Managerial Heuristics in Service Recovery Decisions

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Abstract

Prior research has extensively focused on how consumers react to different recovery measures. This project aims to shed light on a so far overlooked factor in this field: Understanding how service employees take recovery decisions. We draw on previous research on managerial heuristics and explore which heuristics service employees utilize to recover failed services. Results from a qualitative study suggest that the use of heuristics in service recovery management is prevalent, and that employees use adaptive recovery strategies. However, several dominant managerial heuristics that emerged from the data coincide only partially with what previous literature suggests for optimal consumer responses. This can have important implications for the financial impact that complaint handling may represent to companies. Theoretical implications and suggestions for further studies are discussed.

Keywords: *Service recovery; heuristics; managerial decision-making*

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