

## The Customer's Role in the Service Encounter:

# The Effects of Control and Fairness

Service providers should allow customers to retain some sense of control over the service encounter. Failing that, employees should act in ways that guests will perceive as fair.

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Even as services have become a large part of the U.S. economy, consumers have become increasingly dissatisfied with the service that they receive, and it is important to understand why.<sup>1</sup> Much of the research on services has viewed the service encounter as consisting of tangibles and intangibles, or providing a process and a product,<sup>2</sup> and has attempted to identify those factors that influence customer satisfaction (e.g., SERVQUAL).<sup>3</sup> Recently it has been

proposed that offering goods and services is not enough, that customers must be provided with an experience.<sup>4</sup> One common theme from the research noted above is the importance of the actual customer–employee encounter, with the focus on the behaviors of the service provider. An often-overlooked element, however, is the role a customer's perception has in a service exchange, which can have a major effect on the outcomes of the exchange.<sup>5</sup>

In this article we characterize the service encounter as an interaction initiated by a customer between that customer and a service provider. We argue that the characteristics of the "experience" that a consumer desires—whether a good night's sleep, a ride on a Ferris wheel, or a meal at a theme

<sup>1</sup> Claes Fornell, Michael Johnson, Eugene Anderson, Jaesung Cha, and Barbara Bryant, "The American Customer Satisfaction Index: Description, Findings, and Implications," *Journal of Marketing*, Vol. 60 (1996), pp. 7–18.

<sup>2</sup> See: T.R. Hinkin and J.B. Tracey, "The Service Imperative: Factors Driving Meeting Effectiveness," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 39, No. 5 (October 1998), pp. 59–67; and C. Reeves, D. Bednar, and R. Lawrence, "Back to the Beginning: What do Customers Care About in Service Firms?," *Quality Management Journal*, Vol. 3, No. 1 (1995), pp. 56–72.

<sup>3</sup> A. Parasuraman, V. Zeithaml, and L. Berry, "Reassessment of Expectations as a Comparison Standard in Measuring Service Quality: Implications for Future Research," *Journal of Marketing*, Vol. 58 (January 1994), pp. 111–124.

<sup>4</sup> B.J. Pine and J. H. Gilmore, *The Experience Economy* (Cambridge, MA: Harvard Business School Press, 1999).

<sup>5</sup> D. Ross, "Understanding the Role of the Service Encounter in Tourism, Hospitality, and Leisure Services," in J. Kandampully, C. Mok, and B. Sparks, *Service Quality Management in Hospitality, Tourism, and Leisure* (Binghamton, NY: The Haworth Press, 2001).

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restaurant—are largely designed by consumers themselves. This approach causes one to think about the service encounter from a different perspective. It is the action of the customer that stimulates the response of the service provider who must then act appropriately to assist the customer in producing a suitable experience. The communication and behaviors that occur in the service encounter are effectively beyond the manager's control and at the discretion of the employee. By gaining an understanding of factors that affect the success of the service encounter, managers will be able to prepare their front-line staff effectively to satisfy the customer's requirements.

### The Service Product

We conceptualize the culmination of the service encounter as the "service product" to direct attention to the boundaries of a service. Many current definitions of a service focus on a narrow slice of time, namely, the interaction between a service provider (usually the front-line employee) and the consumer. A fundamental distinction we make in this article is that the consumer formulates the service product and that this formulation begins prior to the actual service encounter. Therefore, the boundaries of a service product extend beyond the strict confines of the interaction. This point is made clearer when you consider that a given restaurant can be patronized by the same individual on different occasions, for example, to celebrate a child's birthday, an engagement, a business deal, or simply to have a quiet meal. In each case, the nature of the desired service product changes in the mind of the consumer. She determines product parameters such as the price point, menu choices, and desired quality of service even before entering the restaurant. Each of these then becomes a manufacturing specification and the desired service product is fully formed with the help of the service worker. The service worker, therefore, facilitates the consumer's production process and, in doing so, must meet the needs of the consumer. In contrast to manufactured goods where the consumer makes choices from products being offered and has no control of the products themselves, the service product is created during

the service encounter, under the direction of the consumer.

### Control and Fairness

We propose that a customer's sense of control in the service encounter is essential in this interaction. If a customer senses a loss of control in the service encounter he may have a variety of negative responses. There are many examples of when this could happen in the hospitality industry (e.g., Are you able to select a desirable seat in a restaurant? Can you get the flight attendant's attention? Is your rental car available when you arrive?). We also propose that perceived fairness will have a positive effect on the service encounter and, more important, may compensate for a sense of loss of control. Consider, for example, how you feel when the front-desk clerk provides you with her undivided attention when you are changing your hotel reservations, or when a server advises you, without hesitation, about a better wine choice at the same price.

The service worker's participation introduces a great deal of uncertainty and risk into the manufacturing portion of the service process.<sup>6</sup> The consumer is unsure whether the service worker will provide (or deliver) the product as desired. It is entirely possible, from the consumer's view, that the service worker will hinder the manufacturing process and prevent the desired product from being manufactured. A sense of control during the manufacturing process is essential to the consumer to ensure that the desired service product is created.<sup>7</sup> The greater the personal risk or investment in time or money, the greater the need for perceived control.

<sup>6</sup> Roland Rust, Jeffrey Inman, Jianmin Jia, and Anthony Zahorik, "What You Don't Know About Customer-Perceived Quality: The Role of Customer Expectation Distributions," *Marketing Science*, Vol. 18, No. 1 (1999), pp. 77-92.

<sup>7</sup> Boas Shamir, "Between Service and Servility: Role Conflict in Subordinate Service Roles," *Human Relations*, Vol. 33, No. 10 (1980), pp. 741-756; see also: Gabriel Bitran and Johannes Hoeh, "The Humanization of Service: Respect at the Moment of Truth," *Sloan Management Review*, Winter 1990, pp. 89-96; and W. Fred Van Raaij and Ad Th Pruyn, "Customer Control and Evaluation of Service Validity and Reliability," *Psychology and Marketing*, Vol. 15, No. 8 (1998), pp. 811-832.

Total control of the service exchange, while important to the consumer, is not possible. The "intrusion" of a service worker is unavoidable even in highly standardized operations such as McDonald's. As a result, the consumer may perceive a reduction in her level of control of the manufacturing process. When consumers perceive a reduction in control of the manufacturing process, they seek cues and reassurances that they will obtain their desired service outcomes.

If customers sense a loss of control in the service encounter, they may have a variety of negative responses.

The consumer's attention is directed to employees' actions to make such estimations. What we will later describe as "fair" behaviors on the part of the service worker act to reassure the consumer of positive service outcomes. Individuals may treat the demonstration of fair behavior as substitutes for a sense of control.<sup>8</sup> As noted, in the service encounter the service worker often assumes control of the interaction, which makes the exhibition of fair behavior important.

Research in non-hospitality settings has shown that there is a relationship between perceptions of control and satisfaction. For example, studies in health management have consistently demonstrated that when individuals have reasonable control over their treatment regimes, they are more satisfied than when doctors are in total control.<sup>9</sup> Research in retail banking has shown that crowding in teller lines and the consequent lack

of control of a situation leads to feelings of stress and, therefore, less satisfaction with the service exchange.<sup>10</sup> There have been no studies, to our knowledge, that measure the effects of perceived control in the actual exchange between a service employee and a customer.

Individuals are said to perceive control when two conditions exist.<sup>11</sup> The first is choice, which is when consumers are able to select from the components necessary for the desired service product. For example, all items on the menu should be available to the consumer when ordering in a restaurant. The second condition is capacity, when the consumer believes he has the ability to influence the behavior of the service provider to achieve the desired objectives. An example is being able to induce a waitperson to provide the attentive service desired. There are few industries, if any, in which the front-line worker can affect the outcomes that a customer experiences to the extent common in the hospitality industry. For example, a front-desk clerk can assign a room with a view, or not. A ticket agent can offer an aisle seat, or not. A waitperson can expedite a food order, or not. The more a guest or customer loses his or her sense of control, the more likely she will experience uncertainty, stress, and, ultimately, dissatisfaction. We therefore propose that to the extent consumers perceive greater levels of control in the service exchange, they will be more satisfied with the outcomes of that exchange and be more likely to repurchase or recommend it to others.

Fairness in organizations has been studied in recent years through interactional justice, which is the quality of the interpersonal treatment received from managers. Two sub-dimensions of interactional justice are informational justification (the thoroughness of information received about a decision) and social sensitivity (the dignity and respect demonstrated when presented with an undesired outcome). Studies have shown that informational justification and social sensi-

<sup>8</sup> Kees van den Bos, Allan Lind, Riel Vermunt, and Henk Wilke, "How Do I Judge My Outcome When I Do Not Know the Outcome of Others? The Psychology of the Fair Process Effect," *Journal of Personality and Social Psychology*, Vol. 72, No. 5 (1997), pp. 1034-1046.

<sup>9</sup> Geoffrey C. Williams, "Improving Patients' Health Through Supporting the Autonomy of Patients and Providers," in *Handbook of Self-Determination Research*, ed. L. Deci and R.M. Ryan (Rochester, NY: University of Rochester Press, 2002), pp. 233-254.

<sup>10</sup> Michael Hui and John Bateson, "Perceived Control and the Effects of Crowding and Consumer Choice," *Journal of Consumer Research*, Vol. 18, No. 2 (1991), pp. 174-185.

<sup>11</sup> Ellen Skinner, *Perceived Control, Motivation, and Coping* (Thousand Oaks, CA: Sage Publications, 1995).

tivity contribute to perceptions of fairness of interpersonal treatment.<sup>12</sup> In this research, the focal relationship has been between the organization and individuals within that organization. The focus of the current study, however, is on the interaction between a service employee and a customer. Although the context may be different, we feel that these types of actions may be important in the service encounter. Other research has examined behavior that influences perceived fairness in different settings.<sup>13</sup> Based on this research we identified four key service-provider characteristics that may contribute to consumers' perceptions of fairness. These are consideration, knowledge, consistency, and impartiality. Consider the following shopping experience.

You enter a store and wander the aisles looking for a particular product while employees seem to avoid eye contact with you. You finally find what you are looking for and ask an employee if it would be appropriate for your particular project. The employee responds, "I don't know." You wait in line for several minutes to check out with your purchase. When you finally approach the cashier the telephone rings, the employee answers it, and gets into a prolonged discussion, apparently with a friend. You return home and later learn that there was a store coupon available for a 33-percent discount on your purchase, but the employees did not tell you about it.

<sup>12</sup> E.E. Kossek and C. Ozeki, "Work-Family Conflict, Policies, and the Job-Life Satisfaction Relationship: A Review and Direction for Organizational Behavior-Human Resources Research," *Journal of Applied Psychology*, Vol. 83 (1998), pp.139-149.

<sup>13</sup> See: Kathleen Seiders and Leonard L. Berry, "Service Fairness: What It Is and Why It Matters," *Academy of Management Executive*, Vol. 12, No. 2 (1998), pp. 8-20; Gerald Leventhal, Jurgis Karuza, Jr., and William Fry, "Beyond Fairness: A Theory of Allocation Preferences," in *Justice and Social Interaction: Experimental and Theoretical Contributions from Psychological Research*, ed. G. Mikula (New York: Springer Verlag, 1980), pp.167-218; and Russell Cropanzano and Jerald Greenberg, "Progress in Organizational Justice: Tunneling Through the Maze," in *International Review of Industrial and Organizational Psychology*, ed. C.L. Cooper and I.T. Robertson (Chichester, NY: Wiley, 1997), pp. 317-372.

Unless we're mistaken, the entire episode will make you angry. Why? Because, in your eyes, you were treated unfairly. Contrast that to a situation in which you enter a store, establish eye contact with an employee who is able to answer your questions, and who then leads you to the product you were seeking. You are dependent on the service provider, but nevertheless you have a sense of being in control of the situation due to the responsiveness of the helpful employee.

Employees approaching wandering customers to inquire whether they need help is a considerate behavior. Being able to answer questions is an indication of knowledge. Not letting the telephone or another customer interrupt the service exchange is an example of consistency. Informing a customer that an item is on sale is an example of impartiality. When the service worker applies such rules and principles while interacting with the consumer, it contributes to the customer's perception of fairness. We therefore propose that there are "fairness" behaviors that service workers can act out that affect a customer's satisfaction and intent to repurchase. We are also proposing that such employee actions may substitute for consumers' loss of perceived control.

## The Experiment

To test our propositions we conducted experiments in two different settings in which we manipulated the amount of control an individual perceives in the service exchange. We did this by either allowing or not allowing the participant (the consumer) choice in the service encounter. We simultaneously manipulated the level of "fair" behaviors the service worker exhibited in the service exchange (the service worker was either fair or not). This resulted in four different combinations of "choice" and "fair" behavior.

The experimental manipulation of choice and fair behaviors was achieved through the use of video clips. Video clips were created to ensure that all participants received the exact same treatment. We replicated the experiment using two different locations, depicting either an interaction with a waitperson in a restaurant or with a front-desk clerk at a hotel. In both settings the video clips were recorded from the participant's point of view. That is, the camera was in effect

**EXHIBIT 1**

## The sample's demographic characteristics

|   |                |
|---|----------------|
| <b>Restaurant</b>                               |                |
| <i>Gender</i>                                   |                |
| Male  | 68 percent     |
| Female  | 32 percent     |
| <hr/>   |                |
| <i>Age</i>                                      |                |
| Average   | 31.6 years     |
| Range   | 19 to 52 years |
| <hr/>   |                |
| <i>Work experience</i>                          |                |
| Average   | 12.75 years    |
| Range   | 1 to 34 years  |
| <hr/>   |                |
| <i>Foreign nationals</i>                        | 40 percent     |
| <hr/>   |                |
| <i>Distribution by race</i>                     |                |
| Caucasian                                       | 68 percent     |
| Asian   | 16 percent     |
| Hispanic  | 8 percent      |
| Pacific Islander                                | 4 percent      |
| African-American                                | 4 percent      |
| <hr/>   |                |
| <i>Number of visits to restaurant per month</i> |                |
| Average   | 7.6            |
| Range   | 1 to 25        |
| <hr/>   |                |
| <b>Hotel</b>                                    |                |
| <i>Gender</i>                                   |                |
| Male  | 48 percent     |
| Female  | 52 percent     |
| <hr/>   |                |
| <i>Age</i>                                      |                |
| Average   | 30.3 years     |
| Range   | 19 to 52 years |
| <hr/>   |                |
| <i>Work experience</i>                          |                |
| Average   | 9 years        |
| Range   | 1 to 32 years  |
| <hr/>   |                |
| <i>Foreign nationals</i>                        | 0              |
| <hr/>   |                |
| <i>Distribution by race</i>                     |                |
| Caucasian                                       | 84 percent     |
| Asian   | 4 percent      |
| Hispanic  | 8 percent      |
| Pacific Islander                                | 4 percent      |
| African-American                                | 0 percent      |
| <hr/>   |                |
| <i>Number of visits to hotel per year</i>       |                |
| Average   | 9.5            |
| Range   | 0 to 30        |

the eye of the participant. In each setting a combination of four clips were presented: (1) the subject could exercise choice in the service encounter and the service provider was fair, (2) the subject could not exercise choice and the service worker was fair, (3) the subject could exercise choice and the service worker was unfair, and (4) the subject could not exercise choice and the service worker was unfair.

We enlisted 50 subjects with the specific aim of ensuring that the results of the experiment could be generalized to a larger group.<sup>14</sup> This was a repeated-measures experiment, which means that each subject was exposed to each of the four settings. For our study, we recruited employees from a city's health department, employees of a career-service office, doctoral students, university administrative assistants, employees of a private accounting firm, and employees of a database-management firm. Subjects were randomly assigned to either of the two experimental scenarios (that is, 25 subjects for the restaurant scenario and 25 for the hotel). Each subject watched all four video clips. We used repeated measures MANOVA to analyze the data. Exhibit 1 provides specific demographic data about the participants.

In the restaurant scenario, the subject was informed through a written script that he had placed a food order that included a side of pasta and that, in the video he was about to watch, he was requesting a change. He was shown the video clip in which the subject beckons a server and requests that his order be changed from a side of pasta to a side of rice. (Remember that the camera was the eye of the subject. Therefore, all that the subject saw was a waitperson at the next table, and then the subject heard a voiceover hailing the server.) The server walks up to the subject's table and looks into the camera. Next, the voiceover (the subject) requests that the server change the order. The server's response amounted to a manipulation of perceived capacity and choice as the server would or would not change the order.

<sup>14</sup> Thomas Cook and Donald Campbell, *Quasi-Experimentation: Design & Analysis Issues for Field Settings* (1979), Boston, MA: Houghton Mifflin.

Fairness was manipulated by the presence or absence of a set of service-provider behaviors that were described above (i.e., consideration, knowledge, consistency, and impartiality). Similarly, in the hotel check-in scenario, the subjects were informed through a written scenario that they had made a reservation for a king room. They then watched a video clip in which the guest is checking in. The subject is then shown requesting of the front-desk clerk that the reservation be changed to another type of room. "Fair" behaviors on the part of the front-desk staff were manipulated in a manner similar to the restaurant setting.

After the subjects watched the video clips, their responses were measured using a paper-and-pencil survey. We developed survey instruments that measured the extent to which participants perceived each of the four dimensions of fairness and the two dimensions of control, which resulted in six subscales.<sup>15</sup> The measures were constructed to ensure their statistical adequacy.<sup>16</sup> The six subscales were then combined into two measures for subsequent regression analyses, resulting in one perceived control scale (capacity and choice), and one perceived fairness measure (consideration, knowledge, impartiality, and consistency). Other questions on the survey measured subjects' satisfaction levels and also their stated intent to return to the hotel or restaurant. Questions measuring those dimensions were assembled from exist-

**EXHIBIT 2**

## Internal consistency reliabilities (Cronbach's alphas)

|   | Number of items | Restaurant | Hotel |
|---|-----------------|------------|-------|
| Capacity  | 5               | 0.93       | 0.96  |
| Choice  | 5               | 0.96       | 0.96  |
| Consideration   | 3               | 0.91       | 0.95  |
| Knowledge   | 4               | 0.89       | 0.93  |
| Impartiality  | 3               | 0.75       | 0.89  |
| Consistency   | 3               | 0.92       | 0.97  |
| Satisfaction  | 3               | 0.95       | 0.94  |
| Behavioral intent   | 5               | 0.97       | 0.98  |
| <b>Combined scales</b>  |                 |            |       |
| Control (Capacity + Choice)                                       | 10              | 0.96       | 0.97  |
| Fairness (Consideration + Knowledge + Impartiality + Consistency) | 13              | 0.94       | 0.97  |

All scale alphas are well above the acceptable 0.70 suggested by Nunnally and Bernstein. See: Jum Nunnally and Ira Bernstein, *Psychometric Theory* (New York: McGraw-Hill, Inc., 1994).

<sup>15</sup> Scale items to measure perceived fairness consisted of, for example, "The service provider was responsive to my service needs" ("consideration," three items); "The service provider knew how to help me" ("knowledge," four items); "The service provider was impartial" ("impartiality," three items); and "The service provider did not attend to tasks other than mine while helping me" ("consistency," three items). To measure individuals' perceptions of ability to influence the service provider ("capacity," five items) items such as, "I caused the service provider to give me everything I needed for the service." Similarly, to measure the availability of all desired components ("choice," five items) an example item is, "The service encounter had everything that was essential for the service I needed." All measures were scored on a five-point Likert-type scale.

<sup>16</sup> Scale development was conducted using the procedures recommended in: Timothy R. Hinkin and J. Bruce Tracey, "An Analysis of Variance Approach to Content Validation," *Organizational Research Methods*, Vol. 2, No. 2 (1999), pp. 175-186.

**EXHIBIT 3**

Interscale correlation

| <i>Hotel scenario</i> | Capacity | Choice | Consideration | Knowledge | Impartiality | Consistency | Satisfaction | Repurchase |
|-----------------------|----------|--------|---------------|-----------|--------------|-------------|--------------|------------|
| Capacity              | 1        |        |               |           |              |             |              |            |
| Choice                | .808**   | 1      |               |           |              |             |              |            |
| Consideration         | .480**   | .550** | 1             |           |              |             |              |            |
| Knowledge             | .429**   | .515** | .845**        | 1         |              |             |              |            |
| Impartiality          | .391**   | .417** | .878**        | .842**    | 1            |             |              |            |
| Consistency           | .338**   | .383** | .862**        | .724**    | .802**       | 1           |              |            |
| Satisfaction          | .504**   | .575** | .862**        | .791**    | .747**       | .738**      | 1            |            |
| Repurchase            | .486**   | .554** | .856**        | .782**    | .752**       | .771**      | .941**       | 1          |

\*\* Correlation is significant at the 0.01 level (2-tailed); N = 100.

| <i>Restaurant scenario</i> | Capacity | Choice | Consideration | Knowledge | Impartiality | Consistency | Satisfaction | Repurchase |
|----------------------------|----------|--------|---------------|-----------|--------------|-------------|--------------|------------|
| Capacity                   | 1        |        |               |           |              |             |              |            |
| Choice                     | .770**   | 1      |               |           |              |             |              |            |
| Consideration              | .581**   | .663** | 1             |           |              |             |              |            |
| Knowledge                  | .379**   | .497** | .779**        | 1         |              |             |              |            |
| Impartiality               | .408**   | .532** | .844**        | .756**    | 1            |             |              |            |
| Consistency                | .092     | .223*  | .468**        | .428**    | .450**       | 1           |              |            |
| Satisfaction               | .542**   | .620** | .883**        | .710**    | .846**       | .424**      | 1            |            |
| Repurchase                 | .506**   | .587** | .862**        | .700**    | .835**       | .476**      | .945**       | 1          |

\*\* Correlation is significant at the 0.01 level (2-tailed).  
 \* Correlation is significant at the 0.05 level (2-tailed); N = 100.

ing and pre-tested scales.<sup>17</sup> Internal-consistency reliabilities ranged from a low of .75 to a high of .98; they are presented in Exhibit 2.

Our study was based on three main hypotheses. First, those individuals who perceived more control of the service encounter would say that they are more satisfied with the exchange and would be more likely to patronize that enterprise again. Second, those individuals who experienced more fairness in a service encounter would express greater satisfaction and the intent to return. Third, when a service exchange creates low perceptions of control, service workers' fair behavior could have a compensatory effect on the level of satisfaction and intent to repurchase.

**Results**

Although we used summated scales in our regression analyses, we provide here the correlations of each sub-dimension of fairness and control with satisfaction and intent to repurchase to better understand their relationships and develop managerial recommendations. We found that a sense of control and being treated fairly both demonstrated a strong relationship with satisfaction and intent to repurchase, as shown in Exhibit 3.

The control measures' correlations ranged from .486 to .620, while the fairness measures ranged from .424 to .883—with consideration and knowledge demonstrating the strongest overall relationships—with satisfaction and intent to repurchase in the hotel scenario. In the restaurant example, consideration and impartiality had the strongest relationship to satisfaction and intent to repurchase. Next, we examined the mean scores for fairness, control, satisfaction, and intent to repurchase. A comparison of means for the different conditions is presented in Exhibit 4.

Overall, subjects' scores for "control" in the choice condition versus the no-choice condition follow expectations and demonstrate that the experimental manipulation was successful. As shown in Exhibit 4, the mean scores in the res-

<sup>17</sup> See: Barry Babin and Mitch Griffin, "The Nature of Satisfaction: An Updated Examination and Analysis," *Journal of Business Research*, Vol. 21 (1998), pp. 127-136; and Valerie Zeithaml, Leonard Berry, and A. Parasuraman, "The Behavioral Consequences of Service Quality," *Journal of Marketing*, Vol. 60 (April 1996), pp. 31-46.

restaurant "choice" condition are 4.02 and 3.61 compared to 2.29 and 2.35 in the no-choice condition. The results in the hotel scenario follow the same pattern. Similarly, subjects felt they were treated more fairly when a service provider demonstrated fair behavior than when she did not. Subjects' "fairness" scores in the restaurant scenario were 4.02 and 2.74 compared to 2.88 and 1.93. The same relationships are evident in the hotel scenario.

We conducted statistical tests to examine our three hypotheses.<sup>18</sup> Hypothesis one predicted that individuals who perceive higher levels of control would be more satisfied and have a stronger intent to repurchase. Our results support this hypothesis, as individuals in the hotel experiment were more satisfied when they had more control (i.e., the ability to make a choice) than when they did not. We observed the same pattern for intent to repurchase. Those results were also found in the restaurant setting.

Our second hypothesis predicted that individuals who perceived higher levels of fairness in the exchange would be more satisfied and more likely to repurchase from the same service provider. The results from both scenarios supported that hypothesis.

Finally, we hypothesized that when consumers are in a situation of low control, fair behavior on the part of the service provider could compensate for lack of control. Statistical tests provided support for the joint effects of fairness and control on satisfaction in the hotel setting.<sup>19</sup> This

<sup>18</sup> Using MANOVA, we performed regression analysis using the two independent variables, "choice" and "fair behavior" against the four dependent variables, "perceived control," "perceived fairness," "satisfaction," and "intent to repurchase." In the hotel setting we found significant main effects for "choice" (multivariate  $F(4, 21) = 21.04, p < 0.0001$ ) and "fair behavior" (multivariate  $F(4, 21) = 35.94, p < 0.0001$ ). Main effects were also significant in the restaurant scenario (multivariate  $F(4, 21) = 37.04, p < 0.0001$ ) for "choice" and (multivariate  $F(4, 21) = 24.47, p < 0.0001$ ) for fair behavior.

<sup>19</sup> The interaction term was significant in the hotel scenario (multivariate  $F(4, 21) = 5.19, p < 0.005$ ), but not in the restaurant situation. Univariate analysis of the hotel data showed that the interaction term had a significant effect on satisfaction ( $F(5.60, df. 1, 24), p < 0.05$ ), but not on the other dependent variables. These results support those presented in Exhibit 4.

## EXHIBIT 4

## Mean scores for the hotel and restaurant scenarios

| Condition |        | Control  | Fairness | Satisfaction | Repurchase |       |
|-----------|--------|----------|----------|--------------|------------|-------|
| Choice    | Fair   | Mean     | 4.10     | 4.44         | 4.08       | 4.05  |
|           |        | Std. Dev | .8840    | .6526        | .7669      | .8954 |
| Choice    | Unfair | Mean     | 3.44     | 2.44         | 2.23       | 2.21  |
|           |        | Std. Dev | .7484    | .5743        | .9220      | .9163 |
| No Choice | Fair   | Mean     | 2.55     | 3.48         | 2.11       | 2.48  |
|           |        | Std. Dev | 1.214    | .99359       | 1.143      | 1.178 |
| No Choice | Unfair | Mean     | 2.10     | 1.60         | .81        | 1.16  |
|           |        | Std. Dev | .9374    | .3723        | .3238      | .3266 |

| Condition |        | Control  | Fairness | Satisfaction | Repurchase |       |
|-----------|--------|----------|----------|--------------|------------|-------|
| Choice    | Fair   | Mean     | 4.02     | 4.02         | 3.85       | 3.77  |
|           |        | Std. Dev | .6518    | .7237        | .7539      | .7985 |
| Choice    | Unfair | Mean     | 3.61     | 2.88         | 2.83       | 2.72  |
|           |        | Std. Dev | 1.045    | .7170        | .8625      | .8619 |
| No Choice | Fair   | Mean     | 2.29     | 2.74         | 1.76       | 1.92  |
|           |        | Std. Dev | 1.022    | .8032        | .7889      | .7788 |
| No Choice | Unfair | Mean     | 2.35     | 1.93         | 1.18       | 1.41  |
|           |        | Std. Dev | 1.166    | .6009        | .6153      | .5257 |



relationship is apparent in the hotel sample with mean satisfaction (see Exhibit 4) in conditions of “no choice (fair)” (2.11) and “choice (unfair)” (2.23) not being statistically significantly different.<sup>20</sup> With respect to intent to repurchase, while not statistically different, the “no choice (fair)” condition (2.48) is higher than the “choice (unfair)” condition (2.21).<sup>21</sup> This pattern was not repeated in the restaurant scenario, in which fairness did not compensate for lack of control.

### Discussion

Organizations seek to manage service variability by “standardizing, industrializing, or centralizing” service jobs.<sup>22</sup> Our current research indicates that adopting such systems to increase organizational efficiency by constraining and scripting employee behavior may lead to counterproductive service outcomes (for example, when servers must reply that “company policy does not permit it”). We are not suggesting that organizations abandon systems designed to provide consistent service. We are, however, recommending that the hospitality industry take a close look at how operational systems can be managed to give consumers some perception of personal control (i.e., choice). By modeling the effects of both control and fair service-provider behaviors in a single study, we are able to understand why this is important.

One of the major dimensions of control is choice, being able to select those factors that lead to the creation of a desired service product. The second major control dimension is capacity, the ability to get an individual to provide the desired level of service. The important finding here is that both of these aspects of control have a strong relationship with consumer satisfaction.

We found that all four fairness dimensions had a strong relationship with “satisfaction” and “repurchase intent.” Exhibit 3 shows that “consideration,” “consistency,” “impartiality,” and “knowledge” are strongly correlated with “satis-

faction” and “intent to repurchase” in both scenarios. The slightly lower correlation with “consistency” in the restaurant scenario is most likely due to the brief duration of the interaction in the experimental situation. The overall magnitude of the relationships demonstrates how important perceived “fairness” behavior can be in a service encounter.

We also found that when consumers’ perceived control is low, employees’ “fairness” behaviors have the potential to compensate for that lack of choice and promote customer satisfaction. Comparing “fairness” evaluations across the two scenarios shows some interesting patterns, as “fairness” did not act as predicted in the restaurant scenario. An examination of Exhibit 4 shows that, in the hotel setting, subjects clearly distinguished between employees’ “fair” and “unfair” actions. In the restaurant setting, however, it seems that when the exchange had a no-choice outcome, the service was seen as unfair even when the service provider exhibited “fair” behavior (fairness mean = 2.74). Compare this to subjects’ fairness evaluations (mean = 2.88) when the situation afforded “choice,” but the service provider’s actions were deemed “unfair.” It seems that in this scenario subjects paid greater attention to the availability of “choice” rather than to the “fair” behavior of the server. We could speculate that this is because the request seemed reasonable and the denial of the request overshadowed any attempt to make up for it. That explanation suggests that there are situations when “choice” may be more important than “fairness,” and vice versa. Additional research could examine that possibility.

Recently there have been calls in the academic and trade press for more marketing attention to the consumer’s point of view.<sup>23</sup> Current marketing theory implicitly assumes that the service provider has a product for sale that consumers want to buy. As explained in this article, however, that is in part an erroneous assumption. Service providers have to pay attention to con-

<sup>20</sup> Pairwise *t*-test results:  $t = 0.186$ , *df.* 24,  $p > 0.05$

<sup>21</sup> Pairwise *t*-test results:  $t = -0.94$ , *df.* 24,  $p > 0.05$

<sup>22</sup> William Davidow and Bro Uttal, *Total Customer Service: The Ultimate Weapon* (New York: Harper Perennial, 1990), p. 118.

<sup>23</sup> See: “Who’s Wearing the Trousers?,” *The Economist*, Vol. 360, No. 8238 (2001), pp. 26–28; and Coskun Samli, *Empowering the American Consumer: Corporate Responsiveness and Market Profitability* (Westport, CT: Quorum Books, 2001).

sumers' role in defining the service product. The extent to which customers can tailor their particular service product is important, and this includes both tangible and intangible components. It is possible (and it is often so) that consumers pay service providers to pre-assemble, bundle, and deliver their products. If the consumer is unable to add the last bell or whistle to the product, however, whether it is extra onions or a timely response, it may then fail to satisfy.

This view highlights the importance of the front-line employee in helping the consumer manufacture a suitable product. Since most service products require the assistance of a service worker, these employees' actions assume great importance. As companies implement technology that reduces person-to-person contact, they must keep in mind that the consumer wants some sense of control. How many of us have been trapped in an "automated customer communication system" (i.e., a company's annoying telephone-answering system) only to become furious as we go from one menu to the next with no option available to solve our immediate problem? Many technologies are simply not as flexible as a person could be.

The essential link between efficient production on one side, and effective customer relations on the other, is the service encounter itself, the "moment of truth."<sup>24</sup> Investments in internal quality improvements in a firm's production processes using total-quality-management techniques are lost if the final interaction between the customer and employees does not meet the customer's service requirements. Similarly, a clear understanding of what is desired by the consumer is important in customer-relationship-management systems, but the customer-employee interaction is critical in the delivery of the service. The current study has helped us to identify the type of employee actions that may lead to successful service experiences.

### Managerial Implications

The managerial implications of our findings are straightforward. Having genuine choices in a ser-

vice exchange is important to consumers. By allowing a guest or customer to choose, she will achieve a sense of control and, ultimately, will be more satisfied than if she had no control. There are many examples where this principle applies. Restaurants, for example, often assign patrons to tables based on server stations—rather than on what the consumer prefers. Would allowing consumers to select a table and then assigning a

By allowing a guest or customer to choose, she will achieve a sense of control and, ultimately, will be more satisfied than if she had no control.

waitperson to them change the overall perception of the dining experience? Assigning tables may aid management, but doing so could have a negative effect on customer satisfaction, particularly when guests see more-desirable tables that are not occupied.

Customers need to know that they can influence the behavior of service providers, that is, to get them to do what the consumer wants them to do. This is particularly important when the most desirable option is not available. For instance, if a consumer's first choice is unavailable, the service provider should attempt to offer the individual the widest range of possible substitutes. This simple action should result in an overall satisfactory experience from the consumer's perspective, despite the unavailability of his first choice.

We also found that knowledgeable, considerate, impartial, and consistent service actions have a strong relationship to positive consumer evaluations. Knowledge (e.g., being able to answer customer questions) is important to customers and is largely a function of training and longevity on the job. Even the simple act of answering a question about the location of a meeting has implications for the level of consumer confidence in the overall service. Impartiality (e.g., treating

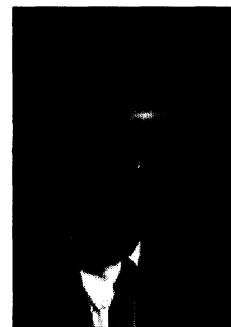
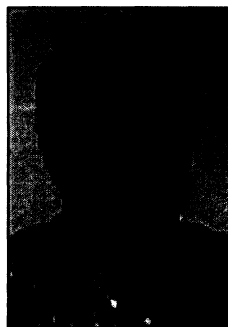
<sup>24</sup> Jan Carlzon, *Moments of Truth: New Strategies for Today's Customer-Driven Economy* (New York: Harper Row, 1987).

customers in a manner that does not make them feel taken advantage of) is also important. How many of us have looked at a wine list and seen a \$40.00 price on a bottle that we know we can buy at a local store for under \$10.00? Will that observation affect satisfaction? Intuitively, one would think so and the results of our study show that it likely does. This finding is particularly important to revenue management, where certain practices have been shown to lead to customers' perceptions of unfairness.<sup>25</sup> Consideration, showing interest, and being responsive to customers was also strongly related to satisfaction and repurchase intent. This comes as no real surprise but reinforces the importance of looking for ways to please the customer. Finally, consistency is basically focus and follow through. A pleasant service encounter that falls apart at the end because a service provider was distracted in some way ends up being a lousy experience for the guest. Once again, the results of our study suggest that employees' actions can have a major effect on customer satisfaction.

<sup>25</sup> Sheryl Kimes, "Perceived Fairness of Yield Management," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 43, No. 1 (February 2002), pp. 21-30.

There are situations in which employees' fair behavior may substitute for consumers' loss of control. As an example, picture a situation in an airport when flights are being cancelled and passengers are losing a sense of any control. They may have few choices among alternative flights due to lack of availability, but if these travelers can get the attention of someone (capacity) and if employees provide information, empathy, focus, and impartiality (fairness), much of the tension can be relieved because the passenger is reassured that, together, the passenger and the service employee will eventually produce a suitable service product. In effect, the airline employees can restore some of the control passengers perceived as lost.

Managers should incorporate these specific actions into their employee-training programs. However, organizational practices and policies that support the efforts of employees must also be developed and implemented. Organizational policies need to be perceived by customers as fair and impartial. Employees need to have the discretion necessary to satisfy the requests of the customer. It is likely that organizations that heed this advice will end up with more satisfied customers and more repeat business. ■



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