SALES ORGANIZATION RECOVERY MANAGEMENT AND RELATIONSHIP SELLING: A CONCEPTUAL MODEL AND EMPIRICAL TEST

Gabriel R. Gonzalez, K. Douglas Hoffman, Thomas N. Ingram, and Raymond W. LaForge

This paper presents and tests a model of recovery management practices in business-to-business (B2B) sales organizations. The linkages between organic and mechanistic approaches are integrated to provide a more comprehensive conceptualization of sales organization recovery management relationships than currently exists in the literature. Responses from 177 B2B sales managers indicate that maintaining a positive service recovery culture, analyzing service failures, implementing recovery strategies, and monitoring, evaluating, and seeking feedback about recovery efforts are linked with important customer and financial outcomes. Results indicate the importance of proactive integration of service recovery concepts and behaviors into relationship selling efforts.

Many sales organizations are using relationship selling to seek a competitive advantage through the development of long-term, mutually satisfying buyer–seller relationships (Frankwick, Porter, and Crosby 2001; Jones et al. 2005; Ulaga and Eggert 2006). Relationship selling requires a customer-oriented approach that focuses on addressing customer concerns, cocreating customer value, enhancing customer satisfaction, and resolving customer problems and conflicts (Schwepker 2003; Sheth and Sharma 2008; Weitz and Bradford 1999). Sales organizations implementing relationship selling approaches typically need to focus more attention to postsale service than those involved in more transaction-oriented selling.

Postsale service has not been a major emphasis of sales research in the past, but this area is beginning to receive more attention from sales researchers. Ahearne, Jelinek, and Jones (2007) examined postsale service and found positive relationships between salesperson service behaviors, relationship quality, and share of customer business. Challagalla, Venkatesh, and Kohli (2009) provide strong arguments and evidence that proactive postsale service can have positive effects on buyer–seller relationships in specific customer and product situations. These studies are especially important because they highlight the key role that postsale service plays in relationship selling and provide foundations for future sales research in this area.

Sales organizations should attempt to provide customers with excellent postsale service in relationship selling situations. However, even when salespeople practice service behaviors and engage in proactive postsale service, mistakes and problems are likely. How these problems and customer complaints are handled can have an important impact on buyer–seller relationships (Homburg and Fürst 2005, 2007; Stevens and Kinni 2007).

Although most of the service recovery management research has been conducted in the service area within business-to-consumer (B2C) contexts, the development of recovery management practices is important to business-to-business (B2B) sales organizations practicing relationship selling (Gonzalez, Hoffman, and Ingram 2005; Homburg and Fürst 2005). In B2B markets, salespeople play a major role in establishing and maintaining relationships with buyers (Stevens and Kinni 2007), and much of the loyalty in buyer–seller relationships is with the salesperson and not the selling firm (Palmatier, Scheer, and Steenkamp 2007). Studies in both B2B and B2C contexts suggest that the actions of salespeople affect customer satisfaction and retention following service failure (Chang 2006; Dunning, Pecotich, and O'Cass 2004; Naylor and Frank 2000; Stevens and Kinni 2007; Widmeir and Jackson 2002). In addition, research indicates that salespeople in B2B situations spend a great deal of their time resolving buyer problems caused by the selling firm (Stevens and Kinni 2007). Thus, the critical role that salespeople play in developing relationships with customers and responding to service failures indicates the need for more research in this increasingly important area.

Gabriel R. Gonzalez (Ph.D., Arizona State University), Clinical Associate Professor of Marketing, W.P. Carey School of Business, Department of Marketing, Arizona State University, gabriel.gonzalez@asu.edu.

K. Douglas Hoffman (Ph.D., University of Kentucky), University Distinguished Teaching Scholar, Marketing Department, Colorado State University, doug.hoffman@colostate.edu.

Thomas N. Ingram (Ph.D., Georgia State University), FirstBank Professor of Business Administration, Marketing Department, Colorado State University, tom.ingram@colostate.edu.

Raymond W. LaForge (DBA, University of Tennessee), Brown-Forman Professor of Marketing, Department of Marketing, University of Louisville, buddy.laforge@louisville.edu.

The purpose of our research is to advance the sales organization service recovery management literature by presenting and empirically testing a conceptual model of recovery management practices in B2B sales organizations. Our study builds on foundations in the service and sales areas, but makes several unique contributions.

First, we make an important conceptual contribution by integrating the linkages between organic and mechanistic approaches to service recovery proposed by Homburg and Fürst (2005) with the failure analysis and recovery management model presented by Gonzalez, Hoffman, and Ingram (2005). Our model depicts the relationship between a sales organization's supportive recovery culture (organic approach) and the systematic tracking of failure and recovery efforts (mechanistic approach). This model provides a more comprehensive conceptualization of sales organization recovery management relationships than is currently available in the literature.

Second, our study empirically tests this conceptual framework of service recovery management from the perspective of B2B sales organizations. As mentioned earlier, much of the previous service recovery research has focused on B2C markets from the customer's perspective (e.g., Baker, Meyer, and Johnson 2008; Bonifield and Cole 2008). Examining service recovery management in B2B contexts (Gonzalez, Hoffman, and Ingram 2005) and from a company perspective (Homburg and Fürst 2005, 2007) has been identified as important research needs. We are not aware of a study that has tested these service recovery management relationships in B2B markets from a sales organization perspective.

Finally, our research examines relationships between service recovery management practices and customer and financial performance measures important to sales organizations. No other known study has explored the relationship among these measures within a B2B sales context. Establishing a relationship between these variables provides the ultimate justification for engaging in service recovery management practices (Gonzalez, Hoffman, and Ingram 2005).

CONCEPTUAL FRAMEWORK AND HYPOTHESES

Our model, as depicted in Figure 1, includes constructs that have been proposed to be critical to firm-level failure recovery in both the sales and service literature. First, the model includes the central constructs put forth in Gonzalez, Hoffman, and Ingram (2005) for effective sales failure and recovery. Specifically, we investigate the role of failure analysis, recovery strategy, and monitoring, evaluating, and feedback efforts on firm performance. Next, the model positions the recovery culture of the sales organization as an antecedent to the programmatic recovery efforts of the sales organization. This is in line with recent research in services which demonstrates that

an organizational culture that is supportive of failure recovery affects the efforts taken by firms to recover from failures and the customer's satisfaction with those efforts (Homburg and Fürst 2005, 2007). Last, the model contains two firm-level outcome measures—customer performance and financial performance. While research in services has recognized the importance of recovery outcomes such as satisfaction, loyalty, and purchase intentions, we model these as constituting two distinct types of outcomes (Hess, Ganesan, and Klein 2003; Maxham and Netemeyer 2003).

Recovery Culture

The *recovery culture* construct addresses the fundamental question of whether the sales organization's leadership facilitates or hinders the recovery efforts of the organization. More specifically, recovery culture represents whether or not the firm's leadership acknowledges that customer expectations are not always met, recovering from a failed sales transaction and reestablishing customer satisfaction is of importance to the firm's leadership, and the firm's leadership supports employees in their efforts to engage in effective recovery practices. The recovery culture construct proposed in this study closely parallels the organic approach to recovery introduced by Homburg and Fürst (2005) and later to be reported as an antecedent of defensive organizational behaviors (Homburg and Fürst 2007). In general terms, the organic approach to recovery reflects the "supportiveness of the internal environment with respect to complaint handling" (Homburg and Fürst 2005, p. 97).

The importance of a firm's recovery culture is well-documented in the literature. Maxham and Netemeyer (2003) discuss the importance for organizations to set the right values so that employees will get the right message and follow accordingly. Other studies have reported that positive customer-oriented leadership is positively associated with customer-oriented behavior in general (Jaworski and Kohli 1993; Kelley 1992; Siguaw, Brown, and Widing 1994) and customer-oriented treatment of complaints in particular (Technical Assistance Research Program Institute 1986). Finally, Ashforth and Lee note the

> possibility that organizational culture is a "meta-cause" of much defensive behavior. Specifically, the shared system of values, assumptions, and norms may well . . . influence the tendency to avoid action, blame, and change. (1990, p. 631)

Given the importance of recovery culture to a sales organization's overall recovery efforts, this construct was added to the proposed model and extends the original conceptual framework of service recovery management practices proposed by Gonzalez, Hoffman, and Ingram (2005). Moreover, it is proposed that a firm's recovery culture is likely to drive its

Figure 1
Conceptual Model
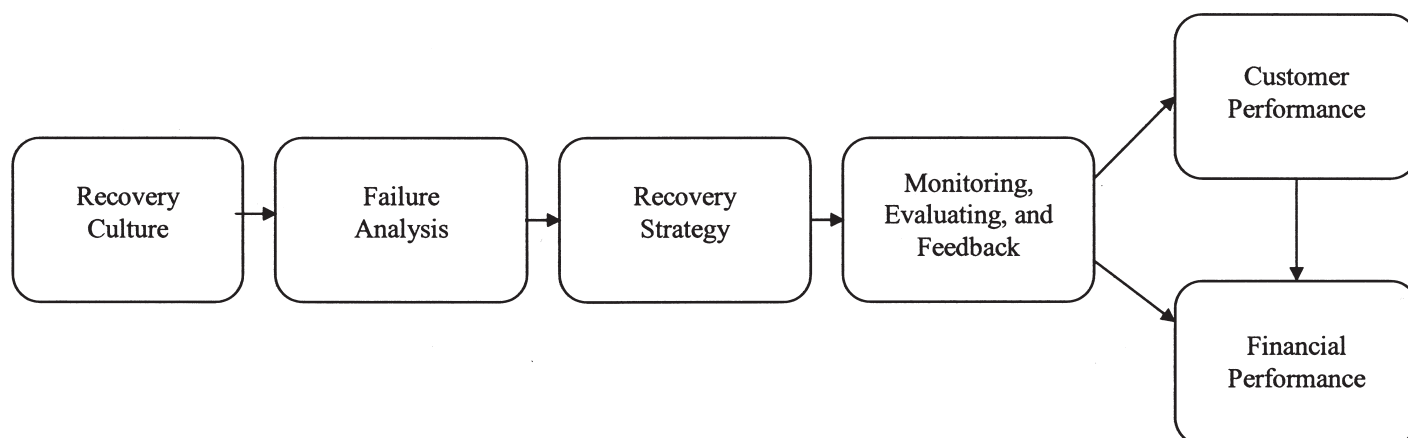
more mechanistic recovery efforts (Homburg and Fürst 2005). Mechanistic approaches to service recovery can be referred to as standard operating procedures—such as the systematic identification of service failures and the specification of failure attributions. No known study has empirically assessed the linkages between organic and mechanistic approaches to service recovery. Hence, we propose the following hypothesis:

Hypothesis 1: Sales organizations with supportive recovery cultures are more likely to engage in systematic failure analysis activities.

Failure Analysis

The *failure analysis* construct is comprised of failure identification and failure attribution. Failure identification assesses the sales organization's awareness of when customer expectations are not being met and whether the firm encourages customers to register complaints when expectations are not fulfilled. Early recovery-related research reported that the average company does not hear from 96 percent of its unhappy customers (Albrecht and Zemke 1985). Failure to recognize customer complaints alienates customers, reduces customer complaints, and leads to higher customer defection rates (Gilly, Stevenson, and Yale 1991; Kelley, Hoffman, and Davis 1993). Firms should encourage unhappy customers to voice their concerns. Customers that complain are more likely to be retained than noncomplainers (Gilly, Stevenson, and Yale 1991). In contrast, customers who do not express their complaints defect in mass. Harari (1992) reported that as purchases exceed $100, dissatisfied customers who do not complain defect at rates approaching 91 percent.

The second component of the failure analysis construct is *failure attribution.* Failure attribution consists of three principle dimensions—locus, stability, and controllability

that assist in formalizing the failure analysis process (Bitner 1990; Swanson and Kelley 2001; Weiner and Lerman 1980). More specifically, failure attribution formally identifies the source (locus) of the failure, the likelihood that the failure is a random event (unstable) or an event that is likely to repeat itself (stable), and the extent to which the organization had control (controllability) over the failure event. Past research pertaining to *locus* and recovery efforts have found that customer expectations for recovery diminish as the source of the failure becomes more customer related (Folkes 1984; Krishnan and Valle 1979). In contrast, failures attributed to the seller are associated with negative word of mouth (Richins 1983), increased complaints to the selling firm (Curren and Folkes 1987), increased recovery expectations (Folkes 1984), and decreased customer satisfaction (Oliver and DeSarbo 1988; Widmier and Jackson 2002).

Research pertaining to *stability* notes that "attributions to unstable reasons lead to uncertainty about future outcomes, whereas stable attributions lead a person to expect the same outcome in the future" (Folkes 1984, p. 399). As a result, when failures are attributed to stable reasons, the customer's preference for service recovery is in the form of a cash refund as the firm is perceived as unreliable (Weiner and Lerman 1980). In contrast, when failures are attributed to unstable reasons, customers are more willing to accept the notion that the failure was a "one-time event" and an exchange rather than a refund becomes an acceptable solution. Finally, attribution research has found that when failures are the result of *controllable* actions by the firm, customer anger directed toward the firm increases, repurchase intentions decrease, and desires to complain increase (Folkes, Koletsky, and Graham 1987; Weiner and Lerman 1980). Moreover, revenge and anger are closely related constructs in that the desire to seek revenge is a consequence of attributing controllable failures to others (Weiner, Russell, and Lerman 1979).

In general, failure analysis is the first step in formalizing service recovery management practices by recognizing the failure, identifying its source, evaluating its stability, and assessing its controllability. As such, failure analysis is a mechanistic approach to service recovery and along with an organic approach has been found to be an important component to the service recovery management process (Homburg and Fürst 2005). Furthermore, we propose that sales organizations that establish and maintain formal failure analysis processes are likely to have formalized processes for recovery strategy selection and implementation as well. Therefore, we hypothesize the following:

> *Hypothesis 2: Sales organizations that engage in failure analysis activities are more likely to formally engage in recovery strategy selection and implementation activities.*

Recovery Strategy

The *recovery strategy* construct refers to the preference of the organization to utilize specific types of recovery strategies over other alternatives; whether preferred recovery strategies have been communicated to employees and customers; and whether the firm links specific recovery strategies to specific types of failure incidents. Research indicates that recovery tactics generally fall within five recovery strategy categories—apologetic (frontline or managerial), compensatory (gratis, discounts, coupons, upgrades, or ancillaries), reimbursement (cash refund or store credit), restoration (corrections, replacements, or substitutions), and unresponsiveness (firm does not respond to customer's complaint) (Gonzalez, Hoffman, and Ingram 2005; Hoffman and Kelley 1996). Typically, employees are left to fend for themselves when faced with dissatisfied customers. Organizations may formalize the recovery process by discussing with employees and customers acceptable recovery options and may recommend specific recovery strategies for specific types of failures.

The recovery strategy construct also formally assesses the customer's satisfaction with the manner in which recovery strategies are implemented. The customer's evaluation of the recovery efforts can be explained through equity theory (Adams 1963). Ultimately, when failure situations occur, customers are seeking perceived justice consisting of three components—*distributive justice, procedural justice,* and *interactional justice* (Adams 1963; Greenburg 1990: Tax and Brown 1998). Deploying recovery efforts that satisfy distributive justice without consideration of customer procedural and interactional justice needs may still result in customer defections (Blodgett, Hill, and Tax 1997; Tax and Brown 1998). Consequently, a systematic assessment of effective recovery implementation would involve active knowledge of the customer's satisfaction with the recovery option itself, the recovery process (e.g., complaint procedures, time), and interpersonal issues (e.g., empathy, courtesy, and professionalism) exhibited throughout the recovery process (Maxham and Netemeyer 2002; Tax and Brown 1998).

Sales organizations that communicate preferred recovery strategies to employees and customers and proactively assess all three aspects of recovery implementation greatly enhance the effectiveness of their recovery management programs. Research has indicated that there are various approaches to recovery and that these approaches are not equally effective in resolving customer complaints in different situations (Blodgett, Hill, and Tax 1997; Hoffman and Kelley 1996; Tax and Brown 1998). For example, Homburg and Fürst (2005) found that whereas mechanistic approaches to service recovery lead to higher levels of reported procedural and distributive justice, interactional justice is more strongly driven by an organic approach. Ultimately, organizations that have proactively thought out and communicated their recovery options and contingencies to employees and customers should be in a better position to effectively recover from failures than their unprepared counterparts. Moreover, firms that systematically prepare for recovery contingencies are more likely to engage in monitoring the types of failures that occur, evaluating the effectiveness of recovery strategies in terms of customer and organizational performance measures, and providing feedback to employees about failure and recovery issues. Hence, we put forth the following hypothesis:

> *Hypothesis 3: Sales organizations that engage in recovery strategy selection and implementation activities are more likely to engage in tracking service failures, monitoring recovery efforts, and providing feedback to employees.*

Monitoring, Evaluating, and Feedback

The *monitoring, evaluating, and feedback (MEF)* construct reflects the manner in which sales organization systematically tracks the types of failures that occur, evaluates the overall effectiveness of its recovery options, and provides formal feedback to employees about failure and recovery issues. Research indicates that failures are generally categorized into employee responses to one of four main failure categories: (1) core delivery system failures, (2) customer needs and requests, (3) unprompted and unsolicited employee actions, and (4) problematic customer behavior (Bitner, Booms, and Mohr 1994; Bitner, Booms, and Tetreault 1990). Subclass categories for each of the four main categories can then be developed based on the specific industry being examined (Forbes, Kelley, and Hoffman 2005; Hoffman, Kelley, and Chung 2003). Organizations wishing to implement a formal recovery program should systematically monitor and benchmark the types of failures that occur and take action to minimize their future occurrence (Gonzalez, Hoffman, and Ingram 2005).

In addition to systematically tracking failures, evaluating the effectiveness of recovery options provides valuable insights into how salespersons personally or the organization systematically respond to failures that occur. Challenges associated with recovery efforts have been attributed to (1) employees being unaware of what is an acceptable response from management's and/or the customer's point of view, and (2) the organization's failure to inspire employees who are providing the recovery effort (Maxham and Netemeyer 2003). Organizations that excel at recovery management practices train employees in the art of recovery (Hart, Heskett, and Sasser 1990), monitor and support their efforts, and evaluate recovery outcomes. Clearly, customers should benefit from improved processes in failure analysis and recovery efforts in the form of enhanced customer satisfaction (Tax and Brown 1998). Customer satisfaction has been linked to customer retention, increased purchase frequency, and positive referrals, which in turn has been linked to positive organizational outcomes such as increased revenue growth and profitability (Heskett et al. 1994; Maxham 2001).

Finally, information obtained from monitoring failures and evaluating recovery processes should be shared as feedback throughout the organization for two primary reasons: (1) to take action on items that need to be corrected and (2) to signal the importance of the recovery management program to all employees, thereby reinforcing the firm's recovery culture. Feedback should be shared with boundary-spanning personnel on the frontlines as well as those employees who work behind the scenes who play key roles in the success of the exchange process. Information sharing sensitizes employees to the operational issues that are most relevant to the firm's objectives of reducing failures and improving recovery efforts. Moreover, employees come to more fully understand recovery management issues from the customer's and organization's perspective.

> *Hypothesis 4a: Sales organizations that engage in tracking service failures, monitoring recovery efforts, and providing feedback to employees achieve greater customer performance.*

> *Hypothesis 4b: Sales organizations that engage in tracking service failures, monitoring recovery efforts, and providing feedback to employees achieve greater financial performance.*

Customer and Financial Performance

The *customer performance* construct reflects a composite measure of customer satisfaction and customer loyalty. Customers of sales organizations that implement effective services recovery management practices should experience fewer failures and more effective recovery efforts. As a consequence, customer satisfaction and customer retention should be enhanced

(Gonzalez, Hoffman, and Ingram 2005). In support, Maxham and Netemeyer (2003) note a positive relationship between recovery satisfaction and overall satisfaction and purchase intent. Moreover, Homburg and Fürst (2005) report a positive relationship between complaint satisfaction and overall customer satisfaction and between complaint satisfaction and customer loyalty.

The *financial performance* construct reflects a composite measure of sales volume, sales growth, and profitability. Enhanced customer performance measures of customer satisfaction and customer loyalty should lead to increased financial performance measures (Gonzalez, Hoffman, and Ingram 2005; Heskett et al. 1994). Previous research has reported that a 1 percent increase in customer retention can lead to an increase in profits of 3 percent to 7 percent (Gupta, Lehmann, and Stuart 2004). In another study, a 5 percent increase in retention rates translated into an 85 percent increase in higher profits for a branch bank, 50 percent higher profits for an insurance broker, and 30 percent higher profits for an auto-service chain (Reichheld and Sasser 1990). As further support, Fojtik (2002) suggests that customer satisfaction enhances a firm's financial worth via increased purchases, reduced cost to serve, willingness to pay higher prices, faster to respond to promotional efforts, new customer referrals, and suggestions for new revenue streams. Based on the above findings, we hypothesize:

> *Hypothesis 5: Sales organizations that achieve greater customer performance also achieve greater financial performance.*

METHODOLOGY

Sample and Data Collection Procedure

To meet the objectives of this research, we sought to collect data from those within the sales organization who could evaluate the firm's sales failure recovery efforts. Research suggests that sales managers are at the heart of failure recovery activities in sales organizations (Dubinsky 1999). Consequently, sales managers were identified as ideal respondents for this study. Sales managers train and evaluate individual salespeople who are charged with sales failure recovery, thus they are in a unique position to understand both the firm's managerial approach to failure recovery and implementation effectiveness. In addition, sales managers engage in a wide range of activities that directly affect sales failure and recovery such as territory design, recruiting and selection, resource allocation for account management, performance evaluation, supervision, and leadership.

Eight hundred and eighty sales managers, who were part of an online panel, were contacted based on information from a commercial provider. The sample included sales managers

from firms with as few as six employees to firms with over a million employees. The firms were selected for their focus on B2B exchanges. The sample represents a range of industries in order to more confidently generalize the findings from the study. Industries from both the manufacturing and services sector were represented. These included business services, financial services, consulting, health care, hospitality, transportation services, manufacturing, and technology. Both men (53 percent) and women (47 percent) were represented, the average age was 44, and average total experience was 16 years.

Respondents were contacted via e-mail following the recommendations of Deutskens et al. (2004) and Dillman (2007) for optimizing the response rate of surveys conducted online. Specifically, the e-mail included a cover letter describing the study, the survey was reduced to the shortest length possible, incentives via points were earned through the commercial provider that respondents could use toward the redemption of prizes, and respondents were entered into a lottery for a small prize that was held by the commercial provider. A follow-up e-mail was sent to respondents a week after the initial e-mail. A total of 177 usable responses were received for an effective response rate of 20.1 percent. Nonresponse bias was checked for by comparing early and late respondents for all constructs through analysis of variance (ANOVA), producing no significant differences (Armstrong and Overton 1977).

Measures

To develop the reflective measures used in this study, we followed standard psychometric scale development procedures (Anderson and Gerbing 1988). The scale items are presented in the Appendix. When possible, we used existing measures of the constructs. The measures for customer performance and financial performance were adapted from the sales organization effectiveness scale developed by Baldauf, Cravens, and Piercy (2001). Sales managers were asked to assess their firm's ability to meet customer performance goals (satisfaction and retention) and financial goals (revenue, profit, sales growth) in the past 24 months. Specifically, the items for customer performance and financial performance were measured using responses to the statement, "Compared to your sales firm's objectives, how well has your sales firm performed on the following measures during the past 24 months," on a scale of 1 to 7, where 1 = "much worse" and 7 = "much better."

Because our study is among the first to examine *sales organization* failure recovery efforts, few existing measures reflected the concepts adequately. As such, we developed the measures for the failure recovery components (recovery culture, failure analysis, recovery strategy, and MEF) used in this study. First, the scales were developed based on a review of the relevant literature on failure identification and recovery.

The *recovery culture* scale assesses a firm's recognition that failures exist and that it is important to assist employees in satisfying customers when expectations are not met (Homburg and Fürst 2005; Maxham and Netemeyer 2003). *Failure analysis* items gauge the sales organization's actions to capture incidents when customer expectations are not met and the locus, stability, and controllability of the failures (Bitner 1990). *Recovery strategy* captures the actions taken by the firm in response to specific failure situations and the corresponding justice assessments of those actions made by the customer (Kelley, Hoffman, and Davis 1993; Tax and Brown 1998). The MEF measure reflects a firm's efforts to track failure incidents, customer attributions, and recovery strategy effectiveness, and provide feedback about these through training and performance evaluation (Hoffman, Kelley, and Rotalsky 1995).

Second, a pilot test was conducted with 62 sales managers to further refine the items and survey format. We used the results gleaned from the pilot to enhance the final survey format used in the subsequent main study. The resulting measures for each recovery failure item in the survey come from responses to the statement, "this describes my firm" on a scale of 1 to 7, where 1 = "strongly disagree" and 7 = "strongly agree." Last, using the responses from the full survey, exploratory factor analysis (EFA) employing principal axis factoring and varimax rotation extracted four factors with eigenvalues greater than one. This further confirmed that the items belonged to the expected constructs.

Data Analysis Methods

To examine the effects of the sales failure recovery components on sales organization performance, we tested the model that appears in Figure 1 using covariance-based structural equation modeling (SEM). We followed the procedures recommended by Anderson and Gerbing (1988) in evaluating the model. First, we conducted confirmatory factor analysis (CFA) to evaluate the measurement component of the proposed model and the discriminant validity of the constructs. Next, we estimated the proposed model. Last, following Perdue and Summers (1991), we removed nonsignificant paths and sequentially relaxed the models overidentifying restrictions in order to improve model fit.

RESULTS

Confirmatory Factor Analysis

We performed a CFA for measurement scale purification and validation, including in the measurement model the measures for customer performance and financial performance. As a result of the CFA, 20 items were retained from the original set of items, both the retained and dropped items

are indicated in the Appendix. The CFA results demonstrate that the model fits the data well, and all the items have substantial and significant loadings on their intended constructs ($\chi^2(155) = 266.787$, $p < 0.01$, CMIN/DF = 1.721; comparative fit index [CFI] = 0.960, root mean square error of approximation [RMSEA] = 0.064). Intercorrelations among the latent constructs and three indexes of construct reliability are presented in Table 1. Regarding reliability, Cronbach's alphas for each scale are all above the recommended 0.70 level for newly developed scales (Nunnally 1978), composite reliabilities are above the recommended 0.60 (Bagozzi and Yi 1988), and average variances extracted are greater than the recommended level of 0.50 (Fornell and Larcker 1981). Regarding discriminant validity, all the correlations between constructs were significantly less than one, and the shared variance between any two constructs was always less than the average variance extracted for the individual constructs (Fornell and Larcker 1981).

Sales Failure Recovery Effects on Sales Organizational Performance

Next, we tested the proposed model in Figure 1. The results of the SEM analysis revealed that the proposed model fit the data well ($\chi^2(164) = 323.085$, $p < 0.01$, CMIN/DF = 1.970; CFI = 0.943, RMSEA = 0.074), and all significant relationships were in the expected direction. Substantial proportions of variance of the criterion variables were accounted for by the proposed antecedents ($R^2_{\text{financial performance}} = 0.603$, $R^2_{\text{customer performance}} = 0.210$, $R^2_{\text{MEF}} = 0.616$, $R^2_{\text{recovery strategy}} = 0.463$, and $R^2_{\text{failure identification}} = 0.447$). We found support for all but one of the proposed relationships.

Specifically, a firm culture that recognizes the importance of recovering from failure positively affects a firm's failure analysis efforts (estimate = 0.669, $p < 0.01$). Hypothesis 1 was supported. Moreover, the active identification of failure types and their locus, stability, and controllability positively influences firm recovery strategies (estimate = 0.681, $p < 0.01$). Hypothesis 2 was supported. Next, the selection of preferred recovery strategies and corresponding customer evaluation of those strategies has a direct and positive effect on MEF (estimate = 0.785, $p < 0.01$). Hypothesis 3 was supported. The results also supported the link from MEF to customer performance (estimate = 0.459, $p < 0.01$). Hypothesis 4a was supported. Last, a sales organization's customer performance is a significant driver of sales organization financial performance (estimate = 0.807, $p < 0.01$). Hypothesis 5 was supported. One proposed path, Hypothesis 4b, was not statistically significant. MEF did not directly affect financial performance (estimate = –0.073, $p = 0.270$).

Following the recommendations of Perdue and Summers (1991), we considered potential model revisions. First, we re-

moved from the model the nonsignificant relationship between MEF and financial performance. Next, we relaxed the model's overidentifying restrictions in order to test other paths implicit in the model. We were especially interested in testing models where recovery culture was allowed to have a direct effect on all of the constructs in the model. These included direct paths between culture and failure analysis, recovery strategy, MEF, and customer performance. The final model appears in Figure 2. The final model fits the data well ($\chi^2(163) = 281.467$, $p < 0.01$, CMIN/DF = 1.727; CFI = 0.958, RMSEA = 0.064), and there is an improved fit relative to the proposed model. This analysis revealed that two additional nonproposed relationships significantly improved the model fit.

Specifically, recovery culture positively influences MEF (estimate = 0.327, $p < 0.05$) and positively affects customer performance (estimate = 0.406, $p < 0.01$). In the final model, the variance explained for the criterion variables was significantly high ($R^2_{\text{financial performance}} = 0.595$, $R^2_{\text{customer performance}} = 0.301$, $R^2_{\text{MEF}} = 0.664$, $R^2_{\text{recovery strategy}} = 0.436$, and $R^2_{\text{failure identification}} = 0.448$). Of particular note are the increases in the variance explained for customer performance (from 0.210 to 0.301) and MEF (from 0.616 to 0.664). The SEM model provides a means for estimating the sales recovery effort dimension–sales organization performance effects. In SEM, the total effects of independent variables on a dependent variable can be estimated by summing its statistically significant indirect and direct effects. Table 2 summarizes these effects for all independent and dependent variables in the final model. SEM also provides the ability to test for the effect of common method bias among measures. Following MacKenzie, Podsakoff, and Paine (1999), we tested for common method variance (CMV) by comparing the standardized parameter estimates from the final model in Figure 2 with those of a reestimated final model that includes a same source first-order factor added to the indicators of recovery culture, failure analysis, recovery strategy, MEF, customer performance, and financial performance. For identification purposes, some of the same source factor loadings were constrained to be equal. The standardized parameter estimates from the model with the same source factor remained significant and in the same direction as those of the final model in Figure 2, revealing that the pattern of significant relationships in the final model was not affected by CMV.

DISCUSSION AND IMPLICATIONS

Overall, the results presented in Figure 2 reveal the importance of developing and maintaining a positive service recovery culture, the cascading influences of deploying systematic recovery processes, and the manner in which effective service recovery management practices lead to customer and subsequent financial performance outcomes. Findings further our

Table I
Construct Intercorrelations and Reliabilities

Variable	Cronbach's Alpha	Composite Reliability	Average Variance Extracted	1	2	3	4	5	6
Recovery Culture	0.854	0.860	0.756						
Failure Analysis	0.885	0.887	0.614	0.654					
Recovery Strategy	0.916	0.915	0.687	0.519	0.645				
Monitoring, Evaluating, and Feedback	0.930	0.931	0.817	0.625	0.669	0.767			
Customer Performance	0.923	0.924	0.858	0.528	0.419	0.381	0.458		
Financial Performance	0.899	0.903	0.758	0.440	0.214	0.252	0.297	0.773	

Notes: n = 177, intercorrelations $\geq$ 0.15 are significant at the $p < 0.05$ level.

Figure 2
Final Model
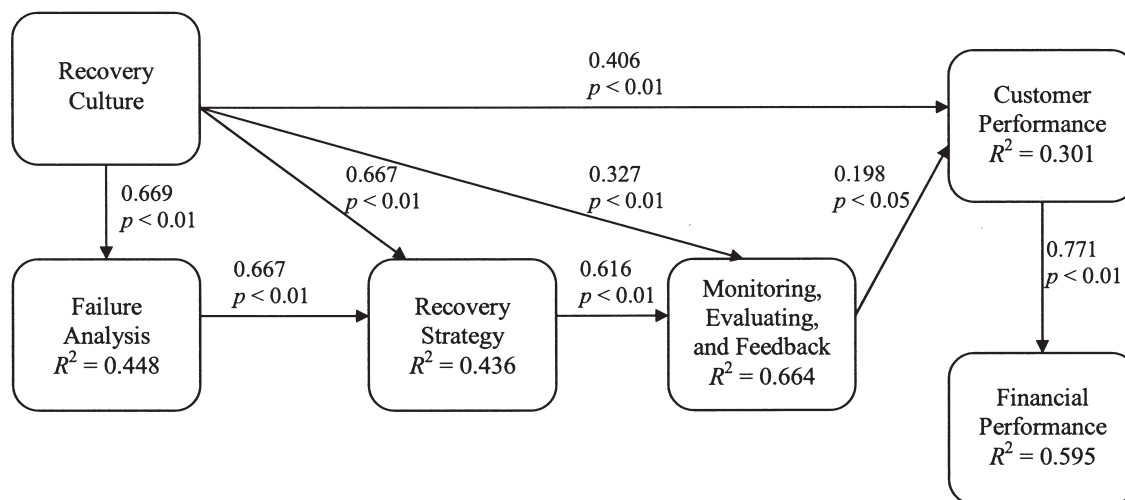
Notes: Fit statistics suggests good fit for the overall model ($\chi^2 = 281.47$, $p = 0.000$, df = 163, CMIN/DF = 1.727, CFI = 0.958, RMSEA = 0.064). Standardized estimates are presented for each path along with significance level of the p-value, and R^2 values for paths are also presented.

Table 2
Standardized Total Effects for Each Independent Variable on Each Dependent Variable

Independent Variable	Dependent Variable for Each Path Estimated in Final Model				
	Failure Identification	Recovery Strategy	Monitoring, Evaluating, and Feedback	Customer Performance	Financial Performance
Recovery Culture	0.669	0.442	0.599	0.525	0.405
Failure Analysis		0.661	0.407	0.081	0.062
Recovery Strategy			0.616	0.122	0.094
Monitoring, Evaluating, and Feedback				0.198	0.153
Customer Performance					0.771

understanding of the complexities of service recovery management practices within B2B sales organizations and contribute to the growth of the literature stream pertaining to the sales/service interface. To date, no other known study has empirically examined service recovery management practices within a B2B sales context.

The importance of cultivating and maintaining a positive service recovery culture cannot be overstated. Results reveal an organic-based recovery culture to directly influence the firm's mechanistic-based efforts pertaining to the systematic process steps of failure analysis and monitoring, evaluating, and feedback efforts. Consequently, results from this study are the first known research to establish linkages between organic and mechanistic approaches within a B2B sales organization service recovery context. Further demonstrating the importance of developing a positive recovery culture, a direct link

was also found between recovery culture and customer performance measures of customer retention and satisfaction. This finding combined with the organic and mechanistic linkages discussed above provide justification for the inclusion of the culture component to the original conceptual model of service recovery management proposed by Gonzalez, Hoffman, and Ingram (2005). Moreover, given the effect of recovery culture on mechanistic-based recovery management practices, studies that investigate the development of positive recovery cultures are clearly warranted.

Another contribution to the existing body of service recovery literature pertains to the linkages between recovery management practices and customer and financial performance outcome measures of sales organizations. No other known study has explored the relationship among these measures within a B2B sales context. Interestingly, results reveal direct

linkages between (1) recovery culture and customer performance and (2) MEF and customer performance. Due to the likelihood of close relationships between B2B customers and sales organizations, customers are likely to have a clear sense of the sales organization's dedication to recovery efforts. Sales organizations with internal cultures that are committed to recovery efforts are rewarded with customer performance outcomes of customer satisfaction and retention. Similarly, sales organizations that actively monitor, evaluate, and provide feedback pertaining to recovery efforts enjoy the same outcomes.

In contrast, financial performance outcomes of increased sales volume, enhanced sales growth, and profitability are achieved only directly via customer performance outcomes. This finding demonstrates the importance for sales organizations to provide customers with effective recovery solutions that reestablish customer satisfaction and retain business. Ultimately, when recovery issues are at hand, customer satisfaction and retention drive financial performance outcomes. Moreover, the direct linkage between customer performance measures and financial performance measures provides the ultimate justification for engaging in proactive service recovery management practices.

Our study results have important implications for sales organizations. The study findings suggest that sales organizations trying to develop effective service recovery programs need to maintain a positive service recovery culture, analyze failures, engage in recovery strategy activities, and monitor, evaluate, and seek feedback pertaining to recovery efforts. Sales organizations that practice these four components of a recovery management program are more likely to generate positive customer and financial performance outcomes in the form of customer satisfaction, customer retention, increased sales volume, enhanced sales growth, and profitability. Proactive and formalized recovery management practices tend to produce successful recovery outcomes more often than reactive recovery efforts. Combining our results with the work of Ahearne, Jelinek, and Jones (2007) and Challagalla, Venkatesh, and Kohli (2009) suggests that sales organizations should consider emphasizing salesperson service behaviors, proactive postsale service, and proactive service recovery management programs as a potential source of competitive advantage in relationship selling situations.

Sales organizations are more likely to implement a recovery management program effectively if supported by an organic and mechanistic service recovery culture. This requires sales managers to create a sales organization culture that reinforces the importance of recovery management. Sales managers need to provide strong leadership in this area and align sales training, coaching, performance evaluation, and reward activities with recovery efforts. The creation of a positive service recovery organic culture will help to drive a mechanistic culture that will

facilitate the implementation of the four major components of a recovery management program.

LIMITATIONS AND FUTURE RESEARCH

All studies have their limitations and this study is no exception. Our measures of sales recovery practices are new and were shown here to be both valid and reliable for predicting firm performance. They represent a basis from which future research can further refine and adapt the measures in order to more fully explore sales recovery effects. For example, an organization's failure recovery culture may comprise several dimensions that can be identified in future studies. In addition, whereas we focus on the two most central outcomes influenced by sales failure recovery, future research can investigate other outcomes important to sales organizations such as customer satisfaction, repurchase intention, salesperson role ambiguity, and role conflict.

Our research investigates direct and mediated effects of failure recovery on firm performance. While we find very strong support for our conceptualization, future research can investigate factors that moderate sales recovery effects on firm performance. Moderators such as sales strategy (relationship based versus transaction based), product complexity (complex versus simple), product type (intangible dominant versus tangible dominant), and business environment (unpredictable versus predictable) may be indicative of the extent sales organizations should focus on service recovery processes. Finally, single informants were used to measure organizational sales recovery practices. Although multiple informant designs remain the exception in marketing, such an approach would provide a stronger test of the theorized framework. Thus, one important direction for future research is to address the limitations of our study.

In addition, empirically based research that integrates the service/sales interface and examines recovery management efforts in sales organizations would make important contributions. Suggestions for future studies include:

- *An empirical investigation into organic-based service recovery cultures.* Given the importance of a recovery culture on other components of recovery management practices contained in this study, researchers and managers would benefit alike from learning more about the philosophies of sales organizations that have developed and maintained a positive recovery culture. Future research needs to address the content of positive recovery cultures and the manner in which a sales organization can instill positive recovery cultures within their own firms. Studies that investigate how organic-based and mechanistic-based approaches to recovery complement or hinder one

another would also further the literature's understanding of dynamic recovery processes.

- *A best practices investigation of mechanistic-based recovery approaches.* The study of best practices in recovery practices such as failure analysis, recovery strategy selection, and approaches to monitoring, evaluating, and providing feedback regarding recovery efforts would provide useful insight for sales managers and sales/service academics. Best practices information would allow for continuous improvements of current practitioner recovery management approaches and further refine measures for academic research.

- *The empirical examination of the current status of recovery management practices in sales organizations.* Future studies may assess the state of recovery cultures, failure analysis practices, approaches to recovery strategy selection, and monitoring, evaluating and feedback mechanisms. Concurrently, future studies may address the perceived need of recovery management practices compared to actual practice. Such a study could identify areas of new needs and existing gaps in recovery management for training implications.

- *The development of recovery management audit.* Following a long tradition of marketing-related audits, a recovery management audit could be developed and comprise a series of questions that would direct the sales organization to think about the forces that drive its current recovery management approach.

- *The development of a contingency approach to recovery efforts.* Effective recovery management practices are not necessarily a one-size-fits-all solution. Future research may very well identify sales situations in which the importance of a firm's recovery management practices varies.

- *A comparison of recovery management practices in B2B compared to B2C sales organizations.* Although B2C customers tend to make purchases more frequently, the quantity purchased is smaller and B2C customers, depending on the industry, may have less of a relationship with the selling firm compared to typical B2B relationships. Future research may address whether the fundamental components of recovery management practices identified in this study are generalizable to B2C settings?

Our study builds on previous work in the service area within B2B contexts and extends recent B2B sales management research on salesperson service behaviors and postsale service into the service recovery management area. Sales researchers can use our study as a foundation for future research that will more fully integrate efforts at the sales/service area and expand the knowledge base concerning recovery management in B2B contexts.

REFERENCES

Adams, J. Stacy (1963), "Toward an Understanding of Inequity," *Journal of Abnormal and Social Psychology,* 67 (5), 422–436.

Ahearne, Michael, Ronald Jelinek, and Eli Jones (2007), "Examining the Effects of Salesperson Service Behavior in a Competitive Context," *Journal of Academy of Marketing Science,* 35 (December), 603–616.

Albrecht, Karl, and Ron Zemke (1985), "Installing a Service Mentality: Like Teaching an Elephant to Dance," *International Management,* 40 (1), 61–67.

Anderson, James C., and David W. Gerbing (1988), "Structural Equation Modeling in Practice: A Review and Recommended Two-Step Approach," *Psychological Bulletin,* 103 (3) 411–423.

Armstrong, Scott J., and Terry S. Overton (1977), "Estimating Nonresponse Bias in Mail Surveys," *Journal of Marketing Research,* 14 (3), 396–402.

Ashforth, Blake E., and Raymond T. Lee (1990), "Defensive Behavior in Organizations: A Preliminary Model," *Human Relations,* 43 (7), 621–648.

Bagozzi, Richard P., and Youjae Yi (1988), "On the Evaluation of Structural Equation Models," *Journal of the Academy of Marketing Science,* 16 (Spring), 74–94.

Baker, Thomas L., Tracey Meyer, and James D. Johnson (2008), "Individual Differences in Perceptions of Service Failure and Recovery: The Role of Race and Discriminatory Bias," *Journal of the Academy of Marketing Science,* 36 (December), 552–564.

Baldauf, Artur, David W. Cravens, and Nigel F. Piercy (2001), "Examining Business Strategy, Sales Management, and Salesperson Antecedents of Sales Organization Effectiveness," *Journal of Personal Selling & Sales Management,* 21, 2 (Spring), 109–122.

Bitner, Mary Jo (1990), "Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses," *Journal of Marketing,* 54 (April), 69–82.

———, Bernard H. Booms, and Lois Mohr (1994), "Critical Service Encounters: The Employee's Viewpoint," *Journal of Marketing,* 58 (4), 95–106.

———, ———, and May Stanfield Tetreault (1990). "The Service Encounter: Diagnosing Favorable and Unfavorable Incidents," *Journal of Marketing,* 54 (January), 71–84.

Blodgett, Jeffrey G., Donna J. Hill, and Stephen S. Tax (1997), "The Effects of Distributive, Procedural, and Interactional Justice on Postcomplaint Behavior," *Journal of Retailing,* 73 (Summer), 185–210.

Bonifield, Carolyn, and Catherine A. Cole (2008), "Better Him Than Me: Social Comparison Theory and Service Recovery," *Journal of Academy of Marketing Science,* 36 (December), 565–577.

Challagalla, Goutam, R. Venkatesh, and Ajay K. Kohli (2009), "Proactive Postsales Service: When and Why Does It Pay Off?" *Journal of Marketing,* 73 (March), 70–87.

Chang, Chia-Chi (2006), "When Service Fails: The Role of the Salesperson and the Customer," *Psychology and Marketing,* 23 (3), 203–224.

Curren, Mary T., and Valerie S. Folkes (1987), "Attributional Influence on Consumers' Desire to Communicate About Products," *Psychology and Marketing,* 41 (Spring), 31–45.

Deutskens, Elisabeth, Ko De Ruyter, Martin Wetzels, and Paul Oosterveld (2004), "Response Rate and Response Quality of Internet-Based Surveys: An Experimental Study," *Marketing Letters,* 15 (1), 21–36.

Dillman, Don A. (2007), *Mail and Internet Surveys: The Tailored Design Method,* Hoboken, NJ: Wiley.

Dubinsky, Alan J. (1999), "Salesperson Failure: Sales Management Is the Key," *Industrial Marketing Management,* 28 (1), 7–17.

Dunning, Jarrad, Anthony Pecotich, and Aron O'Cass (2004), "What Happens When Things Go Wrong? Retail Sales Explanations and Their Effects," *Psychology and Marketing,* 21 (7), 553–572.

Fojtik, Chic (2002), "Calculating the Strategic Value of Customer Satisfaction: What Do Your Metrics Tell You?" *Graziadio Business Report,* 5 (4), 1–4.

Folkes, Valerie S. (1984), "Consumer Reactions to Product Failure: An Attributional Approach," *Journal of Consumer Research,* 10 (March), 398–409.

———, Susan Koletsky, and John L. Graham (1987), "A Field Study of Causal Inference and Consumer Reaction: The View from the Airport," *Journal of Consumer Research,* 13 (March), 534–539.

Forbes, Lukas P., Scott W. Kelley, and K. Douglas Hoffman (2005), "Typologies of E-Commerce Retail Failures and Recovery Strategies," *Journal of Services Marketing,* 19 (5), 280–292.

Fornell, Claes, and David F. Larcker (1981), "Evaluating Structural Equation Models with Unobservable Variables and Measurement Error," *Journal of Marketing Research,* 18 (February), 39–50.

Frankwick, Gary L, Stephen S. Porter, and Lawrence A. Crosby (2001), "Dynamics of Relationship Selling: A Longitudinal Examination of Changes in Salesperson-Customer Relationship Status," *Journal of Personal Selling & Sales Management,* 21, 2 (Spring), 135–146.

Gilly, Mary C., William B. Stevenson, and Laura J. Yale (1991), "Dynamics of Complaint Management in the Service Organization," *Journal of Consumer Affairs,* 25 (2), 295–322.

Gonzalez, Gabriel R., K. Douglas Hoffman, and Thomas N. Ingram (2005), "Improving Relationship Selling Through Failure Analysis and Recovery Efforts: A Framework and Call to Action," *Journal of Personal Selling & Sales Management,* 25, 1 (Winter), 57–65.

Greenberg, Jerald (1990), "Organizational Justice: Yesterday, Today, and Tomorrow," *Journal of Management,* 16 (2), 399–432.

Gupta, Sunil, Donald R. Lehmann, and Jennifer Ames Stuart (2004), "Valuing Customers," *Journal of Marketing Research,* 41 (February), 7–18.

Harari, Oren (1992), "Thank Heaven for Complainers," *Marketing Management,* 81 (1), 59–60.

Hart, Christopher W.L., James L. Heskett, and W. Earl Sasser (1990), "The Profitable Art of Service Recovery," *Harvard Business Review,* 68 (July–August), 148–156.

Heskett, James L., Thomas O. Jones, Gary W. Loveman, Earl W. Sasser, Jr., and Leonard A. Schlesinger (1994), "Putting the Service-Profit Chain to Work," *Harvard Business Review,* 72 (March–April), 164–174.

Hess, Ronald L., Shankar Ganesan, and Noreen M. Klein (2003), "Service Failure and Recovery: The Impact of Relationship Factors on Customer Satisfaction," *Journal of the Academy of Marketing Science,* 31 (Spring), 127–145.

Hoffman, K. Douglas, and Scott W. Kelley (1996), "Guidelines for Developing Retail Recovery Strategies," in *Developments in Marketing Science,* Elizabeth J. Wilson and Joseph F. Hair, Jr., eds., Phoenix: Academy of Marketing Science, 123.

———, ———, and Beth C. Chung (2003), "A CIT Investigation of Servicescape Failures and Associated Recovery Strategies," *Journal of Services Marketing,* 17 (4), 322–340.

———, ———, and Holly Rotalsky (1995), "Tracking Service Failures and Employee Recovery Efforts," *Journal of Service Marketing,* 9 (2), 49–61.

Homburg, Christian, and Andreas Fürst (2005), "How Organizational Complaint Handling Drives Customer Loyalty: An Analysis of the Mechanistic and Organic Approach," *Journal of Marketing,* 69 (July), 95–114.

———, and ——— (2007), "See No Evil, Hear No Evil, Speak No Evil: A Study of Defensive Organizational Behavior Towards Customer Complaints," *Journal of the Academy of Marketing Science,* 35 (December), 523–536.

Jaworski, Bernard J., and Ajay K. Kohli (1993), "Market Orientation: Antecedents and Consequences," *Journal of Marketing,* 57 (July), 53–70.

Jones, Eli, Steven P. Brown, Andris A. Zoltners, and Barton A. Weitz (2005), "The Changing Environment of Selling and Sales Management," *Journal of Personal Selling & Sales Management,* 25 (Spring), 105–111.

Kelley, Scott W. (1992), "Developing Customer Orientation Among Service Employees," *Journal of the Academy of Marketing Science,* 20 (December), 27–36.

———, K. Douglas Hoffman, and Mark A. Davis (1993), "A Typology of Retail Failures and Recoveries," *Journal of Retailing,* 69, 4 (Winter), 429–451.

Krishnan, S., and Valerie A. Valle (1979), "Dissatisfaction Attributions and Consumer Complaining Behavior," in *Advances in Consumer Behavior,* vol. 6, W. Wilke, ed., Ann Arbor, MI: Association for Consumer Research, pp. 445–449.

MacKenzie, Scott B., Philip M. Podsakoff, and Julie Beth Paine (1999), "Do Citizenship Behaviors Matter More for Managers Than for Salespeople?" *Journal of the Academy of Marketing Science,* 27 (September), 396–410.

Maxham, James G., III (2001), "Service Recovery's Influence on Consumer Satisfaction: Positive Word-of-Mouth, and Purchase Intentions," *Journal of Business Research,* 6 (1), 66–83.

———, and Richard G. Netemeyer (2002), "Managing Customer Perceptions of Complaint Handling over Time: The Effects of Perceived Justice on Satisfaction and Intent," *Journal of Retailing,* 78 (4), 239–252.

———, and ——— (2003), "Firms Reap What They Sow: The Effects of Shared Values and Perceived Organizational Justice on Customer's Evaluations of Complaint Handling," *Journal of Marketing,* 67 (January), 46–62.

Naylor, Gillian, and Kimberly E. Frank (2000), "The Impact of Retail Sales Force Responsiveness on Consumer Perceptions of Value," *Journal of Services Marketing,* 14 (4), 310–322.

Nunnally, Jum C. (1978), *Psychometric Theory,* New York: McGraw-Hill.

Oliver, Richard L., and Wayne S. DeSarbo (1988), "Response Determinants in Satisfaction Judgments," *Journal of Consumer Research,* 14 (March), 495–507.

Palmatier, Robert W., Lisa K. Scheer, and Jan-Benedict E.M. Steenkamp (2007), "Customer Loyalty to Whom? Managing the Risks of Salesperson-Owned Loyalty," *Journal of Marketing Research,* 44 (May), 185–199.

Perdue, Barbara C., and John O. Summers (1991), "Purchasing Agent's Use of Negotiation Strategies," *Journal of Marketing Research,* 28 (May), 175–189.

Reichheld, Frederick F., and W. Earl Sasser (1990), "Zero Defections: Quality Comes to Services," *Harvard Business Review,* 68 (September–October), 105–111.

Richins, Marsha L. (1983), "Negative Word-of-Mouth by Dissatisfied Consumers: A Pilot Study," *Journal of Marketing,* 47 (Winter), 68–78.

Schwepker, Charles H., Jr. (2003), "Customer-Oriented Selling: A Review, Extension, and Directions for Future Research," *Journal of Personal Selling & Sales Management,* 23, 2 (Spring), 151–171.

Sheth, Jagdish N., and Arun Sharma (2008), "The Impact of the Product to Service Shift in Industrial Markets and the Evolution of the Sales Organization," *Industrial Marketing Management,* 37 (3), 260–269.

Siguaw, Judy A., Gene Brown, and Robert E. Widing, II (1994), "The Influence of the Market Orientation of the Firm on Sales Force Behavior and Attitudes," *Journal of Marketing Research,* 31 (February), 106–116.

Stevens, Howard, and Theodore Kinni (2007), *Achieve Sales Excellence,* Avon, MA: Platinum Press.

Swanson, Scott R., and Scott W. Kelley (2001), "Service Recovery Attributions and Word-of-Mouth Intentions," *European Journal of Marketing,* 35 (1–2), 194–211.

Tax, Stephen S., and Stephen Brown (1998), "Recovering and Learning from Service Failure," *Sloan Management Review,* 40 (1), 75–88.

Technical Assistance Research Program Institute (1986), *Consumer Complaint Handling in America: An Update Study (Part II),* Washington, DC: Office of Consumer Affairs.

Ulaga, Wolfgang, and Andreas Eggert (2006), "Value-Based Differentiation in Business Relationships: Gaining and Sustaining Key Supplier Status," *Journal of Marketing,* 70 (January), 119–136.

Weiner, Bernard, and David Lerman (1980), "A Cognitive Attribution-Emotion-Action Model of Motivated Behavior: Analysis of Judgments of Help-Giving," *Journal of Personality and Social Psychology,* 39 (August), 186–200.

———, Dan Russell, and David Lerman (1979), "The Cognitive-Emotion Process in Achievement Related Contexts," *Journal of Personality and Social Psychology,* 37 (7), 1211–1220.

Weitz, Barton A., and Kevin D. Bradford (1999), "Personal Selling and Sales Management: A Relationship Marketing Perspective," *Journal of the Academy of Marketing Science,* 27 (Spring), 241–254.

Widmier, Scott, and Donald W. Jackson, Jr. (2002), "Examining the Effects of Service Failure, Customer Compensation, and Fault on Customer Satisfaction with Salespeople," *Journal of Marketing Theory and Practice,* 10 (Winter), 63–74.

APPENDIX
CONSTRUCTS AND MEASURES

Recovery Culture (1 = "Strongly Disagree," 7 = "Strongly Agree")

The leadership of my sales organization recognizes that sometimes customer expectations will not be met.*
The leadership of my sales organization recognizes that it is important to satisfy customers when their expectations have not been met.
The leadership of my sales organization recognizes that sales employees should be supported in their efforts to satisfy customers when their expectations have not been met.

Failure Analysis (1 = "Strongly Disagree," 7 = "Strongly Agree")

My sales organization knows when there is an incident where a customer's expectations are not met.
Our customers are encouraged to notify my sales organization when their expectations have not been met.
When a customer's expectations are not met, my sales organization formally identifies the *source* of the problem.
When a customer's expectations are not met, my sales organization formally identifies whether the problem is a *random event* or an event that is likely to *repeat itself*.
When a customer's expectations are not met, my sales organization formally identifies whether the organization had *control* over the cause of the problem.

Recovery Strategy (1 = "Strongly Disagree," 7 = "Strongly Agree")

My sales organization prefers to use some recovery strategies over others (e.g., replacing a defective product versus providing a refund).*
Preferred recovery strategies have been communicated to my sales organization's customers.
Preferred recovery strategies have been communicated to my sales organization's employees.*
My sales organization links specific types of recovery strategies with specific types of incidents of customer expectations not being met.
My sales organization formally measures the customer's satisfaction with the *recovery strategy* offered.
My sales organization formally measures the customer's satisfaction with the *recovery process* (e.g., complaint procedures, timeliness of recovery).
My sales organization formally measures the customer's satisfaction with the *human interaction* (e.g., courtesy, empathy, professionalism) experienced during the recovery process.

Monitoring, Evaluating, and Feedback (1 = "Strongly Disagree," 7 = "Strongly Agree")

My sales organization actively tracks incidents where customer expectations have not been met.*
My sales organization systematically collects and categorizes incidents where customer expectations have not been met.*
My sales organization evaluates its recovery efforts in terms of customer benefits (e.g., customer satisfaction).*
My sales organization provides feedback about incidents of unmet customer expectations to employees for training and/or evaluation purposes.
My sales organization provides feedback about the customer's perception for why their expectations were not met for training and/or evaluation purposes.
My sales organization provides feedback about recovery efforts to sales employees for training and/or evaluation purposes.

Customer Performance (1 = "Much Worse," 7 = "Much Better")

Compared to your sales firm's objectives, how well has your sales firm performed on the following measures during the past 24 months:
    Customer satisfaction
    Customer retention

Financial Performance (1 = "Much Worse," 7 = "Much Better")

Compared to your sales firm's objectives, how well has your sales firm performed on the following measures during the past
   24 months:
      Sales volume
      Sales growth
      Profitability

* Item dropped as a result of measurement scale purification and validation.