

## **Management Commitment and Customer Service Recovery Performance: A Study of Customer Service in a Broadband Operation and Maintenance Service Company in Indonesia**

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### **ABSTRACT**

A broadband operation and maintenance service company in Indonesia has failed in providing excellent service. Scientists believe that the company service failure is related to the management commitment. The objective of this research is to determine the influence of management commitment which consists of reward, customer service training, empowerment and customer service orientation on service recovery performance in a broadband operation and maintenance service company in Indonesia. The respondents of this study are 77 members of Corporate Customer Care (CCC) team. Path analysis is used to analyze the data. The results of this study indicate that empowerment has no significant influence on service recovery performance, while the other variables of management commitment have significant influences on it. Therefore, in order to minimize the risk of service failure to customers, the company should consider to provide employee reward, customer service training, and customer service orientation.

*Keywords: management commitment; service recovery performance; reward; customer service training; empowerment; customer service orientation*

## I. INTRODUCTION

Broadband companies in Indonesia are growing rapidly as a result of rapid changes in information and communication technology. Now in Indonesia, there are many companies providing broadband operation and maintenance services. This indicates that competition among the broadband companies is very tight. Without excellent service to customers, these companies will lose many opportunities.

One of the broadband companies has established a special team called Corporate Customer Care (CCC) to serve the customers in a more focused way. The team members are recruited as temporary outsourced employees for a maximum of 2 years. They are widely spread in all operation areas of the broadband service in West Java Province. The CCC team acts as the service spearhead which determines how good or bad the customer experiences are.

During the first quarter of 2016, the CCC had failed to handle customer network access issues within the targeted time frame. About 80% of its works could not be completed within 3.5 hours for each type of service as targeted by the company. This means that the company has performed below the service standard. Therefore, the company must learn from the failure and recover the service performance quickly to retain the customers.

Based on what is described above, the purpose of this research focuses on Service Recovery Performance (*SRP*). According to scientists, service recovery performance is influenced by corporate management commitment as an important factor of employee behaviors in the workplace (Rod, 2010).

The objective of this research is to find out the influence of management commitment which consists of employee reward, customer service training, empowerment, and customer service orientation toward service recovery performance.

## II. THEORIES AND FRAMEWORKS

### A. Management Commitment

According to Rod and Ashiill (2010: 85), managerial practices in the form of management commitment to service quality (MCSQ) is the determinant of service worker behaviors in the workplace. This means that management commitment is an important factor in the company which can determine and shape the employee work behavior.

Furthermore, Rod and Ashiill (2010) states that management commitment can be reflected through the indicators such as employee reward, customer service training, empowerment, and customer service orientation. The following explanation elaborates the four factors of management commitment:

#### 1. Employee reward

Reward is a factor which can encourage a person to perform well in the workplace. Reward can also motivates a front liner to promote the products he/she sells to customers. According to Ashill *et al.* (2005), rewarding will enable employees to provide high quality services and motivate them to handle customer complaints better.

## 2. Customer service training

Training can simply be defined as an activity to change people's behavior. According to Ghosh *et al.* (2011) training is an action in developing employee skills to perform a particular job. Rod and Ashill (2010) state that the lack of trained employees can lead to failure in providing high quality services and customer relationships. According to Piaralal *et al.* (2014), training can broaden the knowledge, skills and abilities of employees which will assist them in performing service recovery.

According to the Boshoff's study (2000), customer service trainings can be measured in 3 dimensions: the existence of the training programs, the timeliness of the trainings, and the continuity of training activities.

## 3. Empowerment

Empowerment is defined as the freedom and ability to make decisions and commitments (Piaralal, 2014). The focus of empowerment efforts in service provider companies is now related to the key issue of common practice which is to gain a competitive edge by improving service quality (Lashley, 1999). Empowerment is recognized as a management technique which can be universally used as a tool by modern global businesses. Empowerment occurs when employees feel empowered and motivated to develop their best talents (Rod and Ashill, 2010). Empowering advocates claim that empowerment helps create a company spirit and allows employees to take responsibilities when delivering services (Lashley, 1999).

## 4. Customer service orientation

Ashill *et al.* (2005) define customer service orientation as a basic set of organizational policies, practices and procedures to support and reward service delivery behaviors that create and deliver "service excellence. Based on the theory, it can be said that customer service orientation is a procedure and policy that can encourage employees of the company to provide the best service to customers. According to Ashill (2005), customer service orientation can positively influence front liner behavior, so it can be improved.

Boshoff (2000) states that customers are always right, so the company must provide the best service to satisfy them. If it does not have this commitment, then customer service recovery will not occur. As such, customer service orientation must refer to the dimensions of market orientation or customer expectations, but it must be supported by the commitment of corporate leaders.

## B. Service Recovery Performance

Service Recovery Performance is defined as employee capabilities and actions in solving service failures for customer satisfaction (Ashill in Piaralal *et al.* 2014). It can be interpreted that Service Recovery Performance is the ability of employees to handle customer complaints and improve unsatisfactory services.

According to Piaralal *et al.* (2014), service recovery performance is employee's work behavior to improve customer perceptions on the company's service quality. Piaralal *et al.* (2014) state that service recovery performance focuses on what is

performed by employees to handle customer problems and complaints concerning services delivered by the company. It is also stated that there are 5 dimensions reflecting the service recovery performance of front liners. The dimensions are making an apology (able to apologize to customers), problem solving (able to solve problems), being courteous (behave politely), providing the best explanation (able to provide explanation well), and prompt handling (able to handle quickly).

Based on Johnston and Clark (2008) and Piaralal *et al.* (2014), service recovery performance consists of:

- a. *Making an apology*: employee's ability to confess his/her fault or mistake and apologize to the dissatisfied customers. It depends on the severity of the failure, and the apology can be in the form of a refund of the money spent by the customer.
- b. *Problem solving*: the ability of employees to handle customer problems and complaints and assure customers that their problems and complaints have been properly resolved, and convince them that the same problems will not occur again.
- c. *Being courteous*: the ability of employees to behave politely in interacting with customers, empathize with those who complain and admit the mistakes that have been made.
- d. *Providing explanation*: the ability of employees to provide a good explanation to customers in convincing them that their problems and complaints will be handled properly, quickly, and thoroughly.
- e. *Prompt handling*: the ability of employees to handle customer issues and complaints quickly and accurately, and prevent the complaints to increase.

### C. Conceptual Framework

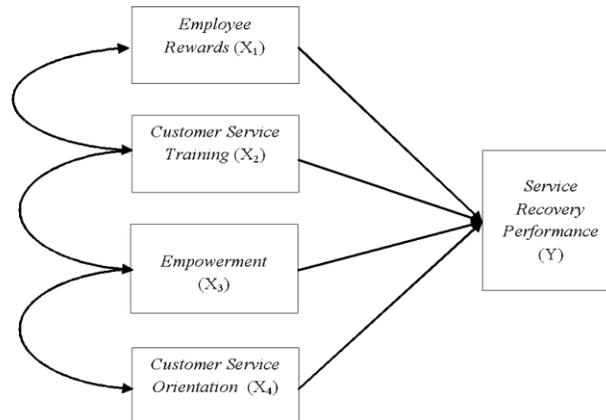
Rod and Ashiill (2010) explain in their study that training, empowerment, reward, and customer service orientation are factors and indicators which reflect the commitment of management to the company. Management commitment plays an important role in a company because it can shape employee behavior to be willing to provide the best service and improve the past less satisfying services. The model of this study can be seen in Figure 1.

#### 1. Research hypotheses

The hypotheses established in this study are as follows:

- H 1 : Management commitment (X) has a significant effect on Service Recovery Performance in the company.
- H 2 : Employee Reward (X<sub>1</sub>) has a significant effect on Service Recovery Performance in the company
- H 3 : Customer Service Training (X<sub>2</sub>) has a significant effect on Service Recovery Performance in the company.
- H 4 : Empowerment (X<sub>3</sub>) has a significant effect on Service Recovery Performance in the company.
- H 5 : Customer Service Orientation (X<sub>4</sub>) has a significant effect on Service Recovery Performance in the company.

**Figure 1**  
Research model



### III. RESEARCH METHODOLOGY

The study population is 77 people who are the members of CCC Team. All members of the CCC are used as the samples. Data was collected by distributing questionnaires to the respondents. Questionnaires were designed to assess opinions and perceptions on management commitment and Service Recovery Performance using four Likert scale (1=strongly disagree, 2=disagree, 3=agree, 4=strongly agree). The Statistical Program for Social Sciences (SPSS) version 20 software was used to process the data, and path analysis was used to analyze the data. Based on the research framework, there are five research variables: employee reward, customer service training, empowerment, customer service orientation, and service recovery performance.

#### A. Type of Research

This is a causal study using quantitative method which shows the relationship between independent variables and dependent variables in addition to measuring the strength of the relationship (Kuncoro 2003). The causal research method used here is the causal-experimental studies in which the researchers control at least one independent variable and observe its effect on one or more dependent variables.

#### B. Population and Sample

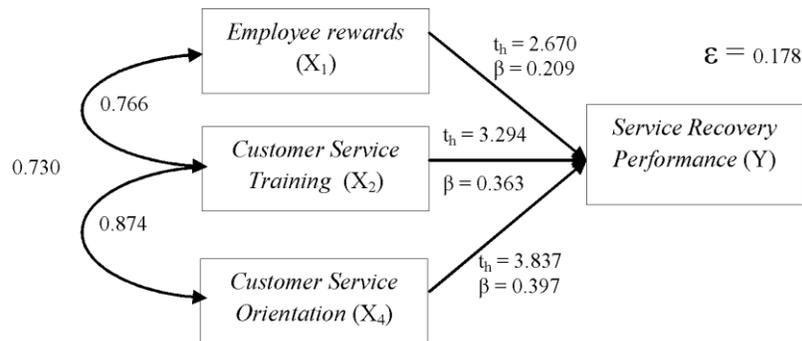
The population of this study is the CCC team consisting of 77 employees spread across several service areas. This study uses nonprobability sampling design which according to Sugiyono (2013) is the sampling technique which does not provide equal opportunity for every element or member of the population to be selected as a sample. In selecting sample, this study uses saturated method. According to Sugiyono (2013) saturated

sampling is the technique applied when all population members are used as samples. It is often used when the population is relatively small.

**IV. DATA ANALYSIS AND RESULT**

The result of the data analysis reveals that one of the four independent variables (which is X<sub>3</sub>: Empowerment) has the value of  $t_{\text{calculation}}$  less than  $t_{\text{table}}$ , which means that the variable has no significant effect on SRP and it should be excluded in the next examination. Therefore, the trimming process is conducted to exclude variable X<sub>3</sub>. Figure 2 describes a model summary of the examination results after trimming.

**Figure 2**  
Model summary



The simultaneous influence of the three variables after excluding X<sub>3</sub> is the R<sup>2</sup> (Determination Coefficient) value of 82.2% as shown in Table 1. Referring to Figure 2, the structural equation of path analysis after excluding V<sub>3</sub> from this study is:

$$Y = \rho_{y,x1}X_1 + \rho_{y,x2}X_2 + \rho_{y,x4}X_4 + \rho_y\varepsilon = 0.209X_1 + 0.363X_2 + 0.397X_4 + 0.178$$

**Table 1**

Determination coefficient

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std error of the Estimate	Durbin Watson
1	0.907	0.822	0.815	0.32677	1.998

Predictors: (Constanta), X<sub>4</sub>, X<sub>1</sub>, and X<sub>2</sub>. Dependent variable: Y

So, employee reward has a total influence of 16.2%, customer service training has a total influence of 31.6%, and customer service orientation has a total influence of 34.4% on service recovery performance in the company as shown in Table 2. Based on Table 2, it can be explained as follows:

- Total Influence of Management Commitment on SRP is 82% (very good).
- Customer Service Orientation has a positive influence on SRP.
- Empowerment has no positive influence on SRP.
- Customer Service Training has a positive influence on SRP.
- Employee reward has a positive influence on SRP.

**Table 2**  
Direct and indirect effect of each variable

Variable	Direct effect	Indirect effect			Total influence
		X <sub>1</sub>	X <sub>2</sub>	X <sub>4</sub>	
Employee Rewards (X <sub>1</sub> )	4.4%	0	5.8%	6%	16.2%
Customer Service Training (X <sub>2</sub> )	13.2%	5.8%	0	12.6%	31.6%
Customer Service Orientation (X <sub>4</sub> )	15.8%	6%	12.6%	0	34.4%
Total of Total Effect of X <sub>1</sub> , X <sub>2</sub> and X <sub>4</sub> of the variable Y					82.2%
The influence of other variables on the variable Y					17.8%

## V. CONCLUSION

Some research findings (including this research) agree that SRP is influenced by management commitment, but this research has found that a variable of management commitment which is empowerment has no significant influence on SRP although the respondents perceived that the variable of empowerment has been implemented well in the company. Considering some employee statements, it can be concluded that the reason why empowerment has no significant influence on SRP is because of the employee expectation regarding the improvement of wage system, work tools and communication. Based on this result, the company should give more attention to and improve employee reward, customer service training, and customer service orientation to reduce risk of service failure to customers. Employee reward provides certainty of the amount of reward to be received by employees based on their contribution to the work and motivates them to earn maximum income. Customer service training will continue to motivate employees to work better and faster in providing solutions to customers. Customer service orientation provides employees with a moral incentive and encourages them to be committed to providing the best service for customers.

## VI. SUGGESTIONS

The authors suggest the corporate management to decentralize policies, give sufficient authority or empower the CCC Team to take the initiative in minimizing customer dissatisfactions. Service recovery can be implemented through distributive fairness, such as providing financial and non-financial compensation for the dissatisfied customers.

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