

SERVICE GUARANTEES AND CHEATING BEHAVIOUR IN A LEISURE SETTING: THE INFLUENCE OF PERSONAL AND SETTING VARIABLES

Yvonne Bernier, University of Waterloo

Ron McCarville, University of Waterloo

Introduction

An emergent service quality literature has, over the past decade, focussed on ways service providers might satisfy their clients. Service research has examined a wide variety of related issues ranging from the role of staff during service encounters to the importance of product design. One ongoing challenge in service provision is that of intangibility. Intangibility refers to services' typically amorphous nature. Such intangibility poses a problem for consumers and a challenge for providers. For consumers the problem is one of uncertainty. They have a difficult time determining whether a service will meet their expectations. Reid and Crompton (1993) discovered that registrants at a leisure facility reported considerable uncertainty as they attempted to select from among program offerings. They wondered, not only about program characteristics, but also about their own capacity to enjoy those programs. The amorphous nature of services may even render it difficult to assess a service after it has been consumed. How, for example, does a swimmer rate the quality of a lifeguard at a public pool if there was no emergency during the swim period? How successful was a fitness class that left participants breathless, sore, and tired? As is the case with many leisure services, uncertainty may plague the participant both before and after participation.

The resulting challenge for providers is that of reducing uncertainty. They must provide certainty in an inherently uncertain setting. One technique now being adopted by many service providers is the service guarantee. "An unconditional guarantee in its purest form promises complete customer satisfaction, and, at a minimum, a full refund or complete, no cost problem resolution" (Hart, Schlesinger & Maher, 1992, p. 20). In an earlier paper, Hart (1988) proposed that such guarantees offered benefits to providers and consumers alike. In particular, guarantees encourage client focus within the agency, offer clear performance guidelines for staff members, and hopefully encourage participation among potential users.

The benefits of guarantees notwithstanding, service providers often resist their implementation for fear of financial hardship. They fear that response to guarantees may be so great that related costs may be difficult to absorb (Liswood, 1989). In related terms, there is fear that consumers may abuse guarantees by engaging in opportunistic behaviour. Such behaviour is comprised of false or frivolous claims in order to benefit from service guarantees. Claimants enter into a purchase with clear intention of invoking the guarantee in order to enjoy free use. Those engaged in such behaviour may 1) claim dissatisfaction where none exists or 2) intentionally render it impossible for the service to be delivered as promised (Hart, 1993). In legal terms, each constitutes fraudulent behaviour.

Fraudulent behaviour is particularly troubling for service providers. Unlike manufactured goods, services cannot be resold once returned. If a consumer returns a tennis racquet, the merchant can re-sell the product to another consumer. In this way, the financial hardship of the returned racquet is minimized. However, a service cannot be

resold. A place in a swim class cannot be resold at the end of the class. Once it is consumed, it is gone forever. This is called perishability (Berry, 1980). The provider must absorb the entire cost of the program in question once a guarantee is invoked. Fear of opportunistic behaviour has discouraged widespread adoption of service guarantees. Such fear is exacerbated by uncertainty over who will engage in fraudulent behaviour and when such behaviour is likely. This study sought to reduce this uncertainty. It examined conditions under which fraudulent behaviour toward service guarantees is more or less likely to occur. Specifically, we explored how 1) setting based variables (level of material gain, relationship with provider, level of satisfaction, amount of personal contact required to invoke guarantee, and size of the corporate provider) and personal variables (levels of Machiavellianism, attitudes toward complaining, propensity to cheat, and level of involvement with the activity) influenced participants' views of fraudulent behaviour in a hypothetical leisure setting.

Methods

An experiment was undertaken in which 194 undergraduates were assigned to one of five experimental groups. Students were used because of their relative homogeneity (thereby reducing error variance) and their availability in large numbers. Each group was exposed to a different message containing a hypothetical scenario about a day of downhill skiing. Independent variables (1) relationship with the hypothetical provider and (2) the level of potential gain from invoking the guarantee were manipulated and changes in the dependent variable (likelihood of cheating behaviour) were monitored. A 2X2 factorial design was used so participants received high and/or low combinations of each message. In terms of the variable relationship, one message indicated that the participant planned to return to the ski hill in question (high relationship) while another indicated they had no intention of doing so (low relationship). Level of potential gain was presented in terms of daily fees. One message indicated the price for the day of skiing was \$35 (low gain) while the other indicated that the day cost \$125 (high gain). For example, the high gain/low relationship group was told "The price of the day skiing with rentals was \$125 and Chris had never been to the center before and did not plan on returning in the future". Note the selection of a hermaphroditic name. This was done so as not to confuse response patterns with potential gender-based biases. A final control group received no information regarding cost or return visits. Participants were then told that the service provider offered a full refund to those unhappy with their visit to the ski hill. The dependent variable, likelihood of opportunistic behaviour, was measured using a question developed by Wirtz and Kum (2003). Participants were asked if Chris would consider complaining to obtain a refund. Likelihood was indicated in terms of a percentage. This projective technique, discussing a third person, is common when participants are asked about potentially troubling or socially undesirable behaviour (Sudman, 1982). It enables them to disassociate from the behaviour being discussed thereby encouraging more genuine responses.

Participants were offered a final hypothetical scenario about Terry. Again note the nebulous nature of the name. Terry was faced with a dilemma. Terry was considering a day of skiing but lacked the funds to do so. Participants were asked under what conditions it might be acceptable for Terry to ski with the clear intention of invoking the guarantee to enjoy free use of the hill and facilities. They were given several reasons for

the deception (work demands, a promise to instruct old friends, group pressure, and simple desire to ski) and asked to rate the acceptability of each reason.

Results

A manipulation check was undertaken to ensure that participants attended to the treatment messages. Thirty-six participants were disqualified on the basis of their responses so 158 individuals were included in the final analysis. ANOVA suggested that participants predicted Chris would consider “cheating” when the relationship with the provider was weak and the financial incentive was high ($F=2.36$, $p<.05$). Participants were then asked a series of related questions to determine their reaction to various setting-based variables. Most (73.4%) believed that cheating was less likely when service levels were exceptional and that being forced to complain in person would reduce complaint behaviours (70.1%). The majority (65.2%) believed that complaints were less likely against small businesses than against large corporations. Another set of questions focused on participants’ personal views of cheating behaviour. Machiavellianism was measured using a standardized scale. It probed participants’ views toward manipulating situations and others for personal benefit. Higher Machiavellianism scores were associated with higher reports that cheating was likely ($r=.252$; $p=.002$). Participants were then asked about their own acceptance of cheating behaviour in others and themselves. Acceptance of cheating was associated with a higher reported likelihood that Chris would cheat ($r=.296$; $p=.000$). However, positive attitudes toward complaining were not associated with increased reports of cheating probability ($r=.089$; $p=.281$). In other words, those most willing to complain were no more likely to predict frivolous complaints than were those hesitant to complain. Correlational analysis also suggested that involvement in skiing was unrelated ($r=.04$; $p=.622$) to speculation about cheating. Avid skiers were not more likely to accept cheating in this setting. Recall that participants were told of “Terry” who considered engaging in opportunistic behaviour at a ski hill. Terry did not have enough money to ski at the hill but felt compelled to do so for a variety of reasons. The vast majority of study participants believed that cheating was “wrong” when done for personal enjoyment (84.9%) or social reasons (84.9%). However, there was less agreement when it was done for altruistic (67.1%) and business (64.1%) reasons.

Discussion

This study was not intended to determine if the study participants were likely to engage in opportunistic behaviour. Rather, it was designed to establish what rules or guidelines these potential consumers might use as they ponder the use and abuse of satisfaction guarantees. We discovered that, for many of these participants, circumstances influenced their views of the likelihood and even acceptability of fraudulent behaviour. Relationship with the provider, the size of the financial reward, and size of the corporate provider all contributed to the likelihood of such behaviour. Personal variables also played a role in participants’ assessments. Not surprisingly, Machiavellianism was paramount among them. However propensity to complain and involvement with skiing were not related to views or predictions about cheating. Evidently, passion for complaining or for the sport itself was unrelated to participants’ speculation about cheating.

Applications

These results suggest that circumstances or conditions in the service setting can influence response to service guarantees. Fraudulent or frivolous complaints may be less likely as relationships develop between provider and consumer. This is a particularly important issue if the provider is a large corporate entity. In such cases, staff should be trained to place a “human face” on the corporation by establishing relationships with users. In related terms, users might be required to request refunds in person. It seems that the personal nature of this act may discourage opportunistic behaviour. Perhaps most importantly, we discovered that unethical behaviour was less likely when service encounters exceeded consumer expectations. This suggests the ongoing importance of superior service delivery.

ABSTRACTS
of Papers Presented at the
Eleventh Canadian Congress on Leisure Research
May 17 – 20, 2005
Hosted by
Department of Recreation and Tourism Management
Malaspina University-College
Nanaimo, B.C.
Abstracts compiled and edited by
Tom Delamere, Carleigh Randall, David Robinson
CCLR-11 Programme Committee
Tom Delamere
Dan McDonald
Carleigh Randall
Rick Rollins
and
David Robinson



Copyright © 2005 Canadian Association for Leisure Studies
ISBN 1-896886-01-9



Appropriate Use of Documents: Documents may be downloaded or printed (single copy only). Please note that this document is copyrighted and CREDIT MUST BE PROVIDED to the originator of the document when you quote from it. You must not sell the document or make a profit from reproducing it. You must not copy, extract, summarize or distribute downloaded documents outside of your own organization in a manner which competes with or substitutes for the distribution of the database by the Lifestyle Information Network (LIN). <http://www.lin.ca>