

Carryover Effect: Exploring a New Dimension of Service Failure/Service Recovery

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Abstract

As the world of marketing continues to evolve at an explosive pace, new terminologies and conceptualizations of the marketing process emerge. In this environment, it becomes clear that with the development of new and more sophisticated technologies, consumers adapt in several ways, including how they seek out products and product information as well as how their emotional and behavioral responses to what they observe develop. This dynamic context provides both challenges and opportunities for market researchers and company leaders. The specific area of interest for this paper deals with service failures. Service failures have received substantial attention in recent years (see Fouroudi et al., 2020). This analysis explores similarities that exist between the carryover effects of organizational commitment to those that result when a service failure occurs. The paper reviews relevant literature to develop frameworks that can be applied in employee carryover situations.

As the world of marketing continues to evolve at an explosive pace, new terminologies and conceptualizations of the marketing process emerge. Not long ago, ideas such as micro-targeting, analytics, and influencer marketing were not part of the common parlance of the field. Further, and as has always been the case, marketing professionals identify key concepts from other disciplines, such as psychology, social psychology, sociology, and anthropology, among others to assist in creating innovative ways to reach, engage, and retain customers and potential customers.

In this environment, it becomes clear that with the development of new and more sophisticated technologies, consumers adapt in several ways, including how they seek out products and product information as well as how their emotional and behavioral responses to what they observe develop. This dynamic context provides both challenges and opportunities for market researchers and company leaders.

The specific area of interest for this paper deals with service failures. Service failures have received substantial attention in recent years (see Fouroudi et al., 2020). Additionally, numerous methods for mending relationships with dissatisfied customers exist. In their 2020 metanalysis, Fouroudi and colleagues reviewed 416 articles on the subject and denoted five themes; service failure, service failure communication, recovery processes, recovery offer levels, and behavioral intentions. The majority of the 416 articles were looking at service failures within a specific firm or industry. Key point being that they were not looking at these effects from one firm to another. Now, however, the dynamic marketing/technological landscape presents the likelihood that certain aspects of this situation remain unexplored.

In the field of organizational behavior, which has its roots in fields similar to marketing (e.g. psychology, social psychology, sociology, etc.), one longstanding premise has been that employees develop emotional feelings regarding their employers that manifest in various thoughts and behaviors, including the willingness to give considerable effort to their work, make statements of loyalty, and the desire to either stay or leave a given company. This

psychological variable, known as organizational commitment, has received a substantial amount of investigation over the years.

In the past, one stream of thought suggested that research and construct development may lack one vital element: that organizational commitment and its cognitive and emotional considerations as well as subsequent indicators of behavioral responses could carry over from one employment situation to the next. In the simplest of terms, the idea that individuals begin jobs with either neutral or positive feelings toward a new employer ignores the possibility that a person could actually “have a grudge” or, at a minimum, carry some negative thoughts into that situation.

This analysis explores similarities that exist between the carryover effects of organizational commitment to those that result when a service failure occurs. The investigation begins with a brief review of the service failure literature. Next, the underlying reasoning for concluding that negative carryover organizational commitment exists receives attention, including an analysis of how such precepts that apply to the employment context mirror concepts regarding service failures. Finally, the components of service recovery are reviewed in the attempt to ascertain whether they would apply to negative carryover feelings toward a company, product, or industry, especially in light of the evolving marketing landscape.

Service Failures

As any entry-level marketing student has studied, services take a variety of forms, including directly visible services to individual consumers (hair styling); those accompanied by sales of tangible products (styling gel offered by hair stylist); services following the sale of a product (repairs to something that has been sold); intangible items (financial advice); services to industries, and others. In each form, service failures of one type or another can occur.

The term “service failure” has been applied in numerous ways and consequently receives a variety of definitions and explanations. At the most general level, a service failure takes place when customer expectations have not been met (Bonifield & Cole, 2007). This may be due to an *omission*, or the failure to diagnose a problem before it occurs, or due to a *commission*, in which the service has not been properly delivered. Other sources refer to four examples beginning with core services, such as an unclean hotel room. Second, a service

encounter, basically refers to a rude or inattentive employee or service provider. Third, a service systems failure occurs when a delivery mechanism, such as an online order remains unfilled due to a problem with technology. Fourth, unresolved failure situations take place when a complaint or request for assistance goes ignored or unresolved. Some failures are viewed as preventable where others cannot be anticipated or avoided.

As this partial description suggests, the potential to fail in meeting expectations lurks in many settings. Researchers and marketing professionals note an alarming list of negative consequences that result from service failures. These include telling others individually or in public forums, hostile activities directed at the provider such as lawsuits and even violent acts, or seeking to switch or change companies. And, as is generally recognized, the availability of access to wide audiences via social media and more traditional news coverage may rapidly increase damage to a brand or company. Each situation requires the attention of organizational leaders through efforts known as service recovery, which will be described later in this analysis (Clow & Erdem, 1998; Hart et al., 1990).

Carryover Organizational Commitment

In their seminal article on the subject, Lyman Porter and Edward Lawler (1965) posited motivation was influenced by the rewards offered, clarity of responsibilities, and perceived equality of systems within the firm. Systems, or “levels” were emphasized in their article where they reviewed literature on different aspects of a firm’s structure as it relates to employee commitment and satisfaction. They found that research denoted clarity of structure and expectations as well as decision-making (centralized vs. de-centralized) showed consistent influence on organizational commitment. Their cyclical model furthermore allowed for past experiences to influence knowledge that could reinforce or challenge employees’ perception of each variable within the model.

Another key article in this field was Meyer and Allen’s 1991 Three Component Model where they presented three types of commitments: Affective, Continuance, and Normative. Affective commitment referred to the employee’s emotional attachment and identification with the organization. This commitment was the strongest as it included the pride that an employee feels toward being affiliated with the organization. Continuance commitment was

the employee's perception of loss attributed to exiting the organization. These losses could be attributed to not only monetary aspects such as salary or benefits but also could include loss of responsibility or motivation earned through occupations. The third category was Normative commitment which was defined as the feeling by an employee that they had an obligation to stay with the firm. Meyer and Allen wrote about obligation through benefits provided to dependents such as tuition reimbursement, or obligations arising from the need to train replacements (Meyer & Allen, 1991; 1997).

Both of these seminal articles discuss how organization commitment can carry both positive and negative emotions. The notion that organization commitment may indeed carry negative emotions, rather than neutral or positive feelings and/or emotions, has been described by Baack (1995) in previous literature. The analogy used to express this perspective consisted of an analysis of second marriage situations. For some, a dissolved marriage reflects the conclusion by both parties that doing so is the best choice. In another, one partner might wish to continue the relationship where the other does not. In a third, the second marriage takes place following the death of a spouse. Each will carry highly differing emotions and reflections (Udey, 1974). The same holds true for individuals leaving employer organizations. Some may be thrilled to move on; others may wish to stay but be forced out by termination or personal circumstances. Consequently, in both circumstances the emotions and suppositions may vary from negative to positive, as in this eleven position Likert scale:

-5	-4	-3	-2	-1	0	+1	+2	+3	+4	+5
<hr/>										
Negative			Neutral			Positive				

Of course, as with any subjective reaction scale, my 0 might be your +2; but, rarely is my negative your positive.

Several theoretical perspectives support this position. For example, Skinner (1974) writes about a subject's "cumulative response record," which develops from previous experiences. One aspect, known as "successive approximation" or "shaping" takes place from past exposures to stimuli and resultant outcomes. Through "induction" and "stimulus

generalization,” an individual generates response behaviors. Although “stimulus discrimination” allows the person to distinguish one situation or stimulus from another, even less similar stimuli/situations may influence future responses. In this analysis, previous shopping experiences in which service failures have taken place could be the shaping factor, leading to a carryover effect into an employment context.

Bandura (1977) in his writing regarding stimulus coding, argues that past events will be coded and retained to assist in dealing with the future. This implies past shopping experiences would be coded and carried to new purchasing situations. Further, attribution theory (Heider, 1958; Kelley & Michela, 1980; Rotter, 1966) suggests that attributions (in essence, beliefs about “cause” and “effect”) grow from rewards or negative outcomes received in various situations become generalized when encountering other experiences. Just as these outcomes may be present in future feelings of organizational commitment, the same logically would hold true as a customer moves from one experience with a company or organization to another.

J. Stacy Adam’s (1963) well-known theory of equity/inequity models the ways in which employees compare themselves to one another. Equity occurs when such comparisons result in the conclusion that the worker receives a fair or equitable reward/effort ratio as compared to a “referent” other. Such comparisons could easily result from the analysis of what occurs in ones’ present employment situation as opposed to what took place in a previous job. In other words, the feeling would carry over as one employment situation is being compared to another.

In specific organizational behavior literature, the perspective expressed by Porter and Steers (1973) includes a “met expectations” model. In essence, met expectations about the job and the ways the person is being treated by the company would increase positive reactions to an employer over time, whereas unmet expectations lead to the opposite outcome. Surely any new employee/customer would have some level of expectation regarding a new job or product purchase.

In general, it seems intuitive, almost just plain common sense, that you cannot ignore the past when examining what takes place in the present. Employees do not move to new jobs with no memories of past employment. Customers do not shop in a historical vacuum. Bad experiences, such as service failures, logically shape expectations when moving forward.

Service Recovery

Many business practitioners have proposed procedures by which dissatisfied customers can be placated by attempting to resolve the issue, or at least to express remorse for the failure. Table 1 identifies four such approaches.

Table 1

Proposed Methods of Service Recovery

Approach 1:

1. Anticipate and empathize with the needs of the customer.
2. Acknowledge your customer's feelings.
3. Take responsibility and apologize.
4. Offer alternatives or solutions for their problem.
5. Make amends through follow-up.

Approach 2:

1. Gather information.
2. Apologize and offer consolation.
3. Resolve the issue.
4. Survey customers to prevent future issues.

Approach 3:

1. Listen.
2. Apologize.
3. Solve the issue or root cause of complaint.
4. Thank customer/s for bringing concern forward.

Approach 4:

1. An expression of guilt, embarrassment or regret.
2. A statement recognizing the appropriate behavior and acceptance of sanctions.
3. A rejection of the inappropriate behavior.
4. Approval of the appropriate behavior with the promise not to violate again.
5. An offer of compensation or penance.

Notably, these methods focus on *what* to do, as opposed to *how* the method should be delivered. In addition, these methods appear oriented to either regaining the customer at best or at least to keep the customer from seeking some form of retribution, such as by posting a negative review on social media or in another forum.

Many service recovery maneuvers are best described as “reactive,” thereby being utilized after a failure has taken place. Another perspective identifies what may be termed “proactive” tactics, which seek to prevent service failures and the resultant negative consequences from occurring in the first place.

With regard to these service recovery strategies when a customer moves from one company to another, at least two themes emerge. First, focus on *how* in addition to *what*. Second, focus on the *future* as opposed to the past. These strategies apply to coping with customers who approach a company with a “chip on the shoulder,” based on the service failures of a previous organization. The concept of “justice” pays a significant application here. Tax et al. (1998) looked at justice models as they relate to service failure recovery. They stipulated three dimensions; Distributive Justice (DJ) which concerns the perceived fairness of the recovery outcome. Procedural Justice (PJ), which dealt with how the recovery outcome was achieved; and Interactional Justice (IJ), which was concerned with the perceived consistency of behavior by a firm to different customers. This is a concept that is further developed in subsequent sections as it relates to the carryover effect of service failures in employment across institutions.

“How” Factors

Hoffman et al. (1995) propose four characteristics of effective service recovery, promptness, courtesy, effort, and professionalism. Promptness means the customer receives a quick response, even when the reply is unsatisfactory. Some evidence suggests that a negative response will have a less powerful dissatisfactory impact when delivered quickly (Johnston and Hewa, 1997). Courtesy includes politely listening to the complaint and rendering a respectful, polite response. Effort creates the perception that the employee is or was trying hard to find a way to fix the problem, even when he or she fails. Professionalism increases the perception that the employee knows “what he/she is doing.” It includes displaying the sense that the person in

charge of resolving the problem does not take a complaint personally and seeks to find an acceptable outcome (Hoffman et al., 1995).

In the case of the dissatisfied customer carrying negative emotions to a new company, each component offers procedures that assist in reducing the lingering frustration the individual expresses. Promptness involves quickly acknowledging that the customer has endured a bad experience with another company and offering validation that carry-over emotions do indeed exist. Courtesy should be self-explanatory, that the representative seeks to listen attentively and politely to a complaint about something that occurred elsewhere and in the past. Effort can be displayed in two ways: (1) trying to make sure the customer understands the representative will endeavor to resolve any past or lingering problems, and (2) that the representative intends to make every effort to ensure that the customer's experience will be different and better when dealing with the new provider. Professionalism occurs when the sales rep builds confidence in the customer that he or she or the overall company is better able to provide the service in a manner that will not create new problems.

"Future" Factors

It would appear that the future plays a key role in moving a customer from a bad place to satisfaction with a new company. First, effort can be given to turn the individual away from the bad feelings that linger via humor, empathy, or something as simple as a calm demeanor. Second, potential customers may be informed in advance that a given company will help them avoid service failures. Examples already exist, such as when a company advertises that it only uses actual persons to answer phone calls, rather than some form of technology, to handle customer inquiries and complaints, thus eliminating the constant transfer from one recorded message to another. Third, emphasis can be given by way of comparison of how companies deliver services, displaying how one approach is far better than any other. Such tactics have been used to indicate differences between buying a car from a sales lot as opposed to purchasing via online methods.

Finally, company leaders may be in the position to identify circumstances in other companies that create negative carry-over and work to ensure such events do not occur in their organizations. For example, should one hotel chain receive negative publicity that bedbugs

have been found in their rooms, assurances can be generated suggesting how a given company works in advance to prevent such a problem.

Theoretical Connections

Skinner's (1974) concept of stimulus discrimination allows the person to distinguish one situation or stimulus from another. Such would be the key in seeking to disentangle one company from the perception that anything similar to what occurred in another company will take place.

Bandura (1977) ideas about stimulus coding should be interpreted to express the importance of making certain that past events that took place in a previous purchasing situation will *not* be coded and retained when moving to a new company. Energy must be given to express how the new company will be different and better from what the customer experienced with other organizations.

As noted, attribution theory (Heider, 1958; Kelley & Michela, 1980; Rotter, 1966) identifies attributions, or beliefs about "cause" and "effect," grow from rewards or negative outcomes received in various situations become generalized when encountering other experiences. Some consideration should be given as to how a given company can generate the perception that no similar "cause" will be present as the customer moves away from a past experience. In addition, the resultant "effect" may also be emphasized in marketing materials and through interpersonal interactions.

J. Stacy Adam's (1963) theory of equity/inequity models the ways in which employees compare themselves to one another. In a similar fashion, customers likely will compare one service provider to another. Therefore, substantial consideration should be given as to how to indicate a more positive cost/benefit ratio exists with a new company, as opposed to the one that just created a dissatisfying service failure.

Stephen Tax and colleagues (1998) notion of justice have clear parallels to service failure recovery in employment management. The firm could focus on communicating a transparent path to outcomes as to balance the employee's Distributive outcome by explaining how outcomes are derived as well as Interactional Justice in promoting to new employees consistent treatment across personnel. Lastly, by promoting a formal communication with new

employees, the messaging should convey how recovery was achieved. This would serve to integrate the employee into the processes internal to the firm and would aim to build a stronger affiliation between employee and employer.

Finally, and perhaps most important, the Porter and Steers (1973) met expectations model provides a clear path to helping steer a customer away from the belief that past service failures will apply to a new company and its approach to delivering the same service.

Undoubtedly, any service situation commences with the customer holding some form of expectation. The effort to make certain a customer enters the new relationship with a differing set of expectations can be delivered in a variety of ways, from traditional advertising, to social media posts, to publicity programs, and vitally through interactions with employees when the customer carrying a negative attitude appears for the first time.

Management Implications and Conclusions

In light of the likely potential that carryover effects do exist when service failures occur, three managerial efforts can be made to increase a company's ability to respond effectively to problems that were actually created by other organizations. These include (1) monitoring by marketing professionals and others in the organization seeking to identify when services failures have occurred in an industry or by an individual competitor, (2) establishing an organizational climate and environment designed to identify and respond to service failures by other firms with effective service recovery techniques, and (3) training employees in the techniques and tactics that will turn the failures of other companies in to profitable successes.

Monitoring

The dynamic environment of social media posts has undoubtedly altered how company leaders view the industry, competitors, and outside influences. To effectively identify when services failures have arisen, members of the organization can be sensitized to discover them. This includes instructions not only to employees in the marketing department, but extends to everyone within the firm. The vast nature of places to complain about service failures suggests that anyone in a company could come across a story or post about problems in other firms, as well as their own organizations.

As the roles of influencers in the marketplace continue to expand and grow in social power, it becomes incumbent on organizational leaders to carefully review what has been communicated about their own companies as well as other organizations. It includes developing tactics to combat false information transmitted about the company and the competition.

Establishing a Climate

The term “situation sensitivity” might apply to the development of establishing and maintaining an effective organizational climate with regard to service failure and service recovery. Those who directly encounter customers in person or through other means of communication should be made aware of the possibility that a new client may indeed have a chip on the shoulder when making contact.

In such an environment, *listening* becomes an important factor in detecting and responding to service failures generated elsewhere. Enhancing in-person contacts through careful observation of physical actions (gestures, posture, distance) in addition to vocal patterns assists in identifying the attitude and intentions of both the employee and the potential customer. Careful reading of posts and comments in the social media world can assist in developing responses and tactics designed to entice dissatisfied customers to try a new company.

Training

When a customer does indeed display a negative attitude toward a new company, the tactics of promptness, courtesy, effort, and professionalism serve as guides. These attributes set the tone for responding with more specific actions to be taken to restore the customer’s faith that the new situation will indeed be different and better. Although it may seem counter-intuitive, the marketing professional may indeed find it necessary to apologize for the behaviors of a competitor in order to “recover” the customer.

Implications and Conclusion

The initial presentation offers the potential for investigations into the nature of carryover effects in the world of marketing. Research efforts can be designed to identify the extent to which such events occur, the manifestations of those events when they take place,

and into the types of tactics and activities that would be most successful in overcoming the problems generated by other organizations. At the least, it seems plausible that service failures do indeed carryover from one organization to another, and that, if so, organizational leaders should be aware of the potential to rectify the situation and gain newly satisfied customers as the end result.

The above paper presents a literature review of relevant content from bordering subject matter and provides frameworks for addressing carryover effects in the employee management sector. These frameworks offer managers assistance in how to handle different scenarios to positive results. While it serves to introduce these concepts and frameworks, future articles should aim to provide empirical data on the application of such models.

While the current paper provides an innovative take on how to address past negative experiences among employees as they transition to new employers, future research may investigate how carryover effect occurs within a single firm. How do past negative experiences impact employees who switch positions within the same firm. How might managers apply service recovery principles presented here to re-establish an employee's commitment to a firm when the employee carries negative perceptions of past interactions from other parts of the organization? Furthermore, internal attributes such as those posited in Meyer and Allen (1997) or Porter and Lawler (1965) might influence the preferred model for dealing with service recovery.

In closing, this paper is an initial proposal to take principles well-established in the organizational field, rethink them and apply to employees moving to new organizations. It serves to solicit application in order to derive empirical evidence of the models and ideas presented here. It also provides a framework that can be further developed in alternative scenarios or fields. And finally, it aims to reiterate the importance of communication within a firm by managers and employees to develop better relationships while promoting stronger commitments and a healthier experience for all employees within the organization. By setting things right for an employee, even when the firm was not directly responsible for the wrong, can set a positive commitment and lead to long-term success for employees and the organizations involved.

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