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Public service guarantees

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Summary

This dissertation focuses on the concept of service guarantees used in public settings. In a service guarantee an organisation explicitly promises specific levels of service, or even total satisfaction, to its customers. It also promises that when this first promise is violated, the customer will be compensated. The concept has received much attention in private settings, but although service guarantees are also used in public settings there are no research-based guidelines for the content and implementation of a public service guarantee. In this dissertation the characteristics of an effective public service guarantee are determined first. One of the design elements of a service guarantee is compensation. The dissertation identified the effects of monetary and prosocial compensation on customers' evaluations and compares the effects to a situation without compensation. In the case of prosocial compensation it is not the customer who receives the compensation, but compensation is donated by the organisation to a charitable cause on behalf of the customer. Organisational aspects of implementing the concept are investigated next. The dissertation reveals the enablers for effectively implementing a public service guarantee by a single organisation and by a service delivery network. For researching the content and implementation of a public service guarantee, a multi method approach was used including five experiments involving Dutch students and US-citizens as well as qualitative research methods like Delphi, concept mapping, focus group, case study with in-depth interviews and inductive analysis based on Grounded Theory.

The **General Introduction (Chapter 1)** describes the concept of service guarantees used in public and private settings. The focus of this dissertation is presented followed by the five research questions. The first focuses on the content of a service guarantee, the second and third on the effects of monetary and prosocial service guarantee compensation on customers' evaluations. The last two research questions focus on the enablers for effectively implementing a service guarantee in a single public organisation and in a public service delivery network. In the last two sections also the differences between the public and private sectors are discussed that possibly have an effect on the content and implementation of a public service guarantee.

Chapter 2 describes the results of a Delphi study researching the characteristics of the content of a public service guarantee. Based on a literature study a list with potential important service guarantee characteristics of the scope, the compensation and the payout process was developed. In three voting rounds, an expert panel of 37 public service guarantee

experts determined the importance of these characteristics. Results concerning the scope showed that ideally a public service guarantee is easy to understand by employees and customers and is specific and easy for customers to check whether the promised service levels are met. The scope is focused on the most important aspects of the service provision for customers. A multi attribute-specific guarantee is preferred, while an unconditional satisfaction guarantee is rejected. Concerning the compensation, the amount should not be considerable. There was much less consensus among the experts on other characteristics. For example about 60% of the experts had the opinion that offering compensation in case of a service guarantee failure was not desirable. Concerning the payout process, results showed that there should be clear rules with respect to the application of the compensation and if offered, it should be easy to receive.

Chapter 3 focuses on the compensation in a public service guarantee. Monetary compensation is a strategy commonly used in private settings, but less so in public settings. Ultimately, it is customers that determine if compensation is effective in improving their evaluations. Therefore an experimental study was conducted consisting of two vignette studies (Dutch students N=157; US-citizens N=937) researching the discriminatory effects of promising and offering monetary compensation in public and private service recovery settings. I measured customers' perceived distributive justice, procedural justice, negative emotions and post-recovery satisfaction. The results showed that compensating customers for a service failure led to more positive evaluations than not offering compensation. Explicitly promising compensation had no effects on perceived justice and post-recovery satisfaction in service recovery settings. However, promising compensation and not offering it (a double deviation) led to a strong decrease in all customers' evaluations. Despite differences between public and private customer-supplier relationships, these effects were similar in the public and private settings researched.

Chapter 4 describes the results of a second study on service guarantee compensation. The effects of prosocial compensation on customers' evaluations were researched. In the first experiment researching the signalling effects on potential customers (US-citizens N=603) the effects of promising no compensation, a monetary compensation and two types of prosocial compensation (fixed cause and cause chosen by customer) were researched. This experiment showed that both prosocial compensation and a monetary compensation had more positive effects on corporate image, perceived credibility and word-of-mouth (WOM)-intent than not

promising any compensation. For these three dependent variables prosocial and monetary compensation had similar effects. However, prosocial compensation had more positive signalling effects on corporate social responsibility (CSR)-image than a monetary compensation. There were no differences between the public and private settings. This study showed that explicitly promising compensation had positive signalling effects in a situation of potential customers seeing a service guarantee on the website. In two additional experiments (Dutch students N=148; US-citizens N=633) the perceived justice effects of offering compensation were researched in service recovery situations again comparing prosocial compensation with a monetary compensation and a situation where neither compensation was promised nor offered. Results showed that prosocial compensation led to improved customers' evaluations of perceived justice and post-recovery satisfaction compared with neither promising nor offering compensation. However, offering a monetary compensation led to even better customers' evaluations than prosocial compensation. These last two experiments thus showed that offering monetary and prosocial compensation had positive effects on customers' evaluations. This study showed also that prosocial compensation could be an interesting new CSR-practice since it contributes to CSR-image and fulfilling the philanthropic as well as the ethical responsibilities of the organisation.

Chapter 5 describes the results of a concept mapping study with an integrated Delphi study determining the enablers for the effective implementation of a service guarantee in a single public organisation. A total of 45 experts have cooperated in this research. Based on a literature review a list with potential enablers was developed. In three voting rounds experts, who had worked with public service guarantees in the Netherlands, selected the most important enablers. This list was the basis for the following step in which experts individually clustered the enablers. Next a clustering and graphical presentation of the enablers was developed using multidimensional scaling analysis (ARIADNE software). This led to the Public Service Guarantee Implementation (PSGI)-Framework. This framework consists of three clusters, ten sub clusters and a total of 44 enablers. The clusters are 'Leadership', 'Empowerment of employees' and 'Continuous improvement'. It shows that implementing a service guarantee requires a structured change management process that addresses both structures/systems and cultural aspects.

Chapter 6 describes the results of a single case study researching the enablers for the effective implementation of a public service guarantee in a service delivery network. For

customers being serviced by several organisations in one customer journey it makes sense that they are offered one service guarantee instead of one guarantee per involved organisation. Since this practice is still rare, a single case study of a healthcare network for service after suffering a stroke consisting of five organisations was used. Relevant documents were studied followed by individual semi-structured interviews with all managers responsible for the implementation of the service guarantee. Interview transcripts were analysed using Glaser's approach to inductively develop a framework of these enablers. This resulted in a Network Framework of seven clusters with a total of 27 enablers. Three clusters are similar to those of the PSGI-Framework; two are on the specific way of implementing and the project organisation. There are also two specific clusters ('Chain chemistry' and 'Chain characteristics') typically important for the effective implementation of a service guarantee in a network context. This shows that implementing a network service guarantee could even be more difficult than one for a single organisation.

The **General Discussion** (Chapter 7) reflects on the results of the Chapters 2-6. Combining the results it becomes clear that a public service guarantee should preferably have a multi attribute-specific design with several specific promises. These promises reflect the aspects of service important to customers. Therefore it is important to involve customers in designing and implementing a service guarantee. It could also contain an explicit formulated compensation. This could be a monetary or a prosocial compensation. The advantage of using prosocial compensation is that it contributes to the organisation's CSR-image and to fulfilling philanthropic and ethical CSR-responsibilities. This research has proven that promising to offer compensation but not offering it leads to extreme negative customers' evaluations. Therefore, a well-structured implementation that takes time and effort is of great importance. Preferably, a service guarantee is not implemented as a standalone concept, but as a part of a larger customer-centric change process. A service guarantee is not a goal in itself, but a means to improve the customer-centricity of the organisation, signal service quality to (potential) customers and strengthen customer relationships. Similar to private settings, a service guarantee in a public setting can be a powerful concept to realise these goals, but organisations should not be too light-hearted in the decision to start implementing it.