

# Service Atonement toward the Service Dissonance and Customer Switching

Suwignyo Rahman and Ibnu Widiyanto

**Abstract**—The objective of this study is to develop a model of service dissonance management. Variables that affect on the service dissonance are the failure and atonement services. Service dissonance may result in the customer switching. This study applied the Structural Equation Modeling (SEM) with AMOS as the data analysis. The sampling method used was a purposive sampling method, with Customers who ever experienced service failure as the criterion, not the Jamkesmas (health card) holders. There were 260 respondents as the sample of this study. This sample take until 2 month (July – August 2013). After examining the normality test and classical assumption, the result showed that the service failure affected on the service dissonance although it was not significantly affected. Service failure also positively affected on the service atonement. Moreover, service atonement positively affected to the service dissonance. However, service dissonance had negative and no significant effect on the costumer switching.

**Index Terms**—Service atonement, service failure, service dissonance, customer switching.

## I. INTRODUCTION

The service failure in service which is experienced by the customers / service users may be expressed in various ways and attitudes. The negative attitude on what the customers' feel expressed by inviting, panning, and even suing our service products in the public that result on the unnecessary dissonance. The degree of failure and justice achieved may effect on the satisfaction, that lead to the repatronage aim, words from words from mouth to mouth, and the intention to complain [1]. Service dissonance experienced by customers may result in the failure of customers to switch services. the determinants of customers' decisions to switch service providers appear to vary in different countries. The presence and/or introduction of "competition" was (with the exception of Poland) the most frequently identified factor that determined service customer switching. Switching factors were most frequently noted in the following order – competition, pricing, core service failure, response to failed service, failed service encounter, inconvenience, and ethical problems [2]. That is why the service failure in service should be took into account and handled appropriately so that the dissonance happened can be well-controlled and have no bad impact on the product/service produced. It needs a service atonement towards service failure on the product/service produced by the service provider.

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Prita Mulya Sari's case who did a Negative Word of Mouth on withholding her child's Laboratory Diagnostic Result by Omni International Hospital by texting on the miling list group some times ago was an example of yet or not fully service failure in service [3]. Service failure in service which is not well-managed by the service provider resulting the dissonance and will harm the service provider's image. It caused The Omni International Hospital got a lot of sneers because of giving a negative respond to the Prita Mulya Sari's demand. The Omni Internasional Hospital's negative response by reporting Prita Mulya Sari's action as a crime based on the ITE Act had made million people gave the hospital a louder sneer through the social media on facebook and twitter. Omni International Hospital felt they had power to stop and give Prita Mulya Sari a lesson, but this action even more harming the Omni International Hospital Image. Among politicians in Indonesian Legislative Assembly, government officials, religious leaders, and communities are sympathetic to Prita Mulya Sari.

This case indicate that the effect of service failure can occur everywhere either on the Hospital held by the public or government. The number of inpatients who do inpatient services and other services in the hospital held by the public or Indonesian government are very large in number.

Some studies showed that the theoretical debate of the research result on the relationship between the service failure in service towards the dissatisfaction showed on service dissonance. This discussion showed that the relationship between service failure in service and the level of dissatisfaction shown in the service dissonance was still debatable by some researchers. On this study, therefore, it attempts to get a clear relationship between the service failure in service and the level of dissatisfaction shown in the service dissonance which can cause costumer switching.

The phenomena discussed above can be seen from some point of views that, on the one hand, some believe that service failure will affect on customer switching. This thing matches with the research finding [2] which state that core service failure can lead to the service switching behaviour and then dissatisfaction, negative word of mouth and search new service. On the other hand, some state that service failure does not always affect to service dissonance and customer switching. This statement is in line with research finding [4] which state that on the majority of respondents still feel satisfied even enjoy greater satisfaction despite the filure of service providers to make effort for the recovery. This means that the quality of service received by customers is good or bad one through customer service failures do not result in the switch. From the arguments above, we can conclude that there are differences in opinion on the influence of customer switching after a service failure.

This study conducted based on the theoretical contradiction problems of the research result about the service failure in service after failure service that may cause service dissonance and customer switching which is abstracted in the research gap above. This study is different from the research conducted before, because it will explain the elements of service atonement on the service failure in service after service failure that resulting the service dissonance and may cause the costumer switching. Therefore, the research problem stated in this study is: *How does the service atonement in service after service failure that resulting service dissonance and prevent the costumer switching?*

The purpose of this study is to build a model of service atonement management in reducing the service dissonance in service after failure service that may result in customer switching. The result of this study is expected to provide a variety of contributions that is not only in the science development for academics, but also in the operational contributions for practitioners.

## II. HYPOTHESIS OF SERVICE FAILURE DEVELOPMENT

The result of study [5] shows that support the hypothesis The greater the customers' perception that a service failure is due to lack of preferential treatment, the greater their dissatisfaction after the service failure. The main aim of the current research was to determine whether or not lack of preferential treatment (perceived as a cause of the failure) has a positive impact on dissatisfaction following a service failure, after accounting for the effects of stability and controllability attributions. Attribution of controllability after a service failure has a positive impact on customers' dissatisfaction after the service failure. The intensity of negative emotions experienced after a service failure has a positive impact on customers' dissatisfaction after the service failure. The intensity of negative emotions mediates the effect of perception of lack of preferential treatment and attribution of controllability, on customers' dissatisfaction after the failure.

Another study [6] finding that an Internet user's encounter with a service failure did not influence his/her attribution for failure. The findings show that respondents' subjective views of their previous encounters with a service incident have no significant effect on their attribution of assigning blame for the service failure. This shows that the fact that a customer has a service problem in the past might not affect how the customer assigns blame in other service situations. It is possible that other factors are involved in how customers assign blame to the service providers, the service process, technology, themselves, and/or a combination. Based on the explanation above, the hypothesis of problem formulated in the other part as follows: H1 = Service failure in service affects on the service dissonance.

## III. HYPOTHESIS OF SERVICE ATONEMENT DEVELOPMENT

This service atonement becomes the efforts of compensation, penance, and link to connect the relationship

between service provider and customer can be well-established and customer does not move to other providers. Based on the research [5] can be concluded that while the length of the relationship can be used to evaluate the effect of service failure between the US passenger and the airlines and their willingness to recommend the airlines, the effect of failure service on the South African passenger needed to be more considered by taking the passengers' satisfaction rate in line with the airlines's atonement service.

Results other studies that found that the service atonement can influence the consumers' satisfaction stronger to the consumers with a high complaint/attitude toward complaining (ATC) showed the role of ATC moderation [1]. This research conducted a study that aimed to investigate, in the context of service failure and its atonement, how the customer's satisfaction is influenced by the degree of problem and company's respond, how the satisfaction affects to the repatronage intention from mouth to mouth and the complaint intention, and how the consumer's behavior towards the moderation of complaint relationship. Based on the description above, the hypothesis of problem formulated in the other part as follows: H2 = Service Failure can affect on the service atonement.

## IV. HYPOTHESIS OF SERVICE DISSONANCE DEVELOPMENT

The dissonance of service failure becomes a problem if there is no effort to do the service atonement as described above. Based on the results of the study [7] showed that the cognitive dissonance theory proposes when a person holds two psychologically inconsistent cognitions (ideas and beliefs), the dissonance appears. The service dissonance can be handled quickly and appropriately if there is a quick atonement done by the service provider. Understanding the dissonance of the service failure is very relevant in this research. This study [7] conducted a study which presents the progress of the cognitive dissonance theory history.

Another study [8] stated that the atonement strategy offset the negative impact of negative emotion (dissonance) on the customers' satisfaction and the compensation strategy is more efficient if it is offered quickly. Based on the description above, the hypothesis of the problem formulated in the other part as follows: H3 = Service Atonement can affect on the service dissonance.

## V. HIPOTHESIS OF CUSTOMER SWITCHING DEVELOPMENT

There is a positive relationship between unfavorable good service quality and customers switching banks [9]. The primary objective of this study is to identify the factors that influence customers switching and determine the most important and least important factor that influence customers switching behavior. And then, another study [10] found out that the quality of the offered banking products and services in combination with the bank's brand name have a positive effect in the decrease of switching behaviour while demographical characteristics, such as gender and educational level have a limited impact.

In other side, cognitive dissonance can influence customer

switching. The willingness of a dissonant individual to accept the new cognition increases with the elapse of time from the time of occurrence of the cognitive dissonance [11]. The study also unveils that, for a typical purchase, the degree of cognitive dissonance felt by more involved purchasers is less than that felt by less involved purchasers.

This finding is reinforced by the result of research which state that the research finding on Perceived service quality indirect effect on switching intention but satisfaction emerged as the strongest factor which influences switching barriers [12]. In this research, Employees' responses to service failures, reasonable prices and core services up to expectations significantly influence switching intentions. Also, higher switching barriers, lower will be the customer switching intentions. For high switching barrier group, satisfaction loyalty link will be weak. Higher the quality, higher the satisfaction, higher will be the loyalty. Higher the quality, higher the satisfaction, weaker will be the switching intentions. Higher the quality, higher the satisfaction, higher will be the switching barrier.

Based on the description above, the hypothesis of problem formulated in the other part as follows: H3 = Service dissonance can affect the customer switching.

it can affect the customer switching.

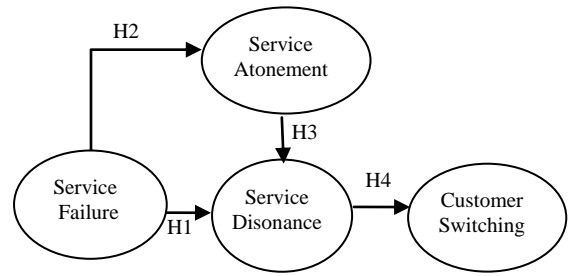


Fig. 1. Empirical research model.

This study applied the Structural Equation Modeling (SEM) with AMOS as the data analysis [13]. The sampling method used was a purposive sampling method, with Customers who ever experienced service failure as the criterion, not the Jamkesmas (health card) holders. There were 260 respondents as the sample of this study. This sample take until 2 month (July – August 2013). The Measurement used in this study is measurement of data interval. Each indicator measured using a scale with 10 possible answers, where the lowest respond is given a score of 1 (very Disagree) and the highest respond is given a score of 10 (Very Agree).

A. Sample Description

Based on the composition of respondents by frequency of inpatient and outpatient care shows that the number of outpatient respondents are bigger that are as many as 140 people or 53.85% compared to inpatients as many as 120 people or 46.15%.

B. The Analysis of Structural Equation Modelling (SEM)

The result of data processing for SEM full analysis model shown in the following Fig. 2.

VI. RESEARCH DESIGN AND EMPIRICAL RESEARCH MODEL

Based on the classification, this study belongs to an explanatory research because this study intends to explain the causal relation between variables through a hypothesis testing. In this part of this research, it is explained how the Empirical Research Model is. In short, Empirical Research Model can be seen in the image below Fig. 1.

In an empirical research model, it examines how the service failure influences service dissonance. Furthermore, in reducing service dissonance, it tests the influence of service failure towards the service atonement. Then, it will also be tested if the service atonement can affect to the service dissonance. Finally, the service dissonance is tested whether

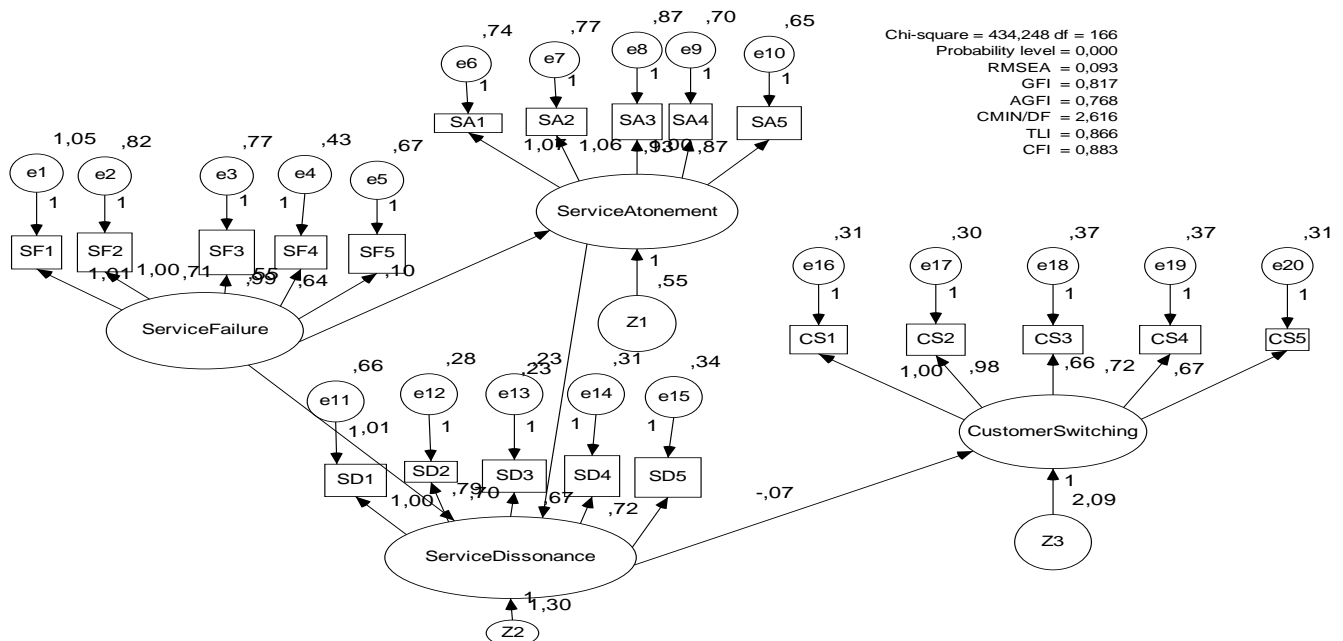


Fig. 2. SEM full analysis model.

The feasibility test of full SEM models is summarized as the following Table I:

TABLE I: THE RESULT OF FEASIBILITY TEST OF FULL STRUCTURAL EQUATION MODEL (SEM)

Goodness of Fit Indeks	Cut-Off Value	Result Analisis	Evaluation Model
Chi-Square	Kecil (<210.129)	434,248	Fit
Probability	≥0.05	0,000	Fit
RMSEA	≤0.08	0,093	Fit
GFI	≥0.90	0,817	Fit
AGFI	≥0.90	0,768	Fit
CMIN/DF	≤2.00	2,616	Fit
TLI	≥0.95	0,866	Fit
CFI	≥0.95	0,883	Fit

Source : Premier data processed, 2013.

The analysis of data processing result showed that the model used is acceptable. The Significance level was 0.000 which indicated a good structural equation model. To calculate the mahalanobis distance based on the chi-square score on the degree of freedom of 25 (number of indicators) at the level of  $p < 0.001$  is  $\chi_2(20, 0.001) = 45.314$  (based on distribution tables  $\chi_2$ ). From the processed data could be concluded that the maximum Mahalanobis distance was 37.124 which was still below the maximum limit of multivariate outlier.

C. Hypothesis Testing

The test of 5 hypothesis stated in this research done based on the value of Critical Ratio ( CR ) of a causal relation from the SEM processing result as stated in the following Table II:

TABLE II: REGRESSION WEIGHTS: (GROUP NUMBER 1 - DEFAULT MODEL)

	Estimate	S.E.	C.R.	P	Label
SA<--- SF	,105	,071	1,475	,140	par_10
SD<---SA	,225	,138	1,630	,103	par_11
SD<---SF	,009	,099	,089	,929	par_13
CS<---SD	-,066	,098	-,677	,498	par_12

VII. DISCUSSION

The results of this study showed that all the tested hypothesis was proven, they were:

H1 = service failure in service influence service dissonance.

The estimation parameter for testing the effect of the service failure towards the service dissonance showed the positive CR value of 0.089 and with a probability of 0.929. Both values were obtained and it qualified the requirement of H1, although the probability was not smaller than 0.05, so the hypothesis 1 was accepted and H0 was unaccepted. It meant that there was a significant effect of the service failure towards service dissonance, so the hypothesis H1 was proved . In conclusion, we can conclude the dimensions of service failure towards service dissonance. This is in line with the findings of research essentially states that core service failure can lead to the service switching behaviour and then dissatisfaction, negative word of mouth and search new service [2].

H2 = service failure can influence service atonement.

The estimation parameter for testing the effect of the service failure towards the service atonement showed the positive CR value of 1.475 and with a probability of 0.140. Both values were obtained and it qualified the requirement of H1, although the probability was not smaller than 0.05, so the hypothesis 1 was accepted and H0 was unaccepted. It meant that there was a significant effect of the service failure towards service atonement, so the hypothesis H2 was proved. Then, we can conclude the dimensions of service failure towards service atonement. It matches with findings of research state that the service atonement becomes the efforts of compensation, penance, and link to connect the relationship between service provider and customer can be well-established and customer does not move to other providers [4].

H3 = service atonement can influence Service Dissonance.

The estimation parameter for testing the effect of atonement service towards the service dissonance showed the positive CR value of 1.630 and with a probability of 0.103. Both values were obtained and it qualified the requirement of H1, although the probability was not smaller than 0.05, so the hypothesis 1 was accepted and H0 was unaccepted. It meant that there was a significant effect of the atonement service towards service dissonance, so the hypothesis H3 was proved. As a conclusion, the dimensions of service atonement towards service dissonance. This is in line with the findings of research state that the atonement strategy offset the negative impact of negative emotion (dissonance) on the customers' satisfaction and the compensation strategy is more efficient if it is offered quickly [8].

H4 = Service Dissonance can not influence Customer Switching.

The estimation parameter for testing the effect of the service dissonance towards consumer switching showed the negative CR value of -0.677 and with a probability of 0.498. Both values were obtained and it did not qualify the requirement of H1, that the probability was bigger than 0.05, so the hypothesis 1 was not accepted and H0 was accepted. It meant that there was no significant effect of the service dissonance towards costumer switching, so the hypothesis H4 was not proved. Thus, we can conclude the dimensions of service dissonance had no effects towards the consumer switching. The result was in line with research [12] which state that the research finding on Perceived service quality indirect effect on switching intention. This means that the quality of service received by customers is good or bad one through customer service failures do not result in the switch. It is possible to happen because the patient that has become the customer of one hospital feel that only on that hospital the service given and not in any other hospital.

VIII. LIMITATION AND FUTURE RESEARCH

The limitations of this study occurred because of the following things:

- 1) In sampling, there were some respondents in these three hospitals that the respondents were only a bit or never experience service dissonance or service failure. Because the hospital did not have exact data on service

users who have experienced service dissonance service failure. Therefore, the writers conducted the service users with the criteria for those who only experienced service failure. The same thing would be better if in the future research has been devoted to the respondents who had experienced service failure and service dissonance.

- 2) In the interview with the respondents, in one of the hospital, respondents did not answer freely because there are some hospital officers, who accompanied during the interview. Therefore, for future research, the hospital should give the permission to the author to conduct the research without accompanied by the hospital officers.

The result of the study provides some managerial implication as follows:

- 1) Hospitals should be able to manage the service failure through the service atonement optimally. Service failures are not managed properly will lead to a boomerang for the hospital, one of them is the high service dissonance and the possibility of consumer switching. Otherwise, failure service that is well-managed give good impact for the hospital.
- 2) Hospital should reduce the service failure happened in their organizations through professional services in order to avoid dissonance service which will lead to the consumers move to other hospitals.

## IX. CONCLUSION

The result of the study showed that 4 hypotheses are proved, the 3 hypotheses are H1 = service failure in service influence service dissonance; H2 = service failure can influence service atonement; H3 = service atonement can influence Service Dissonance. Then, 1 hypotheses that cannot be proved is H4 = Service Dissonance cannot influence Customer Switching.

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