & Lymeropoulos (2008)’s study on the general transport sector; Perez et al. (2007)’s study on public sector transport; Tripp & Drea (2002)’s study on passenger rail service; Halil Nadiri et. al (2008)’s study on airline services and Fodness & Murray (2007)’s study on airport services], nevertheless they used primarily attribute-based measurement. Attribute-based measures (such as Service or Service adapted into various contexts) in predominantly quantitative studies, identified antecedent factors/dimensions as a whole, yielding satisfaction or otherwise. However, they are not useful in singling out specific causes of such (dis)satisfaction over a particular service encounter. On the other hand, incident-based measurement using qualitative methodology is useful for this purpose. Friman et al. (2001) and Friman & Garling (2001) in fact, concurred with
This study attempts to fill this gap by addressing these two research questions:

(a) What specific events led to satisfying and dissatisfying service encounters with transport service providers?
(b) What did contact employees do that caused these events to be remembered favorably, or with distaste?

Overall, this paper aims to report the analysis of the types of service failure which led to satisfactory and dissatisfactory outcomes in passenger transport. It adopts Bitlet, Booms & Tetreault (1990)’s 12-category framework in the incident sorting process.

The Critical Incident Technique

The critical incident technique ("CIT") is an inductive grouping procedure or classification technique which employs content analysis of stories or critical incidents in data analysis stage (Flanagan, 1954). Critical service incidents have been given importance in the services marketing literature in an effort to find new ways to improve services quality (Chung-Herrera, Goldschmidt & Hoffman, 2004). Specifically, the CIT approach is deemed a relevant tool for managing services (Edvardsson & Roos, 2001), especially in

singling out causes/explanatory factors over customer judgments on particular service experiences. This paper takes the view that incidents would only be considered as 'critical' if customers can remember them so well to the extent that they can judge them as either particularly satisfying or dissatisfying. Also, in this experience, either a service failure had occurred or a service customer faced a problem and an attempt has been made to recover the failure, or to solve the customer's problem (Aliah et al., 2005, 2006, 2007). Only incidents with these characteristics are captured in our analysis.

The Questionnaire and Data Collection

To ensure that incidents used conform to our definition of "critical incident", the researchers trained a group of "Services Marketing" MBA/BBA students from a public university, on the principles of CIT and the appropriate art of interviewing. They educated subjects who voluntarily described their experiences, asked them to focus on events that they could remember so strongly that enable them to describe the encounter fully. The respondents were not made to identify the underlying causes of dissatisfaction, as it is the researcher's responsibility to perform the abstraction (Aliah, Maisarah & Che Aniza, 2007).

Each questionnaire contains the following questions – (1) Think of a time when you had an experience of using a service in this country where you encountered a problem or a mistake was made and the service personnel tried to correct the mistake, but made a poor job in solving your problem/correcting that mistake. Please
describe the nature of that incident. (2) What happened?! (3) What did the service personnel do or say, to correct that mistake/solve your problem? And; (4) What result that made you feel the interaction was satisfying or dissatisfying? (adapted from Bitner, et al., 1990). In this study, Bitner, et al (1990)’s incident classification scheme was used.

After careful, repeated readings of these ‘stories’, each researcher independently classified each incident into one of the twelve pre-defined incident categories, and judgementally labeled it as either ‘satisfactory’ or ‘dissatisfactory’ based on the customer’s perception. Then, the researchers met to test the inter-judge reliability of their categorization. A consensus is finally made after re-reading and diagnosing the incident to determine which category it best fits into, should a disagreement arise. Only a small number of re-sorting adjustments was needed. This analysis is the outcome of this consensus verifying the classification. The primary

Key Findings and Discussion

Incidents sampled from the public transport sector were passenger experiences with bus (45 incidents), taxi (13 incidents), airline (10 incidents) and train (13 incidents) service providers. Demographically, the customers sampled were predominantly Malays in the student category, aged between 18-25 years and were pursuing a bachelor’s degree as their highest education level. Table 2 below shows the breakdown in the number of incidents by incident outcome (satisfactory/dissatisfactory) and whether a complaint has been made to the transport operator. Table 3 (A, B and C) shows a sample of incidents found fitting into the relevant category.

Table 2: Number of Incidents and Complaints Made by Incident Outcome

<table>
<thead>
<tr>
<th>Incident Outcome</th>
<th>Satisfactory</th>
<th>Dissatisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger Transport Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus</td>
<td>Count (%)</td>
<td>Complaint count (%)</td>
</tr>
<tr>
<td>14</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td>Taxi</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Train</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Airline</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>15</td>
</tr>
<tr>
<td>(32.1%)</td>
<td>(18.5%)</td>
<td>(27.3%)</td>
</tr>
</tbody>
</table>

Table 3a: Employee Response to Service Delivery System Failure (Group 1)

<table>
<thead>
<tr>
<th>GROUP</th>
<th>SATISFIED</th>
<th>INCIDENTS</th>
<th>DISSATISFIED</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Response to Unavailable Service</td>
<td>I booked for a 4.30pm bus ticket online and made the payment one month before departure. On the day, I was informed that the tickets were sold out and they did not receive any payment from me. After showing them the bank-in slip as the proof of my purchase, they accepted and gave me a ticket for a later trip which scheduled to depart at 6.30pm. At first it was very angry since I was rushing to go back home for Chinese New Year eve. Fortunately, the person in charge found that there was an empty seat on the 4.30pm bus and allowed me to board. I was happy because I could keep to my schedule. (J38)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Response to Unreasonably Slow Service</td>
<td>The bus that I boarded for my holiday broke down and we had to wait for 4 hours for a replacement bus. Although we were delayed for about one hour, I was satisfied with the driver’s politeness and sincere apology. (B44)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Response to Other Core Service Failure</td>
<td>My hand was injured because of a malfunctioned automatic door of a private bus chartered by my university management for students’ use. As a result of my complaint, the management no longer engages the service of the particular bus company. (B45)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

My girlfriend’s luggage was lost upon our arrival at the airport. The employees were not only unsympathetic; they even boasted that MAS had a proper and secured luggage handling system. They also refused to compensate the loss pending investigation which would take about one month. (A2)
### Table 3b: Employee Response to Customer Request/Need (Group 2)

<table>
<thead>
<tr>
<th>GROUP</th>
<th>INCIDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Response to “Special Needs” Customers</td>
<td>During our journey back to Malaysia, my daughter was taken ill on the flight. One of the stewardesses relocated our seats nearer to the toilet for my daughter’s convenience. A doctor (who was travelling first class) was brought to her for a checkup. She was then diagnosed of having air sickness only; and another stewardess generously offered her pills to my daughter. (A1)</td>
</tr>
<tr>
<td>B. Response to Customer Preferences</td>
<td>On the way to KLCC, the taxi driver was using a longer route than the usual one. When I said that I would not pay for the extra miles he took, he asked me to shut up. Immediately I asked him to pull over and I stepped down from the taxi. (T8)</td>
</tr>
<tr>
<td>C. Response to Admitted Customer Error</td>
<td>I was sleeping on a bus journey from JB to Singapore. When I woke up it had arrived at the destination and I was locked inside all alone. I shouted for help until the employees came to let me out. Although it’s my mistake to oversleep, they apologized profusely for not realizing that I was left on the bus. They even helped me to get a cab to go home and compensate me SGD100. (B7)</td>
</tr>
<tr>
<td>D. Response to Potentially Disruptive Others</td>
<td>I needed help from the LRT personnel with the ticket machine. However, he refused to help and said he was too busy. I was very dissatisfied with the situation. (T2)</td>
</tr>
</tbody>
</table>

### Table 3c: Unprompted/Unsolicited Employee Actions (Group 3)

<table>
<thead>
<tr>
<th>GROUP</th>
<th>INCIDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Attention Paid to Customer</td>
<td>Initially, the lady at the information counter seemed uninterested to attend to my father’s inquiries. But after my father started to raise his voice, she quickly apologized and gave the information we wanted with the correct attitude. (A4)</td>
</tr>
<tr>
<td>B. Truly Out-of-the Ordinary Employee Behaviour</td>
<td>When a relative of mine and I asked how much to pay before riding a taxi, the taxi driver said that we could pay as much as we wish. After getting off my relative gave him RM6 but the taxi driver became angry and threw the fare on our face and demanded RM8 instead. When we complained he got even angrier, closed the door rudely and drove off. (T2)</td>
</tr>
<tr>
<td>C. Employee Behaviours in the Context of Cultural Norms</td>
<td>A few hours after I paid for my TNh card top-up I realized that the employee in charge had shortchanged me of RM40. I went back to the counter but the said employee was off duty so I left my contact number, with the thought that I shall never hear of it again. To my surprise the employee called me the next day to return my money and apologized for the incident. (T5)</td>
</tr>
<tr>
<td>D. Gestalt Evaluation</td>
<td>I booked the service of the taxi as I need to start off as early as 5am for the immigration office in Johor Bahru. Not only the driver came 10 minutes earlier than promised, he helped me to carry my things in and out of the taxi. He was driving carefully and not showing any signs of sleepiness. Upon arriving, he also helped me to find places. I felt very comfortable and satisfied with the journey. (T5)</td>
</tr>
</tbody>
</table>

### What specific events led to satisfying and dissatisfying service encounters?

Group 1 incidents are characterised by incidents involving employee responses to service delivery system failures (no available service, unreasonably slow service and other core service failures). Group 2 incidents are those where no delivery system failure occurred, but where there was a customer request or need, and the way service personnel responded to this request/need influenced them to remember the incident as a moment of joy or sorrow. Group 3 incidents are those where no delivery system failure occurred, but unprompted/unsolicited employee actions made customers perceive the events as either a moment of joy or sorrow.
Table 3c (Continued)

| E. Performance Under Adverse Circumstances | I was terrified when one of the taxi’s tyres got punctured. However, the taxi driver’s prompt actions really calmed me down. Not only had he apologized, he also arranged for his colleague to send me home safely with the fare cost on him. I felt safe and comfortable with his swift actions. (Tx9) |

The bus driver should have stopped the bus and wait for help rather than continue driving the punctured bus. Although I arrived home safely, I cannot imagine what to happen to us might should the driver lost control of the bus.

Only eleven out of the twelve critical incident categories from the three groups, are found. Interestingly, more incidents are judged ‘dissatisfactory’ (n=55) than ‘satisfactory’ (n=26). It suggests the the largest group (Group 1) at 53.1% of the total 81 incidents, involving incidents to do with how employees responded to the service delivery system failure, with ‘response to unreasonably slow service’ accounting for 22.2% of the total. The second and third most frequent incidents also fall under Group 1 – those related to ‘response to other core service failures’ and ‘response to unavailable service’, followed by the category related to ‘employee behaviour in the context of cultural norm’ from Group 3. The second largest group (Group 3), comprising 38.3% of the total concerns incidents with ‘unprompted and unsolicited employee action’. Only seven incidents related to ‘employee response to customer need and request’ (Group 2). The highly regulated nature of public passenger transport services in Malaysia that are less likely open to customisation and accommodation of customer requests which may explain why Group 3 incidents occurred the least.

What did contact employees do that caused these events to be remembered favorably, or with distaste?

With more (53.1%) incidents found that are more likely to fall in Group 1 than the other two groups, the data suggests that offering good explanations and sincere apologies are recovery tactics that can dissipate the customer’s anger. However, they may still be inadequate to prevent the way the incident was handled from being judged as satisfactory, even when the recovery effort is evaluated as good. This may be because these customers have low tolerance for unreasonably slow service with buses breaking down, delays disrupting the journey, or the service is unavailable at all, as they seem not to be able to accept unreasonably slow service and other core service failures to happen in the first place.

Except for incidents to do with ‘performance under adverse circumstances’ (under Group 3), more incidents across all categories were judged as ‘dissatisfactory’. This is evidence of the dire need for public transport operators in Malaysia to increase the level of their services to meet with their customers’ expectations to exceed the ‘adequate service’ level in their zone of tolerance. Table 2 shows a significantly higher number of incidents (45 incidents) judged ‘dissatisfactory’ were incidents when complaints were made to the transport providers. But, more (15 incidents) of those judged ‘satisfactory’ with complaints made than without making any complaints (11 incidents). This may suggest that the complaints made did not contribute much to the judgement of the entire experience as ‘satisfactory’. Merely complaining but if this does not translate into a good recovery effort being made by the transport provider will not induce passenger satisfaction.

47% or 26 out of 55 ‘dissatisfied’ customers were found to continue patronizing the service providers despite unfavorable incidents they encountered. With the exception of taxi services, the significant numbers were found in bus services (14 out of 31 incidents), airline (7 out of 9 incidents) and train (4 out of 5 incidents). Only 1 out of 10 taxi patrons who experienced dissatisfactory service encountered using taxi services, suggesting that taxi passengers have more liberty to choose other means of transportation.

Study Limitations and Conclusion

The results of this study are limited and improvements for future research are essential. One of the most basic limitations is the small sample size captured for this study. With bigger sample size, the one missing category may be found.

Care should be taken too when generalizing these findings to passenger transport sector as a whole. It should be noted that most of our respondents were generally students who patronized bus services as a preferred means of transportation. For future research, we hope to acquire more incidents from airline services (with richer and diverse range of encounters during long-haul flights that can be captured), as the present sample is quite skewed to bus services.

Overall, the results somewhat mirror the critical categorisations of the public sector and finance sector samples in our larger study (Aliah Hanim et al. 2005, 2006, 2007). Bittner et al. (1990)’s well-known framework of diagnosing favorable and unfavorable incidents in a service encounter is found to be generally applicable in the tested sample of Malaysian passenger transport sector. Group 1 represents the largest number of incidents found (both satisfactory and dissatisfactory), suggesting that employee responses to service delivery system failures is a critical determinant of satisfactory or dissatisfactory service encounter experience in Malaysia. With the exception of taxi services, we found that incident outcome is not that significant in determining continued patronage, as it was so in the case of public sector services (Aliah Hanim et al. 2007). This may suggest that in the passenger transport sector in Malaysia, the customer has limited choices or no other alternative but to continue patronizing the service albeit having encountered unfavorable incidents.

This study fills the gap in explaining the resulting satisfying and dissatisfying outcome experienced by the customers, specifically in identifying the
sources of service failures (and service recovery attempts that follow) and delineating the incident outcomes. This paper provides evidence stressing the need for transport service providers to better understand how to increase their customers’ satisfaction. Results from this study have practical implications that can be used by managers in the service industry as it can help service organizations and their employees to focus on the needs that are most important for customers. This study concurred that customer satisfaction is an important “societal welfare” issue, and that the service providers are expected to have a higher moral and social obligation about their standard of service to the customers (Aliah et al., 2007). This is especially the case when few other public transport alternatives are available.

Acknowledgement

This paper is an output of a research project code: CC-016-2004. We wish to thank Rosidah Saukat, our MBA alumnus and case project research assistant, who also assisted us in classifying the incidents from the transport sector into the prescribed categories.

References


