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See No Evil, Hear No Evil, Speak No Evil: A Study of Defensive Organizational Behavior towards Customer

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ABSTRACT

Despite substantial benefits of an effective complaint management for companies, there is ample evidence that many companies do not handle customer complaints appropriately. This paper aims at providing a theoretical explanation for this surprising phenomenon. Drawing on psychological and organizational theory, the authors introduce the concept of defensive organizational behavior towards customer complaints as well as provide a rich conceptualization and operationalization of this phenomenon. Moreover, in an empirical study, they systematically analyze how defensive organizational behavior towards customer complaints is driven by organizational antecedents and, based on a dyadic data set, how it affects customer post-complaint reactions.

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1 Introduction

Rooted in Japanese folklore, the tale of the three monkeys (saru) who clasp both hands over eyes, ears, or mouth, thus not seeing (mizaru), not hearing (kikazaru), or not speaking (iwazaru) evil, can be traced back as far as the late Muromachi period (1333-1568). Nowadays, this story stands for human behavior of playing blind, deaf, and dumb in order to avoid recognizing unpleasant aspects of reality (adapted from Campbell and Noble 1993).

It is well known that complaint management offers many potential benefits to companies. By effectively soliciting, handling, and analyzing customer complaints, firms can ensure high levels of customer satisfaction and loyalty (e.g., Fornell 1981; Smith, Bolton, and Wagner 1999) and, in turn, increase their market share and reduce their expenditures for offensive marketing (e.g., advertising) (Fornell and Wernerfelt 1987). Thus, investments into complaint management may yield very high returns (e.g., Rust, Subramanian, and Wells 1992; TARP 1986).

However, there is evidence that many firms do not manage complaints effectively. About half of the complaining customers are reported to be dissatisfied with complaint handling (e.g., Estelami 2000; Grainer 2003). This often leads to a “double deviation” effect (Bitner, Booms, and Tetreault 1990, p. 80), i.e. even more negative customer feelings about the organization after the complaint. In addition, many firms do not use the information inherent in complaints to initiate systematic improvements (e.g., Brown 1997; Fornell and Westbrook 1984). Against this background, ineffective complaint management is likely to contribute to persistently high or even increasing levels of dissatisfaction and defection in the marketplace (e.g., Fornell et al. 1996).

These facts strongly indicate the existence of a paradox: Despite substantial potential benefits, “many examples of poor complaint management” (Rust, Zahorik, and Keiningham 1996, p. 182) can be observed in the marketplace. There seem to be significant organizational barriers which make it difficult for companies to implement an effective complaint management (see also remarks by Cook and Macaulay 1997, p. 39).

Previous complaint research has largely neglected such barriers¹. Against this background, our study seeks to provide an understanding of this phenomenon. Drawing on psychological and organizational theory, we introduce the concept of defensive organizational behavior towards customer complaints. This notion refers to organizational behavior which avoids contact with dissatisfied customers, dissemination of complaint-related information within the organization, and responsiveness to complaints. This behavior parallels that of the three monkeys in the above mentioned Japanese tale who deny the existence of evil by trying to cover their eyes (see no evil), ears (hear no evil), and mouths (speak no evil).

Besides providing a theoretical basis, we also develop a conceptualization of defensive organizational behavior towards customer complaints (in the future referred to as DOB), thereby identifying the different facets and types of DOB that may exist in a firm. Based on this conceptualization, we conduct a large scale empirical study that analyzes determinants and outcomes of DOB. Like the study by Homburg and Fürst (2005), our research is based on a dyadic data set in which data obtained from firms are matched with assessments obtained from these firms' complainants. Thus, our study builds a bridge between two fundamental streams in complaint research (i.e. research on organizational complaint management and research on customer complaint behavior) which have not been integrated in previous research (Homburg and Fürst 2005).

We feel that studying this phenomenon can make a significant contribution to our academic understanding of complaint management. The relevance of this topic is also emphasized in a review article by Dellande (1995, p. 35) who states that "more research effort is needed to better understand [...] why a firm might disregard or only superficially address consumer dissatisfaction at the expense of the firm's long term profit". Besides being theoretically interest-

¹ However, a number of studies need to be mentioned that partially address this phenomenon. For example, Fornell and Westbrook (1984) provide theoretical and empirical evidence for a vicious circle of customer complaints. The authors examine intra-organizational communication barriers and biases that lead to an isolation of the complaint management department from managerial decision making, as the volume of received complaints (relative to other customer communication) increases. This isolation, in turn, contributes to a further increase in the number of complaints since the sources of customer dissatisfaction have not been removed. Kasouf, Celuch, and Strieter (1995) extend the study of Fornell and Westbrook. By conceptually analyzing the nature and determinants of benefit/cost perceptions related to the acquisition and utilization of complaint information in organizations, they enhance the explanation for the existence of intra-organizational communication barriers and biases as well as for the lack of complaint information use. In another study, Gilly, Stevenson, and Yale (1991) develop and empirically test a model of the flow of complaint information within the organization after it has been received by frontline employees, thereby discovering intra-organizational communication barriers with respect to customer complaints.

ing, our study is also relevant from a managerial perspective. It provides insight into a very important organizational phenomenon and guides managers on how to reduce the presence of this phenomenon in their firm.

2 Theoretical Background

Our point of departure for developing a theoretical explanation for the phenomenon of DOB is the theory of defense mechanisms coming from the field of individual psychology. In accordance with previous research, we then transfer this concept to the organizational level.

Introduced by the groundbreaking work of Sigmund Freud on psychoanalysis (1894/1962, 1926/1959) and expanded by the research of Anna Freud (1936/1946), the theory of defense mechanisms was originally developed to explain a person's efforts to avoid recognizing sexual or aggressive desires. Contemporary research in personality and social psychology, however, is more in accordance with Fenichel (1945) who broadened the role of defense mechanisms to include the protection of self-esteem (e.g., Baumeister, Dale, and Sommer 1998; Cramer 2000)².

Most human beings tend to hold overly favorable views of themselves (e.g., Mabe and West 1982). Therefore, in case "an internal or external event occurs that clearly violates the preferred view of self [...], it is necessary for the self to have some mechanism [...] to defend itself against the threatening implications of this event" (Baumeister, Dale, and Sommer 1998, p. 1082). Thus, defense mechanisms "are habitual and unconscious strategies used to deny, distort, or counteract sources of anxiety and to help maintain an idealised self-image [...]. They are learned and incorporated into patterns of acting because they are rewarding in the respect that tension and pressures are decreased by their use" (Oldham and Kleiner 1990, p. 1). Psychologists have identified various types of defense mechanisms (e.g., Laughlin 1970). Among those, isolation, denial, projection, rationalization, and repression are particularly relevant for our study.

Isolation relates to the creation of "a mental gap or barrier between some threatening cognition and other thoughts and feelings" (Baumeister, Dale, and Sommer 1998, p. 1099). By keeping a psychological distance from unpleasant issues, individuals minimize the perceived

² It should be emphasized that "the view that defense mechanisms are oriented toward protecting self-esteem may not contradict Freud's views so much as it merely changes his emphasis" (Baumeister, Dale, and Sommer 1998, p. 1082).

impact of these issues. Oldham and Kleiner (1990) describe this type of defense mechanism as the attempt to “flee from [...] problems [in order to] achieve some protection” (p. 2).

Denial represents the refusal to recognize facts of the environment that may damage self-esteem (e.g., Oldham and Kleiner 1990). For example, people “dispute or minimize information that threatens their self-esteem, [...] discount bad feedback [or] selectively forget material that is disagreeable or esteem-threatening” (e.g., Baumeister, Dale, and Sommer 1998, p. 1112). Also, through denial, individuals “seek to disclaim knowledge and responsibility, to reject claims made on them, and to disavow acts and their consequences” (Brown and Starkey 2000, p. 105).

Projection describes the rejection to accept own bad traits, faults, or shortcomings which, in turn, results in seeing others as having the same bad traits, faults, or shortcomings (e.g., Baumeister, Dale, and Sommer 1998; Newman, Duff, and Baumeister 1997). In addition, the perceptions of these bad traits, faults, or shortcomings of other people tend to be even exaggerated (e.g., Newman, Duff, and Baumeister 1997; Oldham and Kleiner 1990).

Rationalization reflects the “attempt to justify impulses, needs, feelings, behaviors, and motives that one finds unacceptable” (Brown and Starkey 2000, p. 106) by substituting the real reason for these phenomena with a logical and socially accepted reason. In doing so, people can avoid criticism and disapproval and make themselves feel better (e.g., Oldham and Kleiner 1990).

Repression refers to the exclusion of unpleasant thoughts or feelings from consciousness (e.g., Brewin and Andrews 2000). For example, individuals tend to repress the memory of an embarrassing incident or forget to perform an unpleasant duty (Oldham and Kleiner 1990).

While defense mechanisms protect from mental pain, they may also cause negative consequences such as chronic avoidance of action, blame, and change (Baumeister and Scher 1988; Cramer 2000).

In this study, we transfer the theory of defense mechanisms to the organizational level³, thus looking at typical employee behavior in a firm (which ultimately leads to corresponding organizational behavior) rather than at behavior of specific individuals. It is widely accepted that this theory can also be applied in an organizational setting. For example, Brown and Starkey (2000, p. 104) note: “Like individuals, the [...] organization seeks to maximize self-esteem [...]. [O]rganizational concepts of self are maintained by a variety of defenses that are engaged in order to avoid psychic pain and discomfort, allay or prevent anxiety [...], and generally support and increase self-esteem”.

Important research in organization theory in which the concept of defense mechanisms plays a central role has been provided by Argyris (Argyris 1985, 1990)⁴. According to his perspective on organizational learning, employees strive to be in control of the context in which they operate, struggle to win, and try to minimize negative feelings in themselves or others (e.g., Argyris 1985, 1990). Thus, whenever they are confronted with an “issue that contains significant embarrassment or threat, they act in ways that bypass [...] the embarrassment or threat” (Argyris 1990, p. 25). Thereby, employees advocate their own position in order to be in control and to win and save their own face or that of others (Argyris 1985, 1990). Since these defensive actions are frequently used, they become organizational defensive routines, i.e. “actions [...] that prevent [...] the organization from experiencing embarrassment or threat” (Argyris 1990, p. 25)⁵.

Organizational defensive routines are typically not openly practiced but rather covered with further organizational defensive routines which, for example, hide these behaviors from supervising managers (Argyris 1985, 1990). Thus, they do not only protect from a potential embarrassment or threat but also “prevent [...] from identifying and getting rid of the causes of the potential embarrassment or threat“ (Argyris 1990, p. 25). Hence, they lead to blockage

³ It is worth mentioning that this transfer is in accordance with our basic reasoning that collective individual behavior in organizations ultimately results in corresponding actions on the organizational level. Moreover, it is also consistent with common practice in organizational research where theories and concepts explaining phenomena at the individual level are frequently applied in an organizational context (e.g., research on organizational learning, Huber 1991; March and Olsen 1975; Simon 1991 or research on organizational information processing and market orientation, Day 1994; Homburg and Pflesser 2000; Moorman 1995).

⁴ It is worth noting that Argyris does not explicitly link his conceptual development to psychological research on defense mechanisms. However, a significant part of his reasoning is virtually identical to that field of research.

⁵ It needs to be mentioned that the behaviors described by Argyris cover a broader range than the defense mechanisms described in psychological research. More specifically, defense mechanisms are typically associated with unconscious defensive behavior (see the definition provided in the text), whereas the concept of Argyris also includes conscious defensive behavior.

and distortion in upward communication and can be described as antilearning, overprotective, and self-sealing (Argyris 1985, 1990). They also lead to denial of responsibility for mistakes and problem solving (Ashforth and Lee 1990) and ultimately cause employees “to act in ways that are counterproductive to the formal goals or objectives of their organization” (Argyris 1990, p. 45).

3 Conceptual Framework and Constructs

Our unit of analysis is a company and its complaining customers. The framework (see Figure 1) encompasses three domains including defensive organizational behavior towards complaints (which represents the focal construct of the study) as well as its organizational antecedents and its consequences with respect to customer post-complaint reactions.



Figure 1: Framework and Constructs

Following our theoretical discussion and in line with literature on organizational behavior (e.g., Ashforth and Lee 1990) and complaint management (e.g., Fornell and Westbrook 1984), we argue that individuals in organizations perceive complaints as a source of threat to self-esteem, reputation, autonomy, resources, or job security. Thus, in order to protect themselves against this threat, they exhibit different types of defensive behavior towards complaints. In the following, we first categorize, introduce, and explain these different types of DOB and then introduce the constructs in the two other domains of our framework.

Complaints are highly relevant sources of market information (e.g., Kasouf, Celuch, and Strieter 1995). Thus, to study different types of DOB, we adopt a behavioral perspective on

market orientation which is characterized by an information processing view on organizations (e.g., Day 1994; Jaworski and Kohli 1993; Moorman 1995)⁶. More specifically, following the conceptualization of market orientation by Moorman (1995) and in line with measurement literature (e.g., Edwards 2001; Law, Wong, and Mobley 1998), we regard the complex phenomenon of DOB as a construct that is determined by the following three facets: DOB with respect to complaint acquisition, DOB with respect to complaint transmission, and DOB with respect to complaint utilization.

3.1 Defensive Organizational Behavior with Respect to Complaint Acquisition

The first category of DOB refers to the widespread absence of an effective solicitation and registering of customer complaints in business practice. More specifically, there is evidence that many companies neither actively seek feedback from dissatisfied customers (e.g., Plymire 1990; Rust, Zahorik, and Keiningham 1996) nor do they react in a friendly way when confronted with such feedback (e.g., Best 1981; Tax and Brown 1998).

Isolation from complaints (DOB₁). The defense mechanisms ‘isolation’ (keeping a psychological distance from unpleasant issues) and ‘denial’ (refusing to recognize threatening facts) contribute to a theoretical explanation for the fact that “most firms tend to avoid [complaints] rather than solicit them” (Estelami 1999, p. 166). Specifically, companies often do not provide communication channels that would enable customers to complain in a cost-effective, easy, and uncomplicated way (Fornell 1981; Rust, Zahorik, and Keiningham 1996). Also, many firms tend to discourage customers from complaining by not communicating their responsiveness to complaints or by not informing where, how, and to whom customers can complain (e.g., Kendall and Russ 1975). On an individual level, employees “tend to personalize complaints, seeing them as personal attacks, so they [...] prefer to avoid the issue” (Plymire 1990, p. 51). This is in line with Berry (1995, p. 99) who stresses that “[t]he natural temptation is to avoid customers carrying bad news”.

Hostile behavior towards complainants (DOB₂). This type of DOB especially relates to the defense mechanisms ‘isolation’ (keeping a psychological distance from unpleasant issues),

⁶ It should be noted that the behavioral perspective on market orientation is consistent with a considerable part of research in the field of organizational learning (e.g., Huber 1991; Sinkula 1994). Therefore, we also draw on organizational learning literature (e.g., the concept of organizational defensive routines described above), thus following the advice of Sinkula (1994, p. 43) who notes that “marketing scholars aspiring to understand why market information is processed the way it is might do well to utilize the prolific literature on organizational learning”.

‘denial’ (refusing to recognize threatening facts), and ‘projection’ (rejecting to accept own bad traits, faults, or shortcomings and exaggerating perceptions of other individuals). Complaints are unpleasant or threatening issues, because they symbolize customer problems and, in turn, potential negative consequences for employees. Thus, when confronted with complaints, staff often react in a hostile manner, especially when they have caused the corresponding problem (e.g., Rust, Zahorik, and Keiningham 1996). For example, they frequently deny responsibility for registering complaints (e.g., Ashforth and Lee 1990; Best 1981) and blame complainants for the failure (Best 1981; Tax and Brown 1998). In addition, they often treat complaining customers rudely and become increasingly angry as the dispute progresses (e.g., Best 1981; Tax and Brown 1998). This is supported by Menon and Dubé (2000) who find that a person’s expression of anger (e.g., a complaint) naturally causes similarly hostile and aggressive responses in other people.

3.2 Defensive Organizational Behavior with Respect to Complaint Transmission

The second category of DOB alludes to the common lack of an effective intra-organizational transmission of customer complaints to complaint managers and senior managers (e.g., Fornell and Westbrook 1984; Gilly, Stevenson, and Yale 1991). In support of this, many researchers in the field of market orientation and organizational learning point to the tendency of many companies to block a significant part of the information acquired from the external environment (e.g., Day 1994; Sinkula 1994; Slater and Narver 1995).

No (or biased) transmission of complaints to complaint managers (DOB₃). This type of DOB is particularly linked to the defense mechanisms ‘projection’ (rejecting to accept own bad traits, faults, or shortcomings and exaggerating perceptions of other individuals), ‘rationalization’ (justifying unpleasant facts with a logical and socially accepted reason), and ‘repression’ (excluding threatening issues from consciousness). The fact that the intra-organizational transmission of unpleasant information is subject to considerable suppression or distortion is confirmed by various empirical studies (e.g., O’Reilly and Roberts 1974; Wilensky 1967). In particular, employees are shown to be reluctant to pass information along to the rest of the firm in a complete and accurate way, if the content could lead to unfavorable consequences (e.g., punishments) for them (e.g., Kaufman 1973; Read 1962). With respect to complaints, it is important to note that “customers often lodge complaints with the nearest employee” (Tax and Brown 1998, p. 84). In many cases, this employee is at least partly responsible for the

cause of the complaint. Thus, customer contact personnel may often be averse to forward complaints to complaint managers in a complete and accurate manner (Gilly, Stevenson, and Yale 1991; Tax and Brown 1998). In line with this, an empirical study by Ross and Gardner (1985) reports that many complaint managers believe that they receive incomplete information about complaints.

No (or biased) transmission of complaints to senior managers (DOB₄). This type of DOB can be best illustrated by the defense mechanisms ‘denial’ (refusing to recognize threatening facts) and ‘repression’ (excluding threatening issues from consciousness). According to Argyris (1990), employees (e.g., complaint managers) frequently attempt to save their own face or that of other organizational members (e.g., senior managers). This behavior can lead to the creation of “organizational black holes in which information from below gets lost” (Argyris 1990, p. 23). In support of this, work in social psychology indicates that individuals are reluctant to communicate messages that are perceived as unpleasant for the recipient (so-called MUM effect; e.g., Rosen and Tesser 1970). Also, studies of organizational behavior report that group members tend to “appoint themselves as mindguards to protect the leader [...] from adverse information that might break the complacency they shared about the effectiveness and morality of past decisions” (Janis 1977, p. 340). Evidence for blocked or distorted transmission of complaint data to senior managers can also be found in complaint literature. An empirical study by Fornell and Westbrook (1984) shows that complaint managers become increasingly reluctant to transmit complaint data as the relative number of complaints increases. These authors argue that this is partly due to “the diminished stature of the ‘bearer of bad tidings’” (p. 69). For example, senior management may be unwilling to devote attention to communication about complaints and even put the blame on the person trying to transmit the information. Thus, the empirical finding by Kasper (1984) that many senior managers are not systematically informed about complaints is not very surprising.

3.3 Defensive Organizational Behavior with Respect to Complaint Utilization

The third category of DOB relates to the prevalent lack of an effective utilization of customer complaints in terms of complaint handling (e.g., Best 1981), complaint analysis (e.g., Brown 1997), and decision making (e.g., Fornell and Westbrook 1984). This phenomenon is supported by research on market orientation and organizational learning (e.g., Moorman 1995; Sinkula 1994).

No (or inadequate) handling of complaints (DOB₅). This type of DOB is closely linked to the defense mechanisms ‘isolation’, ‘denial’, and ‘repression’. Complaint literature provides considerable support for the presence of this type of DOB. For example, complainants often do not receive any organizational response at all or only after a long period of time (e.g., Kauchak 1991; Rust, Zahorik, and Keiningham 1996). In addition, a significant number of companies seem to offer redress only when they are legally bound to do so (e.g., Halstead, Dröge, and Cooper 1993) and tend to provide less redress than customers expect to receive (e.g., Best 1981; Fisher et al. 1999).

No (or inadequate) analysis of complaints (DOB₆). The theoretical explanation for this type of DOB is essentially based on the defense mechanisms ‘isolation’, ‘denial’, and ‘repression’. Moreover, Argyris (1990) argues that firms tend to cover defensive behaviors with further defensive routines which, in turn, prevents them from identifying the causes of the potential embarrassment or threat. In our context, these mechanisms can keep firms from regularly and systematically analyzing the reasons for complaints and identifying the root causes of customer dissatisfaction. This reasoning is supported by complaint literature that points to the widespread absence of an effective complaint analysis (e.g., Best 1981; Brown 1997; Kendall and Russ 1975).

No (or inadequate) use of complaint information in decision making (DOB₇). Finally, we assume that senior managers may use defense mechanisms such as ‘isolation’, ‘denial’, ‘rationalization’, and ‘repression’ to preserve self-esteem. This is supported by the concept of organizational defensive routines which argues that senior managers (like other individuals in organizations) try to defend their position and to save their face when confronted with unpleasant issues (e.g., complaints as symbols of own wrong decisions in the past). Thus, senior managers may not use aggregated complaint data when making marketing decisions.

The concept of organizational inertia provides further support for this type of DOB⁷. According to this concept, organizations are subject to inertial forces such as internal political constraints (i.e. intra-organizational conflicts due to the potential destabilization or overthrow of the political equilibrium) and own history (i.e. standards of procedure as well as the allocation

⁷ Argyris himself uses the concept of organizational defensive routines to explain the widespread existence of organizational inertia which he described as “tried and proven ways of doing things [that] dominate organizational life [and block] new and threatening ideas” (Argyris 1990, p. 7).

of tasks and authority that became normative agreements over time). Thus, organizational change (e.g., of marketing strategy) in response to environmental demands can only take place very slowly (e.g., Gilbert 2005; Hannan and Freeman 1977, 1984, 1989).

Our reasoning is further supported by organizational research on the phenomenon of ‘groupthink’ (i.e. a collective pattern of cognitive defenses to support and justify past decisions) in senior management teams. Symptoms of groupthink include, among others, collective rationalizations to discount negative feedback and the illusion of invulnerability which causes senior managers to fail to respond to clear warnings of danger (Janis 1977, 1982). Additional support for this type of DOB is provided by research on ‘escalation of commitment’. This term describes the tendency of senior managers responsible for a wrong decision in the past to become overly committed to this incorrect course of action (e.g., Staw 1981).

Moreover, this type of DOB can also be explained by senior managers’ use of mental models (i.e. decision rules for filtering information and heuristics for deciding how to act on information) that are incomplete, unfounded, or seriously distorted (Day 1994; Senge 1990) as well as by firms’ inability to promote active unlearning (i.e. discarding previously beneficial, but now dysfunctional organizational knowledge and practices) (Hedberg 1981; Nystrom and Starbuck 1984). Complaint literature also presents evidence for this type of DOB. Since complaints are highly symbolic, “they might imply failure or inadequacies of previous marketing decisions and constitute criticism of the individuals responsible for the problematic policies or programs” (Fornell and Westbrook 1984, p. 69). Thus, senior managers tend to be reluctant to use complaint data in their decision making process (e.g., Best 1981; Brown 1997; Fornell 1981).

Table 1 presents a summary of the different types of DOB including examples as well as selected references and corresponding underlying defense mechanisms.

Types of Defensive Organizational Behavior towards Complaints	Examples	Phenomenon described by ...	Selected Underlying Defense Mechanisms in Psychological Theory
Defensive Organizational Behavior with Respect to Complaint Acquisition			
DOB ₁ : Isolation from complaints	<ul style="list-style-type: none"> No appropriate complaint channels No external communication of responsiveness to complaints or where, how, and to whom to complain 	Berry 1995; Best 1981; Fornell 1981; Plymire 1990; Rust, Zahorik, and Keiningham 1996	<ul style="list-style-type: none"> Isolation Denial
DOB ₂ : Hostile behavior towards complainants	<ul style="list-style-type: none"> Rude employee behavior towards complainants Denial of responsibility for registering complaints Blaming of complainants for the failure 	Best 1981; Rust, Zahorik, and Keiningham 1996; Tax and Brown 1998	<ul style="list-style-type: none"> Isolation Denial Projection
Defensive Organizational Behavior with Respect to Complaint Transmission			
DOB ₃ : No (or biased) transmission of complaints to complaint managers	<ul style="list-style-type: none"> Blockage or distortion in intra-organizational communication of complaints to complaint managers 	Gilly, Stevenson, and Yale 1991; Ross and Gardner 1985; Tax and Brown 1998	<ul style="list-style-type: none"> Projection Rationalization Repression
DOB ₄ : No (or biased) transmission of complaints to senior managers	<ul style="list-style-type: none"> Blockage or distortion in intra-organizational communication of complaints to executives 	Fornell and Westbrook 1984; Kasper 1984	<ul style="list-style-type: none"> Denial Repression
Defensive Organizational Behavior with Respect to Complaint Utilization			
DOB ₅ : No (or inadequate) handling of complaints	<ul style="list-style-type: none"> No (or delayed) organizational response to complaints Overly restricted offer of redress to complainants 	Best 1981; Fisher et al. 1999; Kauchak 1991; Rust, Zahorik, and Keiningham 1996; Tax and Brown 1998	<ul style="list-style-type: none"> Isolation Denial Repression
DOB ₆ : No (or inadequate) analysis of complaints	<ul style="list-style-type: none"> Lack of organizational attempt to identify the reasons for complaints Lack of organizational attempt to detect the root causes of customer dissatisfaction 	Best 1981; Brown 1997; Kendall and Russ 1975	<ul style="list-style-type: none"> Isolation Denial Repression
DOB ₇ : No (or inadequate) use of complaint information in decision making	<ul style="list-style-type: none"> Reluctance of executives to accept complaint data No organizational change in response to complaint data 	Best 1981; Brown 1997; Fornell 1981; Fornell and Westbrook 1984; Kendall and Russ 1975	<ul style="list-style-type: none"> Isolation Denial Rationalization Repression

Table 1: Overview of Defensive Organizational Behavior towards Complaints

3.4 Antecedents of Defensive Organizational Behavior towards Complaints

In line with research on mechanisms that influence the behavior of marketing personnel (e.g., Hartline, Maxham, and McKee 2000; Jaworski 1988) and with research on barriers to market-orientated behavior (e.g., Felton 1959; Harris 1998; Kohli and Jaworski 1990), we suggest that the presence of DOB is affected by the firm's human resource management (HRM) and culture. This is also in accordance with two recent complaint management studies that provide evidence for an impact of a firm's internal environment (in terms of HRM and culture) on the behavior of complaint-handling staff (Homburg and Fürst 2005; Maxham and Netemeyer 2003)⁸.

We define the *supportiveness of HRM with respect to complaint management* as the degree to which personnel-related activities of an organization favor effective solicitation, handling, and analysis of complaints. These activities encompass both leadership behavior and training. Highly supportive leadership behavior covers, for example, the communication of the benefits of an effective complaint management to employees, the setting of a good example in terms of high customer orientation in general and effective complaint management in particular, and the performance evaluation of employees based on the achievement of customer-focused goals (e.g., de Ruyter and Brack 1993; Kennedy, Goolsby, and Arnould 2003). With respect to training, this construct covers activities that aim at assuring employees' sensitivity to the importance of complaints as well as employees' abilities to deal with dissatisfied customers (e.g., Berry and Parasuraman 1991; de Ruyter and Brack 1993; Maxham and Netemeyer 2003).

Following the widely accepted definition of organizational culture by Deshpandé and Webster (1989, p. 4), we define the *customer orientation of corporate culture* as the degree to which shared values, norms, and behaviors in an organization favor a customer-oriented thinking and acting of employees. More specifically, our conceptualization of this construct refers to an organizational orientation that puts the customer's interest first (Deshpandé, Farley, and Webster 1993). The high importance of this construct is stressed by Parasuraman (1987, p.

⁸ In this context, it needs to be mentioned that the study of Homburg and Fürst (2005) makes a distinction between two fundamental facets of complaint management. Specifically, they consider the organic approach (focusing on a firm's HRM and culture) and the mechanistic approach (focusing on a firm's guidelines for complaint management). Compared to that study, our research is narrower since we only consider organic aspects as antecedents of DOB.

41): “Perhaps the most precious asset that [...] firms can acquire is a single-minded dedication on the part of all its employees toward satisfying its customers.”

3.5 Consequences of Defensive Organizational Behavior towards Complaints

As discussed above, DOB is caused by mechanisms that aim at protecting from a potential threat. However, we have also described that DOB can have substantial negative consequences. Such negative consequences may include unfavorable effects on complaint satisfaction and on perceived complaint-based improvements.

We define *complaint satisfaction* as the degree to which the firm’s complaint handling performance meets or exceeds the complainant’s expectations (Gilly and Gelb 1982; McCollough, Berry, and Yadav 2000). From the customer’s viewpoint, the occurrence of a problem followed by the firm’s complaint handling can be regarded as a specific transaction experience (e.g., Anderson and Fornell 1994). Thus, complaint satisfaction represents a particular form of transaction-specific customer satisfaction (McCollough, Berry, and Yadav 2000; Smith and Bolton 1998).

Perceived complaint-based improvements is defined as the degree to which the complainant has the impression that the firm makes an effort to avoid the problem in the future. A longitudinal study of complainants’ evaluations by Maxham and Netemeyer (2002) provides empirical evidence for the relevance of this construct. These authors find that customers reporting two similar failures of a firm adopt a particularly critical perspective on this company. Based on this result, Maxham and Netemeyer (2002, p. 67) recommend to firms: “Do not make the same mistake twice.”

4 Hypotheses Development

As mentioned above, an important goal of this study is to detect factors that influence the newly introduced concept of DOB. Thus, in the first subsection, we develop hypotheses related to the antecedents of DOB. Moreover, our study seeks to identify the consequences of this new concept. Hence, corresponding hypotheses are developed in the second subsection.

4.1 Hypotheses Related to Antecedents of DOB

We first address the link between supportiveness of HRM with respect to complaint management and the prevalence of DOB. There is substantial evidence that customer-oriented leadership behavior positively affects employees' customer-oriented behavior in general (Humphreys and Williams 1996; Jaworski and Kohli 1993) and customer-oriented treatment of complaints in particular (Berry and Parasuraman 1991; TARP 1986). Thus, leadership behavior such as communicating the benefits of an effective complaint management to employees, setting a good example in terms of customer orientation in general and complaint management in particular, and evaluating staff performance based on the achievement of customer-focused goals is likely to reduce the tendency of employees to exhibit DOB. This is also in line with instrumental conditioning theory (e.g., Skinner 1938) and social learning theory (e.g., Bandura 1977).

Moreover, customer-oriented training is reported to enhance employees' customer-oriented behavior in general (Schlesinger and Heskett 1991) and customer-oriented complaint handling in particular (Tax and Brown 1998). Thus, training activities that aim at improving staff abilities to deal with dissatisfied customers may decrease the prevalence of DOB. Therefore, we predict:

H₁: The supportiveness of HRM with respect to complaint management has a negative impact on the prevalence of DOB.

Work on defensive organizational behavior points to the "possibility that organizational culture is a 'meta-cause' of much defensive behavior. Specifically, the shared system of values, assumptions, and norms may well [...] influence the tendency to avoid action, blame, and change" (Ashforth and Lee 1990, p. 631). This is in line with empirical studies reporting that the more employees perceive their firm to be customer-oriented, the stronger is their own customer-oriented behavior (Kelley 1992; Siguaw, Brown, and Widing 1994).

Furthermore, complaint research emphasizes the relevance of a customer-oriented corporate culture as a supportive factor for complaint management (e.g., Kasouf, Celuch, and Strieter 1995). Thus, we hypothesize:

H₂: The customer orientation of corporate culture has a negative impact on the prevalence of DOB.

4.2 Hypotheses Related to Consequences of DOB

We have already described that defensive organizational behavior can impair organizational efficiency and effectiveness. More specifically, “while defensiveness may serve the short-run interests of individuals, it tends not to serve their long-run interests nor the short- or long-run interests of recipients or organizations” (Ashforth and Lee 1990, p. 643).

Hostile employee behavior towards complainants inevitably leads to customer perception of unfair interpersonal treatment (Maxham and Netemeyer 2003). In addition, a blocked or distorted complaint transmission to complaint managers and a lacking or inadequate complaint handling slow down the complaint process and impede a fair complaint outcome (Gilly, Stevenson, and Yale 1991; Smith, Bolton, and Wagner 1999). As customer evaluation of complaint satisfaction is based on perceptions of interpersonal treatment, complaint process, and complaint outcome (Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekar 1998), we hypothesize⁹:

H₃: The prevalence of DOB has a negative impact on complaint satisfaction.

Organizational isolation from complaints impedes the acquisition of information about customer problems (Fornell 1981). Also, a blocked or distorted communication of complaints to complaint managers and a lacking or inadequate analysis of complaints inhibit a complete and accurate identification of root causes of customer problems (Gilly, Stevenson, and Yale 1991; Kendall and Russ 1975). Moreover, a blocked or distorted communication of complaints to

⁹ It might be argued that complaint satisfaction is not only directly influenced by the prevalence of DOB, but also by the supportiveness of HRM with respect to complaint management and the customer orientation of corporate culture, respectively. However, in general, complaint satisfaction is regarded to be solely based on customer perceptions of the behavior of complaint handling staff (Smith, Bolton, and Wagner 1999; Tax, Brown, and Chandrashekar 1998) rather than also on intra-organizational variables (such as HRM and corporate culture) which normally cannot be directly assessed by customers. Thus, from a conceptual point of view, we do not see compelling arguments why complaint satisfaction may be directly affected by the supportiveness of HRM with respect to complaint management and the customer orientation of corporate culture, respectively. Rather, we expect these intra-organizational variables to indirectly drive complaint satisfaction by influencing the behavior of complaint handling staff (i.e. a key aspect of DOB).

senior managers and a lacking or inadequate use of complaint information by senior managers in decision making ultimately prevent companies from responding appropriately to market needs by eliminating the root causes of customer problems (Fornell and Westbrook 1984). In support of this, an empirical study by Johnston (2001) shows a positive link between the quality of the complaint management process and complaint-based improvements. Therefore, we predict:

H₄: The prevalence of DOB has a negative impact on perceived complaint-based improvements.

The complete nomological network built up by these hypotheses is shown in Figure 2.

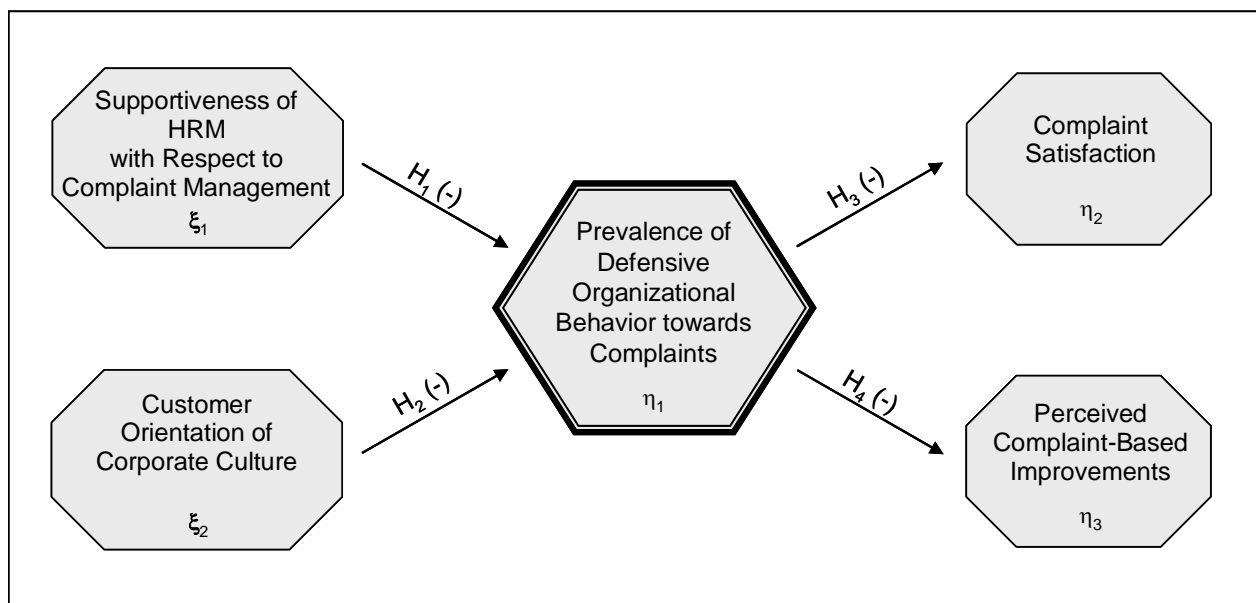


Figure 2: Overview of Hypotheses

Additionally, we introduced prior customer experience with the company as a control variable. Within our framework, it is supposed to (positively) affect perceived complaint-based improvements.

5 Methodology

5.1 Data Collection Procedure and Sample

In the first phase, we identified a company sample (1786 firms) based on information from a commercial provider. Our sample was restricted to firms with at least 200 employees and an annual revenue of at least \$50 million. It covered industries from both the manufacturing and the service sector. For each of the firms, we tried to identify the manager with primary responsibility for complaint management. This was successful in 1707 cases. Then, we sent a questionnaire to these individuals and started follow-up telephone calls three weeks later. As a result, we obtained 379 useable questionnaires which corresponds to a response rate of 22.2%. In order to assess non-response bias, we examined whether the responding firms and the firms we initially addressed differ in terms of size or industry. The results provide no evidence for non-response bias.

In the second phase, we contacted the responding 379 managers again and asked for a list of ten customers who had complained to the company within the last three months and who had been typical with respect to reason for complaint, importance to the firm, and customer type. We offered several incentives including a report about customer feedback (on an aggregate basis) and the free participation in a conference on complaint management. 110 managers agreed to provide the requested information, resulting in a response rate of 29.0%. Given the high confidentiality of customer information, this can be considered as a satisfactory response. Among the reasons for declining were legal issues, general firm policies, and lack of support from top management. By assessing whether the responding firms differ from the firms we initially contacted in the second phase, we again tested for non-response bias. The test related to size and industry as well as to the prevalence of DOB¹⁰. We found no statistical differences with respect to these variables. This indicates that non-response bias is also not a problem in the second phase of our data collection.

It is worth noting that the response rate of 22.2% in the first phase and 29.0% in the second phase result in an overall response rate of 6.4% (i.e. 110 companies out of 1707 responding in both phases of data collection). However, because this overall response rate refers to a two-

¹⁰ It should be noted that, with respect to the prevalence of DOB, we tested for mean differences *and* variance differences. These tests were conducted on three different levels (i.e. DOB on an overall level, DOB on the level of its three facets, and DOB on the level of its seven types).

stage data collection procedure, a direct comparison with usual response rates (obtained from a one-stage data collection procedure) would certainly be misleading. Instead, such comparisons can only be made with the two one-stage response rates of our study (22.2% and 29.0%), which are both within the normal range reported by corresponding empirical research.

A: Industry			C: Annual Revenues	
Manufacturing Sector	Machine Building	14%	< \$50 million	4%
	Chemicals/Pharmaceuticals	12%	\$50 - \$99 million	16%
	Automotive	12%	\$100 - \$199 million	26%
	Electronic	11%	\$200 - \$499 million	18%
	Metal Processing	11%	\$500 - \$999 million	16%
Service Sector	Banking/Insurance	16%	\$1,000 - \$2,000 million	6%
	Retailing	14%	> \$2,000 million	6%
	Transport	5%	Missing	8%
	Others	5%		
B: Position of Respondents			D: Number of Employees	
	Head of Complaint Management	23%	< 200	6%
	Head of Quality Management	23%	200 – 499	17%
	Head of Customer Service	16%	500 – 999	26%
	VP Marketing, VP Sales	15%	1,000 – 2,499	22%
	Managing Director, CEO, Head of SBU	13%	2,500 – 5,000	16%
	Others	9%	> 5,000	12%
	Missing	1%	Missing	1%

Table 2: Company Sample Composition (110 cases)

In the third phase, we conducted telephone interviews with complainants. For the purpose of motivation, we assured customers that the firm in question would receive their feedback in an anonymous form which, in turn, might contribute to preventing the problem they had experienced from happening again. Our goal was to obtain responses from five complainants per company. This was achieved for all 110 firms, resulting in a total of 550 responses on the customer side.

For subsequent data analysis, we averaged the five customer responses for each firm¹¹. Thus, our data analysis is based on 110 dyads. Each of these dyads consists of a managerial assess-

¹¹ Such data aggregation may be problematic if there is high variance in judgments related to the same firm. To explore this issue, we computed the intraclass correlation coefficient (ICC) (1) for the variables measured on the customer side. This measure can be used to assess the relative consistency of responses among raters (e.g., Bartko 1976; Kozlowski and Hattrup 1992). Therefore, ICC (1) is recommended in the literature as a criterion for judging the extent to which data aggregation across respondents is adequate (e.g., James 1982). In our study,

ment of the antecedents and types of DOB in the focal company and five customer assessments related to their post-complaint responses. Table 2 provides information regarding the company sample.

5.2 Measure Development and Assessment

We followed standard psychometric scale development procedures. Scales were developed based on a review of the literature and field interviews with twelve practitioners. A complete list of items (including selected sources used in the process of scale development for the constructs related to the antecedents and consequences of the prevalence of DOB) is shown in the Appendix (see Table 1 for selected item sources with respect to the different types of DOB).

The scales used to operationalize the antecedents of DOB (i.e. supportiveness of HRM with respect to complaint management and customer orientation of corporate culture) included nine and five items, respectively. The scales related to the focal construct of our study, the prevalence of DOB, encompassed a total of 22 items, covering the seven types of DOB (see Table 1)¹². The constructs associated with the consequences of DOB were measured with parsimonious scales as customer interviews had to be kept very brief. Complaint satisfaction was operationalized by three items and perceived complaint-based improvements by two items. Our control variable, prior customer experience with the company, was assessed with two items.

We applied reflective measurement models to all constructs with the one exception of prevalence of DOB which was measured in a formative way. In line with measurement literature (e.g., Cohen et al. 1990; Edwards and Bagozzi 2000; Fornell, Rhee, and Yi 1991), our decision to use a formative model for measuring the prevalence of DOB is “primarily [...] based on theoretical considerations regarding the causal priority between the indicators and the latent variable involved” (Diamantopoulos and Winklhofer 2001, p. 274).

As discussed in our theoretical section, the construct of DOB represents a complex organizational phenomenon on that is determined by a combination of three different facets (i.e., DOB

we obtained ICC (1) values of .22 (with respect to complaint satisfaction) and .16 (with respect to perceived complaint-based improvements), which can both be considered relatively large (e.g., Bliese 2000; James 1982). Thus, these results indicate a good consistency of responses among customers reporting on the same firm. Based on these results and in line with previous studies using ICC (1) as a criterion for aggregating individual responses (e.g., de Jong, de Ruyter, and Lemmink 2004), we feel that our approach of averaging the five customer responses for each company is justified.

¹² It is worth mentioning that most of these items were reversed thus relating to the non-prevalence of DOB within the firm. The reason for this approach is that we expected strongly biased answers for items directly addressing the prevalence of DOB due to social desirability effects in responding behavior.

with respect to complaint acquisition, DOB with respect to complaint transmission, and DOB with respect to complaint utilization). These three facets, in turn, each consist of a combination of different types of DOB (see Table 1) which themselves represent a set of very specific behaviors (see the list of items in the Appendix). Thus, we followed the advice of different authors (e.g., Bagozzi 1994; Fornell and Bookstein 1982; MacCallum and Browne 1993) who strongly recommend the use of a formative measurement model “when constructs are conceived as explanatory combinations of indicators [...] that are determined by a combination of variables” (Fornell and Bookstein 1982, p. 292). Moreover, our decision was also based on the list of criteria specified by Jarvis, MacKenzie, and Podsakoff (2003).

	Range	Mean (Standard Deviation)									
		Overall	Machine Building	Chemicals/Pharmaceuticals	Automotive	Electronic	Metal Processing	Banking/Insurance	Retailing	Transport	Others
1. Supportiveness of HRM	1-7	4.80 (1.05)	5.07 (.81)	4.85 (1.37)	4.75 (.75)	4.83 (1.05)	5.03 (.96)	4.63 (1.26)	4.81 (.90)	4.57 (1.06)	4.39 (1.51)
2. Customer Orientation of Corporate Culture	1-7	4.97 (1.01)	5.19 (.80)	5.02 (1.07)	4.75 (1.00)	5.10 (0.96)	5.23 (.88)	4.90 (1.07)	5.23 (.88)	4.60 (.95)	3.97 (1.63)
3. Prevalence of DOB	1-7	2.71 (.86)	2.74 (1.00)	2.51 (.69)	2.74 (.94)	2.61 (.66)	2.34 (.82)	2.80 (1.01)	2.75 (.92)	2.89 (.52)	3.31 (.79)
4. Complaint Satisfaction	1-5	3.54 (.74)	3.70 (.44)	4.07 (.43)	3.50 (.86)	3.74 (.61)	3.53 (.51)	3.07 (.84)	3.62 (.77)	3.34 (.97)	3.11 (.90)
5. Perceived Complaint-Based Improvements	1-5	3.40 (.76)	3.28 (.41)	3.96 (.41)	3.81 (.66)	3.70 (.66)	3.55 (.55)	2.80 (.89)	3.31 (.86)	3.12 (.77)	3.08 (.82)

Table 3: Summary Statistics

Against this background, in the model, the prevalence of DOB is represented as a composite latent construct with three formative indicators (which correspond to the three different facets of this construct)¹³. Because, in such a model, the error terms associated with these indicators are not identified, we fixed them at one minus the assumed reliability of the index (i. e., Cronbach’s Alpha), times the variance of the index (thereby following the recommendation of Jöreskog and Sörbom 1982). Summary statistics including means and standard deviations of all constructs in our model are presented in Table 3.

¹³ The formative indicators were obtained by using a two-stage aggregation procedure. First, we averaged the items for each of the seven types of DOB. Second, we further averaged these values for each of the three facets.

Using confirmatory factor analysis, we assessed measure reliability and validity. Overall, the results indicate acceptable psychometric properties for all constructs. With one exception, the coefficient alpha values for all constructs exceed .8, thus providing evidence for a high degree of internal consistency among the corresponding indicators (Nunnally 1978)¹⁴. Moreover, each construct manifests a composite reliability greater than .8, thus exceeding the recommended marginal value of .6 (Bagozzi and Yi 1988). With respect to the average variance extracted, all constructs (except the supportiveness of HRM with respect to complaint management) surpass the suggested threshold value of .5 (Bagozzi and Yi 1988). Table 4 provides an overview of the psychometric properties of the constructs that were measured in a reflective way.

	Number of Items in Measurement Model	Coefficient Alpha	Composite Reliability	Average Variance Extracted
1. Supportiveness of HRM	9	.89	.89	.49
2. Customer Orientation of Corporate Culture	5	.86	.87	.57
3. Complaint Satisfaction	3	.93	.94	.83
4. Perceived Complaint-Based Improvements	2	.57	– *)	– *)

*) Because a confirmatory model with two indicators has no degrees of freedom these values cannot be computed.

Table 4: Measure-Related Information Regarding Reflective Measures

Moreover, for each pair of these constructs, discriminant validity was assessed based on Fornell and Larcker’s (1981) criterion (see Table 5) and on the chi-square difference test (e.g., Bollen 1989). Results indicate no problems with respect to discriminant validity.

¹⁴ It needs to be mentioned that we consider the lower coefficient alpha value of the construct of perceived complaint-based improvements as uncritical since this construct was measured by only two items. It is well known that the coefficient alpha value strongly increases with a growing number of indicators (e.g., Churchill and Peter 1984) so that slightly lower standards are adequate for constructs measured with a small number of indicators.

	Average Variance Extracted	Squared Correlation			
		1.	2.	3.	4.
		(.49)	(.57)	(.83)	– *)
1. Supportiveness of HRM	(.49)	–			
2. Customer Orientation of Corporate Culture	(.57)	.40	–		
3. Complaint Satisfaction	(.83)	.06	.06	–	
4. Perceived Complaint-Based Improvements	– *)	.03	.05	.37	–

*) Because a confirmatory model with two indicators has no degrees of freedom this value cannot be computed.

Table 5: Average Variances Extracted and Squared Correlations

6 Results

We estimated the main effects shown in Figure 2 by using LISREL 8.54. The overall fit measures indicate that the hypothesized model is a good representation of the structures underlying the observed data ($\chi^2/df = 1.88$, GFI = .95, AGFI = .94, CFI = 1.00, RMSEA = .09). Figure 3 displays the results of the hypotheses testing.

H₁ and H₂ suggested that the prevalence of DOB is negatively affected by the supportiveness of HRM with respect to complaint management and the customer orientation of corporate culture, respectively. Both hypotheses are confirmed because each of the parameter estimates is negative and significant at least on the .05 level.

H₃ and H₄ presumed a negative effect of the prevalence of DOB on complaint satisfaction as well as on perceived complaint-based improvements. Because both parameter estimates are negative and significant on the .01 level each of the hypotheses is confirmed. It is noteworthy that these two hypotheses include dependent and independent constructs which were measured on different sides of the dyad. We feel that the confirmation of both hypotheses by data “crossing the boundaries of the company” is a strong empirical support for our theoretical reasoning.

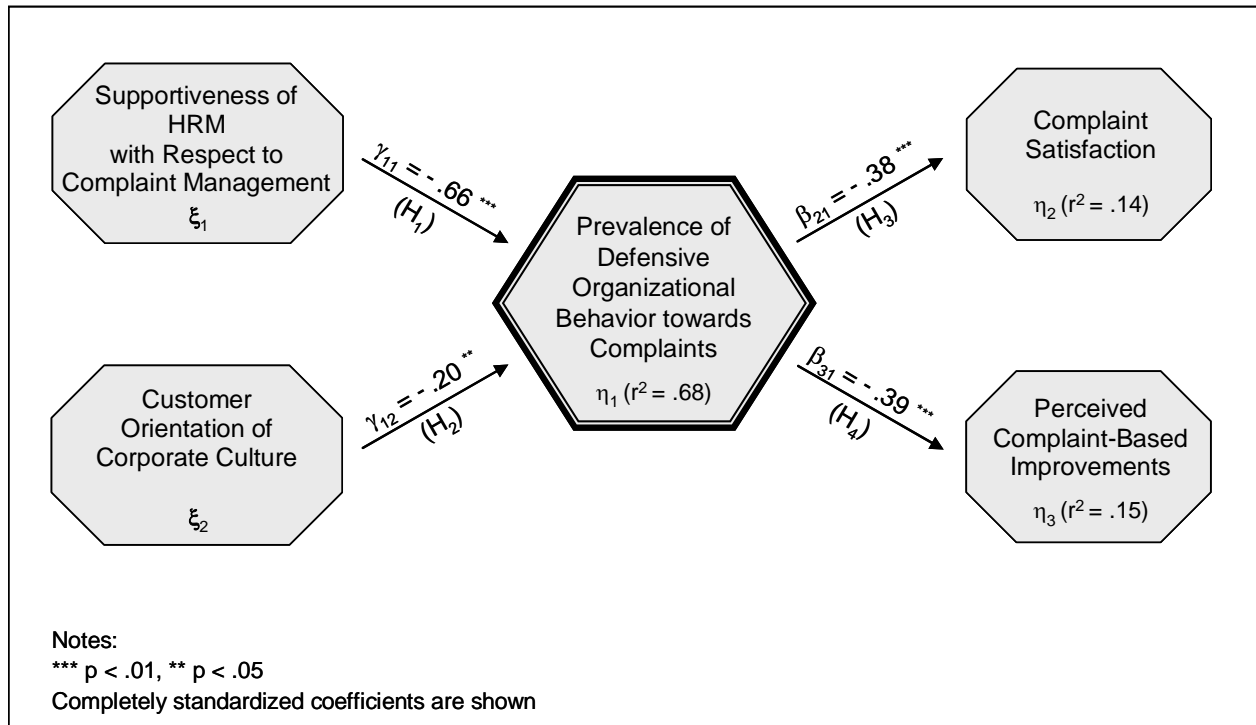


Figure 3: Results of Hypotheses Testing

The presumed (positive) effect of prior customer experience with the company on perceived complaint-based improvements is not supported by the data because the corresponding parameter estimate is negative and not statistically significant ($-.05, p > .10$).

In summary, our findings provide strong support for our theoretical reasoning. A more detailed discussion of our results will be provided in the next section.

7 Discussion

The point of departure for our study was the observation that, despite its widely accepted high importance, there is ample evidence that many firms do not have an effective complaint management. In order to explain this paradoxical situation, we introduced the construct of DOB. Although specific aspects of this phenomenon have been previously mentioned in the literature (e.g., Best 1981; Fornell and Westbrook 1984; Tax and Brown 1998), to the best of our knowledge, there is no study which systematically addresses this phenomenon. Our study has implications for research and managerial practice alike.

7.1 Research Issues

We feel that the introduction of the construct of DOB is an important contribution of our study to the marketing discipline. Besides developing a theoretical basis for the prevalence of DOB, we also provide a rich conceptualization and operationalization of this construct as well as an empirical study of its antecedents and consequences. Our research underlines the importance of this construct as we find that the prevalence of DOB significantly affects customer perceptions of a firm's complaint management. The validity of this result is enhanced by the use of dyadic data. Thus, our study constitutes a fairly comprehensive treatment of this phenomenon. Although defensive behavior in organizations has been discussed to some extent in the organization literature, to the best of our knowledge, there is no comprehensive approach to conceptualizing and empirically studying this phenomenon. This void is also noted in a review article by Ashforth and Lee (1990, p. 642): "It is surprising [...] that the phenomenon of defensiveness has not been systematically explored in the literature [...]. Given the apparent pervasiveness of defensive behavior in organizations and the severity of its effects, it is time that researchers investigate the whys and wherefore of this important phenomenon". Our study represents a first step towards understanding this important phenomenon in the context of dealing with customer complaints.

Our study has also a number of implications for complaint research. This research stream can basically be divided into two categories. First, there is a large number of studies that analyze customer complaint behavior thus typically adopting a consumer behavior perspective (e.g., Singh 1990; Smith and Bolton 1998). Second, there is a small number of studies that focus on complaint management, thereby adopting a company perspective (e.g., Fornell and Wernerfelt 1987; Johnston 2001). By simultaneously analyzing mechanisms within a company and resulting customer perceptions, we feel that our study is one of the first to build a bridge between these two research streams. Research on customer complaints would certainly benefit from additional studies linking aspects of organizational complaint management to customer reactions. Obviously, such studies require a dyadic approach to data collection.

Furthermore, our findings advance complaint research by providing insight into drivers of the phenomenon of DOB. In this context, the explained variance of our focal construct is of particular relevance. The fact that the antecedents in our model explain 68 percent of the variance of the prevalence of DOB is very encouraging. This finding means that the prevalence of DOB can be largely explained by the two antecedents included in our model.

Moreover, our study sheds light on the mechanisms leading to DOB. Specifically, both the supportiveness of HRM with respect to complaint management and the customer orientation of corporate culture have a significant effect on the prevalence of DOB. As the findings shown in Figure 3 indicate, the prevalence of DOB is more strongly affected by the supportiveness of a firm's HRM than of the customer orientation of a firm's culture.

In addition, we feel that the concept of defensive organizational behavior towards certain stimuli of the environment is also relevant to other areas of organizational research in marketing. For example, future research in the field of market or customer orientation (e.g., Deshpandé, Farley, and Webster 1993; Jaworski and Kohli 1993) might analyze the prevalence of defensive organizational behavior towards a stronger organizational focus on customer needs. Similarly, research looking at forces that drive the use of market information in firms (e.g., Moorman and Zaltman 1992) as well as research analyzing organizational learning about markets (e.g., Sinkula, Baker, and Noordewier 1997) could also draw on this concept.

Finally, we are not aware of a single application of our theoretical basis of individual defense mechanisms in the field of marketing. This theory may, for example, be relevant to areas focusing on interpersonal interaction such as personal selling (e.g., Johnston and Kim 1994) and service encounters (e.g., Bitner, Booms, and Tetreault 1990). We hope that our introduction of this theory to the marketing literature will lead to its increasing usage in the marketing discipline.

Of course, our study is subject to limitations which provide avenues for future research. First, although our model explains a large portion of the variance of the prevalence of DOB, there may still be other drivers of this phenomenon. For example, future research might benefit from analyzing to which extent the prevalence of DOB is affected by organic organizational antecedents (such as the ones studied in this paper) as opposed to mechanistic organizational antecedents such as guidelines for complaint management (see Homburg and Fürst 2005 for the distinction between the organic and the mechanistic approach to complaint management). Second, our study relies on single informants on the organizational (but not on the customer) side. Future studies are recommended to collect the perspectives of multiple informants also on the organizational side.

7.2 Managerial Implications

On a very general level, our study underlines the high managerial relevance of an effective complaint management. This relevance becomes visible by the fact that a poor solicitation, handling, and analysis of complaints inevitably lead to substantial negative consequences for a company (i.e. unfavorable customer post-complaint reactions). Thus, managers responsible for customer relationship management should focus a lot of attention, energy, and resources on developing an effective complaint management.

Moreover, our study should sensitize managers for the phenomenon of DOB as an important impediment for the implementation of an effective complaint management. Based on our findings, managers are encouraged to systematically reduce the prevalence of DOB within their companies. This can be achieved in two ways.

First, managers may work directly on this phenomenon. Our conceptualization of the prevalence of DOB (i.e. the identification of three different facets and seven different types, respectively) provides managers with a checklist type of structure (see Table 1). Based on this, they can analyze the presence of DOB in their firm and, in turn, initiate activities to reduce this behavior. For example, in a firm that is characterized by a high degree of isolation from complaints (DOB₁), managers are well advised to establish appropriate complaint channels, to communicate their firm's responsiveness to complaints, and to inform where, how, and to whom customers can lodge a complaint. In addition, managers who have identified hostile behavior towards complainants (DOB₂) may establish an adequate organizational policy for employees' behavior towards complainants and regularly observe staff adherence to these guidelines. Moreover, in case of no (or biased) transmission of complaints to complaint managers (DOB₃) or senior managers (DOB₄), a company could, for instance, develop and monitor an appropriate formal organizational procedure for registering and processing complaints as well as implement a suitable information system for complaint management. Similar actions may be taken if employees do not handle complaints at all or only in an inadequate manner (DOB₅). Furthermore, managers who have detected the lack of an appropriate analysis of complaints (DOB₆) are well advised to establish and monitor standard operating procedures for systematically analyzing the reasons for complaints and identifying the root causes of customer dissatisfaction. An appropriate information system for complaint analysis could also help to examine complaints at an aggregate level. Moreover, in a firm in which aggregated complaint data is not used in decision making (DOB₇), senior managers should be frequently reminded of the

relevance of this form of customer feedback. On a more general basis, managers should sensitize staff to the existence and the problematic consequences of the different types of DOB. Also, they could threaten sanctions against employees who repeatedly show this behavior.

Second, managers may also work on the antecedents of DOB. In this context, the supportiveness of a firm's HRM with respect to complaint management is particularly important. The items used to measure this construct provide clear guidance to managerial action. Therefore, managers seeking to reduce the existence of DOB should lay stress on implementing training activities that aim at assuring employees' sensitivity to the importance of complaints and employees' abilities to deal with dissatisfied customers. By showing leadership behavior such as emphasizing the benefits of an effective complaint management to staff, setting a good example in terms of customer orientation in general and complaint management in particular, and evaluating staff performance based on the achievement of customer-focused goals, managers can further contribute to a decrease in the prevalence of DOB. Like an adequate HRM, a highly customer-oriented corporate culture has also shown to decrease the prevalence of DOB. Thus, firms should also try to create a corporate culture that puts the customer's interest first.

Finally, our study shows that not only customer satisfaction with complaint handling is under managerial control, but also customer perception of a firm's effort to avoid problems in the future. Therefore, managers in charge of complaint management should not only focus on an effective handling of complaints, but also ensure that customers get the impression that their complaints stimulate improvement and learning processes within the company. This can, for example, be achieved through systematic feedback to complainants some time after their complaint has been resolved, thereby informing about improvements initiated through their complaint. In addition, customer contact personnel should be instructed to communicate in such a way that customers get the impression that, besides getting the problem out of the world (i.e. resolving individual customer complaints), the company is also interested in understanding and eliminating the underlying causes.

Appendix

Scale Items for Construct Measures

Construct	Items
Supportiveness of HRM with Respect to Complaint Management¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit, ...</p> <p>... the training of employees responsible for complaint management includes the sensitization to the importance of customer complaints.</p> <p>... employees responsible for complaint management are trained how to deal with complaining customers.</p> <p>... managers regularly communicate complaint management goals, customer satisfaction goals, and customer retention goals to employees responsible for complaint management.</p> <p>... managers include complaint management goals, customer satisfaction goals, and customer retention goals into the target agreements with employees responsible for complaint management.</p> <p>... the performance evaluation of employees responsible for complaint management includes the degree of achievement of complaint management goals, customer satisfaction goals, and customer retention goals.</p> <p>... employees are praised and recognized for outstanding performances regarding complaint management.</p> <p>... managers set a good example in terms of high customer orientation in general and effective complaint management in particular.</p> <p>... managers regularly communicate the benefits of an effective complaint management to employees responsible for complaint management.</p> <p>... managers are, with regard to customer complaints, not primarily interested in blaming employees for problems, but in preventing failures from reoccurring.</p> <p><i>Selected item sources:</i> Berry and Parasuraman 1991; de Ruyter and Brack 1993; Maxham and Netemeyer 2003</p>
Customer Orientation of Corporate Culture¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit, ...</p> <p>... all employees display a high level of customer orientation in general.</p> <p>... we are aware of our customers' needs and try to be responsive to customer requirements.</p> <p>... in case of doubt, we decide in favor of the customer.</p> <p>... the customer takes center stage.</p> <p>... customer-oriented values and norms are deep-seated.</p> <p><i>Selected item sources:</i> Deshpandé, Farley, and Webster 1993; Deshpandé and Webster 1989</p>
Prevalence of Defensive Organizational Behavior towards Complaints	
DOB₁: Isolation from complaints¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>Our company/business unit offers dissatisfied customers the possibility to complain ...</p> <p>... in a multitude of ways. (r)</p> <p>... in person (i.e. directly to an employee on the spot). (r)</p> <p>... in writing (i.e. by letter, fax, complaint form, email). (r)</p> <p>... by telephone. (r)</p> <p>... in a cost-effective way. (r)</p> <p>... in an easy and uncomplicated way. (r)</p> <p><i>To what extent do you agree with the following statements?</i></p> <p>Our company/business unit ...</p> <p>... communicates to customers our responsiveness to complaints. (r)</p> <p>... informs customers about ways to complain. (r)</p> <p>... informs customers about how and to whom they can complain. (r)</p> <p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... employees often do not approach dissatisfied customers in order to find out and eliminate the reason for their dissatisfaction.</p>

Scale Items for Construct Measures

Construct	Items
DOB₂: Hostile behavior towards complainants¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... customer contact personnel frequently deny responsibility for registering complaints, especially when they have, at least partly, caused the original customer problem.</p> <p>... customer contact personnel often treat complaining customers rudely and blame them for the problem, even when they themselves are at least partly responsible for the cause of the complaint.</p>
DOB₃: No (or biased) transmission of complaints to complaint managers¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... customer contact personnel often do not forward registered complaints to managers responsible for complaint management.</p> <p>... customer contact personnel often forward registered complaints to managers responsible for complaint management in a biased manner.</p>
DOB₄: No (or biased) transmission of complaints to senior managers¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... aggregated complaint data is regularly forwarded to relevant senior managers in a complete and accurate manner. (r)</p>
DOB₅: No (or inadequate) handling of complaints¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... complaints are frequently not handled at all or only after a relatively long period of time.</p> <p>... we offer redress to complaining customers only when we are legally bound to do so.</p> <p>... redress for complaining customers is largely restricted to the extent prescribed by law.</p>
DOB₆: No (or inadequate) analysis of complaints¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... complaints are regularly and systematically categorized with respect to the reason for the complaint. (r)</p> <p>... statistics about the frequency of complaints are regularly and systematically generated. (r)</p> <p>... analyses are regularly and systematically conducted in order to identify the root causes of customer dissatisfaction. (r)</p>
DOB₇: No (or inadequate) use of complaint information in decision making¹	<p><i>To what extent do you agree with the following statements?</i></p> <p>In our company/business unit ...</p> <p>... senior managers regularly and adequately use aggregated complaint data in marketing decision making. (r)</p>
Complaint Satisfaction²	<p><i>To what extent do you agree with the following statements?</i></p> <p>I was not satisfied with the handling of my complaint. (r)</p> <p>I had a positive experience when complaining to this company.</p> <p>I was very satisfied with the complaint handling of the company.</p> <p><i>Selected item sources:</i> Bitner and Hubbert 1994; Oliver and Swan 1989; Tax, Brown, and Chandrashekar 1998</p>
Perceived Complaint-Based Improvements²	<p><i>To what extent do you agree with the following statements?</i></p> <p>I have the impression that the company makes an effort to avoid the problem in the future.</p> <p>After the complaint, I did not experience the same problem again with the company.</p>
Prior Customer Experience with the Company²	<p><i>To what extent do you agree with the following statements?</i></p> <p>I have been a customer of this company for a long time.</p> <p>I have frequently purchased products from this company.</p>
<p>¹ Seven-point rating scale with “strongly agree” and “strongly disagree” as anchors.</p> <p>² Five-point rating scale with “strongly agree” and “strongly disagree” as anchors. Questions for consumers are shown (questions for business customers are identical except for minor wording changes, i.e. “My company ...” instead of “I ...”).</p> <p>(r) Reversed item.</p>	

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