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## Article

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*Suggested Citation:* Awa, Hart O.; Ukoha, Ojiabo; Ogwo, Ogwo E. (2016) : Correlates of justice encounter in service recovery and word-of-mouth publicity, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 3, <https://doi.org/10.1080/23311975.2016.1179613>

This Version is available at:

<https://hdl.handle.net/10419/205871>

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Received: 07 December 2015  
Accepted: 08 April 2016  
Published: 17 May 2016

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Reviewing editor:  
Len Tiu Wright, University of  
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## MARKETING | RESEARCH ARTICLE

# Correlates of justice encounter in service recovery and word-of-mouth publicity

Hart O. Awa<sup>1\*</sup>, Ojiabo Ukoha<sup>2</sup> and Ogwo E. Ogwo<sup>3</sup>

**Abstract:** This paper examines word-of-mouth publicity as an outcome of consumer perception of equitable recovery programs. Survey data were drawn from 317 teachers of Federal Government Colleges and 79 executives of mobile telephone firms in the southeastern and south-south zones; this sample came from locations where Global Systems for Mobile Communications and Code Data Multiple Access networks have interface. Using the partial least square to analyze the data, the path coefficients with their respective *t*-values greater than 1.96 confirm that the justice dimensions have statistically significant relationship with word-of-mouth. Thus, the manipulation of justice dimensions in the events of service failure affects customers' advocacy behavior. The study recommends proactive and relational approaches in dealing with customer issues as well as fair and equitable recovery and complaint handling programs to suit the needs of the complainants, get them satisfied, and to cause them to progress in the loyalty ladder.

**Subjects:** Behavioral Sciences; Communication Studies; Social Sciences

**Keywords:** justice dimensions; word-of-mouth; service failure; service recovery



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### ABOUT THE AUTHORS

Hart O. Awa, a senior lecturer in Marketing, University of Port Harcourt, Nigeria, is well published and has attended conferences in Nigeria, UK, US, Canada, Australia, Ireland, and Eastern Europe. His paper won the 2015 best paper award at the Imperial College conference organized by WBI. He is a Literati network member of Emerald, where he plays active scholarly roles. Hart's research interest spans cocreation, consumer psychology, IT innovations/platforms in business, among others.

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### PUBLIC INTEREST STATEMENT

Service failure is on surge in the services industry and recovery programs are largely unfair and cause perceived financial losses. Transactions are associated with equity and social justice; often consumers subjectively weigh pre-purchase inputs against actual experiences and compare actual benefits to those of reference others. Such comparisons lead to pass-along word-of-mouth activity and ultimately affect relational epoch. This paper proposed a framework that treats word-of-mouth as an outcome rather than a mediator and as a distinct dependent variable rather than being in a cluster as previous studies proposed. However, exhibition of fairness in the manipulation of distributive, procedural, and interactional justices gets customers satisfied; thus, they exhibit advocacy likelihoods or vice versa. Proposing framework that correlates justice dimensions and word-of-mouth, and testing their relationships, this paper contributes to the theoretical and methodological discourse in the service recovery domain and provides specific explanation to the proposed relationships.

## 1. Introduction

Actual service performance falling short of customer ideals is increasingly becoming a common phenomenon in the services industry even amidst developers' precautionary and exceptional efforts, and has predominantly informed the growing theoretical modeling and empirical inquiries as well as debates on managing complaints (Chebat & Slusarczyk, 2005; Edmondson, 2011; Kim, Kim, & Kim, 2009; Smith, Karwan, & Markland, 2012). Scholars (Casado, Nicolau, & Mas, 2011; Gronroos, 2007; Smith et al., 2012) posit that service recovery is an instrument of competitive advantage that attempts to rectify customer issues during and after the service encounter and before and after complaints. On accounts that it costs 5 to 7 times more to generate new customers than to keep incumbents (Hart, Heskett, & Sasser, 1990; Wilson, Zeithaml, Bitner, & Gremler, 2008) and as little as 5% improvement in customer retention raises profitability to almost 100% (Coyles & Gokey, 2005; Reichheld & Sasser, 1990), organizations attempt to reposition their recovery programs to retain incumbent customers. In the telecommunications industry, for instance, network failure and network fluctuation, junk SMS and billing for unsolicited SMS, delays in SMS delivery and call diverts, and rigorous waiting time to reach customer care centers are among the commonest service issues that spur scholarly inquiries.

Subscribers regularly perceive service failure-induced inequity; thus, justice framework is plausible in service recovery context (del Río-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009; Kuo, Yen, & Chen, 2011; Maxham, 2001). Wilson et al. (2008) note that 43% of dissatisfaction with recovery was caused by inappropriate response and not by the failure itself. Most outcomes received by disgusted customers are largely unfair and cause perceived financial losses because in most cases, the affected consumers pay high delivery costs and do not get refunds for returning the defective items (Cho, Im, & Hiltz, 2003; Hanzae, Khanzadeh, & Bigdeli, 2013). Scholars (Kuo et al., 2011; de Ruyter & Wetzels, 2000) suggest that the specific recovery outcomes (outputs) are supposed to really offset the disgusted customers' emotions and inputs (costs). Subscribers aspire for a hemostatic state; they often develop subjective motivational and cognitive process of weighing pre-purchase/pre-trial inputs against actual product-delivery experiences and compare the benefits gained to those of reference others (Cengiz, Bunyamin, & Kurtaran, 2007; Magnini et al., 2007). When discrepancies exist, subscribers further judge the possible fairness of the provider's response deals. Oliver (1996) posits that subscribers want fairness, rightness, or deservingness in comparison to other entities, whether real or imaginary, individual or collective, person or non-person.

When subscribers perceive inequitably administered recovery deals, perceived double injustice and of course complaint results. Luo and Homburg (2008) and Cengiz et al. (2007) are of the view that when subscribers perceive inequity, justice theorem then provides meaningful theoretical frameworks that shape and reshape consumer perceptions and diminish negative word-of-mouth. Scholars (Cho et al., 2003; Kuo et al., 2011; Voorhees, Brady, & Horowitz, 2006) affirm that subscribers (especially the irates and activists) switch their patronage after perceived double injustice experiences and engage in public action of passing on the unfavorable acquaintances to friends and other relations. However, since after the scholarly (Blodgett, Granbois, & Walters, 1993; Tax, Brown, & Chandrashekar, 1998) proposition of distributive, procedural, and interactional as significant dimensions of justice theory, lots of inquiries have sought to correlate them with repurchase intentions (East, Hammond, & Wright, 2007; Kolodinsky, 1992), post-complaint behavior (Davidow, 2003; Kim et al., 2009; del Río-Lanza et al., 2009), and ultimately overall corporate performance (Tax et al., 1998). Other studies (Cengiz et al., 2007; East et al., 2007; Maxham, 2001) conclude that fair administration of justice theory in recovery increases consumer ratings of firms.

Furthering the paradoxical theory of service recovery, scholars (Etzel & Silverman, 1981; Kuo et al., 2011; Wilson et al., 2008) assert that equitable recovery has the propensity to turn angry and frustrated customers into loyal ones and to create more goodwill than when things initially went smoothly. Although the classic work of Swan and Oliver (1989) aided the application of justice framework to consumer evaluation and comparison of recovery programs, Hanzae et al. (2013) are of the view that not much is known about the relative impact of the different justice dimensions

beyond the well-established expectancy disconfirmation paradigm. Smith et al. (2012) opine that despite the benefits of fair recoveries and recent advances in marketing, there seems to be few theoretical and empirical studies that examine them in the context of justice dimensions; thus, there is still much to learn from customer perception of perceived justice and post-complaint behavior, especially word-of-mouth. However, the effects of perceived justice on service recovery are well explored (Davidow, 2003; Kim et al., 2009; Smith et al., 2012) but the relative effects of justice dimensions on word-of-mouth (WOM) and other variables are yet to receive the required robust scholarly attention. Scholars (see Arndt, 1967; Davidow, 2003; Katz & Lazasfeld, 1955) posit that the strength of WOM in customer retention suggests building a theoretical framework that integrates its effects on complaint handling process, from the perceived justice theories of firm's response through the determination of satisfaction and ending with favorable WOM and repurchase intentions.

Implicit from Kelley and Davis (1994) and Smith et al. (2012) is that very little inquiries attempt to test the interaction between the proxies of justice dimensions and word-of-mouth. Further, some studies (Davidow, 2003; Maxham, 2001) use WOM as an indicator of post-complaint behavior; others (Collier, 1995; Coyles & Gokey, 2005; Kuo et al., 2011; Zemke, 1999) espouse the strategic position of interpersonal communications and imply the proposition of specific complaint handling framework that correlates with WOM publicity. Blodgett, Hill, and Tax (1997) and Smith et al. (2012) use justice literature to provide insight that further confirmed WOM an outcome rather a mediating variable. Using WOM as a mediator is consistent with the previous works (Bennett, Härtel, & McColl-Kennedy, 2005; Mittal & Kamakura, 2001), accounts for recovery-loyalty link, and predicts the relationship between variables and/or the seemingly established relationships (McMullan, 2005) but the contemporary research community needs an extended knowledge of complaint handling framework that does not obscure the significance of favorable WOM publicity as a driver of satisfaction and repurchase intentions.

Since complaint handling issues connected to the recovery of disgusted consumer amount to competitive advantage, it is imperative to understand how consumers perceive a firm in the context of service failure. This paper intends to complement knowledge by proposing a framework that specifically models justice dimensions with word-of-mouth. The intention is to fill the void in literature and to reposition word-of-mouth as a critical outcome of the justice dimensions. The layout of the paper spans literature review and building of theoretical framework and hypotheses, research plan and analysis of data, and finally discussion and implications for theory and practice.

## 2. Theories of service failure and service recovery

The disconfirmation theory asserts that customer satisfaction, repurchase intentions, and WOM diffusion ensure when a customer experiences service encounter equals (or better than) expected ideals but when actual outcome falls short of the perceived expectations or money worth, the customer suffers service failure (Michel, 2001; Siddiqui & Tripathi, 2010; Vázquez, Suárez, & Díaz, 2010). Zeithaml, Berry, and Parasuraman (1993) allude that the subjective assessment of service delivery results from comparison of the actual and expected performances. The consumers weigh input (the perceived contributions) scores against outcomes (the perceived rewards received) and compare them with those of referent others in similar situations to ensure equity. Thus, service failure defines real and/or perceived service mishaps (East et al., 2007; Maxham, 2001); service experience worse than expected (Michel, 2001); expectancy disconfirmation (Gronroos, 2007; Kuo et al., 2011; Oliver, 1996); or error-present service delivery (Michel & Meuter, 2008). Service failure is an antecedent of service recovery and recovery itself is an acid test and a critical moment of truth to reposition trust, and to minimize failure-induced detrimental actions (East et al., 2007; Tsarenko & Strizhakova, 2012).

Theorists suggest that rather than impressing customers when something has gone wrong (Maxham, 2001; McGrath, 2011), service recovery defines operator's second (and perhaps rare) chance of identifying and addressing perceived errors in order to limit their harms and re-establish reputation in the eyes of consumers, promote customer retention, and dissuade adverse actions

such as sharing negative word-of-mouth, litigation, and sanction by consumer activists and consumer right organizations (del Río-Lanza et al., 2009; Tsarenko & Strizhakova, 2012; Zeithaml & Bitner, 2000). Efficient recovery framework successfully identifies and recovers customer ordeals and attracts greater satisfaction than when the first rule of service quality applies in a transaction (paradoxical scenario, Etzel & Silverman, 1981). Spreng, Harrell, and Mackoy (1995) found that satisfaction with recovery had a greater impact on repurchase and WOM intentions than did satisfaction with the initial service encounter. Blodgett et al. (1993, 1997) opine that effective recovery leads to positive WOM, or at least diminishes the negative WOM associated the service encounters. Service recovery restores customer trust via rectifying service encounter before the customer makes complaints and after the encounter (or during uses) (Gronroos, 2007; Osarenkhoe & Komunda, 2012).

Hoffman, Kelley, and Rotalsky (1995) posit that service recovery describes inputs that define the cost associated with the service failure (economic, time, social, energy, and psychological costs) and the outcomes associated with the results of the recovery tactics (e.g. cash refunds, apology, replacement, etc.) including the manner and procedural processes with which the outcomes were handled. The recovery team vigorously seeks out, deals with, and learns from the problems (Edmondson, 2011; McGrath, 2011) even when unreported. Kim et al. (2009) propose that recovery encompasses situations where providers foster a corporate culture that trains employees to proactively rectify service failures even before complaints are registered. Studies (Bitner, Booms, & Tetreault, 1990; Etzel & Silverman, 1981; McGrath, 2011; Zeithaml & Bitner, 2000) show that it is often the response manners rather than the failure itself that cause customer discontent or have the potential to either restore and reinforce customer satisfaction or exacerbate the situation and drive switching behavior. Bitner et al. (1990) found that over 23% of memorable and satisfactory encounters were directly due to the ways service representatives responded to service failures, and about 43% of dissatisfactory service encounters were due to careless responses.

When emotional stress and disappointment of previous experiences discourage complaint attitude, providers lose the opportunity to learn and build experiences (Edmondson, 2011; Kim et al., 2009; del Río-Lanza et al., 2009) and thus get exposed to economic burden when the affected consumers begin to boycott the product and/or spread negative WOM (East et al., 2007; McGrath, 2011; Michel, Bowen, & Johnston, 2009). The economic burden may also include the extra costs of re-doing the service and/or compensating for the errors. Scholars emphasize developers encouraging customers to develop complaint attitude since constructive recovery raises customer retention to about 70% (Kelley, Hoffman, & Davis, 1993) and developers themselves rarely have opportunity to respond unless such negative feelings are reported directly or indirectly to the complaint database (Nikbin, Tabavar, & Jalalkamali, 2012; Zeithaml & Bitner, 2000). Smith and Bolton (1998) assert that complaint attitude involves using one's social obligation and constructive complaining personality to generate positive consequences, to enforce some sort of compensations, to help others reduce their own perceived risks in similar situations, or to punish the developer. Often personal relevance of the failure, severity of the ugly experience, response speed, and the existing relationship influence the decision to complain (Kuo et al., 2011; McGrath, 2011; Stephens & Gwinner, 1998); consumers are more likely to complain on failures that are expensive, infrequent, high risk, expressive and ego-involving (Kotler & Keller, 2009; Schiffman & Kanuk, 2009).

The severity of the service failure moderates customer satisfaction and commitment (Zeithaml & Bitner, 2000); if the original service failure was really bad, even strong recovery programs may get customers upset (Smith et al., 2012). Less commitment to a provider assumes more transaction-focused and expectation of immediate recovery when actual product-service delivery falls short of standard (Kim et al., 2009), whereas customers committed to a provider have lower recovery expectations and thus, believe that deeper accord may settle out the ordeals and turn them even more satisfied after a recovery (Michel et al., 2009; del Río-Lanza et al., 2009). Singh (1990) graduates failure-induced behavior into four (passive, voicer, irate, and activist) that akin taking public, private, or passive actions (Zeithaml & Bitner, 2000). The passive is less likely to take action, the voicer complains to the developer and shows less likelihood to share his experience and to switch, the irate



engages in switching and diffusion of his negative experiences, and the activist is much more vocal and exhibits propensity to complain and to take detrimental actions. Disgusted customers keep mute if they do not know the mechanism through which they can complain, they perceive the ordeal too minor to warrant complaining (Zeithaml & Bitner, 2000), or they engage in emotion-focused coping such as denial, self-blame, or seeking social support for the decision (Stephens & Gwinner, 1998).

However, public actions in the forms of post-consumption complaints or confrontations provide the developer with response opportunities. Scholars (Edmondson, 2011; Etzel & Silverman, 1981; Michel et al., 2009; Sparks & McColl-Kennedy, 2003) posit that such actions offer the service provider best scenario to respond and to learn from the mistake and/or to potentially eradicate or minimize the spread of negative experiences and other private actions. Shaping and reshaping consumer perceptions and diminishing the negative effect of WOM require the effective manipulation of equity and justice theories. The fairness of the recovery programs has the likelihood of surging favorable word-of-mouth. However, since the ultimate goal of complaint handling is to improve the rate of complainants' positive word-of-mouth, it is imperative to unveil the various relationships and influences (as proposed by the framework) that impact on WOM. Although these theories emphasize almost the same thoughts, this paper focuses more equity and justice theories because of their wide use in marketing literature.

### **2.1. Equity and social justice theories**

Often complaint response is guided by the postulates of golden rule, equity and social justice theory, ethical relativism, ethical egoism, perceived justice theory, utilitarian theory, and other baseline laws and/or theories that offer explanatory lenses to people's reaction to situation. These baseline theories and/or laws assume that consumption expectations are defined probabilities of the occurrence of negative or positive events (Oliver, 1981). They propagate egalitarianism and/or justice and fair-play in dealing with the other person(s), and so, their application to exchanges and service recovery is worthwhile bearing in mind the goodwill they build amidst competition, especially when either party perceives inequity (Adams, 1963; Nikbin et al., 2012). Ethical relativism considers one universal standard or set of standards that judge(s) actions; ethical egoism promotes long-run greatest possible balance of good over evil; utilitarianism emphasizes one's action making the greatest good for the greatest number of people; golden rule entails dealing with others in a manner you would want them to deal onto you; and perceived justice, equity and social justice theory discourage too much richness at the expense of the poor. The fairness of the recovery programs has the likelihood of surging favorable word-of-mouth.

Cengiz et al. (2007) express equity and good conscience theorem in the context of personnel's sensation of a condition or decision. The theorem emphasizes individuals' motivational, cognitive, and behavioral processes of weighing sacrifices (justice inputs) against rewards (justice outputs), and comparing the percentage of their gains to the ratio referent others have in order to ensure a hemostatic state (Adams, 1963; Cengiz et al., 2007). When discrepancy in the comparison is pros the individual, the consequences will be guiltiness and when it is vs. to person, the consequences will be frustration. Adams (1963) posits that the exchange is considered fair when there is a balance between the actual and the ideal outcomes but if the actual does not meet the ideal, inequity results. Maxham (2001) agrees with this conclusion when he posits that equity and good conscience framework is quite tenable in a service failure context given that consumers often perceive service failure-induced inequity. When inequities occur, equity and good conscience theorem provides meaningful theoretical bases that reposition consumer perceptions and minimize negative inter-personal interactions (Cengiz et al., 2007; Davidow, 2003; Maxham, 2001).

Maxham (2001) opine that the theorem provides theoretical rationale for the formation of some key psychological (i.e. satisfaction) and behavioral (i.e. purchase intention) and WOM outcomes in a service recovery setting. Theoretically, perceived justice as a component of equity and good conscience theorem has distributive justice, procedural justice, and interactional justice (Blodgett et al., 1993; Tax et al., 1998). Distributive justice refers to as the cost-benefit analysis in achieving

equitable exchange relationships (Smith et al., 2012). It describes the extent to which disgusted consumers assess and perceive recovery framework as being fair relative to the magnitude of the ordeals suffered and referent others (Bugg Holloway, Wang, & Beatty, 2009; Chebat & Slusarczyk, 2005). Relying on social exchange theory, Adams (1963) argues that distributive justice relates to equity theory since individuals assess fairness of an exchange by comparing input-output relations. Tax et al. (1998) argue that the theory shapes interpersonal relations to the extent that customers feel fairly or unfairly treated in the recovery outcomes. These scholars reported that of the 17 standard rules of distributive justice, the principles of equity, equality, and need are the most prominently discussed though marketing literature focuses almost exclusively on equity principles.

Studies (Mattila, 2001; Maxham and Netemeyer, 2002; Smith et al., 2012; Sparks & McColl-Kennedy, 2003) found that consumers expect distributive justice outcomes (e.g. monetary refunds, apology, future free services, reduced charges, repairs, replacements, rebates, counterfoils, and other atonements) to be at least equal to the ordeals suffered and/or proportional to the scores of referent others. Sparks and McColl-Kennedy (2003) found that disgusted customers get satisfied when 50% payback is dedicated to recover for the service failures. Procedural justice defines the perceived fairness of policies, rules, procedures, and criteria through which complaint handling processes and recovery outcomes are accomplished with clarity, flexibility, speed, timeliness, and least hassles (Mattila, 2001; Maxham & Netemeyer, 2002; del Río-Lanza et al., 2009; Zeithaml & Bitner, 2000). Studies (Cho et al., 2003; Tax et al., 1998; Zeithaml & Bitner, 2000) conceptualized that procedural justice addresses (a) ease of access to complaint process; (b) the extent to which a disgusted customer is at liberty to accept or reject an outcome; (c) the timeliness to complete the procedure; and (d) the adaptability of the procedures to reflect individual circumstances.

Cho et al. (2003) and Tax and Brown (1998) found that most outcomes received by disgusted customers are largely unfair and cause perceived financial losses because in most cases, the affected consumers pay high delivery costs and do not get refunds for returning the defective items. In their works, scholars (de Ruyter & Wetzels, 2000; East et al., 2007) queried if the specific recovery outcome (output) has been offered to the customers to get them out of the emotions of service failures and if such outcome offsets the costs (inputs) of the service failure. Interactional justice relates to the interpersonal behavior in the enactment of procedures and the delivery of outcomes that settle out the ordeals (Bitner et al., 1990; Tax et al., 1998). It refers to as the extent to which disgusted customers feel fairly treated in the context of their overall personal interactions with the service agents/employees (Maxham & Netemeyer, 2002; Voorhees & Brady, 2005; Yi & Gong, 2008). Apology, perceived helpfulness, courtesy, empathy, friendliness, honesty, politeness, warmth, willingness to listen and genuine interest, objectivity, veracity, and sympathy are typical examples of interactional treatments during service recovery process.

## 2.2. Word-of-mouth publicity

The early scholarly credence of WOM as a key marketing tool is derived, among others, from William Whyte's "The web of word-of-mouth" (Whyte, 1954) and Elihu Katz and Paul Lazarsfeld's "Personal influence" (Katz & Lazarsfeld, 1955). Later, scholars (Arndt, 1967; Bass, 1969; Mansfield, 1961; TARP, 1981; Zeithaml et al., 1993) document the strength of product-related conversion in marketing and specifically in service delivery. On the whole, these scholars posit spontaneous social or informal communications among peers, where neither the giver nor the receiver represents a commercial selling source and the giver of the information has "no ax to grind" in the receiver's subsequent behavior. Often people or peers compare notes; they use their firsthand experiential knowledge to reduce the perceived risks of others. Word-of-mouth defines "cost-free" experience-based messages about a developer's credibility and trustworthiness in terms of her product-delivery attributes which are often communicated and shared informally among people/peers (Anderson, 1998; Gronroos, 2007). Tax and Chandrashekar (1992) address WOM as having U-shaped relationship, where satisfied customers informally and verbally spread positive WOM publicity or vice versa.

Among others, studies on epidemic modeling (Mansfield, 1961), diffusion of innovation (Bass, 1969), purchase of food and household items in small Midwestern community (Katz & Lazasfeld, 1955), and purchase of air conditioners in Philadelphia suburb (Whyte, 1954) found WOM conversion, the most credible and critical form of influence. People who receive positive WOM about a product are three times likely to purchase (Arndt, 1967), 2/3 of new residents in a community rely on WOM to select physicians and other services (Feldman & Spencer, 1965). In the context of recovery, WOM represents a post-complaint handling outcome that mediates between and impacts on both satisfaction and repurchase intentions (Davidow, 2003; Tax et al., 1998). It spans from the equity theory that firms restore propensity for positive recommendations by responding fairly to consumer-felt inequitable scenario (Blodgett et al., 1993; Seiders & Berry, 1998). Approximately, 90% of disgusted customers avoid the service provider (Business Week, 1984) and shares their experiences with 10 to 20 others, whereas satisfied customers share their experiences with only 4 or 5 individuals (Collier, 1995; Zemke, 1999). Keaveney (1995) reports that service failure accounts for almost 60% of the critical behavior of service providers and 45% of this estimate solely accounts for customer switching resulting from perceived double injustice.

### **2.3. Development of research framework and hypotheses**

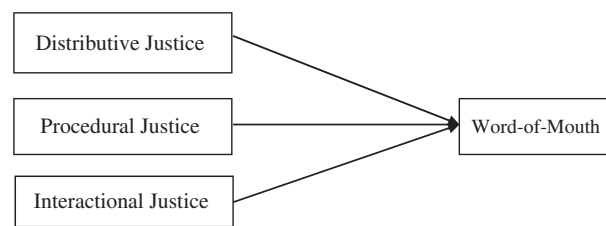
A typical recovery process comprises three interrelated stages—complaints, firm's responses, and post-complaint behavior (Davidow, 2003; Holloway & Beatty, 2008). Scholars (Andreassen, 2001; Brown, Cowles, & Tuten, 1996) confirm the first rule of service quality when they reported that nothing pleases a customer more than a reliable, first-time, and error-free service. However, contrary to this rule, the theory of service recovery paradox (Etzel & Silverman, 1981; Maxham, 2001; Michel et al., 2009) supports the practical inevitability of service errors and thus suggests mechanism that encourages disgusted customer to register their ordeals, to get compensated where necessary, and to diminish negative WOM publicity. Customers delighted with a recovery package exhibit strong likelihood to repurchase (del Río-Lanza et al., 2009; Kelley et al., 1993; Nikbin et al., 2012; Smith et al., 2012) and to share experiences with others in a manner that encourages trial and switching behaviors from potential buyers and competitors' loyalists (Awa, Eze, Urieto, & Inyang, 2011; Maxham & Netemeyer, 2002). Davidow (2003) proposes that the three justice dimensions are well documented and their relationships with the indicators of post-complaint behavior (word-of-mouth, repurchase intentions, and customer satisfaction) are quite similar owing to their degree of correlation.

However, the proposed framework is based on the limited inquiries that specifically correlate justice dimensions and WOM perspectives (Kelley & Davis, 1994; Smith et al., 2012), and the scholarly proposition that WOM assumes huge credibility in influencing purchase behavior (Arndt, 1967; Bass, 1969; Katz & Lazasfeld, 1955; Kuo et al., 2011; Mahajan et al., 1990). Studies (Blodgett et al., 1997; Kim et al., 2009; Tax et al., 1998) show that customer retention and recovery framework emphasize equity to meaningfully reposition disgusted consumers' perceptions and to diminish negative word-of-mouth. The use of equity in service recovery increases firm's corporate image and ultimately the diffusion of WOM (Cengiz et al., 2007; Davidow, 2003; Maxham, 2001). Whereas some extant studies treat WOM as a mediator (see Bennett et al., 2005; Mittal & Kamakura, 2001) and outcome (Blodgett et al., 1997; Smith et al., 2012); others posit that complaint handling impacts significantly on post-complaint behavior (Davidow, 2003; del Río-Lanza et al., 2009; Kim et al., 2009) though they were a bit silent on which of the specific instruments drives behavior (Chebat & Slusarczyk, 2005). Empirical evidence confirms positive relationship between justice dimensions and satisfaction (Bowman & Narayandas, 2001; Smith et al., 2012), repurchase intentions (East et al., 2007; McGrath, 2011), and negative relationship with WOM (Blodgett et al., 1993).

Similar studies found that equity evaluation affects customer satisfaction (Smith et al., 2012; Swan & Oliver, 1989; Tax et al., 1998), post-purchase judgment and propensity to complain, repurchase intentions, and spread of WOM (Blodgett et al., 1997; Cho et al., 2003). Behavioral outcomes of the complainants in terms of trust, WOM, and loyalty are affected by their satisfaction with service recovery (Kau & Wan-Yiun Loh, 2006; Panther, 2007). Distributive justice affects satisfaction with



**Figure 1. Proposed research framework.**



recovery and overall firm satisfaction, where the former is satisfaction with a particular transaction involving a failure and recovery and the latter is the additive combination of all transaction-satisfaction perception (Maxham & Netemeyer, 2002; Oliver, 1996; Smith and Bolton, 1998). Swan and Oliver (1989) found statistically significant link between distributive fairness and the likelihood to engage in WOM activity though Blodgett et al. (1997) reported negative relationship between negative WOM and distributive and interactional fairness even when no such relationship exists between procedural fairness and negative word-of-mouth. Davidow (2003) explained that this finding may be traced to the conceptualization of procedural justice as timeliness out of the numerous indicators.

Studies confirmed that procedural justice directly impacts service encounter, consumer attitude (Smith et al., 2012), likelihood to disseminate WOM (TARP, 1981), and indirectly on satisfaction with complaint handling and overall firm satisfaction (Homburg & Fürst, 2005; Karatepe, 2006; Holloway & Beatty, 2008; Tax et al., 1998). Parasuraman, Zeithaml, and Berry (1985) found that delays negatively affect one or more product attributes, which in turn affect the overall evaluation, satisfaction, WOM spread, and customer loyalty. Similarly, Lewis (1983) found that organization's response fairness was critical in the dissemination of word-of-mouth. Further empirical evidence (Davidow, 2003; Homburg & Fürst, 2005; Karatepe, 2006; Nikbin et al., 2012) showed that interpersonal treatment contributes significantly to satisfaction with complaint handling and spread of word-of-mouth. In their tentative study, Blodgett et al. (1997) argued that interactional justice significantly influences WOM communications. Based on the above discussion, we propose a testable research framework and some hypothesized relationships to provide research direction (see Figure 1 above).

- H1: There is a positive relationship between distributive justice and the spread of WOM communications; disgusted consumers' perception of fair recovery treatment relative to the magnitude of the ordeals suffered and referent others will disseminate positive word-of-mouth.
- H2: There is a positive relationship between procedural justice and the spread of WOM communications; disgusted consumers who perceive fairness of policies, rules, procedures, and criteria for resolving the issues proficiently will show likelihood to disseminate positive word-of-mouth.
- H3: There is a positive relationship between interactional justice and the spread of WOM communications; disgusted consumers, who feel fairly treated in the context of their overall personal interactions with the service agents/employees will show likelihood to disseminate positive WOM.

### 3. Research materials and methods

#### 3.1. Design

Survey data were collected from self-reported complaint experiences of two independent samples to test the conceptual framework and the hypothesized relationships. The target was 120 customer experience/care managers and customer experience/care executives of the 6 leading GSM and CDMA firms, and 735 teachers of Federal Government Colleges (FGCs) drawn from the 6 states of the south-south and 5 states of the southeastern geo-political zones of Nigeria. The telecommunications industry in Nigeria is experiencing stiff competition and a seemingly mature and saturated

market, exacerbated by change in consumer preferences and aggressive price promotions; therefore, drawing the opinions of the industry captains and blending them with those of the subscribers improve greater understanding of the critical issues that underpin the development of favorable WOM. Further, the existence of almost all the networks in the cities, where FGCs/FGGCs are sited and the cities themselves playing host to major Nigerian tribes (Yoruba, Ibo, and Hausa) following the conglomeration of federal and state ministries and parastatals make generalization of the study's findings feasible.

Although similar questions appeared in both questionnaires to sample opinions on critical issues bordering on the hypotheses; the questionnaires predominantly focus on some key questions that relate to what causes customer disgusts, why disgusted customers decide to complain, fairness of firm's responses and feelings of satisfaction, how often they discuss their disgusts with friends and others, and the key response factor that douses their plights. However, because respondents sometimes hide certain realities about themselves, we designed both questionnaires to reflect structured disguised questions (opinions were deduced from responses to indirect and close-ended questions), structured-undisguised questions (opinions were deduced from responses to direct and close-ended questions), and unstructured questions (opinions were deduced from responses to open-ended questions). Principally, questions on age and income were disguised; whereas we estimated age by the information on the year of graduation from high school and university/college, we estimated income by the monthly call credit used.

To ensure gender-sensitivity, the population excluded Federal Government Girls' Colleges (FGGCs) and following the nature of their appointment, part-time teachers, teachers engaged by Parent Teachers Association, and those on mandatory one-year National Youth Service Corps were excluded in the samples. The FGCs sampled were those with co-education and in locations where GSM and at least one CDMA firms have network interface. Co-education schools demand more internal discipline and thus, provide opportunities to have male and female teachers who are well trained to manage the affairs of growing young boys and girls learning together. The mode of sampling the informants was purposive and snowball; experiential knowledge and judgment were used to choose the first few cases whose opinions best represented that of the community and then we relied on their referrals for further guide. Some respondents were asked to provide names and identities of others like themselves who may qualify to take part in the study. In order to minimize biases associated with non-probability samples, we relied on Chein's (1981) view to restrict and to precisely define the population. Analysis was based on 396 (79 from service officers and 317 from subscribers) valid returned copies of the two sets of questionnaire (see Table 1).

**Table 1. Sample description**

	<b>Fed. govt. colleges</b>	<b>No. of academic staff</b>	<b>Number returned</b>	<b>Service provider</b>	<b>Customer care executive</b>	<b>Customer care manager</b>	<b>Number returned</b>
1.	FGC, Port Harcourt	105	75	MTN	34	3	28
2.	FGC, Nise	77		GLO	25	3	18
3.	FGC, Enugu	128	78	Etisalat	18	2	12
4.	FGC, Ikom	68	XXXX	M-tel	6	1	2
5.	FGC, Ikot Ekpene	44	Xxxx	Air-tel	8	1	5
6.	FGC, Okigwe	87	47	Visafone	16	3	14
7.	FGC, Warri	55	49				
8.	FGC, Ohafia	35	31				
9.	FGC, Okposi,	48	XXXX				
10.	FGC, Edo	41	37				
11.	FGC, Bayelsa	37	Xxxxxx				
	Total	735	317		107	13	79

### 3.2. Scale development

Relying on Churchill (1979), an extensive literature search was made on the subject matter; all the scale items came from literature. This was a bit easy because the constructs are well-researched and have well-developed measures in the literature; thus, content validity was established based on theoretical reviews and extensive process of item selection and refinement in the development of the questionnaire and scales. The statement items used to scale the latent variables were based on their conceptual definitions and they were shown in Table 2. The table shows that the multi-item scales were borrowed and harmonized from the previous studies (Blodgett et al., 1997; Davidow, 2003; Folger & Konovsky, 1989; Maxham & Netemeyer, 2002; Yi & Gong, 2008). The items for distributive justice scaled the degree of perceived justice with respect to the outcome of the interaction with the firm; those for procedural justice measure perceived justice in terms of firm's policies and rules; and items for interactional justice handle perceived justice in relations to seller-buyer communications. Although these measures emanated from worthy scholars, the modified versions were re-modified to suit internal appropriateness through preliminary pre-testing and qualitative investigation (focus groups).

Specifically, drawing from Webster and Sundaram's (1998) questioning, responses were anchored on a continuum ranging from (1) "don't agree at all" to (5) "completely agree." However, common method bias (CMB) was unavoidable because we work with subjective opinions. To ensure that CMB was not a significant issue that will compound our results since the procedural remedies rarely eliminate CMB completely, we test for CMB using the methods proposed by Podsakoff et al. (2003). The data were analyzed using a single-method factor model; this involved estimating the model with a single-method, first-order factor added to the indicators of the constructs. When a common method factor was added, the fit indices improved slightly. When common method variance was controlled, the coefficients between the constructs remained significant, and the proportion of the variance explained was almost the same.

### 4. Data analysis and result

The conceptual framework and hypothesized relationships were estimated and/or tested using the partial least square (PLS). PLS is developed as a second generation of structural equation modeling (SEM) (Wold, 1985) to handle situations where the latent variables and a series of cause-and-effect relationships exist (Bollen, 1989; Gustafsson & Johnson, 2004; Hair, Anderson, Tatham, & Black, 1998). The proposed framework suggests three latent variables with interrelated dependence relationships or causal path among themselves and thus, meets the conditions of PLS. Further performing the psychometric evaluation of items using confirmatory factor analysis (CFA) meets one of the critical conditions of path analysis (see Hair et al., 1998) and with a sample of 396 respondents, SEM analysis is good for this study given that the sample benchmark for SEM is 100 or 150 to 200 and above (Bollen, 1989). Barclay et al. (1995) observe that PLS path model is analyzed and interpreted by assessing reliability and validity as well as structural model. The Cronbach coefficient alpha of  $\geq 0.7$  (Nunnally, 1988) confirms that the instruments show fair level of internal consistency in response.

Further, the meeting of the conditional range of 0.670 to 0.936 (see Table 2) as proposed by Fornell and Larcker (1981) and Bagozzi and Yi (1988) demonstrates validity; the average variance extracted is greater for each factor than the common variance of the two factors together. The *t*-values of all the item loadings were all significant confirming construct validity. All the constructs loaded together in a CFA to further determine discriminant validity (see Tables 2 and 3). Discriminant validity describes the extent to which a given construct is different from other latent variables (Sánchez-Franco & Roldán, 2005). While the constructs show high oblique and non-orthogonal relationships among themselves and confirmed the previous studies (Seider, 1995; Tax et al., 1998), the standard deviations were low (see Table 3) and thus, confirm discriminant validity (Bagozzi & Warshaw, 1990). Further, the factor models show fit statistics; the chi-square value ( $\chi^2/df = 3.44$ ) is significant at a sample size of 855; the normed fit index of 0.93 is below the threshold of 2.0; and the Goodness of fit index (GFI) of 0.84 meets Chau and Tam's (1997) unidimensionality and benchmarks of 0.8–0.89 (reasonable fit) and 0.9 and (above—good fit).

**Table 2. Scale items and operationalization of variables**

Measurement scales and loading	Mean	AVE	Alpha
<i>Distributive justice</i>			
(see Blodgett et al., 1997; Davidow, 2003; Folger & Konovsky, 1989; Maxham & Netemeyer, 2002; Voorhees & Brady, 2005; Yi & Gong, 2008):			
• Irrespective of the ordeals I suffered, am happy that my provider fixed the problem proficiently	5.03	0.680	
• The outcome of the entire exercise was quite fair and encouraging given the time and the issues	5.19	0.780	0.899
• The firm solution to the issues was quite acceptable	5.08	0.940	
• I feel the firm being really good to my plights	5.16	0.690	
<i>Procedural justice</i>			
(see Blodgett et al., 1997; Davidow, 2003; Folger & Konovsky, 1989; Maxham & Netemeyer, 2002; Voorhees & Brady, 2005; Yi & Gong, 2008):			
• I felt the provider's policies allow for flexibility in addressing my issues fairly and timely	4.19	0.677	
• I believe in the fairness of the provider's complaint handling policies and practices	4.77	0.710	0.891
• I believe that the provider's guidelines for listening to and handling customer issues are fair	4.83	0.750	
• The provider's complaint handling policies make for ease of access to sales agents and other relevant persons	4.12	0.730	
<i>Interactional justice</i>			
(see Blodgett et al., 1997; Davidow, 2003; Folger & Konovsky, 1989; Maxham & Netemeyer, 2002; Voorhees & Brady, 2005; Yi & Gong, 2008):			
• I feel that the provider was very courteous and friendly	4.91	0.687	
• The sales agent(s) showed real interest, empathy, and fairness	4.68	0.820	0.810
• The sales agent(s) considered my views where necessary and showed sincerity	4.56	0.920	
Word-of-mouth spread (see Davidow, 2003)			
• Am likely to tell as many people as possible about my complaint handling experience	4.53	0.709	
• Am likely to talk about my complaint experiences with anyone who cares to listen	4.87	0.840	0.909
• Am likely to mention my complaint experiences at every slightest chance	4.46	0.890	

The adjusted goodness of fit index of 0.91 met the recommended 0.90 benchmark; the Comparative Fit Index of 0.87 is slightly low; the standardized root mean residual of 0.052 is slightly above the recommended benchmark of 0.05; and the Root Mean Square Error of Approximation = 0.034 and Tucker–Lewis index = 0.944/0.912. The model fit statistics displays good and acceptable fits with the data gathered and convergent validity was confirmed because item loadings were all significant. These suggest proceeding with the assessment of the structural model.

The coefficients in the framework show significant paths between the justice dimensions and WOM publicity. Distributive justice ( $\beta = 0.317, p < 0.05$ ), procedural justice ( $\beta = 0.340, p < 0.05$ ), and interactional justice ( $\beta = 0.287, p < 0.05$ ) have direct and positive effects on WOM publicity. Table 4 presents the estimates and the *t*-values for the path coefficients for the base and revised model; thus, H1, H2, and H3 are supported.

**Table 3. Latent variable correlations**

Variable	(1)	(2)	(3)	(4)
Word-of-mouth spread (1)	1.00			
Distributive justice (2)	0.376	1.00		
	0.01			
	-16.24			
Procedural justice (3)	0.530	0.670	1.00	
	0.02	0.01		
	64.12	-70.12		
Interactional justice (4)	0.604	0.504	0.570	1.00
	0.05	0.02	0.01	
	55.61	47.61	68.22	

Notes: Top numbers in each box are correlation estimates between two variables; middle numbers are standard deviations; and bottom numbers are t-values. All values are significant at  $p < 0.0001$ .

**Table 4. Path coefficient and t-value**

	Total effect	t-statistic
Distributive justice—word-of-mouth	0.317	5.441
Procedural justice—word-of-mouth	0.340	3.791
Interactional justice—word-of-mouth	0.287	4.106

## 5. Discussion

Service failures abound; when they occur, the affected consumers show concern with respect to the provider's possibility of addressing them effectively and equitably to dissuade negative WOM and encourage satisfaction and repurchase intentions. This paper proposed and empirically tested recovery framework that connects WOM propensity and multifaceted consumer perception of justice dimensions. The strength of the framework lies on pulling WOM away from Davidow's (2003) post-complaint behavior and testing its relationship with justice dimensions. The three working hypotheses were statistically supported using SEM and they have links with extant literature. Statistically, the justice dimensions have significant path coefficients with their respective t-values greater than 1.96. This finding is consistent with the previous studies (Cho et al., 2003; Homburg & Fürst, 2005; Liao, 2007; Magnini et al., 2007; Yi & Gong, 2008) that sought to present recovery fairness as the basis for post-complaint behavior.

Specifically, the significant paths of the model affirmed that H1 was supported and that the interaction between distributive justice and WOM was significant at  $\beta = 0.317$ ,  $p < 0.05$ . This finding lends support to the previous studies (Blodgett et al., 1997; Kau & Wan-Yiun Loh, 2006; Panther, 2007) that found that disgusted customer who perceives recovery fairness exhibits likelihoods to engage in favorable WOM activity. The path coefficient shows significant interaction between procedural justice and WOM ( $\beta = 0.340$ ,  $p < 0.05$ ) and supports for H2. This corroborates extant studies (Blodgett et al., 1997; del Rio-Lanza et al., 2009; Mattila, 2001; Maxham & Netemeyer, 2002; Smith et al., 2012; Zeithaml & Bitner, 2000) that found that perceived fairness of policies, procedures, and criteria through which complaint handling processes and recovery outcomes are accomplished with flexibility, timeliness, and least hassles impact significantly on WOM publicity. Finally, the interaction between interactional justice and WOM publicity ( $\beta = 0.287$ ,  $p < 0.05$ ) was statistically significant; thus, lending support to H3. This agrees with existing scholarly evidence (Blodgett et al., 1997; Davidow, 2003; Homburg & Fürst, 2005; Karatepe, 2006), which confirms that interpersonal treatment contributes significantly to the spread of WOM.



## 6. Conclusion and implications

The significance of service disguests, justice encounter in recovery and attempts to explain and predict post-complaint actions after recovery programs have been well explored. However, the proposed framework treated WOM as an outcome rather than a mediator, and as a specific and separate dependent variable rather than being treated under the cluster of post-complaint behavior as previous studies (Davidow, 2000, 2003; Maxham, 2001) did. This study attempts to fletch out in a distinct manner how justice dimensions relates with WOM activities; an approach that differs from similar other studies that captured WOM in post-complaint behavior. The results of the study lead to the conclusion that justice dimension affects WOM publicity; thus, if the service providers exhibit fairness in the manipulation of distributive, procedural, and interactional justices, customers will be satisfied and show willingness to repurchase and to pass on favorable WOM or vice versa. The procedural justice is most critical in predicting WOM publicity; this is followed by distributive justice and then interactional justice.

This conclusion has implications for research and practice. First, by proposing research framework that correlates justice theory and WOM, and statistically testing the relationships in the framework, the paper contributes to the theoretical and methodological discourse in the service recovery domain and provides specific lenses into the understanding of the relationships in the proposed framework. For practice, this study encourages proactive and relational epoch in dealing with customer issues as well as fair and equitable recovery and complaint handling programs to suit the needs of the complainants and to cause them (complainants) not just to feel satisfied but also to progress in the loyalty ladder and even turn advocates. The rules, policies, procedures, and criteria for dealing with customer issues; return to status quo; and interpersonal interactions in the event of disguests should equitably tailored to suit the needs and aspirations of the consumers and to cause them to pass along favorable WOM.

However, further studies are necessary to fully integrate this finding into literature. The application of the findings may be limited by coverage and other factors, which may restrict generalization and open directions for further research opportunities. First, using data from one service area or industry to test the framework limits the generalizability of these findings; thus, multiple samples from different populations and/or replicating the study in other settings will increase generalizability of the identified causal relationships. Second, reliance on cross-sectional survey and past service failure experiences may introduce memory biases and inaccurate details. Although questioning the respondents on recent past experiences and other specific measures were used to minimize the effect of such biases, alternative measures may be explored in further studies. Also, measures of constructs represented subjective perceptions and prone to common error biases; thus, extended measures such as cross-validating the scales and/or engaging in longitudinal study may serve as opportunities for further studies. Third, outside what the study has done, other factors affect WOM activity; therefore, further studies should determine them and show how they fit into the framework.

### Funding

The authors received no direct funding for this research.

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### Citation information

Cite this article as: Correlates of justice encounter in service recovery and word-of-mouth publicity, Hart O. Awa, Ojiabo Ukoha & Ogwo E. Ogwo, *Cogent Business & Management* (2016), 3: 1179613.

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