Employee Engagement to Elicit Consumer Forgiveness in Service Firms

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Abstract

This study explores how frontline employee engagement helps consumers forgive after service failures in service firms. A systematic literature review was conducted using the PRISMA framework, covering 52 peer-reviewed articles published between 2020 and 2025 from the Scopus and Web of Science databases. The findings show that most earlier studies focused on the causes of service failures and customer reactions. At the same time, little attention was given to the actions employees take to rebuild trust and encourage forgiveness. The study introduces a triadic framework of employee actions that includes emotional, cognitive, and justice restoration factors. These three areas explain how employees can use empathy, clear communication, and fairness to rebuild trust, reduce negative feelings, and improve long-term customer relationships. This research provides practical guidance for service firms. Training employees to be empathetic, communicate openly, and act fairly can strengthen service recovery and build customer loyalty. Overall, the study offers a simple and useful model showing how engaged employees can turn service failures into opportunities to restore trust and maintain lasting customer relationships.

Keywords: Consumer Forgiveness, Frontline Employees, Service Firm.

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K. Sharma et al. (eds.), *Proceedings of the 12th AIM-AMA Sheth Foundation Doctoral Consortium & International Marketing Conference 2025 (IMCDC 2025)*, Advances in Economics, Business and Management Research 370,
https://doi.org/10.2991/978-94-6239-608-1_7

1. Introduction

Conflicts and service failures are common in service organisations (Balaji et al., 2020). One positive outcome of such events is consumer forgiveness**,** which refers to a customer's willingness to let go of negative emotions and respond constructively after a service failure (Xie & Peng, 2009). Forgiveness involves rebuilding trust and reducing resentment when the organization acknowledges its mistake and makes sincere efforts to fix it (Finsterwalder et al., 2017; Babin et al., 2020). Although forgiveness has been widely studied in psychology, religion, and conflict management (Riek & Mania, 2012), its role in service and business settings has only recently gained attention. In 2025 and beyond, as service firms place greater emphasis on employee engagement and empathy-based recovery, understanding how engaged employees can encourage consumer forgiveness has become essential. When employees are actively engaged, they respond with care and sincerity, helping to rebuild trust, strengthen loyalty, and maintain long-term customer relationships (Casidy & Shin, 2015).

Previous research on consumer forgiveness has mostly focused on the causes of service problems, such as delays, booking errors, or perceived betrayal (Jones et al., 2011; Tsarenko & Strizhakova, 2019). However, there is still a lack of understanding of the organisational and employee actions that encourage consumers to forgive. Most studies have looked at how customers react to failures rather than how frontline employees can help rebuild trust and repair relationships. As service experiences become more personal and emotionally driven, employees play an even greater role in shaping how consumers respond to service failures (Haenel et al., 2022; Wirtz et al., 2023). Understanding which employee actions lead to forgiveness is important for both researchers and managers, as it can show how empathy, clear communication, and fairness help customers recover from negative experiences.

Employees are central to this forgiveness process, acting as key figures who can turn customer frustration into positive feelings toward the company. In service recovery, forgiveness means moving beyond anger or avoidance to rebuild the relationship between the customer and the firm (Chan, 2013). In 2025 and beyond, as service firms place greater importance on employee engagement and empathy-based recovery, identifying the specific behaviours that build customer trust and satisfaction has become essential (Balaji et al., 2024; Liat et al., 2024). This study aims

to fill this gap by examining how frontline employee efforts influence consumer forgiveness. By reviewing and combining existing research, it provides insights into how employee engagement helps rebuild trust, repair relationships, and strengthen long-term customer loyalty in service settings.

A search of research papers published between 2020 and 2025 using the keywords ("Organisation" OR "service firm") AND ("employee" OR "employee engagement") AND ("forgiveness" OR "forgive" OR "consumer forgiveness") resulted in 52 relevant articles for review. The findings of this study highlight the growing importance of employee engagement in helping consumers forgive after service failures (Balaji et al., 2024; Liat et al., 2024). The study also emphasises the role of the triadic framework comprising emotional, cognitive, and justice restoration factors in explaining how frontline employees rebuild trust through empathy, clear communication, and fairness. The rise in related publications further reflects increasing awareness of the importance of consumer forgiveness in helping service organisations retain customers and build long-term relationships. The proposed triadic framework, which includes emotional, cognitive, and justice restoration dimensions, explains how frontline employees can rebuild trust through empathy, honesty, and fairness (Pichler et al., 2025; Xu et al., 2022; Hollosvolgyi, 2025). This framework adds to existing knowledge by showing that forgiveness is not only about emotions but also involves understanding and fairness shaped by employee actions (Chan, 2013; Finsterwalder et al., 2017). It combines insights from service marketing, psychology, and organisational behaviour to explain how employee efforts help customers move past negative experiences (Haenel et al., 2022; Wirtz et al., 2023). Practically, the study offers useful guidance for service firms. Training employees to be empathetic, communicate clearly, and act fairly can improve service recovery and strengthen customer loyalty (Smith et al., 1999; Vasalou et al., 2008; Wie et al., 2020). The triadic framework helps organisations design simple and effective recovery strategies that meet both emotional and practical customer needs, turning service failures into opportunities to rebuild trust and long-term relationships (Casidy & Shin, 2015; Babin et al., 2020).

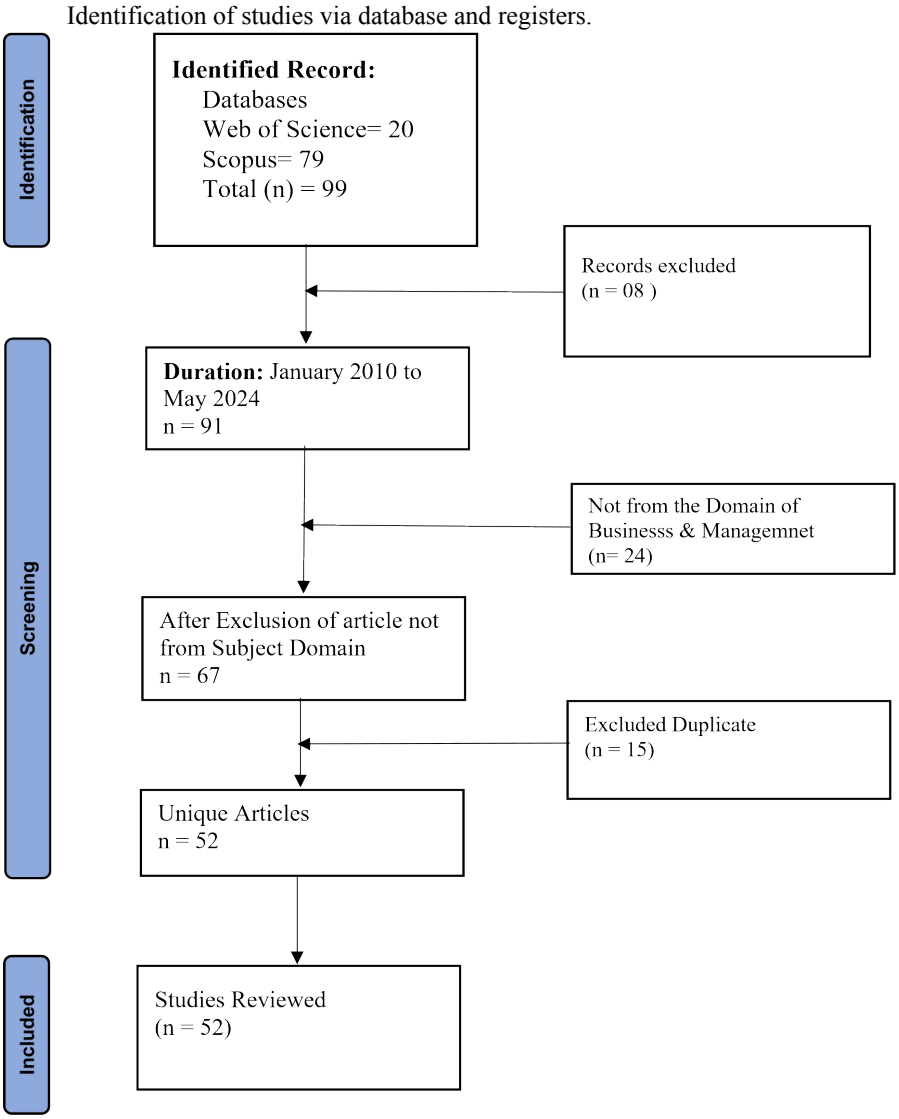


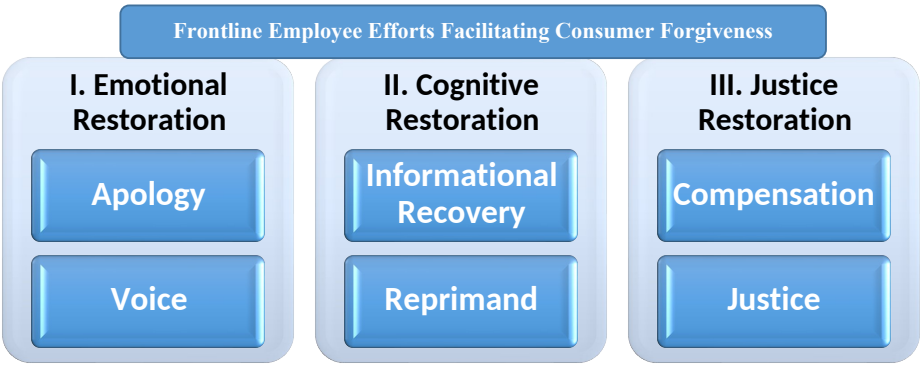
Fig. 1. Figure created by author.

2. Methodology

This study employs a Systematic Literature Review (SLR) approach using the PRISMA framework (Moher et al., 2009; Tedja et al., 2024) to ensure a transparent, systematic, and replicable review process. The framework guided the identification, screening, and selection of studies, enhancing the clarity, rigour, and reliability of the review. A comprehensive literature search was conducted using the keywords ("Organisation" OR "service firm") AND ("employee" OR "employee engagement") AND ("forgiveness" OR "forgive" OR "consumer forgiveness"). The search was performed across two major academic databases Scopus and Web of Science, to ensure the inclusion of high-quality, peer-reviewed studies. The review focused on journal articles published between January 2010 and March 2025 to capture recent developments and emerging trends in the field. Non-peer-reviewed sources such as books, dissertations, conference papers, and editorials were excluded to maintain academic rigour. The initial search identified 99 articles (Figure 1). After removing duplicates (n = 15) and applying inclusion criteria (English-language and topic relevance), 52 articles were retained for the final synthesis and analysis.

3. Findings

The systematic literature review (SLR) shows that most studies on consumer forgiveness use quantitative or mixed-method approaches, often relying on surveys and experimental designs to explore the underlying processes and behavioural patterns. The review highlights that service providers adopt recovery strategies aimed at maintaining customer relationships, which in turn strengthen consumer forgiveness and encourage long-term loyalty (Singh et al., 2023). Based on the analysis of the 52 selected articles, this study proposes a triadic framework of frontline employee actions categorised into emotional, cognitive, and justice restoration dimensions. Each dimension includes specific subcategories, providing a clear and organised understanding of how frontline efforts support effective service recovery (Figure 2).



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3.1. Emotional Restoration

3.1.1. Apology

An apology serves as a key step in the emotional restoration process following a service failure (Engel, 2002). When delivered sincerely and promptly, it communicates empathy and acknowledges the emotional distress experienced by the consumer. A genuine and timely apology (Wenzel et al., 2018) shows that the organisation values the consumer's feelings and recognises the inconvenience caused, thereby initiating emotional healing. The effectiveness of an apology increases when it is accompanied by the acceptance of responsibility (Harland et al., 2024). Taking ownership of the mistake—without shifting blame or offering excuses—validates the consumer's experience and helps reduce negative emotions such as anger or resentment (Singha & Singha, 2024).

Future research could further explore how the mode and timing of apologies (e.g., human vs. AImediated apologies, immediate vs. delayed apologies) influence consumer forgiveness and trust restoration across different service contexts (Haenel et al., 2022; Xia & Kukar-Kinney, 2023). Such studies would provide deeper insights into how emotional and technological elements can be integrated to enhance the effectiveness of service recovery strategies.

3.1.2. Voice

Providing consumers with an opportunity to voice their concerns (Guccione et al., 2025) is a vital part of emotional restoration, especially during service recovery. Allowing consumers to express their grievances and share their experiences fosters a sense of validation and respect. This practice, often referred to as "voice," empowers consumers and reinforces the perception that the organisation is genuinely committed to resolving the issue (Ajmal et al., 2025). The positive impact of voice is further strengthened when frontline employees respond with empathy. Active listening demonstrated through attentiveness, acknowledgment, and non-defensive reactions conveys emotional support and care. When consumers feel that their emotions and perspectives are genuinely heard and understood, it enhances their psychological comfort and increases their willingness to forgive (Casey et al., 2024). Integrating voice into service recovery practices not only repairs emotional harm but also strengthens relational bonds and fosters trust between consumers and firms.

Future research could examine how digital and AI-mediated voice mechanisms, such as chatbots or social media feedback systems, influence consumer perceptions of fairness, empathy, and forgiveness (van Doorn et al., 2021; Balaji et al., 2022). Investigating how technology-enabled voice channels interact with human empathy in hybrid service environments could offer valuable insights for designing emotionally intelligent recovery systems.

3.2. Cognitive Restoration

3.2.1. Informational Recovery

Informational recovery plays an important role in helping consumers regain clarity and understanding after a service failure. Clear and honest communication reduces confusion and helps rebuild trust that may have been lost. When organisations explain the reasons for the failure in a straightforward way, consumers are less likely to believe that it happened due to negligence or intentional wrongdoing (Greve et al., 2010). In addition, when firms communicate the steps, they are taking to prevent similar issues in the future, it shows accountability and a genuine effort to improve (Kitila et al., 2025). Sharing corrective actions openly strengthens consumer confidence and promotes forgiveness by showing that the company takes the problem seriously.

Future research could explore how AI-based communication tools such as chatbots or automated status updates affect consumer trust and forgiveness during service recovery (Belanche et al., 2024; Gelbrich et al., 2021). Understanding how the clarity, tone, and timing of information influence consumer perceptions can help companies develop more effective and trustworthy recovery strategies.

3.2.2. Reprimand

Reprimand

Reprimand, as a cognitive restoration strategy, involves communicating the internal accountability measures taken after a service failure. When consumers are informed that responsible employees are being held appropriately accountable, it reinforces perceptions of fairness, integrity, and organisational justice (Xu et al., 2016). Such communication assures consumers that the issue is being addressed seriously, reducing feelings of unfairness and distrust (Do et al., 2025). However, disciplinary actions must be balanced—neither excessively harsh nor superficially lenient. Fair treatment of employees signals that the organization values ethical conduct while maintaining a respectful internal culture (Schwartz, 2023). This balance helps preserve both employee morale and consumer trust, ultimately restoring the consumer's confidence in the firm's ethical and operational integrity.

Future research could explore how transparency in internal accountability, such as communicating corrective training, employee retraining programs, or systemic process improvements, affects consumer perceptions of justice and forgiveness (Huang et al., 2023; Liat et al., 2024). Additionally, comparative studies across cultural contexts could provide insights into how consumers from different backgrounds interpret accountability messages and their impact on cognitive trust.

3.3. Justice Restoration

3.3.1. Compensation

Compensation serves as a tangible way to restore justice after a service failure (Kron et al., 2023), directly addressing the consumer's sense of loss or inconvenience (Amat & Barnes,

2024). For compensation to be effective, it must be perceived as both adequate and fair in relation to the severity of the failure. When the form and amount of redress match the extent of the problem, whether through monetary reimbursement (Arsenovic et al., 2023), service replacement (Mhatre et al., 2025), or additional benefits, consumers are more likely to feel that their concerns have been recognised and resolved appropriately.

Future research could explore how personalised compensation strategies, such as those tailored using AI or customer data analytics, influence perceptions of fairness and forgiveness (Gelbrich et al., 2021; Wirtz et al., 2023). Studies could also examine how emotional and relational factors interact with financial compensation to enhance long-term customer trust and relationship recovery.

3.3.2. Justice

Justice restoration in service recovery is a multidimensional concept that includes procedural, distributive, and interactional justice, each of which plays a crucial role in shaping consumer forgiveness (Muhammad & Gul, 2020). Procedural justice refers to the perceived fairness and transparency of the recovery process, distributive justice relates to the fairness of the outcomes or compensation received, and interactional justice concerns the quality of interpersonal treatment during recovery efforts (Funches et al., 2009). When consumers perceive low levels of justice across these dimensions, they are less likely to forgive service failures (Karabas et al., 2019). For example, observing discourteous or disrespectful employee behaviour can lead to negative reactions, such as reduced gratuities or avoidance, reflecting perceptions of moral or deontic injustice. Conversely, restoring fairness across all three justice dimensions increases the likelihood of forgiveness and strengthens consumer–firm relationships (Muhammad & Gul, 2020). Although each type of justice contributes differently, they often interact in complementary ways, creating a holistic sense of fairness and trust in the recovery process.

Future research could examine how AI-enabled service recovery systems manage perceptions of procedural and interactional justice compared to human employees (Huang et al., 2023; Wirtz et al., 2023). Exploring the joint effects of these justice dimensions across digital and hybrid service contexts could offer valuable insights into designing recovery mechanisms that promote fairness and forgiveness.

4. Implications of the Study

This study provides both theoretical and practical implications for understanding and applying consumer forgiveness in service recovery situations. It introduces a triadic framework that highlights frontline employee efforts across three main dimensions: Emotional Restoration (Pichler et al., 2025), Cognitive Restoration (Xu et al., 2022), and Justice Restoration (Hollosvolgyi, 2025). This framework helps explain how consumer forgiveness develops after a service failure and how employee actions can rebuild damaged relationships. By drawing from service marketing, psychology, and organisational behaviour, the study presents forgiveness as both an emotional and relational process (Fehr & Gelfand, 2012). It also broadens existing theories by showing that forgiveness is not simply a reaction but a multidimensional outcome shaped by employee behaviour across emotional, cognitive, and justice-related factors.

From a practical standpoint, the study offers clear guidance for service organizations. Firms should train frontline employees to show empathy, listen actively, and take responsibility when handling service failures. Transparent and honest communication that explains the reasons for failure and the corrective steps being taken can help rebuild consumer confidence. Ensuring fair treatment and appropriate compensation strengthens perceptions of justice and trust. Allowing consumers to voice their concerns and share their experiences fosters respect, emotional healing, and forgiveness. Applying this framework during service disruptions or brand crises can also help reduce negative word-of-mouth, rebuild trust, and improve brand reputation.

Overall, this study provides a structured and practical understanding of how frontline employee behaviour influences consumer forgiveness. By applying the emotional, cognitive, and justice restoration dimensions, organisations can develop more effective recovery strategies that not only resolve service failures but also build stronger and more lasting customer relationships.

5. Discussion and Conclusion

This systematic literature review (SLR) makes several important contributions to the service literature. It addresses the growing need to understand how frontline employees respond to service failures that affect consumers. By reviewing 52 studies, this paper highlights the key role

of frontline employees (Song & Huang, 2025) in encouraging consumer forgiveness an area that has received limited attention despite its practical importance.

A major contribution of this study is the introduction of a triadic framework of frontline employee actions, grouped into emotional, cognitive, and justice restoration dimensions (Pichler et al., 2025; Xu et al., 2022; Hollosvolgyi, 2025). This framework explains how employees' empathy, clear communication, and fairness work together to rebuild customer relationships after service failures. It shows that consumer forgiveness develops through a combination of emotional connection, logical understanding, and fair treatment.

From a research perspective, the triadic framework offers a clear way to understand how these three dimensions of emotional healing, cognitive reassurance, and fairness support each other in service recovery. By linking these areas, the framework expands the understanding of consumer forgiveness and moves beyond recovery strategies that focus only on compensation.

From a practical point of view, this study gives organisations a simple and useful approach to improve service recovery. Companies can use this framework to train employees in empathy, transparent communication, and fair handling of complaints. The review also emphasises the need to adapt recovery efforts (Song et al., 2025) to the specific type and seriousness of the service failure, promoting a customer-focused and situation-based approach.

In conclusion, this review strengthens understanding of how employee actions help restore trust, forgiveness, and long-term relationships after service failures. The proposed triadic framework offers both researchers and managers a practical guide to turn service failures into opportunities for rebuilding stronger and more trusting consumer relationships.

6. Limitations and Future Research Directions

This study acknowledges several limitations that open opportunities for future research. First, the review was limited to English-language articles and followed the PRISMA framework, which excluded other review methods such as conceptual, hybrid, or bibliometric analyses (Subramony et al., 2021). Future studies could use these alternative approaches to gain broader and more diverse insights. Second, the keyword strategy focused on the combination of ("Organisation"

OR “service firm”) AND (“employee” OR “employee engagement”) AND (“forgiveness” OR “forgive” OR “consumer forgiveness”). Although appropriate for the study’s objectives, this focus may have excluded other relevant research. Future work could examine consumer forgiveness in relation to specific service failures, such as employee misconduct (Zhao et al., 2025), unmet customer needs (Kim & Oh, 2025), facility issues, or security breaches (Song et al., 2025). Additionally, exploring both the pre-failure and post-failure stages could offer a more complete understanding of how forgiveness and recovery unfold over time (Van & Orsingher, 2016). While this review highlights key employee efforts that influence service recovery and prevention, further empirical research is needed to design and test frameworks that strengthen customer trust, satisfaction, and retention. Finally, future studies could investigate how employees and consumers respond to service failures through antisocial behaviours (e.g., avoidance, retaliation) or prosocial behaviours (e.g., apology, empathy, cooperation). Such insights would deepen understanding of the emotional and behavioural dynamics that shape effective service recovery and consumer forgiveness.

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