

## Health Care Industry: Service Failure and Recovery

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### Abstract

**Purpose** – The paper aims to give insights into customers' perceptions and response regarding service failure and recovery process for health care. It analyses and recommends the service recovery strategies to gain higher satisfaction, trust and loyalty.

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**Design/methodology/approach** – The paper is empirical and involves data from 150 respondents from India. The sampling unit is customers of health care, the data collection instrument is a structured, non-disguised questionnaire. The questionnaires have been filled through individual interviews.

**Findings** – The study found conclusive results on the reasons for service failure and recovery strategies in the health care business in the Indian context. It also lays emphasis on the behavioral aspects of customers' perception towards these failures and their responses to the Same. The paper further looked into the recovery strategy employed by health care and the **customers' perception** towards the recovery strategies.

### I. Introduction

Service recovery is referred to as the action undertaken by an organization to face the eventualities of a service failure (Zeithaml and Bitner, 2000). Boshoff, (1997) suggests that, a fast response by the highest possible person in terms of seniority with a fast response accompanied by a full/partial refund plus some amount of compensation can reduce the effects of failures. Gronroos 1988 The researchers have produced three kinds of justice that can be initiated after the failure, which are, fairness of the resolution procedures (procedural justice), the interpersonal communications and behaviors (interactional justice), and the outcomes (distributive justice). Informational justice is newly added to the recovery choices which consists of complaint handling process including elements such as politeness and courtesy exhibited by personnel, empathy, effort observed in resolving the situation, and the firm's willingness to provide an explanation as to find out, why the failure occurred. Reinstatement, Symbolic atonement and Follow-up, Bitner et al. (1990) gave the process of recovery in four steps.

- Problem Acknowledgement
- Explanation of the reason
- Apology where appropriate
- Compensation such a free ticket, discount coupons etc.

#### The process of recovery is as follows:

1. Acknowledgement: Acknowledging that a problem has occurred (Bitner et al, 1990).
2. Empathy: Understanding the problem from a customer's point of view (Johnston and Fern, 1999).
3. Apology: Just Saying sorry (Kelley et al., 1993)
4. Own the problem: Taking ownership of the customer and the issue (Barlow and Møller, 1996)
5. Fix the problem: Fixing, or at least trying to fix the problem for the customer (Michel, 2004).
6. Provide assurance: Providing assurance that the problem has been/will be sorted and should not occur again (Barlow and Møller, 1996).
7. Provide compensation: Providing a refund, and/or a token and/or compensation, depending on the severity of the problem (Boshoff, 1997).

Service recovery quality main ingredients are assurance, reliability, facilities, employee's empowerment, customization, and responsiveness (Gilbert and Wong 2003). Service recovery also infuses loyalty and trust by improving long-term customer retention (Mueller et al.). Timely recovery with the correction of problem is

necessary for successful service recovery (Wirtz & Mattila, 2004). Researchers have shown that, customers may accept failures, but may not forgive organizations that can't or won't fix them' (Mattila, 2006).

## **II. Objective of Study**

The objective of the study is to conduct a comparative analysis of service-failure causes and recovery strategies in health care and automobile service station in the Indian context. The objective of the study is to compare the consumer experience while taking services from healthcare sector such as hospitals, clinics etc and automobile service station (four and two wheeler only) in India. The study intends to determine if there is major difference in consumer behavior of these two kinds of service sectors to draw significant conclusions and indicators for hospitality managers in these kinds of businesses.

### **The following objectives have been defined for this study:**

- To identify causes of usual service failure in health care and automobile service station.
- To understand specific complaints and categorize them into generic classes
- To identify usual strategies health care and automobile service station adopt to cope with such failures
- To measure the outcome of these service recovery strategies and evaluate the impact of the chosen strategy on consumer perception and future behavior.

This study entailed data collection in India from health care sector such as hospitals and clinics and automobile service station. The data collection instrument used is a structured and non-disguised questionnaire. The questionnaires were administered personally to a sample of respondents in both the sectors. Convenience sampling was adopted to collect responses from one hundred and fifty respondents who faced service failures, which was considered to be a large enough sample for an exploratory study of this nature (Malhotra, 2001). To complete this target of 150 respondents individuals were contacted as only those who have experienced service-failure of any kind in a health care and automobile service station were the sample population. Data analysis entailed forming comparative statements of both markets to determine trends. Based on literature review the major types of service failure in health care and automobile service station have been identified in three broad categories.

**1.Hygiene and Physical Evidence-** poor cleanliness, untidy staff, not appealing (looks), poor ambience, stingy water and facilities arrangement not proper, congestion, arrangement in waiting room not proper, uncomfortable temperature.

**2.Operations-** slow service, specialist unavailability, ambiguity of rate, ambiguity in process/ waiting time, machine or equipment unavailability, wrongly charged, work not done proper, lost order, missing of your personal items, reservation missing.

**3.Employee related** – untidy staff, staff not prompt, staff not attentive, lacking in efforts, does not understand your needs, staff does not have knowledge about their jobs, unfriendly and unhelpful staff

Likewise, different strategies used for failure recovery by health care and automobile service station have been identified and incorporated in the questionnaire. The effects of various recovery strategies have also been evaluated in the form of customer response in the form of repeat visits and recommendations to people and associates, and the same has been used to sketch managerial implications. The study has an urban prejudice as it was conducted in the cities of Aligarh and Agra.

## **III. Findings and Analysis**

The data indicates that a wide range of failures exists due to large number of reasons.. It was found in health care only 56% consumers have experienced service failure of one or another kind. In the Health care sector only 61% of the health care chose to register their complain. This may be explained as people may find it is not the place to raise their voice and should maintain its dignity and decorum. This research finds that implementation of complain management in India is under infancy stage .Generally we don't find any service recovery team, service recovery policy for the failure. Indian customer believes that the magnitude of verbalization of complain decides the promptness and degree of recovery. Consumer believes that unless you verbally complain, no action would be taken by the provider. It has been found in this study that customer do not have much trust on provider which is a serious issue.

### **Categories of Service Failure**

This study finds that, most of the service failures can be categorized in three main headings those are:

1. Hygiene and Physical Evidence- poor cleanliness, untidy staff, not appealing (looks), poor ambience, Stingy, water and facilities arrangement not proper, congestion, arrangement in waiting room not proper, Uncomfortable temperature.
  2. Operations- slow service, specialist unavailability, ambiguity of rate, ambiguity in process/ waiting time, machine or equipment unavailability, wrongly charged, work not done proper, lost order, missing of your personal items, reservation missing.
  3. Employee related – untidy staff, staff not prompt, staff not attentive, lacking in efforts, does not understand your needs, staff does not have knowledge about their Jobs, unfriendly and unhelpful staff
- The operations related failures were considered the most significant in relation to customer complain behavior. Then in the rank comes employee related, followed by hygiene and physical evidence category.

<b>Failures</b>	<b>Severity of Health Care (%)</b>	<b>Rank</b>
<b>Hygiene and Physical Evidence</b>		
Poor cleanliness	15.1	13
Untidy Staff	10.2	14
Not Appealing(looks)	6.6	16
Poor ambience	16.3	12
Stingy	22.6	7
Water & facilities arrangements nor proper	4.5	19
Congestion	4.6	18
Arrangement in waiting room not proper	00	-
Uncomfortable temperature	3.2	20
<b>Operations</b>		
Slow service	67.7	1
Specialist not available	61.2	2
Ambiguity in prices	00	-
Ambiguity in process time	00	-
Machine or equipment unavailability	34.8	4
Wrongly charged	4.7	17
Work done not proper	22.4	8
Lost order	00	-
Missing of your personal items	00	-
Reservation missing	00	-
<b>Employee Related</b>		
Untidy Staff	6.8	15
Staff not prompt	34.5	5
Staff not attentive	21.5	9
Lacking in efforts	36.6	3
Does not understand your needs	26.6	7
Staff not knowledgeable	31.7	6
Unfriendly & unhelpful staff	18.4	10

**Table 1 Customer perceptions about intensity of Service Failure**

It was found that for the same category of failure the intensity was different. In health care segment customer perception for the failure seems to be serious as compared with automobile service segment. Reason for this can be explained as in the health care, the health of an individual is in question, which is invaluable and cannot be compared to the value of an automobile. About 82 percent respondents feel that the intensity of the problem they encountered in the health care sector is extremely serious. Health care segment consumer's expectancy of error free service is more as compared to the other sector. Even for the low intensity error in service station such as cleanliness and inattentive employee they take this as high intensity failure. It is also noted that health care sector pays more attention for delivering error free services.

In cities like New Delhi, Jaipur, and Lucknow, we find mushrooming populations; escalating cost of living overcrowded spaces, long-drawn-out public services and growing middle class population. This has created unhealthy competition, insecurity, tension and stress in individual and relation between common people. Its reflection can be seen in the buyer seller relation and service process too.

Many times customer yells at the frontline and managers to vent their frustration and grudge from other situations. It becomes difficult for frontline employees to manage such situation. From the management they have pressure to be defensive, this creates job dissatisfaction and internal frustration, which comes back to some other customer in some other form.

#### ***Service Failure Recovery vs. Action***

The research finds that adequate service recovery process and policy is lacking. It is observed that frontline employees have a general tendency to transfer the case to higher authority. Possible reason for this may be lack of employee empowerment. It is also observed that in both sectors generally providers perceive recovery process as a time and money waste process. Even the middle and top level people were found to misunderstand the service recovery process. Despite of finding real reason, generally complain reason is straight away taken as inefficient frontline employee, so we see discouragement of complaint behavior from the provider. Almost 40 percent of complaints in the Indian context are dealt by extending an apology and offering short compensation. In health care sector, we find 75 percent cases of similar type. The expected recovery and received recovery were found to be quite different; in case of health care the general expectancy was sympathy, empathy, and apology and owning the problem. Study finds that provider's way of recovery was to give apology and short compensation. It was observed that offering compensation for health loss sometimes may be offensive to the consumer, as we cannot evaluate someone's life or health in terms of money. The most important aspect of this study was the consumer behavior after the service recovery process. In health prompt action after failure was reported 54 %. It was also noted that recovery could be better than the received 46% people believed it in the health care segment. A total of 61% of health sector reported having bad memories of failure and unsatisfied recovery action. Customers who were willing to give business to provider were 22 % to suggest provider to someone 13% was found in health care. This indicates loss of clientele and revenue of provider. Only 6% of health care sector reported to have positive memory after the recovery. It was observed that customer of health care segment consumer do not expect any sort of service failure. This is due the basic fact that consumer of health care know that just a small error can question some bodies life whereas this in the service station chances of serious loss are low. This indicates that occurrence service recovery paradox has lesser chances in the sectors like health care where the loss cannot be compensated.

#### **IV. Managerial Implications**

This study points out a number of managerial implications. This research clearly indicates that the service intensity and severity has lot to do with the type of sector which it is associated with. The consumer perception about the failure heavily depends on the kind of loss he is going to suffer in case of failure. Study identifies that whatever kind of failure it is, basically it comprises of certain kind of losses i.e. Health loss, Character loss, Emotional loss, Respect loss, Loss of identity/image, Relationship loss, Loss of belief, Time loss, Money loss, Comfort loss, Mental/physical energy loss, and Loss of control. Study observes that health loss carries more importance than money or time loss. Hence the avenues related to or their failure outcome could be health loss should be more attentive to the failure as customers do not expect failures from them. This study further finds that the recovery in case of healthcare loss is difficult to recover. Recovering health or respect loss kind of failure with cash compensation can be disastrous. Hence this paper suggests that service recovery paradox occurrence in health care segment is difficult as providing effective recovery is not easy. This study observes that Indian consumer lack in feeling of trust for the providers. They believe that the provider will not take action until you yell the problem to them, and the provider recovery action intensity is proportional to intensity of yelling. This is a serious issue and Trust could be gained by making long term policies in complain management and recovery process. This study recommends training and motivational programs for employees to learn what and how is react in case of failures. Further Indian providers should not blame frontline employees for every kind of error but they should empower them to take appropriate action in failure cases rather than shifting blame on people.

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