

## The Effects of Service Failure and Service Recovery on Consumers' Post-recovery Behaviors

By

<sup>1</sup>Li-Yueh Lee, <sup>2</sup>Wann-Yih Wu, <sup>3</sup>Chen-Su Fu & <sup>4</sup>Hsueh-Jung (Shelly) Liang

<sup>1</sup>Department of International Trade, Kun Shan University, Taiwan

<sup>2</sup>Chinese Culture Univ., Dept. of Business Administration, National Cheng Kung Univ., Taiwan

<sup>3</sup>Department of Business Administration, National Cheng Kung University, Taiwan

<sup>4</sup>Graduate Institute of International Business, National Cheng Kung University, Taiwan

### Abstract

*This study conducted a qualitative research based on grounded theory to develop an integrated model aims to: 1) explore the relationship between service failure, recovery, post-recovery satisfaction, and parents' behaviors; 2) discover the effects of service failure and service recovery on customer's post-recovery behaviors; and 3) provide proprietors of English after-school tutorial institute (EASTI) with valuable information for enhancing service quality through service recovery. One EASTI in Taiwan was selected as the case study object, and a total of 64 failure events were identified and 99 recovery performances were collected by interviewing 10 parents of EASTI's students and 10 employees. The analysis results indicate that service failures from teacher's teaching and student's learning are indeed a big concern for respondents. The strengthening communication strategy is the most widely used in the EASTI, while it encountered service failure. Surprisingly, our findings indicated that such a strategy is the least effective recovery strategy. The study results showed that training and management strategy is the most effective recovery strategy to retain customers. The integrated model developed in this study enables the EASTI businesses to identify the most effective service recovery strategy when it encountered at different events of service failure.*

**Keywords:** *Service failure, Service recovery, Post-recovery satisfaction, Case study*

### Introduction

With the increasing global competition to communicate effectively, English has become an essential tool. Since 2000, elementary school students in Taiwan have been learning English, in order to increase their global competitiveness (Taiwan Elementary and Secondary Educator Community, 2009).

According to Grade 1-9 Curriculum Guidelines, the goals of English education are building up students' English communication ability, nurturing students' English interest

and learning methods, and increasing the student's local and foreign culture and customs knowledge. To enable the students and to start English learning as soon as possible, lots of parents have sent their children to English after-school tutorial institutes (EASTI) and therefore EASTI in Taiwan are flourishing (Growth rate of Taiwan EASTI of foreign language category, 2009).

Due to increasing options yet a decreasing low -birth rate, the EASTI industry faces an ever more intensely competitive environment. As EASTI's primary product is a teaching service, improving the teaching service quality means increasing customer satisfaction and loyalty, both of which are also related to the institute's survival. Although previous EASTI studies have emphasized the importance of service satisfaction, they rarely discussed the issue of the service failure and recovery (Lu, 2006). Thus, it is important to understand the nature of service failures for EASTI. It is also essential to identify specific service recovery strategies for different categories of service failure.

## **Background Literature**

### **English After-School Tutorial Institutes (EASTI)**

The EASTI market in Taiwan can be divided into three categories: affiliated English courses at school-age child care classes, English after-school tutorial institutes, and affiliated English courses at kindergartens (Jian, 2007; Lee, 2003). According to the Supplementary Education Act, Article 6 of the Ministry of Education in Taiwan (2004), "Short-term tutorial education may be provided by schools, government organizations, foundations, or private parties. Short-term tutorial schools shall be divided into two categories: non-academic short-term tutorial schools and academic short-term tutorial schools. Courses shall be held from one month to one year and six months." Short-term tutorial schools are the after-school tutorial institutes that offer courses for elementary and high school students. Supplementary compulsory education and supplementary advanced education are provided by elementary schools, junior high schools, or senior high schools. In general, short-term tutorial education is provided by external school systems, such as after-school tutorial institutes.

According to Kane (2004), parents and the US government have started to put more of a focus on after-school programs in the past decade. The programs are "typically located in neighborhood schools serving a high concentration of disadvantaged students" (Kane, 2004, p. 5), and focus mainly on childcare, comprehensive learning and achieving higher grades. In the western countries, educational concepts are affected by Socrates' philosophy which proposes people can be improved through education (Gao, 2008). Therefore, most parents in the western countries focus on learning practical knowledge for adapting in society (Halpern, 2009). While in the east, educational concepts are affected by Confucianism which proposes that educated people may have a bright future (Gao, 2008). Therefore, most parents in eastern countries focus on academic achievement.

## **The Characteristics of EASTI Service**

### ***Inseparability of production and consumption***

Physical goods are produced first and then sold and consumed later, while services are produced and consumed at the same time. Clients have to experience the entire service process. For this reason, EASTI should design satisfactory courses to meet clients' needs and make improvements according to their suggestions and opinions such as improving equipment and providing qualified teachers.

### ***Heterogeneity of service quality***

EASTI provides education for students with different levels of IQ and EQ, which leads to complaints by parents when their children's performance does not reach their expectations.

### ***Perishability of the service***

When a student does not consume the service right at the time when the course is offered, the efficiency and effectiveness of the service disappears immediately. For example, if a student is late in signing up for a new class, he/she might have to wait for the next term. Due to the abstract nature of the services provided by the EASTI industry, EASTIs are challenged with determining how to make customers perceive better service, thus increasing their satisfaction.

## **Service Failure and Service Recovery for EASTI**

Johnston and Hewa (1997; p. 467) defines service recovery as "the actions of a service provider to mitigate or repair the damage of the service failure to a customer". Yunus (2009, p.216) further pointed out that "service recovery is an umbrella term for systematic efforts by a firm to correct a problem following a service failure, in order to retain customer's goodwill." Obviously, it is necessary to practice effective service recovery strategies to resolve the service failure problems, increase service quality, rebuild the relationship with customers, and satisfy and retain customers. Halstead, Morash, and Ozment (1996, p.107) indicated that "customer retention and service recovery require accurate information to diagnose and prevent service failure and improve service performance." Hoffman and Kelley (2000, p. 419) further claimed that "the development and implementation of a service recovery program are directly linked to organizational survival and growth." Levesque & McDougall (2000) indicate that the most common and frequently used actions in the service recovery strategy are apology, assistance, and/or compensation.

A service provider should communicate with customers in more politeness, courtesy, concern, effort, and empathy manners, in order to enhance customers' service evaluations when customers have experienced a service failure (Shapiro & Ntoman-Gonder, 2006). Wirtz and Mattila (2004) further indicated that an apology has a positive effect on perceived fairness of consumers. If parents are not satisfied with the service an EASTI provides, such as changing the class teacher, it may be useful for the institute to apologize, communicate more with the parents and convince them of the new teacher's ability. Notably, apology works only when the service failures are not serious and would not affect student's interest in learning.

When service failures are important to the customers, complaints from customers can be avoided if frontline service personnel have already recognized or dealt with these failures. The proactive efforts such as courtesy acts, honesty and forthrightness demonstrations, and empathic understanding and respect expression made by the frontline service personnel are extremely important to increase customer's satisfaction (Smith et al., 1999). Using EASTI as an example, when the teaching assistant found a student's learning problem, he/she can actively identify the issue and teach in a different way, and then the problem can be resolved before dissatisfaction arises.

When service failures are very serious and essential to customers, compensation can enhance customer repurchase intentions after a service failure (Grewal et al., 2008). In practice, compensation is widely used to soothe the anger and frustration of complaining customers (Garrett, 1999). In the EASTI, reinforcing teaching techniques may be useful to overcome the difficulties of student's learning.

### **Service Recovery and Post-recovery Satisfaction**

Customer satisfaction is a key consequence of service quality and can determine the long-term success of a service organization (Parasuraman, Zeithaml, and Berry, 1994). According to Wahab et al. (2009), customer satisfaction results in positive customer behaviors such as repurchase intention and word-of-mouth.

Error-free service has higher customer satisfaction than after service failure and recovery (McCullough et al., 2000). Hocutt et al. (1997) indicated that under the conditions of high redress, responsiveness, empathy, and courtesy, post-recovery satisfaction can be higher than the control condition of error-free service. Obviously, "outstanding recovery results in loyalty intentions which are more favorable than they would be had no failure occurred" (Sousa & Voss, 2009, p.834). Conversely, Dubé and Maute (1996) mentioned that because of poor service and management of recovery, the firm may lose both current and

potential customers and carry a poor reputation. Therefore, poor recovery causes poor post-recovery satisfaction, and even damages customer loyalty and profits.

## Research Design and Methodology

### Research Framework

Since previous studies have not conclude the recovery strategies for the service failures of EASTI, the development of this model was originally in an exploratory stage. This study initially displayed the preliminary framework through the literature review. The preliminary framework refers to the concept of PZB ((Parasuraman, Zeithaml, and Berry, 1988) and the findings of Smith et al. (1999). PZB's SERVQUAL dimensions (tangible, reliability, assurance, empathy, and responsiveness) were used to categorize failure cases, while the findings of Smith et al. (1999) were used to classify the recovery performances (compensation, apology, and initiation). Because SERVQUAL and Smith's findings are based on the service quality of the western culture, they may not be appropriate for eastern cultural circumstances, particularly for the EASTIs in Taiwan (Owen, 2009; Raajpoot, 2004; Stanworth et al., 2008). Therefore, this study conducted a series of interviews using open-ended questionnaires to discover the nature of service failure and service recovery. The research framework of this study is shown in Figure 1.

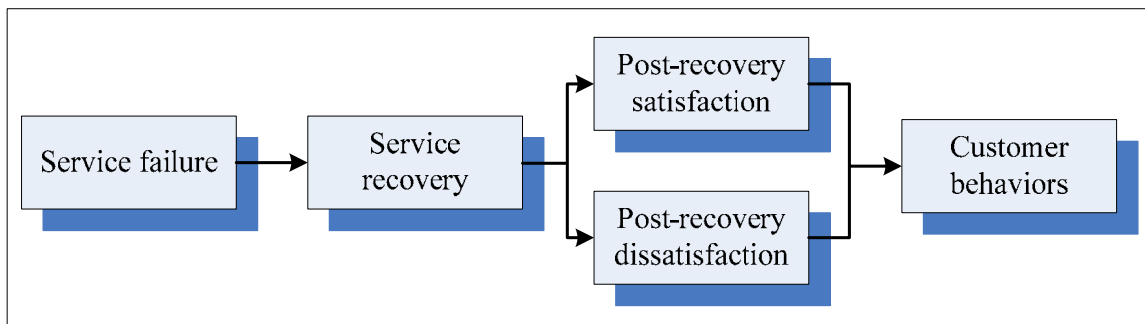


Figure 1. The initial research framework of this study

## Methodology

### *Case study, sampling design and data collection*

This study adopted a case study approach to investigate the issues of service failure and recovery, identify post-recovery dissatisfaction and the consequential behaviours of customers. An EASTI located in the southern Taiwan was selected as our research object, and the employees and the parents of the targeted EASTI students were interviewed. Employees and parents were asked to recall their recent experiences of EASTI service failures and the sequential recovery strategies, including inquiry contact, teaching contact

616

and reinforcement contact. The saturation method is adopted so that nearly all cases of service failures and recoveries of the targeted EASTI can be explored.

Data were collected using in-depth interviews with open-ended questionnaires. Respondents were asked to report their experiences for specific service failure events and recovery performances from the past year. The interview questions for EASTI employees were developed and listed below:

1. Employee's background: Name, age, seniority, education, title.
2. Please recall the event of a dissatisfying service encountered.
3. What was the recovery strategy for that specific event?
4. From your viewpoint, do you think the service recovery leads customers to satisfaction or dissatisfaction?
5. What was the customer's action after the service recovery?

For customers (parents), the interview questions for customer (parents) were developed and listed below:

1. Customer background: Name, age, seniority, education, occupation.
2. Please recall the event of a dissatisfying service you have experienced.
3. How was the institute handling this event? What was the recovery strategy that the institute offered for that a specific event?
4. Do you think the service recovery leads to your satisfaction or dissatisfaction? What did you behave after the service recovery?

Before interviews start, the researchers made some preparation works: (1) Arranged the in-depth interviews in the classroom of the targeted institute; (2) The interviews were conducted individually, all respondents were recorded with the permission from the respondents; (3) The day before the interview, the researchers called for the reconfirmation of the appointment with a brief explanations about the content of the interview. These preparation works allowed the interview to begin smoother, and allowed for the provision of more events and viewpoints. After collecting and sorting interview data, when some questions are not answered or in completed, interviews were asked to complete the answers through telephone calls.

All collected data were content analyzed, following by data reduction and reliability and validity measurement: Data reduction refers to "the process of selecting, focusing, simplifying, abstracting, and transforming the data" (Miles and Huberman, 1994, p. 10). In this research, the researchers first transcribed all interviews to form transcripts, which were then reviewed by interviewees. After identifying written transcripts, the specific descriptions and events in written transcripts were chosen by the researchers and extracted

by themes (data chunks). Themes were classified into the categories of service failures and recovery, and coded.

Data were also verified through reliability and validity measurements. After three coders (the professor, the doctoral student, and the EASTI proprietor) assessed the categories of service failure and recovery, the researchers proceeded with the reliability, agreement, and validity calculations. According to Krippendorff (2004), a study may set a cutoff of  $\alpha = .800$ , where only those variables with reliabilities above this are considered valid. In this research, reliability of service failure events and recoveries both yield 0.996. They are both beyond the standard and thus have achieved a high level of intercoder reliability.

Validity is the extent to which a measuring procedure represents the intended, and only the intended, concept (Neuendorf, 2002). Krippendorff (2004) raised three kinds of standards regarding validating evidence through content analysis as shown in Table 1.

**Table 1. Analysis of Validity in this Research**

<b>Krippendorff's Validating Evidence</b>		<b>Validating Evidence in this Study</b>
<b>Content</b>	Evidence that justifies the treatment of text	1. This study adopted the EASTI case which has been established for more than 10 years. All participated respondents fully understand the EASTI.
		2. The day before the interview, brief explanations about the topic were provided to the interviewees. This preparation allowed for smoother interview starts, and provided more failure events and recoveries. All the records from the interviews were identified by the respondents again.
		3. Data were derived from the interviews and open-ended questionnaires, and were turned into written transcripts. Theme analysis was conducted that includes extracting, categorizing and coding.
<b>Internal Structure</b>	Evidence that justifies the abductive inferences that a content analysis is	1. The research is not limited to one source (parents and employees) by in-depth interviews and open-ended questionnaires.

<b>Krippendorff's Validating Evidence</b>	<b>Validating Evidence in this Study</b>
making.	2. Collected data are repeatedly combined and sorted until the categories, subcategories, and codes of the failure events and recoveries are generated. Three coders then select the themes, after which the researcher proceeds with the reliability and validity assessment and explanation. 3. This study established its systemic archive and theoretical framework via grounded theory, and the results were displayed by tabulations.
<b>Relations to other variables</b> Evidence that justifies the results	1. The results of the study were consistent with the previous studies, and contributed answers regarding the effectiveness of different recovery strategies. 2. The study suggested that the integrated model could be implemented to other ASTIs, and further research could consider adopting observation in order to gain information regarding respondents' attitudes, behaviors, and personalities.

## Research Results and Discussions

### Characteristics of Respondents

The respondents in this study were 10 parents and 10 employees who are familiar with the service processes of the targeted EASTI. Females occupied about 50% of the parent respondents, while 70% of the employees were female. Parent respondents are mainly aged from 34 to 49 years old, whereas most of employees are between 18 and 37 years old. Each parent and employee provided at least 1 to 6 failure events as well as some recovery strategies and performances that they have experience. Eighty percent of interviewed employees are university graduates, while only 30% of parent respondents have university degrees.

### Results for Service Failure Categories and Recovery Strategies

During the process of in-depth interviews, all respondents were asked to report service encounters that they were not satisfied with. Saturation method is adopted to confirm that the responses for the research issues are complete. Eventually, 64 failure events and 99 recovery performances were originally collected from both parents and employees; most recovery strategies or performances were reported by employees.



**Results for service failure categories**

A total of 64 (100%) failure events were classified into five major categories: 15 (23.4%) teacher's teaching, 14 (21.9%) tutoring, 18 (28.1%) student's learning, 4 (6.3%) parent's response, and 13 (20.3%) services. Teacher's teaching and student's learning make up the majority of the failure events (51.5%). These results imply that the service providers' English knowledge and ability should efficiently and accurately deliver to the students. The respondents' descriptions about teacher's teaching and student's learning failures are excerpted as follows:

*“We face several problems when teaching Joshua. First, he does not pay attention to the class. Second, when we try to ask him to stay at school to finish his homework, his parents do not cooperate. Third, he is not always able to do well on his homework when he does it alone at home.”*

*“Jun in class C is normally fine. However, once he loses his temper, he is not controlled by the teacher. The teacher has to try very hard to get him to work, or his homework piles up.”*

Moreover, tutoring, parent's response, and services make up 48.5% in failure events; nevertheless they are attributed to different characteristics, which are: equipment failure, bad attitude of service staffs, parent's communication and perception problems, commitment, and counter services. Based on the study results showed that failure of service performances with teacher's teaching and student's learning were significant because they not only occupied the majority of failure events (51.5%), but also were reported as the most frequent failures by both sides of respondents. These results imply that two of the most important areas for the targeted EASTI are to focus on are how to improve teachers' professional services and how to implement effective methods to deal with students' learning.

**Results for service recovery strategies**

The service recovery strategy analysis could be resulted in five major categories: 1) strengthening communication (R1); 2) training and management (R2); 3) tutor strengthening (R3); 4) teaching improvements (R4); and 5) service improvements (R5). These five categories are made up of 11 strategic subcategories, 61 recovery themes, and 99 codes and counts. Among these 99 strategies, 31 (31.3%) recoveries were related to strengthening communication, 23 (23.2%) recoveries related to training and management, 15 (15.2%) recoveries related to tutor strengthening, 12 (12.1%) recoveries related to teaching improvements, and 18 (18.2%) recoveries related to service improvements. The majority of recovery performances were strengthening communication and employee's training and management (55.5%). Obviously, no matter when the service provider is aware of the problem, it should immediately “take an action” once they realize the problem exists.

*“The way to explain to parents why one-and-a-half hour class is changed into a make-up class with one-third of the class time is as follows: First, the schedule follows the normal class. However, the teacher needs to spend time in teaching, collecting homework and taking care of a lot of students in the class. Tutoring is executed one on one, so it takes less time. Especially, if the student has a better learning ability, the required time spent is even shorter.”*

*“Assistants are required to provide a higher standard when teaching students. They are also arranged for training and their performance is examined so the tutoring quality has been improved.”*

The in-depth interviews showed that “teacher’s teaching” and “student’s learning” are two major service problems of this EASTI. To deal with these two problems, two categories of recovery performances (strengthening communication and employee’s training and management) are frequently adopted by the targeted EASTI. Interestingly, the service provider performs strengthening communication, employee’s training and management, instead of improving teaching to resolve the problems related to teacher’s teaching. This implies that service failures for teacher’s teaching occurs mainly due to misunderstanding by the parent’s and the employee’s poor professional knowledge, not actually by the teaching delivery or technique.

**Toward an Integrated Model of Service Recovery for EASTIs**

Based on the above study results, this study aims to develop an integrated service recovery model for EASTIS. For the perspectives of teacher’s teaching, tutoring and student’s learning, the integrated model is shown in Tables 2, 3 and 4. When there is a service failure with regards to teaching quality, the strategies of strengthening communication is adopted. If the service failure is derived from teaching content failures, three strategies (strengthening communication, training and management, and service improvements) are performed. In order to resolve tutoring quality service failures, strengthening communication and training and management strategies are adopted again. The service improvements strategy, teaching improvements strategy, and tutor strengthening strategy are useful when there are tutoring content failures. For learning ability issues, strategies in tutor strengthening, strengthening communication, and teaching improvements are often performed.

**Table 2. Integrated Model of Teacher’s Teaching**

Event Themes	Frequency					Recovery Themes
	R1	R2	R3	R4	R5	
<b>Teaching quality</b>						

The time to dismiss class is extended.	2				The reason of delaying class should be explained.
High-quality teaching guarantees high- learning performance.	1				New teachers should be introduced so they can be accepted easily.
<b>Teaching method</b>					
New teaching method can improve students' learning.	1				Professional guidance and advice should be provided to students and parents.
Inappropriate punishment or correction should be adopted.				1L	Listening to English CDs can be a better punishment than writing.
				1L	Parents' need should be satisfied.
Class rule should be followed.				1	Teaching should be redesigned and classroom management should be improved.
Student safety should be emphasized.	1				We show sincere apology and offer explanation when parents are dissatisfied or have doubt about our teaching.
		1			Student safety and crisis should be emphasized.
		1			Techniques of tutoring and student safety maintenance should be retrained.
				1	Parents should be contacted instantly when emergency happens.
Inappropriate classroom management should be amended.				1	Neglect of naughty behavior is sometimes necessary in order not to cause disturbance.
Students are not required to correct their mistakes and take notes.				1	Students should be required to prepare their own notebooks and take notes.
Students' performance is not improved.			1L		Lessons should be reviewed.
			1L		Learning should be enhanced.
<b>Teaching Content</b>					
Teachers' teaching is not supported by parents.	1L				Professional guidance and advice should be provided to students and parents.
				1L	Service which cannot be fully provided should be abandoned.

	2L					The intention of hiring new teachers should be interpreted.
Students do not know where the security exits are.				1		Signs for security exits should be provided.
Teaching is not directly related to school exams.	1L					The intention of hiring new teachers should be interpreted.
	1L					We show sincere apology and offer explanation when parents are dissatisfied or have doubt about our teaching.
					1L	Parents' need should be satisfied.

**Notes:** 1. Strategies:R1. Strengthening communication Strategy R2. Training and Management Strategy; R3. Tutor strengthening Strategy; R4. Teaching improvements Strategy; R5. Service improvements Strategy; 2. L. Leaving the EASTI.

**Table 3. Integrated Model of Student's Learning**

Event Themes	Frequency					Recovery Themes
	R1	R2	R3	R4	R5	
<b>Learning attitude</b>						
Students do not do homework	1					The agreement should be made between teachers and students.
				1		A contract can be made to guide students.
			1			Some students need assistance to finish their homework.
				1		Students can finish or correct homework at English school.
Students do not prepare their tests in advance	2					Encouragement and persuasion should be adopted when instructing students.
			1			Tests should be reviewed
			1			Tests should be enhanced.
			1			Learning standards should be set higher.
				1		Students with low learning effect should be offered with more tests.
Students are talkative and do not pay enough attention				1		Students' seats can be adjusted to enhance their concentration.

				1L	Service which can not be fully provided should be abandoned.
	1L				Students should be provided with the advice about learning.
Students do not concentrate on doing their work			1		Students need help to overcome the difficulties while doing their homework or tests.
Students do not follow the rules			1		Learning standards should be set higher.
Students cheat in the make-up tests			1		Learning standards should be set higher.
Students' learning motivation is low			1		Students need help to overcome the difficulties when doing homework or tests.
Students do not equip themselves with necessary skills to improve learning				1	Students should be required to carry their own headphones.
Students do not respect tutors	1				Encouragement and persuasion should be adopted when instructing students.
<b>Learning ability</b>					
Reading and memorizing abilities are weak	1				Encouragement and persuasion should be adopted when instructing students.
				1	Students can be inspired with both teachers' encouragement and peers' interaction.
Students are not proficient in learning	1L				Professional guidance and advice should be provided to students and parents.
	1L				Students should be provided with the advice about learning.
			1		Students need help to overcome the difficulties when doing homework or tests.
Students need tutors' assistance in reviewing English pronunciation	1				The complete process of phonics and KK learning should be explained.
			1		Phonics should be reviewed.

**Notes:** 1. Strategies: R1. Strengthening communication Strategy R2. Training and Management Strategy; R3. Tutor strengthening Strategy; R4. Teaching improvements Strategy; R5. Service improvements Strategy; 2. L. Leaving the EASTI.

**Table 4. Integrated Model of Tutoring**

Event Themes	Frequency					Recovery Themes
	R1	R2	R3	R4	R5	
<b><i>Tutoring quality</i></b>						
Tutoring time is short.	2					The way and content of tutoring should be introduced.
Class order management is not good.		3				Quality of management and tutoring should be trained.
		3				The conversation area, student number control, and order management are designed.
Students' cheating behavior is not found.		1				Quality of management and tutoring should be trained.
		1				Student performance should be restrictedly defined and assistant performance should be examined.
<b><i>Tutoring content</i></b>						
Students' performance should be set in a high standard.		1				Quality of management and tutoring should be trained.
		1				Student performance should be restrictedly defined and assistant performance should be examined.
Tutors have difficulty to handle oral test and operate equipments for students.		1				Quality of management and tutoring should be trained.
		1				Teachers and assistants should communicate in order not to cram students for oral tests.
					1	More CD copies are needed so students do not have to wait.
Students' home-school liaison should be checked daily.			1			Home-school liaison should be used to reveal students' learning problems, so tutoring can be more efficient.
Tutors are lack of experiences.		1				Quality of management and tutoring should be trained.
		1				The conversation area, student number control, and order management are designed.
			1			Learning standards should be set higher.
Tutors do not posses professional knowledge.		1				Assistants should be retrained for tutoring method and techniques.
			1			Learning standards should be set higher.

One-on-one tutoring is required.				1L	Service which cannot be fully provided should be abandoned.
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**Notes:** 1. Strategies: R1. Strengthening communication Strategy R2. Training and Management Strategy; R3. Tutor strengthening Strategy; R4. Teaching improvements Strategy; R5. Service improvements Strategy; 2. L. Leaving the EASTI.

Notably, when parents and employees were asked to report service failure events, they mostly mentioned teacher's teaching, tutoring, student's learning problems. Calculating the frequencies of Tables 2, 3 and 4, we found that this EASTI performed 72 times of the recovery strategies (N=72) to deal with the three problems. Eventually, the targeted EASTI applied five service recovery strategies for compensating the service failures which include strengthening communication (R1), applying the training and management (R2), tutor strengthening (R3), teaching improvement (R4), and the service improvements (R5) strategies. Among the 72 times of recovery strategies, the strengthening communication strategy (R1) had been mentioned 22 (30.6%) times, and the training and management strategy (R2) had 17 (23.6%) times. Although the investigation showed that the strengthening communication (R1) strategy was used the most, it also failed with the highest rate of the total parent's leaving after the recovery strategy performed (43.8%); the training and management strategy (R2) on the other hand has resulted in zero students leaving by parent's decisions. Obviously, strategy R2 was the most effective method used, whereas the service improvements strategy R5 (N=8) resulting in the highest leaving rate (62.5%) was thus the most ineffective strategy.

To conclude, the integrated information indicates that these respondents are more concerned with teaching and learning issues in relation to receiving professional and effective services. Those are also the primary services which the EASTI provides, and should be well-delivered by the teachers and assistants. The results showed that the radical problems occurred due to the insufficient employee's training, not due to the teacher's teaching, assistant's tutoring, or student's learning. Therefore, applying the training and management (R2) strategy to improve the employee's specialty would be a better remedy for the EASTI. This leads to the first proposition:

*Proposition 1: The failure events (teacher's teaching, tutoring, and student's learning) can be recovered effectively by the training and management strategy.*

For the perspective of parent's responses, the results indicated that the service failures should be solved from the parent's expectation and cooperation as shown in Table 5. The targeted EASTI conducted six recovery performances and only strengthening communication (R1) and the service improvements (R5) strategies are effective. R1 was the most frequent strategy that was implemented, occupying 83.3% of the recovery strategies

and resulting in one parent leaving (giving a 20% failure rate). Moreover, R5 (N = 1) performed once with one parent leaving (100% failure rate) is the most ineffective recovery performance.

The above research findings imply that the service failure events occurred due to misunderstandings and lack of sufficient communication. The most effective recovery method is to make special efforts to communicate clearly with parents, and make them understand that everything done behind the scenes to serve them well. This leads to the second proposition:

*Proposition 2: The failure events from parent’s expectation and cooperation can be recovered effectively by the strengthening communication (R1) strategy.*

**Table 5. Integrated Model of Parent’s Response Category**

Event Themes	Frequency					Recovery Themes
	R1	R2	R3	R4	R5	
<i>Parent’s expectation</i>						
Children have potential.	1L					Professional guidance and advice should be provided to students and parents.
					1L	Service which can not be fully provided should be abandoned.
Parents have different viewpoints regarding the cram schools.	1					Parents should be informed of our classes and school operations.
<i>Parent’s cooperation</i>						
Parents have no willingness of forcing children to finish homework.	1					Students should be provided with the advice about learning.
	1					We urge parents to pay more attention to children’s learning.
Parents are impolite to communicate with others.	1					The tone parents use to communicate with people should be mild in order to promote a better communication.

**Notes:** 1. Strategies:R1. Strengthening communication Strategy R2. Training and Management Strategy; R3. Tutor strengthening Strategy; R4. Teaching improvements Strategy; R5. Service improvements Strategy; 2. L. Leaving the EASTI.

For the perspective of service recovery strategies, the results indicated that the failure events in service can be categorized into two subcategories: facility and other service



failures. As shown in Table 6, when service failures were related to facility, the strengthening communication, teaching improvements, and service improvements strategies are effective. In terms of other service failures, the strategies of strengthening communication, service improvements, and training and management may be more appropriate.

**Table 6. Integrated Model of Service Category**

Event Themes	Frequency					Recovery Themes
	R1	R2	R3	R4	R5	
<b><i>Facility</i></b>						
Parents are worry about the safety of school facilities.	1					Thorough communication is needed to answer parents' questions.
The school stairs cracks may result in danger.					1	The stairs should be maintained to ensure students' safety.
Different classrooms have different equipments.					1	All classrooms should be equipped the same.
				1		Video teaching can be included as a good teaching method.
				1		Interactive teaching software should be included.
CD players and CDs are easily damaged.					1	All CDs and CD players should be frequently examined.
<b><i>Other service failure</i></b>						
The counter assistant does not provide sincere service.					1	Assistants with sincerity should be employed.
The counter assistant does not greet customers actively or with a smile.		1				Service attitude and sincerity should be emphasized.
Help is not provided instantly.		1				We serve according to parents' needs and assistants should be retrained for the service.
					1	Services should be provided any time when needed.
Teachers do not remind their students to finish their works.					2	Call parents and tell them about their kids learning situations periodically.
					2	Specific reminders should be provided.

Traffic during pick-up time is crowded.		1			Peak time traffic problems should be solved.
Communication between teachers and parents is not sufficient.		1			Peak time traffic problems should be solved actively.
	1				Professional guidance and advice should be provided to students and parents.
Required make-up class is ignored.				1	Parents should be frequently informed when students have trouble in learning.
	1				We show sincere apology and offer explanation when parents are dissatisfied or have doubt about our teaching.
School works are not practiced proficiently.		1			Ask students to practice again and again.
		1			Let students to understand the importance of practicing.

**Notes:** 1. Strategies:R1. Strengthening communication Strategy R2. Training and Management Strategy; R3. Tutor strengthening Strategy; R4. Teaching improvements Strategy; R5. Service improvements Strategy; 2.

Failure events in this category were related to various kinds of services, including the facility, equipment, counter and so on. Therefore, the EASTI applied four strategies including strengthening communication (R1), applying the training and management (R2), teaching improvement (R4), and the service improvements (R5) strategies. These four strategies resulted in zero students leaving from parents' decision (R1, R2, R4, R5, 0% failure rate) and thus are all effective methods for the service category. R5 occupied 47.6% of total 21 recovery strategies in the service category which was recognized as the most frequently used strategy. There were no ineffective strategies found. This leads to the third proposition:

*Proposition 3: The failure events from facility and other service failures can be recovered effectively by the strategies of strengthening communication (R1), training and management (R2), teaching improvement (R4) and service improvement (R5).*

As discussion above, the service recovery strategies led to different levels of post-recovery satisfaction, and customers' leaving or repurchase behaviours as shown in Figure 2. The hierarchical model clearly explicated the procedure of service failures, recoveries, post-recovery satisfactions, and customers' behaviors, which enables the EASTI businesses to determine whether their current service recovery strategies are effective or not. For example, as shown in Figure 2, employee's training and management is the most important recovery strategy. Although many previous studies have focused on how to improve providers' services through training, compensations, apology, and others, this study found that

communication was the key to yield positive outcomes of service recovery. Especially, parents can be reeducated through interactive communication.

## **Conclusion and Recommendations**

### **Conclusion**

#### *Service failure event categories*

The results of in-depth interviews revealed that the major failures were teacher's teaching and student's learning, two aspects which were indeed a big concern for respondents. For the subcategory of teaching method within teacher's teaching, the majority of the issues were related to teaching-delivery problems (e.g., "Inadequate punishment or correction should be adopted", "Inappropriate classroom management should be amended", etc.). Regarding the subcategory learning attitude within student's learning, the majority of the issues were related to the students' individual behaviors (e.g., "Students do not do homework", "Students are talkative and do not pay enough attention", etc.). Since the performances of these two areas are crucial within the EASTI, parents might focus on these services in order to gain a good quality of teaching and learning. If the EASTI could not take care of students' schoolwork or improve their test performances, then parents would have the perception that the EASTI was failing in their service delivery, and would subsequently leave the EASTI. Thus, schoolwork and test performances are still treated as the major indicator of service quality in the EASTI (Chiu, 2002).

#### *Categories of Service Recovery Strategies*

The study results showed that the training and management strategy is one of the most effective recovery strategies as it had the most positive effect on the parent's sequential behaviors, leading to no parents leaving. The results also showed that offering tutor strengthening and teaching improvements might not be the most efficient methods to recover the failures of teaching and learning. Moreover, respondents were reported that the most frequent recovery strategy used in the EASTI was strengthening communication. Surprisingly, this strategy had resulted in the highest failure rate and could be recognized as the most ineffective recovery strategy. Consistent with La and Kandampully's (2004), Goldstein et al.'s (2002), and Grönroos (2001), service providers rely on a set of resources (employees, material, technology, etc.) and a system that superintends the processes to create and deliver valuable outcomes to customers. Thus, effective process management is the key to improving business performance.

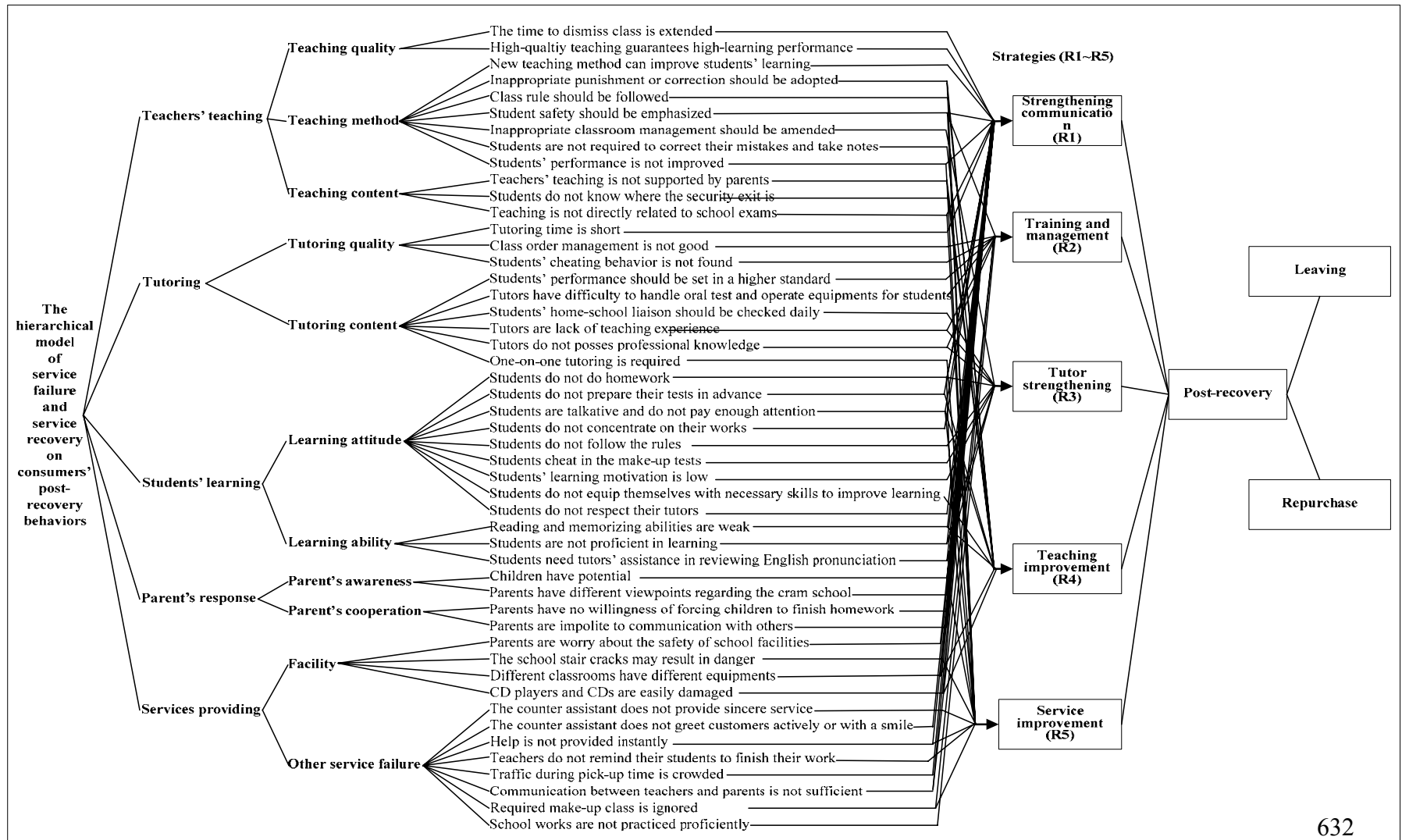
### **Managerial Implications**

Successful service recovery has been regarded as one of the key success factor of business operations. Recovery actions not only influence customer perceptions, but also allow service providers to learn how to operate more effectively in the future both in areas they are currently failing in as well as those they are already successful in (La & Kandampully, 2004). The analytical results of this study showed that being aware of the service failure events, applying the effective recovery strategy – strengthening parent’s communication and developing the educational functions – should be treated as crucial priorities by the EASTI.

Especially, service recovery can be treated as an opportunity for improvement when service failure is remedied accurately. It is difficult for the service personnel who receives no professional training and can provide good service or maintain service quality. Therefore, implementing training and management strategy is an effective service recovery method. The EASTI should be responsible for the design of the service, the system used to deliver it, and ensuring that employees are capable of producing the results customers expect. As a result, it can not only solve teaching and learning problems, but also retain students and generate positive word-of-mouth. Furthermore, if the service provider failed to inform parents how their kids are served, it is possible that the service failure resulting from misunderstanding may occur. Thus, with sufficient communication, the EASTI can benefit from it.

### **Research Limitations and Further Research Suggestions**

This study is a case study by using in-depth interviews and open-ended questionnaires to collect data from a single EASTI; the generalizability of this study may be limited. Furthermore, it was difficult to truly explore parents’ post-recovery behaviors, because inoffensive expressions for the parents who may experience unpleasant communications are often used in Chinese culture. Consequently, the parent’s satisfaction and dissatisfaction sometimes are hardly differentiated. Since Chinese culture may affect the results of this study, the cultural effect is worth to seriously consider for further study. Furthermore, although the EASTI case used in this study mainly focus on English teaching and learning performances, whether the findings of this study can be applied to other individual ASTIs or allied ASTIs for improving their service quality is still questionable. Future studies may consider extending the research content to reveal the effects of service recovery strategies implemented in the ASTI and compare the differences between EASTI and ASTI.



*Figure 2.* The service recovery on customer's post-recovery behaviors

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