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Abstract: Purpose: Service failure has been the subject of researches in airline industry in the contemporary. This failure continues to be an enigma for the industry and this paper is an attempt to offer primary solution through perceived justice theory approach. Design/methodology/approach: This paper adopts conceptual method of reviewing literatures. Findings: Evidences from the extant literature have suggested that service recovery strategies remain the only tools that can be used to redeem the customers in service failure situations. Therefore, this research has conceptualized that the effective implementations of the Justice Theory components will positively affect customer satisfaction and loyalty within the Airline Industry. Research limitations/implications: The major limitation of this work is that it is conceptual and it thereby requires empirical data to verify the hypotheses formulated. Practical implications: This paper conceptually suggests that for Airline Industry to gain satisfaction and loyalty of their customers, they must implement components of justice theory in service recovery process. Originality/value: This is the only paper that has combined how customers react in service failure and recovery situation with the justice theory components. The paper is thereby a guide for service provider on how to treat customers in service recovery situation.

Key words: Service failure • Service recovery • Justice • Airline Industry • Paper type Conceptual paper

INTRODUCTION

Airline industry in the contemporary is faced with several challenges. Some of these challenges include high rate of competition, increase in the cost of fuel, service failure, airline crashes, decline in the rate of patronage by the customers and low profitability among others [1,2]. Cheng, Chen and Chang [3] assert that most of the airlines offer multiple opportunities for mistakes (internal and external disruptions) in the course of their operations and this has continuously lead to customers having unpalatable experiences in the course of their relationship with the service firms. Though the nature of services being rendered by the airlines organizations require that they should come up with relationship marketing strategy that will help them in securing long term relationship with their customers, it is however surprising that majority of the airlines are found of coming up with “loyalty programs” that are just capable of securing short term interaction and not capable of addressing service failures [1,4]. Specifically, responding to service failure will give the airlines certain competitive advantage as such response can either bring about satisfaction and loyalty if properly handled or drive the customer towards patronizing the competitor if the recovery is not well executed [1,5]. Therefore, understanding the way customers react to cases of service failures and putting appropriate service recovery strategies that will make customers feel justified in place are very essential for the survival of organizations [6, 7].

In view of the above therefore, service failure remains one of the major problems hindering the progress Airline industry due to human and non human errors. The service failures often occur where the expectations of the customers are not met due to inadequacy either in the process or outcome of service delivery [8, 9]. Lewis & McCann [8], further identify that the service failure may also emanate from different sources such as misbehavior of service employees, product and policy failure and other reasons that may be directly or indirectly attributed to the customers themselves. However, when service failures occur, the consequences are often fatal as many authors
have recognized customer dissatisfaction, reduction in customer confidence, lack of referrals, customer defection and disloyalty, decline in sales revenue and deterioration in company’s profitability as some of the outcomes of service failure [8,10,11].

To curb, reduce and minimize the effect of service failure therefore, many authors have researched and found that organizations must put certain strategies of service recovery in place. Service recovery is often seen as the deliberate efforts of service provider to redress customers’ issues and complaints as regards the service rendered to the customer [7, 10, 12, 13]. Though service recovery has been widely researched in other industries like banking, hotels and other similar industries, to the researchers’ knowledge, few attempts have been made to use justice theory approach for service failure and service recovery in Airline industry. In fact, extant researchers have considered the impact of perceived justice on service recovery [7, 14–16], however, few of the researchers have critically considered the effects of justice theory component on satisfaction and loyalty with service recovery [17]. In this clime therefore, it would be of research interest to examine how justice theory components in service recovery would influence customer satisfaction and loyalty [13].

Concept of Service Failure: Concept of service recovery cannot be fully understood and appreciated without the clearer picture of service failure. Ordinarily, the expectation of customers while asking for service is that their needs will be met flawlessly and that the service provider will act according to service agreement [18]. However, in the course of delivering service, some shortfalls do happen and which customers will react to differently [19]. From a customer’s perspective therefore, a service failure has occurred when the customer perceives or experiences a defect, or where something has actually gone wrong in their relationship with an organization [1]. Such could also lead to certain perceived or real loss on the part of the customer [17]. Therefore, one of the serious potential threats to the long term retention of customer is service failure as it is capable of making customers to switch over to other competitors if the failure is not effectively recovered [20].

Accordingly, service failures can be categorized into different parts and typology. Lewis & McCann [8], reveal that service failures can emanate from employee behaviours (reaction) when customers request for personalized service, special treatment or for core service. On the other hand, service failure can relate to customers that are difficult to please, product and policy failures [13, 20].

How Do Customers React to Service Failures?: Service failures from extant literature are inevitable and the ways customers react to the failures are different accordingly. [22], identify three types of customers’ reactions to include loyalty, voice and exist.

Loyalty: Loyalty in marketing has been extensively discussed by many authors and the question of how a customer reacts when service failure occurs has been raised severally. Loyalty however, is a consequence of organization’s ability to consistently meet and exceed customer expectations[23]. It has also been argued that companies incur less service cost on loyal customers whose stay with the company over the years and whose continuous patronage is a source of new business and profitability for the company than new customers[6, 23].

Loyalty can be of different types [22] and this may include: ‘pure loyalty, latent loyalty and spurious loyalty’’. A customer that is purely loyal patronizes and thinks of the company always; a latent loyal customer does not patronize the company often but thinks of the company with high intensity while a spurious loyal customer highly patronizes the company but has relative low attitude to the company[25].

When service failure therefore occurs, reaction of customer to the incident of service failure will be determined by the level of loyalty. A customer with high opinion of the company may remain loyal (continue to patronize) and considers such a shortfall as an aberration while a spurious loyal customer may also continue to stay because they feel trapped or because alternative is a rare choice [22] but such a customer will defect at any slightest opportunity to other service provider.

Voice: Customer’s voice in service provision, complaint and recovery is important. When service failure occurs, customer can complain or can decide to keep silence. Complaint of customers can be channeled directly to the service provider, to friends and associates or to third parties for the purpose of seeking redress [13]. A customer that complains directly to the service provider has an emotion and has actually given an opportunity to the organization to quickly find out how the failure occurred and perhaps proffer solution as so many other customers will not complain due to time, effort and even financial cost [21, 25].
Apparently, lack of opportunity to complain is widely regarded in literature as part of service failure. In this respect therefore, customers that have no opportunity to voice out directly about their grievances to their service provider will resort to colleagues, friends and others and this may have adverse effect on company’s image and reputation[21]. In fact, array of literature have proved that 90% of customers hardly voice their complaints directly to the service provider as majority of them do think that such complaints will not yield required solution but to seek redress or personal satisfaction they often resort to discussion of such shortfalls with their friends and other colleagues[4, 26]. It is therefore essential for the company to provide every avenue for customers to ‘voice their minds’ about service defects as this will give guarantee for service redress and perhaps will help the organization to retain their customers instead of losing them.

**Exit:** The final alternative that is opened to an aggrieved customer especially when the defect in service is not addressed upon several complaints (especially if there is opportunity to complain) is to exit from the relationship[26]. Exit is a dangerous decision that could bring fatal consequence for the service provider as this can lead to decrease or loss of future revenue, new and higher cost of getting old customer replaced, the psychological effect on the employee (as they have to deal with new customers) and perhaps loss of free referrals from the old customers [8, 21, 27].

**Service Recovery:** Service recovery has been widely researched in literature as the major concern of many authors on service failure in industry is how shortfall in service provision can be recovered in order to redeem the image of the service provider and perhaps retain the customer. [29], in this climate therefore see service recovery as ‘... those actions designed to solve problems, alter negative attitudes of dissatisfied customers and to ultimately retain these customers’. Hart, Heskett and Sasser[29], also consider service recovery as those actions instituted by the service provider to ensure that loyalty of customers are retained through rapid intervention into customer complaints.

Broadly, when service failure is recovered, there are tremendous benefits that will accrue as this may also depend on the nature of service, kind of failure and the rate at which the process of recovery is geared towards the recovering the failure[8, 30],[8], summarily present the benefits of service recovery to include:

- Enhancement of perception of customers as it concerns the quality of service rendered and the overall image of the organization.
- Increase in referrals and communication about the organizations to others.
- Customers’ satisfaction level will rise and this will lead to:
- Good customer relationships, loyalty and increase in profits level.

**Service Recovery Strategy and its Effects on Customer Satisfaction and Loyalty:** As initially pointed out, the type of service, type of failure and degree of speed that is accorded the service failure will determine whether the failure can be recovered effectively or not. However, there are some strategies that can be adopted for quick service failure recovery. These strategies have been widely discussed by many authors and used by various practitioners especially in the airline industry and these may include apologizing, correcting the mistakes, compassion with the customers, follow-up, compensating the customers for the damage, acknowledging the error, special treatment, intervention from management and so on [12, 14, 17, 27]. The gravity of service failure will however determine the type of strategy to be used. For instance, less or critically low service failure will require a written/verbal apology or a mere compensation to return the customer back to the normal position before the service failure occurred by the front line employee [32]. On the other hand, a serious and high critically service failure will require an apology and or compensation from the member of the management. The overall essence of service failure strategy when it is executed properly is to make the customer feel justified for service error corrected and become satisfied or delighted beyond the original point of service failure [27].

**Theory of Service Recovery and Research Framework:** There are so many theories that have been used to study service recovery in marketing. However, justice theory is sparsely used by some authors (Tax and Brown, 2000) to explain the relationship between the service failure, recovery, customer satisfaction and loyalty. The justice theory is based on three components: distributive justice; procedural justice and interactional justice[13, 14, 17]. The research framework of this study is also based on these components (distributive justice, procedural justice, interactional justice) as the study tends to conceptually establish a relationship between these components, customer satisfaction and loyalty in service recovery situation.
**Fig. 1: Research Framework**

**Distributive Justice**: Distributive justice states that in the process of rectifying and compensating the customers for service failure, the firm should assign tangible resources (such as discounts and compensation) that will make the customers to perceive fairness while restoring the customers back to the normal positions they were before the service failure occurred[16, 32]. Failure to do this will make the customer feel distressed and will resort to using of available instruments in their disposal to seek redress[33, 17]. Various studies have confirmed that when customers perceive that the outcomes from the service recovery process will be fair, there is every tendency that such a customers will be satisfied and loyalty will be returned after the short fall in service has occurred[13, 33]. Hence, we hypothesis that:

**H1**: Distributive Justice has a positive relationship with customers’ satisfaction in recovery process.

**Procedural Justice**: Procedural justice states that each firm has certain process or procedure it follows while dealing with problems that arise during service delivery[16]. Such procedure which includes accessibility, timing, process control, flexibility, company policies and tools must be adapted to suit the customers’ purpose during service recovery process as this will make the customer to perceive justice in the service failure recovery process[13, 33]. Many studies have found that procedural justice can impact positively on customer’s satisfaction if the complaint is properly handled[13, 17, 30]. Hence, the second hypothesis:

**H2**: Procedural Justice has a positive relationship with customers’ satisfaction in recovery process.

**Interactional Justice**: Service delivery and service failure recovery actively involve human and interpersonal interaction. The basis of Interactional justice therefore measures the degree of such interpersonal relationship which a customer experiences during service failure recovery process and which gives the customer the strong feeling that justice has been done [32]. Previous literature have recognized courtesy, honesty, empathy, apologies, explanations and endeavors from service employees as six elements that can make offended customer to feel justified in the service failure recovery process [17, 31] other various studies have equally verified the significant relationship between interactional justice and customer satisfaction[36]. Hence the third hypothesis:

**H3**: Interactional Justice has a positive relationship with customers’ satisfaction in recovery process.

**Customer Satisfaction and Loyalty**: Customer loyalty has become a crucial concept in marketing due to the associated benefits that are driven from it by commercial organizations. However, recent cases of service failures in Airline industries have continued to be major source of customer dissatisfaction and disloyalty making the airline industry performance to be affected negatively[1]. Though loyalty is often demonstrated through repeated patronage, positive word and referrals[36, 37], it has however been argued severally that attracting new customers is expensive than retaining the old ones[39]. Retention however in service failure situation will depend on whether the customers have been restored back to the normal position they were before service failure occurred[39, 16]. Satisfaction is therefore regarded as an emotional state or development of attitude which comes about due to the interaction or encounter which a customer has with a service provider; it is often seen as a function of mental comparison of his pre and post experience with the respect to the service rendered to him[41]. In this respect, several studies have therefore validated that when customers are satisfied with a service encounter especially in service recovery situation, there is every tendency that there will be repeated patronage and hence loyalty[16], [34], [42]. Based on this, the following hypothesis is formulated:
H4: When the justice theory components are well applied in service recovery situation, customer will be satisfied and hence be loyal.

DISCUSSION

Service failure cannot be totally prevented/eradicated due to the nature of service itself, procedures that are being adopted to execute the service and the human nature of those that are rendering the service and so on. The consequences of service failure are also very fatal as these can lead to decline in customer satisfaction, lose of customers to competitors, spread of negative words about the company to third parties by the aggrieved customer and consequent decline in profit[14, 17].

However, the suggested remedy to service failure as presented in this paper is service recovery. When a company falls short of customer’s expectation, the quick action that can be taken is to correct the failure using the strategies that are discussed in this paper. The nature of strategies adopted and the accompany justices will determine whether customer satisfaction and loyalty can be restored after the incident of failure[34].

In a typical service failure and recovery scenario, how the customer perceived fairness of outcome in terms of rewards, repairs and even replacement (distributive justice), the way the customer is treated through politeness, sincere apology, honesty (interactional justice) and the procedure followed to get the failure corrected (e.g. the speed of response, flexibility and accessibility of the procedures) will determine whether the service can be recovered and whether the customer satisfaction and loyalty can be restored[14, 16].

Hoffman and Kelley,[13] also assert that in service failure/recovery: ‘it is not what you give up in the service recovery process (that matters), but … how you give it up’. This implies that the justices are interactive or sometimes one could take precedence over the other in recovering the customer. For instance, there are some scenarios where distributive justice will suit the purpose of recovering the customer while in some instances it will be interactional justice. Where the distributive justice is required (you can never use interactional justice); the customers want fairness through compensation, discounts, replacement and so on to douse the tension[13]. On the other hand, where interactional justice is required simple ‘apology, politeness, honesty and explanation’ of what caused the failure may redeem the customer.

Since service failure is inevitable in any organization.Hoffman and Kelley, [13] therefore assert that service recovery efforts should be given priority taken into consideration the components that are discussed here. The components that are applicable in certain situation will be determined by the nature and characteristics of service organizations as well as individual customer that influence the service recovery program[15, 26]. It is therefore important that service organizations be adequately aware of the contingencies, provide avenue for the contingencies, train the employees on each of the contingencies and be conscious of the whole process.

Research Limitation and Implications for Future Research: This paper has some limitations like any other research work. The research is conceptual in nature and needs to be further developed as its hypotheses also need to be tested empirically. Furthermore, the study only focused on airline industry without concentrating on specific country, thereby calling future researchers to investigate other industries like banking, education sector and so forth with a view to concentrate specific country or region.

Furthermore, as discussed in this paper, the situation of service failure/recovery is opened to various opportunities and avenues for further research. Since this paper is a theoretical/conceptual paper, issues relating to measurement, survey and experimental research with regards to justice theory approach should be considered by future researchers.

REFERENCES


