CHAPTER 2

LITERATURE REVIEW

The marketing concept holds that the key to achieving organisation goals consists in determining the needs and wants of target markets and delivering the desired satisfaction more effectively and efficiently than competitors.

*Kotler Philip, 2000.*

This chapter presents a broad review of literature that provides the necessary background for this research. At the outset, previous research studies in the area of consumer satisfaction/dissatisfaction are reviewed leading to complaint and consumer actions in complaints. The concepts of service failure, service recovery and complaint handling are brought forth, followed by characteristics of complaint situations, with reference to various contemporary research studies, providing ground for expectations from service recovery. The next paragraph provides the overview of various theories of service failure, complaining behaviour and service recovery leading to the choice of appropriate background theory for this research. The various conceptual models based on justice theory used in previous research studies are reviewed to get better insight, as the justice theory provides the background for this research, followed by identifying the research gaps, which accentuates the base for this research. Finally the concepts adapted and adopted in this research are defined and explained. Hence the chapter is organised into five major sections. *Section-I consumer*
satisfaction/dissatisfaction, complaints and complaining behaviour. Section- II service failure, service recovery and characteristics of complaint situations.

Section- III Theories of service failure, service recovery and complaint handling. Section- IV review of models based on justice theory and section- V research gaps.

SECTION-I

2.1 CONSUMER SATISFACTION/DISSATISFACTION, COMPLAINTS AND CONSUMER COMPLAINING BEHAVIOUR:

2.1.1 Consumer Satisfaction/Dissatisfaction:

According to Gronroos, (1984), “Services are intangible, they are actions rather than things and services being a practice, the production and consumption of a service are inseparable and therefore, human participation in the process is unavoidable”.

According to Kotler & Armstrong, (2009), “marketing is a practice in which companies create value for customer and build strong relationship with customer with aim to capture value from customer as return”. According to Bamford & Xystouri, (2005), the modern technological developments coupled with business innovations have radically changed the business perspectives of many service organisations. Thus impacting the way they indulge in business practices with their customers. The use of technological developments can make a major contribution in the provision of quality service to the customers. This will help to
comply with the first law of quality ‘do it right for the first time’ (Lovelock et al., 2001).

According to Chepkwony et al., (2012), “a market oriented company has to entirely comprehend its markets and fully understand the customers, the company intends to serve. The company should give adequate attention to complaint resolution strategies which are important particularly in managing customer relationships in service business”. Since there is human participation in the process of delivery of service, and the fact that services happen in the interface between individuals and that the customer often participates in the production process, leads to exceptional quality management problems (Edvardsson, 1992).

According to Parasuraman et al., (1985), “Service delivery is inherently failure prone and though providing “zero defects” services should be the preferred goal of all service providers, service faults are inevitable in the service industry mainly due to the unique characteristics of services”. Further (Schoefer & Ennew, 2005), argues that, “even though many firms may desire to offer zero defect service, the likelihood of occurrence of service failures cannot be wholly ruled out because of a variety of factors that may impact on the delivery process. Consequently, in the provision of services, errors and service faults are certain to happen (Johnston & Michel, 2008).

These typical characteristics of human intensiveness, to deliver services make the objective to provide failure free services a non-achievable task, and zero defect service delivery a non-achievable goal giving rise to dissatisfaction. As a
As a result, customer service and service quality have gained prominence as major sources of competitive strength in the service oriented business scenario. The perceived service quality at the point of service encounter is a core determining factor of customer satisfaction (Bateson & Hoffman, 1999).

According to Westbrook, (1987), “customer satisfaction, comprises of cognitive and affective aspects in pre-purchase, purchase, and post purchase phase of procurement of goods or acceptance of services”. In fact the marketing efforts or goal of organisations should be customer satisfaction. Badwai, (2012), describes customer satisfaction as an idiosyncratic assessment on the customer’s evaluation outcome and consumption experience.

According to Hess et al., (2003), “dissatisfaction occurs when a service delivery or performance falls below the customers’ expectations or when a customer expects a particular outcome, but gets something else in return, such as the unavailability of a required service, the sluggishly delivered service, or errors in the delivery of service.

Moreover, customer satisfaction, retention and service quality are issues that affect firms, both product and service and hence customer satisfaction and service quality are related closely to market share and customer retention (Fornell, & Wernerfelt, 1987).

This is further affirmed by Mannaa & Choudhary, (2013), who state that, “effective resolution of customers’ complaints and relationship marketing are closely associated in terms of their common interest in accomplishing customer
satisfaction and customer retention. The service quality perceived at the point of contact is a main determinant of customer satisfaction.

Zeithaml et al., (2003), further affirms by stating that if equilibrium between customer expectations and service attributes cannot be established, the customer may experience a sense of dissatisfaction with the service provided.

Oliver, (1977), stated, “that expectations are believed to be influenced by product attributes, including an individual’s prior experience with the product, or similar products, sales marketing communication, as well as the individual’s personality traits such as the case of being persuaded. Expectations consist of an individual’s estimate as to the probability and desirability of an event and sets a reference point from which an individual makes a comparative judgement”.

Therefore if a shortcoming is perceived in meeting the expectations it will result into dissatisfaction.

In the airline industry, customer expectations could be as basic as wanting the flight to arrive on time, or could include expectations of clean airplane, or inflight refreshments and entertainment. Airlines need to know what customer needs and expectations are, in order to exceed those expectations and so provide quality customer service and customer satisfaction (De Meyer & Petzer, 2011). Air transport promptness, along with scheduling, food quality, cost, frequency, baggage delivery, cabin service and membership of airline alliances are generally considered as the main components of customer service (Weber & Sparks, 2004).

Hence, deeper insight in the nature and determinants of customer expectations is
essential to ensure that service performance meets or exceeds expectations. Thus the airline firms must focus and comprehend customer needs and expectations and concentrate to deliver the most appropriate service to meet customer’s needs. (Ostrowski et al., 1993).

It is, therefore, extremely important, for air carriers not only to understand the perception of passengers of their service offering, but also find out what customers expect from the services (Chang & Chen, 2008). In general, research findings indicate that when the consumer perceives that performance of service falls short of the expectations, the consumer exhibits dissatisfaction and voices a complaint.

2.1.2 Complaints:

In day to day service operations, all service firms experience, the customer is not satisfied with either the service outcome, the service process or both (Zhu et al., 2004). In general, dissatisfaction after the consumption of the product or service is the primary cause for complaints (De Meyer & Petzer, 2011).

A complaint from a consumer is an overt manifestation of dissatisfaction (Resnik & Hermon, 1983). A complaint has been defined as an action taken by an individual, which involves communicating something negative regarding a product or service to either the firm manufacturing or marketing the product or service or to some third party entity (Jacoby & Jaccard, 1981). Customer complaints are suggestive of a level of satisfaction with product/service quality (Metwally, 2013).

Customer’s complaints offer organisation with an opportunity or chance to put
right their errors and service faults, and eventually retain dissatisfied consumers and thereby influence consumers’ future attitudes and behaviour (Estelami, 1999). The complaint is a feedback by the customer after consumption and plays important role in providing redressal (Lapidus & Schibrowsky, 1994).

Thus complaints offer an opportunity to service providers to learn from the errors, offer the right redressal and enhance performance in future.

2.1.3 Complaints in Airlines:

Airline services are identified to be the most elaborate in terms of service. Service breakdowns are more common and numerous in airlines industry. The service failures are divided into four main areas, which are passenger services, baggage or cargo services, engineering services and catering services (Gilbert & Wong, 2003).

Upadhyaya, (2011), classified the airline complaints into two categories, controlled and uncontrolled. He explains that controlled complaints are due to staff error or staff behaviour which is very important in service industry and at the same time within the control of airline people e.g. (planned delays and cancellations, incorrect information, extra charges, wrong boarding passes, duplicate seat numbers, baggage missing or lost, delay in claim settlements, refund of unused tickets, inflight services, behaviour of crew members/ non-availability of crew. Uncontrolled customer complaints include delay and cancellation of flights due to weather conditions and technical grounding of the aircraft.
Kim & Lee, (2009), stated the following common complaints in the airlines, punctuality and convenient flight scheduling, food quality and fulfilment of special meal requests (such as vegetarian, kosher, or a children’s meal), delivery and receipt of baggage at the flight destination and cabin and check-in services.

Somwang, (2008), classified the airline complaints into the following categories-flight problems, ticketing problems, refunds, fares, customer service and advertising. He classified the passengers into following types, frequent flyers, business and holiday makers.

According to Rhodes & Waquespack, (2005), seat denials, flight delays, baggage mishandling such as lost, damaged, delayed or pilfered are the common airlines complaints.

According to Feng et al., (2005), in general, from a passenger’s perspective, the service items of airline include- flight frequency, flight safety, cabin food and beverages, seating and flight on schedule. Any inadequacy of this will amount to service failure. Passengers were classified based on travel frequency-frequent flyers and less frequent flyers, based on trip purpose-business, vacation, and visiting home, based on gender, male and female.

According to Bowen & Headley, (2012), the major complaint areas in airlines industry are flight problems, over-sales, reservation, ticketing and boarding, fares, refunds, baggage, customer service, advertising, disability, discrimination, animals and others. He does not classify the passengers.

De Jaeger & Bin Laden, (2012), classify airline failures as outcome failures and process failures. Outcome failures are failures related to flight services e.g.,
flight schedules, boarding facilities etc. Process failures are failures in non-flight related services e.g., safety and security, departure rooms, trolleys, porter services and other auxiliary services like bank facilities, pharmacies etc.

2.1.4 Typology of Complaints:

In services, operational service failures are often apparent to the consumers, because the service is indistinguishable from the process that provides it due to the participation of the consumer in the production of the service (Kelly & Davis, 1994).

The service marketing literature distinguishes between two types of service encounter failures, outcome and process (Keaveney, 1995).

According to Smith et al., (1999), ‘in an outcome failure the organization, does not fulfill the basic service need, or perform the core service and in process failures, the delivery of the core service is flawed, or deficient in some way”. They further state that outcome failures result in economic loss and process failures cause social loss to the consumer. This means outcome failures are more severe than process failures as they result in monetary loss to the consumers.

Zhu et al., (2004), opined that, “in day to day service operations all service firms’ experience that the customer is not satisfied with either the service outcome, or the service process or both”.

In extant marketing literature, we also find research studies that have also distinguished between external and internal failures, though they may not be very prevalent (Donoghue & De Klerk, 2006; Chan & Wan, 2008; Weiner,
Weiner, (1985), demonstrated that service failures can be classified based on three domains of attribution, locus (who is responsible?), control (did the responsible party have control over the cause?), and stability (Is the cause likely to recur?).

The locus of causality refers to the familiar location of a cause, internal or external to the firm or person (Donoghue & De Klerk, 2006). According to Chan & Wan, (2008), “service failure may be attributed internally to the service provider or firm or externally to some uncontrollable situational factors”. Customers are more dissatisfied if they attribute more responsibility to the service provider/firm.

According to Kelly et al., (1993), “service failure attributed to the service provider, results in negative evaluation and behavioral intentions to the service provider.

Patterson, (1993), observed that, “locus of causality has often been considered as an attribution process to a cause labeled internal or external in relation to individual/firm.

Mostert et al., (2009), states that, “airlines companies are faced with distinctive kind of problems. He further explains that in airlines, there are numerous occasions for service failures to occur, those could influence their relationship with customers. The service failures could occur either due to internal mistakes or external disruptions. Thus the airlines should reduce the impact of service faults as the service faults are inescapable.

The above literature review on typology of complaints shows that the
classification of complaints lacks comprehensiveness, particularly in airline industry and that the typology has not been linked to complaint characteristics (Sousa, & Hegde Desai, 2014).

Besides the typology based on outcome and process failures have received more attention of the researchers, whereas the typology based on internal and external failures lacks research attention. Thus the above literature shows that the typology of complaints based on outcome and process failures have received sufficient attention of the researchers.

### 2.1.5 Importance of Complaints by Customers:

1. Provides marketing intelligence data (Walker & Harrison, 2001)
2. Helps in identifying common service problems (Tax & Brown, 1998)
3. Facilitates learning about organisation (Johnston & Mehra, 2002)
4. Improves service design and delivery (Tax & Brown, 1998)
5. Measures and enhances the perception of service quality (Edvardsson, 1992)
6. Helps strategic planning (Johnston & Mehra, 2002)

### 2.2 CUSTOMER COMPLAINT ACTIONS AFTER SERVICE FAILURE/CONSUMER COMPLAINING BEHAVIOUR (CCB):

According to Hess, (1999), response to failures can take forms of affective responses e.g., (anger, satisfaction), cognitive attribution of causality, disconfirmation and behavioural intentions (complain, exit, loyalty, word of mouth). Past literature on consumer complaining behaviour has provided sufficient proof indicating, complexity of consumer responses to service failures (De Matos et al., 2007; Walker & Harrison, 2001; Johnston & Mehra, 2002).
In order to improve service, it is necessary to solicit complaints from dissatisfied, customers. By identifying behaviour into three categories, characteristics of consumers who are more or less likely to complain or to use a particular channel of complaint action, sellers can develop programmes to reach consumers who do not voice their complaints or do so in ways that do not reach the sellers (Kolodinsky & Aleong 1990).

A commonly accepted view in consumer complaining behaviour is that a certain level of consumer dissatisfaction must exist for complaining to occur (Halstead & Page 1992). Several factors influence consumer’s propensity to complain about a less than satisfactory service experience. Complaints are used by the customers to express their dissatisfaction in anticipation of redressal.

According to the study carried out by Yan & Lotz, (2004), “the mere presence of other customers which he calls acquainted or unacquainted also appears to have an impact on consumer decision to complain”.

However according to contemporary researchers, different people have different recourses to service failures depending on the magnitude of loss caused to the consumer due to service failures. According to Singh, (1991), “The understanding of why dissatisfied consumers respond the way they do, is important from theoretical, managerial and public policy perspective”. Consumer complaining behaviour actually manifests itself in several different types of responses (Blodgett & Granbois, 1992).

As quoted by Prim & Pras, (1999), A.O Hirschman’s, 1970, theory of exit, voice and loyalty actually supplies the three options that are faced by a dissatisfied
customer. Hirschman brought in the concept of loyalty as a third response.

Day & Landon, (1977), propose a two tier hierarchical classification scheme. The first level distinguishes behavioural from non-behavioural responses (no action), the second level represents the distinction between public (third party large audience etc.) and private action.

In order to improve Day & Landon’s works, Day, (1980), suggests another basis of classification for the second level of the previous taxonomy. He finds that a consumer complains to achieve specific objectives. In fact, a consumer may provide various explanations for the complaint action they undertake. So Day, (1980), proposes that the, purpose of complaining can be used to classify consumers as follows:

1. Seeking redressal
2. Complaining for reasons other than seeking redressal
3. As a means of expressing personal boycott

Richins, (1983), states that complaining involves at least three distinct activities

1. Switching brands / stores/services provides
2. Making a complaint to the seller
3. Telling others about the unsatisfactory experience
4. Complete inaction

Singh, (1988), introduces a slightly different taxonomy, which is as follows

1. Voice response
2. Private response
3. Third party response
SECTION-II

2.3 SERVICE FAILURE, SERVICE RECOVERY, AND CHARACTERISTICS OF FAILURE SITUATIONS:

2.3.1 Service Failure:
Services fail, and fail often, due to the unique nature of services; failure in the delivery of services is both more common and inevitable than goods failure (Fisk et al., 1993). Service failures are inescapable and appear in both, the process and the consequences of service delivery. Service failure pertains to conditions when the service fails to live up to the customer’s expectation (Michel, 2001). Complaints from customers make the service provider aware of service failures (Zeithaml et al., 2003).

According to Bateson & Hoffman, (1999), “if the service provided does not correspond to the expectations of a customer; a service failure will occur”. Customers commonly have pre-purchase hope from the service provider (Hepworth, 1992), thus service failure will happen when a service is not delivered as anticipated by the consumer,

Bell & Zemke, (1987), state that, “service failures occur when the organisation cannot meet the customer’s expectation and that, service failures occur when service is unavailable, unreasonably delayed, or when service is delivered below an acceptable level”.

This is further affirmed by Hess et al., (2003), who state that “a service failure occurs when a service delivery or performance falls below the customers’ expectations or when a customer, expects a particular outcome, but gets
something else in return, such as the unavailability of a required service, a sluggishly, delivered service or errors in the delivery of service.

Lai, (2007), defines a service failure, “as the shortfall of service performance that fails to meet the expectation of the customers’.

According to Abou & Abou, (2013), “from a customer’s perspective, a service failure refers to, a service fault or error that occurs during the service delivery, causing dissatisfaction”. According to Bitner et al., (1990), based on service providers’ behaviour when service failure occurs, three classifications for service failure have to be identified: (i) service delivery failures (ii) need for customized service and (iii) employee action.

Hence when the service is not delivered appropriately or when a flawed service is delivered it will result into service failure.

2.3.2 Service Recovery:

It is observed that research into service recovery has been rapidly developing over the past 20 years with the emergence of service economies and customer focussed strategies employed by business organisations (Johnston & Michel, 2008).

Moreover, previous research studies reported that customers who experience a service failure told nine or ten individuals about the poor service experience whereas satisfied customers told only four or five individuals about their satisfaction experience (Ennew & Schoefer, 2004).

According to Fornell, (1988), life insurance companies, airlines and health insurance companies are identified as the worst industries at handling
complaints, whereas super-markets and automobile companies are considered to do much better.

Leal & Pereira, (2002), suggest that the “failure should lead to urgent and adequate service recovery which can restore business relationship with customers”.

Hence it is worth examining some of the definitions of service recovery, given these highly divergent perspectives in service sector.

According to Johnston, (1995), “recovery is an evolved term in the service literature which is concerned with handling an organisation’s response to service failures when they occur” and he further defines recovery as to ‘seek out and deal with service failures’.

Levesque & McDougall, (2000), observe, “That service recovery comprises of actions taken by service providers to respond to service failures”.

Bell & Zemke, (1987), ‘describes service recovery from the perspective of the organisation, “and includes the action and activities that the service organisation and its employees perform to “rectify, amend and restore the loss experienced”,

Krishna et al., (2011), observe, “Service recovery as a set of post-failure actions taken by the service provider to repair damage experienced by a customer after a service failure has occurred”.

The above literature on service recovery points out that, there seems to be an emerging realisation both by practitioners and in the academic literature that service recovery is not just about recovering dissatisfied customer’s and regain
their satisfaction and loyalty toward the firm but to look for an opportunity for service improvement and better serve the customer.

Hence, service recovery involves those actions designed to resolve problems or negative experiences of dis-satisfied customers caused to the consumer by service fault or shortfall of services, and to ultimately retain those customers.

2.3.3 Merits of Effective Service Recovery/Complaint Handling (Complaint Redressal):

- It is viewed as a part of the defensive marketing strategies to retain the existing customers. Fifteen per cent of all customers who switch product brands do so because a complaint was not handled to their satisfaction (Michelson Jr. Micherd W., 1999).
- It costs five times as much to attract a new customer as it does to retain an old one (Blodgett et al., 1993)
- The satisfied customer is termed as free of cost publicity agent of the firm. Satisfaction with complaint handling was found to have a strong relationship with positive word of mouth (Walsh, 1996).

Therefore Fornell & Wemerfelt, (1987), suggest using, ‘Complaint management as a prospect and marketing tool rather than a cost.

According to De Meyer & Petzer (2011), “since customer’s reactions to service failures differ from customer to customer, service providers need to focus, manage and implement complaints and service recovery processes in a better manner, and provide appropriate recovery strategy to meet the
recovery expectations caused by a particular service fault.’

2.3.4 Difference between Complaint Handling and Service Recovery:

Michel, (2001), put forth the difference between service recovery and complaint handling, whereby he found that majority of the dissatisfied consumers are reluctant and averse to complain even when they are facing some problems with service delivery or some aspect of service, but when the organisation use service recovery, the customer will be prevented from making complaints prior or after the problem has occurred.

Smith et al., (1999), state that it should be noted, that, service recovery, “includes situations in which a service failure occurs but no complaint is lodged by the customers,” which suggests that service recovery also includes service failure situations where the customer has not articulated a complaint but the service provider has acknowledged the service failure and initiated a recovery procedure.

As stressed by Lewis & Spyrokopoulous, (2001), “service recovery is a very broad term and more extensive than mere complaint handling. The service fault should lead to urgent and appropriate service recovery, which is a component of quality management that can maintain business relations with customers”. Service recovery strategies are strides taken by the organisation to retain the customer after the occurrence of service failure incident (Boshoff, 1997).

The above literature brings out the importance of satisfaction with complaint handling/ service recovery, which seems to be the key and fundamental variable that links perceptions of the justice dimensions to post - complaint attitudes and behaviour intentions.
2.4 CHARACTERISTICS OF SERVICE FAILURE SITUATIONS:

The characteristics, of failure situations have been viewed as playing key role in consumers’ expectations of service recovery in extant literature.

2.4.1 Severity:

According to McCollough, (2009), an inadequate number of research studies have investigated what researcher normally; refer to as severity, magnitude or the harm of the service failure.

Service failure severity refers to a customers’ perceived intensity of a service failure (Lai, 2007). According to De Matos et al., (2007), ‘service failure severity refers to customer’s perceived intensity of a service failure. Customer’s perceived loss is directly related to the intensity of severity of failure. The more intense or severe the service failure, the greater the customer’s perceived loss.

Lai, (2007), opines that “service failure severity can enhance service recovery expectations in a customer’s mind and therefore the service provider should adopt different service recovery strategies depending on the severity of the problem”. He further states, this is in conformity with previous research in this area which suggests that, “the severity of the service failure will be influential in the evaluation of service provider after a service failure.

2.4.2 Controllability:

Researchers have brought out that customers’ attributions result in both behavioral and affective outcome. If customers feel that primary responsibility or control of the failure incident was with the service provider or believe that
service provider should have anticipated the incident due to its consistency, the customer will blame the service provider for the failure (Anderson et al., 2005). Folkes, (1984), define controllability, “as the degree to which customers perceive causes of failure as volitional or non-volitional.

Controllability also refers to whether the consumer perceives that the seller could have prevented the problem or whether it was accidental (Blodgett, 1994).

Attribution theory has provided a significant insight into service failure experience. When the consumer attributes the failure to the service provider, then they will exhibit more dissatisfaction (Chen, C. F., 2008). Customers judge the failure incident based on who is responsible for the failure. They are more forgiving if they perceive that the firm had little control over the occurrence of the failure (Maxham & Netmeyer, 2002b). Whereas, customers are less forgiving, when they feel failure, was obvious and imaginable and could, have been prevented by the service provider (Folkes, 1984).

Perceived reasons for a product or service failure influences how a consumer responds, based on attribution approach, and customers who make external attributions of blame, are more likely to ask for a refund, or an exchange or an apology (Folkes, 1984).

2.5 EXPECTATIONS OF CONSUMERS FROM SERVICE RECOVERY:

Although there is an extensive literature on customer satisfaction dissatisfaction and consumer complaining behaviour, rather less is known about how customers gauge a company’s reaction to their complaints.
Increasingly, studies that explored consumers’ responses to complaints have concentrated on the construct of perceived justice. This theoretical perspective proposes that the fairness of the complaint resolution procedures, the interpersonal communication and behaviour, and the outcome are the principal antecedents of customer evaluation (Tax et al., 1998; Schoefer & Ennew, 2005; Chebat & Slusarczyk, 2005; Del Rio- Lanza et al., 2013).

When the service failure happens, customers expect service providers to accept responsibility for the service failure, anticipate the employees accepting the complaint could speedily resolve their problems, and hope the employees and managers of service enterprises could provide explanation for the failure incident and apologize for the service failure and provide adequate compensation (Cong & Fu, 2008).

When there is occurrence of service fault, consumer’s form a fresh set of expectations which are based on consumer experience with past satisfactory encounters and past failed experiences (Andreassen, 1999).

Hegde’s study in (1996), of Public sector bank found that the complaints in banks in Goa indicated an expression of dissatisfaction about an aspect of service, with the expectation of redressal.

According to Choi & Mattila, (2008), “customers respond adversely when they believe the service firm could have easily prevented the failure and expect the firm to adequately compensate. This shows that recovery expectations will be enhanced when the consumers perceive that the service failure was controllable by the firm.
Hence customers’ expectations of recovery will depend on severity and controllability of the service failure. The expectation may be based more on controllability aspect of the situation as controllability depends, whether the service provider is responsible or some other uncontrollable factor not within the reach of service provider. Whereas severity depends on the magnitude of harm caused to the customer, in the event of failure.

The disparity between the type of failure and the type of recovery provided can do substantial damage to customer satisfaction, loyalty and retention if service provider’s recovery action to service failure does not match (Mostert et al., 2009).

Boulding et al., (1993), argued that service failures impact depends on the length of relationship with the supplier.

SECTION-III

2.6 THEORIES OF CUSTOMER SATISFACTION, SERVICE FAILURE, CONSUMER COMPLAINING BEHAVIOUR AND SERVICE RECOVERY:

There is substantial research on customer satisfaction/dissatisfaction, consumer complaining behaviour and service recovery. The result of all this research has been the development of many distinct theories of customer satisfaction, service failure, consumer complaining behaviour and service recovery. Some of the theories are mentioned below:

- Expectancy Disconfirmation Theory (Anderson, 1983)
• Cognitive Dissonance Theory (Olson & Dover, 1976)
• Contrast Theory (Engel & Blackwell, 1982)
• Assimilation-Contrast Theory (Sherrif & Hovland, 1962)
• Equity Theory (Adams, 1963; Fisk & Young, 1985)
• Attribution Theory (Krishnan & Vallerie, 1979; Vallerie, & Wallendorf, 1977)
• Comparison Level Theory (La Tour & Peat, 1979)
• Generalized Negativity Theory (Carlsmith, & Aronson, 1963)
• Value Percept Theory (Westbrook & Reilley, 1983)

2.7 BACKGROUND THEORY FOR THIS RESEARCH:

In evaluating post complaint satisfaction, researchers very commonly focussed on complaint handling and service recovery performance, using different theoretical perspectives (Boshoff, 1999), some researchers used Disconfirmation Perspective while some others have used Perceived Justice. Attribution theory is also used as they influence recovery expectation and performance. Some researchers have used a combination of two theories e.g., justice theory and disconfirmation theory (Smith et al., 1999)

Furthermore, contemporary research studies on complaint handling and service recovery, have offered extensive indication of the suitability of the concept of justice and justice theory as a foundation of understanding the process of service recovery and its outcomes (Smith et al., 1999; Tax et al., 1998; Blodgett et al., 1997; Dos Santos & Hyde Fernandez, 2011).
Perceived justice is an important concept in complaining behaviour research as it is a moderator. It represents a standard by which a voiced complaint is assessed by the dis-satisfied consumer. (Boote, 1998; Blodgett & Granbois, 1992).

Three types of expectations of justice have been identified in literature namely Distributive Justice, Procedural Justice, and Interactional Justice (Sousa, & Hegde Desai 2013).

According to Adams, (1963), founded in social exchange theory, distributive justice focuses on the role of equity, where people evaluate the fairness of an exchange by comparing their inputs to outcomes to form an equity score.

Mazaheri, E. et al., (2010), brought out the difference between equity theory and justice theory. According to them equity theory conceptualizes justice only in outcome oriented terms which is distributive justice whereas justice theory evaluates outcome fairness, and also the process of attaining justice and the manner in which it is implemented.

**Distributive Justice:**

According to DeWitt et al., (2008), distributive justice involves the tangible outcomes of a service recovery process. Lovelock & Wirtz, (2004), describes distributive/outcome justice as compensation that a customer receives as a result of the service failure. This includes compensation for not only the failure but also the time, effort and energy spent during the process of screen enquiry. *Distributive justice* focuses on the perceived fairness of the outcome of the service encounter. In other words, what specifically did the offending firm offer the customer to recover from the service failure? In a customer complaint
context, distributive justice refers to resource allocation and the outcome of exchange, e.g. refund, and rebate (Deutsch, 1975)

**Procedural Justice:**

According to DeWitt et al., (2008), procedural justice involves the procedures, by which a recovery attempt is conducted. The procedural justice concerns the procedures used to reach the outcomes of an exchange e.g. refund policies, number of organisational levels involved in the process, time to get the refund (Lind & Tyler, 1988).

According to Lovelock & Wirtz, (2004), procedural justice has to do with the policies and rules that any customer will have to go through in order to seek fairness. Here, the customer expects the firm to facilitate a convenient and responsive recovery process that includes flexibility of the system and consideration of customer inputs onto the recovery process.

**Interactional Justice:**

According to DeWitt et al., (2008), interactional justice involves the manner in which a customer is treated during a service recovery process.

Cengiz et al., (2007), define interactional justice as the extent to which customers feel they have been treated fairly regarding their personal interaction with assumed responsibilities, which is the key to the start of a fair procedure, followed by service agents throughout the recovery process.

According to Lovelock & Wirtz, (2004), interactional justice involves the firm’s employees who provide the service recovery and their behaviour towards the
customer. Giving an explanation for the failures and making an effort to resolve the problem are very important. However the recovery effort must be perceived as genuine, honest and polite.

The further analyses of various elements involved in the three aspects of justice are cited as follows in table-2.1

Table 2.1: Elements involved in the three aspects of justice

<table>
<thead>
<tr>
<th>Justice concept</th>
<th>Definition</th>
<th>Dependent variable(s)</th>
<th>Representative research</th>
</tr>
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<tbody>
<tr>
<td>Distributive justice</td>
<td>Provisions of outcomes proportional to inputs to an exchange</td>
<td>Satisfaction, repurchase intention word of mouth</td>
<td>Goodwin &amp; Ross (1992)</td>
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<tr>
<td>Equity</td>
<td></td>
<td></td>
<td>Oliver &amp; Desarbo - (1988)</td>
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<td>Oliver &amp; Swan (1989)</td>
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<tr>
<td>Equality</td>
<td>Equal outcomes regardless of contributions to an exchange</td>
<td>Satisfaction, social harmony</td>
<td>Greenberg (1990a)</td>
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<td>Deutsch (1985)</td>
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<tr>
<td>Need</td>
<td>Outcomes based on requirements regardless</td>
<td>Satisfaction</td>
<td>Deutsch (1985)</td>
</tr>
<tr>
<td>Procedural Justice</td>
<td>Freedom to communicate views on a decision process</td>
<td>Satisfaction, Commitment</td>
<td>Goodwin &amp; Ross (1992), Kanfer et al. (1987), Lind&amp; Tyler (1988)</td>
</tr>
<tr>
<td>Process control</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision control</td>
<td>Extent to which a person is free to accept or reject a process</td>
<td>Satisfaction, relationship</td>
<td>Brett (1986) Heide&amp; John (1992)</td>
</tr>
<tr>
<td>Timing/Speed</td>
<td>Perceived amount of time taken to complete a procedure</td>
<td>Anger, uncertainty satisfaction, service quality</td>
<td>Fisk &amp; Coney (1982), Maister (1985), Tayler (1994)</td>
</tr>
<tr>
<td>Flexibility</td>
<td>Adaptability of procedures to reflect individual circumstances</td>
<td>Market orientation, satisfaction</td>
<td>Bitner, Booms &amp;Tetault (1990), Narver&amp;Stater (1990)</td>
</tr>
<tr>
<td>explanations/casual</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honesty</td>
<td>Perceived veracity of information provided</td>
<td>Satisfaction( complaint handling)</td>
<td>Goodwin &amp; Ross (1989)</td>
</tr>
<tr>
<td>Empathy</td>
<td>Provision of caring, individual attention</td>
<td>Service quality satisfaction</td>
<td>Parasuraman, Zeitham&amp; Berry (1988)</td>
</tr>
</tbody>
</table>

(Source: - adapted from Tax, Brown & Chandrashekharan, 1998)
2.8 JUSTICE THEORY AND COMPLAINT REDRESSAL:

In marketing research, the justice framework has served to explain customer’s perception of fairness of the service encounter. Justice encompasses the propriety of decisions. A three dimensional view of the concept has developed over time which includes distributive justice (Dealing with decisions outcomes), procedural justice (dealing with decision making procedures) and interactional justice (dealing with inter personal behaviour in the enactment of procedures and delivery of outcomes (Schofer & Ennew, 2005). This is affirmed by Austin, (1979), who observes that, “Justice relates not merely to outcome distributions but also the procedure involved as to how the distribution is arrived at and the mode by which it is employed.

Hegde Desai, (2006), opined that various research studies have examined the expectations of the customers from the process of complaint redressal with the aim of discerning the customers’ motives and that research found support that the customers have evaluated justice in the process of redressal, using the criteria of outcome fairness, procedural fairness and interactional fairness.

Blodgett, (1994), found that consumer complaining behaviour is actually a self-motivated process and that the primary motive of the consumer is to seeks redress, negative word of mouth behaviour and re-patronage intentions are dependent primarily upon the complainant’s subsequent level of perceived justice.

The perceived justice plays significant role in consumer complaining behaviour. The theory suggests that dissatisfied consumers are fairly willing to provide a
second chance, if the service provider, accepts responsibility and guarantees customer satisfaction and treats the complainant with courtesy and respect. Justice in general is considered as an evaluative judgement of the suitability of a person’s treatment by others (Furby, 1986).

The theoretical viewpoint suggests that the evaluation of fairness of the complaint resolution process, the interpersonal communication and behaviour and the outcome are the primary antecedents of customer appraisal of service recovery (McCollough, 2009).

Smith et al., (1999), revealed that customers allocate a higher fairness value to both distributive and procedural justice i.e. (compensation and quick action). According to Blodgett et al., (1995), distributive justice in terms of adequate compensation affects the customer most.

Johnston, (2000), points out that response should be speedy with a high reliability to the customer and keep the customer informed during the whole complaint process and also recommends companies to take customer complaints seriously.

Fu & Mount, (2007) carried out a study on hotel guest cumulative satisfaction process and found that ‘when apprising overall satisfaction, the customer considered their recent service episode satisfaction more heavily than previous cumulative overall satisfaction irrespective of diverse levels of service failure and service recovery.

Tax & Brown, (1998), conducted an empirical study titled, “Recovering and Learning from Service Failure,” in their research they examined, “how firms can
develop a method that care of both effective recovery and learning and found effective 4 stage strategy to guide managers for dealing with effective service recovery. In this study, the researchers used cross sectional survey method.

Tax et al., (1998), conducted an empirical study titled “Customer Evaluations of Service Complaint Experience,” Importance for Relationship Marketing,” with the objectives to investigate (i) How customers evaluate organisations’ efforts to resolve their service problems.(ii) How complaints handling evaluations affect customer satisfaction and how satisfaction then influences the important relationship variables and commitment.(iii) How prior experience with an organisation affects the influence of complaint handling satisfaction on trust and commitment based on the three items of justice. The major finding of the study was that half of the customers were dissatisfied with complaint handling. The study also showed that when service providers recover successfully from failures the consumer develops the feeling of trust and commitment towards the firm which in turn strengthens the relationship. They also found that distributive justice in the form of compensation was most important, followed by apology, which constitutes interactional justice and showed least importance to procedural justice in the form of perceived speed.

Verma & Kaur, (2001), conducted an empirical two dimensional study titled ‘what the complainant expects’ - A study of car users’. The objective of the study was to match the customer’s expectation of the response to the complaints, and the actual response of the company and find the resultant post complaint satisfaction/dissatisfaction. It was found that, quick response from the company was the most preferred form of response expectation. In this study the
researchers had two non-disguised pre-structured questionnaires for the selected car users in India. The expectations of consumers were measured based on three justice elements- monetary compensation, quick resolution and polite response.

McCole, Patrick, (2004), conducted a qualitative inductive study titled “Dealing with complaints in services” with the objective of evaluating customer complaints and perception of recovery actions based on the justice theory, and found that confirmation of expectation of service recovery and perceived fairness of that outcome of service recovery have an impact on satisfaction with service recovery. The author used Narrative Approach in this study.

Schoefer, K. (2008), conducted an experiment design study within a tourism context titled “Emotional responses to service complaint experience”: to study perceived justice with the objective of exploring the link between the attributes of perceived justice during service recovery and the nature of consumers emotional responses. They found that perceived justice signifies a cognitive appraised dimension which helps to explain the elicitation of positive and negative emotions during and after service recovery. The study revealed that all three elements - distributive, procedural and interactional justice are important to influence positive emotions. The study used scenario script to study a complaint handling encounter in relation to holiday check-in arrangement.

Hess & Ambrose, (2005), conducted an empirical study titled, “The four factor model of justice: An application to customer complaint handling,” to explore theoretical application of justice by explicitly equating the traditional, three factor model and “the four factor model in customer complaint handling and to
gauge how the types of justice differentially impact significant customer outcomes following organisational complaint handling, and found that the four factor model is the best fit compared to other alternative models for conceptualising justice and the study affirmed that four types of justice have differential impact on significant customer outcomes. The study used cross sectional survey on passengers waiting for flight at a major international airport.

DeWitt et al., (2008), conducted an experimental design study titled, “Exploring customer loyalty following service recovery: the mediating effects of trust and emotion”. The authors used the cognitive appraisal theory to explain the conceptualisation. In a service context, cognitive stage explains the customer’s cognitive appraisal of the fairness of the complaint resolution. The authors modelled trust and emotion as mediating variables in exploring customer loyalty following a service recovery action. They showed that both positive and negative emotions play mediating role between perceived justice and customer loyalty. The study used the global construct of perceived justice and used written scenarios in two hospitality industry that is restaurants and hotels.

Neale et al., (2007), conducted an empirical study titled,” Perceived justice and e-mail service recovery,” to find out how e-mail characteristics relate to three justice issues and successful service recovery. It was found that the procedural justice, distributive justice, and interactional justice are operational in e-mail service recovery. In this study the researchers used internet, whereby the complaints were directed to the seller directly on-line.

Chebat & Slusarczyk, (2005), conducted an empirical study titled “How
emotions mediate the effects of perceived justice on loyalty in service recovery: An empirical study,” with the objectives of:

- Understanding the underexplored, actual, emotional and behavioural responses to perceived justice in a service recovery context.
- What type of justice dimension affects the most in customer retention,
- To examine the mediating effects of emotions on the customer’s actual behavioural response to perceived response.

From their study they concluded that the effect of all three dimensions of justice is different on actual loyalty-exit of the retail banking customers. Interactional justice shows a major impact on both positive and negative emotions and exit-loyalty behaviour.

McCollough, (2009), conducted an experimental study titled “The Recovery Paradox: The effects of Recovery Performance and Service Failure Severity on Post Recovery Satisfaction”, with the main objective of investigating the harm caused by severity of failure and the existence of recovery paradox. The author reported that harm caused by severity of failure and recovery action is significant in determining post recovery satisfaction. The researchers also found that recovery Paradox is a very rare event. This study used written scenarios on actual airline travellers who were intercepted while waiting to board aircraft.

Conclusions from service recovery studies point out that the most suitable approach for addressing service shortfalls is to offer monetary compensation (Smith et al 1999).
SECTION-IV

2.9 REVIEW OF MODELS BASED ON JUSTICE THEORY:

The researcher attempted to review the existing conceptual models, in service failure and service recovery literature, which models justice theory to explain the justice based recovery expectations of consumers after service failure and post recovery behaviour of customers. Most of the research in the area of post recovery phase has been done linking justice theory to customer satisfaction, trust and commitment, switching behaviour, exit and other behavioural intentions such as intentions to re-patronize a service and defections of customers.

Figure 2.1 Proposed Conceptual Model by Tax et al.,1998

Post purchase options Relationship Tested in this study

In this conceptual model the authors have shown that the consumer has four options after dissatisfaction occurs. The consumer can choose to exit, complain to the firm, take third party action or continue patronizing the firm after dissatisfaction. However, if the customer chooses to complain to the firm, the authors have hypothesized the direct effects of the three justice concepts on
satisfaction with complaint handling, trust and commitment after a service recovery experience. In this study the authors have considered customer complaint as one of the most important component of customer relationships management strategy.

They found that more than half of the customers were dissatisfied with their complaint handling experience. Firms’ favourable actions during episodes of conflict demonstrated the reliability and trustworthiness and imply that investment in complaint handling can improve the evaluation of service quality and strengthen customer relationship and build customer commitment.

Figure 2.2 Proposed Conceptual Model by Kau & Loh, (2006)
This Model

1. Investigates the effects of service recovery on customer satisfaction.
2. Explore the perception of justice in service recovery and how it impacts the level of satisfaction and behavioural outcomes.
3. Explores whether the recovery paradox exists.

They found that the complainant’s degree of satisfaction with service recovery was significantly, affected by perceived justice. The behavioural intentions, of the complainants in terms of trust, word of mouth and loyalty, were found to be affected with those who were satisfied with service recovery and negatively affected with those who were dissatisfied with service recovery. The authors did not find support for service recovery paradox.

Figure 2.3 Proposed Conceptual Model by McCole, (2004)

Sources: Developed based on exploratory research and academic literature in the area of service failure and recovery and relationship marketing (e.g. Boshoff, 1997; Bejou and Palmer, 1998; Tax et al., 1998; Garbarino and Johnson, 1999; Smith et al., 1999; Andreassen, 2000; de Ruyter and Wetzel, 2000; Hoffman and Kelley, 2000; Mattila, 2001; Maxham and Netemeyer, 2002)
This model takes presumes that customers appraisal of service recovery is dependent on the contextual factors e.g., severity of failure, prior experience of service failure, whether the customer is novice or existing one, managers awareness of the value of customer depending upon his attitude about the service provider pre-failure (from the customers perspective). The model also gives due importance to the complete process of complaining.

The study reported that this confirmation of expectation of service recovery and perceived fairness of that outcome of service recovery will have an impact on satisfaction with service recovery. The author concluded this study with the conceptual model based on exploratory study and literature review with the suggestion that the framework is required to be tested in real life setting using qualitative approach.

**Figure 2.4  Proposed Conceptual Model by Sabharwal et al., (2010)**

The framework models the relationship between justice dimensions and customer satisfaction with service recovery which in turn affects their behavioral intentions. The research objectives of this study were (a) to examine the effect of
service failure and recovery on customers’ satisfaction and behavioral intentions after complaint handling (b) to examine the impact of service failure severity on customers post recovery satisfaction (c) to examine whether customers who experience service failure and recovery encounters are more satisfied with the service provider, than had they not experienced failure. This is also called service recovery paradox.

This study was conducted in telecommunications sector in India. The researchers observed that service recovery is a suitable concept to be studied in the Indian service industry as it will help companies to design service recovery strategies to retain customers, by understanding and solving their complaints with justice at the right time. The study found that justice perceptions influence customer satisfaction after service recovery. The study contributed to service literature by developing a reliable and valid scale of service recovery process.

Figure 2.5 Proposed Conceptual Model by Smith & Bolton, (2002).
The researchers developed the framework for examining the role of emotion in customer satisfaction with service failure and recovery encounters and developed a set of testable hypotheses. The conceptual framework includes both cognitive and emotional antecedents to customer satisfaction with service failure and recovery encounters. The researchers made a general prediction that emotion will influence the formation of customers’ transaction-specific satisfaction judgment and found support for the same in their study.

**Figure 2.6 Proposed Conceptual Model by Casado et al., (2008).**

This model is based on double deviation scenarios that result from unsuccessful service recoveries after initial service failure. The researchers propose that
satisfaction arising from recovery effort can affect post-complaint customer behavior.

The authors have hypothesized that magnitude of failure, recovery strategies, (in the form of apology and explanation), perceived justice (distributive, procedural and interactional justice), recovery related emotions, and satisfaction from recovery, will determine the post complaint consumer behavior, when the firms fail for the second time after the initial failure, due to unsuccessful service recovery efforts or in appropriate service recovery. The study found that double deviation scenarios move the customers to exhibit anger and frustration and follow the most harmful responses to the firm e.g., exit or complain and exit.

**Figure 2.7 Proposed Conceptual Model by Yunus, (2009)**

This theoretical model is based on three dimensions of justice theory (procedural justice, interactional justice and distributive justice). The research objective was to find the influence of justice perception on service recovery satisfaction which in turn will influence customer retention. Hence, the authors hypothesized that
the procedural oriented justice, interactional oriented justice and distributive oriented justice are predictors of customer retention. The authors found support for their hypothesized relationships. The justice oriented recovery strategies were found effective in accomplishing the service recovery efforts to retain customers, after service failure incidents had occurred. The setting used in this study was retail banking industry in Malaysia.

**Figure 2.8   Proposed Conceptual Model by Hess, et al., (2003).**

This is a comprehensive conceptual model. This model shows how organization’s relationship affects customer’s response to organizational service failures and recovery effort.

The authors found support for their conceptualized relationships. They found that customer-organization relationship can shield a service organization from negative effects of failure on customer satisfaction. They found that severity of service failure have positive impact on service recovery expectations. They found that the attribution of stability showed favorable effect on customers’
expectations of relationship continuity. The attribution of controllability showed a strong positive effect on customer’s service recovery expectations and in turn satisfaction with service recovery performance after service recovery.

Figure 2.9  Proposed Conceptual Models by De Ruyter & Wetzels, (2000).
The researchers developed this model to examine the role of equity considerations on perceived quality, satisfaction, loyalty and trust with reference to service recovery strategies across a range of different service settings. The authors’ main objective was to examine the impact of service recovery in building long term relationship. Trust was used as main variable in this study to establish the relationship. The author found that, in general, distributive fairness and procedural fairness during the service recovery episode effectively, improves scores for service quality, customer satisfaction and trust. Interactional fairness does not have impact. The results also suggest that the effects of equity consideration in service recovery situations are idiosyncratic to specific service industries.

Figure 2.10  Proposed conceptual model by Maxham &Netmeyer,( 2002a)
The model hypothesized that, distributive justice, procedural justice and interactional justice will impact satisfaction with service recovery and overall firm satisfaction and that satisfaction with service recovery in turn will have positive impact on overall firm satisfaction. Besides, the researchers also hypothesized that service recovery satisfaction and overall firm satisfaction will influence word of mouth intent and purchase intent. The purpose of this research was to examine perceived justice and satisfaction-based model of the service recovery process as it takes place over time. The authors conducted two field studies to measure the effects of justice on satisfaction with recovery, overall firm satisfaction, purchase intent and WOM intent.

The authors found support for their hypothesized model. Satisfaction with service recovery was found to be a strong predictor of spreading positive word of mouth intent than overall firm satisfaction. Overall firm satisfaction was found to be more effective and strong predictor of purchase intent than satisfaction with service recovery.

Figure 2.11  Proposed Conceptual Model by Smith et al., 1999.
The author’s primary objective was to develop and test a model of customer satisfaction with service failure/recovery encounters, using an exchange framework and to determine the effects of various types of recovery efforts on customer evaluation in a variety of service contacts; and provide with guidelines for establishing the proper ‘fit’ between a service failure and the recovery effort to the practitioners.

The findings of this research provides appropriate strategies to organizations for recovering from service faults which will contribute in improving customer service and enhance customer relationships.

**Figure 2.12  Proposed Conceptual Model by Li, (2010)**

The above conceptual model hypothesizes customer’s evaluation about service recovery practices from fairness perception leading to customer satisfaction. The authors conceptualized that customer satisfaction is determined by distributive
justice, procedural justice and interactional justice in the form of recovery attributes. They found that all three types of justice showed significantly positive relationship with customer satisfaction. However they found distributive justice in the form of monetary compensation as the single most effective attribute of fairness to improve customer appraisal of service recovery.

From the above review of various conceptual models based on justice theory it can be concluded that the justice theory has been extensively used in marketing research, in general and in service failure and service recovery research, in particular. Past research has used justice theory as background theory to explain customer complaint handling and service recovery have strong positive impact on customer loyalty, behavioral intentions and trust and commitment. Past research also used justice theory to explain the impact of appropriate and timely recovery to build strong relationship with customer and customer retention.

SECTION –V

2.10 GAPS AND PROPOSED CONCEPTUAL MODEL:

2.10.1 Gaps:

The above literature review showed the following observations:

- Controllability as a characteristic of complaint situation is less researched.
- Severity of complaint situation has been researched by many researchers but it is not researched together with controllability of failure situation.
- The previous studies have examined separately the influence of severity and controllability of failure situations on expectation of service recovery.
However a simultaneous impact of severity and controllability of failure situations has not been attempted.

- Research has not been conducted to classify complaints based on severity and controllability, which would bring out the complete characteristics of the complaint situation/failure situation. This could be described in more complete manner with reference to both characteristics of severity and controllability.

- The research in the area of justice sought in redressal is generic in nature rather than sectorial except for the study conducted in India (Verma & Kaur, 2001) in passenger car industry,

- The research considered all customers to behave in similar fashion irrespective of any classifications,

- The study conducted in India in passenger car industry mapped the customers’ preference for procedural justice over other types of justice in this industry. However, classification of complainants was not attempted and all customers were treated alike. Especially in airline industry, one notices distinct types of customers like leisure tourists v/s business tourists etc. whose expectations could be vastly different.

- Although the impact of justice in redressal on customers’ satisfaction with redressal, trust and commitment has been studied, understanding of the customers’, perceptions of justice sought was not studied. This could limit the knowledge necessary for redressing the complaints according to the justice sought.
• While service failure and recovery have received considerable research attention, no studies could be found, in extant literature that studied the simultaneous impact of the severity and controllability of failure situations on the expectation of justice sought by customers.

• Most of the research with respect to consumer complaining behaviour has been conducted in the European countries and the United States.

• Although the classification of internal failures and external failures and outcome and process failures are available in literature, studies have not been conducted to assimilate all characteristics of complaint situation in combined form.

The present research attempts to address the gaps. As there are many complaints coupled with little loyalty in the airline sector, it seems that the customers’ expectations of complaint redressal are not met with (Hegde Desai & Sousa, 2013). It also accentuates from previous research that though, service failure and recovery have received considerable research attention, no studies could be found, in extant literature, that studied simultaneously, the impact of the severity and controllability of failure situations, on the expectation of justice sought by customers. Moreover, the conditions prevailing in developed countries may be different from the prevailing conditions in Asian countries, more particularly in India.

In literature, there are studies that support the influence of service failure severity and controllability on recovery expectations but how they impact recovery expectations simultaneously has not been discussed. The present study
will contribute to service recovery theory by illustrating how these two variables will influence the service recovery expectations.

Researchers also gave strong signals, for improvement in strategic recovery because currently used recovery strategies are largely ineffective across different service settings. Understanding the differences in service recovery from the customer’s perspective is the key issue, as understanding customer experience increases the likelihood of service recovery (Davidow, 2003).

Hence, the researcher used the justice theory framework to study the combine effect of severity and controllability of service failure to elicit justice based recovery expectations.

Given the extant literature on service failure, service recovery and expectations of consumers from service recovery, few studies have looked into using empirical evidence to address issues of how consumers’ expectations were determined considering the severity and controllability of failure situations independently.

Thus this research dwells into the understanding of the expectations of air passengers about the redress to their complaints with reference to severity and controllability of the failure situations simultaneously. Therefore, the present study used the ‘Justice Theory’ framework and linked the combined effect of severity and controllability of service failure situations on the justice based recovery expectations of airline passengers. As suggested in the literature, this study models consumer expectation as comprised of Distributive Justice, Procedural Justice, and Interactional Justice Needs.
2.10.2 Proposed Conceptual Model:

Based on the literature review a conceptual model was developed to study the justice based recovery expectations of airline passengers by combining the characteristics of severity and controllability of the complaint situations. It was conceptualized that the justice based recovery expectations would depend on the situation type as shown in the four quadrants of the model. The quadrant-wise situations are severe controllable, severe not controllable, not severe not controllable and not severe controllable. This is depicted in the conceptual Model (Fig.2.13)

**Figure 2.13  Proposed Conceptual Model of the Study:**

Based on the above literature review and gaps two types of hypotheses were derived for further testing.

1. Hypotheses describing characteristics of complaint situations
2. Hypotheses for testing proposed conceptual model based on justice theory.
2.10.3 Hypotheses Describing Characteristics of Complaint Situations:

The literature has classified complaints into process based and outcome based failures and external and internal failures. In the first stage of this research, the exploratory interviews with the managers of the airlines gave indication about the passenger’s perceptions about the characteristics of complaint situations.

H1a. Process failures are perceived as more controllable than outcome failures
H1b. Outcome failures are perceived as more severe than process failures.
H2a: Internal failures are perceived as more controllable than external failures.
H2b. External failures are perceived as more severe than internal failures.

2.10.4 Hypotheses for Testing Proposed Conceptual Model Based on Justice Theory:

In literature, there are studies that support the influence of service failure severity and controllability on recovery expectations but how they impact recovery expectations simultaneously has not been discussed. The present study will contribute to service recovery theory by illustrating how these two variables will influence the service recovery expectations. Hence, this study used justice theory framework to study the combine effect of severity and controllability of service failure in the form of justice based recovery expectations. It was then hypothesized that different types of situations would lead to different types of expectations of justice.
H3. **In severe not controllable failure situations**, the expectations of **distributive justice, interactional justice and procedural justice** in complaint redressal are significantly different.

H4. **In not severe controllable failure situations**, the expectations of **distributive justice, interactional justice and procedural justice** in complaint redressal are significantly different.

H5. **In not severe not controllable failure situations**, the expectations of **distributive justice, interactional justice and procedural justice** in complaint redressal are significantly different.

H6. **In severe controllable failure situations**, the expectations of **distributive justice, interactional justice and procedural justice** in complaint redressal are significantly different.

Within quadrants **a-priori** directions of hypotheses are based on the characteristics of failure situations. e.g., when a situation is not controllable passengers may prefer interactional justice to other types of justice. The present study focused more on controllability characteristic of the failure situation.

H7a: **In severe not controllable failure situations**, the expectations of interactional justice are higher than distributive justice.

H7b: **In severe not controllable failure situations**, the expectations of interactional justice are higher than procedural justice.
H7c: In severe not controllable failure situations, the expectations of procedural justice are higher than distributive justice.

H8a: In not severe controllable failure situations, the expectations of distributive justice are higher than interactional justice.

H8b: In not severe controllable failure situations, the expectations of distributive justice are higher than procedural justice.

H8c: In not severe controllable failure situations, the expectations of interactional justice are higher than procedural justice.

H9a: In not severe not controllable failure situations, the expectations of interactional justice are higher than distributive justice.

H9b: In not severe not controllable failure situations, the expectations of interactional justice are higher than Procedural Justice.

H9c: In not severe not controllable failure situations, the expectations of procedural justice are higher than distributive Justice.

H10a: In severe controllable failure situations, the expectations of distributive justice are higher than interactional justice.

H10b: In severe controllable failure situations, the expectations of distributive justice are higher than procedural justice.

H10c: In severe controllable failure situations, the expectations of interactional justice are higher than procedural justice.
2.11 OPERATIONAL DEFINITIONS OF THE TERMS:

Complaint:

A complaint has been derived as an action taken by an individual, which involves communicating something negative regarding a product or a service to either the firm manufacturing or marketing the product/service or time to some third party entity (Jacoby & Jaccard, 1981).

Complaint Handling:

Complaint handling refers to the strategies firms use to resolve and learn from service failures in order to re-establish the organization’s reliability in the eyes of the customers (Hart, et al., 1990).

Severity:

Service failure severity refers to a customer’s perceived intensity of a service failure (Lai, 2007). It is measured as severe and not severe in this research.

Controllability:

Controllability refers to the customer’s perception of which party has control over the cause and/or the outcome. The customer considers whether the effect of the incident is within the control of the service provider and whether the service provider could have taken actions to mitigate the effect of the initial incident (Anderson et al. 2005). It is measured as controllable by the airline and not controllable in this research.
Distributive Justice:

Distributive justice involves the tangible outcomes of a service recovery process (DeWitt et al., 2008).

Procedural Justice:

Procedural justice involves the procedures, by which a recovery attempt is conducted (DeWitt et al., 2008).

Interactional Justice:

Interactional justice involves the manner in which a customer is treated during a service recovery process (DeWitt et al., 2008).

Frequent Flyers:

Flown more than once a month

Short Haul Travel:

Travelling time 3 hours and less

Mid Haul Travel:

Travelling time more than 3 hours up to 7 hours

Long haul

Travelling time more than 7 hours