

THE EFFECTS OF FAILURE RECOVERY STRATEGIES ON CUSTOMER BEHAVIOURS VIA COMPLAINANTS' PERCEPTIONS OF JUSTICE DIMENSIONS IN BANKS

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Abstract

The primary objective of this study is to investigate the effects of service recovery strategies on customer satisfaction. Specifically, it examines the perception of justice in service recovery and how it affects the level of satisfaction and behavioral outcomes. A total of 408 customers chosen with random sampling method, from four major Turkish banks were surveyed, and structural equations models were used to verify the reliability and validity of the scale of perceived value. Our results indicate that service failure recovery strategies in banks affect justice perceptions directly. On the other hand, perceptions of justice influence satisfaction with recovery, overall firm satisfaction, loyalty to the employee, loyalty to the organization.

Key words: Customer perceived value, multi dimensionality, hospital.

JEL Classification: M3, M39.

Introduction

Today's, customer complaints in service sectors are rising sharply. While firms can't annihilate complaints, they can learn to respond to them in effective way. This response named service recovery, is defined as the process by which the firm attempts to correct a service related to failure (Kelley & Davis, 1994). Some investigators suppose that a firm's reaction to failures can either fortify customer relationships (Smith, Bolton & Wagner, 1999) or exacerbate the negative effects of the failure (Kelley, Hoffman & Davis, 1993). Really, some researchers purpose that it is frequently a retailer's response to a failure, rather than the failure itself, that triggers discontent (Hoffman et al., 1995). Recoveries are important because customers perceiving poor recovery endeavors may dissolve the buyer seller relationship and buy elsewhere (Schneider & Bowen, 1999). Such customer turnover can be costly, in particular given that it costs more to win new customers than it does to hold up current ones (Schneider, White & Paul, 1998). One valid strategy for retaining customers comprises recovering fairly from failures.

Customer satisfaction is supreme to the survival of all business. However, service failures are often inevitable because of human and non-human errors. Such failures to fulfill a service unavoidably lead to customer dissatisfaction. The consequences can be terrifying to a service provider. The breakdown in relationship can contribute to a rise in customer complaints, bad word of mouth communications and defections. It has been found that a dissatisfied customer may relate his or her bad experience with the service provider to 10 to 20 other people (Zemke, 1999), thus eroding potential patronage of the service provider. It has therefore been recognized that once a service failure occurs, it becomes crucial that service recovery, defined as the action taken by the service provider to seek out dissatisfaction (Johnston, 1995) and as a response to poor service quality (Gronnroos, 1988), be effectively carried out to reduce the damage in relationship and to pacify the dissatisfied customer. It has also been suggested that effective service recovery had led to higher satisfaction compared to service that had been correctly performed on the first time (McCollough and Bharadwaj, 1992). This phenomenon of service recovery paradox has also been discussed more recently by McCollough et al. (2000), Smith and Bolton (1998) and Tax et al. (1998), Kau et al. (2006, p. 101).

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Three issues are notable. First, though some research has examined the effects of perceived justice in service recovery (Blodgett, Granbois & Walters, 1993), the relative effects of the dimensions of justice on two important and distinct aspects of satisfaction have not been addressed. Given the importance of relationship marketing in ongoing service industries, such analyses are needed to determine if satisfaction gains realized by offering justice in service recovery affect overall firm satisfaction as well. Second, research is needed that examines the mediating effects of satisfaction with recovery and overall firm satisfaction on the relationships between perceived justice and different types of customer intent (loyalty). Given the distinction between purchase intent research is also needed that examines the relative effects of the satisfaction constructs on these intent constructs. Third, service recovery assumes that both a failure and a recovery effort have occurred. Ideally, then, researchers need to gauge customer perceptions when the failure and recovery are most salient in their memories. The existing literature is mostly comprised of laboratory (Goodwin & Ross, 1992) or field experiments (Smith et al., 1999) based on hypothetical scenarios. Other studies report cross sectional studies in which respondents were asked to "think back" to some past failure (Tax et al., 1998). Though these studies have contributed to our understanding of service recovery, it seems evident that field studies are needed that capture customer perceptions as they form over time (Maxham and Netemeyer, 2002, pp. 239-240).

The primary objective of this study is to determine the effects of organizational recovery strategy on customer loyalty via complainants' perception of justice dimension within a structural model in the bank service sector in Turkey. Specifically, firstly the study would examine the organizational recovery strategy (compensation, apology, promptness, empathy, effort, facilitation, reparation) effect on perception of justice (distributive justice, interactional justice, procedural justice) and how it affects the level of satisfaction (satisfaction with recovery and overall firm satisfaction). Second, it aims to determine the impact of satisfaction on behavioral outcomes (loyalty to employee and loyalty to firm) of the affected consumers.

This paper is arranged as follows. The next section provides a presentation of theoretical development. The methodology used is then described, followed by the study's results. Discussion of findings and strategic implications for the bank service sector are then provided. Limitations conclude the paper.

Theoretical Background

Service Failure

Service failures are unavoidable and appear in both the process and the consequence of service delivery. They comprise conditions when the service fails to live up to the customer's expectations (Michel, 2001). Service failures have been classified by Bitner et al. (1990) as to employee behaviours when failures happen, relating to: the core service; requests for customised service; and unexpected employee actions. A next study (Bitner et al. 1994) included a typology of problematic customers, and Kelley et al. (1993) and Hoffman et al. (1995) added product and policy failures. Further, Johnston (1994) classified sources of failure as ascribable to the firms or the customers; and Armistead et al. (1995) proposed three types of failure service provider error, customer error, or associated organisational error. There are varied results of service failures, namely: dissatisfaction (Kelley et al., 1993); a decline in customer confidence (Boshoff and Leong, 1998); negative word of mouth behaviour (Bailey, 1994); customer defection (Miller et al., 2000); loss of revenue and increased costs (Armistead et al., 1995); and a decrease in employee morale and performance (Bitner et al., 1994).

Service Recovery

A failed service encounter is an exchange where a customer picks up a loss because of a failure on the part of the firm. A sensible firm attempts to supply a profit via some recovery effort to offset the customer's loss. This view is coherent with social exchange and equity theories (Adams, 1965). Service recovery means to the actions a firm gets in reply to a service failure (Gronroos, 1988).

Service recovery strategies comprise actions taken by a firm and its employees to turnabout the customer to a position of satisfaction (Sparks & McColl-Kennedy, 2001). These strategies may cover acceptance of the failure, prompt correction of the problem, supplying a statement for the service failure, apologising, empowering staff to resolve issues on the spot, making offers of atonement and being polite and respectful during the recovery process (Hoffman & Kelly, 2000). Clemmer and Schneider (1996) stated that it is considerable to focalize on the process and relational aspects of service recovery as well as the outcomes. Therefore, both what is done and how it is done affect customer perceptions of justice (Levesque & McDougall, 2000). And in the marketplace, the customer is both judge and jury when it comes to perceptions of justice.

Successful service recovery has important profits, namely upgrades customers' perceptions of the quality of the service and the firm; results in positive word of mouth communication; enhances customers' satisfaction; and builds customer relationships, loyalty and impact on profits (Michel, 2001). Anyhow, the extent of achievement may depend on: the type of service (Mattila, 2001); the type of failure (McDougall and Levesque, 1999); and the speed of response (Boshoff, 1997). Service recovery can also be poor or ineffective with the consequence that the customer is let down for a second time: this may lead to loss of confidence in the firm and possible withdrawal, along with the spread of negative word of mouth communication.

Justice Theory

The theoretical perspectives of service recovery, involving both processes and outcomes, have concentrated on equity theory (Clemmer, 1993; Smith et al., 1999). Equity theory relates to individuals' perceptions of the concerns of a condition or decision (Adams, 1965). People check against the ratio of their outputs to inputs to the ratio of the other party. If the difference is in the individual's favour, the result may be a feeling of guilt or regret. If the difference is to the individual's loss, the result may be a feeling of frustration or rage. The theory presages that in both cases the individual will behave to bring forth a state of equilibrium.

Justice theory is concerted from social exchange and equity theories. Justice is generally aforesaid as an evaluative judgment about the appropriateness of a person's behaviour by others (Furby, 1986). Justice is a farrago thought articulated on three dimensions by social justice theorists, distributive, procedural and interactional. In a consumer complaint context, distributive justice means to resource delivery and the result of exchange (Deutsch, 1975), for example; refund, rebate. The procedural justice involves the procedures used to reach the outcomes of an exchange (Lind and Tyler, 1988), for instance, refund policies, number of organizational levels involved in the process, time to get the refund. The interactional justice mirrors the communication process (Bies and Moag, 1986), for example, courtesy, politeness, adequacy of language level. Somehow, Blodgett et al. (1997) said that, restricted struggle has been expended in developing a theoretical understanding of how different facets of justice influence consumers' post complaint treats. The services firms will exert their efforts to recover customers and train their employees. It depends on the answer to this question. Only three articles have so far focused on this key question. They show the differential effects of the dimensions of justice on behavioral intent and on attitudes. The consequences are far from convergent. Blodgett et al. (1997) assert that interactional and distributive justice clarified significantly more variance than procedural justice on subjects' repatronage intentions or on their negative word of mouth intentions. Moreover, Smith et al. (1999) explained that customers appoint a higher fairness value to both distributive and procedural justice when they experience outcome failures. On the contrary, when they experience process failures, the marginal return on interactive justice is higher. As for the study by McCollough et al. (2000), they did not take into account the procedural justice, which makes the comparison difficult. They found that interactional and distributive justices were equally important in terms of service recovery (Chebat and Slusarczyk, 2005, p. 665).

Distributive Justice

Homans' (1961) theory of distributive justice separated the category of reactive content theories. Greenberg (1996) points out that distributive justice theory explains that people will respond to

unfair relationships by showing negative emotions, and that they will be motivated to redress the experienced inequity. According to Blodgett et al. (1993), distributive justice focuses on the perceived fairness of the outcome, or redress, of the service recovery effort. In the case of a service failure, customers would hope the service provider to retrieve them for any concrete loss they hurt as a consequence of that service failure. Bell and Ridge (1992) assert that customers may look diverse levels of atonement bound up with on how strongly the service failure affects them. An annoyed customer would expect a fair fix for the problem, while a consumer who feels victimized as a result of the service failure may expect some value added atonement. Sparks and McColl-Kennedy (2003) submit that respondents were satisfied when a 50 percent refund was given to compensate for the service failure (Hocutt et al., 2006, p. 200).

When the firm gives a token concrete item to make up for the service failure, customers may feel obliged to convert their level of satisfaction. Reciprocity may be a refer to state this phenomenon. This, in turn, may have important managerial implications. Managers may not need to give away the store to gain a reasonable level of customer satisfaction (Resnik and Harmon, 1983). Overall, in a service recovery attempt, tangible compensation will lead to higher perceptions of distributive justice, which in turn will result in higher consumer satisfaction and lower negative word of mouth intentions (Hocutt et al., 2006, p. 200).

Distributive justice is related to basely with the certain outcome of the recovery effort, for example what did the service provider do to compromise the offended customer and whether the consequent outcomes more than offset the costs incurred by the customer (Greenberg, 1990). Some often quoted distributive outcomes include compensation in the form of discounts, coupons, refund, free gift, replacement, apologies and so on (Blodgett et al., 1997; Hoffman and Kelley, 2000). The assessment of whether the compensation is fair may be also influenced by the customer's prior experience with the firm, knowledge about how other customers behaved in similar conditions and sensation of the size of his or her own loss (Tax et al., 1998). Blodgett et al. (1997) assert that in a retail setting, distributive justice had a significant effect on customers' repatronage and negative word of mouth intentions (Kau et al., 2006, p. 102).

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. An exchange is decided as fair when this equity score is proportional to the scores of referent others, for example, other customers (Deutsch, 1985; Greenberg, 1996). Distributive justice as the extent to which customers sense they have been behaved fairly with respect to the final recovery result. These distributive justice results may exemplified refunds, discounts, and other forms of atonement offered to customers following a failure. Distributive justice influences two types of satisfaction: satisfaction with recovery and overall firm satisfaction. Satisfaction with recovery as customer satisfaction with a particular transaction covering a failure and recovery (Smith & Bolton, 1998). Overall firm satisfaction means to a customer's cumulative satisfaction with all prior exchanges as well as the satisfaction admitted from the most recent exchange. Therefore, overall firm satisfaction is an additive combination of all transaction satisfaction perceptions (Oliver, 1996). Distributive justice is a predictor of satisfaction with certain service recovery transactions. Smith et al. (1999) assert that distributive justice affects service recovery encounter satisfaction for both hotel and restaurant patrons, and Goodwin and Ross (1992) and Tax et al. (1998) proposed that distributive justice affects satisfaction with complaint handling. Like this, although the effect of distributive justice on overall firm satisfaction in service failure and recovery has not been examined, some suggest that such an effect is likely (Maxham and Netemeyer, 2002, p. 240).

H1. Distributive justice will be positively related to satisfaction with recovery.

H2. Distributive justice will be positively related to overall firm satisfaction.

Interactional Justice

According to Tax et al. (1998), interactional justice focuses on the fairness of the interpersonal treatment people take during the bring to life of procedures. They further defined five elements of

interactional justice: explanation/ causal account, honesty, politeness, effort and empathy. In a service recovery situation, interactional justice would mean to the manner in which the recovery process is operationalized and recovery outcomes presented. This distinction is important as Bies and Shapiro (1987) assert that people might view the procedure and outcome to be fair and yet felt being unfairly treated as a consequence of interactional factors. Other research has indicated that the manners in which managers and employees communicate with customers (Clemmer, 1988; Goodwin and Ross, 1992) and efforts taken to undo conflicts (Mohr and Bitner, 1995) affected customer satisfaction. For example, when employees apologized for their failures, customers frequently ended up feeling more satisfied. Heskett et al. (1997) also confirmed that display of empathy, being polite and willingness to listen to customers were critical elements in service encounters. Blodgett et al. (1997) also discovered that interactional justice had the strongest effect on subjects' repatronage and negative word of mouth intentions in their experimental study (Kau et al., 2006, p. 102).

We define interactional justice as the extent to which customers feel they have been treated fairly regarding their personal interaction with service agents throughout the recovery process. This conceptualization includes elements of courtesy, honesty, interest in fairness, and effort perceived by the complainant, and it is consistent with the extant service recovery literature (Smith et al., 1999; Tax et al., 1998). Evaluations of service recovery are heavily influenced by the interaction between customers and service representatives. Smith et al. (1999) found effects of interactional justice on satisfaction with the service recovery encounter, and Tax et al. (1998) report a strong effect of interactional justice on satisfaction with complaint handling. Though the relationship between overall firm satisfaction and interactional justice has not been tested empirically, Spreng, Harell and Mackoy (1995), in a study of customer damage claims for a moving service, found that satisfaction with personnel was the most important determinant of overall firm satisfaction. Similarly, in a qualitative study, Bitner, Booms and Tetreault (1990) report that overall firm satisfaction improves when employees treat customers fairly. It follows that employees can help restore postfailure customer evaluations by treating customers fairly, and these effects seem likely for satisfaction with the recovery and overall firm satisfaction (Maxham and Netemeyer, 2002, p. 241).

H3. Interactional justice will be positively related to satisfaction with recovery.

H4. Interactional justice will be positively related to overall firm satisfaction.

Procedural Justice

Thibaut and Walker's (1975) procedural justice theory splits up the category of reactive process theories. Procedural justice theory investigates the effect of the process of decision making on the quality of exchange relationships. According to Thibaut and Walker (1978) procedural justice examined the ability to control the selection and development of evidence and the ability to specify the outcome of the dispute itself. Goodwin and Ross (1992) defined two levels of voice: under the low voice condition the subject was denied as an opportunity to present a statement of his/her problem; in the high voice situation there was an chance for the subject to show emotions and opinions. However, respondents in their study came into sight to confuse the low/high voice deceit with another manipulation of the low/high interactional justice. Regardless of gender, consumers who have an chance to express their problem and are provided with atonement have more positive attitudes towards the firms. Another extent of perceived fairness namely, providing timely feedback about decisions, may be more feasible in a service recovery situation. Conceptualizing procedural justice as the provision of timely feedback has been utilized in the management literature (Tyler, 1994). Just procedures let people sense that their interests are being protected (Lind and Tyler, 1988). So, a timely reply on the part of front line employees who are empowered to manage a service failure condition would serve as an indication of the service provider's thinking of the consumer's wants. Procedural justice means to the perceived fairness of policies and procedures including the recovery effort, and there is an anecdotal proof committing that procedural justice influences service recovery results (Hocutt et al., 2006, pp. 200-201). For instance, a firm can supply the customer with a full refund in response to a service failure, but if the customer had to wait

an hour to get the refund because the firm's policy requires frontline employees to clear all reparation proposes with a department manager, the customer may not assume the process as fair. Because, process is an integral part of the product or service offering, firms can increase satisfaction with the recovery by engaging in activities that enhance customer perceptions of procedural justice (Seiders & Berry, 1998). This concept has some support as Smith et al. (1999) point out a significant effect of procedural justice on service encounter satisfaction, and Tax et al. (1998) affirm a positive effect of procedural justice on satisfaction with complaint handling. It seems rational that procedural justice can also influence overall firm satisfaction in a failure and recovery context. Both organizational psychologists (Greenberg, 1996) and market researchers (Seiders & Berry, 1998) propose that procedural justice is important in exchanges involving conflict resolution because it adds the probability of sustaining a long-term overall satisfaction between parties. Low levels of procedural justice during failures and recoveries can negatively influence overall firm satisfaction (Tax and Brown, 1998). In sum, procedural justice should affect both satisfaction with recovery and overall firm satisfaction (Maxham and Netemeyer, 2002, p. 241).

H5. Procedural justice will be positively related to satisfaction with recovery.

H6. Procedural justice will be positively related to overall firm satisfaction.

Organizational Recovery Strategy

Behaviors that firms take, in response to failures, include a combination of psychological recoveries and concrete efforts, and have been researched by a number of researchers. The critical incident technique, which lets respondents highlight any service problem they have confronted in order to determine and assess service recovery strategies, has been used by Bitner et al. (1990), Kelley et al. (1993), Johnston (1994), Hoffman et al. (1995), Tax et al. (1998), Miller et al. (2000) and Lewis and Spyropoulos (2001). The strategies these researchers identified may be classified as: compensation, apology, promptness, empathy, effort, facilitation, reparation (Lewis and McCann, 2004, p. 8).

Compensation

After break down, consumers hope to be offered some value added atonement. The amount expected varies bound up with contingencies such as: the degree of customer loyalty and cohesion to the enterprise; pretransaction service expectations; the availability of alternative services; and the perceived cost benefit ratio of the service (Kelly & Davis, 1994). Research has indicated that compensative recovery techniques may effectively preclude subsequent liability lawsuits (Dinell, 1994). However, Hart et al. (1990) propose that many firms fear that overempowerment in the domain of compensatory service recovery may persuade providers to give away the store (Carson et al., 1998, p. 135). According to Tax et al. (1998), compensation was the most important dimension associated with complainants' perceptions of distributive justice. Smith et al. (1999) point out that higher levels of compensation increased customers' perceptions of distributive justice. Bowen et al. (1999) report that compensation is the dominant dimension in distributive justice (Karatepe, 1998, p. 73).

H7. Compensation is positively related to complainants' perceptions of distributive justice.

Apology

Presenting an apology is one of the most cost effective service recovery techniques. However, in instances where a customer complains, only 48% of firms are forthcoming with an apology. This seems paradoxical given its potential value and marginal expense. However, some legal experts awaken that an apology may be equated with an acceptance of guilt, which may ultimately bring fourth a legal liability (Schweikhart et al., 1993). Also remarkable is that an apology is often insufficient to make compensation (Hart et al., 1990), and is most effective when conveyed by other service recovery strategies (Carson et al., 1998, p. 136).

Complainants hope the firm to behave them with politeness and respect and give an apology. Supplying a sincere apology can indicate an understanding of the dissatisfaction felt by the complain-

ant, without admitting the guilt (Davidow, 2003). An apology is connected to the interpersonal treatment the complainant receives during service recovery and is considered an important dimension of complainants' perceptions of interactional justice (Karatepe, 2006, p. 74).

H8. Apology is positively related to complainants' perceptions of interactional justice.

Promptness

Promptness has received experimental care in both the service quality literature and the complaint literature. Research showed that providing fast response was a key to successful resolution of customer complaints (Johnston, 2001). The amount of time taken to deal with the complaint is related to complainants' perceptions of procedural justice. Specifically, promptness has been determined or found to be an important dimension of procedural justice (Davidow, 2003; Blodgett et al., 1997). Sustaining this, promptness is counted to be one of the principles of procedural fairness in complaint handling process (Karatepe, 2006, p. 73).

H9. Promptness is positively related to complainants' perceptions of procedural justice.

Empathy

Empathy is evinced when consumers are behaved in a manner that demonstrates the organization understands the inconvenience caused by the service breakdown. Zemke (1991) presupposes that, unlike the compensation and reparation recovery strategies, empathy treats more with process than with outcomes. While consumers don't necessarily expect perfection, they do want recognition that a snafu is boring and annoying. While some service providers inclined to be naturally empathetic, others may need to practice sincerity (Rondeau, 1994; Carson et al., 1998, p. 136).

H10. Empathy is positively related to complainants' perceptions of interactional justice.

Effort

Brown and Peterson (1994) point out that effort refers to the force, energy, or activity by which work is accomplished. For this reason, effort can be conceptualized as the amount of positive energy spent by frontline employees for recovering service failures. Putting much effort by frontline employees into their work increases performance (Brown and Peterson, 1994) and provides superior quality as perceived by customers (Yoon et al., 2001). To get fair interpersonal treatment, customers hope frontline employees to put a great deal of struggle to resolve their complaints (Tax et al., 1998; Karatepe, 2006, p. 75).

H11. Effort is positively related to complainants' perceptions of interactional justice.

Facilitation

According to Davidow (2000), facilitation means the policies, procedures, and tools that a firm has in place to endorse customer complaints. Facilitation makes possible dissatisfied customers to report their complaints to the firms. It should be said that facilitation does not necessarily guarantee an effective complaint handling which causes to the satisfaction of the complainant. Johnston and Mehra (2002) purpose that so as to make unhappy customers register their complaints, a single point of contact is needed. Beside this, customers can be encouraged to report their complaints (Callan and Moore, 1998). Organizations intent to simplify customers to put forward their complaints should provide that customers fully understand the voluntariness of the organization to get over complaints through the use of clear guidelines. Procedural justice is related to the perceived fairness of the firms' policies and procedures that guide employees in the service encounter (Smith et al., 1999; Karatepe, 2006, p. 73).

H12. Facilitation is positively related to complainants' perceptions of procedural justice.

Reparation

Reparation requires the provision of the service that was initially expected by the consumer. Aggrieved customers want to be offered a fair and expedient fix for their problem, which may take the form of correction, replacement, or repeating the service delivery transaction. Research con-

ducted by Technical Assistance Research Programs, Inc. (TARP) suggests that customers whose complaints are satisfied expediently are more likely to continue patronizing the accused organization than are customers who have no complaints at all. TARP also found that effective reparation enhances consumer perceptions of an organization's competence as well as the reputation of other goods and services offered by the enterprise (Carson et al., 1998).

H13. Reparation is positively related to complainants' perceptions of distributive justice.

Customer satisfaction

Customer satisfaction is generally conceptualized as a behavioural judgment about purchase (Yi, 1990). It can belong to an individual transaction or to a series of purchases over time (Fournier & Mick, 1999), although much of past research on customer satisfaction has taken the transaction specific perspective (Anderson & Fornell, 1994). So, while service quality is an overall construct of perceptions about a firm's service provision, satisfaction is based on an individual service encounter (Boulding, Kalra, Staelin, & Zeithaml, 1993). As pointed out by Voss, Roth, Rosenzweig, Blackmon, and Chase (2004), service quality is a distinct construct from customer satisfaction. Similarly, service encounter quality and customer satisfaction are also different. The former pertains to cognitive judgments on the service provider's behavior during purchase (Winsted, 2000). On the other hand, customer satisfaction is an emotive post consumption evaluation of the service performance (Caruana, 2002; Jayawardhena et al., 2007, p. 577).

Marketers have often underlined the need to supply customer satisfaction to achieve loyalty (Szymanski & Henard, 2001). Customer satisfaction is often seen as derived from individual transactions (Host & Knie-Andersen, 2004), where the employee is the frame of reference. Further, business customers' relationships with the employee who serves them can be stronger than the relationship with the organization (Bendapudi & Leone, 2002). As a result, customer satisfaction is likely to be directly linked to loyalty to an individual service provider, rather than to the organization as a whole. Actually, as explained by McAlexander, Kim, and Roberts (2003), the way in which loyalty develops is more dynamic and complex than commonly modeled, and may include important personal and social aspects. Fullerton (2003) further discusses the emotional attachment which customers can develop towards their partner in a consumption relationship. He equates affective commitment to friendship, rapport, and trust towards the service provider, given the importance of personal contacts in organizations (Bendapudi & Leone, 2002; Jayawardhena et al., 2007, p. 579).

H14. Satisfaction with recovery will be positively related to loyalty to the employee.

H15. Satisfaction with recovery will be positively related to loyalty to the organization.

H16. Overall firm satisfaction will be positively related to loyalty to the employee.

H17. Overall firm satisfaction will be positively related to loyalty to the organization.

H18. Satisfaction with recovery will be positively related to Overall firm satisfaction

Loyalty

Loyalty has been described as repeat purchase behavior impinged by properly attitudes or as a consistent purchase behavior arising from the psychological decision-making and evaluative process (Jacoby and Kyrner, 1973). Customer loyalty is formed by a belief (service quality), affect (satisfaction), and cognitive (customer loyalty) process (Jacoby and Chestnut, 1978). Customer loyalty should be realized through customer satisfaction, ground on the perceived performance of the service product; therefore service quality and customer satisfaction are two prerequisites of loyalty (Cronin and Taylor, 1992; Mittal and Lassar, 1998; Shoemaker and Lewis, 1999). Past research on loyalty has emphasised its positive effects on customer satisfaction (Colgate and Lang, 2001; Ganesh et al., 2000; Jamal and Naser, 2002). Perceived service quality has also been found to have a positive association with customer loyalty (Ruyter et al., 1997, Zeithaml et al., 1996), and has even been said to be a key determinant of service loyalty (Lee and Cunningham, 2001).

Engel and Blackwell (1982) proposed that loyalty is the privileged attitudinal and behavioral response towards one or more brands in a product category expressed over a period of time by a customer. What is clear from this brief review of early research on customer loyalty is the pronounced focus on products and brands, rather than services. While more recent work has started to send this imbalance (Bloemer, de Ruyter, & Peeters, 1998), loyalty to service organizations remains under-explored (Caruana, 2002).

McAlexander et al. (2003) assert that the development of customer loyalty can also be an evolutionary process driven by experience. Morgan and Hunt (1994) point out that transactional variables such as quality and trust lead to customer loyalty. As a consequence of this, Fullerton (2003) recommended that voice to the individual service provider may be an important driver of organizational loyalty in services industries.

H19. Loyalty to the employee will be positively related to loyalty to the organization.

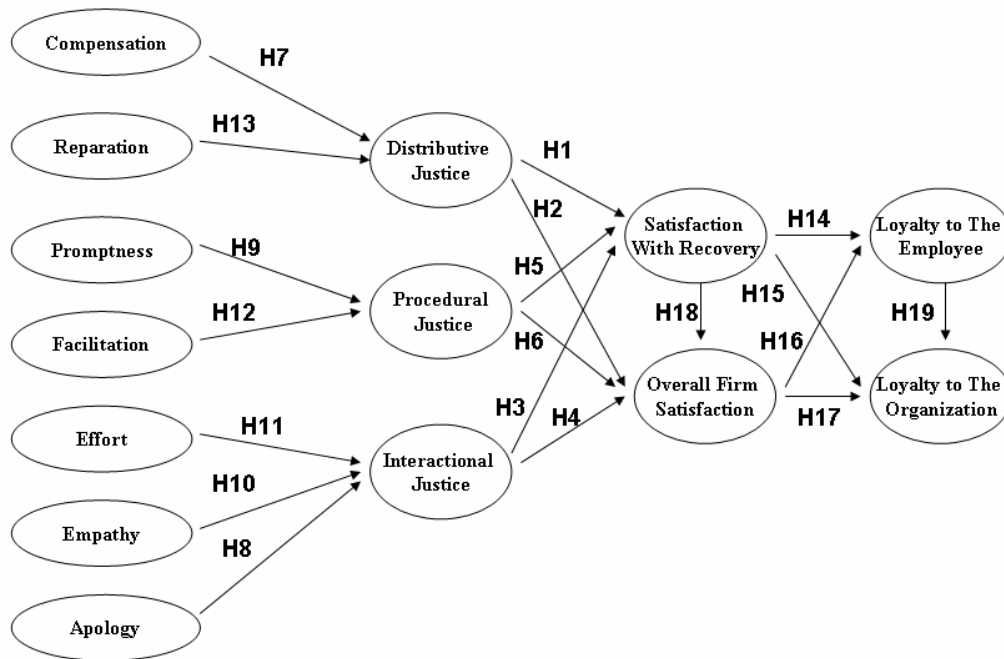


Fig. 1. Research Model (Adapted from Karatepe, 2006)

Research Methodology

Data collection, Sample and Procedure

Whereas most service recovery studies related to justice were laboratory investigations, ours is a field study. The respondents were actual consumers of a major Turkish banks (four banks) and had previously complained for problems that occurred within one year. The banks' records were used to determine customers who complained. Retail banking was chosen as sector of this study. Banks are among the most vulnerable to service failure (Mori, 1994). This sector is ranked the third in terms of frequency of complaints (right after the restaurants and car repairs and ahead of dental/medical services, airlines and hotels, as reported by Tax et al. (1998)). Respondents were selected with random sample technic in banks' record. Data were collected through a phone survey using a computer-assisted telephone interviewing system (Chebat and Slusarczyk, 2005, p. 667).

A total of 549 respondents were approached, 129 of these refused to participate, resulting in an effective response rate of 77%. Of the remaining 420, 12 questionnaires were removed because they were

incomplete and missing important data. After elimination, 408 questionnaires were coded for data analysis. The sample size was determined by general guidelines for structural equation modeling (SEM). Tabachnick and Fidell (1996) caution that correlation coefficients are less reliable when estimated from small samples. Comrey and Lee (1992) suggest that samples with less than 200 observations tend to lead to unreliable parameter estimates. Yet, Tabachnick and Fidel (1996), and Kline (1998) argue that it may be more helpful if the sample size is thought of in terms of number of subjects per free parameter. Ten subjects per estimated free parameter should be adequate, if the measured variables are normally distributed. Finally, MacCallum, Widaman, Zhang, and Hong (1999) argue that the necessary sample size varies not only based on the complexity of the model but also on the value of communalities in factor analysis. Their analysis showed that higher communalities decreased the role of sample size in estimating population parameters. Preliminary analysis of the items and the factors tested in the current study showed that their communalities were quite high (around 0.8) to accommodate a moderate sample size suggested by MacCallum et al. (1999), Duman and Mattila (2005, p. 315). Therefore, a sample size of 408 was deemed sufficient for a robust analysis of the proposed model.

The questionnaires were carried out between April 01, 2007 and April 15, 2007. A structured questionnaire was used, with closed questions and 7-point Likert type response scale. Respondents were asked to rate how much they agreed with each item on the scale. The initial questionnaire was pre-tested with a convenience sample of 20 customers to further refine the list of items and as a result of this refinement, questionnaire has been changed (Appendix A).

The proposed hypotheses were then tested via structural equation modelling using AMOS 5.0, the method used was the maximum likelihood estimation procedure on the variance-covariance matrix with the raw data as input. It is known that when assessing SEM fit, two possibilities emerge: the evaluation of both the measurement and the structural model can be done either simultaneously or sequentially (Diamantopoulos, 1994). We decided to follow the sequential approach recommended by Anderson and Gerbing (1982) because a two-step methodology is more consistent with the dual purpose of this paper.

Measures

Procedural justice was measured with four items adapted from Folger and Konovsky's (1989) scale. A four-item scale measuring interactional justice was also constructed for this research. Two interactional justice items were adapted from Folger and Konovsky's (1989) research and two items were culled from prior service recovery literature that used a perceived justice framework (Blodgett et al., 1997). The interactional justice items reflected the degree to which firm service agents put forth effort on the complainant's behalf and treated them with respect, courtesy, fairness, and honesty throughout the recovery process. Distributive justice was measured with four items that accounted for customer inputs and outcomes. All justice items were measured on seven-point "strongly disagree – strongly agree" scales. Satisfaction with recovery and overall firm satisfaction were measured using three-item scales adapted from prior research (Bitner, 1990) and anchored by either "strongly disagree" to "strongly agree" or "not at all satisfied" to "very satisfied". Compensation, effort, facilitation, promptness, apology, empathy, reparation were measured using three (3) items each from Davidow (2000).

Result

Measurement Model

The proposed research model in this study is composed of fourteen constructs with interrelated dependence relationships or causal paths among themselves, requiring a structural equation model (SEM) analysis (Bollen, 1989; Hair et al., 1998) which can estimate multiple causal relations simultaneously. SEM analysis usually requires that the constructs should first be assessed and measured rigorously by confirmatory factor analysis (CFA) (Fornell and Larcker, 1981; Hair et al., 1998; Segars and Grover, 1993). In order to generate statistically reliable estimates on causal paths

among constructs, the minimum sample size for reliable SEM analysis ranges from 100 (Bollen, 1989) or 150 (Anderson and Gerbing, 1982) to 200 or more (Boomsma, 1982; Kang et al., 2004, p. 549). Given that the research model is relatively simple with fourteen constructs, the sample size of 408 collected in this study is considered adequate. Seven common model-fit measures were used to assess the model's overall goodness of fit: the ratio $\chi^2/(d.f.)=2.154$, adjusted goodness-of-fit index (AGFI)=0.97, normalized fit index (NFI)=0.98, nonnormalized fit index (NNFI)=0.96 comparative fit index (CFI)=0.97, relative fit index (RFI)=0.97 and root mean square error of approximation (RMSEA)=0.073. All the model-fit indices exceeded the respective common acceptance levels suggested by previous research, demonstrating that the measurement model exhibited a good fit with the data collected. Therefore, we proceeded to evaluate the properties of the measurement model in terms of reliability, convergent validity.

Table 1 shows the results of CFA from undertaking by AMOS 5.0. As shown in Table 1, convergent validity of CFA results should be supported by item reliability, construct (composite) reliability and average variance extracted (Chau, 1996; Hair et al., 1998). Item reliability denotes the amount of variance in an item due to the underlying construct, t-values for all the standardized factor loadings of items were found significant ($p<0.05$), assuring item reliability. Hair et al. (1998) proposed construct reliability estimates as being greater than 0.70. In this study construct reliability estimates range from 0.723 to 0.931, which is satisfactory. The average variance extracted, which should be above 0.50, measures the amount of variance explained by the construct (Chau, 1996; Hair et al., 1998). Table 1 shows that the average variance extracted is between 0.656 and 0.891. These results indicate that the measurement items have high reliability and validity.

Table 1

Measurement Model Results

Constructs	Items	(MLE)	t	Construct Reliability	Average Var. Extracted
Procedural Justice	P1	.845	8.54	.812	.689
	P2	.836	6.49		
	P3	.888	18.35		
	P4	.818	12.45		
Interactional Justice	I1	.803	15.54	.826	.713
	I2	.843	17.44		
	I3	.798	11.57		
	I4	.901	7.42		
Distributive Justice	D1	.817	15.35	.863	.732
	D2	.843	14.65		
	D3	.876	4.65		
	D4	.889	7.76		
Overall Firm Satisfaction	O1	.851	34.37	.822	.725
	O2	.946	13.76		
	O3	.721	9.34		
Satisfaction with Recovery	S1	.896	32.66	.859	.803
	S2	.819	25.76		
	S3	.935	12.43		
Firm loyalty	L1	.943	31.54	.904	.876
	L2	.917	17.65		
	L3	.857	14.67		
	L4	.906	16.17		

Table 1 (continuous)

Constructs	Items	(MLE)	t	Construct Reliability	Average Var. Extracted
Individual loyalty	IN1	.713	13.58	.799	.656
	IN2	.751	27.52		
	IN3	.833	18.66		
Compensation	C1	.777	22.84	.817	.746
	C2	.798	14.54		
	C3	.834	16.81		
Effort	E1	.965	19.33	.931	.891
	E2	.921	14.31		
	E3	.934	17.77		
Facilitation	F1	.744	31.21	.723	.702
	F2	.723	34.87		
	F3	.745	21.99		
Promptness	PR1	.767	23.17	.754	.718
	PR2	.890	33.61		
	PR3	.782	19.88		
Apology	A1	.885	23.15	.876	.778
	A2	.856	37.74		
	A3	.977	17.23		
Empathy	EM1	.713	42.47	.779	.723
	EM2	.816	37.62		
	EM3	.759	24..91		
Reparation	R1	.887	12.56	.839	.788
	R2	.815	15.43		
	R3	.821	19.13		

Structural model

A similar set of fit indices was used to examine the structural model. Comparison of all fit indices, with their corresponding recommended values, provided evidence of a good model fit ($\chi^2/d.f. = 3.265$, AGFI = 0.91, NFI = 0.94, NNFI = 0.91, CFI = 0.95, RFI = 0.96, RMSEA = 0.064). Thus, we could proceed to examine the path coefficients of the structural model. Table 2 and Figure 2 show the parameter estimates of the structural equations.

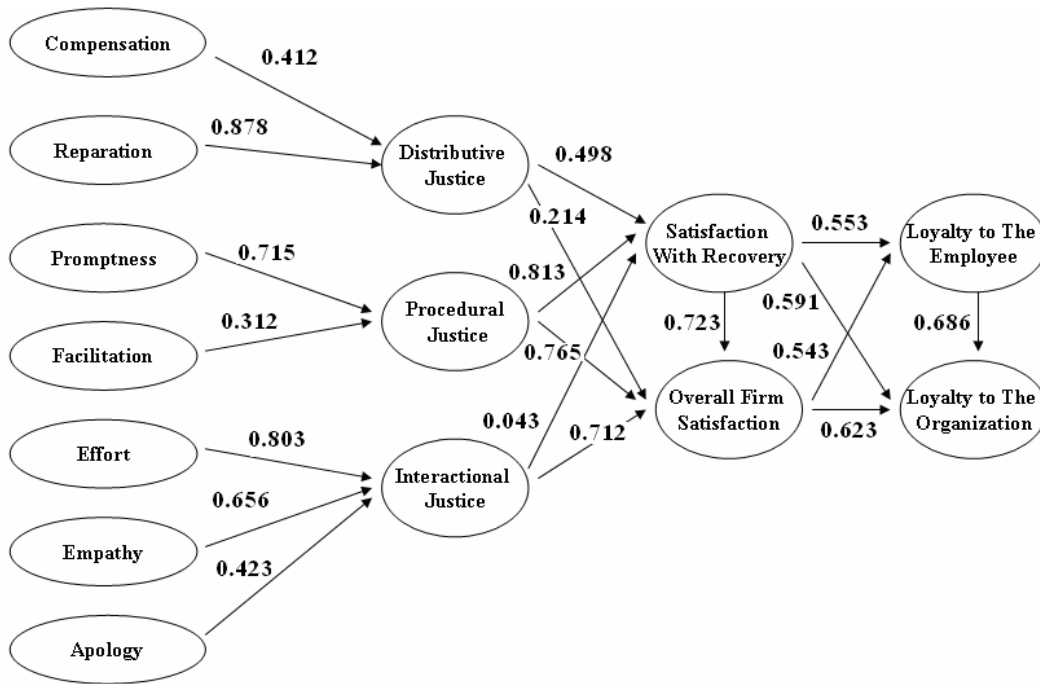


Fig. 2. Hypotheses Testing Results

Table 2

The Structural Equation Model Result

From	To	Estimated Value	t-Value
1. Distributive justice	→ satisfaction with recovery	0.498	13.21
2. Distributive justice	→ overall firm satisfaction	0.214	8.43
3. Interactional justice	→ satisfaction with recovery	0.043	0.12
4. Interactional justice	→ overall firm satisfaction	0.712	23.65
5. Procedural justice	→ satisfaction with recovery	0.813	31.78
6. Procedural justice	→ overall firm satisfaction	0.765	25.14
7. Compensation	→ distributive justice	0.412	12.98
8. Apology	→ interactional justice	0.423	11.16
9. Promptness	→ procedural justice	0.715	27.71
10. Empathy	→ interactional justice	0.656	23.54
11. Effort	→ interactional justice	0.803	35.76
12. Facilitation	→ procedural justice	0.312	6.47
13. Reparation	→ distributive justice	0.878	42.77
14. Satisfaction with recovery	→ loyalty to the employee	0.553	38.76
15. Satisfaction with recovery	→ loyalty to the organization	0.591	15.21
16. Overall firm satisfaction	→ loyalty to the employee	0.543	13.45
17. Overall firm satisfaction	→ loyalty to the organization	0.623	25.87
18. Satisfaction with recovery	→ overall firm satisfaction	0.723	29.96
19. Loyalty to the employee	→ loyalty to the organization	0.686	18.37

Conclusion

All the path coefficients are significant except 3rd path with respective t-values greater than 1.96. Distributive justice was found to display a direct positive effect on satisfaction with recovery ($\beta=0.498$, $p<0.05$) and overall firm satisfaction ($\beta=0.214$, $p<0.05$). Interactional justice has a positive direct effect on overall firm satisfaction ($\beta=0.712$, $p<0.05$), but no direct effect on satisfaction with recovery ($\beta=0.043$, $p>0.05$). Procedural justice was found to display a direct positive effect on satisfaction with recovery ($\beta=0.813$, $p<0.05$) and overall firm satisfaction ($\beta=0.765$, $p<0.05$). Satisfaction with recovery has direct positive effect on loyalty to the employee ($\beta=0.553$, $p<0.05$) and has a direct effect on loyalty to the organization ($\beta=0.591$, $p<0.05$). Overall firm satisfaction affects loyalty to the employee ($\beta=0.543$, $p<0.05$) and loyalty to the organization ($\beta=0.623$, $p<0.05$) directly. Satisfaction with recovery affects overall firm satisfaction ($\beta=0.723$, $p<0.05$) and loyalty to the employee influences loyalty to the organization ($\beta=0.686$, $p<0.05$). Compensation and reparation exert positive effects on distributive justice ($\gamma=0.412$, $p<0.05$) ($\gamma=0.878$, $p<0.05$). Apology ($\gamma=0.423$, $p<0.05$), effort ($\gamma=0.803$, $p<0.05$) and empathy ($\gamma=0.656$, $p<0.05$) influence interactional justice positively and directly. Facilitation ($\gamma=0.312$, $p<0.05$) and promptness ($\gamma=0.715$, $p<0.05$) have direct and positive effect on procedural justice. So all of the hypotheses are accepted except the 3rd hypothesis.

Discussion of Managerial Implications

Failures in the delivery of services are inevitable and will happen to almost all service organizations. What companies do with regard to seeking out dissatisfied customers or efforts they undertake to turn around an unhappy customer situation are important to future revenue. The findings from the present study illustrate the importance of a professional recovery process and an ability to create a perception of fairness in the outcome of the complaint. The perception of fairness in the outcome of the complaint is more important than the disconfirmation of expectations of service recovery. Fairness does not necessarily imply that the customer is always right. Information provided as to the cause of the incident may alter the complaining customer's attribution of cause and effect. Dissatisfied complaining customers expect a good explanation of what has happened, an apology, that the company empathizes with their situation and that the company will make an effort in trying to make them happy again. In short, they expect the company to take responsibility for the situation and solve it (Andreassen, 2000, p. 167).

The findings of this study indicate that service organizations like banks need to pay attention to the service recovery strategy (compensation, apology, promptness, empathy, effort, facilitation, reparation). This recovery strategies influence customer behaviour (customer satisfaction and customer loyalty) via complainants' perceptions of justice dimensions (procedural justice, interactional justice, distributive justice).

When the bank fails to service properly and customers get disappointed from this service, consumers expect to be offered some value-added compensation. Compensation level and sort differ according to customer loyalty and attachment. Loyal customers need more concern, so compensation level should be greater for them. For example, banks may suggest unpaid or decreasing payment for service that failed. Banks also propose new services and free gifts to disappointed customers. In the event of a service failure, customers expect their banks to compensate them for any tangible loss they hurt in consequence of that service failure. Customers expect different levels of compensation depending on how drastically the service failure influences them. Disturbed customers expect a fair fix for problems, while consumers who feel victimized as a result of the service failure expect some value added compensation. The assessment of whether the compensation is fair may be also influenced by the customer's prior experience with the banks, knowledge about how other customers were treated in similar situations and perception of the magnitude of his or her own loss. So banks should treat every customer that disappointed from a failure in the same manner and fairly. Banks should be certain of customers left in a similar or improved position after the com-

compensation is realized. To do this, another recovery strategy – reparation – namely, offering fair and expedient fix, repeating the service delivery and doing every correction when failures occur. No service failure should be remained unsolved. These two recovery strategies affect distributive justice in turn and distributive justice influences customer satisfaction and customer loyalty.

Other two recovery strategies that affect procedural justice, customer satisfaction and loyalty are promptness and facilitation. As in other service sectors, delay in the bank service has a negative impact on customers' perception of service quality. And providing fast response is a key to successful resolution of customer complaint. Even if service failures occur, if banks react with recovery strategy suddenly and in no time, it is possible to maintain customers loyal. On the other hand, facilitation means the policies, procedures and tools that firms support to customer complaints. Facilitation enables disappointed customers to report their complaints to the organization. There should be a necessary information for customers to inform banks about their disappointment. Banks should encouraged their customers to complain in some ways like service guarantees. Facilitation doesn't guarantee customer satisfaction and loyalty. Because, if customers inform their banks about service failures that they encountered and banks don't respond appropriately, customers couldn't be satisfied. Banks should aim to facilitate customers to lodge their complaints and should ensure that customers fully understand the willingness of the organization to handle complaints through the use of clear guidelines.

Other service failure recovery strategies are named effort, empathy and apology that affect interactional justice. Apology is the most cost effective recovery strategy, that is to say 'We are sorry to this failure'. Generally, half of the organizations apply this strategy when failures occur. People want to be considered as important individuals. So taken into consideration to apology, it is not enough to recovery. If apology is used with other recovery strategies, it will be a very effective technics.

Complainants expect the organization to treat them with courtesy and respect and give an apology. Providing a sincere apology can show an understanding of the dissatisfaction felt by the complainant, without admitting the guilt. Because of this situation, banks should use apology initially and then they should use other recovery strategies. Another strategy is empathy that is manifested when consumers are treated in a manner that demonstrates the organization understands the inconvenience/distress caused by the service breakdown. Consumers don't necessarily expect perfection, they do desire recognition that a snafu is burdensome and annoying. While some service providers tend to be innately empathetic, others may need to practice sincerity. Banks should treat customers with respect, pay attention to their concerns and be pleasant to deal with. Effort is an other recovery strategy that refers to the force, energy, or activity by which work is accomplished. Frontline employees putting much effort into their work increase performance and provide superior quality as perceived by customers. In order to receive fair interpersonal treatment, customers expect frontline employees to put a great deal of effort into resolving their complaints

Recovery efforts affect service failure attributions. Specifically, offering a discount might induce consumers to believe that the service failure was controllable. Furthermore, an immediate recovery might increase the consumer's attributions of controllability, but seems to reduce stability attributions. In other words, a speedy recovery might induce the consumer to think that the service provider had some control over the failure, but due to the efficiency of the recovery process, the failure is less likely to happen again in the future. Service providers might want to influence failure attributions by carefully managing the service recovery process. For example, front line staff could be trained to effectively explain failures that are beyond the control of the firm, and thereby better manage consumers' attributional processes and satisfaction levels (Wirtz and Mattila, 2004, p. 162).

There are several additional actions service managers can take to help provide the recovery of customers once service failure happens. First, firms should develop an excellent service recovery program. The emphasis of such a program should be on training customer contact and claims personnel. Service personnel who deal with dissatisfied customers must understand their critical role. They should be trained not only to deal with the actual service failure, but also to do so in such a

way that the consumer is satisfied with the way in which the problem is resolved. These service recovery personnel also should be given the power necessary to address the service failure adequately. Unsolicited comments provided by respondents indicated that “token” responses by a company resulted in the most vehemently negative responses (Spreng et al., 1995, p. 20).

Second, once a service recovery program is in place, companies should encourage complaining behavior. Some firms supply guarantees that offer substantial benefits for those who complain. Too often customers choose not to complain, and instead just take their business to a competitor. The company has a better chance of retaining a customer by encouraging that customer to complain, and then addressing the complaint, than it does by assuming that non-complaining customers are satisfied. Identifying and contacting consumers who have experienced service failure are a necessary first step in trying to rectify problems.

Third, because it is more cost effective to hold up an existing customer than to attract a new one, companies should reevaluate their relative budget deliveries to these two activities. Service recovery programs should be funded adequately. Although service recovery programs can be expensive, they can be viewed as chances to make service system advances that will ultimately end more customers who are satisfied with the firm, as well as reductions in costs through the improvements on the service delivery system. Since each complaint occurs frequently, and their exist customers who were dissatisfied, but did not complain, actively encouraging customer complaints for the purpose of developing delivery system is an perfect way to collect information about the firm’s performance (Spreng et al., 1995, p. 20).

Limitations

While our results help broaden our understanding of customer responses to service failures and recoveries, certain limitations are of note. First, several psychologically based individual difference variables, as well as one’s propensity to complain, could affect the relationships in our model. For example, the relationships between justice and satisfaction could be affected by a customer’s assertiveness or aggressiveness. Such traits influence the likelihood of complaining. Such individual difference variables may also account for those who completed the entire study and those who did not. Second, certain contextual variables could affect the relationships tested in our model. For instance, the perceived severity of the failure and the degree to which the customer holds the firm responsible for the failure could affect the strength of the relationships found in our model. Thus, future research that includes these variables may help broaden our understanding of customer responses to complaint handling. Third, a longitudinal study could assess causality between constructs in a way that the current study cannot; however, the number of respondents in this study and the complicated nature of having to match respondents’ answers over a long period of time negated the use of longitudinal work in this instance.

Fourth, the research was conducted in a single industry. While this has the obvious benefits of controlling for crossindustry variation, we must stress that caution be employed if attempting to generalize these results to other industries. Fifth, the research is of a limited dyadic nature, in that whilst employees and customers were canvassed for measure development, only customers were surveyed for quantitative analytical purposes. Future research work should look to assess both employees’ and customers’ perceptions of service failure recovery strategies.

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Appendix A

Items

Procedural Justice (Folger and Konovsky, 1989)

- 1) Despite the hassle caused by the problem, my bank responded fairly and quickly.
- 2) I feel my bank responded in a timely fashion to the problem.
- 3) I believe my bank has fair policies and practices to handle problems.
- 4) With respect to its policies and procedures, my bank handled the problem in a fair manner. (ax)

Interactional Justice (Folger and Konovsky, 1989; Blodgett et al., 1997)

- 1) In dealing with my problem, my bank's personnel treated me in a courteous manner.
- 2) During their effort to fix my problem, my bank's employee(s) showed a real interest in trying to be fair.
- 3) My bank's employee(s) got input from me before handling the problem.
- 4) While attempting to fix my problem, my bank's personnel considered my views.

Distributive Justice (Folger and Konovsky, 1989)

- 1) Although this event caused me problems, my bank's effort to fix it resulted in a very positive outcome for me.
- 2) The final outcome I received from my bank was fair, given the time and hassle.
- 3) Given the inconvenience caused by the problem, the outcome I received from my bank was fair.
- 4) The service recovery outcome that I received in response to the problem was more than fair.

Overall Firm Satisfaction (Bitner et al., 1990)

- 1) I am satisfied with my overall experience with my bank.
- 2) As a whole, I am satisfied with my bank.
- 3) My bank fulfills my expectations.

Satisfaction with Recovery (Bitner et al., 1990)

- 1) In my opinion, my bank provided a satisfactory resolution to my banking problem.
- 2) I am satisfied with my bank's handling of the particular problem.
- 3) Regarding the particular event (most recent banking problem), I am satisfied with my bank.

Firm loyalty (Mowday et al., 1979)

- 1) I am willing to put in extra effort to receive services from my bank.
- 2) I am proud to tell others that I purchase service provision from my bank.
- 3) My bank stimulates me to buy repeatedly.
- 4) For me, my bank is the best possible organization to buy service provision from.

Individual loyalty (Mowday et al., 1979)

- 1) My values and the values of my current contact person of my bank are very similar.
- 2) I am extremely glad that I chose my current contact person of my bank over another.
- 3) I really care about the fate of my current contact person of my bank.

Compensation (Davidow, 2000)

- 1) After receiving the my bank's response, I am in the same shape or better than I was before the complaint.
- 2) My bank's response left me in a similar or improved position to where I was before the problem.
- 3) The outcome that I have received from my bank returned me to a situation equal to or greater than before the complaint.

Effort (Davidow, 2000)

- 1) My bank's employee put all his/her energy into resolving my complaint.
- 2) My bank's employee worked at his/her full capacity to resolve my complaint.
- 3) My bank's employee devoted himself/herself to resolving my complaint.

Facilitation (Davidow, 2000)

- 1) It was easy to determine where to lodge my complaint.
- 2) My bank policies made it clear how to complain.
- 3) It was hard to figure out where to complain in my bank hotel.

Promptness (Davidow, 2000)

- 1) It took longer than necessary to react to my complaint.
- 2) They were very slow in responding to the problem.
- 3) The complaint was not taken care of as quickly as it could have been.

Apology (Davidow, 2000)

- 1) I received a sincere "I'm sorry" from my bank.
- 2) My bank gave me a genuine apology.
- 3) I did not receive any form of apology from my bank.

Empathy (Davidow, 2000)

- 1) My bank's employee treated me with respect.
- 2) My bank's employee paid attention to my concerns.
- 3) My bank's employee was quite pleasant to deal with.

Reparation

- 1) My bank offers fair and expedient fix form to my problem solution.
- 2) My bank offers repeating the service delivery when a failure occurs.
- 3) My bank does every correction when a failure occurs.