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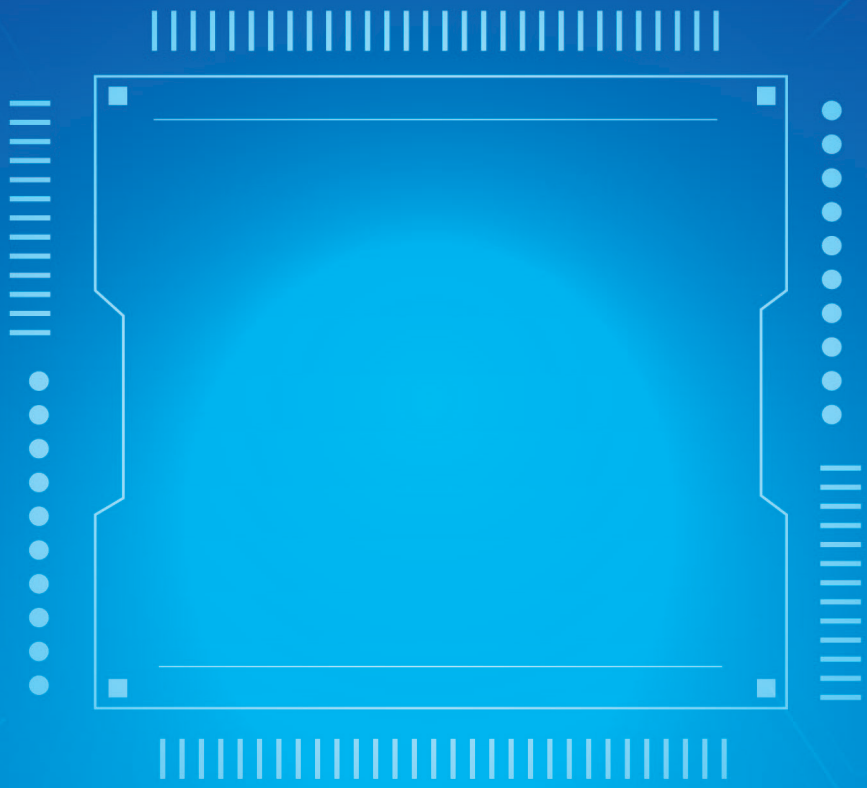

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Reflections on Resilience in the Context of Failure: Proposal of a Theoretical Framework

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ABSTRACT

In perfect, ideal situations, everything is running smoothly and under the best conditions. The business is running smoothly, all the customers are satisfied and all the products delivered are in order. Suddenly, at any time, unexpected problems arise and affect the smooth running of the business. If zero failures are therefore unthinkable in any unstable environment subject to uncertainty, what can we say about the link between failure and resilience? Indeed, despite the concrete truth of the environment, it is in the latter that many beautiful things arise. Willingness versus action is the source of resilience and progress. This paper presents an overview of the theoretical framework linking context failure, compensatory strategies and resilience. More specifically, we focus on the contribution of compensatory or restitution strategies to the recovery of resilience. From the literature review, we examined several research works on failure contexts in order to subsequently propose a research model reflecting the role of compensations in recovery and resilience.

INTRODUCTION

In e-commerce, situations of supply failure persistently appear. However, individuals do not expect these failures. Their reference point is "no failure" (Smith *et al*., 1999). The reason customers buy a product is their belief in its ability to meet their expectations (Ghiadi *et al*., 2015).

This is why failures are so unfavorable, and sometimes shocking, for the e-consumer, who had no idea that the product he ordered would fail, nor did he expect his expectations to be disenchanted. Sizing problems, non-conformities, and wrong colors and missing parts. Such is the reality of Internet shopping: lots of surprises and amazement.

In addition, negative shopping incidents also have an impact on emotions and behavior. This opens the debate on the fundamental need to understand the reactions of the dissatisfied.

Etymologically, the term "failure" is generic and not new. It has been borrowed from a number of fields of research, including economics, pharmaceuticals, physics, psychosocial studies, art and film, biology. It is axiomatic; because the founding idea is that everything is surrounded by numerous weaknesses and incapacities that make "zero defects unattainable" and "failure highly probable". According to Larousse, a default occurs when a party fails to fulfill its role or obligations. In other words, its main function is not properly guaranteed.

Failure situations are the direct causes of dissatisfaction (Wen and Chi, 2013). In addition, it is the latter that subsequently generates returns (Sajjanit, 2015; Jalil, 2019). Discrepancies between the product received and that on the merchant site are the main causes of returns in e-commerce (Jalil, 2019). Many products are damaged (Daugherty *et al*., 2001) and non-compliant (Fall, 2016; Jalil, 2019). Therefore, the company has only to transform the failure situation into an opportunity.

Cong and Fu (2008) have pointed out that any company in a failure situation must face up to the obligation of making a dissatisfied customer happy. In this sense, the old theory of the psychologist Adams John Stacy comes to the fore. Referring to the researcher's contribution to fairness in social exchange, he insisted that any sales relationship should be balanced, so promises should be kept.

From this perspective, if failures cause imbalance, recovery services put things right and enable resilience. Smith *et al* (1999) have argued that they restore equity by compensating the dissatisfied.

In the marketing literature, researchers agree that a situation is said to fail when something bad happens during the buying experience. It is when things go wrong for the customer (Migacz, 2018). In concrete terms, failure and risk are interdependent and correlated, especially if uncertainty is usually accepted as a specificity of the environment.

Faced with these facts, "product return" often arises from supply failure. Daugherty *et al* (2001) conducted a survey of e-commerce. With a sample of 81 usable responses, the results showed that the main causes of returns were dissatisfaction and non-conformity (58%). They also added that 84% of the causes of returns are due to the seller. However, it is in times of disruption that resilience becomes a desirable objective. In this article, we propose a theoretical framework linking compensation-recovery and resilience in the context of returns.

LITERATURE REVIEW

Commercial Returns: The Consequence of Product Failure

Negative supply incidents characterize failed purchases in commercial contexts, particularly at online retailers. They

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increase mutually with sales growth. High sales by no means mean that everything is working properly. Bayles (2002) mentioned that the major issue in e-commerce is the high number of returns.

In this sense, we briefly mention a logic that fits with our study context, but is rarely referred to in marketing research. This logic is illustrated by Leal and Pereira's (2003). The researchers point out that every sale is exposed to what is known as the "gravity cycle". That is, the risk of negative incidents increases mutually with increasing customer demand, making zero failure impossible.

Following this logic, researchers Costa *et al* (2012) assert that increased demand induces a high probability of failure. They add that this is why it is necessary to intervene with recovery services. These are geared towards identifying problems and failures and resolving customer issues.

Moreover, a high number of products delivered never means that business is running smoothly. On the contrary, as the logic of the severity cycle illustrates, we should expect many negative incidents. In concrete terms, product returns represent a challenge for company logistics (Sajjanit, 2015). In terms of the literature, they refer to flows coming from the consumer to the seller (Mohamed *et al*., 2015).

Recovery Services

Research into recovery services is not new, with the first works being developed in the 80s. The founding idea reinforcing the need for recovery services states that when any dissatisfaction arises an opportunity to correct faults can be seized to remedy the problem. Migacz (2018) has emphasized this aspect by mentioning that not having a service to manage dissatisfied requests generates negative consequences.

This hope and expectation of putting things back in hand has given researchers the motivation to develop a whole way of acting. Recovery services represent a real revolution in the field of marketing. In English, the field of research is known as "recovery service".

Recovery service is made up of two important concepts: service and recovery. Etymologically, the word "recover" is defined in Larousse as "to return to possession what has been lost". The same source adds the following definition: "to regain something lost". "Return", "regain". In other references, we find "recover". According to Le Robert, to "recuperate" is to "save", "repair" or "arrange".

These terms mark a certain positivity after negativity. In the case of the word "recovery", it can only mean to restore and regain.

To define the second concept, that of "service", the old and famous definition by Eiglier and Langeard (1987) seems appropriate and clear enough. In fact, it's the most valid. According to them, service is :

The systematic and coherent organization of all the physical and human elements of the customer-company interface required providing a service whose commercial characteristics and quality levels have been determined.

This definition is highly revealing, as it can be applied to all service areas. The two researchers add the customer is systematically involved in the service process.

However, the link between "service" and "recovery" refers to another aspect altogether. To this end, adapting Eiglier and Langeard's (1987) definition gives us a very different interpretation, which can be formulated as follows:

The systematic and coherent organization of all the physical and human elements of the customer-company interface required to deliver a service, the commercial characteristics and quality levels of which have been determined" with a view to successful "recovery.

Smith *et al* (1999) use the term "restore". It has the same connotation as "recover". It always expresses a return to an initial situation that is supposed to be good. The same researchers defined the recovery service as follows: the totality of efforts mobilized by the company to restore equity through compensation to individuals.

Moreover, the call for recovery services stems from the importance attached by dissatisfied individuals to the behavior of the party responsible for the problem (Smith *et al*., 1999). If individuals are unable to satisfy their needs in the initial situation, a second opportunity through recovery services may arise to re-offer the desired outcome.

Through a recovery service, Cong and Fu (2008) and Kuo and Wu (2012) add that dissatisfaction can be transformed into satisfaction. That means the recovery of satisfaction. This aligns with the vision of researchers Costa *et al.* (2012), who assert that a recovery service can remedy a failure relating to an offer by transforming losses into gains.

The term "recovery service" is used to refer to the way in which things have recovered. For Smith *et al* (1999), these resources are mobilized in the event of a supply failure.

In contrast, we use "service recovery" or "satisfaction recovery" to mark the consequence or outcome that follows the implementation of an effective recovery service.

It should be noted that the approach to satisfaction in failure situations is different from that in regular situations. Thus, satisfaction after dissatisfaction is said to be "recovered", "re-established" or "restored". These concepts are all part of the recovery literature. In the work of Migacz (2018) the researcher used the expression "post-recovery" to express the results after the mobilization of a recovery service.

Exchanges must be fair (Wen and Chi, 2013). They must lead to the promised results. However, there will always be purchases that fail, which implies the need for an effective recovery service (Costa *et al*., 2012). The question that arises is in relation to the determinants of successful recovery and resilience.

For this reason, the ways in which recovery services are evaluated with dissatisfied clients will attract our attention. Researchers believe that if the provider can understand the ways in which the dissatisfied judge recovery services, recovery will succeed.

Satisfaction Recovery in Railure Contexts

In the problematic context of service failure, when the need to conceptualize and understand satisfaction after dissatisfaction arose among researchers, the term "satisfaction recovery" came to be associated with the field.

Initially, researchers were interested in the dissatisfactions generated when services failed. Later, the field was broadened to include recovery from product failures. The basic idea behind this approach is that any sales relationship should be balanced, and promises should be kept. Therefore, if failures cause imbalance, an adequate recovery service is required so that dissatisfied customers can regain satisfaction.

The term satisfaction recovery is used in situations where the company wishes to transform the dissatisfied into the satisfied. Cong and Fu (2008) mentioned that individuals evaluating the recovery service compare what they actually got with their expectations.

This is true, the way in which a recovery service is implemented is decisive. In the context of returns, Sajjanit (2015) asserted that satisfaction recovery is the result of evaluating the compensation obtained and the quality of the contact. Jalil (2019) explained in the same context that satisfaction after return is the result of judging the quality of the instructions followed. Long before, Stock *et al.* (2006) concluded that when returns management is applied in line with the expectations of dissatisfied individuals, it enables satisfaction to be recovered.

In fact, dissatisfied individuals judge the efforts made by the company to solve the problem. Consequently, satisfaction can only be achieved if efforts are perceived to be fair (Oliver, 1997).

Several researchers have argued that satisfaction recovery is part of a value recovery process. Maxham and Netemeyer's (2002) vision supports this idea. They explain that it's about recovering value for the customer through specific efforts.

This approach was supported by Cho *et al.* (2017), who argue that when the recovery experience is carried out correctly and deemed satisfactory, the customer becomes more satisfied. That is, good behavior towards the dissatisfied can generate very strong emotions.

In the failing context of returns, the return experience is not neutral, but subjectively interpreted by individuals. This is the cognitive approach to satisfaction, which places the lived experience at the heart of the result. What the individual evaluates in terms of recovery service defines the outcome.

To define satisfaction recovery we retain the conceptualization proposed by Choi and La (2013) developed in the recovery context. It fits very well with our study context. According to the two researchers, satisfaction recovery means:

The Evaluation of How a Service Provider Handled a Failure

It is the cognitive evaluation of the overall experience (Choi & La, 2013). The definition put forward reveals that satisfaction after dissatisfaction remains dependent on the vendor's ability to manage the failure.

We add for clarification that satisfaction after dissatisfaction in our context is assessed across time. That is, it is not a typical experience judged in a specific time frame. But, cumulated is judged as Anderson and Fornell (1994) mentioned, over time. According to the same reference, it is said to be "global".

Our vision is completed by the approach that differentiates transactional satisfaction from relational satisfaction. According to Darmon (2013), this is relational satisfaction uniting several experiences over time.

The Resilience Context: Compensation and Satisfaction Recovery

Resilience means maintaining the functions of structures in the face of disturbance (Beninger *et al.*, 2021). In this sense, marketing literature has focused on the role of compensation in failure contexts as a tangible solution. Kuo and Wu (2012) have argued that recovery strategies focus on the presence of compensation aimed at correcting the loss suffered by the customer. It allows the situation to be taken back into control, as it constitutes real corrective compensation for the dissatisfied customer. According to Miller *et al* (2000), compensation is classified as a tangible element.

Interest in resilience emerged in response to rare situations (Kumar *et al.*, 2020). For example, Siu *et al.* (2013) worked on the role of complaint management in the failing context. The researchers first conducted a qualitative study to discuss the axes of the questionnaire. Then, with a sample consisting of 200 customers who had actually experienced a failure, a questionnaire survey was carried out. Regression tests showed that perceptions of the three components of the recovery service - distributive, procedural and interactional - influence post-recovery satisfaction. Siu *et al* (2013) add that the distributive dimension has the greatest impact. The latter, according to the findings of the same researchers, focuses mainly on compensation.

Ye and Luo (2016), in e-commerce have worked on the influence of attribution on recovery efforts. The two researchers conducted a questionnaire survey among online consumers who had had negative experiences in the past following purchases on a merchant site. From tests conducted with the structural equation approach, Ye and Luo (2016) concluded that for customer satisfaction recovery to succeed, the company must provide fair compensation that meets expectations.

Resilience is about absorbing and recovering (Beninger *et al.*, 2021). Zeithaml *et al.* (2002) concluded that compensation only becomes important when consumers encounter problems. Moreover, it is on the Internet that the number of supply incidents is high. From a corporate point of view, the two questionnaire surveys conducted by Dissanayake (2007) into product returns on samples comprising 61 manufacturers and 48 e-retailers revealed

that e-commerce remains the area with the highest number of returns. Hypothesis testing showed that e-commerce companies agree with the hypothesis that Internet returns justify the purpose and role of reverse logistics. More specifically, the central objective of returns management is to compensate customers. Dissanayake (2007) adds Resilience helps the company to cope with difficulties (Kumar *et al.*, 2020). Larivet and Brouard (2010), in their theoretical approach to strategic intelligence on claims management, concluded that returns policies are one of the preventive strategies for dealing with failures. The dissatisfied customer can voice his dissatisfaction to the company in order to exchange the product or receive a refund (Larivet and Brouard, 2010). This constitutes real compensation.

In Larousse, resilience means : the capacity of an ecosystem or group of individuals (population, species) to recover after an external disturbance (fire, storm, clearing, etc.). In this sense, Greenberg (1990) studied the relationship between the individual's need and sense of fairness, concluding that compensation offered to the individual, when perceived as fair and respectful of expectations, enables recovery.

Proposed Theoretical Framework

Proposing a framework Based on the theoretical work reviewed, we will propose a theoretical framework linking the compensation and recovery of satisfaction in a context of failure and resilience (Figure 1). In this sense, resilience is seen as a reaction emanating from the company's efforts to recover satisfaction. Compensation is seen as a key element in recovery.

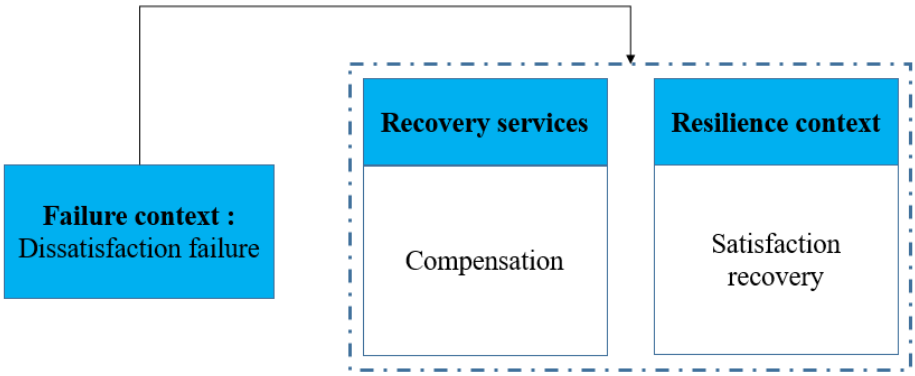

Figure 1: Proposed theoretical framework

RESULTS AND DISCUSSIONS

The demand of individuals for better shopping experiences has made it essential to incorporate failure contexts into research work. A rich literature on the quality of recovery services in the context of the return made it possible to show the role of the recovery services in failing situations, those of dissatisfaction. It turned out that when the company aims in this direction, resilience and recovery of satisfaction. Companies seek above all to take advantage of the opportunity to remedy dissatisfaction through the compensation granted to dissatisfied people.

As a result, the theoretical elaboration of our research work has made it possible to distinguish a main idea: the transition from a failing context to another of resilience requires the presence of a recovery service materialized by the compensation granted to individuals. More specifically, compensation stands out as a characteristic that promotes resilience.

CONCLUSIONS

Dissatisfied customers react to negative supply incidents (Smith *et al.*, 1999). They seek solutions from the party considered responsible for the problem. This leads to recovery services. These are called recovery services. In reality, the restoration of satisfaction is possible thanks to an effective recovery service that meets expectations. The company will indeed be able to withstand and cope with unpleasant situations, but it must have the necessary means at its disposal. Researchers insist on the role of compensation. Companies that are resilient to failing situations are able to overcome crises thanks to the compensation granted to dissatisfied customers.

The proposed theoretical framework will not stop here, however, as there is a real need for a qualitative study aimed at enriching it and, above all, taking into account the specificities of the Moroccan context. The next step will therefore be to conduct a qualitative study of e-commerce through interviews.

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