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Human resource management factors and service recovery performance in Malaysian life insurance industry
Exploring the moderating effects of employment status

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Abstract

Purpose – The purpose of this paper is to investigate the human resource factors (rewards, training teamwork and empowerment) that affect service recovery performance (SRP) of customer service employees in life insurances companies. Life insurances industries in Malaysia are facing stiff competitions due to growing consumerism, changing consumer choices and expectations. SRP is very important aspect in the insurances firms toward retaining the customer and one of the key competitive advantages for sustainability and adding value to the organization in the future.

Design/methodology/approach – The data obtained from 350 customer service employees based on convenience sampling were analyzed using regression and hierarchical analysis.

Findings – There are two factors, namely, empowerment and training, affecting the SRP. The employment status moderated the relationship between reward and SRP. The limitations of this study have been noted and further research suggestions are also included that are very important for SRP.

Originality/value – This study has added knowledge regarding the factors that affect SRP, in general, and precisely in life insurance industries in Malaysian context.

Keywords Service recovery, Employment status, HR factors

Paper type Research paper

Introduction

One of the areas to retain the experienced employees, tap the market and serve the customers better is by looking into service recovery performance (SRP). SRP from staff point of view, especially insurance agent, will be paramount to improve bottom line of company, continue to attract new market and new customer and to ensure a strong and

long-term customer–employee relationship. The influential employees that receive the complaint will highly affect the successful of service recovery (Tax *et al.*, 1998; Boshoff and Allen, 2000). Most service problems related to customer service settings in life insurance industries are normally carried out by customer service employees. They play very important role in service recovery; they form an important component of firm's service quality and firm's reputation. Literature from banking industry in New Zealand (Boshoff and Allen, 2000), public health care industry in New Zealand (Ashill *et al.*, 2005) and banking in Turkey (Yavas *et al.*, 2003) revealed that with service recovery in place by an organization, employee had better rewards, were more empowered, had improved teamwork and were fast in making decisions to improve organizational performance better.

Service recovery were also investigated in sectors such as public healthcare, banking and lodgings (Ashill *et al.*, 2005; Boshoff and Allen, 2000; Ardahan, 2006). Even though there are various studies regarding SRP in Western countries, there are so far no studies being carried out particularly in insurance industry and, furthermore, models developed in particular cultural conditions and socioeconomic nature cannot be completely used and generalized to different places (Yavas *et al.*, 2003). Jayasimha and Murugaiah, (2008) had suggested that more studies need to be done to understand and improve the service recovery of life insurance industries. Service recovery is a vital aspect of employee performance (Nik *et al.*, 2011).

Insurance is one of service sectors will spearhead expansion of Malaysian economy (Dhesi, 2012). The insurance industry together with the "takaful" sector have registered total new business premiums worth RM7.92 billion in 2011 and expect 7-10 per cent of premium growth for the life and general sectors in 2012 (Dhesi, 2012). In Malaysia, about 60 per cent of the insurance businesses in 2011 were under life insurance category (retrieved from www.reportsnreports.com). From recent research, the number of life insurance policies in force were 12,121,159, with the total sum insured being RM 852,254.1 million (Bank Negara, 2010). Insurance industry in Malaysia has been growing significantly due to the growing awareness among Malaysians for financial planning such as retirement and healthcare needs, disability or unemployment, children's education, investment choices, protecting themselves and their dependents from financial vulnerabilities arising from death (Mohd, 2007).

Malaysian service sector plays a vital role in economic development. Malaysian service sector which includes (Electricity, gas and water, wholesale, retail and trade, hotels and restaurants, finance, insurance and real-estate, business services, transport and communication) contributes 48 per cent to gross domestic production (GDP). Among different sub-sectors in service sector, insurance contributes 4.5 per cent to GDP with significant employer accommodating 23,865 employees (Economic review, 2013).

In the Malaysian market, the insurance businesses divided into two groups, namely, life insurance and general insurance. Life insurance can be defined as a life contract as occurred in jeopardizing the lives of the accident, it will pay the prior consent of a sum of compensation given to the signatory or his family. Life insurance is a contract which provides the protection against the risks of premature death, loss of a continuous stream of income during retirement and sickness or disability in human life Mohd Sukri, 2010. Life insurance products sold by life insurers in Malaysia are a combination and/or variation of four basic types, namely, term insurance (sum insured payable when death happens within a specified number of years), endowment insurance (sum assured

payment ahead the death of the life insured during the period of the policy or ahead the survival of the policyholder at the end of the term), whole life (payment of sum assured ahead the death of the life assured ahead reaching certain age) and investment linked insurances (life insurance policy where the protection and investment element is unbundled) (Manulife Insurance, 2009). General insurance is all forms of insurance business including reinsurance within the responsibility of policy as defined in the Insurance Act 1996. General insurance contracts can be arranged to provide the protection against the risk to the insured or third parties in respect of losses to property in case of fire, flood and accident, legal liability caused by products or goods sold or the process carried out and the death or injury to a person by an accident (Mohd Sukri, 2010).

According to Life Insurance Association Malaysia (2008) insurances services delivery is undertaking by company direct marketing through brokers and by insurance agents. Agents are the most important delivery systems, for personally insurance agents can be commission and salaried agents, and they have collected gross written premium of 87.4 per cent for new business in 2011 (retrieved from www.reportsnreports.com). Agents represent the insurance company from whom the policyholder buys and their role getting more and more important in Malaysia life insurance industry. This was supported by increasing number of agents, whereby in 1990 were 37,373 and increased to 87,163 in 2010 (Bank Negara, 2010).

Life insurance industry are going through growing consumerism, changing consumer choices and expectations due to increased in education levels and growing personal wealth (Zamani, 2007). Furthermore, with the large unexploited market that still exists with 42.9 per cent of the population or about 16 million people not having any of life insurance or family "takaful" policy (Dhesi, 2012). The complaints on life insurances also continue to increase from 485 in 2004 to 696 in 2005 (Insurance Annual Report, 2005), and it is a proof for the dissatisfaction of customer toward local insurance industry. As stated by Affiaine and Zalina (2008), most of the complaints are due to providing incomplete and wrong information, poor service, unfair and delay in settlement claims, conspiracy, price-fixing and lack of professionalism by insurance companies. These developments require the insurance companies in Malaysia to search for trusted, qualified, knowledgeable, superior skills and experienced staff and to retain the hardworking employee to tap the market and serve the customers better.

Even though there are various studies regarding SRP in Western countries, there are so far no studies being carried out particularly in the insurance industry. The results also have been inconsistent and failed to obtain conclusive findings that can be generalized in the Malaysian context. Furthermore, the frameworks developed in a particular socioeconomic and cultural environment cannot be completely used, and concluded to different place, as pointed by Yavas et al. (2003).

The study will be carried out in a specific context to examine whether there is a relationship between organizational (customer service orientation and top management commitment), human resource management (rewards, training, teamwork and empowerment) and personal (affective organizational commitment, role ambiguity, role conflict and emotional exhaustion) variables toward SRP by customer service employees. There are some limitations in using specific context but it will help in contributing to service recovery literature by carrying out preliminary studies on ignored areas in service research.

Because there are limited studies in Malaysia so far, this paper will undertake empirical examination of potential impact organizational, personal and human resource management variables on the SRP by customer service employees whether working as part-time and full-time employees in a service industry, particularly in life insurance industry setting. This present study intends to introduce empirical literature in SRP by investigating a SRP model in insurance industry.

Our views, understanding the environment and factors of customer service employees' SRP and the function of employment status are a necessity in expanding and carrying out service recovery activities, particularly in the sector that requires human interactions. This is according to a study of relationship marketing in the life insurance industry which found that client satisfaction with the service is with their contact person or agent (Crosby and Nancy, 1987).

The purpose of this paper is to investigate the human resource management factors (rewards, training teamwork and empowerment) that affect SRP of life insurances companies. This study also examines the impact of employment status as a moderating variable on the correlation between human resource management factors and SRP of customer service employees. The human resource management factors that are practiced by organization toward the employee's improvement and well-being in the job can affect SRP. Therefore, this study is very important in Malaysian context and will be a starting point to develop a better understanding in service recovery, especially in insurance industry. It will help insurance providers as one of their competitive advantage against their competitors. This study also hopes will enrich literature and extension of knowledge in this field.

Literature review

Business firms all over the world including the Malaysian firms have to maintain and enhance their competitiveness in the face of fierce global competition, changing markets and technological breakthrough. Also, since the implementation of ASEAN Free Trade Area (AFTA) agreement in 1992, competition has become intense among the ASEAN countries (Zadry and Yusof, 2006). Facing this challenge, manufacturing and service firms should produce high-quality goods and services (Evans and Lindsay, 2002). Therefore, Malaysian firms would lose ground to competitors if they do not respond to the global changes. Human resource factors (rewards, training, teamwork and empowerment) play vital role in SRP. In this regard, Kaur (2011a) found that in comparison with other human resource factors (working environment, management support and accountability) rewards, training, teamwork and empowerment play more important role to develop organization in Malaysian context. Another similar study conducted by Kaur (2011a) among lower- and middle-level employees working in Malaysian manufacturing companies indicated that human resource factors (rewards, training teamwork and empowerment) help Malaysian organizations establish effective environment management system. Furthermore, Abdulla et al. (2008) found that training and rewards strongly influence the quality improvement system in Malaysian Electronics and Electrical companies. In addition, the role of human resource factors (training, rewards, teamwork and empowerment) has been explored in Malaysian manufacturing sector but ignored in Malaysian service sector. Therefore, this study will investigate the role of human resource factors (rewards, training, teamwork and empowerment) in Malaysian service sector, more specifically in life insurance industry.

Service recovery performance

Services are bundles containing the core service and the service experience depending on employees' relations with customers, the organization and its facilities. Most of services are first sold and then concurrently produced and consumed (Berry, 1999). Insurance service compared to other industries is complex and future contingent service involves substantial legal characteristics (Tamzid *et al.*, 2007). In insurance industry, the sales force requires high level of customer contact and the relationship with customers are relatively long-term (Boshoff and Allen, 1999) because customer service employees require to give continuous service and assistance to customers for changes in policy due to changing need and preferences.(Nor and Azli, 2005). Insurance products is a pure service, intangible and does not offer "instant product experience" at the time of purchase. It is only the "promise" that is being sold (Jayasimha and Murugaiah, 2008).

Service recoveries concern toward customer complaint are caused by service problems (Smith *et al.*, 1999). Service recovery is characterized as "the actions of a service provider to mitigate and repair the damage to a customer that results from the providers' failure to deliver a service as designed" (Hoffman and Kelley, 2000) Service recovery goal is to retain current customers while attracting new ones as a bonus (Andreassen, 2001). SRP of customer service employees refers to the personal evaluations of the service that he or she delivers to customers. SRP defined by Ashill *et al.* (2005) as the understanding of employees' capability and actions in solving service failure to customer satisfaction According to Hui (2007), SRP consists of three features, namely, performance of customer service employees, particular types of employee behaviors and a multidimensional construct. SRP refers to particular types of employee behaviors. This conceptualization of SRP is consistent with the general approach of defining performance as employee behaviors that are relevant to organizational goals (Motowidlo, 2003) and with the view of customer service performance as "an employee performing specific behaviors in particular ways to increase customer perceptions of service" (Ryan and Ployhart, 2003, p. 380). SRP, thus, is differentiated from its results; SRP focuses on what employees do and say in handling customer complaints, whereas results of SRP refer to customer perceptual, affective, intentional and behavioral outcomes that may be influenced by SRP, such as customer satisfaction and repurchase intent. Defining SRP as behaviors has two conceptual and practical advantages (Motowidlo, 2003). First, results may be influenced by factors that are beyond the employee's control; thus, equating performance to behaviors is less contaminated by situational constraints and opportunities. Second, employee behaviors are more amenable to intervention than is the outcome of the behaviors, thus allowing researchers to apply most fruitful psychological principles to managing SRP behaviors.

SRP is a multidimensional construct. Prior studies have examined in isolation different types of recovery efforts following service failures, including reimbursement refund, replacement, repair, extra compensation, correction, apology, assuming responsibility, timing–speed, explanation–causal account, politeness, empathy and effort (Sparks and McColl-Kennedy, 2001; Tax *et al.*, 1998). To provide a unified framework of SRP, the current study integrates this literature to examine these key recovery behaviors simultaneously and categorize them into five dimensions, including making an apology, problem-solving, being courteous, providing an explanation and prompt handling. Providing extra compensation to the customers has been identified as another important service recovery strategy (Smith *et al.*, 1999; Tax *et al.*, 1998).

However, whether an employee is able to offer extra compensation depends on the company's policy, and thus may be beyond the direct control of the employee. Types of employees' behavior studied by Hui (2007) such as making an apology, problem-solving, being courteous, providing an explanation and prompt handling was found positively affected customer satisfaction and customer repurchase intention through customer-perceived justice as mediator.

Rewards

Rewards mechanisms characterize inducements employees receive from their firms such as social identity, compensation, esteem and status (Yavas *et al.*, 2003). Needs and wants of employees are fulfilled when they identify that rewards from the organization such as recognition, personal growth, salary, promotion and meaningful work meet or go beyond their expectations (Hackman and Oldham, 1980; Locke, 1976).

According to Joshua, Marie, rewards such as better salary, paid for vacation and pension availability in the hospital have a positive effect on job tenure for nursing assistant in the USA. The relationship between extrinsic rewards with work fulfillment is more significant compared to intrinsic rewards on employees working in telecom sector and public organizations in Pakistan because the employees are more concerned with the salaries (Muhammad *et al.*, 2012; Muhammed Zia *et al.*, 2010). Employees of private banks in Pakistan were satisfied with intrinsic reward variables such as job autonomy, job significance, job participation and appreciation, while in public banks industry, staff were fulfilled with job autonomy, job participation and appreciation according to study done by Muhammad (2012). Reward is very important in shaping the performance improvement in the task, and it is directly linked with the motivation process (Rizwan and Ali, 2010). It is also one of the elements that have been found to link with employee loyalty (Rahman *et al.*, 2012). In another study done by Khalizani *et al.* (2011) involving 619 employees of public and private water utility organization in Malaysia also found compensations have a strong positive affect on motivation and work fulfillment. The authors suggested that rewards must be realigned to strategically fit the firm objectives to enhance employee motivation to perform well and satisfy with the works. Kalim *et al.* (2010) have examined reward variables such as salary, promotion, appreciation and benefits on employee job motivation involving staff in Pakistan commercial banking industry. The result revealed that rewards are strongly linked with staff job motivation. The researchers suggested that if reward offered to staff were changed in consequence, the job motivation also changes.

Rewards such as salary increase, allowances, compensations and fringe reimbursement on occasional basis and special occasion will keep employees motivated, according to finding by Rizwan and Ali (2010). While Singh (2004) has concluded that compensations are having positive effects on organization and employee's performance and further point out that organizations interested for high growth must pay attention on compensation. Similar finding was reported by Tahir and Muhammad (2006) among telecom employees in Pakistan. Receiving public approval and co-worker support rewards are positively associated with job satisfaction for practitioners and managers employed in the Norwegian public social services, while superior support and client recognition were found to be significantly rewarding aspects to the practitioners only (Jessen, 2010).

In service quality, rewards are very crucial elements in encouraging staff to provide excellent services and in motivating the employees when handling complaints from customers (Yavas *et al.*, 2003; Lewis and Gabrielsen, 1998). Based on studies in a major national retail bank in New Zealand and a private major retail bank in Turkey, we found that reward practice of frontline employees for service superiority have a positive effect on SRP (Boshoff and Allen, 2000; Kirkbir and Cengiz, 2007; Babakus *et al.*, 2003). Another study done by Ashill *et al.* (2005) on frontline staff (administrate and nursing) in a New Zealand hospital also found rewarding exerts positive influence on SRP. A similar finding was reported by Piaralal *et al.* (2012b) for customer service employees working in Malaysian life insurance industry. If frontline staff are rewarded, the frontline staff will experience emotional happiness and it will have a strong effect on staff's perceived service quality (Slatten, 2010). Reward in term of money is significant to the staffs that receive a little (Forrester, 2000). If personnel take rewards for their excellent service delivery, they may show fair SRP.

Various studies done shows that rewarding does not influence to SRP (Ardahan, 2006; Ashill *et al.*, 2005; Rod *et al.*, 2006; Yavas *et al.*, 2003) but rewards system is important and required by service organizations in delivering outstanding service. It will help motivate staff who pays effort to enrich and develop service quality in managing customer problems. These will return satisfaction of not happy customers (Berry and Parasuraman, 1991).

Managing customer problems and handling angry customers is not easy job, and staff that carry out the job properly must be acknowledged and awarded. Therefore, insurance industries should practice the most proper awarding methods for their customer services employees. If the employees do not perform effectively in recovery effort due to rewarding problems, the customer satisfaction and retention will not be a success. Based on above findings, it is, therefore, hypothesized that:

H1. Rewards are positively related to SRP

Training
Training refers to programs carried out by a firm to improve staff's "job related and behavioral skills" (Babakus *et al.*, 2003; Rogg *et al.*, 2001). Training of staff in job-related ability and behavioral skills to develop their capability is essential to overcome different customer requirement, personalities and circumstances in offering perfect service quality (Yavas *et al.*, 2003). Studies done by Crawford and Kozub (2011), Yavas *et al.* (2010), Kirkbir and Cengiz (2007) Ardahan (2006), Yavas *et al.* (2003), Kirkbir and Cengiz (2007) and Babakus *et al.* (2003) on frontline employees working in accommodation establishments and banking sector found that staff training factors on SRP were significant.

Training is very vital and cannot be ignored in enhancing staff commitment. Training creates feeling of belonging among staff (Badr-al-Din *et al.*, 2011). A similar finding found by Owens (2006) that higher trained employees are more committed and had lower turnover intentions. In addition, Bartlett (2001) showed a positive link between training in working place and organizational commitment. The researcher suggested that human resource development professionals must be capable to adjust a new research approach to show staff training contributes to employee desirability which may, in return, affect behaviors such as absent from work and turnover. Employees perceived they have the opportunity to develop new skills through training

are more satisfied with their jobs, more loyal and more likely to stay with the firm according to study by Wanda and Salazarb (2011) in US logging industry employees. Another study on 134 staff and low-level executives from five big firms in Greece found a significant link between the staff training success and their commitment, work satisfaction and motivation (Sahinidis and Bouris, 2008). The authors pointed out training program content must be realized as efficient and benefit to those involving in it toward better employees' attitude. The firm requires to critically verify what it is looking to accomplish within the training program as well as the effect it will have on staff effort, commitment and intention to resign (Glance *et al.*, 1997).

Training effectiveness is an area whereby service organizations can differentiate themselves from the others in the market (Schlesinger and Heskett, 1991). The finding by Jones (2007) in the UK banking sector indicated that management could place an increased importance on training in service recovery and awareness of its importance in customer satisfaction. Training is important for employees' service performance effectiveness, and as stated one of the strategic requirement for customer retention and revenue for hotels (Magnini and Ford, 2004).

It is not only essential to have the correct staffs for the correct tasks but also crucial to give training to these staffs in handling the problems and unexpected situations that may occur (Boshoff and Allen, 2000). Studies carried out by Emad (2013), Crawford and Kozub (2011), Yavas *et al.* (2010), Ardahan (2006), Yavas *et al.* (2003), Kirkbir and Cengiz (2007) and Babakus *et al.* (2003) on frontline staff working in lodging industry and banking sector discovered that there was a strong link between employees training variable and SRP. The high education level of the staff in the lodging industry, who have graduated from vocational institutions and about three-quarters graduated from university, verifies that employee training variables are strongly affected by SRP (Ardahan, 2006). Another study by Bitner *et al.* (1990) found that 42.9 per cent of all disappointing service comes across were failures handled poorly and unwillingness by customer service employees. It means that clients are more frustrated by the lack of employee SRP compared to service shortfall itself.

Although some studies found that training of employees has no impact on SRP (Boshoff and Allen, 2000; Yavas *et al.*, 2003; Ashill *et al.*, 2005; Ashill *et al.*, 2006; Rod *et al.*, 2006; Piaralal *et al.*, 2012b) but it will ensure that staff does not increase the potential for conflict. Training of customer service employees in technical and functional skills, listening to customers' problems, calming down customer anger and providing change in responses will reduce service failure (Boshoff and Allen, 2000). Based on above findings, accordingly, it is hypothesized that:

H2. Training is positively related to SRP.

Teamwork
Teamwork refers to the firm actions to improve staff control in their job and work together (Boshoff and Allen, 2000) Teamwork has positive effects on organizational performance, as it can help to identify problems of the organization more accurately and find proper solutions to problems, effective ways of to include employees in the management, share information and communication in the organization, and it also generates energy and synergy in the organization and increases innovation and creativity (Ardahan, 2006).

Teamwork is one of variables that link to employee satisfaction and loyalty according to a study by Rahman *et al.* (2012) involving 300 frontlines employees from the hotel industry in Malaysia. It is a clearly essentially influential to fulfillment, as are perceptions of staffing sufficiency in intensive care inpatient hospital nursing team according to Kalisch *et al.* (2010). The way the staff function as a team and have clarity among the members will reduce emotional exhaustion of the staff (Bowers *et al.*, 2011). It also has impact on job satisfaction among 4,708 manufacturing employees in the UK (Griffin *et al.*, 2001). In education field, business students with higher levels of teamwork have increased performance in their exams compared to individual students (Rutti *et al.*, 2012).

Teamwork has been showed to influence the staff involvement accomplishment, constructive, discussion of conflicting views openly which resulted in better quality service and powerful job correlations (Tjosvold, Moy and Sasaki, 1999; Daily and Bishop, 2003). There is a strong relationship between team work and increase in productivity and learning based on a sample of 575 team members and 145 project managers from German groups (Hoegi and Gemunenden, 2008). Teamwork dimensions such as formation of a team work, conflicts, cooperation and performance have directly reflect on the processes of establishing knowledge, learning and creativity in high technology companies in Jordan (Mohamad Noor *et al.*, 2012). In another study, higher level of teamwork also shows higher level of creativity (Crotty and Brett, 2011).

The studies done on frontline hospital staff in public health industries in New Zealand, private major retail banking in Turkey and customer service employees in life insurance companies in Malaysia found that teamwork exerts positive relationship with SRP (Ashill *et al.*, 2005; Kirkbir and Cengiz, 2007; Piaralal *et al.*, 2012b). Even though waiting time is not fault of frontline staff, but there are those required to handle with the situation and teamwork have successful reduce excess waiting time for the patients in hospital (Ashill *et al.*, 2005).

The staffs require the full help of those in the "backroom" to deliver excellence and smoothly service to customers. The work becomes more important if each of employees has a customer to whom they are accountable. When referring to the literature on service marketing and service management, it was found that teamwork improved performance (Murakami, 1995) and service quality (Yavas *et al.*, 1995), accordingly, it is hypothesized that:

H3. Teamwork is positively related to SRP.

Empowerment

Empowerment represents the enhancing a staff's aptitude, motivation to develop, apply of the skill and experience (Rod and Ashill, 2010). Another definition of empowerment is the freedom and ability to make decisions and commitments (Slatten, 2010). Employee empowerment has been linked to various variables by researcher such as work fulfillment, firm commitment and intention to resigns. Psychological job enrichment had a positive link with organizational variables, namely, supervision approach, compensation systems and task design. Psychological job enrichment is influenced strongly by compensation system according to study done by Akbar *et al.* (2012) among education employees in Iran. Higher empowerment leads to higher confidence, sincerity, trustworthiness, participation in team work and higher information, knowledge and job skills among employees in education organizations reported by Masoud *et al.* (2011). A

study on 292 service employees in the hotel industry in China shows that stronger job attitudes in terms of work fulfillment and firm commitment will assist to improve empowerment that lead to lower intention to resign. This study also found the relationship between empowerment and service effort was not significant (Humborstad and Perry, 2011).

Empowerment provided to the employees in aviation industry in Pakistan, however, increases the organizational commitment but no significant influence on organizational commitment (Faisal and Omar, 2012). Employee empowerment has a direct correlation with fulfillment of profession progress and supervisor (Caykoylu et al., 2011). It significantly enhances firm commitment, work fulfillment, task participation and profession fulfillment (Noorliza and Hasni, 2006; Yong et al., 2006). Perceived empowerment in enhancing employee job satisfaction important due to the satisfied workforce is less likely to deliver poor service, leave or not present from job more regularly (Ongori and Shunda, 2008; Heskett et al., 1994). The findings from a study of 297 city and country club employees reveals the empowerment dimension of meaning was found to have the influence on perceived loyalty, concern for others and satisfaction. Pelit et al. (2011) found that empowerment dimension in terms of behavioral and psychological have effect on job satisfaction of hotel employees in Turkey. The empowerment varies by employment status but not by position whether employees working as high customer contact or back of house in the firms (Fulford and Enz, 1995).

Service industries such as life insurance industry are becoming more challenging. Therefore, empowerment is very essential and acknowledged in service sectors as main factor in providing to progressively demanding clients (Boshoff and Allen, 2000). Empowerment is among factors which may influence service recovery practices of life insurance customer service employees. Empowerment involves giving workers the power, responsibility, freedom and ability to make decisions and act quickly without long command when handling their daily works (Yavas et al., 2003). Empowerment should be the major element in managerial and firm effectiveness (Conger and Kanungo, 1988). According to Bowen and Lawler (1995), empowerment helps employee wellbeing and feels better toward their jobs and themselves. A study done on 1,076 frontline staff in service organizations in Norway discovered that emotional job enrichment has significant link to staff feeling pleasure and link to superior staff-perceived quality of service (Slatten, 2010). In the financial sector Lytle and Timmerman (2006), Yavas et al. (2003), Kirkbir and Cengiz (2007) and Babakus et al. (2003) had found significant link between empowerment of frontline staffs and SRP. More empowerment such as the power for making decisions and freedom to help customer will improve SRP and free managers to look into other related policy matters (Yavas et al., 2003; Yayas, 1999). Studies carried out by Ashill et al. (2005) in government health centre, Yavas et al. (2010) and Emad (2013) in hotel industry and Piaralal et al. (2012b) in life insurance also found that empowerment of frontline workers have positively influenced SRP. The flatted structure and decentralized management empowered customer service staffs due to low restrictions from levels of pecking order (Yavas et al., 2003).

A study done on 1,076 frontline employees in service organizations in Norway found that emotional empowerment significant link to employees feeling joy and link to better employees perceived service quality (Slatten, 2010). In the banking industry Lytle and Timmerman (2006), Yavas et al. (2003), Kirkbir and Cengiz (2007) and Babakus et al. (2003) had found significant link between empowerment of customer service staffs and

SRP More empowerment such as the authority to make decisions and freedom to help customer will improve SRP and free managers for other strategic issues (Yavas *et al.*, 2003; Yayas, 1999). Studies done by Ashill *et al.* (2005) in public health, Yavas *et al.* (2010) in hotel industry, Niriender Norazuwa and Shishi in life insurances industry also found that empowerment of frontline employees have positively influence SRP.

The authority to provide the required service level (Parasuraman, 1987) when service problems happens is seldom given to frontlines staffs (Bowen and Lawler, 1992). Management frequently builds restrictions to service distinction by having procedures and policies that even the fundamental decisions only made by managerial staffs. Efficient, personal, responsive and better service recovery efforts will be performed by empowered customer service employees (Bowen and Lawler, 1992). Based on above finding, therefore, it hypothesized that:

H4. Empowerment is positively related to SRP.

Employment status
The firm is the major social system for the full-time staff and for part-time staff are more integrated in different social systems for example family, residence, school and another work (Martin and Hafer, 1995). According to Barathi Dasar (1998) there is difference in terms of roles and responsibilities but no differences in terms of quota and performance for both employees status. The full-time agents fully committed in selling and servicing life policy and does not have any other commitment, whereas part-time agents has two roles to play, working as a wage earner, selling and servicing life policy. The nature of work of both part-time and full-time agents are approximately same, that is working on commission, spend quite a bit of time networking, searching new customers, collecting premiums, updating sales record and serving the customers after sales. Part-time and full-time agents play essential function in connecting the firms to its clients. They are in fact ambassadors and the backbone of the insurance industry (Maliga, 2000). This study will focus on agents that providing after sales service which is called customer service employees.

Part-time jobs are growing trend in Malaysia due to rising living cost. Life insurance companies have provide huge opportunities for the employment to work as part-time customer service employees to promote and selling life insurance policy and servicing at their convince time to the customers. Part-time work force as customer service employees is about 37.5 per cent as reported by Barathi Dasar (1998). As part-time customer service employees make up important fraction of the workforce in life insurance companies in Malaysia with proper procedure, managers can makes correct decisions when managing the customer service employees that are working as part-time or full-time. Disregarding employment status dissimilarities may cause problems if there are dissimilarities. On top is an employment status sensitive approach may be even more problematic if there are no dissimilarities between staffs (Alexandron *et al.*, 2007). Therefore, the knowledge about dissimilarities of customer service employees working as part-time or full-time in life insurances industry is important to employer. This will help the firms in determining the right approach in managing and improving SRP of their full and part-time employees. Does employment status of customer service employees influence the direction of the relationships shown in Figure 1?

The findings from previous study on SRP are very limited and not explore enough. Few studies have done in other area, for example the affect of participatory style,
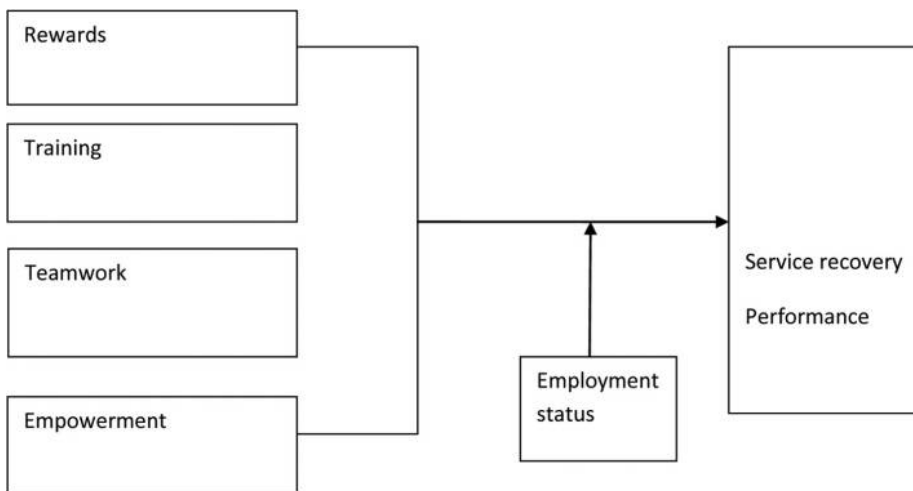
Figure 1.
A research framework

organizational commitment, and task involvement on job performance and satisfaction with employment status as moderator involving retail sales person in USA studied by Darden *et al.* (1993). The results revealed that only participatory style and task involvement was moderate by employment status. Conway and Briner (2002) had investigated the relationships between psychological contract fulfillment and outcomes (job satisfaction, well-being, organizational commitment, organizational citizenship behavior and turnover intentions) with employment status as moderator involving 1974 employees in banking and supermarket chain. The authors concluded that the relationship hardly ever moderated by employment status, whereby part-time employees can act in a same way as full-time employees to adjust in their psychological contract. In another study by Alexandron *et al.* (2007) also have included part-time and full-time employment status as moderator in retail stores related to the affects of frontline staffs' perceptions of management concern for staffs and clients on intention to resign with work fulfillment and affective commitment as mediator. The authors have suggested that employment status studies should be carried out in other service organizations. In Nor and Azli (2005) had examined regarding predicting customer-orientation behavior of life insurances agent had pointed out that future studies should include part-time and full-time customer service employees or agents. In another research by Barathi Dasar (1998) which explore factors affect turnover intentions on part-time employees in one of Life Insurance Company operating in Malaysia has also suggested that full-time and part-time life insurance agents should be include in future studies.

Based on above discussion, it is, thus, hypothesized that:

H5a. Employment status moderated the relationship between rewards and SRP.

H5b. Employment status moderated the relationship between training and SRP.

H5c. Employment status moderated the relationship between empowerment and SRP.

Research framework

Based on the literature reviewed, the proposed research framework is as follows:

The proposed framework explained that organizations should pay attention to develop their human resource by offering different rewards which motivate them to improve their performance. In addition, training activities helps employees to enhance their knowledge, skills and abilities which ultimately improve their service recover performance. Furthermore, team work activities not only develop understanding among employees and create better working environment but also enhance service recover performance. Finally, empowerment improves decision-making power among employees and promotes sense of loyalty but also increase service recovers performance. In short, rewards, training, teamwork, employment status and empowerment help organizations to develop their employees as well as improve their service recover performance.

Research design

This study employed a cross-sectional survey design. Customer service employees in life insurance service industry were the focus for this empirical study. Customer service employees whether working as part-time or full-time employees in this study refers to the staff or agents that act on behalf of life insurance companies for promoting and selling the life insurance policies to the customers and were involved in dealing directly with customers requests and complaints. The insurance industry was viewed as an ideal environment to test this model due to its highly competitive nature, high levels of customer contact and relatively long-term relationships with customers. A total of 600 customer service employees from life insurance companies based on convenience sampling procedure were participated in this study. Convenience sampling is most common technique among researcher, fast, cheaper, easy and sample are readily available according to Castillo (2009) and being applied in management studies and service recovery (Brady et al., 2002; Wang et al., 2004; Rod et al., 2008). Furthermore, Fricker (2006) suggested that convenience sampling can be used for model based inference with the assumption that the regression model is correctly specified. Therefore, suggested model in this study is based on important variables which justify that regression model is correctly specified. In addition, Fricker (2006) also suggested that entirely electronically conducted survey justify the regression model for convenience sampling. The respondent participate in the study were from Northern Region Malaysia (Kedah, Penang and Perak).

Measurements

There were 2 sections in the questionnaires. Section A measured demographic profile of respondents (gender, age, educational level, years of service and insurance companies), section B measured independent variables (reward, training, teamwork and empowerment) and dependent variable (SRP). Multiple items indicators were employed to test the 5 construct. Reward variable consists of 5 items (Sample item: If I improve the level of service I offer customers, I will be rewarded) with Cronbach's alpha 0.83 and teamwork constructs consists of 3 items (Sample item: Everyone in my firm contributes to a team effort in serving customers) with Cronbach's alpha 0.78 adapted from Boshoff and Allen (2000). Empowerment with four items (Sample item: I am encouraged to handle customer problems by myself) and Cronbach's alpaha 0.78 and training

constructs consists of 6 items (Sample item: Employees in this firm receive continued training to provide good service.) with Cronbach's alpha 0.87 was adapted form Yavas *et al.* (2003). Five-item scale measured "SRP (Sample item: I don't mind dealing with complaining customers.)" With Cronbach's alpha of 0.78 adapted from Boshoff and Allen (2000). The 5 Likert scale was used to measure the variable not to make the high number of questions boring, besides to increase answer percentage (Babakus *et al.*, 2003).

Analysis and results
Data was analyzed by using the Statistical Package for Social Science (SPSS) version 16. Four statistical techniques were used for different purposes. These included descriptive statistics, reliability test, correlation, multiple and hierarchical regression analysis.

The sample consists of 350 respondents from insurance industry in Northern Region, particularly in Kedah, Penang and Perak. The states were chosen due to most of the life insurances companies registered with LIAM are operating in this region. Furthermore, due to its centricity for economic and industrial activities (Lo *et al.*, 2010), that required more customer service employees to serve the customers. Therefore, it can represent the overall view of all the customer service employees in Malaysia life insurance industry. In this study, the data was collected via personal distribution to customer service employees of life insurance companies in Northern region of Peninsular Malaysia. An official cover letter that explains the purpose of the survey had been attached together with the questionnaires. It included also the researcher's email address and mobile phone number in case there were further queries or clarifications about the questionnaire from the respondents. Respondents have been assured of complete confidentiality and honest opinions will be encouraged. The survey questionnaires have been distributed directly to the respective respondents by the representative of insurance companies.

The questionnaires were distributed to customer service employees of all life insurances companies by the representative when they came to the branch office to collect cheque, payment, claim and submit their forms. This survey was conducted from 27/01/13 to 18/7/13. Each questionnaire was distributed directly to the individual that involved in selling and promoting life insurances through the representative of insurances companies. Total 1,580 customer service employees are working in Northern region of Peninsular Malaysia. In total, 600 questionnaires were distributed by the researcher through the representatives of life insurance companies and 388 questionnaires returned. However, only 350 questionnaires, equal to 58.3 per cent, were considered for data analysis. The remaining 38 questionnaires were not taken into data collection because questionnaires were not completed by the respondents.

Consistent with a male-controlled sector under research, most (64.4 per cent) of the participations are males. This is normal matter in the life insurance industry as mentioned in Update (2003) whereby male customer service employees continue to control the career of life insurance business due to a lot of travelling activities are required. It is more suitable to the young employees and as estimated in this research 69.4 per cent of the workforce are below the age of 36 years which were considered young. This is according with the industry standard as mentioned by Update (2003) that most of customer service employees in the industry are below 40 years old. In terms of ethnicity, most of the respondents are primarily Chinese (52.3 per cent), followed by

Indian (32.0 per cent), Malay (15.1 per cent) and others (0.6 per cent). This is consistent as reported by Life Insurance Association Malaysia (2004) that Malay agents are lowest compare to Chinese and Indian. In terms of educational qualifications, the minimum education requirement to be customer service employees is the completion of "Sijil Pelajaran Malaysia" or Malaysia Certificate of Education. In the present study the highest educational qualifications was diploma and lower as indicated by 68 per cent of the respondents were having the qualifications. This is according with the industry direction whereby customer service employees with diploma and lower qualifications continue to form the greater part group (Update, 2003). In terms of years service, most of the respondents (42.6 per cent) are having less than five years of service compare to only 26.9 per cent for > six years of service and 30.5 per cent for > 11 years of service. This is consistent with industry direction, whereby the majority of the workforces consist of customer service employees having below two years of experience in the industry (Update, 2003). From the above discussion it can be concluded that the sample of this research does not deviate much from the general population of customer service employees of life insurance. It is, therefore, considered representative the population of interest.

Reliability
The reliabilities of the scales utilized were calculated through determination of Cronbach's alpha. According to Nunally (1978) reliabilities of above 0.7 are good. The Cronbach's alpha obtain for this present research were done after factor analysis With 350 respondents, the Cronbach Alpha for the rewards was 0.89, training was 0.90, empowerment was 0.82 and SRP was 0.80 and this result according to previous studies except for teamwork. Teamwork variable has been removed due to low communalities that is below 0.5 from initial factor analysis. Therefore, the factor analysis was rerun without teamwork variables. According to Nunally (1978), an alpha coefficient of about 0.7 and above is very reliable. None of items in this study require to be deleted to improve the reliability, therefore, further analysis are able to be conducted successfully.

Demographic profile
Consistent with a male controlled sector under research, most (64.4 per cent) of the participations are males. This is normal matter in the life insurance industry as mentioned in Update (2003) whereby male customer service employees continue to control the career of life insurance business due to a lot of travelling activities are required. It is more suitable to the young employees and as estimated in this research 69.4 per cent of the workforce are below the age of 36 years which were considered young. This is according with the industry standard as mentioned by Update (2003) that most of customer service employees in the industry are below 40 years old. In terms of ethnicity, most of the respondents are primarily Chinese (52.3 per cent), followed by Indian (32.0 per cent), Malay (15.1 per cent) and others (0.6 per cent). This is consistent as reported by Life Insurance Association Malaysia (2004) that Malay agents are lowest compare to Chinese and Indian. In terms of educational qualifications, the minimum education requirement to be customer service employees is the completion of "Sijil Pelajaran Malaysia" or Malaysia Certificate of Education. In the present study the highest educational qualifications was diploma and lower as indicated by 68 per cent of

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Majority of respondents who had participated in this survey are from AIA, GELA, Prudential, MCIS Zurich, Manulife, ETIQA and TM Asia Life with a total that is close to 69 per cent. On the other hand ALLIAZ, ING, AM, Hong Leong and Uni Asia contributed to the balance of 21 per cent of the respondents. From the above discussion it can be concluded that the sample of this research does not deviate much from the general population of customer service employees of life insurance. It is, therefore, considered representative the population of interest.

The result of the correlation analysis in Table I proved the existence of correlation between dependent and independent variables. Training ($r = 0.59$), reward ($r = 0.20$) and empowerment ($r = 0.46$) was found to be associated positively with SRP and are significant at 0.01.

Descriptive analysis was carried out to determine the mean scores and standard deviations for the variables. Based on 350 valid cases being examined for three independent variables and one dependent variable, the statistic output as shown in Table I was obtained. Apparently, the mean scores for all variables are above 3.3 as shown in Table I. Training and empowerment are highest and It is understandable in the industry that requires interaction, and to maintain long-term business between customer service employees and customers, training and empowerment is very important in carrying out their tasks. SDs for the three independent variables and one dependent variable were in the ranges of 0.595-0.816. This shows the presence of significantly small variability within the data set. The variation value signifies that all the answers given by the respondents in the survey questionnaires toward research variables were not much diverse from one respondent to other respondent. This indicates the presence of small differences in responses. As a result, the variables are now prepared for the next analysis.

	Mean	SD	1	2	3	4	5	6	7	8	9	10
1 Service recover performance	3.6	0.595										
2 Training	3.7	0.669	0.59									
3 Rewards	3.3	0.816	0.20	0.33								
4 Empowerment	3.6	0.727	0.46	0.60	0.27							
5 Gender	1.47	0.47	0.02	0.01	0.05	0.4						
6 Race	2.21	0.98	0.03	0.12	0.04	0.02	0.21					
7 Employment status	1.20	0.60	0.05	0.04	0.31	0.05	0.01	0.03				
8 Age	2.17	1.04	0.02	0.01	0.04	0.11	0.05	0.21	0.06			
9 Level of education	1.24	0.62	0.01	0.04	0.02	0.04	.14	0.03	0.05	0.01		
10 Years of service	2.09	0.99	0.21	0.02	0.04	0.05	0.02	0.03	0.02	0.22	0.13	

Table I.
Intercorrelation matrix for all variables

Hypotheses testing
Multiple regressions were used to test *H1*, *H2* and *H3*. This method was utilized to test direct relationship between independent and dependent factors. Results of regression are tabulated in Table II. From the output of multiple regression to test between human resource management variables (reward, training and empowerment) and SRP, the variable were tested statistically significant with ($p < 0.001$), $F = 72.30$ (Hair *et al.*, 2006). A case of outlier had been removed. The regression tests demonstrated a weak inference with R^2 of 0.39. Generally 39 per cent differences of SRP can be explained by reward, training and empowerment. The adjusted R value is 0.38. The normality requirement of the sample was revealed by a bell shape histogram. P-P plots also demonstrated no sign of normality of the error. The Durbin–Watson coefficient of 1.68 was between the acceptable ranges of 1.5-2.5. The tolerance < 0.1, variance inflation factor values were > 10 and the condition limit indices were above the safety limit of 30 which indicated the multicollinearity problems did not exist. The regression analysis showed that the following tested constructs were statistically significant at $p < 0.001$– a 99.9 per cent degree of confidence. The beta value (standardize coefficients) of training ($\beta = 0.46$) shows that the training variable are positively associated to SRP and for empowerment beta value ($\beta = 0.14$) shows that the empowerment construct are positively correlated to SRP. Reward construct was found not statistically significant. Therefore, the result supported *H2* and *H3* only while *H1* was rejected.

As shown in Table III, when the human resource management factors (reward, training and empowerment) were entered into the regression equation in step one, the coefficient determination (R^2) was found to be 0.39 demonstrating 39.0 per cent of SRP is explained by reward, training and empowerment. In step two, employment status was entered into the equation to gauge its impact as a moderator. The R^2 improved from 39 to 42 per cent indicating a change of 3 per cent which is statistically significant at $p < 0.001$. Finally, in the third step, the interaction terms (ES* Reward, ES* Training and ES* Empowerment) were entered accordingly into the model. The R^2 improved from 42 to 44 per cent indicating a change of 2 per cent. The further variance explained by the interaction terms (2.0 per cent) was evidently significant at $p < 0.01$, implicating that there is a moderation impact of employment status on the relationships between rewards with SRP.

Based on results from Table II, interaction term (ES*Reward) was significant at the 0.05 level. Therefore, *H5a* was supported. The interaction terms (ES* Training and Empowerment ES*) was observed not statistically significant. Therefore, *H5b* was not supported.

Predictor variable	Beta	*t*-value
Reward	−0.06	−0.18
Training	0.46	9.50***
Empowerment	0.14	3.15***
F-value	72.3	
Durbin Watson	1.68	
R^2	0.39***	
Adjusted R^2	0.38***	

Note: ***$p < 0.001$

Table II.
Multiple regressions for human resource factors (reward, training and empowerment)

Predictor variable	Standard Beta 1	Standard Beta 2	Standard Beta 3
Reward	0	−0.11	−0.07
Training	0.46***	0.45***	0.48***
Empowerment	0.14***	0.14***	0.19***
Moderating variable		−0.24***	0.16
Employment status (ES)			
Interaction terms;			
ES* Reward			0.19*
ES* Training			−0.16
ES* Empowerment			−0.1
R^2	0.39	0.42	0.44
Adjusted R^2	0.38	0.42	0.43
R^2 change	0.39	0.04	0.02
F change	72.3	22.53	4
Significant F change	0	0	0.008

Notes: *$p < 0.05$, ***$p < 0.001$

Table III.
Hierarchical regression for human resource management (reward, training and empowerment)

Discussion

The results of our study offer significant insights regarding the effects of reward, training teamwork and empowerment on the SRP of customer service employees. It also examines employment status as moderator effect on relationship between reward, training teamwork, empowerment and SRP of customer service employees.

An interesting finding is the non significant link of employee rewards on SRP. It can be explained as the absence of an importance of monetary or nonmonetary rewards to encourage the customer service employees to provide excellent quality services to customers and motivating them when treating with client complaint on SRP. The result from this research was inline with previous studies (Ardahan, 2006; Ashill et al., 2005; Rod et al., 2006; Yavas et al., 2003). Rewards for customer service employees in Malaysian life insurance industry are only based on variable salary which concentrates on commission and bonus (Ong et al., 2012). Based on this rewarding system, the life insurance companies in Malaysia have not clearly linked rewards to customer service and satisfaction. According to Tyagi (1985), the insurance companies need to understand customer service employees' desire as rewards. This will help employees pay effort to manage client problems or complaints effectively and the quality of the service presented to clients and solutions of clients' problems or complaints will be better. Therefore, customer service employees that depends their salary on commission and bonus will work in achieving higher sales productivity only without looking into customer service and satisfaction.

Training was found to be a significant predictor of SRP, this was emphasized in the result of the study. This finding is supported by previous empirical studies (Crawford and Kozub, 2011; Yavas et al., 2010; Ardahan, 2006; Yavas et al., 2003; Kirkbir and Cengiz, 2007; Babakus et al., 2003) which mention training is important to provide best service quality and to manage client complaints. Life insurance companies that employ with the essential of training customer service employees in treating clients courteously and handling customer complaint handling orientation among their

workforce will be successful in service recovery. The staff requires being fully willing to take actions on behalf of the complaining client and having adequate skills to handle the complaints. It was suggested by Fan and Cheng (2006) that life insurance companies necessitate to train the sales personnel in the area of solving problems, communication, technology information knowledge, customs compatibility, emotional intelligence, collective ability and ethics to improve service quality. According to Piaralal *et al.* (2012b), most life insurance companies in Malaysia emphasize on four main areas, namely, knowledge, attitude, skills and habits in their training programmed. Therefore, all the areas of training need to be highlight in building the agents confidence when approaching and handling people effectively and in making service recovery successful. Furthermore, customer service employees are educated, with minimum "Sijil Pelajaran Malaysia" qualification, and this will help life insurance companies in conducting better training to improve the soft and hard skills.

Empowerment influence SRP and this finding is supported by previous studies which mention that authorized job environments allow staff to give attention to client, keep the clients coming back and sustain good client relations (Lytle and Timmerman, 2006; Yavas *et al.*, 2003; Kirkbir and Cengiz, 2007; Babakus *et al.*, 2003; Ashill *et al.*, 2005; Yavas *et al.*, 2010; Piaralal *et al.*, 2012a). Authorized employees can give better SRP (Bowen and Lawler, 1992). The empowerment of employees to take customer concerns seriously, manage complaints fast, solve with the minimum of delay, answer additional queries, provide response and reward for any cost is vital in customer satisfaction and strengthening positive behavior toward the relationship with the life insurance companies. Empowerment means improving customer service employee's capability and motivation to develop talents and experience. A clear understanding by customer service employees in dealing with service failures reduces misunderstanding and anxiety when dealing with service shortfalls. This clarity gives the staff a directive, motivation and the self-belief to handle service shortfalls.

The current research shows that the correlation between rewards and SRP are moderated by customer service employees' employment status. This finding was supported by Ong *et al.* (2012) who stated that the part-time employee typically does not meet the criteria for all the obtainable benefits such as holiday or vacation as the full-time employee entitled. Part-time workers will counter in different manner to rewards as will full-time workers and the motivational dimensions assumed to apply to full-time workers may not play a role just as effectively for part-time workers. Even though rewards are almost equivalent for either part- or full-time which based on performance (Ong *et al.*, 2012), but the full-time whom work more and harder in handling customer problem and complaints will get more reward in terms repurchase intention and positive word of mouth.

There is no difference in terms of training for full- and part-time customer service employees of SRP in Malaysian life insurance industry. The result was contradicting from previous studies (Wotruba, 1990). The authors suggested that part-timers may cost more per sales dollar to train than would full-timers. The part-timers may not be familiar with their employer's procedures and sales approaches as are full-timers. This problem may be critical in situations that involve high levels of provider customer contact. In Malaysia, full- and part-time customer service employees in life insurance industry are strongly encouraged to educate, pursue higher and more advanced training programmers' according to their

development needs. According to Life Insurance Association Malaysia (2004), the customer service employees are required to complete 20-hour training within the first 6 months of appointment involved skills and knowledge-based programmed. The life insurance companies also need to identify the training initiatives according to business focus and marketing strategy (Life Insurance Association Malaysia, 2004). This proved that training programs carried out by life insurances follow the LIAM guidelines, and there is no difference in training whether customer service employees are working on a part- or full-time basis.

The finding shows that the relationship between empowerment and SRP are no variances for part-time and full-time customer service employees. It indicated that in life insurance, the authority given to part-time and full-time employees were equal in handling customer problems and dissatisfaction. Even though the finding was contracting against previous findings (Thomas and Tymon, 1994; Fulford and Enz, 1995) that mention empowerment varies by employment status. Therefore, suggested efforts to empower part-time and full-time employees equally were practical to influence their jobs to enhance satisfaction, loyalty, performance and service delivery. Employees that given more empowerment can make fast decisions and recommendations that will enhance excellent customer service deliveries and deal well with dissatisfied customers during service recovery (Flohr and Host, 2000).

Implications
From theoretical implication perspective, the researchers in Malaysia can use this model for future research in service sector fields such as banking, retailing and hotel, to replicate and compare this finding. Currently, there is limited research on factors affecting SRP of part-time and full-time customer service employees and this research indicates need to be understood further. The model needs to be enhanced further to understand requirements by employees for SRP. Furthermore, the instruments used in this research are valid and reliable. Most of the results from this study show the similarities with studies done elsewhere.

This study also recommends a number of essential managerial or practical implications. Rewards, training, empowerment are significant predictors of SRP by customer service employees of life insurance industry. Employment status was also found to be a moderator, impacting the link between customer service orientation, rewards and SRP. This suggests that management in life insurance industry should clearly design and establish a range of organizational strategies.

To increase the level of SRP, managers should establish high standards for superiority in service delivery confidence in customer service employees for making decision. Therefore, management should take steps to give more empowerment such as the power to deliver independent decisions, freedom to help customer and recover service failures. This will improve SRP. In addition, it will help the managers reduce handling customer complaints and put more effort on other related policy matters (Yavas *et al.*, 2003).

The employees should be trained continuously in accordance to the needs in technical and functional skills such as social skills training, problem-solving training and others related to improving their working performance, growth and development. This will help customer service employees to handle customers' problems, calm down customer

anger and improve effectiveness of recovery effort. Therefore, the management should make job training as priority and compulsory to all the customer service employees.

The reward received by part-time and full-time customer service employees was different when handling customer problem. Even though the pay is based on commission and bonus, but the rewards received may be in terms of repurchase intention and positive word-of-mouth given by the customer are higher for full-time employees. Therefore, the manager should establish monetary and non-monetary rewards that have the relationship with customer service and satisfaction. This will improve the reward method attractiveness and the customer expectation on the customer service employees' professionalism will increase.

As with any research undertaking, this research also has a range of limitations that confine the generalization of the result and open ways for future study. First, from a methodological standpoint, convenience sampling was used in this study consisting of 350 responses, but issues such as location and representativeness of the sample may have affected the findings. It would be useful in future study to overcome this limitation by obtaining a broader sample of customer service employees and randomly chosen sample which may give a more inclusive result.

A second limitation refers to the sample of customer service employees that were taken from one industry and the study area was undertaken in Northern Region of Malaysia. The selection of small geographical areas and single service setting may increase concerns for the issue of generalization to all industries. Future studies must encompass a number of service sectors such as manufacturing, servicing, trading, financing and educational industries for the measurement of research variables and the provision of practical support for our findings. It is also suggested the study be widened to all regions of Malaysia, particularly Sabah and Sarawak. The will help to better generalize the findings of the study.

The third limitation is the factors such as burnout, work–family conflict, role overload, service leadership, interpersonal conflict and service technology, were not being examined. Furthermore, the results of SRP of customer service employees such as job satisfaction and turnover intentions, perceived customer satisfaction, perceived recovery value, service quality or profitability also were being not studied. Therefore, these factors and outcomes can be added for future studies. In addition, upcoming studies may think about some other moderating constructs in the correlation between factors affecting SRP. Among these constructs, the researcher suggests employee gender and personality.

Finally, in this study, factors affecting SRP in Islamic life insurance (takaful) were not being examined. A comparison of Islamic and conventional settings would be interesting for upcoming research.

Conclusion

There are various studies regarding SRP in Western countries, such as financial, retail and lodgings, but not, particularly, in life insurance industry. The results also have been inconsistent and failed to obtain conclusive findings that can be generalized in the Malaysian context. We have attempted, in this research, to examine the factors influencing SRP of customer service employees in life insurances industry setting from human resource management perspective. The study also examined employment status (part-time and full-time) as moderators for the relationship between human resource

management and SRP. By doing so, the research makes vital and clearly expressed contribution, whereby training and empowerment were supported and concerning moderating role of employment status rewards was supported.

The results from this research enhance and widen our understanding of variables that affect part-time and full-time customer service employees' SRP. Continued study is required to enhance this research and to deal with the limitation of current research. As such, it is expected that this research will provide a preliminary insight and understanding on the factors affecting SRP of customer service employees for life insurance industry in Malaysian context.

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