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Service failure and problems: Internal marketing solutions for facing the future

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ABSTRACT

The issues of elderly consumers remain under researched despite a rapidly aging population in most countries across the globe. We examine the service failure and complexity of problems of a nursing home for seniors and seek to contribute to the field of research in terms of exploring internal marketing solutions based on two theoretical frameworks- Service Profit Chain and the Relational Third Place theory. We aim to provide insights about why elderly people are not treated as consumers. Besides, based on comprehensive review of literature and analysis of an important case situation, we develop a new framework called Complex Organizational Problems and Solutions (COPS) by generalizing the insights we gained through the study. We find that internal marketing practices help improve employee satisfaction and service quality, which in turn leads to satisfied consumers.

1. Introduction

Understanding the psychology of elderly consumers is imperative due to the increase in the aging population (Sudbury and Simcock, 2009). Researchers have attempted to study the consumer behavior and consumption pattern of elderly consumers in the recent years (Kohijoki and Marjanen, 2013; Roschk et al., 2013; Omar et al., 2014). With the rapid increase in old age care homes, service quality issue has become very important. As a service provision, care homes for the elderly present unique challenges for managers as well as employees. In a context with highly demanding, yet vulnerable customers needing care for medical conditions, coupled with strict governmental oversight over operational issues, designing, planning and delivering, maintaining proper service quality is a major challenge for care home managers. Core service failure leads to greater increases in negative responses for satisfaction, emotional, and behavioral responses than supplementary service failure (Walton and Hume, 2012).

Predictably, one of the most critical issues in such situations relates to staffing since caring for old people requires employees, such as nurses and other customer-facing staff to show high levels of empathy, concern and sacrifice. It goes without saying that treating old people who are often very vulnerable both physically and psychologically demands extraordinary levels of care, patience and mental toughness.

On the other hand, the low-skilled nature of the job makes it difficult for the management to provide any extra benefits or incentives for its employees. Hence, such situations inevitably lead to higher levels of employee dissatisfaction and turnover. To compound the problem further, strict governmental regulations regarding conditions of employment and employee retrenchment combined with the difficulty in recruiting new staff due to the low wages, ties the hands of the management from taking actions against delinquent staff members. The combination of these micro and macro factors lead to a situation where there are highly dissatisfied, demotivated employees on the one side and a helpless management on the other side, trying their level best to provide higher levels of service quality. In fact as Sheridan et al. (1992) explained, elderly care homes can be caught in a vicious cycle of ineffective staff and ineffective management leading to total collapse of the care home operation.

In this paper we present the case study of a care home in France that illustrates the situation explained above. We examine the vicious circle of ineffectiveness and the resultant internal problems with reference to the theoretical as well as real life factors. We illustrate the challenges faced by the management in an effort to provide good quality service such as combat high employee absenteeism and turnover, motivate staff with low morale, and discourage delinquent employee behavior. Hence, the purpose of this paper is to identify

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factors that contribute to managerial difficulties in the context of elderly care homes, using the case study of an elderly care home in France, which clearly demonstrates an example of an extremely challenging environment as well as analyses of said challenges faced by the management. We aim to contribute to the literature by identifying and exploring the different dimensions of real life situation that involves both micro and macro factors. This will allow the provision of creative managerial recommendations to improve the quality of the service provided. The study adopts two frameworks: i) Heskett and Schlesinger (1994) framework of Service Profit Chain and ii) Rosenbaum (2006)'s Relational Third Place theory; to bind together our observations to develop the central theme of our study. We attempt to theorize the cause-effect linkage between the stumbling blocks, brand image and service quality by extending the above-mentioned works. In the ensuing sections we look at the literature relevant to this study and then present the key issues related to service quality at care homes.

2. Review of literature

Management commitment to internal marketing affects employee work attitude (To et al., 2015). As Anderson et al. (2003) contends, nursing homes are complex adaptive systems with the constant evolution of the relationships between management, employees and patients. Similarly, Rosenbaum (2006) introduced the 'relational third place theory' -based on the consumers' physical, social and emotional needs. This theory suggests that some consumers rely upon third places to satisfy not only their consumption needs but also their needs for companionship and emotional support. These supportive needs are prevalent in older-aged consumers, who often experience events that diminish relationships. Companionship and emotional needs arise at old age homes because consumers want to prevent enduring negative symptoms that are associated with social and emotional loneliness, respectively (Rosenbaum, 2006). In this context, this study looks at the problems related to maintaining service quality in an old-age home with a specific focus on the interaction between the consumers and staff. We first look at the studies that emphasize the critical role of employees in achieving high level of service quality in old age homes and then consider issues related to employee stress and bind them together with the service profit chain framework and the relational third place theory.

2.1. Studies on quality management in old age homes

The aging population in developed countries has contributed to significant growth in the nursing homes (Barak, 2009). Besides, increasing level of privatization within the healthcare sector transforms the status of senior residents at the nursing homes as sovereign consumers (Allen et al., 2014). Benet et al. (1993) explore the intersection of topics which have been singled out for ethical consideration in marketing- marketing to the elderly and marketing of health care services and found that the psychological characteristics does not indicate that the elderly of today are particularly *vulnerable*.

Everyday life within senior care homes (nursing homes) has been a topic of media news in the western world over recent years. Media reports have highlighted several issues that have specific implications for service quality, mal-administration, physical and mental abuse of older residents in senior care nursing homes (Stone et al., 2011). Castle (2006) discusses that even from a nurse's aid's perspective there is generally not a strong culture promoting resident safety in elderly people homes. Despite this attention, the overwhelming belief is that older consumers' voices are often muted within the care homes (Allen et al., 2014). Interestingly, so far few studies have attempted to understand what it means to be a consumer within such an institution (Stone, 2009; Ahearne et al., 2005; Allen et al., 2014).

The tremendous increase in the older population has made quality

care a key issue for nursing homes. Several studies have dealt with the issues of managing service quality in old age homes (e.g., Sherman, 1989; Beach, 1993; Chen et al., 2005). These studies often provide prescriptive models for achieving quality care in elderly homes. For instance, Nicholas (1999) suggests adoption of Total Quality Management (TQM) and Continuous Quality Management (CQM) approaches for adequate assessment and monitoring of nursing homes. However, TQM have been proven to be more successful only when coupled with higher levels of management flexibility in terms of bureaucratic operational practices (Shortell et al., 1995). Chen et al. (2005) on the other hand emphasizes on CRM (Customer Relationship Management) approached and define CRM in the nursing home as resident-centered management. They found that improved nursing home quality is based upon assessment and evaluation of individual residents physical, mental, family conditions, etc. in order to plan and perform service care. In the same vein, Dimitriades and Stevens (2008) note that nursing homes should consider organization characteristics, such as culture, structure and human resources. The nursing staff should be well trained and should respond immediately to resident's needs. Supporting this view, Wang (2013) asserts that management must be sure that the nursing staff is informed of what is expected of them in order for them to readily and effectively accommodate residents' needs. Most of these prescriptive studies strongly emphasize the role of employees in achieving quality care. Killett et al. (2013) divide the quality of care provided to the elderly into four factors: infrastructure, management and procedures, staffing, resident population characteristics and culture.

2.2. Employee stress in old age homes

It is well acknowledged that employees (nurses and their supporting staff in particular) in care homes face difficult and stressful working conditions. The high level of demand often has a negative impact on the mental and physical health of the caregivers, reducing their sleep, leisure time, and social lives (Kesselring et al., 2001). A study conducted by Åström et al. (2002), show that about 76% of workers in old age care homes faced some level of physical violence in their work life. It appears that powerlessness, sadness, anger and feelings of insufficiency were the most dominant feelings among staff because of the impatient residents (consumers) in old age care homes. Studies report that such problems lead to situations of burnout and maternal rejection, which in turn leads to disengagement of the care workers and increase in violence (Isaksson et al., 2008). A large meta-analysis study conducted by Needham et al. (2005) across several countries showed that aggressive behavior by patients on caregivers leads to feelings of anger, fear or anxiety, post-traumatic stress disorder symptoms, guilt, self-blame, and shame. The high level of stress in healthcare professionals creates a higher probability of substance abuse, which poses as a threat to patients and staff, including the individual who is abusing (Beckstead, 2005). According to Nathan et al. (2010), mistreatment of elderly consumers in nursing homes is mainly because of poor work environment. In addition, low staff-patient ratio and high staff turnover can cause lack of quality healthcare and thus a higher risk of elder abuse (Gibbs and Mosqueda, 2004). Additionally, research shows that turnover creates a cost of over five percent in hiring, training, and productivity, in healthcare facilities (Waldman et al., 2004). Heponiemi et al. (2008) noted that a perceived lack of structure in the healthcare environment can increase the levels of conflict, and reduce job satisfaction and commitment, which may lead to increased turnover. Thus, in old age homes, management has to balance the needs for delivering superior quality service with the difficult proposition of motivating employees in a highly stressful working context.

2.3. The french context

In France, the tradition is for elderly parents to live with their

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