Models of Justice in Service Recovery Efforts in Airline Industry

Maria Fatima De Souza[1,*], Purva Hegde Desai[2]

[1]Govt. College of Arts, Science and Commerce, Khandola, Marcela, Goa. 403701
[2]Department of Management Studies, Goa University Taligao Plateau, Goa, 403206

Abstract Justice theory in Complaint handling states three types of justice sought by complainers, namely outcome justice, procedural justice and interactional justice. As many complaints and little loyalty are observed in airline sector, it seems that the customers' expectations of complaint redressal are not met. Hence, this research has the following objectives:
• To unearth the relative importance of different types of justice in complaint redressal sought by different types of customers.
• To find the perceived severity and controllability of the complaint situation by customers and its effect on preference for particular type of justice. The design of this research includes two stages. In first stage, The methodology was in-depth exploratory interviews with officials of eight airlines. An open ended questionnaire was administered. Findings indicated that passengers have different expectations of justice in complaint redressal according to types. Passengers are classified according to residence as domestic, NRIs and International, according to purpose of travel as Leisure and Business passengers, and frequent and less frequent traveler according to their frequency of travel. An instrument was developed to classify the complaint situation based on perceived severity and controllability. Two Models were developed for proposed empirical testing. In the second stage, after substantial review of methodologies adopted by earlier researchers on related topics, it is proposed to test the models empirically. The findings have managerial implications of providing appropriate redress to complaints and thus can better the customer retentions rates. The research has limitation of limited number of sample which may not represent population adequately. However, effort is made to make the sample purposefully representative. The research also proposes a second level of quantitative survey over a larger number of passengers and officials to affirm the conclusions arrived at this level.

Keywords Complaint redress, Expectation of justice, Service recovery

1. Introduction

The airline industry plays a vital role in the world economy by facilitating movement of trade and people across nations, driven by liberalization and globalization. It is increasingly recognized that aviation, far from being a mere mode of transportation for an elite group, is crucial for sustainable development of trade and tourism. Continued liberalization and open skies, global alliances, new low cost no- frills carriers, online ticket selling and privatization of state owned airlines are some of the crucial developments that have been impacting airline business at a time of continually falling average fares and yields. Multiplicity of players in the industry has increased the level of competition among the service providers who strive to win customers and retain them. Due to falling air fares, an increasing number of middle income groups prefer to travel by air amidst options available, as the airline is considered as one of the quickest and time saving means of transport.

However, there is also reduction in the average quality of service provided to the customers[1]. All Air Carriers recognize that customer satisfaction and the perception of quality is important to the consumer who has a choice of Air Carriers, with multiple carriers providing the same basic service of transportation[2].

In order to maintain a high level of services it would seem necessary to develop more customer oriented complaint management. Interviews with business passengers and the airlines complaints department indicate that complaints procedures are often felt to be complicated and time consuming by passengers[3]. This could be due to the managers' lack of awareness about the passengers' expectations.

Most of the research with respect to consumer complaining behavior has been conducted in the European countries and the United States. The conditions prevailing in developed countries may be different from the prevailing conditions in Asian countries, more particularly in India. Hence, this research dwells into the understanding of the expectations of air passengers about the redress to their complaints.

2. Objectives of the Research

The research has the broad objective of addressing the type of justice sought by passengers in Airline sector. It is proposed that the expectation of justice will be dependent upon two variables, namely, the types of customers and the characteristics of the situation. Hence, the research has the following objectives:

● To unearth the relative importance of different types of justice in complaint redressal sought by different types of customers.

● To find whether the characteristics of perceived severity and controllability of the complaint situation would affect the preference for particular type of justice.

It is observed that research in the area does not take cognizance of type of customers specially prevalent in certain industries like airline sector. The study conducted in India in passenger car industry mapped the customers' preference for procedural justice over other types of justice in this industry[4]. However, classification of complainants was not attempted and all customers were treated alike.

The literature makes references to two characteristics of the situation, namely, perceived severity and controllability. [5] states that the severity of the service failure will be influential in the evaluation of service provider after a service failure. He further stated that the severity can enhance service recovery expectations in customers mind and therefore the service provider should adopt different service recovery strategies depending on the severity of the problem. With respect to controllability, it is stated that the consumers who perceive the problem to be controllable are more likely to be angry and indulge in negative word of mouth behavior[6].

Hence, this research attempts to categorize the airline passengers on various parameters and also enlist the different types of situations in the first stage of research.

In the second stage, the research would attempt to link the types of customers and the types of situations to the different types of justice expected.

Specifically it is posited that

H1: Types of justice expected depends on types of passengers and

H2: Type of justice expected depends on perceptions of situations, with respect to severity and controllability.

This paper reports the findings of the first stage of research along with the relevant literature review and the methodology adopted and the agenda for the second stage of research.

3. Literature Review

Service Failure

A service failure is defined as service performance that falls below the customers' expectations[5]. Services fail, and fail often due to the unique nature of services, failure is both more common than goods failure and inevitable[7].

Customers generally have pre purchase expectation about what a service encounter will involve[8]. Service failure occurs when a service is not delivered as expected[9].

The fact that services happen in the interaction between individuals and that the customer often participates in the production process, leads to special quality management problems[3]. Consequently in the delivery of services, mistakes and failures are inevitable. Although many firms may aspire to offer zero defect service, the possibility of service failures cannot be wholly eliminated because of variety of factors that may impact on the delivery process. The first law of quality is to do it right for the first time but despite efforts, things do go wrong[10]. However, if failures in service delivery are frequent, then the obvious thing to happen is the change in behavior of the customers. They may switch over to competitors.

Service Recovery

It is observed that research into service recovery has been rapidly developing over the past 20 years. Few studies have explored recovery solutions from a service firms' perspective[11]. However, there seems to be an emerging realization both by practitioners and in the academic literature, that service recovery is not just about recovering dissatisfied customers to regain their satisfaction and loyalty but it should be viewed as opportunity for improvement. The failure should lead to urgent and adequate service recovery which can restore business relationship with customers[12] [13].

According to[14], 'recovery is a developed term in the service literature which is concerned with managing an organizations' response to service failure when they occur. He further defines recovery (complaint handling) as to 'seek out and deal with service failures'.

Service failures are unavoidable and appear in both the process and the consequences of service delivery. They comprise conditions when the service fails to live up to the customer expectation.[15].

Complaints

A complaint from a consumer is an overt manifestation of dissatisfaction[16]. Different authors have defined the concepts like the complaint and the complaint handling. 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[17]. Customer complaints provide organization with an opportunity to rectify their mistakes, retain dissatisfied consumers and influence consumers future attitudes and behaviors[18]. Indeed the beneficial effects of effective Service Recovery (complain handling) have led many commentators to argue that there are significant potential benefits from encouraging complaints. As stressed by[19], service recovery is much more than complaint handling. The failure should lead to urgent and adequate service recovery, which is a component of quality management that can maintain the business relations with

customers[12].[20] – suggested that managing complaints well and recovering customers i.e. dealing with them after service failure and the complaint should be the corner stone of an organizations' customer satisfaction strategy.

Findings from service recovery studies suggest that the most appropriate approach for addressing service deficiencies is to provide monetary compensation in the case of outcome failures[21]. Contemporary studies on complaint handling have offered substantial evidence of the suitability of the concept of justice as a basis for understanding the process of service recovery and its outcomes[22].

Justice theory and complaint redressal

In evaluating post complaint satisfaction, researchers very commonly focused on complaint handling performance, using different theoretical perspectives[23]. Some researchers used Disconfirmation perspective while some have used Perceived Justice. Attribution theory is also used as it influences recovery expectation and performance. Justice theory is concerted from social exchange and equity theories. Justice is generally aforethoughted as an evaluation judgment about the appropriateness of a person's behavior by others[24]. Customers often use the equity theory to evaluate service recovery efforts[6], found that consumer complaining behavior is actually a dynamic process and that once a consumer seeks redress, negative word of mouth behavior and re-patronage intentions are dependent primarily upon the complainant's subsequent level of perceived justice. The significant role that perceived justice plays in consumer complaining behavior suggests that dissatisfied consumers are quite willing to give the provider another chance if the provider of service stands behind the product and guarantees customer satisfaction and treats the complainant with courtesy and respect.

[25] state "when initiating complaint about service failure, consumers may perceive the marketer as contributing outputs well below the level of the consumers. After presenting a complaint, the consumer engages in a conflict resolution process which is often designed by the firm. The complaint resolution may be presented in a wide range of styles ranging from politeness to hostility and hence this sequence of events may raise questions of equity at each stage."

Perceived justice is an important concept in complaining behavior research as it is a moderator. It represents a standard by which a voiced complaint is assessed by the dissatisfied consumer.[26].

[27] used the justice theory to study customer retention in the retail banking industry in Malaysia and found that procedural justice oriented, interactional justice oriented and distributive recovery strategies were significantly related to customer retention in the retail banking Industry.

Procedural justice has to do with the policies and rules that any customer will have to go through in order to seek fairness. Here, customer expects the firm to assume responsibilities, which is the key to the start of a fair procedure, followed by convenient and responsive recovery process that includes flexibility of the system and consideration of customer inputs onto the recovery process.

Interactional justice involves the firm's employees who provide the service recovery and their behavior 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.

Outcome justice pertains to the compensation that a customer receives as a result of the services failure. This includes compensation for not only the failure but also the time, effort and energy spent during the process of screen enquiry.

4. Characteristics of Complaint Situation

Severity

Service failure severity refers to a customers' perceived intensity of a service failure. The more severe the service failure, the greater the customers' loss[5] [28], stated that severity of service failure can be determined by the magnitude of loss, damage or inconvenience caused by service failure.

According to[7], a limited number of studies have investigated what researchers variously refer to as severity, magnitude or the harm of the service failure. According to[29], the initial service failure severity exerts significant influence on post recovery satisfaction.

Controllability

According to[29], Controllability refers to the customers' 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. A 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[30].

Controllability also refers to whether the consumer perceives that the seller could have prevented the problem or whether it was accidental[6].

Researchers have indicated that customers' attributions have both behavioral and affective outcome. If customers attribute primary responsibility or control for the incident to the service provider or believe that service provider should have anticipated the incident due to its regularity, the customer will blame service provider for failure[29].

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

an apology[31]

5. Research Methodology

The detailed hypotheses for the research leading to proposed models of research were derived from the first stage of research. In the second stage, quantitative testing of the hypotheses is proposed.

In the first level of research, the methodology used was in-depth qualitative exploratory interviews with officials of all the airlines operating in the state of Goa in India, for finding the types of passengers and collecting common complaints. An open ended questionnaire was administered. (Appendix 1)

Sample Selected

All the Airlines operating in the state of Goa in India were covered. This resulted in interviews of managers of eight airlines. Out of the eight airlines, two were operating only internationally, three operated in both domestic and international sectors and three operated only in the domestic sector.

After collection of types of passengers and situations of common complaints, an instrument was administered to 313 respondents to classify the common complaints based on severity and controllability. (Appendix 2).

The situations of complaints were classified on the basis of controllability and severity based on passenger responses.

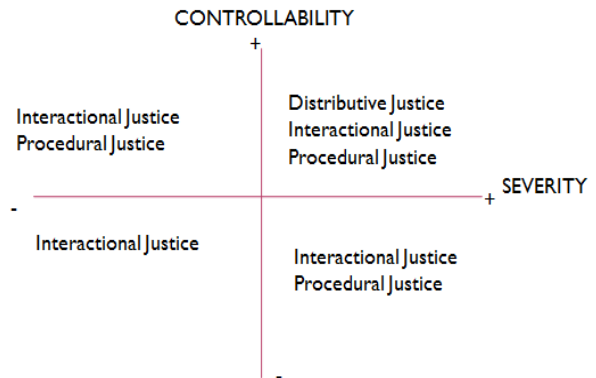## 6. Proposed Models Based on Findings

It was then hypothesized that different types of passengers would have different types of expectations of justice. This is depicted in Model 1.

Model-1
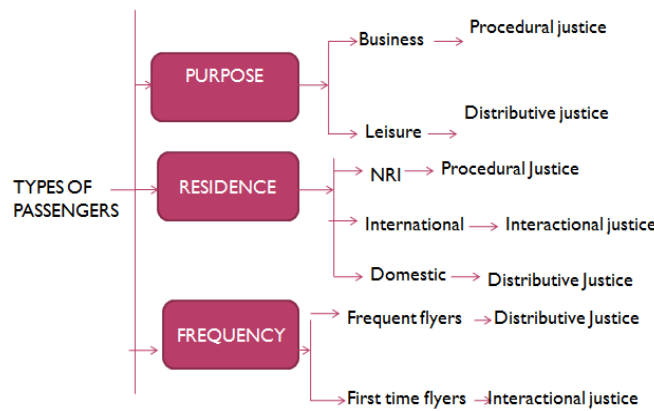
It was also hypothesized that different types of situations would lead to different types of expectations of justice. This is depicted in Model 2

Model-2

7. Future Research Issue

Further review of methodologies used in complaint related literature revealed, that methodological issues involving measurement of antecedents, process and outcomes of service recovery strategies remain controversial[15]. According to[32], An experimental approach, CIT, and a recall based survey are the three methods that are most frequently used in service recovery research.

[3] stated that the Critical Incident Technique method enables to investigate and gain a greater understanding of situations where critical incident occurs. CIT generate detailed process description of critical incidents as from customers who perceive the incident to be critical. He further states that the weakness of CIT method is primarily, that the interviewer can filter, misrepresent or unconsciously misunderstand the respondents, which is true for all verbal methods.

In narrative research the individual participant narrates his or her experience in the form of chronological story. The narrative approach is a useful way of understanding a customers' personal experience[33].

The extant research in service recovery indicates, that experimental design based on written scenarios, have been extensively used by researchers in service recovery research. The use of scenarios has been established as a valid research methodology, for investigating service failure and recovery. The use of scenarios allows difficult manipulations to be more easily operationalised, provides high degree of control and avoids expense, and ethical issues that would be involved with creating an actual service failure situation[7].

Hence, in the second stage of research, critical incident methodology would be employed to test the hypothesis proposed in the first level and arrive at conclusions on the wider applicability of the proposed model.

Appendix 1- Informal Interview

Q1   What is the name of the airline?
Q2   Whether it operates in Domestic, International or

Both sectors?
Q3   When was it started?
Q4   From Goa what are the various destinations?
Q5   What are the different types of passengers who travel by your airline?
Q6   Do the passengers complain?
Q7   What are the different types of complaints?
Q8   According to you what is the expectation of the complainant?
Q9   What is the redressal you provide for various problems?

Appendix 2

Sr. No.	Type of Complaint	Severity		Controllability	
		Severe	Not Severe	Controllable	Not Controllable
1	Delayed Flights				
2	Cancelled Flights				
3	Baggage related problems				
4	Communication with flight crew/staff behaviour				
5	Meals on Board				
6	Entertainment on Board				
7	Flight fare				
8	Airport Lounges				
9	Check in Process				
10	Denied Boarding				
11	In-flight Seats				

(Only major classes of situations are mentioned. Under these, total 47 complaint situations were collected).

REFERENCES

[1]   Khan, M. N., Dutt, R. V., Bansal, S.C. (2009) "Customer Perceptions, Expectations and Gaps in Service Quality: An Empirical study of Civil Aviation Industry in India." 2009- Research Paper presented at proceedings of the International conference on "Service Industry: Challenges & Opportunities". Waljat College of Applied Sciences, Muscat, Sultanate of Oman. 13-14 September.

[2]   Headley, E. Dean and Bowen, D. Brent, (1997), "International Airline Quality Measurement", Journal of Air Transportation World Wide, Vol. 2 (1) 1997, pp. 55-64.

[3]   Bo, Edvardson (1992) "Services Breakdowns: A Study of Critical Incidents in an Airline." International Journal of Service Industry Management , Vol. 3 No. 4 1992, pp. 17- 28 © NCB University press 09560-4233.

[4]   Verma, D.P.S. and Gunjeet Kaur (2001), "What the Complainant Expects: A Study of Car Users", Management Review, Vol.13, No.4,2001, pp.39-44.

[5]   Lai, Ming – Chang. (2007) ''The Relationship among Involvement, Service failure, Service Recovery, Disconfirmation and customer lifetime value Journal of International Management, August 2007 pp. 155-164.

[6]   Blodgett, G. Jeffery. (1994), ''The Effects of Perceived Justice on Complainants Repatronage Intentions and Negative Word of Mouth', Journal of CSD and CB, Vol. 7, 1994, pp. 01-14.

[7]   McCollough, A. Michael, (2009), "The Recovery Paradox: The Effect of Recovery Performance and Service Failure Severity on Post-recovery Customer Satisfaction", Academy of Marketing Studies Journal, Vol. 13, No 1, 2009, pp. 89-104.

[8]   Hepworth, M. (1992),"Canadian need to learn more about customers expectations," Marketing News, Vol.26, No. 6, 1992, pp18-19.

[9]   Bitner, Mary Jo, Mary Stanfield Tetreault (1990) "The Service Encounter: Diagnosing Favourable and Unfavourable Incidents , "Journal of Marketing , Vol. 54, pp 71-84

[10] Lovelock, C. H. Patterson P.G. S., Walker,R,.H. (2001), 'Service Marketing: An Asia Pacific Perspective', 2nd Edition, Prentice Hall New Jersey.

[11] Zhu, Zhen, Sivakumar, K. and A. Parasuraman, (2004) "A Mathematical Model of Service Failure and Recovery Strategies," Decision Sciences, Vol 35(3) Summer 2004.

[12] Boshoff, Christo,"(1997), "An Experimental Study of Service Recovery Options," International Journal of Service Industry Management", Vol. 8, 1997, pp. 110-130.

[13] Leal, Puga Rogerio and Pereira, Lopes Zulema. (2003), "Service Recovery at a Financial Institution," Journal of Quality and Reliability Management, Vol. 20 (6), 2003, pp. 646-663.

[14] Johnston, R. (1995),"Service Failure and Recovery: Impact, Attributes and Process," Advances in service Marketing and management: Research and Practice, Vol. 4, 1995, pp. 211-225.

[15] Michel, Stefan (2001) "Analysing service failures and recoveries: A process approach," International journal of service industry management, Vol. 12, No. 1. 2001, pp. 20-33.

[16] Resnik, J.Alan and Hermon, R.. Robert,(1983), "Consumer Complaints and Managerial Responce: A Holistic Approach," The Journal of Marketing, Vol. 47 winter 1983, pp. 86-97.

[17] Jacoby, Jacob and James J. Jaccard (1981), "The Sources, Meaning and Validity of Consumer Complaint Behavior: A Psychological Analysis", Journal of Retailing, Vol.57, No.3,1981, pp.4-24.

[18] Estelami, H (1999), "The Profit Impact of Consumer Complaint Solicitation across Market Condition, Journal of Professional Service Marketing, 20 (1) , 1999,pp.165-195.

[19] Lewis, B. R. and Spyrakopoulos, S. (2001),"Service Failures and Recovery in Retail Banking: The Customers' Perspective, International Journal of Bank Marketing, Vol.19, No 1,2001, pp 37-47.

[20] Tax, Stephen S., Stephen W. Brown & Murali Chandrashekharan (1998), "Customer Evaluations of Service Complaint Experiences: Implications for Relationship Marketing", Journal of Marketing, April 1998, pp.60-76.

[21] Smith, K. Amy,Bolton, M. Ruth and Wagner, Janet, (1999), "A Model of Customer Satisfaction with Service Encounters

involving Failure and Recovery, Journal of Marketing Research, Vol. Xxxvi , Aug 1999, pp. 356-373.

[22] Santos Dos P. Critiane and Fernandes, Heyde Der Von Daniel, (2008),"Antecedents and Consequences of Consumer Trust in the context of Service Recovery", Brazillian Administration Review, Vol. 5, No 3 July/ Sept 2008, pp. 225-244.

[23] Bosholf, C.R (1999), "RECOVSAT: An Instrument to Measure Satisfaction with Transaction specific Service Recovery, Journal of Service Research, Vol. 1,1999, pp 236-249.

[24] Cengiz, Ekrem, Er, Bunyamin and Kurtaran, Ahmet, (2007)," The Effects of Failure Strategies on Consumer Behaviour via Complainants Perceptions of Justice Dimentions in Banks," Bank and Bank systems, Vol. 2, Issue 3,2007, pp. 173-198.

[25] Goodwin, Cathy and Ross, Ivan. (1989), ''Salient dimensions of perceived fairness in resolution of service complaint", Journal & CSD and CB, Vol. 2, 1989, pp. 87-92.

[26] Bootes, Jonathan,(1998), "Towards a Comprehensive Taxonomy and a Model of Consumer Complaining Behaviour" Journal of CSD and CB, Vol.. 11, 1998, pp. 140-151.

[27] Yunus, Yeop Kamal Neil. (2009), ''Justice Oriented Recovery Strategies and Customer Retention in the Retail Banking Industry in Malaysia, "International Review of Business Research Papers" Vol. 5, No.5, September 2009, pp. 212-228.

[28] Blodgett, J.G. Gran bois, D.H. and Walters, R.G. (1993), "The effect of negative word of mouth, behaviour and re-patronage intentions" Journal of Retailing Vol 69, No 4, 1993, pp. 399-428

[29] Anderson, Shanon W., Davis, Ginger, Widener, Sally K. (2005), "Customer Satisfaction during Service Operations Failures in the U.S, Airline industry: Evidence on the Importance of Employee Response", Working paper presented at the Workshop, University of Utah 2005.

[30] Chan Haskin and Wan Lisa C. (2008), "Consumer Responses to Service Failures: A Resource Performance Model of Cultural Influence", Journal of International Marketing 2008 American Marketing Association Vol. 16, No 1 2008, pp.72-97.

[31] Folkes, Valerie S. (1984), "Consumer Reactions to Product Failure: An Attributional Approach," Journal of Consumer Research, Vol.10, 1984, pp. 398-409.

[32] OK, Chihyung, (2004), "The Effectiveness of Service Recover And Its Role In Building Long Term Relationship With Customer In A Restaurant Setting," PhD, Department oh Hotel, Restaurant, Institution Management and Dietics, Kanses State University, Manhattan, Kanses, 2004.

[33] Patrick McCole (2004), "Dealing with Complaints in services," International Journal of Contemporary Hospitality Management, Vol. 16, No. 6, 2004, pp. 345-354.