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UNIVERSITY OF OKLAHOMA

GRADUATE COLLEGE

LOCUS OF CONTROL AND THE SERVICE ENCOUNTER:  
THE IMPACT OF INDIVIDUAL DIFFERENCES ON PERCEPTIONS OF  
SERVICE QUALITY, CUSTOMER SATISFACTION AND  
CONSUMER COMPLAINT BEHAVIOUR

A Dissertation

SUBMITTED TO THE GRADUATE FACULTY

in partial fulfillment of the requirements for the

degree of

Doctor of Philosophy

By

SHELLEY MARIE RINEHART

Norman, Oklahoma

1998

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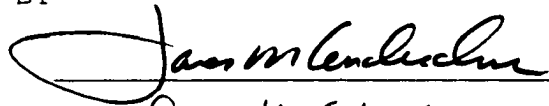
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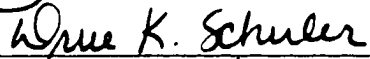
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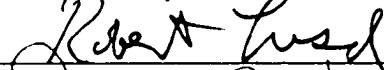
A Dissertation APPROVED FOR THE  
MICHAEL F. PRICE COLLEGE OF BUSINESS

BY

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## DEDICATION

This dissertation is dedicated to my grandmother,  
Ethel Maude Vivian Parlee,  
whom I love dearly and who has been  
an inspiration to me all of my life.

## MEMORIAM

In memory of Dr. Stanley Douglas Reid  
who started me on this quest in 1986.



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## **ABSTRACT**

Recently in the literature there has been a resurgence of interest in identifying the needs and wants of consumers and then designing business strategies which ensure that these needs and wants are satisfactorily met. Customer satisfaction and repeat patronage are essential elements for business success in the competitive, global market place of the 90's. This is true for product and service oriented firms alike. The purpose of this dissertation was to investigate individual differences and their impact on customer satisfaction ratings, perceived service quality and behavioral responses to dissatisfying experiences in a services setting. More specifically, this study proposed and tested a number of relationships between individual Locus of Control and perceived service quality, satisfaction ratings and the probability and type of complaint behaviors in the event of a negative service outcome.

Over the past few years researchers have illustrated that services and products differ on a number of characteristics which ultimately impact a customer's ability to judge service quality and satisfaction. Due to the fact that services are intangible, inseparable with respect to production and consumption, heterogeneous and perishable, consumers are forced to evaluate their service purchase differently than if the purchase was of a traditional, tangible good. In response to these differences a number of researchers have attempted to model and measure consumer evaluations of a service experience. One of the most widely recognized of these measurement scales is the SERVQUAL scale developed by Parasuraman, Zeithaml and Berry (1985). The SERVQUAL scale measures service quality based on customer ratings across five general areas: tangibles; responsiveness; assurance; empathy; and reliability. This scale does not, however, take into account individual differences which may also play a role in consumer judgements of service quality.

Locus of Control is a personality variable which was first identified and measured by a psychologist, Julian Rotter. Rotter defined Locus of Control as the degree to which individuals expect that the outcome of their own behaviour is contingent upon that behaviour. According to Rotter, individuals possessing an internal Locus of Control would perceive the outcome as contingent on their actions, while those with a more external Locus of Control would perceive the outcome as being governed by chance, luck, fate, or

powerful others. Since its introduction, Rotter's I-E scale has been widely used in research across a number of disciplines. A number of researchers have modified the scale, making it more domain specific and thus more applicable to their research studies. Others, most notably Levenson (1983) with her I-P-C scale, have tried to refine the scale and improve its measurement and explanatory capabilities.

Results of this study were mixed, however, a relationship was observed to exist between personal locus of control and evaluations of service quality. Internally oriented individuals were found to evaluate negative service encounters more favorable than their external counterparts. Support for the proposed relationship between personal locus of control and consumer complaint behaviour was much less convincing. Externally oriented individuals, both those believing in fate, luck or chance and those who believed in the existence of powerful others, were found to be more likely to hire legal professionals to address service providers who had failed to meet their needs. The results of this study did, however, indicate an antecedent relationship between satisfaction with a service experience and satisfaction with the service provider in general, an issue under current debate in the literature.



## CHAPTER I

### Introduction

Recently a number of articles have appeared in the Marketing literature dealing with the effectiveness of a market oriented business philosophy, a philosophy which holds the marketing concept as one of its central tenants (Kohli and Jaworski 1990, Jaworski and Kohli 1993, Narver and Slater 1990, Slater and Narver 1994). While some authors contend that a focus on the customer has been in evidence since the early 1930's (Fullerton 1988), this renewed interest in a market oriented philosophy further emphasizes the pivotal role customers play in successful strategy development and business activities (Barksdale and Darden 1971).

If a company is to maintain itself as a viable entity in today's market great care must be taken to not only identify customer needs and wants, but also to ensure that these needs and wants are being satisfactorily met. This resurgence in an interest in identifying and meeting the needs and wants of consumers is not only evident in the realm of product marketing, but has also come to the forefront with respect to the successful marketing and delivery of services.

### 1.1 Service Sector Growth

In an environment where individuals are facing increasing demands on their time, a firm's competitive edge is often defined by the level of service it provides, either as the primary offering or as a value add to the traditional offerings of the firm. According to Henkoff (1994) service is now the "ultimate imperative" (p. 48).

The consumer of the 90's purchases convenience that will free up more time for leisure. That convenience may be in the form of a lawn care or day care service or it may be as simple as shopping at a supermarket that has staff available to pack one's groceries. "It matters not whether a company creates something you can touch, ...or something you can only experience, ...what counts most is the service built into that something" (Henkoff 1994, p. 48).

The growth of the service sector has been astounding over the past few years. On a global level, the service sector accounts for more than 50 percent of the gross national product (Bateson, 1992). In the United States total sales, adjusted for inflation, in the services sector increased 26 percent between 1987 and 1992. During that same time period

employment within the services sector increased by 20 percent resulting in an additional 3.2 million jobs and productivity of the workers increased by 5 percent (Du, Mergenhagen and Lee, 1995).

Service sector dominance in the Canadian economy is even more dramatic. Over the past five years services have consistently accounted for more than 65 percent of Canadian GDP (Statistics Canada<sup>1</sup>) and have employed more than 70 percent of the Canadian workforce (Statistics Canada<sup>2</sup>). In fact, some believe that if current trends continue that, by the year 2025, almost every Canadian will be working in the service sector (Grubel and Walker, 1989).

While Levitt (1937) cautions that "there is no such thing as a growth industry" (p. 28), the service sector has certainly proven its capabilities in terms of identifying and capitalizing on opportunities for growth within the environment. Given the continuing trend of time depressed individuals and increasing competition on a global scale, it appears that the service sector will continue to enjoy growth for sometime to come.

## 1.2 Consumer Expectations and Evaluations of Service

With the importance of service offerings being recognized, firms are also realizing the importance of being able to identify and meet service consumers' needs and wants. The challenge for the firm is that the manner in which consumers evaluate a traditional product purchase differs from the manner in which they evaluate a service encounter.

According to Levitt (1980), service consumers typically don't know what they want or are getting until they don't get it.

Research supports the idea that the service evaluation process differs from that of traditional products. In fact, Zeithaml, Parasuraman and Berry (1992) identify four very distinct characteristics that set services apart from traditional product firms: intangibility, inseparability, heterogeneity and perishability.

As a result of these differences, consumers are forced to use different methods to evaluate their satisfaction with the services received and, consequently, marketers are forced to provide different cues to ensure consumer satisfaction in the services setting. Within the services sector, the successful manipulation of consumer perceptions,

based on consumer needs and wants, may play a more important role for creation of satisfied service consumers than for satisfied consumers of traditional, tangible products (Davidow 1988, Siehl, Bowen and Pearson 1992).

These differences also necessitate the development of different measures of customer satisfaction with the service experience. Based on previous research, Parasuraman, Zeithaml and Berry (1985) identified five general areas which have an impact on consumer assessment of service quality: tangibles; responsiveness; assurance; reliability; and empathy. These five constructs are the basis of the SERVQUAL Scale, an instrument used to measure customer satisfaction with a service encounter and also to identify elements of service delivery that need to be improved.

### **1.3 Individual Differences**

The problem for the firm, within both the product and service industries, then becomes how to create the perception of satisfaction in the minds of the consumers. Depending on their approach to the market, firms may be targeting one or several different consumer segments, each with their own very distinct needs and wants. Within these segments it is likely that individual differences exist

which only serve to add to the complexity of the task of creating customer satisfaction.

It seems logical that one such personality characteristic, Locus of Control , should impact the manner in which individuals perceive and respond to service encounters. The locus of control construct was developed as an indicator of perceived personal control over reinforcement (Rotter, 1975). Depending on an individual's locus of control, expectations surrounding service delivery and reactions to the service outcome are likely to vary. However, despite the popularity and applicability of the construct across many disciplines, management appears to be one of the few business disciplines that has recognized and studied its impact. Marketing has focussed relatively little attention on this construct.

#### **1.4 Complaining Behaviour**

Firms want their customers to adhere to the adage; *if you are happy with our service tell your friend, if not please tell us*. When a consumer is dissatisfied with the service received or the product purchased their behavioural responses can take one or more of a number of possible forms. Consumers can, and often do, remain quiet about

their experience. In fact, for every one person who complains 26 others remain silent (Technical Assistance Research Programs, Inc.).

Consumers may also choose to verbalize their displeasure with the company by taking legal action (third party response), directly address a representative of the firm (voice), or they may choose to verbalize their feelings to others, not including the offending firm (word of mouth) (Schiffman and Kanuk 1994, Singh and Pandya 1991). Research indicates that consumers who are dissatisfied, and who decide to talk about it to others, are likely to tell between eight and 16 others about their experience (Technical Assistance Research Programs, Inc.).

As an information source for consumer decision making, word-of-mouth is incredibly influential. This influence increases as the perceived risk associated with a purchase increases (Locander and Hermann 1979; Lutz and Reilly 1973). As was discussed previously, the intangible nature of services tends to increase the risk associated with their purchase and thus consumers are likely to seek out personal sources of information.

Like the adage implies, firms must work to encourage consumers to complain to them directly and to discuss their positive experiences with other members of groups to which they belong. This gives the firm an opportunity to right the wrong, thus encouraging repeat patronage, and minimizing the likelihood of damage as a result of negative word-of-mouth (Hren 1996, Richins 1983).

### **1.5 Focus of the Study**

This study focuses on individual differences, specifically the Locus of Control personality variable, and its impact on perception of service quality and satisfaction within a service encounter. The locus of control variable is also examined with respect to its influence on the probability that an individual demonstrates their concerns in response to an unpleasant service encounter and the form that those complaints take.

### **1.6 Contribution Of This Study**

In an increasingly competitive business environment, understanding what the consumer wants and meeting those needs is crucial to business success. This can be a complex task with respect to a service offering since the consumers themselves may not be able to fully define their needs or



specify the criteria that they use to evaluate their experience. Tools such as the SERVQUAL scale are useful in that they attempt to define the criteria service customers use in the evaluation process such that firms can measure customer service levels while at the same time identify the areas in which they can improve their performance.

Since the evaluation of services appears to be subjective in nature, it stands to reason that individual differences may impact perception of service quality and evaluations of satisfaction with the service encounter. It also seems logical that personality characteristics would impact the likelihood of complaining behavior in response to a negative service experience as well as the form that those complaints would take.

This study contributes to the existing body of literature related to service quality, satisfaction and complaining behavior by recognizing the fact that individual differences play a key role in the formation of consumer perceptions and evaluations of service encounters as well as in their reaction to a negative experience. This study provides a foundation for the broadening of customer satisfaction and service quality research.

From a managerial perspective, understanding the relationship between locus-of-control and consumer evaluations and reactions to service encounters has far reaching implications for the effective delivery of service as well as for the handling of dissatisfied consumers and complaint behaviors. Given the importance of customer feedback, positive or negative, not to mention the detrimental impact of negative word of mouth, it is important to encourage more firm directed communication.

This study offers managers information on the importance of perceived consumer control in service encounters. The results of this study offer some guidelines for the delivery of effective customer service and the management of customer expectations and perceptions. This study also offers some direction for the development of customer service systems which first of all encourage customers to discuss their service experiences and second encourage consumers to voice complaints directly to the company rather than engaging in legal action or word-of-mouth behaviour.

### **1.7 General Research Questions**

This study is designed to address the following three general research questions:

1. Does locus of control affect perceived service quality in the event of a negative service outcome?
2. Does locus of control affect satisfaction ratings in the event of a negative service outcome?
3. Does locus of control impact the probability of complaint behavior in the event of a negative service outcome?
4. Does locus of control impact the type of complaint behavior (voice, third party response, word-of-mouth)?
5. Is Levenson's I-P-C Scale (internality, powerful others and chance, luck or fate) a better predictor of responses to negative service outcomes than is Rotter's I-E Scale (Internal-External)?

### 1.8 Organization

This study is organized into three major divisions. The first division consists of an in depth review of the existing literature dealing with service quality, satisfaction, locus of control and complaining behavior. Within this section measurement issues, attribution theory and learned helplessness issues are discussed. The next division deals with the propositions developed based on the literature review, the sample used in this study and the methodology employed to test the propositions. The final section presents the results of the study followed by a

discussion of the limitations of the study, managerial implications and suggestions for future research.

### **1.9 Glossary of Terms**

<b>Locus of Control</b>	refers to the concept of internal-external control of reinforcement that describes the degree to which an individual believes that the outcome of a given behavior was contingent upon that behavior
<b>Internal Locus of Control</b>	refers to the perception that the outcome of a given behavior is contingent upon that behavior
<b>External Locus of Control</b>	refers to the perception that the outcome of a given behavior is determined by fate, luck, chance or is under the control of powerful others
<b>Chance Orientation</b>	refers to the perception that the outcome of a given behavior is completely unpredictable
<b>Powerful Others Orientation</b>	refers to the perception that the outcome of a given behavior is under the control of an individual or group of individuals other than the individual performing that behavior
<b>Voice Response Complaint Behavior</b>	the customer actually makes the complaint directly to a company representative either in person or by telephone or mail
<b>Third Party Complaint Behavior:</b>	the customer hires a representative, usually a lawyer, to deal with company representatives
<b>Word Of Mouth Complaint Behavior</b>	the customer does not make contact with the firm but instead complains to other members of the firm's potential customer base

### **1.10 Chapter Summary**

With the advent of the Internet, improved communication technology and the increasing ease and speed in the transportation sector, the business environment today is

defined on a much more global scale than was the case a few years ago. This has led to an increase in competitive pressures which, when combined with an increasingly time restricted population, has resulted in unprecedented growth within the service industry, both in its own right and also as added value for more traditional business sectors.

Increasingly, the goal of many firms is to ensure that their customers perceive their offerings as high in quality and come away from transactions satisfied that their needs have been satisfactorily met. As a result many firms have developed customer service departments and implemented strategies to work toward total customer satisfaction.

This study shifts the focus away from external variables that influence evaluations of service encounters and focuses on how individual differences impact the service evaluation process and reactions to negative service encounters. Borrowing from the psychology literature, this study examines how the personality characteristic, locus of control, impacts perceptions of service quality, satisfaction levels and reactions to negative service encounters.

## CHAPTER II

### The Nature Of Services

Defining service is not an easy task. The American heritage Dictionary defines service as: *employment in duties or work for another, work done for others as an occupation or business, and an act of assistance or benefit to another or others.* A product, on the other hand is defined as: *anything produced by human or mechanical effort or by a natural process.* When it comes to differentiating between service based and traditional product-based businesses, the definitional lines become a little less clear.

How do we define a service industry? Do any businesses exist that do not have at least some service component? We typically categorize restaurant and dental offices as service industries. However, when we patronize a restaurant we purchase food and at a dental office we get a cleaning, filling or an extraction. On the other hand, when we purchase a new car we also purchase warranties, and the availability of a mechanic and body shop. Does a pure service or product business exist?

Bateson (1992) avoids defining service and instead asks his readers to orient themselves by thinking of a firm in terms of "the extent that the benefits are delivered to the consumer by a service rather than a good" (p. 7). Others follow suit characterizing services on a continuum where firms and their offerings range from tangible/good dominant to intangible/service dominant (Crane, Grant and Hartley, 1997). Using this classification scheme, neither end of the continuum represents a "pure" good nor service.

### **2.1 Service Characteristics**

The purpose of all business, whether service or product dominant, is to satisfy customers (Davidow 1988) and thus continuous adaptation of operations is required to keep pace with changing consumer wants and needs. This is especially true within the services industry (Gronroos 1992), where characteristic differences between product and service-based firms requires different means for reaching this common end. These differences have been of interest, as well as concern, to researchers over the past several years given that they cause the applicability of general business theories to service industries to be called into question.

One of the first researchers to note the differences between products and service as important to the determination of marketing strategy was Berry (1980). He identified three properties that set service marketing apart from the marketing of traditional products. He noted that, for the most part, service could be consumed but not possessed, in most service encounters the service provider is present and the service rendered was variable depending on the interaction of the individuals and equipment involved.

Zeithaml, Parasuraman and Berry (1992) furthered this research and identified four distinct characteristics that set services apart from traditional product firms. They see services as intangible, inseparable with respect to production and consumption, heterogeneous and perishable. Products, on the other hand, have many tangible, easily evaluated aspects, product production and consumption are typically separate activities, homogeneity is common given that the consumer is distanced from the process somewhat, while many manufacturing processes are mechanized and, finally, products can be stored or inventoried for sale at future points in time.



## **2.2 Implications for the Service Sector**

### **Service Intangibility**

Unlike products, services are not able to be touched, tried or seen prior to purchase, making it extremely difficult for consumers to evaluate service quality before the actual purchase is made and the service is consumed (Graw and Maples 1994, Bharadwaj, Varadarajan and Fahy 1993, Bitner 1992, Zeithaml, Parasuraman and Berry 1992, Berry and Parasuraman 1991). Because services are characterized by experience and credence factors (Bharadwaj, Varadarajan and Fahy 1993, Berry and Parasuraman 1991), the inherent inability to easily evaluate services prior to purchase increases the consumer's perceived risk (Murray 1991) and psychological involvement (Siehl, Bowen and Pearson 1992) associated with the purchase decision. As a result, consumers turn to cues such as price, quality evaluations, staff characteristics and availability of customized offerings as a means of evaluating satisfaction levels (Ostrom and Iacobucci 1995).

As a result of intangibility, consumers tend to use extrinsic cues to aid them in their service decision (Bitner 1992). Attributes such as firm image (Mangold and Babakus 1991), context cues, including the service 'factory'

(Gummesson 1993, Donovan and Rossiter 1992, Bitner 1992) and service delivery factors (Bharadwaj, Varadarajan and Fahy 1993, Blois 1992, Suprenant and Solomon 1987) can assist individuals in evaluating service alternatives. It then becomes the responsibility of the marketer to tangibilize the offer (Murray 1991) or 'manage the evidence' (Donovan and Rossiter 1992) in some manner such that consumers can more easily evaluate it and it becomes differentiated from other service offerings. In other word marketers must understand the consumer well enough to be able to influence their perception of the service encounter.

Also in response to the increased risk associated with service purchasing, consumers are likely to engage in an extended information search given that easily accessed, tangible cues are unavailable (Murray 1991). Service customers tend to rely more on word of mouth (Berry and Parasuraman 1991) and prefer more personal sources of information such as opinion leaders and reference groups (Murray 1991). These sources are seen as unbiased and more credible (Bateson 1995) and, given the perceived risk associated with service decisions, tend to be extremely influential in shaping consumer expectations (Davis, Guiltinan and Jones 1979).

Marketers thus have the opportunity to impact service consumption behaviors by providing these personal sources with information that will add tangible aspects to the services offering or presenting the required material in such a manner as to simulate these personal sources of information. This reliance on personal sources of information also underscores the importance of controlling negative feedback from unhappy customers so that it flows directly to the firm and not to other potential consumers.

#### Service Inseparability

Unlike products, services are produced either at the same time as, or within close temporal proximity to, the time they are consumed (Zeithaml, Parasuraman and Berry 1992, Berry 1980). This characteristic makes it extremely difficult to distance the consumer from the production process and, in fact, consumers are frequently involved in the service production process.

In response, service firms try to differentiate between the 'front stage' of the service factory (Grove and Fisk 1992b, Mangold 1991). The front is where the consumer and service provider interact and this portion of the service operation can be used to provide the tangible cues necessary to manage

consumer perceptions of the service experience. The back, on the other hand, is usually kept from the consumer such that it can operate efficiently to provide the support needed by the employee actually delivering the service. The front serves as a vehicle for impression management, while the back is more technically based to provide support for the front line employees (Grove and Fisk 1992b).

Operational efficiency is also impacted by the simultaneous production and consumption of services. The involvement of consumers in the service production process limits the efficiency with which the service production operation can function (Bitner 1992, Chase 1992, Chase 1988) and impacts consumer perceptions of the service outcome.

The involvement of the consumer in the service production process brings them in direct contact with the service provider making front line employees are an integral apart of the services operation. In fact, these employees are often viewed by the consumer as equivalent to the service offering itself (Koepp 1988, Schmenner 1988) and thus also impact consumer perceptions of the service outcome. The service provider becomes an intangible component of the service offering (Schultz 1988, Koepp 1988) providing some

of the more tangible cues used in the evaluation of service quality and performance (Siehl, Bowen and Pearson 1992).

Consumers and employees enter into service encounters with a set of expectations regarding what they will receive, what they will give up and the manner in which the interaction will take place (Berry and Parasuraman 1991). Again, the opportunity exists for the service provider to manipulate consumer perceptions of the service encounter by managing the appearance and conduct of the front line employee (Solomon, Suprenant, Czepiel and Gutman 1985, Mohr and Bitner 1991). Total quality management within the services organization requires employee empowerment, happy employees lead to happy consumers (Arnould, Price and Zinkhan 2000).

#### Service Heterogeneity

During most service encounters the front line service employee and the customer are in direct contact with one another and it is on the basis of this interaction that consumers evaluate the service received (Grove and Fisk 1992b, Mohr and Bitner 1991, Leonard and Parasuraman 1991, Solomon, Suprenant, Czepiel and Gutman 1985). The interaction between the two parties results in uncertainty

and variability being introduced into the service encounter (Bitner 1992, Chase 1992, Chase 1988).

While product offerings are easily standardized, service offerings are not. Each customer is different in terms of their involvement in the process, each service provider may differ in terms of their abilities or communication style, or timing may play a role in the service outcome. As a result standardization is difficult.

This does not necessarily dictate customization for each consumer, it does, however, require consideration of individual characteristics in the delivery of service (Suprenant and Solomon 1987) including such things as manipulating wait times (Katz, Larson and Larson 1992, Maister 1988), firm image (Mangold and Babakus 1991), and adequately training front line personnel. The focus is on creating the perception of equitable service between customers and consistent service over time.

#### Service Perishability

In keeping with the fact that services are usually produced and consumed simultaneously, service producers are unable to develop and produce their offerings ahead of time. Instead,

producing a service is a dynamic and continuous event which occurs in real time (Shostack 1988). Service employees must produce the service in the presence of the consumer and be prepared to make any adjustments necessary to meet the needs of that consumer.

The simultaneous production and consumption are also problematic in terms of storing services in times of low demand for use in future periods where demand is high. Service firms, unlike manufacturers, are unable to hold inventory (Lovelock 1988b) because, in almost all instances, some aspect of service production or delivery must be performed in the presence of the consumer and some customization may be required. As a result, in instances where demand exceeds the ability to supply, that demand may be lost forever (Lovelock 1988a). Again firms must work toward manipulating consumer perceptions of service by managing both the supply and demand of that service (Berry 1980).

### 2.3 Chapter Summary

Every business in operation today is likely to have at least some component of service in their offering to the market.

Given the increasingly global nature of competition more and more companies are relying on this service component as a means of differentiating themselves from others in the market. What defines a service based industry is the degree to which that service component is dominant.

Research reveals four characteristics which differentiate service offerings from product offerings. Services are said to be intangible, inseparable, heterogeneous and perishable. Consumers are thus faced with increased perceived risk associated with the purchase of a service due to the difficulty in evaluating a service offering prior to actual purchase, increased variability in service received as a function of time, mood and personnel, and the possibility that the service firm will not be able to meet demand at some points during the business cycle.

Consequently, the manner in which consumers evaluate the quality of service received and their satisfaction with the service encounter is different than for traditional product purchases. Chapter three reviews the literature on service quality and satisfaction and the relationship which exists between these two constructs. This discussion is followed



by a survey of the literature dealing with measurement issues related to service quality and satisfaction.

## CHAPTER III

### Service Quality, Satisfaction and Measurement Issues

Just as defining service is difficult so is the task of distinguishing between the constructs of service quality and satisfaction. Some believe that they are distinct constructs and should be treated as such, some consider them synonymous, while still others believe that they represent antecedents of one another.

Research suggests that a clear understanding of both constructs may be important from a methodological perspective given that "the term which is selected as the basis for evaluation can have an impact on the judgements that consumers make and the sorts of benefits and costs that are salient in the consumer's judgement" (Ostrom and Iacobucci 1995). If this is true, then an operational definition of the two constructs is of relevance to academicians and practitioners alike.

#### 3.1 Service Quality

Quality is the cornerstone for success in all business endeavors and services are no different. Berry and

Parasuraman (1991) see service quality as the foundation of services marketing. Schneider and Chung (1993) further emphasize the importance of quality by noting that "service organizations exist as a function of their customers; service quality, then is the primary survival strategy" (p 124). Providing quality service can cut costs (Mueller and Bedwell 1993, Hart, Schlesinger and Maher 1992, Reichheld and Sasser 1990, Wykoff 1988), making the business more efficient and profitable.

According to Arnould, Price and Zinkhan (2000), perceived quality is a function of five factors: judgement of overall superiority, the aggregate of attributes that meet consumer needs, the ability to satisfy needs compared to alternatives, all attributes that produce satisfying consequences and the consumers themselves.

The fifth factor is one that must be acknowledged in that it is not objective reality that firms need to be concerned about, but instead it is the level of quality as perceived by the consumer which impacts that consumer's attitudes and future purchase intentions. In fact, at times the consumer's perceptions of what constitutes a quality offering may not match a firm's definition of quality or its

profit goals (Oliver 1997).

### **3.2 Satisfaction**

Services have been described as 'promises of Satisfaction' (Levitt 1983). According to Oliver (1997), "satisfaction can be likened to an individual pursuit, a goal to be attained from the consumption of products and services" (p 10). Ostram and Iacobucci (1995) expand this definition to "a relative judgement that takes into consideration both the qualities and the benefits obtained through the purchase as well as the costs and efforts borne by a customer to obtain that purchase" (p. 17).

Satisfaction is seen as more of an internal, emotional state than is quality (Arnould, Price and Zinkhan 2000).

According to Gotlieb, Grewal and Brown (1994), satisfaction is a result of evaluations of focal stimuli, those to which the consumer responds to directly, and contextual stimuli, the environment in which perceptions of focal stimuli transpire. Walker (1995) agrees, characterizing expectations of peripheral stimuli as passive while consumer expectations regarding focal stimuli are more consciously anticipated. Interestingly, Gotlieb, Grewal and Brown (1994) see perceived quality as one of the variables likely

to be considered during the satisfaction evaluation process.

### 3.3 Service Quality vs. Satisfaction

Although researchers have noted the importance of differentiating between the satisfaction and service quality constructs, the debate in the literature continues. Many researchers have posited a relationship between service quality and customer satisfaction, however, the direction of this relationship continues to be questioned.

Oliver (1997) suggests six dimensions along which service and quality evaluations differ:

- experience required with the product/service
- dimensions used to form quality versus satisfaction judgements
- nature of the expectations and/or standards used for judgements
- degree of cognitive versus affective judgement
- primary temporal focus (p. 177).

Yet, even with this delineation, the interrelationship between the two variables is hard to ignore.

One set of researchers (Bitner 1990, Bolton and Drew 1991, Parasuraman, Zeithaml and Berry 1988, 1994) view satisfaction as an antecedent to service quality. These researchers tend to view satisfaction as a transaction

specific phenomenon, while service quality is viewed as a more global construct. Oliver (1981) shares this view in that he sees satisfaction as a situation specific emotional reaction which has the propensity to impact a more general attitude that is related to the product, service or outlet rather than transaction based.

Other researchers (Fornell, Johnson, Anderson, Cha and Bryant 1996, Cronin and Taylor 1994, 1992), however, argue that service quality leads to customer satisfaction which, in turn, is seen as a good indicator of behavioral intentions. Oliva, Oliver and McMillan (1992) agree with this position, but caution that changes in behavior often lag behind changes in customer satisfaction levels. This lag is most likely due to an adjustment period where the consumer considers his/her options and then makes the appropriate behavioral change.

Still others question whether or not there is an identifiable distinction between satisfaction and service quality. In fact, Spreng and Singh (1993) found no clear evidence of a distinction between satisfaction and service quality within a banking environment. On the other hand, Bitner and Hubert (1994) found that while consumers could

not distinguish between overall satisfaction and quality they could distinguish both constructs from 'encounter satisfaction'. Still others (Oliver 1997) see quality as a 'satisfaction' proxy on a situation by situation basis.

Dabholkar (1993) posits that these definitional problems may be due to timing issues. If satisfaction is indeed transaction specific and a customer has had no previous experience with a particular business there would be no basis for a distinction between these two concepts. Boyt (1994) takes this one step further suggesting that the distinction between the two constructs and the determination of which construct is antecedent is a function of time. If this is truly the case, then both satisfaction and service quality are important issues for both academic investigation and strategic planning activities.

### **3.4 Conceptualizing Service Quality**

Regardless of the sequence of determination, perceptions of service quality and satisfaction evaluations have been found to be linked to consumer behavior outcomes. Cronin and Taylor (1992) found that satisfaction had a strong and consistent impact on purchase intentions, as did perceived service quality although to a lesser extent. Fornell (1992) notes that while "loyal customers are not necessarily

satisfied customers... satisfied customers tend to be loyal customers" (p. 7). In times of increasing competitive pressure, the importance of developing a loyal customer base intensifies.

Given the importance of service quality and customer satisfaction with respect to purchase decisions a number of researchers have developed measurement tools which allow an assessment of service quality and provide information regarding the criteria on which consumers base their evaluations. This information is important to academicians and practitioners alike. The identification of these criteria are paramount to the understanding of the service evaluation process, either for the purpose of further study or to develop service offerings that are more effective in terms of meeting the needs and wants of the consumer.

Berry, Zeithaml and Parasuraman (1988) see service quality as a function of differences between consumer expectations of a service and the consumer's perceptions of the levels of service received. They conceive consumer expectations as standards against which consumers compare perceived service levels (Zeithaml, Berry and Parasuraman 1993). This view is shared by Brown and Swartz (1989). They believe that



service customers evaluate the entire service encounter by comparing their experience with a set of predetermined expectations. They, along with others (Gronroos 1988a, Boulding, Kalra, Staelin and Zeithaml 1993) suggest that these expectations may be based on both experience and vicariously collected information.

### **3.5 Measurement of Service Quality**

A number of researchers have developed measurement tools for assessing service quality. As with any measurement tools, some have proven more useful than others. Burke Customer Satisfaction Associates promote two commercial measurement scales. The first is the Customer Loyalty Index which uses consumers' attitudes and behaviors as predictors of purchase intentions, commitment and willingness to engage in positive word of mouth behavior. The Secure Customer Index is a more general measure of overall customer satisfaction which is also used to gauge the likelihood of repeat business and the willingness of the consumer to encourage others to purchase.

Fornell (1992) developed the National Consumer Satisfaction Barometer. This is a survey which is administered to 100 leading companies across 30 industries on a regular basis. By providing a base point, fluctuations in service quality

levels are monitored and changes are seen as "consequences of past decisions and predictors of future performance" (p. 18). An adaptation of the Barometer, the American Customer Satisfaction Index (Fornell, Johnson, Anderson, Cha and Bryant 1996), is used to gather annual data that is compared with established benchmarks. The results provide a more cumulative evaluation of a firm's market offering as opposed to an individual's evaluation of a specific transaction.

On a more academic/conceptual level, Grootenboer (1988b) identifies six criteria of good perceived service quality. The first criteria, professionalism and skills, is outcome related and is used to evaluate a more technical quality dimension while the second, reputation and credibility, is used as an indicator of perceived image. The final four criteria; attitudes and behavior, accessibility and flexibility, reliability and trustworthiness, and recovery, are process related and are used to evaluate a more functional quality dimension.

Following a similar conceptual framework, Parasuraman, Zeithaml and Berry (1988) developed a scale based on existing service quality literature and a "comprehensive research study that defined and illuminated the dimensions

along which consumers perceive and evaluate service quality" (p. 15). Based on their research, Parasuraman, Zeithaml and Berry (1985) identified five general areas which affect consumer assessments of service quality. They classified these factors as: tangibles, what the consumer comprehends; responsiveness, willingness and ability to provide prompt service; assurance, competence and courtesy direct toward increasing consumer confidence; empathy, caring attitude toward the customer which allows flexibility when circumstances warrant it; and reliability, the ability to do things right the first time.

The original scale developed by Parasuraman, Zeithaml and Berry (1988) consisted of 97 items. The revised SERVQUAL scale which is in use today contains 22 items spread across the five dimensions. In the revised version the original dimensions of communication, credibility, security, competence and courtesy are collapsed into 'assurance' and understanding the customer and access are combined in the 'empathy' dimension.

They conceptualized service quality as a function of the measurement of differences between expectations and perceived actuality on measurements of these five

constructs. The SERVQUAL22 scale is designed such that it measures both consumer expectations and assessments of actual service performance. Parasuraman, Zeithaml and Berry (1988) believed that this scale would not only provide an overall measure of service quality but would also enable service providers to identify areas where consumer expectations were not being met.

Mels, Boshoff and Nel (1997) take a much more simplistic approach by conceptualizing service quality as consisting of only two dimensions: intrinsic and extrinsic service quality. Intrinsic service quality is produced by human interaction during the service encounter and extrinsic service quality is based on the tangible aspects of service delivery. They were unable to replicate the Parasuraman, Zeithaml and Berry's (1988) five factor solution.

### **3.6 Measurement Issues**

Since its development, the SERVQUAL scale has gained wide scale acceptance and has proven to be a popular measurement tool with academicians and practitioners alike. While the SERVQUAL scale has been viewed as an advancement in the services literature, some researchers continue to question its usefulness.

Teas (1993) found that the evaluated performance model, where the evaluation is between actual and ideal levels of service quality, and attribute salience is considered, exhibited better criterion and construct validity than did the SERVQUAL instrument using expectations and perceptions. Tse and Williton (1988), Carman (1990), Gardial-Fisher, Clemons, Woodruff, Schumann and Burns (1994) and Oliver (1997) support this and suggest that some of the inaccuracy that results from the use of expectations data may be the result of the manner in which the data is collected.

Once the consumer experiences the service encounter they are likely to modify their expectations based on the reality that they have just experienced. This is consistent with cognitive dissonance and desires congruency theory (Clow, Kurtz and Ozment 1998, Spreng, MacKenzie and Olshavsky 1996). According to Clow, Kurtz and Ozment (1998) "if an accurate measurement of service quality is to be obtained, the measurement of consumer expectations must be taken before the service encounter"(p. 71).

Teas (1994) also noted that use of the SERVQUAL instrument was not valid when items being evaluated were not vector attributes. That is, while SERVQUAL assumes that more of an

attribute is always better, Teas disagrees citing examples of where too much personal attention can actually lead to negative service quality evaluations. In some instances 'adequate' or 'desired' is better than 'ideal' (Oliver 1997).

A further weakness of the SERVQUAL scale is discussed by Arnould and Price (1993). They identify a weak link between expectations and satisfaction when dealing with extraordinary events. They believe that one possible explanation for this weakness may be the complexity of satisfaction evaluations within this context. Part of this complexity may include individual factors like Locus of Control.

Another set of criticisms of the SERVQUAL scale, and perhaps some of the most troublesome, are those advanced by Peter, Churchill and Brown (1993) and Brown, Churchill and Peter (1993). These authors empirically identified three psychometric problems associated with the use of difference scores in the measurement of service quality; poor reliability and discriminant validity, and variance restriction. Babakus and Boller (1992) also question the validity of the five dimensional scale, suggesting instead

that the construct of service quality may in fact be unidimensional and affected by the phrasing of the questions.

Cronin and Taylor (1992) and Brown, Churchill and Peter (1993) have reported better prediction of service quality perceptions when using the SERVQUAL performance scale only as opposed to the use of difference scores. Parasuraman, Berry and Zeithaml (1993) and Parasuraman, Zeithaml and Berry (1994) respond to these criticisms by noting that "cumulative empirical evidence has not conclusively established the superiority of difference scores over non-difference scores or vice-versa" (p. 129). According to Zeithaml, Berry and Parasuraman (1996), "the perceptions only operationalization is appropriate if the primary purpose of measuring service quality is to attempt to explain the variance in some dependent construct; the perceptions-minus-expectations difference score measure is appropriate if the primary purpose is to diagnose accurately service shortfalls" (p. 40).

### **3.7 Chapter Summary**

The constructs of satisfaction and service quality are difficult to define and differentiate. The debate about

wether one is an antecedent of the other or if the two constructs are synonymous wages on in the literature. Despite disagreement, however, research shows that both constructs are important in terms of creating a loyal consumer base.

Given the importance of the service quality and satisfaction construct to both practitioners and academicians, a number of measurement instruments have been developed. Some have a more commercial focus such as the Burke Customer Satisfaction Index, while others are more conceptual or academic in nature. Of all of the instruments currently in use, the SERVQUAL scale appears to be the one that is most prevalent in both the academic and business environments.

While popular, the SERVQUAL scale is not without its critics. The dimensionality of the scale has been called into question with some researchers suggesting that, in actuality, the service quality construct consists of only one or two dimensions not the five that the scale is currently based on. Critics have also argued against the use of difference scores on statistical grounds and others have questioned consumers' ability to provide an accurate



assessment of their expectations once they have taken part in the service encounter.

Despite these criticisms SERVQUAL continues to maintain its popularity as a measurement tool both in its original form as well as a performance only measure. It is the performance only version that will be used to measure individual perceptions of service quality in this study.

Chapter four reviews the personality and individual difference literature with a focus on the Locus of Control Construct first introduced by Rotter (1966). This is followed by a discussion of the relationship between locus of control and service quality/satisfaction evaluations and measurement issues related to the locus of control construct.

## CHAPTER IV

### Locus of Control

Within the marketing literature a great deal of effort has been devoted to both the identification of service related factors consumers use in the evaluation of service quality and to the development of an instrument that enables the measurement of perceived quality and satisfaction. However, very little of this research has considered the potential impact of individual differences on perceptions of service quality or the criteria and processes used to evaluate service quality and levels of satisfaction.

This lack of attention is surprising since research in the Psychology discipline suggests that, regardless of situational factors, individual differences, such as personal Locus of Control, may play a very important role in the evaluation and perceptions of service quality, determination of satisfaction and the behavioral consequences associated with both.

#### 4.1 Social Learning Theory

Social Learning Theory is based on the premise that

individual behavior is goal directed and that an individual within any given situation will respond in a manner that he or she has learned will lead to the greatest degree of satisfaction (Rotter 1971). According to Phares (1976), Social Learning is based on six underlying assumptions:

1. The unit of study is the interaction of the person and a meaningful environment;
2. The emphasis is on learned social behavior;
3. There is unity to personality, stable aspects exist; between people
4. The emphasis is on general and specific determinants of behavior;
5. There is a purposeful quality to human behavior;
6. The occurrence of a person's behavior is determined not only by the nature or importance of goals or reinforcements but also by the person's anticipation or expectancy that these goals will occur. (P. 5).

Working within the confines of Social Learning Theory, the Locus of Control construct was developed based on the study of 'Karl S.', a psychotherapy patient of Phares and Rotter (Phares 1976). During their work with this individual, they observed a persistent pattern of behavior where "increments and decrements in expectancies following reinforcement appeared to vary systematically, depending on the nature of the situation and also as a consistent characteristic of the particular person who was being reinforced" (Rotter 1975, p.

56). This observation suggested that human learning and/or performance might not solely depend on reinforcement schedules but might also depend on the perception of control over those reinforcements on the part of the individual (Strickland 1977).

#### **4.3 The Locus of Control Construct**

As defined by Rotter (1975), "internal versus external control refers to the degree to which persons expect that a reinforcement or an outcome of their behavior is contingent on their own behavior or personal characteristics (internal control) versus the degree to which persons expect that reinforcement or outcome is a function of chance, luck or fate, is under the control of powerful others or is simply unpredictable (external control)"(p. 489). It is important to note that Rotter conceptualized locus of control as one variable and that the terms internally and externally oriented refer only to the manner in which this variable manifests itself within that individual. Lefcourt (1976) conceptualizes the locus of control variable as a construct "which allows for an interpretation of remarks made by people in response to questions about causality" rather than a characteristic that can be possessed by individuals (p. 112).

An individual who is highly internal in orientation will tend to perceive himself/herself as in control of his/her own destiny. That is to say he or she will be more likely to believe that there is a definite relationship between his/her own actions and the outcomes of those actions. On the other hand, an individual who is highly external is more likely to perceive his/her own destiny as mostly beyond his/her control and thus will tend to assume a rather weak relationship between his/her behavior and a given outcome. Mirels (1970) sees it as the difference between a focus on the individual as the target of control and a focus on the social system as the target of control.

Research has found that individuals possessing an external locus of control tend to be anxious, aggressive, dogmatic, less trusting of others and have lower self esteem than individuals operating under a more internal sense of control (Igbaria and Parasuraman 1989, Joe 1971, Levenson 1975). Individuals possessing an internal locus of control are more self confident and in charge, tend to take more dramatic social action and attempt to alter situations that they perceive as aversive or uncomfortable (Cox and Cooper 1989, Strickland 1977).

Internals have also been found to be more likely to resist influence over their behavior, focus on information pertinent to goal attainment, motivated to learn more about their environment, persistent in completing tasks and more accustomed to long range plan execution (Lefcourt 1976). Based on these characteristics it appears that operating from an internal locus of control perspective is more likely to have positive benefits for an individual.

However, Rotter (1975) cautions against the tendency to assume that an internal locus of control is good and an external locus of control is bad. He notes that reality sometimes limits the amount of personal control an individual can possess and recognizes that in some situations the best coping method may be for the individual to move toward the perception of a more externally focused locus of control, even temporarily. Rotter (1966) refers to individuals in this situation as defensive externals, those who move toward a more external view of failure producing situations but who typically exhibit internal tendencies.

#### **4.4 Locus of Control and Satisfaction**

Not surprisingly, individuals exhibiting a more internal locus of control have been found to give higher satisfaction ratings across a number of settings. Hickson, Housely and

Boyle (1988) and Hong and Giannalopoloulos (1994) found that perceived life satisfaction was positively related to an internal locus of control, while death anxiety ratings showed a negative relationship. Williams' (1993) research yields similar results where he found a negative relationship between externality and life satisfaction ratings. This relationship appears logical in that individuals who perceive themselves as having some element of control over their lives and how they live them would tend to be more satisfied than those who believe that there is relatively little they can do to change the predetermined course their life will follow.

An internal locus of control has also been found to be positively related to reported levels of job satisfaction in a variety of employment settings (Bein, Anderson and Maes 1990, Kasperson 1982, Kulcarni 1983, Lester 1987, Richford and Fortune 1984, Santangelo and Lester 1985, Bein, Anderson and Mayes 1990). Along similar lines, Lusch and Serpkenci (1990) found that other-directed store managers were more prone to feel job tension, however, inner-directedness was not found to have a strong relationship to job satisfaction within this group.

On a more general basis, an internal locus of control has been found to be positively related to levels of housing satisfaction (LeBrasseur, Blackford and Whissell 1988) and motivational levels (Gurin, Gurin, Lao and Beattie 1969), while an external locus of control has been linked to credit abuse (Tokunaga 1993). Again, it seems logical that if an individual perceives themselves as in control of their lives they would tend to be more satisfied with their living environment and the way in which they manage their finances.

#### 4.5 Locus of Control versus Locus of Causality

At this point it is important to differentiate between the constructs of Locus of Control and Locus of Causality.

While the two may be orthogonal under certain conditions, it is inappropriate to equate them (Wong and Sproule 1983) and doing so may actually result in false assumptions.

According to Wong and Sproule (1983), locus of control refers to the perception of mastery over various causal factors, while locus of causality refers to the causal source and involves post hoc attributions of responsibility.

From a consumer behavior perspective, a service employee may be the source of the provision of poor service, however, the service recipient may still perceive themselves as in



control of the outcome of their behavior, or as at least playing some role in that outcome. As a result their perceptions of service quality and satisfaction will likely be more positive than if they perceived the situation to be beyond their control. To further illustrate the difference between control and causality: an external individual would be more likely to attribute responsibility to someone or something other than himself/herself for an outcome in any given situation (attributions of causality). Distinct from this, and based on a perceived lack of control over the environment, an external individual is likely to have a more negative perception of the situation than someone who believes they are able to exert some influence over what happened to them (i.e., choosing the slowest line at the supermarket).

#### **4.6 Measurement of Locus of Control**

The first attempts at measuring the locus of control construct occurred as early as 1955 when Phares developed a crude scale composed of 13 skill items and 13 chance items in Likert format. This scale was revised by James in 1957, followed shortly by a 100 item, forced choice instrument developed by Liverant, Rotter and Seeman. This scale covered topics such as academic recognition, social

recognition, love, affection, dominance and the like (Phares 1976).

Rotter (1966) perceived locus of control as a unidimensional construct, and, based on his research, developed first a 60 item and eventually a 29 item, forced choice scale to measure individual locus of control. This scale included 23 actual measurement questions and six filler items and became known as the Rotter internal-External Control Scale.

Rotter's conceptualization of locus of control can be expressed as:  $B_{px,s_1,r_a} = f(Ex,r_a,s_1 \text{ \& } Rv_a,s_1)$ , or "the potential for behavior x to occur in situation 1 in relation to reinforcement a, is a function of the expectancy of the occurrence of reinforcement a following behavior x, in situation 1 and the value of reinforcement a in situation 1" (Lefcourt 1976, p. 26). According to Lefcourt (1976), Rotter's scale requires individuals to choose between alternatives that reflect a fatalistic, external control perspective or a belief in the ability to control one's own life events. An individual's orientation is inferred from the alternatives he or she chooses.

#### **4.7 Measurement Issues**

Although this scale is still used frequently in the study of

the locus of control variable, a number of researchers, including Rotter himself, have raised questions regarding dimensionality, domain specificity and the issue of social desirability. These questions have, in turn, spawned the development of a number of alternative scales for the purpose of measuring the Locus of Control construct.

The issue of dimensionality is one that has been frequently debated in the literature (Strickland 1977). Collins (1974) found evidence to support the notion that Rotter's Locus of Control scale actually consisted of four separate and distinct factors or subscales. These factors were: the belief in an easy versus a difficult world based on perceptions of task solvability; belief in a just versus an unjust world based on the perceived linkage between actions and outcomes; belief in a predictable versus an unpredictable world based on perceptions of one's ability to predict the outcome of a particular behaviour; and the belief in a politically responsive or unresponsive environment. However, these subscales, taken together, are indicative of an individual's Locus of Control and thus do not really question the unidimensionality of the construct as proposed by Rotter (1966).

Work by Levenson (1983), on the other hand, does question the validity of a unidimensional perspective. According to Levenson, Rotter's unidimensional approach raises both theoretical and empirical inconsistencies. She believes that the combination of the expectancies of fate, chance and powerful others under the "rubric" of external locus of control is an oversimplification of the concept. Instead she proposes that Locus of control should be measured as a multidimensional construct. Interestingly Rotter (1975) himself agreed in that "his own results suggest externals are composed of two different groups due to the high variability of the externals compared to the internals" (p. 64).

According to Levenson (1983) "those who believe in powerful others (one external orientation) will behave and think differently than those who feel the world is unordered and unpredictable (a second external orientation). Based on this conceptualization of the Locus of Control construct, Levenson devised a scale (the I-P-C scale) to measure Locus of Control as a multidimensional construct. Her scale consisted of three separate and distinct dimensions; internality (I), belief in powerful others (P), and belief in chance, luck or fate (C).

Levenson's I-P-C scale differs from Rotter's original I-E scale in the following ways:

1. Levenson uses a Likert scale format as opposed to a forced choice scale to enable the three dimensions to be more statistically independent from one another;
2. The I-P-C scale makes a personal-ideological distinction in that all statements are phrased to pertain only to the person answering rather than to people in general;
3. Levenson's items do not contain wording that might imply modifiability of the specific issues;
4. The I-P-C scale is constructed such that a high degree of parallelism is evident in every three item set; and
5. Results indicate that the correlation between the I-P-C scale and the Marlowe-Crowne Social Desirability Scale are negligible and non-significant (p. 18).

Another issue that has been raised in the literature is that of domain specificity. As early as 1976, Phares noted that Rotter's Locus of Control scale was a rough measure and thus in most cases

researchers should develop domain specific measures of the locus of control concept. A number of other researchers share this view (e.g. Duttweiler 1984, Hodgkinson 1992, Joe 1977).

Boone and DeBrander (1993) believe that responses to Rotter's Locus of Control scale reflect stable personality differences while the more domain specific scales actually reflect an individual's perceptions of their current circumstances. Strickland (1977) sees this as an important distinction given that individuals are likely to respond differently depending on the importance of reinforcement in a particular situation and thus for more precise prediction one must develop domain specific scales. In fact even Rotter (1975) encourages the development of domain specific scales or the use of subscales "where functional relationships exist ... and if one has some purpose for doing so" (p. 63).

In response to this criticism, a number of domain specific scales have emerged across a diverse, and sometimes extremely focussed, array of areas including drinking related scales for use with alcohol dependent subjects and close relationship scales for the examination of relationship factors, as well as scales specifically for

black preschool and primary age children (see Lefcourt 1983) and adults (Nowicki and Duke 1974). Domain specific scales have also been developed in health care (Lau and Ware 1981), mental health (Wood and Letak 1982) as well as in economics (Furnham 1986), management and for the teaching profession (Bein, Anderson and Mayes 1990). Within the business research forum Work and Strategic Locus of Control scales have also received some attention (see Blau 1993, Hodgkinson 1993, Hodgkinson 1992, Spector 1988, Spector 1982, Storms and Spector 1987). Still, it appears that the majority of research dealing with locus of control still tends toward use of Rotter's original scale.

Rotter's (1966) scale has also been criticized as being contaminated by social desirability effects (Hodgkinson 1992, Joe 1971, Levenson 1983). However, according to Rotter (1975) "the I-E scale is subject, as are all personality measures, to the conditions of testing, and the known or suspected purposes or nature of the examinee" (p. 62) and thus the results the scale yields should be regarded as valid and reliable. Regardless, the majority of domain specific scales pay close attention to the social desirability factor and, in a number of cases, have been able to reduce the relationship between their scale and the Marlowe-Crowne Social Desirability Scale (Levenson 1983).

According to Rotter (1975), the Locus of Control Scale was devised as a "broad gauge" instrument to allow the theoretical comparisons of groups, not to act as an instrument for individual prediction and, when used properly, the scale proves to be consistent, reliable and valid. The Locus of Control concept does not enable us to create a typology or develop distinct categorization schemes where an individual is classified as either an internal or an external (Rotter 1966) and, in fact, use of the scale in this manner may confound results (Renn and Vandenberg 1991).

Like any measurement tool, as time passes revisions and adaptations are necessary. Research results from Dayal (1984) suggest that cultural and subcultural differences exist in terms of general locus of control. Rotter (1975) himself cautions that, over time, there is good reason to think that there may have been an increased differentiation in attitudes that will result in the emergence of separate factors. Despite the criticisms and the changing environment, Rotter's original scale continue to enjoy widespread use in both the academic and practitioner communities.



#### **4.8 Chapter Summary**

Almost from its inception, the locus of control concept sparked interest in the academic community. As Rotter (1990) notes, it is currently one of the most studied variables in Psychology and other Social Science disciplines, with current research continuing at the same pace as it was 20 years ago. As a result of this activity, the current citation count tops 4700. Yet, notwithstanding its popularity, management appears to be one of the few business disciplines to have recognized and studied the importance of the locus of control construct in any depth, despite its relevance in many of the other business disciplines.

Based on the literature it is evident that an internal locus of control, where individuals perceive themselves to be in control of the outcomes of their behavior, will lead to higher levels of perceived service quality and evaluations of satisfaction. Research results also indicate that those individuals possessing an external locus of control will be more likely to engage in firm directed complaint behavior, based on the perception that outcomes are contingent on their own behavior. These relationships have been shown to exist across numerous scenarios including life, job and even housing satisfaction.

While popular, Rotter's I-E scale has been criticized extensively in the literature in terms of dimensionality, domain specificity, and social desirability confounds. In response to these criticisms new scales have been developed which address the dimensionality issue by expanding the focus of the scale. They have also been modified to better suit the testing situation in which they are being administered and the relationship with the Marlowe-Crowne Social Desirability Scale has been, in most cases, reduced.

Despite these criticisms Rotter's I-E scale continues to enjoy widespread use. Rotter's 23 item scale as well as Levenson's I-P-C scale are used to measure individual locus of control in this study.

Chapter five reviews the literature dealing with post-service encounter behavior, with a focus on responses to a negative service outcome. The impact of locus of control, learned helplessness and equity theory are discussed. This is followed by an examination of attribution theory and a discussion of consumer complaining behavior.

## CHAPTER V

### Consumer Reaction and Company Response

The purpose of all business, whether service or product focused, is to meet the needs and wants of its target market and to do so in a manner that the target market perceives as satisfactory. Marketers in both the product and service areas rely on customer feedback to provide them with a measure of their performance in the market place. This feedback loop is one of the most important communication linkages between a firm and its consumer and has thus been the focus of a number of research studies (see Garrett, Meyers and Camey, 1991 for a partial review).

Creating an effective and efficient communication link between company and customer is important for a variety of reasons. This link enables companies to monitor consumer response to firm activities and offerings. As well, it is through this communication network that consumers may express their opinion, positive or negative, regarding a firm's product or service and, equally as important, it is via this network that firms are able to address consumer concerns. As a result, it is important that the

communication link between consumer and firm be encouraged, maintained and closely monitored (Royal 1995).

### 5.1 The Importance Of Firm-Customer Communication

While every company likes to hear from happy, satisfied customers, it is more likely to be in the best interests of the firm to encourage more response from customers whose needs have not been met to their satisfaction.

Unfortunately, research suggests that the majority of dissatisfied customers tend to tell others within their social groups about their experience with a particular firm rather than addressing the company directly (Richins 1983, Halstead 1993, Rhoades 1988). Even more disturbing is the finding that, as the perceived severity of the problem increases, so does the tendency not to address the firm (Richins 1983).

It is important to note that research has found a number of disturbing realities; low complaint rates are often viewed as an indicator of high levels of customer satisfaction (Halstead 1993), loyal customers are the ones more likely to complain to the firm (Hren 1996), repeat patronage is not synonymous with customer satisfaction (Halstead (1993), and, conversely, reporting of a problem is not synonymous with dissatisfaction (Garrett, Meyers and Camey 1991). The

result... customer satisfaction data that is incomplete and inaccurate.

This problem may be even more pronounced for service based industries (Singh and Pandya 1991). Research indicates that business service consumers are more likely to engage in switching behavior as a result of perceived service quality problems than over price or product quality concerns (Aquila and Koltin 1992). Unfortunately, Day and Muzaffer (1978) found that dissatisfied service consumers were far less likely to complain than were individuals who were dissatisfied with a product purchase.

Given that firms use customer response data for strategic decision making it is important that consumer complaint activity be studied and understood (Singh 1988). Not surprisingly, the study of consumer complaint activity and firm response to dissatisfied customers has been, and continues to be, the focus of numerous research studies (see Perkins 1991 for a partial bibliography).

## **5.2 Consumer Response To Dissatisfaction**

Consumers experience emotional reactions to service encounters. If the experience is a positive one, then the consumer may experience a feeling of elatedness, if a

negative outcome is seen to have been avoided the consumer may experience relief (Arnould, Price and Zinkhan 2000) or if the encounter is perceived as dissatisfying the consumer may experience anger, frustration, depression and the like (see Oliver 1997, Chapter 12 for a summary of Satisfaction/Emotion Frameworks).

Consumer complaining behavior can be conceptualized as a set of behavioral and non-behavioral responses which are triggered by a dissatisfying service encounter as defined by the consumer. Consumers' behavioral responses to dissatisfying service encounters may vary, but typically can be categorized as either exit or voice responses.

Some consumers may choose to remain silent about their experience and either maintain current purchasing patterns or alter their future purchase intentions. Others may decide to verbalize their feelings either by directly addressing a representative of the firm, sometimes referred to as a voice response, or by telling others, not including the offending firm, often referred to as word-of-mouth or private response. Still others may display their displeasure to the company by taking legal action, sometimes referred to as a third party response (Schiffman and Kanuk

1994, Singh and Pandya 1991, Singh 1988, Arnould, Price and Zinkhan 2000).

Research suggests that, by far, the most common response made by a dissatisfied consumer will be word of mouth. This is problematic for the service based firm for two reasons. First, the firm is not provided with an opportunity to respond and, second, as was discussed in Chapter II, service customers prefer to seek out more personal sources of information and put more emphasis on those sources when making service purchase decisions (Berry and Parasuraman 1991, Murray 1991, Bateson 1995, Davis, Guiltinan and Jones 1979).

The common 'rule of thumb' followed by marketers is that for every one person that complains to the company there are 26 others who will not. This estimate is supported by research within the services area (Dart and Freeman 1994). Of those who decide not to address the company very few remain silent, instead they choose to voice their concerns to others, typically telling at least ten other individuals about their dissatisfying experience. Research indicates that well over 50 percent of dissatisfied customers will engage in negative word of mouth, while less than ten

percent choose to not take any action at all (Singh and Pandya 1991, Richins 1983, Dart and Freeman 1994).

Part of the issue, at least for the service consumer, is that it may be very difficult for him/her to identify what exactly he/she is dissatisfied with. As Walker (1995) and Gottlieb, Grewal and Brown (1994) note, the service consumer evaluates peripheral or contextual components of a service offering as well as the focal stimuli or core component of that offering. In fact, research by Woodside, Frey and Daly (1989) found that for hospital patients, their satisfaction with the food they were served was the most influential determinant in their overall satisfaction ratings. They conclude from their research that adequate core-service delivery does not ensure satisfied customers.

This research serves to further underscore the importance of developing a full understanding of how consumers evaluate service quality and satisfaction, as well as how consumers decide whether or not to take action when faced with a dissatisfying service encounter. It stands to reason that a number of factors influence a consumer's decision regarding whether to take action, as well as what form that action will take, in response to a dissatisfying service encounter.



Individual personality characteristics may impact a consumer's perception of the environment, perceived fairness within the service encounter, as well as perceived responsibility and control over the service outcome, thus playing a role in determining how an individual responds to a negative service experience. A number of theories exist in the literature that may be helpful in understanding why and how consumers complain and what they expect to achieve by doing so.

### 5.3 Locus of Control

While cultural background has been found to impact an individual's propensity to complain (Hernandes, Strahle, Garcia and Sorenson 1991, Hewstone 1988), demographic variables, have proven to be relatively poor predictors of consumer complaint behaviors (Dart and Freeman 1994). Not surprisingly, however, personality characteristics such as personal locus of control have been found to be related to the likelihood that individuals will take action when faced with a dissatisfying service experience as well as the direction that action will take (Blodgett, Granbois and Walters 1993).

Locus of control has been found to be related to individual behavioral characteristics such as reactance, the exhibition

of trait anger as well as depression and self esteem (Hong and Giannakopoulos 1994). Externally oriented individuals tend to be less ethical (Trevino and Young Blood 1990, Singhapakdi and Vitell 1991), less confident and skilled in problem solving (Cox and Cooper 1989), less trusting and more anxious and aggressive (Clark 1971) and are more likely to respond to frustration with counterproductive behavior (Storms and Spector 1987) than are individuals who exhibit internal tendencies.

Internally oriented individuals, on the other hand, are less likely to exhibit compliant behaviors (Blau 1993) and are much more likely to commit dramatic social action in an attempt to change uncomfortable or aversive situations (Strickland 1977). These findings are not surprising given that locus of control influences the way in which an individual views the world.

#### **5.4 Attribution Of Responsibility**

The belief in a 'just world', where individuals get what they deserve, tends to be a belief held by internally oriented individuals (Lerner 1980). When faced with a dissatisfying service experience, internally oriented individuals are more likely to believe that they have the

ability to correct whatever dissatisfying features exist and move to do so.

Once again it is important to draw the distinction between locus of control and locus of causality. Locus of control refers to the perception of mastery over causal factors, while locus of causality refers to the causal source and involves post hoc attributions of responsibility (Wong and Sproule 1983). An individual may see themselves as having control over a negative service environment, in that they chose that particular service provider or can take action to have the problem rectified, however that individual attributes the blame for the error to the service provider or some other component of service delivery.

The attribution process is "the process whereby people attribute characteristics, intentions, feelings and traits to the objects in their social world" (Kanouse and Hanson 1972, p 47) and unexpected or negative events are more likely to generate attributional activity (Folkes 1988). People rely on attributions about others to decide how to handle conflict that occurs (Sellars 1981). Krishnan and Valle (1979) believe attributions of responsibility act as a mediator between a consumer's reaction to a product and the behavioral response that follows. Folkes (1984) agrees in

that if the consumer perceives themselves as the cause of the negative outcome they will be less likely to seek redress than if they believe someone else caused the service failure .

Causal attributions are typically made based on two very basic dimensions: stability, temporary versus permanent; and controllability, free versus constrained choice (Weiner 1985, Weiner, Frieze, Kukla, Reed, Rest and Rosenbaum 1972). Others include a third dimension; locus, however, the distinction between locus of control and locus of causality is not made clear (Folkes 1988, Levy 1993).

Research suggests that as perceived stability and controllability increase, external attributions increase, complaining behavior increases and repurchase intentions decrease (Folkes, Koletsky and Graham 1987). In some situations a perceived lack of primary control may be compensated for with a form of secondary control, attributions to luck (Friedland 1992). This is typically the case when the negative outcome is attributed neither to the individual or to others involved in the transaction.

According to a number of attribution theorists, individuals are more likely to make external attributions of

responsibility for failures or non-rewarding experiences and internal attributions when positive outcomes are achieved (McCauley and Shaffer 1993, Mizerski 1982,). This is often referred to as self serving bias (Levy 1993). Based on this theory, it is probable that dissatisfied service customers are likely to make external attributions of responsibility.

Consumers who make external attributions following a negative experience are much more likely to take action, whether it be telling others, telling the company or hiring a legal representative, than are those who make internal attributions of responsibility. These individuals tend to remain silent about their experience (Richins 1983, Krishnan and Valle 1979).

Individuals with an internal locus of control may respond to a dissatisfying experience by directly addressing the offending firm. For these consumers, the belief that they may be able to bring about some form of problem resolution may incent them to take action and voice their concerns to the offending organization rather than telling others who are most likely powerless to rectify the situation (Kren 1992).

Externally oriented individuals, on the other hand, are less likely to perceive the world as 'fair and equitable' (Sweeney and McFarlin 1991). Although they too are likely to make external attributions of responsibility when faced with a negative service outcome (Wang and Anderson 1994), they are also likely to see themselves as unable to exert any influence over that outcome. As a result, externally oriented individuals are more likely to respond by making excuses for the outcome (Wang and Anderson 1994) and engaging in negative word of mouth behaviors than they are to respond by voicing their concerns directly to the offending firm (Blodgett, Granbois and Walters 1993, Richins 1983).

A partial explanation for these findings may lie within the learned helplessness literature. According to Seligman (1975), an individual learns to be helpless with respect to a given outcome when that outcome is perceived to happen independently of that individual's voluntary responses. This view corresponds to Rotter's (1966) conceptualization of an external locus of control (LaForge 1989, Lefcourt 1980) and particularly to Levenson's (1983) concept of a chance oriented external locus of control.

In fact, Hiroto (discussed in Seligman 1975) found that externally oriented individuals became helpless more easily than internally oriented individuals when faced with experimentally manipulated unpleasant stimuli. This may also be true for consumers who believe that complaining to the company is futile and therefore either remain silent or tell others about their experience (Bush and Babakus 1992).

According to Peterson, Maier and Seligman (1993), the relationship between locus of control and learned helplessness should not be surprising given that they are both cognitive constructs which influence personal passivity. Thus by giving consumers some sense of control, organizations may be able to increase customer satisfaction levels and decrease feelings of helplessness thereby encouraging complaining behavior that is directed toward the organization rather than toward other, impressionable potential consumers (Hui and Zhon 1996).

### **5.5 Company Response**

Learned helplessness in employees has been found to result from highly centralized, formal bureaucracies within organizations (McGrath 1994). A formalized, difficult to manage customer service department may have the same effect on consumers and, if complaints are discouraged,

dissatisfied customers are likely to commiserate with others about their dissatisfying experience (Richins 1983).

Consumers complain because they believe that they have not been treated fairly (Leventhal 1980). This perceived inequity can be the result of a breach of one or more of three basic fairness components: distributive fairness, fair allocation of outcomes; procedural fairness, objective procedures for allocation determination; and interactional fairness, the style with which a decision is implemented (Goodwin and Ross 1990, Leventhal 1980).

Organizations need to consider these three components in the design of their customer service programs. According to Leventhal, six procedural rules must be followed to ensure the perception of equity among consumers:

1. Consistency across persons and time
2. Bias Suppression
3. Accuracy of decision information
4. Adapatability during the process
5. Representativeness
6. Ethicality

While these rules should be followed in general, they take on increased performance during the service recovery process.



As was discussed previously, the intensity of both the focal and peripheral stimuli within the service industry (Walker 1995, Gottlieb, Grewal and Brown 1994), may make it difficult for the consumer to identify the specific source of their dissatisfaction (Goodwin and Ross 1990). This, in turn, further complicates the service recovery process. However, the complexity should not overshadow the importance of a good recovery system. Researchers have found that, in some situations, recovery from a service failure may be more important in determining overall satisfaction ratings than the original service attributes in a positive service encounter (Spreng, Harrell and MacKay 1995). 'Recovered' customers may in fact become more profitable than those who were satisfied in the first instance (Goodwin and Ross 1990).

It is important to recognize that an apology will not compensate for a tangible outcome. Passive consumers feel ignored and active consumers become frustrated with the system (Goodwin and Ross 1990). Choosing the appropriate response to a consumer complaint is of utmost importance. "Careless language can turn a complaint into lost business" (Montague 1996).

Research shows that consumers prefer tangible outcomes (Goodwin and Ross 1990). If a tangible outcome is not appropriate then consumers prefer explanations that diminish the perceived negative outcomes of the service failure rather than diminish the individual's perceived role in the service failure (linkage explanations). However, simple explanations of the service failure are typically not as effective as instances where some form of restitution is offered to the customer (Hill and Baer 1994).

Given the data regarding factors such as personal locus of control, attribution processes and equity theory, a service recovery system which emphasizes external, unstable specific factors to explain dissatisfying consumer experiences may be most successful (Bush and Babakus 1992). In the event of a negative experience, the general tendency for all individuals, whether internally or externally oriented, will be to attribute blame to someone other than themselves. The most successful service recovery system will be one which recognizes this tendency and capitalizes on it.

## **5.6 Chapter Summary**

The establishment of an effective and efficient communication link between customer and firm is an essential ingredient for high perceived service quality and

satisfaction evaluations. Without this link to the consumer the company may be unable to clearly define the needs and wants of its client base. Perhaps even more problematic is the fact that, without some kind of system that encourages consumers to communicate directly with the organization, service delivery problems may go unnoticed and thus unresolved.

Some research suggests that pre-purchase and post-purchase recall regarding product information is actually quite different (Fisher, Clemons, Woodruff, Schumann and Burns (1994)). Once the service encounter occurs, the pre purchase criteria is rarely ever mentioned. Add to this the finding that, in some instances, consumers who have had a service failure rectified may become more loyal and profitable consumers than those whose needs were met in the first place, the extreme importance of effective service recovery systems becomes apparent (Goodwin and Ross 1990).

Existing research on personality and psychological processes can help in the development of effective service recovery systems. In the event of a negative experience, the majority of individuals will tend toward external attributions of blame regardless of their personal locus of control tendencies. This, in turn, results in a higher

likelihood that the individuals will voice their concerns against, or to, the responsible party.

If the communication link to the organization is too cumbersome, the consumer may choose to voice their concerns to others rather than to the company itself. The result... one frustrated customers and a number of other potential customers within his or her social network who may choose to do business with another firm. Research reveals that nearly 75 percent of consumers expect companies to respond to complaints. The moral... "an effective complaint handling strategy is essential for companies that wish to improve post purchase consumer satisfaction" (Clark, Kaminski and Rink 1992, 41-42).

Chapter six reviews the research propositions that evolved from this review of the literature. Propositions dealing with service quality and satisfaction evaluations are developed. In addition, propositions regarding the probability of complaining behavior, all as a function of personal locus of control are advanced for discussion.

## **CHAPTER VI**

### **Research Propositions**

The existing literature reviewed in Chapters II through IV suggests a number of interesting relationships between the constructs of Personal Locus of Control, Service Quality, Satisfaction and Consumer Complaint Behavior. Based on this literature review, a number of propositions related to the relationships between these constructs are advanced for consideration.

#### **6.1 Propositions**

Research findings portray internally oriented individuals as those who perceive themselves to be in control of their own destiny or at least to have some influence over their life (Rotter 1975). This perception of control or influence has an impact on how internally oriented individuals view their situation in life.

Given their perceived participation and role in determining life's outcomes, internally oriented individuals should have a more positive view than if that perception of control or influence was absent. Research has found that internally oriented individuals tend to display higher levels of life

satisfaction, job satisfaction and even housing satisfaction (Bein, Anderson and Maes 1990, Kasperson 1982, Kulcarni 1983, Lester 1987, Richford and Fortune 1984, Santangelo and Lester 1985, LeBrasseur, Blackford and Whissell 1988). This positive view should generalize across both positive and negative outcomes.

Based on the existing literature relating locus of control to satisfaction evaluations the following propositions are advanced:

**Proposition 1: An internal locus of control will be positively associated with perceived service quality in the event of a negative service outcome.**

**Proposition 2: An internal locus of control will be positively associated with customer satisfaction ratings in the event of a negative service outcome.**

Conversely, externally oriented individuals perceive themselves as having very little, if any, influence or control over their lives. In the event of a negative outcome, these individuals are likely to experience higher levels of dissatisfaction given that their perception is that someone or something has done them wrong and that they themselves are able to do little to change it.

Based on this line of reasoning the following propositions are advanced:

**Proposition 3: A powerful others orientation will be negatively associated with perceived service quality in the event of a negative service outcome.**

**Proposition 4: A powerful others orientation will be negatively associated with customer satisfaction ratings in the event of a negative service outcome.**

**Proposition 5: A chance orientation will be negatively associated with perceived service quality in the event of a negative service outcome.**

**Proposition 6: A chance orientation will be negatively associated with customer satisfaction ratings in the event of a negative service outcome.**

Research suggests that, when faced with a negative service outcome, consumers will respond by either remaining silent about their experience or by verbalizing their concerns to another party or parties. If the consumer chooses to remain quiet, he or she may either continue to patronize the offending service provider or to alter their future purchase intentions by not purchasing again, searching for a

substitute service or patronizing another service provider. If the consumer chooses to verbalize his or her concerns, he or she may tell others, not including the offending firm, take some form of action against the offending firm or address a representative of the offending firm (Schiffman and Kanuk 1994, Singh and Pandya 1991, Singh 1988, Arnould, Price and Zinkhan 2000).

Typically, in the event of a negative service outcome, consumers will tend to make external attributions of blame for that outcome and are likely to engage in some form of complaining behaviour (McAuley and Shaffer 1993, Mizerski 1982). Because internally oriented individuals believe they are able to bring about change they are the individuals who are most likely to take action against the offending firm, either through third party interaction or by directly addressing a firm representative (Kren 1992).

Externally oriented individuals, on the other hand, may experience feelings of helplessness and a perceived lack of influence (Bush and Babakus 1992). These individuals are more likely to voice their concerns to others than they are to address the firm directly or through a third party (Blodgett, Granbois and Walters 1993, Richins 1983).



Based on the literature, the following propositions are advanced:

**Proposition 7: An internal locus of control will be positively related to probability of complaint behaviour.**

**Proposition 7a: An internal locus of control will be positively related to voice response activity.**

**Proposition 7b: An internal locus of control will be positively related to third party response activity.**

**Proposition 7c: An internal locus of control will be negatively associated with negative word of mouth activity.**

**Proposition 8: A powerful others orientation will be positively related to probability of complaint behaviour.**

**Proposition 8a: A powerful others orientation will be positively related to voice response activity.**

**Proposition 8b: A powerful others orientation will be positively related to third party response activity.**

**Proposition 8c: A powerful others orientation will be negatively associated with negative word of mouth activity.**

**Proposition 9: A chance orientation will be negatively related to probability of complaint behaviour.**

**Proposition 9a: A chance orientation will be negatively related to voice response activity.**

Proposition 9b: A chance orientation will be negatively related to third party response activity.

Proposition 9c: A chance orientation will be positively associated with negative word of mouth activity.

## **6.2 Chapter Summary**

A review of the existing literature related to Locus of Control, Customer Satisfaction, Service Quality and Consumer Complaining Behavior suggests a number of interesting relationships between the constructs. Service Quality and Satisfaction have received a great deal of attention in the literature, with efforts being made to differentiate between the two constructs and develop instruments which are able to accurately measure them.

Likewise, the construct of Locus of Control has been the focus of a great deal of research with efforts being made to improve the accuracy of Rotter's (1966) original scale. A number of domain specific scales have also been introduced including a 'work locus of control scale' and a number of studies have linked personal locus of control with satisfaction, both in terms of life in general and in terms of more specific areas such as job satisfaction.

Surprisingly, very little research exists which investigates the relationship between personal locus of control and

consumer satisfaction and perceived quality of service encounters. This study advances propositions linking these constructs.

In addition, personal locus of control has been found to be related to attributions of responsibility when a negative outcome is experienced. Existing research has investigated the relationship between consumer reaction to a negative purchase experience and personal locus of control. This study advances propositions linking locus of control with types of consumer reaction; negative word of mouth, third party response and company direct complaining behavior. The Table 6.1 summarizes the propositions developed from the previous review of the literature.

Chapter 7 deals with the research methodology used to investigate these propositions. Sampling procedures, data collection instruments and data collection and analysis techniques are presented and discussed.

TABLE 6.1

SUMMARY OF PROPOSITIONS			
	ORIENTATION		
	INTERNAL	EXTERNAL	
VARIABLE		POWERFUL OTHERS	CHANCE
Perceived Service Quality	positive (P1)	negative (P3)	negative (P5)
Perceived Satisfaction	positive (P2)	negative (P4)	negative (P6)
Probability of Complaining	positive (P7)	positive (P8)	negative (P9)
Actions			
Voice	positive (P7a)	positive (P8a)	negative (P9a)
Third Party	positive (P7b)	positive (P8b)	negative (P9b)
Word of Mouth	negative (P7c)	negative (P8c)	positive (P9c)

## CHAPTER VII

### Research Methodology

This study was designed to investigate the relationship between the constructs of locus of control, service quality, satisfaction and consumer complaint behavior. More specifically, the purpose of this study was to determine whether or not personal locus of control had any impact on service quality evaluations, satisfaction evaluations and consumer response choice in the event of a negative service encounter. Demographic influences were also investigated. In this chapter sampling procedures, data collection, survey instruments and data analysis methods are discussed.

#### 7.1 The Sample

The sample used for this study consisted of 411 undergraduate students enrolled in either a Marketing, Management, Accounting, Business Law, Integrated Business or Communications course on the University of Oklahoma's Norman Campus. The sample was drawn from students in all stages of the degree process and from across a variety of majors.

It is recognized that the use of students as study subjects has been questioned a number of times in the literature.

However, the service encounter scenarios used in this study are based on services typically patronized by university students. Due to the nature of the services studied, the use of student subjects is believed acceptable.

## **7.2 Data Collection Instruments**

Two separate scales are used to measure Locus of Control in this study; Rotter's 22 item I-E Scale (See Appendix A) and Levenson's I-P-C Scale (See Appendix B). Levenson's I-P-C Scale has been found to correlate positively with Rotter's I-E scale on the P and C dimensions and negatively on the I dimension. Since the dimensionality of the external component of Rotter's scale has been questioned, both measurement scales are used in this study.

Rotter (1966) reports consistent reliability measures for the I-E Scale with test-retest reliability measures ranging between .49 and .83 over a one to two month time period. Other researchers have found similar results (see Joe 1971). Rotter (1966) also reports acceptable discriminant validity and internal consistency for the I-E Scale.

The I-P-C Scale has also proven empirically robust. Internal consistency measures are at acceptable levels

(Levenson 1983, Blau 1984) given the variety of situations included on the sample of items and are comparable to those obtained by Rotter (1966) (Levenson 1983). Test-retest reliability scores range from .60 to .79 for a one to seven week period (Levenson, 1983) and, according to Levenson (1983), the scale also shows both convergent and discriminant validity.

The SERVQUAL scale, developed by Parasuraman, Zeithaml and Berry, was used to measure perceived service quality and was adapted to fit the service scenario included in the data collection packet as the developers suggest (See Appendix C). Empirical testing of the SERVQUAL scale has shown it to be reliable and also as satisfying the criteria necessary for content and convergent validity (Parasuraman, Zeithaml and Berry 1988). Consistent with recommendations made by Cronin and Taylor (1992) and Brown Churchill and Peter (1993), the performance only scale was used in this study. Consumer expectations were not measured.

Additional questions were added at the back of the data collection packet (See Appendix E). These questions were added to measure likelihood and type of complaint behavior,

past experience with negative service outcomes and to collect general demographic information.

Thirty seven students were recruited to pretest the locus of control questionnaires used in the study. Given the long term, widespread testing and use of the survey instruments used in this study, the focus of this pretest was primarily to ensure the respondents' ability to understand the questions asked and the amount of time required to complete each of the surveys. No problems were identified and the questionnaires were used in their original format.

### **7.3 Scenarios**

Scenarios were used to simulate negative service encounters for the participants in this study. Scenarios are used extensively in both Social Science and Business Research due to the difficulty of 'real world' data collection and the questionable ethics of manipulations causing unpleasant or stressful experiences.

Originally, seven scenarios were proposed; a missed exam, a lost library book, inaccurate student advising, incorrect fast food order, a computer failure, an unavailable textbook and clothes stolen from a laundromat, for use in this study



(See Appendix E). The scenarios were written based on services traditionally patronized by the student population and to reflect a range of severity of outcome such that the influence of outcome severity could also be investigated as it related to evaluations of service quality, satisfaction and consumer complaining behavior.

A pretest of the scenarios, using ten student volunteers, was conducted to test the strength of manipulation with respect to the negative service encounters being used. Students were asked to read each of the seven scenarios and rank them in order of perceived severity.

The pretest resulted in three of the scenarios being dropped. Of the remaining four service scenarios, two were classified as mildly negative outcomes and two as more severe (See Table 7.1 and table 7.2).

**Table 7.1**

**Scenario Mean Ratings**  
(key: 1 is most severe)

SCENARIO	MEAN
Inaccurate Advising	1.8
Lost Library Book	3.1
Computer Failure	4.2
Missed Exam	2.8
Incorrect Fast Food	6.8
Stolen Laundry	4.5
Unavailable Text Book	4.8

**Table 7.2**  
**Manipulation Check**

Low Severity Outcome	High Severity Outcome	Student's t	Significance
Fast Food	Missed Exam	-6.708	.000
Fast Food	Inaccurate Advising	-11.859	.000
Text Book	Missed Exam	3.00	.015
Text Book	Inaccurate Advising	-4.108	.003

**7.4 Testing Procedure**

Presentations were made to 13 classes asking for participation in the study. Those students who volunteered

were asked to read and sign an informed consent form in accordance with the University of Oklahoma's ethics committee. Those students not wishing to participate in the study were permitted to leave.

Participating students were asked to remain in their respective classrooms to complete the package of surveys. Verbal and written instructions were given to the participants ensuring the confidentiality of their responses and explaining the order and method to be used in the completion of the questionnaire. Data collection packets were distributed such that participants were randomly assigned to scenario groups. Participants were asked to begin immediately and to turn in their packet upon completion.

### **7.5 Data Analysis**

The I-P-C Scale and the SERVQUAL scale were factor analyzed, given that the dimensionality of both scales has been called into question in the literature. Any analysis involving these two scales includes the original dimensions as well as the dimensions that resulted from the factor analysis.

Regression analysis is used to test the propositions put forth in Chapter VI. The variables included in this analysis are shown in Table 7.3.

**Table 7.3**  
**Regression Variables**

<b>Independent Variables</b>	<b>Dependent Variables</b>
Rotter's I-E score (L)	SERVQUAL performance score
Levenson's internality score (L)	SERVQUAL individual dimensions scores
Levenson's powerful others score (P)	satisfaction rating
Levenson's chance score (C)	general complaint behavior
	type of complaint behavior

Differences due to demographic characteristics were tested. Participant's 'complaining history' was also considered.

## **7.6 Chapter Summary**

Undergraduate students were recruited as subjects for this study. Scenarios describing services typically patronized by students were used to simulate negative service outcomes for testing purposes. Four scenarios were used, two of moderately negative outcomes and two describing outcomes

that were more severe. The Rotter I-E Scale and Levenson's I-P-C Scale were used to measure personal locus of control. The SERVQUAL Scale developed by Parasuraman, Zeithaml and Berry was used to measure perceived service quality. Additional questions relating to satisfaction, complaint intentions and demographic characteristics were also included in the data collection packet.

Chapter VIII presents the results of the data analysis from this study. Limitations of the research and suggestions for the future are discussed in Chapter IX.

## CHAPTER VIII

### Results

The impact of locus of control on evaluations of service quality and satisfaction, as well as on complaint intentions, was the primary focus of this study. Factor analysis was used to test the dimensionality of the locus of control and service quality scales used in this study. Both the original factors as well as those identified as part of this study were used to investigate the relationship between locus of control, service quality, satisfaction and complaint intentions. These relationships were tested using regression analysis. Analysis of variance techniques were used to check for effects stemming from demographic variables.

#### 8.1 Sample Characteristics

Of the 411 survey packets that were distributed, 18 were returned incomplete and were removed from the sample. An additional 19 packets were removed from the analysis due to missing data on key study variables. The total sample size used for analysis was 374 respondents.

Respondents ranged in age from 17 to 45 years, with the average age being 22 years. Residency in the United States ranged from 1 to 45 years with an average residency of 19.2 years. In effect most respondents had lived in the United States most, or all, of their lives.

Respondents represented the full range of tenure in an undergraduate program, with grade point averages between 2.0 and 4.0 (see Table 8.1). A range of work, living and tuition responsibilities were also well represented (see Table 8.2).

**Table 8.1**

**Academic Characteristics**

<b>Year</b>	<b>n</b>	<b>GPA</b>	<b>n</b>
Junior	143	3.5 to 4.0	82
Senior	153	3.0 to 3.4	140
Sophomore	61	2.5 to 2.9	111
Freshman	16	2.0 to 2.4	39

**Table 8.2****Responsibilities**

Accommodations	n	Work Commitment	n	Tuition Responsibility	n
On Campus	110	Full Time	36	Partial	98
Off Campus	263	Part Time	186	All	139
		Not At All	152	none	137

Usable questionnaires were divided fairly evenly across the four scenarios (see Table 8.3). Both genders were well represented (157 females, 215 males) and respondents exhibited a range of experience in terms of dissatisfaction and complaint behaviors (see Table 8.4).

**Table 8.3****Scenario Distribution**

Scenario	n
Fast Food	90
Text Book	98
Advising	96
Final Exam	90



**Table 8.4****Experience**

<b>Previously Dissatisfied</b>	<b>n</b>	<b>Complained Previously</b>	<b>n</b>
yes	335	yes	247
no	39	no	96
<b>Company Responded</b>	<b>n</b>	<b>Classify Response</b>	<b>n</b>
yes	193	satisfactory	169
no	63	unsatisfactory	73

Interestingly, the sample was split evenly between those who had experienced a dissatisfying experience similar to that described in the scenario and those who had not (see Table 8.5). Not surprisingly, most of the subjects had experienced an incorrect fast food order or an unavailable text book. Incorrect advising and missed final exams appeared much less familiar to the respondents.

**Table 8.5****Past Experience**

<b>Scenario</b>	<b>yes (n)</b>	<b>no (n)</b>
Fast Food	87	3
Text Book	76	22
Advising	18	78
Final Exam	6	84

## **8.2 Factor Analysis**

Prior to investigating the proposed relationships between locus of control and service quality, the dimensionality of Levenson's I-P-C Scale and SERVQUAL were tested using factor analysis. The dimensions defined by the original authors of the scales as well as the dimensions revealed through this factor analysis were used in the final assessment of the proposed relationships.

### **Levenson's I-P-C Scale**

Levenson's I-P-C Scale measures personal locus of control along three dimensions: internality, belief in powerful others and chance. However, a factor analysis based on data collected from this sample suggested more dimensions may actually exist within this scale.

Examination of the scree plot associated with this scale revealed a possibility of the existence of six factors. Factor analysis conducted on the data revealed supportive results (see Table 8.6). Only factors with eigenvalues greater than one were considered.

Table 8.6

## Six Factor Solution - Varimax Rotation

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	Communality
Eigen values	5.480	2.178	1.383	1.256	1.129	1.036	
Q1	-.001	.163	-.089	-.123	-.061	<u>.650</u>	.476
Q2	<u>.633</u>	-.175	.037	.207	.243	.074	.579
Q3	.096	-.059	.147	.317	<u>.743</u>	-.070	.692
Q4	-.179	.051	-.012	.155	.146	<u>.708</u>	.582
Q5	-.083	<u>.517</u>	.097	-.274	-.099	-.066	.373
Q6	<u>.637</u>	-.104	.100	.231	.136	-.098	.508
Q7	<u>.621</u>	-.201	.158	.104	.135	.179	.512
Q8	.177	.016	.011	<u>.674</u>	.054	-.046	.490
Q9	.225	.174	.406	.066	-.158	<u>.500</u>	.525
Q10	<u>.579</u>	-.136	.114	-.041	-.000	.055	.372
Q11	.180	-.186	.162	.140	<u>.731</u>	.041	.649
Q12	<u>.700</u>	.011	.029	.122	.047	-.270	.581
Q13	.195	-.178	.289	.459	.053	.184	.400
Q14	.479	-.343	.099	.279	.228	.117	.500
Q15	.108	-.011	.373	<u>.633</u>	.127	-.065	.573
Q16	.382	-.062	.355	.374	.293	-.030	.503
Q17	.097	-.161	<u>.621</u>	.162	.302	.034	.540
Q18	-.161	<u>.654</u>	.080	-.050	-.031	.041	.465
Q19	-.084	<u>.711</u>	-.097	-.119	.163	.097	.572
Q20	.268	.145	.048	-.193	.473	.036	.358
Q21	-.175	<u>.646</u>	-.192	.198	-.019	.166	.553
Q22	.051	.034	<u>.713</u>	.277	.040	-.083	.598
Q23	-.090	<u>.641</u>	-.137	.123	-.252	.214	.562
Q24	.418	-.106	<u>.534</u>	-.064	.157	.002	.499

Using a decision rule of factor loadings of no less than .500 resulted in four questions being eliminated. No questions loaded on more than one factor using this decision rule.

Using a split sample technique to confirm these factors again suggested a six or seven factor solution using eigenvalues greater than one. Examination of the associated scree plots, however, suggested that a three factor solution may be in order. Given that splitting the sample in half reduced the sample size from 374 to 187 respondents, thus reducing the sample to variable ratio from 15:1 to 7:1, caution in interpretation is called for (Hair, Anderson, Tatham and Black 1995).

Interestingly, Levenson's Chance dimension (C) remained intact, with the exception of question 24, while the Internality (I) and Powerful Others (P) dimensions appeared to separate into four separate factors (see Table 8.7). After examining the questionnaire, it appears that the six factor solution is more a function of question wording than a theoretically meaningful result.

**Table 8.7****Dimensionality Comparison**

Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Q2 (C)	Q5 (I)	Q17 (P)	Q8 (P)	Q3 (P)	Q1 (I)
Q6 (C)	Q18 (I)	Q22 (P)	Q15 (P)	Q11 (P)	Q4 (I)
Q7 (C)	Q19 (I)	Q24 (C)			Q9 (I)
Q10 (C)	Q21 (I)				
Q12 (C)	Q23 (I)				

When a three factor solution was specified the resulting factors were similar to those defined by Levenson. Once again the .50 decision rule for factor loadings was used and, as a result, nine questions (1, 5, 8, 18, 19, 20, 21, 23, 24) were dropped due to low factor loadings (See Table 8.8).

Table 8.8

## Three Factor Solution - Varimax Rotation

	Factor 1	Factor 2	Factor 3
Q1	-.023	-.108	.312
Q2	<u>.644</u>	.271	-.206
Q3	.105	<u>.670</u>	-.175
Q4	-.018	.205	<u>.805</u>
Q5	-.173	-.175	.194
Q6	<u>.609</u>	.254	-.220
Q7	<u>.651</u>	.225	.001
Q8	.103	.463	-.041
Q9	.374	.043	<u>.607</u>
Q10	<u>.594</u>	.022	-.118
Q11	.236	<u>.555</u>	-.166
Q12	<u>.621</u>	.075	-.279
Q13	.235	<u>.502</u>	.023
Q14	<u>.548</u>	.359	-.139
Q15	.092	<u>.687</u>	-.040
Q16	.393	<u>.586</u>	-.075
Q17	.204	<u>.579</u>	-.028
Q18	-.227	-.072	.431
Q19	-.196	-.091	.304
Q20	.265	.118	.062
Q21	-.279	-.143	.266
Q22	.060	<u>.602</u>	-.032
Q23	-.212	-.153	.340
Q24	.498	.300	-.033

The three factor solution mirrors the dimensions originally outlined by Levenson with the exception of question 16 (C) which loaded on the new Powerful Others factor (See Table 8.9). Both the original three dimensions as defined by Levenson and the revised three dimensions as defined by this analysis were used to test the proposed relationships that were the focus of this study.

**Table 8.9**  
**Dimensionality Comparison**

<b>Factor 1</b>	<b>Factor 2</b>	<b>Factor 3</b>
Q2 (C)	Q3 (P)	Q4 (I)
Q6 (C)	Q11 (P)	Q9 (I)
Q7 (C)	Q13 (P)	
Q10 (C)	Q15 (P)	
Q12 (C)	Q16 (C)	
Q14 (C)	Q17 (P)	
	Q22 (P)	

#### SERVQUAL

The SERVQUAL scale, as developed by Parasuraman, Zeithaml and Berry (1988), assesses perceived service quality on the basis of five dimensions: tangibles, reliability, assurance, empathy and

responsiveness. However, these dimensions have been questioned by a number of researchers (Babakus and Boller 1992, Boyt 1994).

The dimensionality of the SERVQUAL scale used in this study was also tested via factor analysis. Examination of the scree plot suggested a three factor solution as opposed to the five dimensions suggested by Parasuraman, Zeithaml and Berry.

The three dimensional solution was also supported by the results of the factor analysis. Again the decision criteria of no less than .50 for factor loadings was applied and only factors with eigenvalues of over 1 were considered (See Table 8.10).



**Table 8.10**

**Three Factor Solution - Varimax Rotation**

	Factor 1	Factor 2	Factor 3	Communality
Eigenvalues	10.890	1.491	1.104	
Q1	-.137	.333	<u>.776</u>	.733
Q2	.192	<u>.741</u>	.138	.605
Q3	.455	.481	.217	.486
Q4	<u>.606</u>	.354	.264	.562
Q5	<u>.676</u>	.306	.232	.604
Q6	.362	-.010	<u>.766</u>	.717
Q7	<u>.811</u>	.170	.189	.722
Q8	<u>.832</u>	.234	.220	.795
Q9	<u>.560</u>	<u>.542</u>	.047	.609
Q10	.110	<u>.504</u>	.260	.334
Q11	.465	<u>.631</u>	.062	.618
Q12	<u>.674</u>	.286	.036	.538
Q13	<u>.755</u>	.323	.227	.726
Q14	.350	.130	<u>.695</u>	.621
Q15	.379	<u>.653</u>	.263	.639
Q16	<u>.671</u>	.312	.278	.625
Q17	<u>.586</u>	.473	.203	.608
Q18	.456	<u>.665</u>	.038	.652
Q19	<u>.576</u>	.477	.196	.598
Q20	.379	.288	<u>.513</u>	.489
Q21	<u>.512</u>	.443	.310	.554
Q22	<u>.581</u>	<u>.517</u>	.210	.649

Two questions (9, 22) loaded on more than one factor and one question (3) did not load significantly on any factor. Compared to the five dimensions suggested by Parasuraman, Zeithaml and Berry (tangibles (T), reliability (RL), assurance (A), empathy (E) and responsiveness (RS)), the three factor solution appears to combine the assurance, responsiveness and empathy dimensions, leaving the tangibility and reliability dimensions relatively intact (see Table 8.11).

**Table 8.11**  
**Dimensionality Comparison**

Factor 1	Factor 2	Factor 3
Q4 (A)	Q2 (RL)	Q1 (T)
Q5 (E)	Q10 (E)	Q6 (T)
Q7 (RL)	Q11 (RL)	Q14 (T)
Q8 (RS)	Q15 (RL)	Q20 (T)
Q12 (RS)	Q18 (RL)	
Q13 (E)		
Q16 (A)		
Q17 (A)		
Q19 (E)		
Q21 (RS)		

Factors two and three correspond to Parasuraman, Zeithaml and Berry's original Reliability and tangibility dimensions respectively. Factor one, which combines the original

assurance, empathy and responsiveness dimensions, may be better labeled as a "compassionate" or "emotional" dimension. For analysis purposes, factors from both the original five dimensional solution and the new, three dimensional solution will be used.

### **8.3 Regression Analysis - Total Sample**

Levenson's I-P-C Scale and Rotter's I-E Scale were used to assess subject's personal locus of control, the independent variable in this analysis. Levenson's Chance ( $r=.665$ ,  $p<.001$ ) and Powerful Others ( $r=.389$ ,  $p<.001$ ) dimensions, as well as the revised chance ( $r=.668$ ,  $p<.001$ ) and powerful others ( $r=.424$ ,  $p<.001$ ) dimensions defined by the previous factor analysis, correspond to an external tendency using Rotter's Scale (a high score), while Levenson's Internal dimension ( $r=-.233$ ,  $p<.001$ ) corresponds to Rotter's internal orientation (a low score).

Dependent variable measures focused primarily on the SERVQUAL scale, as developed by Parasuraman, Zeithaml and Berry. SERVQUAL was used to measure consumer satisfaction with the service encounter defined in the scenario included in the data collection packet. The original five dimensions (SQ Assurance, SQ empathy, SQ Reliability, SQ

Responsiveness, SQ Tangibility) were tested separately and were also summed to give a total service quality score (SQ Total). The redefined service quality factors (New SQ Compassion, New SQ Reliability, New SQ Tangibility), that resulted from the earlier factor analysis, as well as the sum of these three factors (New SQ Total), also served as dependent variables.

Additional questions related to overall satisfaction (General Satisfaction) and how the respondent would rate the experience (Rating of Experience) were also included in the analysis as dependent measures for two reasons. First, to give a bit more breadth to the measure of consumer satisfaction and, second, to allow a comparison of satisfaction and service quality evaluations thus addressing the debate in the literature regarding the service quality and satisfaction constructs. Questions regarding consumer reaction were also included to test the relationship between complaining behavior and personal locus of control (Word of Mouth Response, Third Party Response, Direct Contact by Phone, Direct Contact by Mail).

Regression analysis was used to assess the proposed relationships between locus of control, perceived service

quality, satisfaction and complaining behavior. Initial regressions were run on the full sample to identify significant relationships. The sample was then divided into groups based on the scenario group to which they were assigned. A similar series of regression analyses were performed on the data subsets. In both instances results were considered to be significant at  $p < .05$  and correlational analysis was used to assess the direction of the relationships.

#### Full Sample Results

Table 8.12 displays regression results based on Levenson's Chance dimension. Only one significant relationship emerged from this analysis. A chance orientation was found to be related to the likelihood an individual would engage in a third party response (consult a lawyer) to a dissatisfying service experience. This relationship was positive ( $r=.133$ ,  $p<.05$ ). Individuals scoring high on the chance dimension are more likely to respond to a dissatisfying service experience by hiring a lawyer than are those individuals scoring low on this dimension.

**Table 8.12**  
**Regression Results**

**Levenson's Chance Dimension**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
SQ Assurance	0.0162	.8988
SQ Empathy	0.7725	.3800
SQ Reliability	0.5213	.4707
SQ Responsiveness	1.2617	.2621
SQ Tangibility	0.1374	.7110
SQ Total	0.4740	.4916
New SQ Compassion	0.7286	.3939
New SQ Reliability	0.3159	.5744
New SQ Tangibility	0.1374	.7110
New SQ Total	0.5791	.4472
General Satisfaction	1.2651	.2614
Rating of Experience	0.0085	.9267
Word of Mouth Response	2.0227	.1558
<b>Third Party Response</b>	<b>6.6383</b>	<b>.0104</b>
Direct Contact by Phone	0.0295	.8637
Direct Contact by Mail	0.0863	.7692

A number of significant relationships emerged from the analysis of Levenson's Powerful Others (see Table 8.13). Regression results indicate a significant, positive relationship between this dimension and the original SERVQUAL reliability dimension ( $r=.111$ ,  $p<.05$ ). The

relationship between Levenson's Powerful Others dimension and the redefined reliability dimension ( $r=.098$ ,  $p=.059$ ) approached significance at the .05 level. The greater the tendency to believe in the existence of influential others, the less critical the evaluation of the reliability component of the service encounter.

Levenson's Powerful Others dimension was also found to be positively related to use of legal services ( $r=.118$ ,  $p<.022$ ) in response to a dissatisfying service encounter. Those believing in the existence of influential others are more likely to seek professional assistance in dealing with a dissatisfying service experience.

**Table 8.13**  
**Regression Results**

**Levenson's Powerful Others Dimension**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
SQ Assurance	0.06971	.7919
SQ Empathy	2.1109	.1417
<b>SQ Reliability</b>	<b>4.6488</b>	<b>.0317</b>
SQ Responsiveness	2.2207	.1370
SQ Tangibility	2.1903	.1397
SQ Total	2.4743	.1166
New SQ Compassion	1.5889	.2083
<b>New SQ Reliability</b>	<b>3.5779</b>	<b>.0593*</b>
New SQ Tangibility	2.1903	.1397
New SQ Total	2.6926	.1017
General Satisfaction	1.2155	.2710
Rating of Experience	0.2779	.5984
Word of Mouth Response	1.2649	.2614
<b>Third Party Response</b>	<b>5.2635</b>	<b>.0223</b>
Direct Contact by Phone	0.1145	.7352
Direct Contact by Mail	0.5993	.4393

Table 8.14 displays the results from the analysis of Levenson's Internality dimension. No significant relationships emerged between this dimension and the dependent variable. In fact, none of the tested relationships even approached significance.



**Table 8.14**  
**Regression Results**  
**Levenson's Internality Dimension**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
SQ Assurance	0.3756	.5404
SQ Empathy	0.4616	.4973
SQ Reliability	0.2681	.6049
SQ Responsiveness	0.8734	.3506
SQ Tangibility	0.0043	.9479
SQ Total	0.4184	.5182
New SQ Compassion	0.5654	.4526
New SQ Reliability	0.1233	.7257
New SQ Tangibility	0.0043	.9497
New SQ Total	0.3262	.5683
General Satisfaction	0.0831	.7732
Rating of Experience	0.7546	.3856
Word of Mouth Response	0.6669	.4146
Third Party Response	0.2366	.6270
Direct Contact by Phone	0.2835	.5948
Direct Contact by Mail	0.0908	.7633

Similar analyses were run using the redefined measures of chance, powerful others and internal orientation that resulted from the previous factor analysis. Similar to Levenson's original chance dimension, Table 8.15 illustrates that the redefined chance dimension is also positively

related ( $r=.117$ ,  $p<.05$ ) to the use of a lawyer to deal with a dissatisfying service experience.

**Table 8.15**  
**Regression Results**  
**Revised Chance Dimension**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
SQ Assurance	0.006	.937
SQ Empathy	1.106	.294
SQ Reliability	0.969	.326
SQ Responsiveness	1.397	.238
SQ Tangibility	0.690	.407
SQ Total	0.888	.347
New SQ Compassion	1.000	.318
New SQ Reliability	0.795	.373
New SQ Tangibility	0.690	.407
New SQ Total	1.095	.296
General Satisfaction	0.541	.463
Rating of Experience	0.072	.788
Word of Mouth Response	1.800	.181
<b>Third Party Response</b>	<b>5.110</b>	<b>.024</b>
Direct Contact by Phone	0.011	.918
Direct Contact by Mail	0.078	.780

Analysis of the redefined power dimension yielded slightly different results from those of Levenson's original Powerful

Others dimension. As Table 8.16 illustrates, the redefined powerful others dimension was the only dimension that approached significance at the .05 level. Again, the relationship between the two variables was positive ( $r=.098$ ,  $p<.059$ )

**Table 8.16**  
**Regression Results**  
**Revised Powerful Others Dimension**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
SQ Assurance	0.001	.975
SQ Empathy	1.671	.197
SQ Reliability	2.308	.130
SQ Responsiveness	1.594	.208
SQ Tangibility	0.926	.337
SQ Total	1.348	.246
New SQ Compassion	0.913	.340
New SQ Reliability	1.918	.167
New SQ Tangibility	0.926	.337
New SQ Total	1.427	.233
General Satisfaction	2.176	.141
Rating of Experience	0.303	.582
Word of Mouth Response	1.787	.182
<b>Third Party Response</b>	<b>3.614</b>	<b>.058*</b>
Direct Contact by Phone	0.178	.673
Direct Contact by Mail	0.416	.520

Similar to Levenson's internality dimension, analysis using the revised internality dimension as the independent variable resulted in no significant relationships (see Table 8.17).

**Table 8.17**  
**Regression Results**  
**Revised Internality Dimension**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
SQ Assurance	0.361	.549
SQ Empathy	1.505	.221
SQ Reliability	2.229	.136
SQ Responsiveness	1.265	.261
SQ Tangibility	0.161	.689
SQ Total	0.986	.321
New SQ Compassion	1.270	.260
New SQ Reliability	1.537	.216
New SQ Tangibility	0.161	.689
New SQ Total	0.921	.338
General Satisfaction	1.400	.237
Rating of Experience	0.169	.681
Word of Mouth Response	2.024	.156
Third Party Response	0.035	.852
Direct Contact by Phone	0.336	.562
Direct Contact by Mail	0.046	.830

As table 8.18 illustrates, analysis using Rotter's I-E scale yielded a negative relationship with evaluations of assurance ( $r = -.112$ ,  $p < .05$ ). A tendency toward an external orientation was related to more critical evaluation of the assurance component of service quality assessment as defined by Parasuraman, Zeithaml and Berry.

The relationships between scores on Rotter's I-E scale and responsiveness ( $r = -.093$ ,  $p < .074$ ) and the summed evaluation of total service quality ( $r = -.090$ ,  $p < .08$ ) approached significance at the .05 level. The redefined compassion dimension ( $r = -.088$ ,  $p < .089$ ) and the redefined reliability dimension ( $r = -.089$ ,  $p < .088$ ) also approached significance at the .05 level.

**Table 8.18**

**Regression Results  
Rotter's I-E Scale**

<b>Dependent Variable</b>	<b>F Value</b>	<b>Significance</b>
<b>SQ Assurance</b>	<b>4.6883</b>	<b>.0310</b>
SQ Empathy	2.654	.1041
SQ Reliability	2.6933	.1016
<b>SQ Responsiveness</b>	<b>3.2434</b>	<b>.0725*</b>
SQ Tangibility	0.0959	.7570
<b>SQ Total</b>	<b>3.0291</b>	<b>.0826*</b>
<b>New SQ Compassion</b>	<b>2.9281</b>	<b>.0879*</b>
<b>New SQ Reliability</b>	<b>2.9447</b>	<b>.0870*</b>
New SQ Tangibility	0.0959	.7570
<b>New SQ Total</b>	<b>2.5809</b>	<b>.1090</b>
General Satisfaction	0.6651	.4153
Rating of Experience	0.3981	.5285
Word of Mouth Response	0.7990	.3720
Third Party Response	1.5393	.2155
Direct Contact by Phone	0.0066	.9352
Direct Contact by Mail	0.2905	.5902

#### 8.4 Regression Analysis - Subsets

Subjects were randomly assigned to one of four different service encounter scenarios. Two of these scenarios, Fast Food Order and Text Book Availability, were classified as mildly dissatisfying and two (Missed Final Exam and Incorrect Advising) were classified as very dissatisfying(see Chapter 7 for manipulation checks).

ANOVA confirms that, for subjects in the study, scenario assignment had a significant impact on their rating of the service experience described ( $F=2.932$ ,  $p<.05$ ). Again, the ordering of the scenarios, on the basis of means, finds the Fast Food scenario perceived as least dissatisfying and the Final Exam scenario perceived as the most dissatisfying. However, an unavailable text book was perceived as slightly less dissatisfying than missing a final exam (see Table 8.19).

**Table 8.19**  
**Rating of Experience Means**  
**(7 point scale, 1 - very satisfying)**

Scenario	Mean Rating	Standard Deviation
Fast Food	5.367	1.686
Text Book	5.174	1.729
Final Exam	4.900	1.594
Advising	4.698	1.636

Independent sample T tests indicate that, of the four scenarios, only Fast Food and Advising ( $t=2.745$ ) result in significantly different ratings of the experience at the .05 level. The differences in ratings of Fast Food and Final Exam approach significance ( $f=1.908$ ,  $p<.06$ ) as do the ratings of Text Book and Advising ( $f=1.967$ ,  $p<.06$ ). Comparison of the means yielded no other significant results.

As a result of these tests, Advising emerges as the most severe outcome and Fast Food as the least dissatisfying experience. Given that severity of outcome often impacts individual's reactions in a given situation, as is the case of defensive externals (Rotter 1966) and the self serving bias (Levy 1993), the sample was divided into subgroups on the basis of assigned scenario and the regression analyses



were repeated. Only the resultant significant relationships, or those closely approximating significance, are reported here.

#### Fast Food

Interestingly, within the fast Food group, no significant relationships emerged between any locus of control measures and the dependent variables measuring service quality. In fact, none of the relationships even approached significance at the .05 level.

#### Text Book

Similarly analysis of the relationships within the Text Book subgroup did not result in the emergence of many significant relationships. The redefined chance dimension was found to be negatively related ( $r = -.222$ ,  $p < .05$ ) to Word of Mouth response ( $F = 4.692$ ,  $p < .05$ ) and positively related ( $r = .235$ ,  $p < .05$ ) to legal response ( $F = 5.628$ ,  $p < .05$ ). A positive ( $r = .185$ ,  $p < .07$ ) relationship between the redefined powerful others dimension and the use of legal representation was found to approach significance ( $F = 3.418$ ,  $p < .07$ ).

### Advising

The scenarios that subjects perceived as more severe in terms of outcomes tended to yield more significant relationships between locus of control measures and indicators of satisfaction, service quality and complaint intentions (see Table 8.20). Within the Advising subgroup the redefined internality dimension was found to be positively related to the empathy ( $r=.261$ ,  $p<.05$ ) and reliability ( $r=.228$ ,  $p<.05$ ) dimensions of the original SERVQUAL scale as well as to the redefined reliability dimension ( $r=.237$ ,  $p<.05$ ).

The redefined internal dimension was also found to be positively related ( $r=.218$ ,  $p<.05$ ) to assessment of service quality using the original SERVQUAL scale as well as the total assessment based on the three redefined dimensions ( $r=.220$ ,  $p<.05$ ). A positive relationship between the redefined powerful others dimension and use of a lawyer in response to a dissatisfying experience ( $r=.172$ ,  $p<.10$ ) approached significance.

**Table 8.20**  
**Regression Results**  
**Advising Scenario Data**

Dependent Variable	Redefined Internal Dimension		Redefined Powerful Others Dimension	
	F	Significance	F	Significance
SQ Empathy	6.872	.010		
SQ Reliability	5.131	.026		
SQ Total	4.672	.033		
New SQ Reliability	5.600	.020		
New SQ Total	4.771	.031		
Third Party Response			2.875	.093

#### Final Exam

Within the final exam subgroup a positive relationship emerged between the redefined powerful others dimension and both the original SERVQUAL reliability dimension ( $r=.226$ ,  $p<.05$ ) and the redefined reliability dimension ( $r=.226$ ,  $p<.05$ ). In addition, as Table 8.21 illustrates, a number of relationships were found that approached significance at the .05 level.

The redefined powerful others dimension emerged as positively related to the original SERVQUAL responsiveness

dimension ( $r=.189$ ,  $p<.08$ ). Negative relationships between the redefined internality dimension and the original SERVQUAL tangible dimension ( $r=-.201$ ,  $p<.06$ ) as well as the redefined tangible dimension ( $r=-.210$ ,  $r<.06$ ) approached significance at the .05 level. The positive relationship ( $r=.178$ ,  $p<.10$ ) between the redefined chance dimension and the use of a lawyer in response to a dissatisfying experience also approached significance at the .05 level.

**Table 8.21**  
**Regression Results**  
**Final Exam Scenario Data**

Dependent Variable	Redefined Internal Dimension		Redefined Chance Dimension		Redefined Powerful Others Dimension	
	F	Sig.	F	Sig.	F	Sig.
Third Party Response			2.858	.094		
SQ Reliability					4.575	.035
SQ Tangibility	3.718	.057				
SQ Responsiveness					3.249	.075
New SQ Reliability					4.728	.032
New SQ Tangibility	3.718	.057				

### **8.5 ANOVA Results**

Participants in this study were randomly assigned to groups based on the service scenario included in the data packet they were given. Analysis of Variance was used to ensure that the four groups were demographically similar and that they did not differ significantly with respect to the independent variables used in this study.

Subjects across the four groups did not differ significantly in terms of locus of control characteristics as measured by Rotter and Levenson's original scales or the revised I-P-C dimensions (see Table 8.22).

**Table 8.22**  
**ANOVA Results**  
**by group**

<b>Independent Variable</b>	<b>F</b>	<b>Sig.</b>
Rotter's I-E Scale	2.418	.066
Levenson's Internality Dimension	1.283	.280
Levenson's Powerful Others Dimension	0.440	.724
Levenson's Chance Dimension	1.123	.339
Redefined Internality Dimension	0.687	.560
Redefined Powerful Others Dimension	0.513	.673
Redefined Chance Dimension	1.328	.265

Analysis of Variance procedures were also used to test for differences across groups on the basis of a number of demographic characteristics (see Table 8.23). With the exception of the grade point average variable, no significant differences across groups emerged.

**Table 8.23**  
**ANOVA Results**  
**by Groups**

<b>Demographic Variable</b>	<b>F</b>	<b>Sig.</b>
Age	0.442	.723
Gender	1.831	.141
Degree Year	0.414	.743
<b>G.P.A.</b>	<b>3.064</b>	<b>.028</b>
Living Arrangements	1.071	.361
Employment Terms	1.592	.191
Tuition Responsibilities	1.471	.222
Residency Tenure in U.S.	0.688	.560

Differences in past experience and complaining behavior across groups was also investigated using ANOVA techniques (see Table 8.24). Again, no significant differences were found.

**Table 8.24**  
**ANOVA Results**  
**by Groups**

<b>Experience Variable</b>	<b>F</b>	<b>Sig.</b>
Dissatisfied in Past	2.163	.092
Complained in Past	0.958	.413
Complained by Mail	1.180	.317
Complained by Phone	1.440	.231
Hired Legal Representation	1.222	.302
Company Responded to Complaint	1.512	.211
Satisfaction with Response	0.663	.575

### **8.6 T Test Results**

Intention to complain was assessed as part of the additional questions included in the data collection packet. Following the assigned scenario respondents were asked to indicate whether or not they would complain to the offending firm. Using complaint intentions as a categorical variable (yes/no), t tests were used to test for differences in mean locus of control, as measured by Levenson's I-P-C Scale and Rotter's I-E Scale, between the two categories. No significant differences were found in locus of control tendencies between those individuals who intended to



complain and those who did not (see Table 8.25). Similar results were obtained when the data was analyzed by scenario grouping (see Table 8.26).

**Table 8.25**  
**T Test Results**  
**Full Sample**

<b>Locus of Control Measure</b>	<b>t</b>	<b>Sig.</b>
Rotter's I-E Scale	-0.067	.947
Levenson's Internality Dimension	-1.062	.290
Levenson's Powerful Others Dimension	0.869	.386
Levenson's Chance Dimension	1.297	.196
Redefined Internality Dimension	0.034	.973
Redefined Powerful Others Dimension	0.633	.528
Redefined Chance Dimension	1.543	.125

**Table 8.26**  
**T Test Results**  
**by scenario**

	Fast Food		Text Book		Advising		Final Exam	
Locus of Control Measure	t	Sig.	t	Sig.	t	Sig.	t	Sig.
Rotter's I-E Scale	0.180	.857	-1.360	.177	-0.555	.580	-1.182	.856
Levenson's Internality Dimension	-1.023	.309	-0.885	.379	-0.148	.882	1.062	.291
Levenson's Powerful Others Dimension	-1.718	.089	-1.031	.305	-0.328	.744	-1.223	.225
Levenson's Chance Dimension	0.099	.921	-1.568	.120	0.993	.323	-0.776	.440
Redefined Internality Dimension	-0.433	.66	-0.516	.607	-0.814	.402	-0.208	.835
Redefined Powerful Others Dimension	-1.261	.211	-1.411	.162	-0.805	.423	-1.036	.303
Redefined Chance Dimension	0.192	.848	-1.513	.134	-0.990	.325	-0.989	.325

### **8.7 Proposition Evaluation**

The strength of the relationships proposed in Chapter 6 were evaluated based on the regression results reported in Tables 8.12 through 8.21.

Proposition 1

An internal locus of control will be positively associated with perceived service quality in the event of a negative outcome.

Analysis based on both Levenson's original Internality dimension (see Table 8.14) and the revised internality dimension (see Table 8.17) found no significant relationship between internality and perceived service quality as measured by either the SERVQUAL scale or the revised service quality scale.

However, using Rotter's original I-E Scale as a measure of personal locus of control, some support for this proposition was found (see Table 8.18). Scores on Rotter's I-E Scale were found to be negatively related to measures of perceived service quality, meaning that as individuals exhibited more internal tendencies (a low I-E score) their evaluations of service quality, on some measures, improved.

A significant relationship was found to exist between internal tendencies and evaluations of service quality on the assurance dimension of the SERVQUAL scale. Positive relationships, approaching significance at the .05 level, were found between internal tendencies, using Rotter's

scale, and consumer evaluations of the responsiveness dimension of the SERVQUAL scale and the total SERVQUAL score, as well as the revised compassion and reliability measures.

Further support is found for this proposition when respondents are divided into groups on the basis of the scenario they received and the data is again analyzed. Within the 'advising' group, the scenario rated most severe, scores on the revised internality dimension were found to be positively related to scores on the original empathy dimension as well as both the original reliability dimension and the revised reliability dimension of the service quality scale at the .05 level (see Table 8.20). In addition, significant, positive relationships were found between the revised internality dimension and total service quality assessment using both the original SERVQUAL and the revised service quality measures. This is the exact relationship predicted in proposition 1.

Interestingly, within the 'final exam' group, a negative relationship was found between the revised internality dimension and scores on the original and revised tangible service quality dimensions (see Table 8.21). This

relationship approached significance at the .05 level and appears contrary in direction to proposition 1.

#### Proposition 2

**An internal locus of control will be positively associated with customer satisfaction ratings in the event of a negative service outcome.**

Analysis of satisfaction ratings, measured as general satisfaction and rating of experience, were not found to be significantly related to internal locus of control tendencies. This was true using both Levenson's original I-P-C Scale (see Table 8.14) and the revised internality measure (see Table 8.17), as well as Rotter's I-E Scale (see Table 8.18). Analysis of this relationship by scenario group also produced no significant results.

#### Proposition 3

**A powerful others orientation will be negatively associated with perceived service quality in the event of a negative service outcome.**

This proposition was not supported based on analysis of the full sample. As Tables 8.13 and 8.16 illustrate, no significant relationship was found to exist between whether Levenson's original Powerful Others dimension nor the revised powerful others dimension. In fact, the reverse

relationship was found to exist with respect to the reliability dimension of service quality evaluation. A significant positive relationship was found to exist between the original powerful others measure and ratings of the reliability component of the SERVQUAL scale. This relationship approached significance when the revised service quality factors were used to measure reliability ratings.

Similar relationships were found within the final exam scenario subgroup. The redefined powerful others dimension was found to be positively related to both the original SERVQUAL reliability dimension and the redefined reliability dimension. A positive relationship between the revised powerful others measure and the original SERVQUAL responsiveness dimension approached significance at the .05 level.

#### Proposition 4

**A powerful others orientation will be negatively associated with customer satisfaction ratings in the event of a negative service outcome.**

Using overall satisfaction and experience rating as a measure of customer satisfaction, this proposed relationship was not supported. This was the case using both Levenson's

original I-P-C Scale (see Table 8.13) and the revised scale (see Table 8.16). Similarly, no support resulted from analysis of the scenario subgroups.

Proposition 5

**A chance orientation will be negatively associated with perceived service quality in the event of a negative service outcome.**

The proposed relationship between a chance orientation and perceived service quality, as measured by the original SERVQUAL scale and the revised service quality scale, was not supported in this study. This was true when chance orientation was measured by Levenson's original scale (see Table 8.12) and the revised chance scale (see Table 8.15) and also when the data set was analyzed by scenario subgroup.

Proposition 6

**A chance orientation will be negatively associated with customer satisfaction ratings in the event of a negative service outcome.**

Again, this relationship was not found to be significant. As Tables 8.12 and 8.15 illustrate, neither chance orientation indicator was found to be significantly related

to overall satisfaction or experience ratings using data from either the full sample or the four subgroups.

Proposition 7

**An internal locus of control will be positively related to probability of complaint behavior.**

No support was found for this proposition. T tests revealed no significant differences in locus of control scores, reflecting internal tendencies, between respondents who were likely to complain and those who were not. This result was found using the full sample (see Table 8.25) and when the data was analyzed by scenario subgroup (see Table 8.26).

Proposition 7a

**An internal locus of control will be positively related to voice response activity.**

No support was found for this proposition. Data analysis using both Rotter's I-E Scale (see Table 8.18), Levenson's internality dimension (see Table 8.14) and the revised internality dimension (see table 8.17) yielded no significant results. Further analysis of the subgroups failed to reveal any significant relationships.



Proposition 7b

**An internal locus of control will be positively related to third party response activity.**

Again no support was found for this proposition. Data analysis using both Rotter's I-E Scale (see Table 8.18), Levenson's internality dimension (see Table 8.14) and the revised internality dimension (see table 8.17) yielded no significant results. Data analysis within the scenario subgroups also failed to reveal any significant relationships.

Proposition 7c

**An internal locus of control will be negatively related to negative word of mouth activity.**

Again, this proposition was not supported. Data analysis using both Rotter's I-E Scale (see Table 8.18), Levenson's internality dimension (see Table 8.14) and the revised internality dimension (see table 8.17) yielded no significant results. Similarly, analysis within the scenario subgroups failed to reveal any significant relationships.

### Proposition 8

**A powerful others orientation will be positively related to probability of complaint behavior.**

The proposed relationship between a powerful others orientation and complaint intentions was not supported by either analysis of the full data (see Table 8.25) or the subgroups (see Table 8.26).

### Proposition 8a

**A powerful others orientation will be positively related to voice response activity.**

Again, this proposition is not supported using either the full data set (see Tables 8.13 and 8.16) or the subgroups.

### Proposition 8b

**A powerful others orientation will be positively related to third party response activity.**

This proposition was supported. Analysis using the full data set revealed a positive relationship between third party response activity and a powerful others orientation as measured by Levenson's I-P-C scale (see Table 8.13). The relationship between the revised powerful others dimension and third party response activity was found to approach significance at the .05 level (see Table 8.16). Similar

results were found within the text book and advising data subgroups.

Proposition 8c

**A powerful others orientation will be negatively related to negative word of mouth activity.**

This proposition was not supported by either the full data set (see Tables 8.13 and 8.16) or the scenario subgroups.

Proposition 9

**A chance orientation will be negatively related to probability of complaint behavior.**

No support was found for this proposition. T tests revealed no significant differences in locus of control scores, reflecting a chance orientation, between respondents who were likely to complain and those who were not. This result was found using the full sample (see Table 8.25) and when the data was analyzed by scenario subgroup (see Table 8.26).

Proposition 9a

**A chance orientation will be negatively related to voice response activity.**

This proposition was not supported by analysis of the full sample (see Tables 8.12 and 8.15) or the scenario subgroups.

Proposition 9b

**A chance orientation will be negatively related to third party response activity.**

Again, this proposition was not supported. Data analysis actually suggests that the opposite relationship may exist. Using the full sample, a positive relationship was found between a chance orientation and third party response activity. This was true for both the original I-P-C chance dimension (see Table 8.12) and the revised chance dimension (see Table 8.15). Similar results were found within the text book and advising subgroups.

Proposition 9c

**A chance orientation will be positively related to negative word of mouth activity.**

Analysis of the full sample failed to support this proposition. In fact, analysis of the text book subgroup revealed the existence of an opposite relationship between the two variables. Within this group, individuals scoring high on the redefined chance dimension indicated an intention to engage in word of mouth behavior.

### 8.8 Ancillary Findings

A number of interesting relationships emerged that were not directly related to the propositions being investigated in this study. They are discussed in this section.

#### Age

No significant relationships were found between age and locus of control. This finding is contrary to results reported by Strickland (1977) which suggested that internality increased as a function of aging. Age was not found to be related to any previous complaint related activity.

#### Gender

Again, no relationships were found between gender and the locus of control measures. This is also true across previous complaint related activities.

#### Satisfaction vs. Rate Experience

Interestingly, significant differences were found between mean ratings of experience and general satisfaction. This was true for the entire sample as well as for the scenario based subgroups (see Table 8.27).

**Table 8.27**  
**T Test Results**

Data	t	Sig.	General Satisfaction Mean	Rate Experience Mean
Full Sample	-5.482	.000	4.6	5.0
Fast Food	-3.834	.000	4.8	5.4
Text Book	-2.908	.005	4.6	5.2
Advising	-2.009	.047	4.4	4.7
Final Exam	-2.361	.020	4.5	4.9

In addition, Analysis of Variance results indicate that experience ratings were impacted by scenario assignment ( $F=2.932$ ,  $p<.05$ ). However, this was not true for general satisfaction ratings ( $F=1.260$ ,  $p>.05$ ).

### 8.9 Chapter Summary

A total of 411 undergraduate university students took part in this study. Of the 411 survey packets that were distributed, 374 were usable for data analysis. Each respondent was randomly assigned to a group on the basis of the scenario included in the data collection packet. The scenarios ranged from a slightly negative service outcome (incorrect fast food order) to more severe (incorrect academic advising). No significant differences

were found between groups on any of the independent variables used in this study. The groups were also similar demographically with the exception of grade point average.

Rotter's I-E Scale and Levenson's I-P-C Scale served as independent variables in this study. Rotter's scale is a forced choice questionnaire that measures locus of control as a unidimensional construct. Levenson's scale, on the other hand, measures locus of control on the basis of three separate dimensions: internality, belief in powerful others and belief in chance. Factor analysis resulted in nine questions being dropped from the measure due to poor factor loadings. The resultant three factor solution closely mirrored those proposed by Levenson and thus the factor labels were maintained. Both the original and revised internality, powerful others and chance dimensions were used to measure independent variables in this study.

Perceived service quality served as the dependent variable. The SERVQUAL scale developed by Parasuraman, Zeithaml and Berry was used to measure perceived service quality in this study. The dimensionality of SERVQUAL has long been debated in the literature. The original scale is comprised of five separate dimensions: assurance, empathy, responsiveness,

reliability and tangibility. Factor analysis failed to find this five factor solution and instead resulted in a three factor solution being identified.

Three questions were dropped, two due to double factor loadings and one because it did not load on any factor. Two of the three dimensions were similar to those proposed by Parasuraman, Zeithaml and Berry and thus their original labels were retained: tangibility and reliability. The third factor appeared to be a combination of the original assurance, empathy and responsiveness dimensions and was thus labeled 'the compassionate' dimension. Again, both the original dimensions and the revised dimensions were used in this study, as were their respective service quality totals.

Results related to the propositions investigated in this study were mixed. Proposition 1 was partially supported in that internal tendency, as measured by Rotter's I-E Scale, was found to be significantly related to the assurance dimension of SERVQUAL. Relationships between internality, again using Rotter's scale, and the original dimension of responsiveness, the total of the original SERVQUAL scale and the revised compassion and reliability dimensions were found to approach significance at the .05 level.



Additional support for this proposition resulted from analysis conducted on groups of data subdivided by service scenario. In fact, within the advising group, scores on the revised internality dimension were found to be significantly related to the original and revised reliability dimensions, the original empathy dimension and both the original and revised total service quality evaluation.

Proposition 3 was not supported in this study. In fact, results suggest an opposite relationship between a powerful others orientation and perceived service quality. A significant, positive relationship was found between the original powerful others measure and the reliability component of the SERVQUAL scale. A similar relationship was also found within the final exam group with respect to both the original and revised reliability measures.

Proposition 8b was supported in this study. The original powerful others dimension was found to be significantly related to third party response activity. The relationship between third party response activity and the revised powerful others orientation approached significance at the .05 level. Similar results were found within the text book and advising data subgroups.

No support was found for proposition 9b. Once again an opposite relationship was suggested. A positive relationship was found between a chance orientation and third party response activity using both the original and revised chance dimension measures. Similar results were found within the text book and advising subgroups.

With respect to proposition 9c no support was found. However, within the text book subgroup an opposite relationship was suggested. Individuals scoring high on the redefined chance dimension indicated an intention to engage in negative word of mouth activities.

Propositions 2,4,5,6,7,7a,7b,7c,8,8a,8c,9,and 9a were not supported in this study. This was true when data from both the full sample and the four scenario based subgroups were used.

A number of other, interesting findings emerged from the data collected in this study. Contrary to the literature, locus of control was not found to vary as a function of age or gender. Also, the satisfaction with a service encounter and satisfaction with a service provider appear to differ as a function of time. General satisfaction may be a function

of service quality experience ratings over time.

Chapter nine reviews the study results and discusses possible explanations for the findings. Managerial and theoretical implications are discussed. In addition, limitations are identified and future research directions are suggested.

## CHAPTER IX

### Discussion and Conclusion

The purpose of this study was to explore possible relationships between personality characteristics and consumer perceptions and evaluations of service encounters. More specifically, this study was designed to investigate the relationship between personal locus of control and perceived service quality, customer satisfaction and consumer complaint intentions.

Interest in the locus of control construct is widespread throughout the academic community. Developed as an indicator of personal control over reinforcement (Rotter 1975), the locus of control construct has been linked to a number of personality traits including self esteem, dogmatism and the willingness to take social action (Igbaria and Parasuraman 1989, Joe 1971, Levenson 1975, Cox and Cooper 1989, Strickland 1977).

In addition, and more pertinent to this study, personal locus of control has been found to be related to satisfaction evaluations across a number of settings. Studies have shown locus of control to be related to ratings

of life satisfaction (Hickson, Housely and Boyle 1988, Hong and Giannalopoloulos 1994, Williams 1993), job satisfaction (Bein, Anderson and Maes 1990, Kasperson 1982, Kulcarni 1983, Lester 1987, Richford and Fortune 1984, Santangelo and Lester 1985) and even housing satisfaction (LeBrasseur, Blackford and Whissell 1988).

Unfortunately the majority of research dealing with the locus of control construct has originated within Psychology and other Social Science disciplines. Despite the popularity of the construct, which boasts a citation count of over 4700 (Rotter 1990), business disciplines, with the exception of the management area, have been slow to focus much research in its direction.

This lack of interest within the marketing discipline is particularly surprising given the recent activity in the literature promoting the effectiveness of a market oriented business philosophy (Kohli and Jaworski 1990, Jaworski and Kohli 1993, Narver and Slater 1990, Slater and Narver 1994), a philosophy which stresses the pivotal role consumers play in successful strategy development and business activity (Barksdale and Darden 1971). Successful implementation of this business philosophy thus requires a comprehensive

understanding of consumers and all of the variables that impact their decision making and evaluative processes. It would seem that personal locus of control would be one of those variables. This study was designed to begin the process of addressing this void in the literature.

### **9.1 Choice of Data Collection Instruments**

A number of locus of control scales exist in the literature, some domain specific and some general. The domain specific scales measure locus of control within a given environment. The primary interest in this study was how an individual's personal locus of control related to reactions to a service encounter rather than how individuals function within a specific environment. To this end Rotter's and Levenson's scales meet this mandate (Boone and DeBrander 1993, Strickland 1977).

Rotter's I-E Scale and Levenson's I-P-C Scale were both used to collect personal locus of control information in this study. Rotter's scale was used for two reasons. First, it is still the most widely used scale in the literature (Rotter 1990) and, second, this scale, used as a unidimensional rather than categorical measure, has proven consistent, reliable and valid in the past (Rotter 1975).

Levenson's I-P-C Scale, on the other hand, measures personal locus of control as a three dimensional construct where externality is broken down into a powerful others and a chance orientation. This scale was used in this study because it addresses a number of the criticisms that have been levied against the original I-E scale (Levenson 1983) and due to the behavioral implications of this perspective of externality.

As Levenson (1983) suggests, those who have a powerful others orientation and those who believe in fate, luck and chance are likely to have much different reactions in the event of a negative service outcomes. With respect to some of the relationships proposed in this study this was indeed the case.

Again, with respect to the measurement of service quality, a number of measurement tools exist in the literature, some commercial (Fornell 1992), others academic (Gronroos 1988b). Of these scales the SERVQUAL scale, developed by Parasuraman, Zeithaml and Berry (1988), has proven to one of the more popular service quality measurement tools with both academicians and practitioners alike.

The SERVQUAL scale was used to measure perceived service quality in this study. However, the performance only version of this scale was used due to the criticisms and questions in the literature surrounding the use of difference scores (Teas 1994).

## **9.2 Dimensionality of the Measurement Scales**

Prior to analyzing the proposed relationships, the data collection instruments used to collect locus of control and service quality data were factor analyzed. The dimensionality of measurement scales is a common subject of debate within the academic literature. In this respect, Levenson's I-P-C Scale and the SERVQUAL instrument are no exceptions.

### **Levenson's I-P-C Scale**

As was discussed previously, Levenson's I-P-C Scale measures personal locus of control as a three dimensional construct: internality, powerful others and chance. The initial factor analysis results suggested a six factor solution. Two factors were comprised of 'internal' questions, one factor was made up of 'chance' questions and the final three consisted of primarily 'powerful others' questions. Examination of the six factor solution did not result in any



theoretically meaningful explanation. Instead it appeared that the factors were a function of question wording and scoring rather than indicative of any underlying dimension.

As a result, a three factor solution was specified which resulted in dimensions very similar to those originally identified by Levenson. Question 16, which dealt with "being in the right place at the right time" loaded on the powerful others dimension rather than the chance dimension as originally specified. This is arguable since "being in the right place at the right time" may be perceived as being around the people you need to be around rather than getting something as a function of luck.

However, nine questions were dropped from the three factor solution due to low factor loadings. This resulted in the internal dimension consisting of only two questions. For the purposes of data analysis, both the original and redefined dimensions of the I-P-C Scale were used with surprisingly similar results.

#### Parasuraman, Zeithaml and Berry's SERVQUAL Scale

The dimensionality of the SERVQUAL Scale has been questioned by a number of researchers. Babakus and Boller (1992)

suggest that the service quality construct may be, in fact, unidimensional, Mels, Boshoff and Nel (1997) see it as a two dimensional construct, while research by Boyt (1994) suggests that a three factor solution, consisting of tangibility, reliability and trust, may be most appropriate.

A three factor solution also resulted from factor analysis in this study. Again, theoretically similar dimensions to Boyt were found: tangibility, reliability and compassion (which can be likened to Boyt's trust dimension).

Compared to the original five factor solution identified by Parasuraman, Zeithaml and Berry, the three factor solution found in this study leaves the tangibility and reliability dimensions relatively intact while combining the original assurance, empathy and responsiveness dimensions into one. This combination makes intuitive sense given that the empathy, assurance and responsiveness questions all appear to have an emotional component. In fact, these three dimensions appear similar to the two dimensional solution, intrinsic and extrinsic service quality, identified by Mels, Boshoff and Nel (1997).

Compared to the original dimensions one question was dropped due to low factor loadings and two questions loaded on unexpected factors. Question 10, originally classified as an empathetic indicator loaded on the redefined reliability dimension. This question dealt with convenience of operating ours and can be argued to reflect reliability rather than empathy. Question 7, originally defined as a reliability question loaded on the redefined emotional or compassionate dimension. This question dealt with the 'sincere' interest of the service provider in solving customer problems and is, arguably more emotional than reliability based.

As with Levenson's scale, both the original and the redefined dimensions of SERVQUAL were used for analysis purposes. Although the redefined three factor solution better represented the data, the original five dimensional scale was also used to investigate any relationship differences between the components of the 'compassionate' dimension. Again, the findings were relatively similar between the original and revised scales, particularly for the tangible and reliable dimensions. Understandably differences existed between the newly defined compassion

dimension and the original responsiveness, assurance and empathy dimensions.

### **9.3 Locus of Control and Demographic Characteristics**

The literature has suggested that a number of demographic variables are related to personal locus of control. These relationships were investigated in this study, however, the findings did not always support previous research.

#### **Age**

Contrary to the literature, personal locus of control was not found to vary as a function of age. This was a bit surprising given that a number of studies have found that, as individuals age they tend to adopt a more internal locus of control (see Strickland 1977).

If a relationship does in fact exist between age and locus of control, it is a relationship that needs to be well understood by service providers. The inseparable nature of services requires that both the service provider and the service customer share a common perspective in terms of responsibility and control within the service encounter. Differences in perspectives are likely to manifest in terms of differences in expectations and, possibly differences in

attributions of responsibility, which, in turn, may lead to dissatisfaction on the part of the service customer and/or frustration on the part of the service provider.

### Gender

Based on results from this study, locus of control was not found to differ on the basis of gender. Again this appears contrary to the existing literature, which, in some cases has found that males tend to exhibit more internal tendencies than females. However, Geurin and Kohut (1989), found that while this difference existed among the managers in their study, this difference was not evident among the student participants. This difference may be a generational difference evolving from a change in the definition of the female role in society.

### School Characteristics

Similar to age, year in degree program was not found to be significantly related to personal locus of control. This is not surprising given that the two variables are, in most cases, directly related.

However, individual grade point average was found to be significantly related to certain dimensions of personal

locus of control. Results from this study suggest that individuals with lower grade point averages tend to be more externally oriented using Rotter's scale or more Chance oriented using Levenson's scale. This result is not surprising given that one would expect those who do well to perceive themselves as more responsible for and in control of that outcome and those who do not do well to work to reduce the perception of personal control and responsibility. This relationship is recognized in the literature (McCauley and Shaffer 1993, Mizerski 1982) and is referred to as the self-serving bias (Levy 1993).

#### Personal Responsibility

Whether respondents lived on or off campus was not found to be related to their personal locus of control scores. This is a bit surprising as one might expect those who live off campus to exhibit more internal tendencies. This relationship may have been masked due to the fact that those indicating that they lived off campus were not asked whether they lived on their own or with their parents.

Similar to living arrangements, job responsibilities were not found to be related to personal locus of control. However, tuition responsibility and locus of control were

found to be related. Individuals who were responsible for some or all of their tuition tended to exhibit lower mean scores on the chance and powerful others dimensions of the locus of control scale. This relationship is logical given individuals who perceive life outcomes as a function of their own actions are more likely to take charge of their own responsibilities.

#### **9.4 Locus of Control, Service Quality and Satisfaction**

Research has shown that personal locus of control is related to evaluations of satisfaction across a variety of settings including life satisfaction (Hickson, Housely and Boyle 1988), job satisfaction (Bein, Anderson and Maes 1990, Kasperson 1982, Kulcarni 1983, Lester 1987, Richford and Fortune 1984, Santangelo and Lester 1985) and housing satisfaction LeBrasseur, Blackford and Whissell 1988). Based on this research a number of propositions were advanced linking personal locus of control to perceived service quality and satisfaction ratings following a negative service encounter.

Once again, for purposes of clarity, it is important to draw a distinction between the constructs of locus of control and locus of causality. While the two may be orthogonal under

certain conditions, it is inappropriate to equate them (Wong and Sproule 1983) and doing so may actually result in false assumptions. According to Wong and Sproule (1988), locus of control refers to the perception of mastery over various causal factors, while locus of causality refers to the causal source, and involves post hoc attributions of responsibility. They emphasize the fact that cause is not equivalent to outcome with respect to the issue of controllability.

From a consumer behavior perspective, a service employee may be the source of the provision of poor service, however the service recipient may still perceive themselves as in control of the outcome of their behavior, or as playing a role in the outcome, and thus their perceptions of service quality and satisfaction may be more positive than if they believe the situation to be beyond their control. For example, "I chose this bank but next time I can choose to deal with another that will give me better service as opposed to" as opposed to "no matter which bank you deal with the service is always the same... bad".

Propositions one through six suggested that, following a negative service encounter, internally oriented individuals



would rate the service quality and satisfaction with the service provider more positively than individuals who were either chance or powerful others oriented. Partial support was found for these propositions.

### Service Quality

Internality, as measured by Rotter's I-E Scale was found to be positively related to ratings of assurance on the original version of the SERVQUAL scale at a significance level of .05. Similar relationships were found to exist between internality and the original responsibility dimension and total SERVQUAL rating as well as the redefined compassionate and reliability dimensions. While these relationships did not quite reach significance at the .05 level, the direction of the relationship was indeed in the proposed direction.

In addition, within the most severe scenario data, individuals exhibiting internal tendencies on the Rotter scale were found to rate service quality more highly using both the original and revised service quality totals. A similar relationship was also observed between internal locus of control and rating on the original empathy and reliability dimensions as well as the redefined reliability

dimension. Interestingly, within the final exam scenario data, a scenario rated as a bit less severe than the advising experience, a negative relationship approaching significance, was found to exist between internality and ratings on both the original and redefined tangible dimensions.

From these results it seems that individuals with internal tendencies do tend to perceive a negative service outcome more positively than do individuals scoring low on this measure. This effect appears to be enhanced as the severity of the negative outcome increases. However, another possible explanation, at least within the advising scenario, is that the perception of control in this scenario may be higher than in the others.

In the case of advising, in addition to having access to academic advisors, students also have the ability to read the regulations and 'assess' themselves. The results then may be explained, at least in part, by the consumer wanting to 'save face'. One may downplay the negativity of the outcome they perceive themselves as having control over.

Thus it appears that individuals who perceive themselves as in control of their own reinforcement tend to rate the outcome of a negative experience more positively than would otherwise be expected. The exception to this relationship was found to exist regarding ratings of the tangible dimension of service quality within the final exam data. In this case it may be the scenario itself that is responsible for the finding in that it deals with information distributed in a tangible format. Internally oriented individuals may be acting as "defensive externals" (Rotter 1966) to which some blame may be attributed to faulty or disorganized materials.

The relationships between scores on Rotter's scale and service quality evaluations can be used to support the proposed relationships between perceived service quality and externality as well. However, when externality was treated as two separate dimensions, a belief in powerful others and a belief in chance, the results were not as dramatic. In fact, the only significant relationship that emerged found that individuals scoring high on

the powerful others scale tended to rate the reliability dimension of service quality more positively. This relationship also emerged when the final exam scenario data was analyzed.

One possible explanation is that a belief in powerful others does not necessarily translate into the perception of instability and an unreliable service provider. Instead the customer may perceive the service provider as very reliable and consistent. However, based on their perspective, they perceive themselves as unable to influence the outcome of interactions involving themselves and the service provider who, in some cases, may be seen as the 'powerful other'. Unfortunately no relationships were found to exist between evaluations of service quality, or any dimension contained within the service quality assessment, and the chance orientation.

Results of this study indicate that a belief in chance, luck or fate does not influence an individual's assessment of service quality in the event of a negative service outcome. Perceived stability may again play a role here. The instability associated with this belief may moderate the consumer's assessment of the service outcome in that the

rating is based not only on one experience in particular but the belief that the next experience may be different.

Taken at face value, the results of this study suggest that locus of control does have an impact on perceptions of service quality as assessed by both the original and revised service quality scales. Using Rotter's unidimensional scale, the relationships advanced in propositions one, three and five are partially supported. It may be that a forced choice instrument, like Rotter's, results in a more accurate assessment of personal locus of control than a broader measurement tool like Levenson's. Rotter's scale forces respondents to choose an internal or an external response resulting in a 'crisper' depiction of tendencies, Levenson's scale, on the other hand, may allow consumers to choose a 'middle of the road' position when answering the questions that compose the scale.

#### Satisfaction Results

Unfortunately no significant relationships were found to exist between personal locus of control and consumer satisfaction with the service experience or the service provider. This was true for all measures of personal locus of control. Of interest, however, were the differences

noted between evaluations of satisfaction with the service provider (general satisfaction) and satisfaction with the service experience (rate experience).

Results indicate that respondents consistently rated satisfaction with the service provider higher than with the service experience itself. In addition, severity of outcome was found to have a significant impact on ratings of the service experience and service quality assessments, but not on ratings of satisfaction with the service provider.

These findings appear to suggest that satisfaction with the service provider may be based on the accumulation of a number of service experience assessments. This is contrary to the view proposed in the literature that sees satisfaction as an antecedent to service quality (Bitner 1990, Bolton and Drew 1991 a,b, Parasuraman, Zeithaml and Berry 1988, 1994, Oliver 1981). However, it supports the position of other researchers (Fornell, Johnson, Anderson, Cha and Byant 1996, Cronin and Taylor 1994, 1992, Oliva, Oliver and McMillan 1992) who argue that service quality leads to satisfaction which, in turn, may be a good indicator of behavioral intentions.

This finding emphasizes the need for effective and efficient service recovery. If service quality is indeed an antecedent to satisfaction then the lag between the two is the company's opportunity to ensure that the effect is positive. Consumers whose problems have been solved may not alter their existing satisfaction stance or, in some cases, their perception of the service provider may actually improve.

#### 9.5 Locus of Control and Consumer Response

Research suggests that individuals possessing an internal locus of control are more likely to take dramatic social action in an attempt to alter situations they perceive as aversive or uncomfortable (Cox and Cooper 1989, Strickland 1977). Externally oriented individuals, on the other hand, are more likely to react to negative situations with frustration and counterproductive behavior (Storms and Spector 1987). In fact, research indicates that personality characteristics like personal locus of control are not only related to the likelihood that individuals will take action when faced with a dissatisfying experience, but also the direction that action is likely to take (Blodgett, Granbois and Walters 1993).

Propositions seven through nine were developed to reflect research findings reported in the literature linking personal locus of control to behavioral intentions. Unfortunately, the relationships between personal locus of control and complaint behavior advanced in this study received only sparse support.

Analysis of the full sample revealed no significant relationship between personal locus of control and the probability of complaint behavior in general. However, a positive relationship was observed between the two external orientations, powerful others and chance, and the propensity to engage in third party response behavior. This relationship was consistent using both the original and the redefined P-C dimensions. Similar results were found in the data subgroups, however, consistency across measures was absent.

Again these findings are intuitively appealing. First, it is reasonable to assume that individuals who believe they are unable to control outcomes of their behavior will not engage in any direct activity to try and rectify an aversive situation. In addition, given the belief in powerful others or a world based on chance, it is not unreasonable that



individuals would seek professional assistance in order to reach a level playing field with these powerful others or increase the likelihood that the revised outcome might be in their favor. Again the issues of stability and controllability (Weiner 1985, Weiner, Frieze, Kukla, Reed, Rest and Rosenbaum 1972) may also play a role.

Despite research to the contrary (see Chapter 5), the results of this study do not support the existence of a relationship between personal locus of control and the alternative modes of consumer complaint behavior. The only exception is the relationship that was found to exist between externality and third party response behavior.

#### **9.6 Managerial Implications**

Although the results of this study are mixed, they do have some important implications for managers within the service arena. Previous research suggests that in the event of a negative service outcome individuals tend to make external attributions of responsibility (McAuley and Shaffer 1993, Mizerski 1982). This is true even for individuals with internal locus of control tendencies. However, results of this study suggest that individuals with internal locus of control tendencies tend to rate service quality, following a

negative service outcome, more positively than individuals with external tendencies.

From a managerial perspective then it appears that two service provider responses to negative service outcomes are required. First, the service provider must be prepared to accept responsibility for the problem, even if the majority of fault lies with the consumer. This consistency in perspective with respect to who is at fault is likely to lessen the negativity experienced by both parties. It is important to note that the research suggest that internally oriented individuals are likely to respond in an external fashion (defensive externality) in the event of a negative outcome.

Second, in light of the fact that internally oriented individuals view negative service outcomes in a more positive light than do their external counterparts, fostering this internal perspective takes on increased importance. Managers within service organizations must work toward creating the perception of control on the part of the consumer. This can be accomplished through the development and maintenance of customer - firm communication lines that are easily accessed and used and by ensuring that the

customer know that their views are important and their concerns will be dealt with.

This will require firms to educate both their employees as well as their customers. Employees must be taught how to deal with dissatisfied consumers in a manner that solves the problem before it has a chance to impact overall assessments of satisfaction with the service provider. Consumers, on the other hand, must be taught to respond to dissatisfying service encounters by addressing the offending firm directly rather than engaging in less productive behaviors such as negative word of mouth and third party response activity. Again simple and easy to use is key. Asking a disgruntled customer to expend extra effort to find a solution to their problem is likely to only exacerbate the situation.

Understanding what the consumer wants is equally important. Research suggests that "recovered" consumers may in fact become more profitable than those who were satisfied in the first instance (Goodwin and Ross 1990). Service firms must be in a position to take full advantage of the window of opportunity that exists between assessment of a service encounter and the reevaluation of satisfaction with the service provider.

Research shows that consumers prefer tangible outcomes (Goodwin and Ross 1990). If a tangible outcome is not appropriate then consumers prefer explanations that diminish the perceived negative outcomes of the service failure. However, simple explanations of the service failure are typically not as effective as instances where some form of restitution is offered to the customer (Hill and Baer 1994).

### **9.7 Theoretical Implications**

From a theoretical perspective, the results of this study are important for two reasons. First, this study addresses the void in the marketing literature relating the personal locus of control construct to the various facets of consumer behavior, including assessments of service quality and satisfaction as well as behavioral intentions and consumer complaint activity. Secondly, it adds to the current body of literature in which the dimensionality of the SERVQUAL scale is questioned and debated.

With respect to the locus of control construct, it is evident that a relationship does exist between personal locus of control and reaction to a negative service encounter. While this relationship manifested itself most distinctly with respect to evaluations of service quality,

existing literature suggests that the construct may also be related to consumer complaint behaviors.

This is definitely an area which requires more intensive investigation. Research methodologies that use service consumers in actual service settings may obtain stronger results. The scenarios used in this study may not have been 'engaging' enough to cause the reader to react with the same vehemence that may have been observed had the experience been real.

Another issue that deserves further investigation centers around the scenarios themselves. Results of this study show stronger relationships between the constructs being investigated for scenarios which are not only more negatively evaluated but are also comprised of a higher degree of service. Within the text book and fast food scenarios the 'product' component of the transaction is apparent, whereas with the advising and final exam scenarios there appears to be a much higher degree of intangibility of the offering.

These latter scenarios also exhibit more customer/service provider interaction and are less able to be stored and are thus more representative of the characteristics which

distinguish service consumption from traditional product consumption. The results of this study may have been component.

With respect to the SERVQUAL scale itself, results from this study call into question the dimensionality of the original scale. The dimensionality of the SERVQUAL scale has been debated in the literature with some researchers suggesting a unidimensional scale (Babakus and Boller 1992), others a two dimensional scale (Mels, Boshoff and Nel 1997) and still others trying without success to replicate the five factor solution reported by Parasuraman, Zeithaml and Berry (Mels, Boshoff and Nel 1997, Boyt 1995).

More work is needed regarding the dimensionality of the scale as well as with respect to the use of a performance only versus expectations based scale. Both of these issues have theoretical as well as managerial implications.

Academically it is apparent that the issues raised in the literature (see Chapter 3, section 3.6) must be addressed if the scale is to perform properly. From a managerial perspective, the a valid and reliable measurement tool is imperative if the results are to be used to enhance service delivery and improve service recovery.

## **9.8 Study Limitations**

There are a number of issues which limit the generalizability of the results of this study. First, the sample consisted of undergraduate university students. Not a representative sample of the population of service consumers. Although an argument can be made that the services portrayed in the scenarios were ones frequently patronized by students, this sample is still not representative of their entire consumer base. This is more true of the Fast Food and Book Store scenarios than for the Final Exam and Advising scenarios, however, one must also keep in mind that the university user group also consists of graduate students, faculty and mature students, three groups not represented by the sample used in this study.

A second limitation to this study is the use of scenarios rather than actual service settings. Although there are ethical questions surrounding the manipulation of negative service outcomes that may cause an individual undue stress, the use of scenarios may not be engaging enough to simulate actual consumer response to a dissatisfying experience. For example, news that a student will not graduate is likely to elicit a much stronger response than a scenario which describes such a situation. In addition, there always

exists the possibility, and probability, of a discrepancy between stated behavioral intentions and actual behavioral response.

Again, pertaining to the use of scenarios, a further limitation to this study may have been the 'purity' of the service component within each of the scenarios. The findings of this study suggest that a greater degree of service within the scenario may enhance the relationships between personal locus of control, service quality, satisfaction and complaint behaviours.

#### **9.9 Suggestions For Future Research**

This study raises a number of interesting relationships and issues deserving of further investigation. First, with respect to locus of control measurement, further investigation of the dimensionality of the construct of locus of control is needed. While Rotter and Levenson's scales are highly correlated, measurement across the two scales did not evidence consistent results in terms of relationships between locus of control, service quality, satisfaction and complaining behavior.



In addition, it would be interesting to investigate the usefulness of a domain specific locus of control scale for the service industry or the consumer behavior domain, much like the work locus of control scale found in the management literature. Perhaps the relationships proposed in this study would be more strongly supported using locus of control scores based on an instrument designed specifically for the service environment.

Further investigation of the relationship between demographic characteristics and personal locus of control is also called for. While no relationship was found to exist between age and personal locus of control in this study, it may be the result of age distribution within the sample. A sample with a broader age range would be more appropriate to the investigation of the age-locus of control relationship.

The relationship between gender and locus of control is also interesting. Again results from this study did not suggest a relationship. Interestingly, other research has found this relationship to exist, but only in an adult sample not within a student sample. Again, a more representative sample, covering a broader age range is needed to investigate this relationship.

Cultural differences in locus of control also represents an interesting opportunity for research in relation to the service industry. Given the increasingly global nature of the business environment a better understanding of cultural differences and their impact on perception of consumer related situations is important. Again, an attempt should be made to include cultural subgroups within the sample. However, one must be aware that using respondents from different cultures who are now residing in a host country may not exhibit the personality characteristics typical of their original culture. Instead they may exhibit a blend of their original cultural roots and those of the host country.

Finally, dealing with demographic characteristics, it would be interesting to investigate the relationship between personal locus of control and college degree and major chosen. Data from this study was inconclusive and not representative of the full range of choices available to college students. However, a cursory inspection of the data suggests that business students may be more internal than their arts counterparts. This relationship has interesting implications in terms of teaching styles and learning styles as well as student recruitment and job placement. Work with Myers-Briggs Personality Type Indicator is used in these

capacities, assessing students for appropriate job opportunities, ability to work in groups and so on.

The results of this study suggest that relationships do exist between personal locus of control, service quality and satisfaction evaluations, as well as consumer response to negative outcomes. These relationships deserve further research attention given their implications for the service provider.

In addition the relationship between service quality and satisfaction needs further investigation with specific attention to the time gap between the two constructs. This gap represents a valuable window of opportunity for service recovery, thus every effort must be made to fully understand how the service quality satisfaction relationship works and to define the time lag and other factors which impact the two evaluations.

Finally, the issue of dimensionality of the SERVQUAL scale must be addressed. The debate continues in the literature but no resolution is reached. The results of this study, like Boyt (1995) suggest that service quality consists of three separate dimension rather than five. However, further

research in this area is needed to identify and define the service quality dimensions.

#### **9.10 Chapter Summary**

The purpose of this study was to investigate the relationship between personal locus of control, perceived service quality, evaluations of satisfaction and consumer responses to dissatisfying service experiences. The results of the study were mixed, however, a relationship was observed to exist between locus of control and evaluations of service quality. Internally oriented individuals were found to evaluate negative service encounters more favorably than their externally oriented counterparts. These relationships have profound implications in terms of the development of firm customer communication systems and the handling of consumer complaints.

Support for the relationship between locus of control and consumer complaint behavior was much less convincing. The only consumer response activity found to be related to personal locus of control was third party response activity. Externally oriented individuals, both those believing in fate, luck or chance and those who believed in the existence of powerful others, were found to be more likely to seek

assistance from legal professionals to address service providers who had failed to meet their needs. Again, further research is needed in this area, first to gain a better understanding of the relationship between personality and consumer complaint intentions and, second, to develop an understanding of how firms can impact these behavioral intentions such that consumers address the firm directly rather than engage in counterproductive behaviors like negative word of mouth.

The results of this study did, however, indicate an antecedent relationship between satisfaction with a service experience and satisfaction with the service provider in general. This is an area of debate in the literature and requires further study. The time lag between these two evaluations represents the window of opportunity for service recovery and, from a managerial perspective, needs to be understood and exploited.

Finally, the dimensionality of the SERVQUAL scale remains an issue. Results of this study suggest a three factor solution as more appropriate than the original five factor solution. This is similar to the findings of Boyt (1995). However, the debate continues in the literature and a great

deal more research is required to fine tune this scale such that it is beneficial to practitioners and academicians alike.

According to Fisk, Brown and Bitner (1993) services as an area may be walking erect but it still stoops every once in awhile. Nowhere does this appear more telling than with respect to personal differences and their impact on consumer behavior. The marketing discipline needs to borrow from their Social Science sisters, as the management area does, and further their understanding of individual differences. The relationship between locus of control and consumer evaluation of and response to service encounters is an intuitively appealing one and one that deserves much more attention in the literature than it has received at this point.

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## **NOTE TO USERS**

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## **Appendices A-C**

**UMI**



C) If YES did the company respond to your complaint?

\_\_\_\_\_ YES \_\_\_\_\_ NO

D) How would you classify the response you received?

\_\_\_\_\_ SATISFACTORY RESPONSE

\_\_\_\_\_ UNSATISFACTORY RESPONSE

9. Have you ever been unable to purchase a text book needed for a class until after the semester started?

\_\_\_\_\_ YES \_\_\_\_\_ NO

10. What is your age? \_\_\_\_\_

11. What is your gender? \_\_\_\_\_ Female \_\_\_\_\_ Male

12. Are you a \_\_\_\_\_ Junior  
\_\_\_\_\_ Senior  
\_\_\_\_\_ Sophomore  
\_\_\_\_\_ Freshman

13. What is your approximate cumulative GPA?

\_\_\_\_\_ 3.5 - 4.0 \_\_\_\_\_ 3.0 - 3.4 \_\_\_\_\_ 2.5 - 2.9  
\_\_\_\_\_ 2.0 - 2.4 \_\_\_\_\_ 1.0 - 1.9 \_\_\_\_\_ under 1.0

14. Do you live \_\_\_\_\_ on campus or \_\_\_\_\_ off campus?

15. Do you \_\_\_\_\_ work full time, \_\_\_\_\_ part time or  
\_\_\_\_\_ not at all?

16. How much of your tuition are you responsible for?

\_\_\_\_\_ some \_\_\_\_\_ all \_\_\_\_\_ none

17. How long have you lived in the United States? \_\_\_\_\_

## APPENDIX E

### SCENARIOS

#### Advising Scenario

You have been a student at the University of Oklahoma for the past four years. Each semester you obtain a copy of the O.U. student handbook, which provides you with a description of degree requirements, and go through the undergraduate advising process in the college of business. This is final exam week of your last semester. You have just finished writing your last exam and you are pretty confident that you have done well. You stop and talk with some of your friends in the hall and make plans to go out and celebrate your upcoming graduation, your new job and the fact that you never have to take another exam again. You arrive home and find a letter from the Undergraduate Programs Office in your mail box. The letter informs you that you are three hours short in your major and are thus not eligible to graduate this semester. The letter states that you will have to enroll in intersession or the following semester to complete your degree and will be unable to participate in graduation exercises until all degree requirements have been met.

#### Library Scenario

This semester you enrolled in a course focused on the development of oral and written presentation skills. One of the major requirements of this course is a major term paper worth 50% of your final grade. It is nearly midnight and you are almost finished typing the reference section for this paper. Out of curiosity you count the number of references and discover that so far you have typed over 80 citations and still have a stack of about 15 or 20 books and articles left to go. You decide to go to bed and finish in the morning. You pile all of your library materials on the table with the exception of the ones you still need. The next morning you finish your paper pack your bag and go to school. Later you drive to the library's book deposit slot and throw the books in. Two weeks later you receive an overdue notice for one of the books you had checked out of the library. You check your apartment and the library shelves but cannot locate the book. The University is going to fine you \$500.00, the cost to replace the book, and will

withhold your grades until the fine is paid or the book is located.

### Computer Lab Scenario

It is 9:05am. And you are in the campus computer lab putting the final touches on a major term paper that is due in a class that starts at 9:20am. Since this project is worth 50% of your final grade you have spent a considerable amount of time researching the topic and developing the paper. You type the final period on the end of your last citation and eject your disk from the computer. You take the disk to the student assistant and ask that the document be printed on the laser printer. As soon as the printer stops you grab your paper, even the edges and staple the corner. You then run to class and breathlessly pass your paper into the instructor. One week later you receive your paper is returned with a failing grade due primarily to formatting errors such as incorrect page breaks and a number of missing exhibits.

### Text Book Scenario

The first week of classes is always a hectic one with class time changes, room changes and cancellations and you are having a difficult time coming up with a suitable class schedule. By the middle of the second week of classes you have finally made your class choices and go to the bookstore to purchase your text books. One course in particular has a lot of reading assigned during the first three weeks and a major exam at the end of the fourth week. The rest of the class then focuses on a major class project. When you arrive at the bookstore you are told that they just sold the last text they had on hand for this course and it will likely take 2 to 3 weeks for the new shipment to arrive. Since it is a different text than has been used in the past there is no possibility of purchasing a used book from a former student.

### Final Exam Conflict

As the end of the semester draws to a close you check out the tentative examination schedule that the University has posted in the student activity center and published in the student newspaper. The heading on the schedule asks that you check for conflicts or over scheduling problems and

notify the scheduling office of a problem as quickly as possible so that the final schedule can be released in 2 weeks time. You write down the time and date of each of your finals and breathe a sigh of relief when you find no conflicts or over scheduling problems. About 2 weeks later the final exam schedule arrives in your mail. Six weeks later you begin to write your final exams. On Tuesday night you arrive to write your last exam of the semester and find out that that exam had been written Monday afternoon. Since the exam is worth 30% of your final grade you are likely to fail the course.

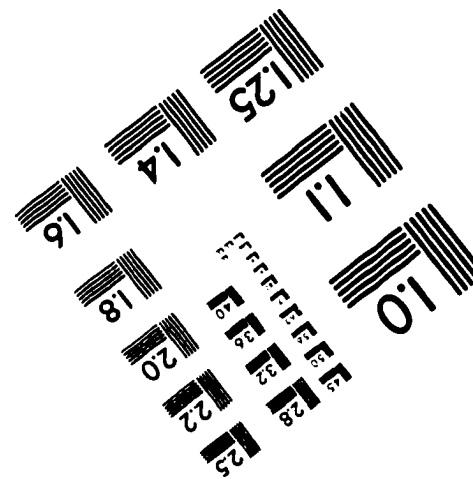
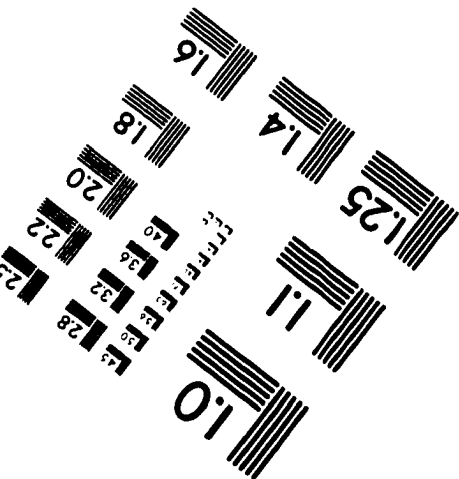
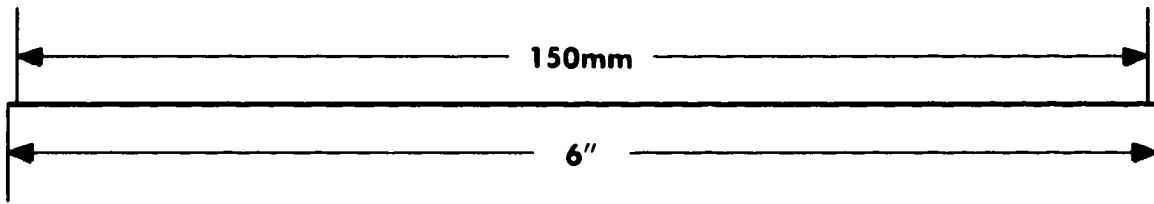
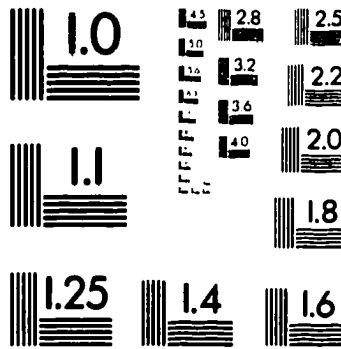
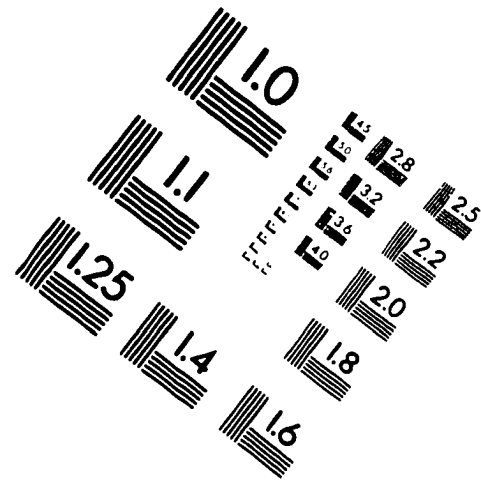
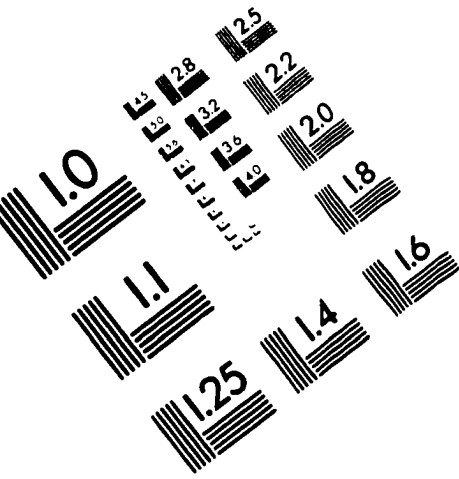
### Laundromat Scenario

It is Saturday morning and you have not done any laundry in a month. Since you are running low on clothes, especially your work uniforms, and the weather is bad, you decide to go to the Laundromat. When you get there you discover that it is quite busy, but luckily there are three machines available close to the front. You fill each of the machines, start them and sit down. You notice that the Laundromat has a number of disclaimers posted regarding lost or damaged property as well as rules of conduct and instructions for machine usage. A few minutes later you decide to go to the back of the Laundromat and play some video games. After about an hour you return to the front to put your clothes in the dryers. When you open the machines you discover that your clothes have been stolen and realize that you are due at work in less than two hours.

### Fast Food Scenario

You are in a hurry and are running late for work.. You realize that by the time you shower and change you will not have time to make yourself something to eat for lunch. Since you drive past a Sonic on the way to work you decide to call in your lunch order and pick it up on the way. You call and order a large cherry limeade, large fries and a cheeseburger with mayonnaise, no pickles. You pull in, pick up your order and pay the server. The total is slightly more than you expected. By the time you arrive at work you are starving and have about fifteen minutes before you are scheduled to begin work. You sit down in the employee break room, open the sack and discover a large milk, a coney with onions, and an order of tater tots and an ice cream sundae. You find this very unappealing given that you are allergic to dairy products.

# IMAGE EVALUATION TEST TARGET (QA-3)



APPLIED IMAGE, Inc.  
1653 East Main Street  
Rochester, NY 14609 USA  
Phone: 716/482-0300  
Fax: 716/288-5989

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