ANTECEDENTS AFFECTING EMPLOYEE SERVICE RECOVERY PERFORMANCE IN FIVE STAR HOTEL

Tan Ai Ling[*]
Sunway University, Malaysia
Kashif Hussain
Taylor's University, Malaysia
Murali Sambasivan
Taylor's University, Malaysia

ABSTRACT

Studies on service recovery have been dominated by the investigation on customer's perceived value after service recovery in the past. However, not many have taken concerted efforts in examining the possible factors that influencing employees' service recovery performance (SRP). This study examines the role of organizational's characteristics (reward system, guest focus and commitment, system, policy and procedures of recovery) and employees' characteristics (organizational's commitment and prejudgment towards customer's complaint) on employees' service recovery performance (SRP) in Malaysia luxury hotels. The finding shows that rewarding system and prejudgement towards complaints has positive influences on employees' service recovery performance. The result [*]is contradicting with the findings from past research in which prejudgement towards complainers has adversely affect employees' service recovery performance.

INTRODUCTION

The service industry makes significant contribution to country's economic in most countries (OECD, 2008). In Malaysia, service industry is one of the main economic pillars which made up 54.6% country's GDP in year 2012 (Bank Negara Malaysia, 2013). However, the service industry especially the hotel industry, is currently facing a highly competitive environment worldwide (Chen, 2007). Many hotel lodging have mushroomed in Malaysia causing competition continues to intensify. According to the Ng (2013), the cumulative supply of five-star hotel rooms in Malaysia had reached 11,017 rooms and these figures are expected to grow with the opening of more new international chain hotels especially at Kuala Lumpur areas. As consequences, the sustainability of the hotel business relies heavily on how well it delivers consistent services (Webster & Sundaram, 1998; Patterson, Cowley & Prasongsukarn, 2006) to meet or exceed customers' expectation in each service transaction in order to gain customers' satisfaction (Miller, Craighead & Karwan, 2000).

However, due to the inseparability nature of the hospitality industry (Parasuraman, Zeithaml & Berry, 1985), service failures are inevitable due to human frailties (Kau & Loh, 2006). In spite of the efforts and precautions a company may put in to avoid errors or breakdowns during service delivery, failures are unavoidable especially in medium and high contact services such as the hospitality industry (Mattila & Cranage, 2005). The consequences of service breakdowns can be alarming to the service providers as they may lead to customer complaints, bad word-of-mouth communication (Kau & Loh, 2006), which inevitably reduces loyalty and erodes the company's reputation (Hart, Heskett & Sasser, 1990).

Given that quality is notoriously difficult to achieve in service organizations (Boshoff, 2005), the best practice for hospitality industry to overcome service failures is preparing for failures by developing a well-planned recovery strategy (Cranage & Sujan, 2004). To do so, employees play a pivotal role in determining the success of the service recovery process. Owing to the spanning-boundary role played by the employee (Bowen & Schneider, 1988; Yavas, Karatepe, Avci & Tekinkus, 2003), employee is critical in ensuring the success and efficiency of the service recovery delievery as they are the first one that interact directtky with the customers. According to Yavas, Karatepe and Babakus (2010) and Karatepe (2012), employee especially the front-line is critical in returning an angry customer to a state of satisfaction after service recovery as they have the opportunity to tailor in real time the manner in which the service recovery is delivered. In other words, the performance of the employee in handling the service recovery will have a direct impact on the perceived quality of the customers towards the hospitality organizations. Meanwhile, the performance of the employees in handling the customer's complaints is affected by factors such as motivation and skills that he or she has (Masoud & Hmeidan, 2013). Thus, it is critical to examine the factors that influence employees' service recovery performance in order to better manage the employees.

The study on examining factors that contributes to employees' service recovery performance starts to gain its popularity in the past decade. Examples of studies are Babakus *et.al.* (2003), Boshoff and Allen (2000) in banking industry; Ashill, Carruthers and Krisjanous (2005; 2006) in healthcare industry; Gonza´lez and Garazo (2006) and Karatepe, Yavas and Babakus (2007) in hotel industry. Among the all, Boshoff and Allen (2000) study is one of the pioneer that provides a comprehensive model which outlines the possible factors that are influential on employees' service recovery performance. According to Boshoff and Allen (2000), the two main dimensions that contribute to employees' service recovery performance. The first dimension is perceptions of employees towards managerial attitudes which included customer service orientation and employee rewards. While the second dimension employees' perceptions of job or working environment which included role ambiguity, staff training, teamwork, empowerment, and organizational commitment. The model proposed is widely adopted in many studies such as Ashill, Rod & Carruthers (2008); Ardahan (2007); Babakus *et.al.* (2003); Masoud & Hmeidan (2013); Rod, *et.al.*(2006) and Yavas *et.al.* (2003). From the all, the most common tested variables are organizational commitment and rewarding system which are adopted in this study. Besides that, Ekiz (2009) and Ekiz, Ragavan, and Hussain (2011) has proposed that other dimensions such as system, policies and procedures of complaint handling, prejudgement towards guest complaints, guest focus and commitment, HR aspects, general importance to complaints management, complaint handling and organizational structure has direct impact to organizational responses to guest complaint. Among the seven factors, the first three factors are adopted in this study as they has direct impact to the influences of frontline employee service recovery performance while the latter four are related more towards complaint handling procedures which is beyond the objective of this study.

Despite the growing interest in the service recovery performance studies, very few studies were conducted in developing countries (Masoud & Hmeidan, 2013). In fact, customers in emerging countries are facing service failure more frequently than customers in developed countries (Boshoff & Allen, 2000). Against this background, this paper aims to compare on the organization and employee variables that contributing to employees' service recovery performance in Malaysia luxury hotels.

LITERATURE REVIEW AND HYPOTHESIS

Service failures can occur anytime and anywhere when the service promised is performed below customer's expectation (Bitner, Booms & Tetreault, 1990). Since any service failure is considered a negative experience by the consumer, it therefore contains a potential damage to the firm's long-term profitability if not properly managed (Bitner *et al.*, 1990; Tax, Brown & Chandrashekaran, 1998).

In the hospitality industry, customer's experience with zero-defects is hard to achieve even with top-rated employee training and well-orchestrated policies (Fisk, Brown & Bitner, 1993). As compared to manufacturing industry, service industry relies heavily on human component, which in itself is a catalyst for many service-related problems (Magnini & Karande, 2009). This is even more apparent in the hotel industry since there is a high degree of interactions between employees and consumers involved which lead to higher chances for service failures (Lewis & McCann, 2004). The quality

of service is very much depended on the performances of front-line employees, whose experience, commitment as well as attitudes may vary from one encounter to another (Lewis & McCann, 2004). As result, study on factors in influencing employees' service recovery performance is essential for any organizations to improve the efficiency of service recovery system.

Employee Service Recovery performance

Employee service recovery performance can be defined as the perception of employee on their own abilities and actions taken to employees to effectively resolve the service failures (Babakus, Yavas, Karatepe, & Avci, 2003; Liao, 2007; Lin, 2010). This involved the evaluation on the extent of efforts that given by the employees to convert the customers from dissatisfaction to satisfaction (Lin, 2010). Through the evidences from previous studies, employees' performance contributes significantly to customer's post recovery satisfaction (Blodgett, Hill & Tax, 1997; Kim, Kim & Kim, 2009; Mattila, 2001; Smith, Bolton & Wagner, 1999; Wirtz & Mattila, 2004). In the process of service recovery, customer will view employees who handle the complaints as the agents of representatives of the company due to the boundary-spanning role that they played (Liao, 2007). As consequences, customers may base their recovery evaluation heavily on employees' performance. The measurement of employee service recovery performance can be obtained through multiple sources which included assessment of customer perceived service quality, customer's satisfaction, peer or supervisory evaluation and lastly self-assessment. In this study, service recovery performance will be evaluated based on self-assessment which are widely used in the past researches (Boshoff & Allen, 2000; Guchait, Paşamehmetoğlu & Dawson, 2014; Rod, Carruthers & Ashill, 2006; Yavas *et.al.*, 2003).

Factors Influence Employee Service Recovery Performance

Factors that proposed to have significant impact on employees' service recovery performance are illustrated in Figure 1. These factors included organizational commitment, prejudgement towards complaints, system, policy and procedures of complaint handling, reward and guest focus and commitment.

Organizational Commitment (OC)

The first factor identified in the conceptual model is organizational commitment. According to Boshoff and Allen (2000), OC is defined as employees' identification with the organization that they are attached to. Past researches (Ashill et.al., 2008; Boshoff & Allen, 2000; Meyer *et.al.*, 1989; Mowday, Steers & Porter, 1979; Rod *et.al.*, 2006) indicate that employees who are highly committed and involved to their organization are likely to work beyond extra miles for the benefit of organization. According to Meyer and Allen (1997), there are three types of organizational commitment which included affective, normative, and continuance organizational commitment. Affective commitment is the commitment based on positive emotional bond the employee towards organization due to positive working experiences. While normative commitment is the commitment

developed by the employees due to perceived obligation towards the organization and lastly continuance commitment is the commitment of

perceived costs suffered by the organization due to resignation of the employee. However, Meyer & Allen (1997) argued that these three types of commitment are differed in individuals and levels of management in different organizations. Therefore, the hypothesis constructed is:

H1:There is significant positive relationship between the organisational commitment and frontline employees' service recovery performance.

Prejudgement Towards Complainers

According to Bateson & Hoffman (2011), company should encourage complaints as the complainers are act as free consultant by telling the firms some of their operational or managerial problems at free costs. However, any service recovery is considered as a negative experience not only to the customer but to the employees too. Motowidlo, Packard & Manning (1986) stated that higher frequency of negative experiences will turns to be a job stressor to the employee which will ultimately lead to depression and performance decrements. Many service staff feels uncomfortable or scared around emotional displays because they do not know the way of managing such public displays (Barlow & Maul, 2000). As consequences, prejudgement towards complainers (i.e. complainers as adversaries and/or grumblers or low number of complaints proves on adverse relationship on operation's efficiency (Ekiz, 2009). With the negative prejudgement of employees' perception towards complainers, it may discourage employee service recovery performance. Hence, the second hypothesis constructed is:

H2: There is significant negative relationship between the prejudgement towards complainers and frontline employees' service recovery performance.

System, Policy and Procedures of complaint Handling

Effective service recovery should not be an after-thought, but rather be a designed part of the service delivery system, that is well planned into the service design in support of the service concept (Simons, 2004). According to Ekiz (2009) and Ekiz *et.al.* (2011), an effective complaint management system should cater to different customer profile, company mission, industry specifications and etc. Employee behaviour and attitude may be influenced from the system or policies develop (March & Simon, 1993). Thus, by having a well written policy and procedures, it serves as guideline to assists employee the way to response under different failure scenarios (Susskind, Borchgrevink, Brymer, & Kacmar, 2000). With this, it helps in creating consistency in service recovery practices (Suh, Barker, Pegg, & Kandampully, 2005) which in turns improves the service quality of the employees. Hence, the third hypothesis suggest is:

H3: There is significant positive relationship between the clear system, policy and procedures of complaint handling and frontline employees' service recovery performance.

Rewarding Customer Service Orientation

Rewarding customer service orientation relates to the expectation of the reward received based on the excellent of service performed (Boshoff & Allen, 2000). According to Lewis and Gabrielsen (1998), the service performance of the employee is highly link with the compensation or reward system provided in an organization. A good reward system inserts positive influences on inducing employees to provide better services and motivates them to deal better with customer's complaints (Bowen & Johnston, 1999; Yavas *et al*., 2003). With the linking of reward system with the service recovery performance of the employees, it is hypothesized that the employee will be more motivated in dealing with customer's complaints and hence, resulted in better service recovery performance. Thus, the fourth hypothesis in this study is:

H4: There is significant positive relationship between the good rewarding system and frontline employees' service recovery performance.

Guest Focus and Commitment

The success of the organization is highly dependent on how well an organization in satisfying their customers' needs (Coelho & Augusto, 2010). According to Ekiz (2009), guest focus and commitment in service recovery is measured based on two dimensions. Firstly, the priority of the company in solving customer's problems which may include the extent of efforts they put on in identifying guests' problem and needs even before the guests are aware on that. Secondly, the assistance and ease of complaint channels supplied to the guests to make the complaining easy for their customers. It is hypothesized that the organization that are highly guest focus and committed to customer's needs will exerts positive influence on employee service recovery performance as they will strive harder to satisfy customer's need and wants. Therefore, the fifth hypothesis constructed is:

H5: There is significant positive relationship between the guest focus and commitment and employees' service recovery performance.

METHODOLOGY

The questionnaire in this study consists of 29 items with the following distribution; Guest Focus & Commitment (4 items), System, Policy and Procedures of Complaints (6 items), reward (5 items), organizational commitment (5 items), Prejudgement towards complaints (4 items) and Service Recovery Performance (5 items). The items used in the research were adapted from few researches which included Boshoff and Allen (2000) and Ekiz (2009). 7 point-Likert as practiced by the original study was employed in the design of questionnaire which ranging from 1 represents strongly disagree to 7 strongly agree.

The unit of analysis in this study consists of front-line employees mainly from two luxury hotels in Malaysia. Judgemental sampling is used in sample recruitment in this study. According to McMurray, Pace and Scott (2004), judgmental sampling is a type of convenient sampling method by selecting the sample that can represent a

particular population based on the judgement of researcher. Judgmental sampling is suitable to be used as there are two specific criteria for the sample recruited in this study. Firstly, the sample has to work at least 6 months in the selected hotel as this may lead to a better understanding of the hotel's systems and procedures in service recovery. Secondly, the sample is focused only on frontline employee (which below managerial position) that has direct contact with the customers as they are more familiar with the entire complaint handling process.   Partial Least Squares Structuring Equation Modeling (PLS-SEM) method and SmartPLS software (Ringle, Wende & Will, 2005) are employed in this study for hypothesis testing. Due to the small sample size for the sample recruited (N=90), PLS-SEM is used as it is a soft modelling approach with no strong assumptions on normal distribution, big sample sizes and the types of measurement scale used (Vinzi, Trinchera & Amato, 2010).

FINDINGS

The demographic of the 90 front-line employee recruited are presented in Table 1. As shown in Table 1, majority of the respondents recruited are male (57.8%). Chinese is the biggest group in this study (38.9%) followed by Malay (32.2%), Indian (17.8%) and the minority groups is others which made up mostly by foreign workers from neighbouring countries such as Indonesian, Bangladesh, Vietnam and etc. Additionally, majority of the respondents selected worked in the selected hotel below 3 years (63.4%) and 36.7% of the respondents are still considered new to the hotel as their length of services are between 6 months to less than1 year. These respondents are predicted since majority of them are waiter/waitress or front desk agent (52.2%) who is at the bottom of the hierarchy in hotel's organization structure.

**TABLE 1: RESPONDENT'S DEMOGRAPHIC PROFILE**

Group	Frequency (n)	Percentage (%)
Gender		
Male	52	57.8
Female	38	42.2
Races		
Malay	29	32.2
Chinese	35	38.9
Indian	16	17.8
Others	10	11.1
Years of Service		
Less than 1 year	33	36.7
1-3 years	24	26.7
4-6 years	16	17.8
7-9 years	8	8.9
10 years and above	9	10.0
Position		
Waiter/waitress/Front Desk Agent	47	52.2
Captain/supervisor	43	47.8

Validity of Measures

The research model developed shown in Figure 1 was tested with SmartPLS. The data analysis was carried out following two critical steps as proposed by Khosrow-pour (2006). Firstly, Confirmatory Factor Analysis (CFA) was employed to test on the reliability, convergent validity and discriminant validity of the measurement items. According to Brown (2012), CFA is a hypothesis-driven in nature which aims at investigating the relationship between observed measures or indicators and latent variables or factors in Structural Equation Modelling. Unlike Exploratory Factor Analysis (EFA) which aims on investigate whether the indicators are loaded under one constructs, CFA used to confirm the factor structure identified in EFA (Harrington, 2008). It is more appropriate to be used in this study as the variables tested are adapted from past researches (Boshoff & Allen, 2000; Ekiz, 2009) which had been tested on their construct validity in past studies. In CFA, convergent validity of the indicators of each constructs is tested. According to Hair *et.al.* (2014, p. 102), convergent validity is 'the extent to which a measure correlates positively with alternative measure of the same construct'. In order to examine the convergent validity of the constructs, the indicator reliability, Composite Reliability and Average Variance Extracted (AVE) were examined. The result of the convergent validity in this study is summarised in Table 2.

Indicator reliability is tested to show the level of indicator variance that is explained by the latent variable. According to Hair *et.al.* (2014), the higher the outer loadings on a construct, the higher the similarities or commonality shared by the used indicators. Chin (1998) proposed that the outer loading as low as 0.5 should be remained as they are good indicators whereas Hair *et.al.* (2014) proposed the cut-off line of 0.5. The composite reliability which used in measuring the reliability of the indicators should reached 0.7 and above to indicate adequate convergence and internal consistency (Gefen *et.al.,* 2000). While for AVE, it is the amount of variance that is captured by the latent variables relative to the amount of variance due to the measurement error (Fornell & Larker, 1981). AVE value should achieved 0.5 and above to show adequate convergent validity (Bagozzi & Yi, 1988; Fornell & Larker, 1981).

FIGURE 1: THE RESEARCH MODEL
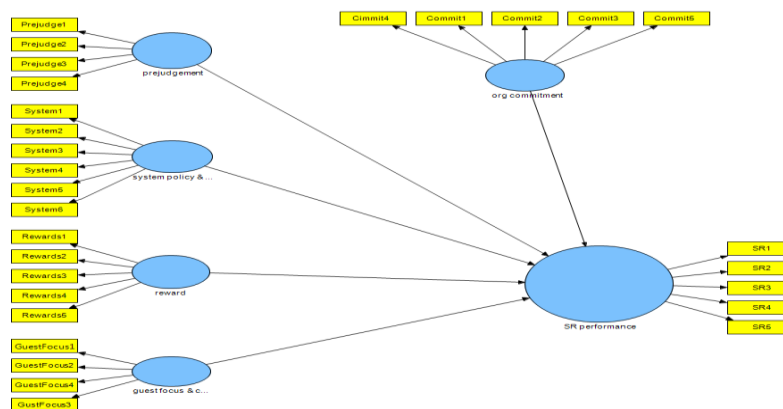
Source: Computed from Smart-PLS

The composite reliability of the all constructs are above 0.7 showing high internal consistency (Hair *et.al*., 2010). In other words, it means that the items used are consistently measured the constructed latent variables. No indicators are deleted as all outer loadings are above 0.5 (Hulland, 1999). The Average Variance Extraction (AVE) of all constructs is above 0.5 which showed convergent validity of the construct is met (Bagozzi & Yi, 1988; Fornell & Larker, 1981).

Table 2: Measurement Model

	Loading	AVE	Composite Reliability
Service Recovery Performance (SRP)			
No guest I deal leaves with problems unresolved.	0.722	0.531	0.772
Satisfying complaining guest is a great thrill to me.	0.664		
Complaining guest I have dealt with in the past are among today's most loyal guest	0.794		
Prejudgement Towards Complaint Guests (PREJ)			
Our customers are satisfied. The low number of incoming complaints proves it.	0.676	0.539	0.776
The number of complaints should be minimized.	0.668		
Customers who complain are adversaries.	0.844		
Organizational commitment (COMMIT)			
I find that my values and the hotel values are very similar.	0.821	0.516	0.840
I really care about the future of this hotel.	0.798		
I am proud to tell others that I work for this hotel.	0.682		
I am willing to put in a great deal of effort beyond that normally expected in order to help the hotel to be successful.	0.691		
For me, this is the best of all possible organisations for which to work.	0.572		
System policy & procedure (SYSTEM)			
Our restaurant has a policy of giving customer what they expect from us when problem occur.	0.720	0.605	0.859
In our restaurant there is an established structure of compensation to resolve complaints.	0.851		
Our restaurant has procedures for handling different levels of complaints.	0.790		
We actively communicate the existing complaint channel to our customers.	0.745		
Rewarding Customer Service Orientation (REWARD)			
I have control over how I solve customer problems	0.720	0.574	0.869
The way our hotel is organized makes it easy for customers to reach the right individual or area when they have a complaint or question.	0.651		
Our customers do not need to make multiple contacts to report their complaints.	0.725		
There is good teamwork between individual employees when handling customer complaints.	0.898		
Guest Focus and Commitment (GF)			
The goal of customer satisfaction is the top priority in our restaurant.	0.840	0.693	0.871
It is not at all unusual to spot and solve potential problems before the customers are even aware of them.	0.855		
When a customer complaint is recovered we do our best to prevent the reoccurrence.	0.802		

Cornell-Larker Criterion (1981) and cross loading are two common approach in assessing discriminant validity of the constructs by using SmartPLS. However, Cornell-Larker (1981) is more commonly used due to the restrictions in data collection, and a need for more stringent evaluations of validity (Farrell, 2009). The Cornell-Larcker (1981) criterion results are presented in Table 3. According to Cornell-Larker Critetion (1981), the AVE of a latent construct should be higher than the squared correlation between the latent variable with any other latent construct. As shown in Table 3, discriminant validity does not present as all square root value of AVE are higher than other latent constructs.

Table 3: Discriminant Validity

	SRP	GF	COMMIT	PREJ	REWARD	SYSTEM
SRP	0.729					
GF	0.230	0.832				
COMMIT	0.228	0.391	0.718			
PREJ	0.423	0.267	0.185	0.734		
REWARD	0.341	0.265	0.479	0.114	0.758	
SYSTEM	0.365	0.288	0.449	0.282	0.395	0.778

Note: Values in the diagonal (bolded) represent the square root of the Average Variance Extracted and the off-diagonals represent the correlations

Hypothesis Testing

Since the PLS-SEM does not assume normality distribution, nonparametric bootstrapping is procedure is used to test on their coefficients for their significance (Davison & Hinkley, 1997). According to Hair *et.al.* (2010), the bootstrapping number observations. The result of structural model analysis by using PLS method and bootstrapping technique with 5000 sample are summarized in Table 4. From Table 4, hypothesis 2 and 3 are supported in above 1.96 with $p <= 0.05$ (two-sided test). Contradicting to the result of Ekiz (2009) and Ekiz *et.al.* (2010), H2 showed positive influence towards employees' service recovery performance instead of negative as shown in the past studies. Additionally, organizational commitment (hypothesis 1), system, policies and procedures (hypothesis 2) and lastly guest focus and commitment show not significant towards employees' service recovery performance. As overall, the R-square value of the model is 0.322 which means the five factors used predict 32.2% of the variance in employee service recovery performance.

Table 4: Direct Effect and Moderating Effect Hypothesis Testing

Hypothesis		Standardized Beta	Standard Error	t value	Decision
H1	OC -> SRP	-0.0793	0.1502	0.523	Not Supported
H2	PREJ -> SRP	0.3522	0.1215	2.880**	Supported
H3	SYSTEM -> SRP	0.1344	0.1540	0.896	Not Supported
H4	REWARD -> SRP	0.2763	0.1299	2.140**	Supported
H5	GF->SRP	0.1196	0.1223	0.964	Not Supported

*Note: SRP-Service Recovery Performance, OC-Organizational Commitment, PREJ-Prejudgement towards Complaints, SYSTEM-System, Policies and Procedures of Complaint Handling, REWARD-Rewarding Customer Service Orientation . *, ** indicate statistical significance at the 0.05 and 0.01 levels at 95% confidence level, t(0.05, 1999) = 1.960 and t(0.01, 1999) = 2.576.*

DISCUSSION

The results of the study supported both hypothesis 2 and 4. The finding showed that prejudgement towards customer's complaint has positive influence on employees' service recovery performance which is opposing to the argument of Ekiz (2009) and Ekiz *et.al.* (2011). According to the argument of Ekiz (2009) and Ekiz *et.al.* (2011), employees who have prejudgement towards complaints will adversely affect organizational responses to the service recovery and complaint handling effectiveness. The prejudgment that the service providers has on the customers will creates barriers for communication which in turns jeopardising the relationship between the two parties. However, in the real operation, employees may not view complaints as a positive indicator as illustrated in Ekiz (2009) and Ekiz *et.al.* (2011) study. According to Barlow and Maul (2000), each complaint consider a negative experience to the service provider and many companies will try to distance themselves from the complaints or trying to minimise complaints as much as possible. As discussed by Ekehammar, Akrami, Gylje, and Zakrisson (2004), besides own internal attributes or characteristic, prejudice of oneself is highly relates to external influences by people around and external environment. For example, an employee may get influence on their prejudgement towards complainers when their managers or peers also have these kinds of prejudgments. Thus, possess prejudgment on complainers may not influence the employees' own evaluation on their recovery performance if all employee within the organization or within the departments share the similar thoughts and behave in the similar ways. Hence, this may explain the findings from this study as the results show that employees with high prejudice on complainers are having high perception on their recovery performance.

Similar to the past studies (Ashill *et.al.,* 2005; Boshoff & Allen, 2000; Liao & Chuang, 2004; Rod & Ashill, 2010; Yavas *et.al.,* 2003), rewarding system are important in influencing employee recovery performance. Generally, rewards can be divided into intrinsic (e.g.motivation) and extrinsic (e.g.monetary) categories (Schuler & Rogersky, 1998). According to Schneider (1980) and Schneider, White and Paul (1998), service climate is likely to create if an organization values service and rewarding employees for creating excellent service. This service climate will influence or change the behaviour of the employees to perform better in complaint handling in order to get reward which ultimately impacting customer's satisfaction
(Borucki & Burke, 1999; Liao & Chuang, 2004). This is especially true for front-line employee as money counts a lot for them since frontline service position are generally lower in pay (Forrester, 2000).

CONCLUSION, LIMITATION AND RECOMMENDATION FOR FUTURE STUDIES

In this study, this study shows that the reward system and prejudgement towards complainers has positive influences on employees' service recovery performance. The study contributes by extending the knowledge in the examining the factors in influencing examining employees' recovery performance in the context of luxury hotel in Malaysia. With the findings, it provides some interesting implications for the hotel service providers. Firstly, rewarding system is critical in influencing employees' recovery

performance. Hence, by developing a well-developed rewarding system that could induce employees' motivation to perform is likely to enhance the employees' recovery performance. Secondly, front-line employees in Malaysia are still having negative prejudgement towards complainers as they do not value on complaints received and are still holding the wrong perception that low complaints representing good performance. Hence, more interpersonal training should be provided to enhance the skills of front-line employees in handling customers more effectively.

Due to the small sample size and types of non-random sampling method adopted, this study failed in generalizing the findings to the whole hotel industry. Besides that, there are few limitations of the study that worth to be addresses. First and foremost, only samples from two hotels are selected. Hence, in the future study, it is worth to extend the samples to include hotels not only in Kuala Lumpur area but also to other states which can increase the number of received responses. With the increase of the number of respondents, more advanced statistical analyses can be carried out to confirm on the proposed research model. Furthermore, it is also interesting to compare on the findings between luxury hotels between states as different states as different environment factors may have influences on employees' behavior too. Secondly, this study did not consider detailed characteristics of hotels as different types of hotel (such as international chain, independently owned, local chain) may have significant influence on employee recovery performance too due to the differences in organizational culture. Hence, considering this gap by comparing the findings in different types of hotels may an interesting insight for future studies. Last but not least, this study failed into taking consideration on other factors such as employees' emotional intelligence, role ambiguity, organizational structure, empowerment, teamwork, training and customer's characteristics such as profitability of the guest, rapport of the guest with the service providers in influencing employees' recovery performance. By taken into consideration of all aforementioned variables may provide a more holistic pictures to the study of employee recovery performance which are worth to be considered in the future studies.

REFERENCES

Ardahan, M. Güven. "The Influence of Selected Antecedents of Frontline Employee's Perceptions of Service Recovery Performance." *Hospitality Review,* 2007, Vol.25, pp.10-32.

Ashill, Nicholas J., Janet Carruthers, and Jayne Krisjanous. "Antecedents and outcomes of service recovery performance in a public health-care environment." *Journal of Services Marketing,* 2005, Vol.19, pp.293-308.

Ashill, Nicholas J., Janet Carruthers, and Jayne Krisjanous. "The effect of management commitment to service quality on frontline employees' affective and performance outcomes: an empirical investigation of the New Zealand public healthcare sector." *International Journal of Nonprofit and Voluntary Sector Marketing,* 2006, Vol. 11, pp. 271-287.

Ashill, Nicholas J., Michel Rod, and Janet Carruthers. "The effect of management commitment to service quality on frontline employees' job attitudes, turnover intentions and service recovery performance in a new public management context." *Journal of Strategic Marketing* 16, 2008, Vol.5, pp. 437-462.

Babakus, Emin, Ugur Yavas, Osman M. Karatepe, and Turgay Avci. "The effect of management commitment to service quality on employees' affective and performance outcomes." *Journal of the Academy of Marketing Science*, 2003, Vol.31, pp. 272-286.

Bagozzi, Richard P., and Youjae Yi. "On the evaluation of structural equation models." *Journal of the academy of marketing science*, 1988, Vol.16, pp.74-94. Barlow, Janelle, and Dianna Maul. *Emotional value: Creating strong bonds with your customers*. 2000, Berrett-Koehler Publishers.

Borucki, Chester C., and Michael J. Burke. "An examination of service-related antecedents to retail store performance." *Journal of Organizational Behavior*, 1999, Vol.20, pp.943-962.

Bateson, John. E.G. and Hoffman, K.Douglas. *Services Marketing*. South Western Cengage Learning, 2011.

Bitner, Mary Jo, Bernard H. Booms, and Mary Stanfield Tetreault. "The service encounter: diagnosing favorable and unfavorable incidents." *The Journal of Marketing,* 1990, Vol.54, pp.71-84.

Blodgett, Jeffrey G., Donna J. Hill, and Stephen S. Tax. "The effects of distributive, procedural, and interactional justice on postcomplaint behavior."*Journal of Retailing*, 1997, Vol.73, pp.185-210.

Boshoff, Christo. "A re-assessment and refinement of RECOVSAT: An instrument to measure satisfaction with transaction-specific service recovery."*Managing Service Quality*, 1005, Vol.15, pp. 410-425.

Boshoff, Christo, and Janine Allen. "The influence of selected antecedents on frontline staff's perceptions of service recovery performance." *International Journal of Service Industry Management*, 2000, Vol.11, pp. 63-90.

Bowen, David E., and Robert Johnston. "Internal service recovery: developing a new construct." *International Journal of Service Industry Management*, 1999, Vol.10, pp.118-131.

Bowen, David E., and Benjamin Schneider. "Services Marketing And Management-Implications For Organizational-Behavior." *Research in organizational behaviour*, 1988, Vol.10, pp.43-80.

Brown, Timothy A. *Confirmatory factor analysis for applied research*. Guilford Press, 2012.

Chen, Ching-Fu. "Applying the stochastic frontier approach to measure hotel managerial efficiency in Taiwan." *Tourism Management,* 2007, Vol.28, pp.696-702.

Chin, Wynne W. "The partial least squares approach to structural equation modelling." *Modern methods for business research*, 1998, Vol.295, pp.295-336.

Coelho, Filipe, and Mário Augusto. "Job characteristics and the creativity of frontline service employees." *Journal of Service Research,* 2010.

Cranage, David, and Harish Sujan. "Customer choice: A preemptive strategy to buffer the effects of service failure and improve customer loyalty." *Journal of Hospitality & Tourism Research*, 2004, Vol.28, pp. 3-20.

Davison, Anthony Christopher. *Bootstrap methods and their application*. Cambridge university press, 1997, Vol.1.

Ekehammar, Bo, Nazar Akrami, Magnus Gylje, and Ingrid Zakrisson. "What matters most to prejudice: Big Five personality, Social Dominance Orientation, or Right-Wing Authoritarianism?." *European Journal of Personality*, 2004, Vol.18, pp. 463-482.

Ekiz, Erdogan H. "Factors influencing organizational responses to guest complaints: cases of Hong Kong and Northern Cyprus." *Journal of Hospitality Marketing & Management*, 2009, Vol.18, pp. 539-573.

Ekiz, Erdogan H., Neethiahnathan A. Ragavan, and Kashif Hussain. "How to Manage Guest Complaints: Global Implications from Hong Kong Hoteliers." *Global Journal of Management And Business Research*, 2011, Vol. 11.

Fisk, Raymond P., Stephen W. Brown, and Mary Jo Bitner. "Tracking the evolution of the services marketing literature." *Journal of Retailing*, 1993, Vol.69, pp. 61-104.

Fornell, Claes, and David F. Larcker. "Evaluating structural equation models with unobservable variables and measurement error." *Journal of marketing research*, Vol.18, pp.39-50.

Forrester, Russ. "Empowerment: Rejuvenating a potent idea." *The Academy of Management Executive*, 2000, Vol.14, pp. 67-80.

Gefen, David, Detmar Straub, and Marie-Claude Boudreau. "Structural equation modeling and regression: Guidelines for research practice." *Communications of the association for information systems*, 2000, Vol.4, pp.1-77.

González, José Varela, and Teresa García Garazo. "Structural relationships between organizational service orientation, contact employee job satisfaction and citizenship behavior." *International Journal of Service Industry Management, 2006, Vol.* 17, pp. 23-50.

Guchait, Priyanko, Ayşın Paşamehmetoğlu, and Mary Dawson. "Perceived supervisor and co-worker support for error management: Impact on perceived psychological safety and service recovery performance." *International Journal of Hospitality Management*, 2014, Vol. 41, pp. 28-37.

Hair, Joseph F, Black, W.C, Barry J. Babin and Rolph E. Anderson.*Multivariate Data Analysis*. Englewood Cliffs, NJ: Prentice Hall, 2010.

Hair Jr, Joseph F., G. Tomas M. Hult, Christian Ringle, and Marko Sarstedt. "*A primer on partial least squares structural equation modeling (PLS-SEM).*" SAGE Publications, Incorporated, 2014.

Harrington, Donna. *Confirmatory factor analysis*. Oxford University Press, 2008.

Hart, Christopher W., James L. Heskett, and W. Earl Sasser Jr. "The profitable art of service recovery." *Harvard business review*, 1990, Vol. 68, pp.148-156.

Hulland, John. "Use of partial least squares (PLS) in strategic management research: a review of four recent studies." *Strategic management journal*, 1999, Vol. 20, pp.195-204.

Karatepe, Osman M. "Perceived organizational support, career satisfaction, and performance outcomes: a study of hotel employees in Cameroon." *International Journal of Contemporary Hospitality Management*, 2012, Vol. 24, pp. 735-752. Karatepe, Osman M., Ugur Yavas, and Emin Babakus. "The effects of customer orientation and job

resources on frontline employees' job outcomes." *Services Marketing Quarterly*, 2007, Vol. 29, pp. 61-79.

Kau, Ah-Keng, and Elizabeth Wan-Yiun Loh. "The effects of service recovery on consumer satisfaction: a comparison between complainants and non-complainants." *Journal of Services Marketing*, 2006, Vol. 20, pp. 101-111.

Khosrow-pour, M. *Emerging Trends and Challenges in Information Technology Management.* United States of America: Idea Group Publishing, 2006.

Kim, Taegoo Terry, Woo Gon Kim, and Hong-Bumm Kim. "The effects of perceived justice on recovery satisfaction, trust, word-of-mouth, and revisit intention in upscale hotels." *Tourism Management*, 2009, Vol. 30, pp. 51-62.

Lewis, Barbara R., and Gard OS Gabrielsen. "Intra-organisational aspects of service quality management: the employees' perspective." *Service Industries Journal*, 1998, Vol. 18, pp. 64-89.

Lewis, Barbara R., and Pamela McCann. "Service failure and recovery: evidence from the hotel industry." *International Journal of Contemporary Hospitality Management*, 1004, Vol. 16, pp. 6-17.

Liao, Hui. "Do it right this time: the role of employee service recovery performance in customer-perceived justice and customer loyalty after service failures." *Journal of applied psychology*, 2007, Vol. 92, pp. 475-489.

Liao, Hui, and Aichia Chuang. "A multilevel investigation of factors influencing employee service performance and customer outcomes." *Academy of Management Journal*, 2004, Vol. 47, pp. 41-58.

Lin, Wen-Bao. "Relevant factors that affect service recovery performance." *The Service Industries Journal*, 2010, Vol. 30, pp. 891-910.   Magnini, Vincent P., and Kiran Karande. "The influences of transaction history and thank you statements in service recovery." *International Journal of Hospitality Management*, 2009, Vol. 28, pp. 540-546.

Malaysia, B. N. Annual Report 2012. *Kuala Lumpur: Bank Negara Malaysia*, 2013.

March, James G., and Herbert A. Simon. "Organizations revisited." *Industrial and Corporate Change*, 1993, Vol. 2, pp. 299-316.

Masoud, Emad Y., and Tahreer Abu Hmeidan. "The effect of perceived work environment on frontline employees'service recovery performance: the case of four and five star hotels in jordan."*European Scientific Journal*, 2013, Vol. 9, pp. 129-147.

Mattila, Anna S. "The effectiveness of service recovery in a multi-industry setting." *Journal of Services Marketing*, 2001, Vol. 15, pp. 583-596.

McMurray, Adela, Paul Spoonley David George Pearson, Don Scott, and R. Wayne Pace. *Research: A commonsense approach*. Cengage Learning Australia, 2004.

Meyer, John P., and Natalie J. Allen. *Commitment in the workplace: Theory, research, and application*. Sage, 1997.

Meyer, John P., Sampo V. Paunonen, Ian R. Gellatly, Richard D. Goffin, and Douglas N. Jackson. "Organizational commitment and job performance: It's the nature of the commitment that counts." *Journal of applied Psychology*. 1989, Vol. 74, pp. 152-156.

Motowidlo, Stephan J., John S. Packard, and Michael R. Manning. "Occupational stress: its causes and consequences for job performance." *Journal of applied psychology*, 1986, Vol. 71, pp. 618-629.

Mowday, Richard T., Richard M. Steers, and Lyman W. Porter. "The measurement of organizational commitment." *Journal of vocational behaviour*, 1979, Vol. 14, pp. 224-247.

Miller, Janis L., Christopher W. Craighead, and Kirk R. Karwan. "Service recovery: a framework and empirical investigation." *Journal of operations Management*, 2000, Vol. 18, pp. 387-400.

Ng, Angie. "More upscale hotels open". *The Star Online*, October 21, 2013, Retrieved from http://www.thestar.com.my/business/business-news/2013/10/21/more upscale-hotels to-open-hospitality-sector-continues-to-attract-international-hotel operators.aspx/ (assessed 28 June, 2014).

Parasuraman, Anantharanthan, Valarie A. Zeithaml, and Leonard L. Berry. "A conceptual model of service quality and its implications for future research." *The Journal of Marketing*, 1985, pp. 41-50.

Patterson, Paul G., Elizabeth Cowley, and Kriengsin Prasongsukarn. "Service failure recovery: the moderating impact of individual-level cultural value orientation on perceptions of justice." *International Journal of Research in Marketing*, 2006, Vol. 23, pp. 263-277.

Ringle, Christian M., Sven Wende, and Alexander Will. "SmartPLS 2.0 (beta)." 2005.

Rod, Michel, Janet Carruthers, and Nick Ashill. "Antecedents and outcomes of service recovery performance: Insights from an organisation post-corporatisation and post-deregulation." *Innovative Marketing,* 2006, Vol. 2, pp. 20-31.

Rod, Michel, and Nicholas J. Ashill. "Management commitment to service quality and service recovery performance: A study of frontline employees in public and private hospitals." *International Journal of Pharmaceutical and Healthcare Marketing*, 2010, Vol. 4, pp. 84-103.

Schneider, Benjamin. "The service organization: climate is crucial." *Organizational Dynamics*, 1980, Vol. 9, pp. 52-65.

Schneider, Benjamin, Susan S. White, and Michelle C. Paul. "Linking service climate and customer perceptions of service quality: Tests of a causal model."*Journal of applied Psychology*, 1998, Vol. 83, pp. 150-163.

Schuler, Randall S., and Nikolai Rogovsky. "Understanding compensation practice variations across firms: The impact of national culture." *Journal of International Business Studies*, 1998, Vol. 29, pp.159-177.

Simons Jr, Jacob V. "Reliability-based analysis of service recovery." *International Journal of Quality & Reliability Management*, 2004, Vol. 21, pp. 11-31.

Smith, Amy K., Ruth N. Bolton, and Janet Wagner. "A model of customer satisfaction with service encounters involving failure and recovery." *Journal of marketing research*, 1999, Vol. XXXVI, pp. 356-372.

Suh, Ji-Hyun Kelly, Sunita Barker, Shane Pegg, and Jay Kandampully. "Service recovery readiness in Australian hospitality and leisure operations: A conceptual

framework and findings from an exploratory study." *Journal of Quality Assurance in Hospitality & Tourism*, 2005, Vol. 6, pp. 43-64.

Susskind, Alex M., Carl P. Borchgrevink, Robert A. Brymer, and K. Michele Kacmar. "Customer service behavior and attitudes among hotel managers: A look at perceived support functions, standards for service, and service process outcomes." *Journal of Hospitality & Tourism Research*, 2000, Vol. 24, pp. 373-397.

Tax, Stephen S., Stephen W. Brown, and Murali Chandrashekaran. "Customer evaluations of service complaint experiences: implications for relationship marketing." *The Journal of Marketing*, 1998, Vol. 62, pp. 60-76.

Vinzi, Vincenzo Esposito, Laura Trinchera, and Silvano Amato. "PLS path modeling: from foundations to recent developments and open issues for model assessment and improvement." In *Handbook of partial least squares*, pp. 47-82. Springer Berlin Heidelberg, 2010.

Webster, Cynthia, and D. S. Sundaram. "Service consumption criticality in failure recovery." *Journal of Business Research*, 1998, Vol. 41, pp.153-159.

Wirtz, Jochen, and Anna S. Mattila. "Consumer responses to compensation, speed of recovery and apology after a service failure." *International Journal of Service Industry Management*,2004, Vol. 15, pp. 150-166.

Yavas, Ugur, Osman M. Karatepe, Turgay Avci, and Mehmet Tekinkus. "Antecedents and outcomes of service recovery performance: an empirical study of frontline employees in Turkish banks." *International Journal of Bank Marketing*, 2003, Vol. 21, pp. 255-265.

Yavas, Ugur, Osman M. Karatepe, and Emin Babakus. "Relative efficacy of organizational support and personality traits in predicting service recovery and job performances: a study of frontline employees in Turkey." *Tourism Review*, 2010, Vol. 65, pp.70-83.