

Why companies don't learn from their mistakes

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The mobile phone bill is not quite correct, the wrong food is served at a restaurant or the hotel room hasn't been properly cleaned: Most of us may have been annoyed about situations like these. Self-confident customers then usually vent their dissatisfaction towards a service employee. But what happens next? Do companies analyze the complaints of unhappy customers to learn from them and to improve the service quality?

Far from it - as a study by economists of the Friedrich Schiller University Jena (Germany) now shows. "Three out of four complaints to service employees don't even reach the line manager," Prof. Dr. Gianfranco Walsh says. The chair of Business Economics and Marketing, researched the reasons for this together with colleagues from Jena and the University of Texas (USA). The economists presented the results of their study in the "*Journal of Service Research*".

According to this, employees often don't pass on complaints although many companies have specific regulations about dealing with so-called informal complaints. "This happens at the expense of the service company," Prof. Walsh clarifies, "as the customers hint at the weaknesses of the company with their complaints and thus give important feedback regarding potential improvements," the marketing expert stresses. To forward them to line managers and the relevant complaints department is therefore central for service-quality management and the long-term business success.

In their study, the team of experts analyzed how the complex interplay of workload, existing job resources, business- and customer-related attitudes as well as cultural characteristics influence the forwarding behavior of service employees. To this end they interviewed 363 German and 213 Chinese service employees with frequent customer contact. The results of the study are surprising: "Contrary to the general assumption that job specific resources, like the support of the line manager, encourage the realization of company goals whereas workload impairs it, our results show that this is not necessarily the case when it comes to forwarding complaints," Prof. Walsh says. In particular a high degree of employee empowerment in the context of customers' complaints is a double-edged sword. "On the one hand these employees are able to deal with the customers' complaints there and then and thus add to the customer's satisfaction. On the other hand, mistakes and problems need to be analyzed regarding the long-term business goals. And therefore they need to be passed on."

Moreover, the economists around Prof. Walsh were able to show that the influences of the job specific strains and resources have a stronger effect on the behavior of German employees than those in China. "Service employees in Western cultures react more sensitively towards aspects of the workplace - like the supervisor support or the unfriendliness of customers - than those coming from more collectivist societies," Prof. Walsh explains the results. But the willingness to pass on customers' complaints was independent of the cultural context, especially amongst employees who regard themselves as particularly customer orientated and identify with their company.

With their study of two countries the group of researchers added to the understanding of service employees' behavior in the context of complaints. The economists' recommendation to the companies: to reinforce the attention to the forwarding of complaints to the relevant company departments and to sensitize their employees accordingly, for

instance through training. Moreover, companies could develop specific incentives for the forwarding of complaints.

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