THE ROLE OF CUSTOMER VOICE IN CUSTOMER EVALUATION OF SERVICE RECOVERY

Phimai Nuansi

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Phimai Nuansi

School of Business Administration

Assistant Professor ..... Major Advisor

(Piya Ngamcharoenmongkol, Ph.D.)

The Examining Committee Approved This Dissertation Submitted in Partial Fulfillment of the Requirements for the Degree of Doctor of Philosophy (Business Administration).

Associate Professor ..... Committee Chairperson

(Jongsawas Chongwatpol, Ph.D.)

Assistant Professor ..... Committee

(Piya Ngamcharoenmongkol, Ph.D.)

Assistant Professor ..... Committee

(Nopporn Ruangwanit, Ph.D.)

Associate Professor ..... Dean

(Tatchawan Kanitpong, Ph.D.)

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ABSTRACT

Title of Dissertation	The Role of Customer Voice in Customer Evaluation of Service Recovery
Author	Miss Phimai Nuansi
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This dissertation builds upon a service recovery framework to establish new perspectives on customer voice in a service recovery context. Specifically, four studies were conducted to determine how to turn customer voice to opportunity in recovering from service failure. The first study provides an integrative review of the literature associated with service failure situations. This study combines two major research streams and proposes the "service failure management process model" to explain the end-to-end process of service failure in six sequential phases.

The second study deals with the negative emotions that arise as a consequence of service failure by employing venting interaction as an emotion management strategy. The study tests how this strategy affects customer evaluation of service recovery, specifically in terms of perceived justice, post-recovery emotions and post-recovery satisfaction. Drawing on the role of initiation in the service recovery process, the third study explores how inviting customers to voice dissatisfaction enhances service recovery evaluations, specifically in terms of perceived justice, post-recovery satisfaction and negative word-of-mouth. Finally, the fourth study sheds light on the role of customer voice management in sustainable marketing by examining the interaction effect between compliant initiation and coping potential on service recovery evaluations, specifically in terms of perceived justice and post-recovery satisfaction.

Three separate scenario-based experiments were carried out in a bank service setting. Partial least squares structural equation modeling was conducted to test the

research hypotheses in study 2. Study 3 used multivariate analysis of covariance as a statistical technique. Analysis of variance was used to test the hypotheses in study 4.

As hypothesized, this dissertation demonstrates that venting interaction and voice initiation can yield favorable recovery outcomes. Specifically, venting interaction plays an important role in lessening negative emotions and enhancing perceived justice and satisfaction. In addition, preferable outcomes of perceived justice, satisfaction and negative word-of-mouth intention were found when service recovery was provided based on voice invited by the service organization, and the effects on interactional justice and satisfaction were found to be stronger for low coping potential customer. These findings suggest that service managers should encourage customers to voice their complaints and should use the customers' voice as an opportunity to enhance positive service recovery outcomes.

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CHAPTER 1

THE ROLE OF CUSTOMER VOICE IN CUSTOMER EVALUATION OF SERVICE RECOVERY

1.1 Introduction

A major issue in the service business is service failure, which is commonly accepted as an inevitable event in the service context. Service failure initially results in customer dissatisfaction (Hart, Heskett, & Sasser, 1989; Tax & Brown, 2012) and subsequently leads to negative behavioral outcomes, such as negative word-of-mouth or switching to a different service provider (Kerr, 2004; Lin, 2010; Wan, 2013). In response to such a failure, a successful service recovery (Gronroos, 1998) will not only address the service problem but also restore customer satisfaction and lead to positive behavioral outcomes (e.g., Hennig-Thurau, 2004; Gelbrich & Rosck, 2010).

A considerable body of service recovery research has recognized customer voice (Singh, 1998) as a crucial input for a service provider in coping with service failure. However, the extant literature leaves several important questions regarding the role of customer voice in service recovery unanswered; hence, this dissertation advances the service literature across four studies.

The first study provides an integrative review of the literature associated with service failure situations. Service failure has been a topic of interest for decades (e.g., Weiner, Frieze, Kukla, Reed, Rest, & Rosenbaum, 1987; Hart, Heskett, & Sasser Jr., 1989; Bitner, Booms, & Tetreault, 1990). Through the evolution of scholarship, the service failure literature is rich with studies that recognize two literature streams—namely, customer complaint and service recovery. Interestingly, these two research streams have been treated separately thus far.

To present a holistic picture of these research streams, this study carefully reviews the extant research and proposes a process framework called the “service

failure management process model". Based on the literature, the end-to-end process of customer complaint and service recovery can be categorized into six sequential phases: 1) service failure identification, 2) consumers' coping strategies, 3) service recovery actions of the service provider, 4) consumers' evaluation of the service recovery transaction, 5) consumers' evaluation of the service provider and 6) consumers' behavioral outcomes. The literature that is prominently related to each stage is explicated in this study.

The second study focuses on turning customer voice into an opportunity in instances of service recovery dealing with negative emotions, which arise as a consequence of service failure in a financial context. The extant literature suggests that the negative emotions initially triggered by a service failure have a negative impact on customers' service recovery evaluations (Smith & Bolton, 2002; Taylor, 1994).

In the service recovery context, perceived justice is mainly used to explain customers' reactions to service recovery efforts (Blodgett, Hill, & Tax, 1997; Tax, Brown, & Chandrashekaran, 1998). The determination of justice or injustice subsequently influences behavioral outcomes (e.g., Blodgett et al., 1997; Del Río-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009). Hence, perceived justice and the subsequent outcomes are affected by initial negative emotional reactions if the negative emotions are not addressed upfront.

However, prior research suggests that emotional expressions also serve as cues (Rafaeli & Sutton, 1990), which enable employees to respond appropriately. Nyer (2000) observed that highly dissatisfied customers are more likely to express dissatisfaction by venting, which can signal service employee to take appropriate action. Parlamis (2012) further suggested that people feel better after they have vented and received a response (i.e., "venting interaction").

Following this vein, the second study employs venting interaction to serve as an emotional support tool to manage negative pre-recovery emotions in the service recovery process. This study investigates the effect of venting interaction on perceived justice, post-recovery anger and satisfaction, in addition to testing the temporal causal effects of interactional justice on distributive justice and procedural justice. Additionally, it explores how effects of venting interaction change across different levels of anger triggered by service failure.

The third study aims to address an important research question in customer complaint management, namely, the extent to which service recovery evaluations vary depending on different customer complaint conditions. In the second study, it was found that venting interaction is an effective emotion management strategy in response to customers' direct voice. However, it is reported that up to 95% of dissatisfied customers do not voice their complaints to the service provider (Tax & Brown, 2012).

Prior research has uncovered several reasons for non-complaining behavior following service failure, including the perceived difficulty of the complaint and the perceived time and effort required to voice the complaint (Voorhees, Brady, & Horowitz, 2006; Huppertz, 2007; Tax & Brown, 2012). Hence, the decision of whether to make a complaint depends on whether the perceived benefits exceed the perceived time and effort required (Lu, Gursoy, Chi, & Xiao, 2015). The extant literature on service recovery thus recognizes two types of service recovery, one based on customer voice and the other based on no customer voice (i.e., the firm was independently aware of the service failure and thus provided service recovery without receiving a customer complaint).

Drawing the above discussions, the present study strives to uncover how service organizations can handle service failure experience of customers in a way that lessens customers' perceived complaining difficulty, time and effort while also enhancing their positive experience of service recovery. Therefore, an "initiation" concept was employed as the theoretical lens through which customer complaints are classified according to the complaint or voice initiation.

Building on the concept of initiation, this study proposes that a customer receiving service recovery based on firm-initiated voice perceives service recovery efforts differently compared to voice- or no-voice customers in those two service recovery situations. The third study thus explores the impact of customer voice initiation on perceived justice, satisfaction, and negative word-of-mouth intention.

Lastly, the fourth study sheds light on the role of customer voice in the Sustainable Development Goals (SDGs) (United Nations, 2015) context. Because up to 95% of customers who experience service failure do not complain to the service provider (Tax & Brown, 2012), many service failures remain unresolved, and many

consumers remain dissatisfied with their poor service experiences, resulting in negative impacts to business sustainability.

As customers perceive their ability to deal with service failures differently, justice perception and satisfaction with complaint handling may be different across complaint situations and perceived capability to cope with service failure. Building upon the voice initiation concept in the third study, this study further examines the interaction effect between the complaint situation and coping potential on perceived justice and customer satisfaction. Figure 1.1 demonstrates the overall framework of three empirical studies (dashed line demonstrates study 1; dotted line demonstrates study 2; double line demonstrates study 3).

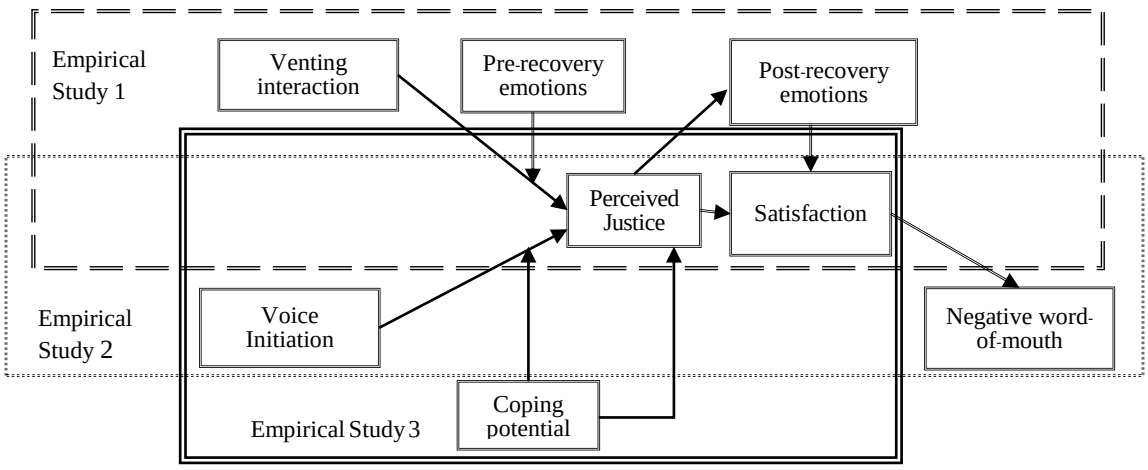


Figure 1.1 A Framework for the Studies of the Role of Customer Voice in Customer Evaluation of Service Recovery

This dissertation is organized as follows. Chapter 2 presents the first study, "Service failure management process: an integrative review". Chapter 3 presents the second study, "The effect of venting interaction on customer satisfaction after service failure". Chapter 4 presents the third study, "Proactive complaint management: effects of customer voice initiation on perceived justices, satisfaction and negative-word-of mouth". Chapter 5 presents the fourth study, "Promoting responsible service policy: The impact of complaint invitation on perceived service recovery performance". Finally, this dissertation concludes by summarizing the findings and conclusions of all studies.

CHAPTER 2

SERVICE FAILURE MANAGEMENT PROCESS: AN INTEGRATIVE REVIEW

The study of service failure has been a topic of interest in two major research streams, focusing on customer complaint and service recovery, respectively. Over the past decades, these two topics have been researched separately. The purpose of this paper is to present a holistic view of the literature under the umbrella of service failure. Unlike prior integrative reviews of service failure, this study takes a different perspective. Through the lens of process, the present study proposes a single process model, called the "service failure management process model". A careful review of the literature from the process perspective indicates that the end-to-end process of customer complaint and service recovery is split into six phases: 1) service failure identification, 2) consumers' coping strategies, 3) service recovery actions of the service provider, 4) consumers' evaluation of the service recovery transaction, 5) consumers' evaluation of the service provider and 6) consumers' behavioral outcomes. Each phase is discussed on the basis of grounded theories and concepts. From a managerial standpoint, the process model serves as a guideline for the service manager to better understand and professionally handle customers' negative service experience.

2.1 Introduction

Scholars have researched service failure events over the past several decades (e.g., Weiner et al., 1987; Hart, Heskett, & Sasser Jr, 1989; Bitner, Booms, & Tetreault, 1990). The extant literature has documented that service failure causes a range of customer negative experiences, such as negative emotions, complaint, and negative word-of-mouth (e.g., Keaveney, 1995; Zeelenberg & Pieters, 2004; McColl-

Kennedy & Smith, 2006; Kalamas, Laroche, & Makdessian, 2008). Gronroos (1988) has suggested that service providers can address these problems by taking service recovery actions.

Through the evolution of scholarship, the service failure literature is rich with studies in two main streams, those of customer complaint and service recovery. Under the umbrella of service failure, studies on customer complaint and service recovery have researched a variety of issues which are highly related. However, no study has integrated and portrayed the literature using a process model that would help scholars and managers better understand the whole process of customer complaint and service recovery. This study bridges this gap by integrating the literature and proposing a single process model, called the "service failure management process model".

Based on the literature, customer complaint and service recovery activities following service failure take place in six steps. These activities are performed by either the customer or the service provider. Accordingly, the current study proposes a six-phase process model, called the "service failure management process model". This model systematizes events relevant to service failure encounters chronologically, as follows:

1) service failure identification (Hoffman, Kelley, & Rotalsky, 1995; Tax & Brown, 2012; Hoffman, Kelley, Rotalsky, Baron, & Russell-Bennett, 2016).

2) consumers' coping strategies (Stephens & Gwinner, 1998; Kim, Wang, & Mattila, 2010)

3) service recovery actions of the service provider (Tax, Brown, & Chandrashekaran, 1998; McColl-Kennedy & Sparks, 2003; Kau & Loh, 2006; Kim et al., 2010)

4) consumers' evaluation of the service recovery transaction (Hoffman et al., 1995; Tax et al., 1998; Hoffman & Kelley, 2000; Maxham III & Netemeyer, 2002; Kau & Loh, 2006; Del Río-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009; Hoffman et al., 2016;;)

5) consumers' evaluation of the service provider (Maxham III & Netemeyer, 2002; del Río-Lanza et al., 2009)

6) consumers' behavioral outcomes (Hoffman et al., 1995; Maxham III & Netemeyer, 2002; Kim et al., 2010; Hoffman et al., 2016)

Figure 2.1 shows the overall process.

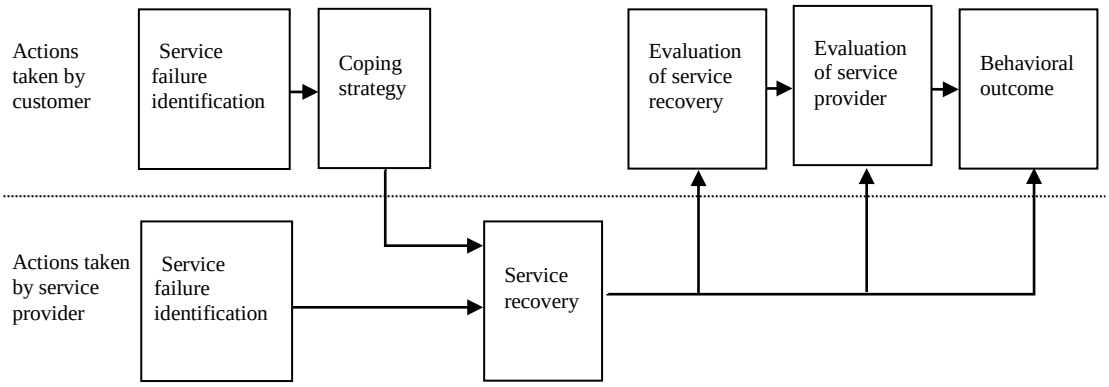


Figure 2.1 Overall Process of Service Failure Management

2.2 Phase 1: Service Failure Identification

Service delivery involves a number of factors, including the employees, customer, service system, and environment. Although service providers attempt to control all factors to maintain and improve service quality, they cannot entirely avoid service failure (Berry, 2016). Maxham III (2001) defined service failure as a real or perceived problem that customers experience during a service encounter.

In the literature, two types of service failure have been recognized: namely, outcome and process failures (Parasuraman & Berry, 1988; Bitner et al., 1990; Hoffman et al., 1995; Spreng, Harrell, & Mackoy, 1995; Smith, Bolton, & Wagner, 1999; Prasongsukarn, 2005). Outcome failure occurs when a core service cannot be provided, whereas a process failure involves a real or perceived problem during the service delivery process. A process failure can include unresponsive, inappropriate, unethical or slow-acting employees (Keaveney, 1995; Surachartkumtonkun, Patterson, & McColl-Kennedy, 2013); employee responses to service delivery; or unprompted or unsolicited employee actions.

Different service failure types impact consumers' cognitive appraisals differently, regardless of consumers' culture (Surachartkumtonkun et al., 2013). Regarding the consequences of different types of failure, Tsai, Yang, and Cheng

(2014) suggested that process failures are more likely to cause feelings of disappointment than outcome failures.

In term of the degree of service problem, customers who experience a high degree of service failure are more likely to report low satisfaction (Mattila, 1999; Ok, 2004), low loyalty (Chetta, 2014), high negative word-of-mouth intention (Chetta, 2014), and high switching intention (Lin, 2010). Consequently, the service provider faces more difficulty in executing service recovery successfully following a high-magnitude service failure (Hoffman et al., 1995).

2.2.1 Theory of Attribution

After service failure identification, customers search for an explanation to understand and make sense of what happened. This cognitive process is explained by causal attribution, or one's perception of the reason for their own behavior, other people's behavior, or events they observe (Bitner, 1990). Understanding customers' causal attribution is vital for service providers, because how consumers attribute the cause of service failure affects how they evaluate service recovery efforts (Mattila & Patterson, 2004; Grewal, Roggeveen, & Tsiros, 2008; Lee, 2010) and service recovery expectations (Harris, 2002; Ogungbure, 2010).

Weiner (1985) suggested that people attribute the causes of events via three forms of attribution: locus, stability and controllability. Locus attribution concerns which party should be responsible for the event. Choi and Mattila (2008) pointed out that negative effects of service failure are lessened when customers feel uncertain about who caused the failure. In addition, when customers attribute service failure to themselves, they expect fewer recovery efforts from the firm (Harris, 2002).

Stability attribution involves an expectation of the events recurring in the future. Consumers anticipate the stability of the cause of failure; if they consider it to be stable, then they will expect failure to recur more frequently (Weiner, 1985). Lee (2010) revealed that customers believe that a problem will be repeated if they experience a process failure. Finally, controllability attribution deals with whether the party who is responsible for the event has the power to control the situation (Weiner, 1985). Prior studies have suggested that perceived controllability has negative effects

for service provider, such as customers' anger, low repurchase intention and complaints (Folkes, Koletsky, & Graham, 1987).

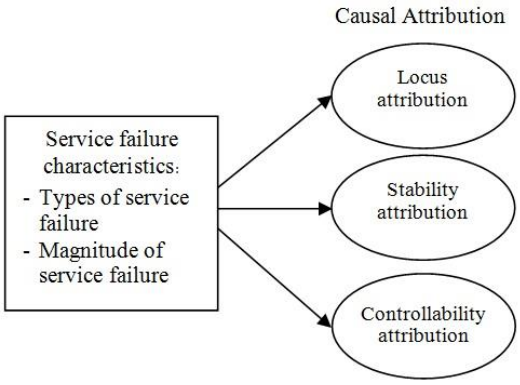


Figure 2.2 Effects of Characteristics of Service Failure on Causal Attributions

Figure 2.2 shows the influence of types of service failure and magnitude of service failure on consumers' causal attribution. The three dimensions of customers' causal attribution are differently influenced across different types and different degrees of magnitude of service failure.

2.3 Phase 2: Consumers' Coping Strategies

After an identification of service failure, consumers respond to the event differently based on how they evaluate their service failure experience. Stephens and Gwinner (1998) suggested a cognitive-emotive process model of consumer complaining behavior to explain how the consumer transforms a dissatisfying marketplace experience into coping strategies through cognitive and emotive appraisal processes.

As shown in figure 2.3, the process of consumers' coping strategies (introduced by Stephens & Gwinner, 1998, p. 174) starts when consumers encounter a dissatisfying service experience. In the cognitive appraisal process, consumers will determine whether the incident is harmful (primary appraisal) and consider their ability to deal with the problem (secondary appraisal) (Lazarus, 1991).

Kim et al. (2010) and Stephens and Gwinner (1998) both suggested that personal characteristics and situational variables are the antecedents that influence cognitive appraisal in a dissatisfying market experience. This proposition is linked to the work of Day (1984), who concluded that complaint decisions result from comparison between the cost and benefit of complaining, since both cost and benefit are affected by situational and personal factors (Stephens & Gwinner, 1998).

In the next stage, the appraisal outcomes may be stressful, irrelevant, or positive in terms of the consumers' well-being. However, only if the appraisal outcome is stressful are the coping strategies necessary. After identifying the appraisal outcome as stressful, consumers may experience emotions including anger, disgust, and contempt (external attribution); sadness and fear (situational attribution); and shame and guilt (internal attribution) (Stephens & Gwinner, 1998). Finally, the model suggests three types of coping strategies: 1) problem focus, 2) emotional focus, and 3) avoidance.

The problem focus strategy refers to a coping style that directly addresses a dissatisfying service experience. In contrast, the emotional focus strategy involves addressing individuals' mental state instead of resolving the consumption problem. Finally, the avoidance coping strategy involves exiting the situation. Susskind (2004) suggested that consumers choose coping strategies based on circumstances and the need to solve the problems they face. However, they may choose more than one coping strategy to handle a dissatisfying experience (Richins, 1987).

2.3.1 Taking no Action or Inertia

One of the possible customer reactions to service failure is to remain silent. Voorhees, Brady, and Horowitz (2006) found that service provider responsiveness is the key driver for non-complaining behavior. Moreover, the major reasons why people do not complain about service failure are the perceived time and effort to voice a complaint (Zeelenberg & Pieters, 2004; Voorhees et al., 2006). Consumers will not complain if they perceive that it is difficult to file a complaint and that the cost of the complaint exceeds any benefit they will receive following the complaint (Zeelenberg & Pieters, 2004).

2.3.2 Negative Word of Mouth

Word of mouth is defined as "informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (Westbrook, 1987, p. 261). Consumers will spread negative word of mouth when they have a bad experience with service consumption (Singh, 1990; Wan, 2013) and believe that the service provider treated them unfairly (Heyes & Kapur, 2012).

Today, dissatisfied customers are likely to share their negative experience on social networks (Grégoire, Salle, & Tripp, 2015). Some customers spread negative word of mouth about their first service failure on social media and never directly inform the firm (Grégoire et al., 2015). The double failure, a failed service recovery, is more vulnerable to online negative word of mouth as a form of online revenge (Grégoire et al., 2015). Grégoire et al. (2015) further suggested that social media is a channel through which competitors can reach and steal dissatisfied customers who have expressed their dissatisfaction via negative word of mouth.

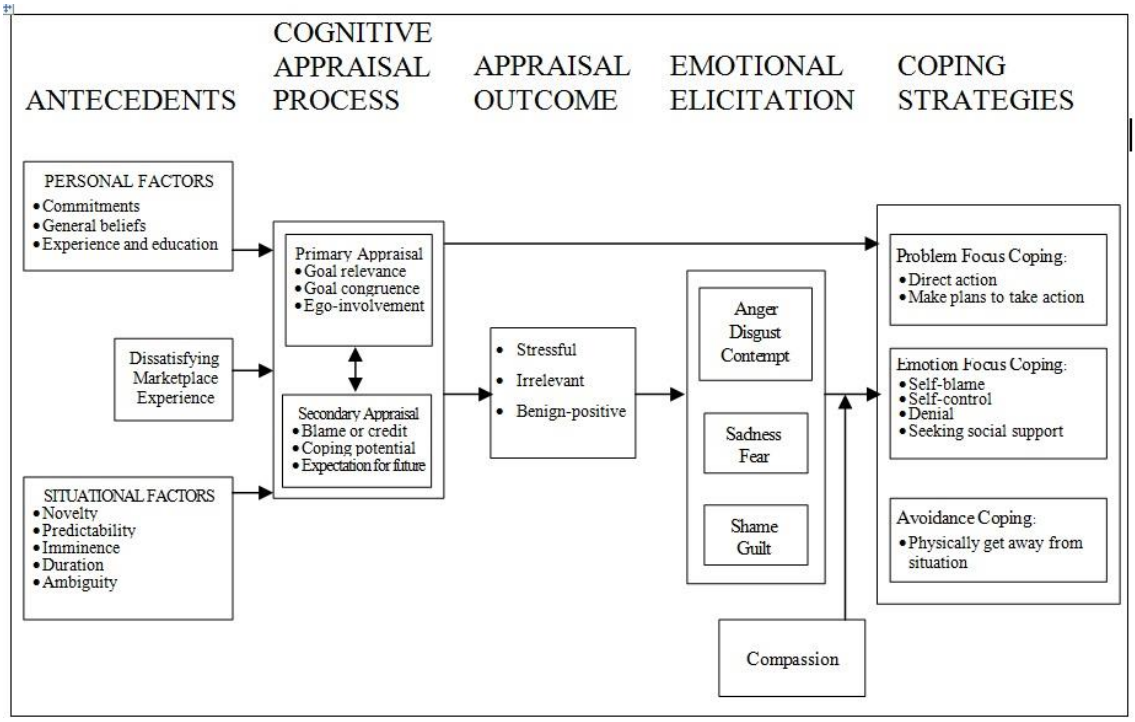


Figure 2.3 A Cognitive-emotive Process Model of Consumer Complaint Behavior
Source: Stephens & Gwinner, 1998, p. 174.

2.3.3 Complaining to a Third Party

Singh's (1990) taxonomy of customer complaint intentions and corresponding behavior classifies consumer response to dissatisfaction into three classes of responses: voiced, private, and third-party response. Here, a third party refers to one who is not directly involved in the dissatisfying incident (e.g., a legal agency, consumer protection organization, etc.). The motivation for voicing to a third party is customers' frustration with their direct complaint not being heard or accepted by service provider (Tyrrell & Woods, 2005).

2.3.4 Complaining to the Service Provider

Day, Grabicke, Schaetzle, and Staubach (1981) indicated that dissatisfied customers assess the cost, benefit, and probability of success when making a complaint. They complain when the benefit of complaining exceeds the cost and when the probability of success is high. According to the cognitive-emotive process model, customers who need problem resolution are the problem-focused group. The conventional wisdom indicates that customers' direct complaint is the only response that gives the service provider a chance to redress the problem (e.g. Kim et al., 2010; Ro & Mattila, 2015). However, most dissatisfied customers do not complain to the company; Tax and Brown (2012) indicated that only 5%-10% of them make a direct complaint following service failure. Also, most of those who do complain are dissatisfied with how the company handles their complaint (Tax et al., 1998).

2.4 Phase 3: Service Recovery

After the recognition of service failure, service providers put their efforts into addressing the negative experience in service interactions with the customers; this type of action is called service recovery (Gronroos, 1988). Schweikhart, Strasser, and Kennedy (1992) explained that the service organization provides service recovery to alter the customer's negative perceptions following service failure incidents. Successful service recovery can lead to desirable outcomes following the negative service encounter, such as satisfaction, repurchasing, and positive word-of-mouth (Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004; Gelbrich, 2010; Matos,

Fernandes, Leis, & Trez, 2011). Service recovery involves both what is delivered (forms of service recovery activity) and how it is delivered (recovery process). Service recovery can take two forms: namely, psychological recovery and tangible recovery (Schweikhart et al., 1992; Miller, Craighead, & Karwan, 2000).

One of the most frequently cited methods of tangible service recovery is compensation. Compensation is an economic incentive offered by a service provider to make up for a service failure (Smith et al., 1999). It may be made by giving a discount (Smith et al., 1999; Wirtz & Mattila, 2004; Bambauer-Sachse & Rabeson, 2015), offering a gift (Bambauer-Sachse & Rabeson, 2015), refunding costs (Bambauer-Sachse & Rabeson, 2015; Gelbrich, Gäthke, & Grégoire, 2015) and correcting the mistake (Chung-Herrera, Gonzalez, & Hoffman, 2010).

When service failure occurs, the customer needs an explanation what caused service failure. Such explanations can be distinguished into four types: excuse, justification, referral, and apology (Bies, 1987). A causal explanation has been seen as a form of resolution that can bring about positive recovery outcomes (Mattila & Patterson, 2004; Bradley & Sparks, 2009). Mattila and Patterson (2004) found that a causal explanation for service failure helped prevent US consumers from engaging in the fundamental attribution error, whereas for East Asian consumers, a causal explanation had only a slight impact on their attribution of the cause of a failed service transaction.

Other than physical compensation, the firm can provide intangible compensation to compensate for the social loss (Tax et al., 1998) of their customer, which can be done by an apology (Gelbrich & Roschk, 2010). An apology from the service provider is a crucial service recovery action, as it is able to yield more favorable outcomes (Bradley & Sparks, 2009; Fang, Luo, & Jiang, 2013). Principally, when causal attributions are high—that is, when the service failure is seen as the responsibility of the firm—an apology is one of the most common recovery methods that customers expect from the service provider (Lee, 2010).

Often, an apology works better in combination with other service recovery strategies. For example, in a double deviation failure event, an apology can improve customers' satisfaction when it is combined with an explanation of the cause of failure (Burke, 2009). Mattila (2001) further investigated the effectiveness of

combined service recovery efforts and found that a combination of apology and a tangible compensation could result in positive recovery satisfaction and loyalty.

How the service provider provides service recovery could influence customers' behavioral responses following service failure. For example, the speed at which service recovery action is taken can affect customer satisfaction (Wirtz & Mattila, 2004). Wirtz and Mattila (2004) suggested that the more quickly the service provider responds, the greater satisfaction the customer feels.

2.5 Phase 4: Evaluation of Service Recovery

The essence of service failure management is to learn from the mistake and to determine the appropriate recovery strategy to regain customers' confidence (Hart et al., 1989; Fang et al., 2013). The effectiveness of service recovery is generally measured by customer satisfaction and behavioral responses through the mediation of perceived justice of service recovery (e.g., Ok, 2004; Kau & Loh, 2006; Patterson, Cowley, & Prasongsukarn, 2006; Del Río-Lanza et al., 2009; Matos et al., 2011; Park, 2012; Fang et al., 2013).

2.5.1 Theory of Perceived Justice

The theory of perceived justice explains individuals' reactions to different conflict situations (Blodgett, Hill, & Tax, 1997). It has largely been used as a theoretical base to understand consumer behavior in service failure and service recovery contexts (McCollough & Bharadwaj, 1992; Smith et al., 1999; Chebat & Slusarczyk, 2005; Patterson et al., 2006; Ha & Jang, 2009). Justice perception can explain customers' evaluation of service recovery (Blodgett et al., 1997; McColl-Kennedy & Sparks, 2003); for example, if customers believe they have been treated fairly, their level of satisfaction and future loyalty will be accordingly high (McColl-Kennedy & Sparks, 2003). Justice perception includes three dimensions: distributive, procedural and interactional justice (McColl-Kennedy & Sparks, 2003).

"Distributive justice specifies that individuals evaluate the satisfactoriness of an exchange in terms of its fairness as defined by the amount of resources (inputs) given up and the appropriateness of the gain received (reward or outcome)" (McCollough,

1995). Tax et al. (1998) suggested three elements of distributive justice including equity, equality, and need. Equity is defined as "provision of outcomes proportional to inputs to an exchange" (Tax et al., 1998, p. 63). Equality refers to "equal outcomes regardless of contributions to an exchange," whereas need refers to "outcome based on requirements regardless of contributions" (Tax et al., 1998, p. 63).

In the service recovery context, distributive justice is used to consider the impact of recovery outcomes on customer costs (McCollough, 1995). Recovery outcomes that influence distributive justice are forms of compensation such as monetary refunds and discount coupons (Del Río-Lanza et al., 2009). In other words, individual complainers perceive distributive justice as a reflection of tangible outcomes (Blodgett et al., 1997).

From broader viewpoint, customers' perception of distributive justice is the result of comparison not only between their loss and received compensation but also between their own received compensation and the compensation of other customers (Van den Bos, Vermunt, & Wilke, 1997). However, it is not always possible for customers to be informed of what other customers receive as compensation. Hence, studies in marketing rely almost exclusively on the equity rule when assessing distributive justice (Blodgett et al., 1997, p. 188). McColl-Kennedy and Sparks (2003) also suggested that customers may count on procedural and interactional justice actions when evaluating the fairness of service recovery actions.

Perceived procedural justice refers to perceived fairness of procedure, policies and criteria in providing resolution following service breakdown (McCollough, 1995). Procedural justice could be perceived through accessibility, speed, process control, flexibility, and delay of methods the service providers perform during the service recovery process (Del Río-Lanza et al., 2009). According to Tax et al. (1998, p. 63), accessibility means "ease of engaging in a process," while speed is the "perceived amount of time taken to complete a procedure," process control refers to "freedom to communicate views on decision process," while flexibility refers to "adaptability of procedures to reflect individual circumstances". Finally, delay refers to how prompt the response was to solve a problem.

Perceived interactional justice involves interpersonal treatment that an individual perceives during the problem-solving process (Blodgett et al., 1997).

Perceived interactional justice involves manners and interactions where the service provider interacts with customers during a service recovery encounter (McColl-Kennedy & Sparks, 2003). Tax et al. (1998) proposed five elements of interactional justice: “causal account”, “honesty”, “politeness”, “effort” and “empathy”. This study is supported by Del Río-Lanza et al. (2009) in their examination of the cellular-telephone sector. They revealed that manners and interactions that affect interactional justice include empathy, courtesy, sensitivity, treatment and employee effort during the service recovery process (Del Río-Lanza et al., 2009).

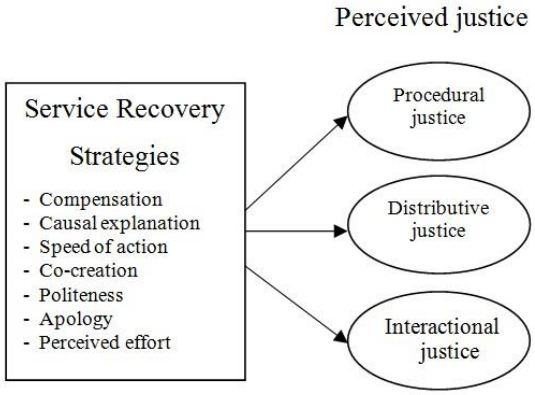


Figure 2.4 Conceptual Framework of Service Recovery and Perceived Justice

Figure 2.4 illustrates the influences of service recovery strategies on justice perceptions. Perceived distributive justice is directly affected by compensation for service failure (i.e., Blodgett et al., 1997; Smith et al., 1999; Wirtz & Mattila, 2004; Karande, Magnini, & Tam, 2007; del Río-Lanza et al., 2009; Park, 2012). The recovery procedure, including steps such as speed of recovery action (Smith et al., 1999; Wirtz & Mattila, 2004) and allowing customer participation (Karande et al., 2007), mainly affects perceived procedural justice. Causal explanation (Bradley & Sparks, 2009), service employees’ politeness, perceived company effort (Ha & Jang, 2009; Kwon & Jang, 2012) and apology (Smith et al., 1999) are actions by the employee that represent interpersonal treatment; therefore, these strategies mainly affect customers’ interactional justice perception.

Overall, some recovery strategies may work better than others in specific situations. For example, Xu, Marshall, Edvardsson, and Tronvoll (2014) urged service providers to ask customers to participate in co-recovery instead of offering compensation right away, because the monetary cost of co-creation is cheaper than compensation. In the same way, speed of recovery action is more favorable than compensation in system and personal failures. However, in system failure, compensation garners more appreciation than an apology alone or an apology and causal explanation combined (Chu, 2007).

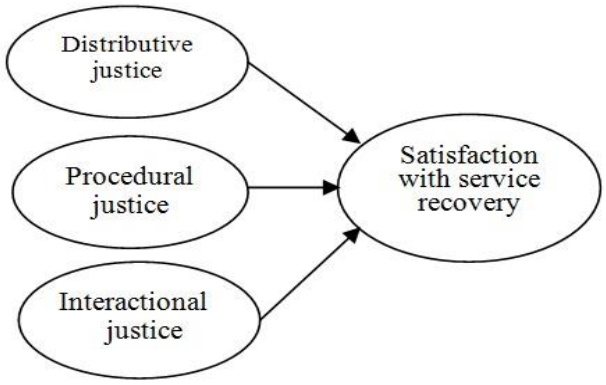


Figure 2.5 Relationship between Perceived Justices and Satisfaction with Service Recovery

Source: Adapted from Maxham III & Netemeyer, 2002.

2.5.2 Customer Satisfaction

Customer satisfaction has generally been conceptualized as 1) satisfaction with the service transaction (transaction-specific satisfaction) and 2) cumulative satisfaction with service provider (cumulative satisfaction) (Johnson, Anderson, & Fornell, 1995; Johnson, Gustafsson, Andreassen, Lervik, & Cha, 2001). Vázquez-Casielles, Suárez Álvarez, and Díaz Martín (2010) described transaction-specific satisfaction as an evaluation of the current service encounter or service recovery. Cumulative satisfaction is the overall satisfaction from all transactions and other experiences; therefore, it reflects the firm's previous and current performance. These two concepts of customer satisfaction are complementary rather than competitive (Johnson et al., 2001).

Transaction-specific satisfaction is an evaluation of customers' experience with a particular service recovery transaction (Olsen & Johnson, 2003). Generally, customer evaluation of service recovery is measured through the following path: service recovery → perceived justice of service recovery → transaction-specific satisfaction → cumulative satisfaction (i.e. Andreassen, 2000; Olsen & Johnson, 2003; Del Río-Lanza et al., 2009; Matos et al., 2011).

Figure 2.5 shows the influences of the three dimensions of perceived justice on recovery satisfaction. It is well documented that an increase in perceived distributive justice increases customers' satisfaction with service recovery (Patterson et al., 2006; Del Río-Lanza et al., 2009; Ha & Jang, 2009; Gelbrich & Roschk, 2010; Park, 2012; Prasongsukarn & Patterson, 2012; Chetta, 2014; Tektas, 2017). Gelbrich and Roschk (2010) revealed that a recovery technique such as compensation significantly influences transaction-specific satisfaction through perceived distributive justice.

Likewise, perceived procedural justice also mediates the effects of firms' recovery strategies; for example, speed or delay of service recovery affects perceived procedural justice, which finally impacts satisfaction with service recovery (Andreassen, 2000; Patterson et al., 2006; Karande et al., 2007; Park, 2012). Lastly, perceived interactional justice mediates the effect of the firm's interpersonal treatment on satisfaction with service recovery (Patterson et al., 2006; Prasongsukarn & Patterson, 2012; Petzer, de Meyer-Heydenrych, & Svensson, 2017).

2.6 Phase 5: Evaluation of Service Provider

2.6.1 Cumulative Satisfaction

Customers update their overall satisfaction, or "cumulative satisfaction," in consideration of their entire experience with the service or service provider (Olsen & Johnson, 2003). Cumulative satisfaction is not an evaluation of a service or product at any particular point in time; rather, it reflects firms' performance over the long term (Johnson et al., 1995). Basically, cumulative satisfaction is mainly formed by a combination of market expectations, perceived performance at any given time and past satisfaction (including current satisfaction) (Johnson et al., 1995).

Figure 2.6 describes the formation of overall satisfaction, which is affected by satisfaction with service recovery and cumulative satisfaction. Fu (2003) emphasized the importance of transaction-specific satisfaction, noting that, to assess overall satisfaction, customers weight their transaction-specific satisfaction more heavily than their preexisting cumulative satisfaction, regardless of the levels of service failure or service recovery. This finding is consistent with Vázquez-Casielles et al. (2010) and Ok (2004), who identified the impact of satisfaction with service recovery transaction on overall satisfaction. Vázquez-Casielles et al. (2010) proposed a conceptual model and tested the relationship between perceived justice and overall satisfaction. The findings confirmed previous knowledge that overall satisfaction is influenced by perceived justice and mediated by service recovery satisfaction (Olsen & Johnson, 2003; Ok, 2004; Vázquez-Casielles et al., 2010). Although cumulative satisfaction is partly constructed by transaction-specific satisfaction, it cannot be easily altered by the current level of satisfaction (Yi & La, 2004; Brunner, Stöcklin, & Opwis, 2008).

In comparing the predictive capability of current and cumulative satisfaction, cumulative satisfaction has been found to be a better predictor of consumers' behavioral intention (Johnson et al., 1995; Olsen & Johnson, 2003). Cumulative satisfaction is a key driver for loyalty to a service provider (Johnson et al., 1995; Olsen & Johnson, 2003; Riscinto-Kozub, 2008). Consumers make repurchase decisions based on their overall experience with a product or firm rather than a single specific transaction (Gustafsson, 2009). Additionally, cumulative satisfaction works like a buffer when there is an unsatisfactory transaction (Brunner et al., 2008).

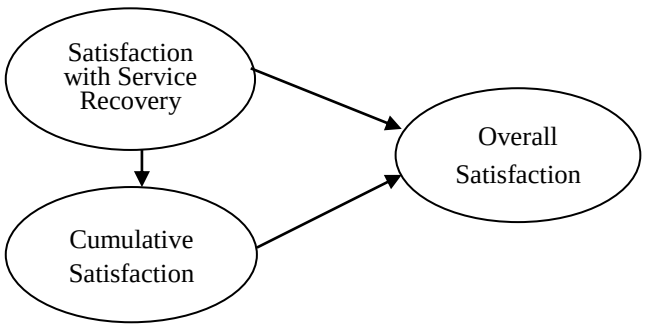


Figure 2.6 Relationship between Satisfaction with Service Recovery and Overall Satisfaction

2.7 Phase 6: Behavioral Outcome

The final outcomes of the service recovery process may be determined by consumers' subsequent behavioral intentions and actual behaviors (e.g., repurchase, word of mouth, switching service provider, etc.). In this final phase, satisfaction with service recovery (transaction-specific satisfaction) and overall satisfaction (cumulative satisfaction) play a critical role in driving positive consumer behavioral intentions and actual behaviors (i.e. Maxham III, 2001; Kau & Loh, 2006; Ha & Jang, 2009; Matos et al., 2011;). Figure 2.7 shows the relationships between the two concepts of satisfaction and customer loyalty, word of mouth, and switching behavior.

It has been suggested that, after a service failure incident and recovery process, customer loyalty is triggered by overall satisfaction (Riscinto-Kozub, 2008). Consistently, other studies have pointed out that service recovery satisfaction directly affects customer loyalty (Maxham III, 2001; Wirtz & Mattila, 2004; Kau & Loh, 2006; Matos et al., 2011). In sum, to achieve these positive outcomes, Maxham III (2001) indicated that moderate to high service recovery efforts are key.

Customers' intent to spread word of mouth, positive or negative, reflects the service provider's service recovery attempts. Greater satisfaction with service recovery can encourage customers to communicate their experience to other customers (Hennig-Thurau, Gwinner, & Gremler, 2002; Wirtz & Mattila, 2004; Kau & Loh, 2006; Matos et al., 2011). Additionally, word of mouth is also influenced by loyalty, quality, commitment, trust, and perceived value (de Matos & Rossi, 2008).

One consequence of failed service and/or an unsuccessful service recovery is for the consumer to simply exit and change to a different service provider (Maxham III, 2001; McColl-Kennedy & Sparks, 2003). Mattila and Ro (2008) indicated that switching service providers is the result of customers' perceptions. However, when customers perceive service failure as an uncontrollable event, their switching intention is likely to be reduced.

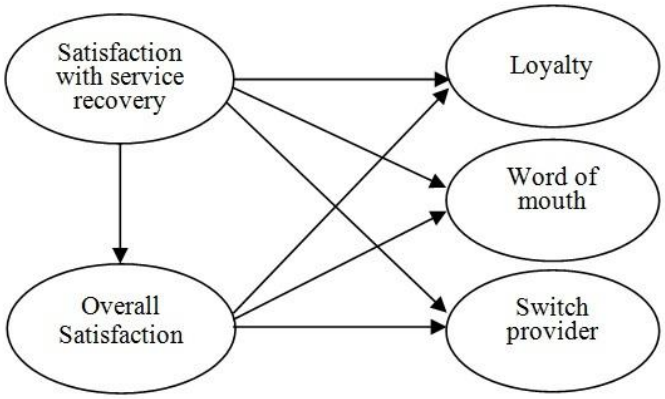


Figure 2.7 Relationship between Satisfaction with Service Recovery, Overall Satisfaction and Behavioral Outcome

2.8 Conclusion

This integrative review maps the main literature related to dissatisfying service transactions, service recovery actions, and consumers' evaluation and behavioral outcomes to elucidate how consumers react after experiencing service failure. Drawing on the previous research, this study introduces a new conceptual framework that offers six phases to explain the stages customers and service providers will journey through. The conceptual framework identifies the key variables and constructs and brings to light the relationship of those variables and constructs within and between phases. Providing a holistic view of incidents, the conceptual framework can aid researchers in identifying the stage to which their work belongs and what variables and constructs play important roles in that specific stage.

Managerially, since service failure incidents are common in service industries and their effects are carried from phase to phase, once a service failure has occurred, customers' behavioral outcomes are shaped through the six phases. Service managers can use this framework as a guideline for service failure management. Our suggestion is in harmony with Hoffman et al.'s (2016) emphasis on service firms learning from service failures. Also, it should be noted that the right service recovery is the most important factor in retaining customers, because a specific service recovery strategy may not be as effective in different situations. We strongly recommend that service providers preemptively integrate the service recovery process as a part of the service delivery system.

CHAPTER 3

THE EFFECT OF VENTING INTERACTION ON CUSTOMER SATISFACTION AFTER SERVICE FAILURE

This research investigates the influence of negative pre-recovery emotion management on perceived justice, post-recovery emotions and satisfaction. Venting interaction was employed as a conceptual background to manage negative customer pre-recovery emotions. Customer responses were examined through the scenario-based experiment with 250 retail bank customers in Thailand. The results suggest that perceived justice, post-recovery emotions and satisfaction were affected by venting interaction and shaped by pre-recovery emotions. This study highlights that negative pre-recovery emotions can be managed; and managing negative pre-recovery emotions using venting interaction improves interactional justice, decreases post-recovery anger and enhances post-recovery satisfaction. Managerial recommendations are provided that encourage companies to emphasize venting interaction following service failure to enhance service recovery evaluations.

3.1 Introduction

The complexity of services and the service delivery process leads to unavoidable service failure (Hart et al., 1989; Tax & Brown, 2012). The extant literature suggests that service failure generates a range of negative customer emotions (McColl-Kennedy & Smith, 2006) which in turn produce adversarial reactions, such as switching, non-repurchasing and negative word-of-mouth (e.g., Keaveney, 1995; McColl-Kennedy & Smith, 2006; Zeelenberg & Pieters, 2004; Kalamas, Laroche, & Makdessian, 2008).

Service providers strive to restore customer satisfaction by providing service recovery. However, negative emotions arise as a consequence of service failure can destructively bias the entire process of service recovery evaluations (Taylor, 1994;

Smith & Bolton, 2002; Chebat & Slusarczyk, 2005). Although negative customer emotions have been studied extensively within the field of service failure and service recovery (Lastner, Folse, Mangus, & Fennell, 2016; Tektas & Basgoze, 2017), considerable attention has been given to negative customer emotions triggered after service recovery, or post-recovery emotions (Nikbin, Iranmanesh, Hyun, Baharun, & Kim, 2015; Tektas & Basgoze, 2017). The limited studies on negative pre-recovery emotions are largely limited to harmful effects of negative pre-recovery emotions on customer evaluation of service recovery (e.g., Nikbin et al., 2015; Tektas & Basgoze, 2017) instead of management of initial negative emotions. The present study strives to contribute to theory and practice by discerning how managing pre-recovery emotions can reduce the degree of negative post-recovery emotions and enhance recovery evaluations.

Perceived justice is widely used to explain customers' reactions to a service organization's recovery efforts (Blodgett, Hill, & Tax, 1997; Tax, Brown, & Chandrashekaran, 1998). The determination of justice or injustice subsequently influences customer evaluation of service recovery, such as satisfaction, repurchase intention, word-of-mouth (e.g., Blodgett et al., 1997; Del Río-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009)

Research on the role of pre-recovery emotions indicated that customers' justice perceptions are affected by initial emotional reaction (Tektas & Basgoze, 2017). Prior research suggested that emotional expressions serve as cues (Rafaeli & Sutton, 1990), which enable employees to respond appropriately. Nyer (2000) observed that highly dissatisfied customers are more likely to express dissatisfaction by venting, which can signal service employee to properly take action.

In particular, venting is a regular used emotion-based coping for angry customer (e.g., Bushman, 2002; Gelbrich, 2010), although venting anger per se may not help release anger (Nyer, 1997). Parlamis (2012) argued that people feel better not because of venting but because of receiving responses, which is known as "venting interaction". Indeed, when there is emotional engagement in a service failure episode, customers need an emotional support recovery, for example, understanding, and empathy (Menon & Dubé, 2007). As service failure particularly triggers anger, this paper examines how

using venting interaction to manage negative pre-recovery emotions can decrease post-recovery anger and enhance effectiveness of service recovery.

The primary objective of the current study is to employ venting interaction to serve as an emotional support tool to manage negative pre-recovery emotions in the service recovery process. This study investigates the effect of venting interaction on perceived justice, post-recovery anger and satisfaction, in addition to testing the temporal causal effects of interactional justice on distributive justice and procedural justice. Additionally, it explores how effects of venting interaction change across different levels of anger triggered by service failure.

This study is structured as follows. It first provides literature review related to service failure and service recovery, perceived justice, emotions in service consumption and venting negative emotions. This is followed by proposition of research hypotheses. Next, research design and experiment undertaken, analysis and findings are described. In conclusion, the discussions of findings, research implications and limitations of the study are provided.

3.2 Theoretical Background

3.2.1 Service Failure and Service Recovery

Service failure is defined as any real or non-real happened problem one experienced from service consumption (Maxham III, 2001). In general, service failure firstly causes customer dissatisfaction (Hess, Ganesan, & Klein, 2003), and subsequently leads to, for example, negative word-of-mouth, complaining and switching behavior (e.g., Levesque & McDougall, 2000; McCollough, Berry, & Yadav, 2000). However, although it is impossible to avoid mistakes in services (Berry, 2016); dissatisfaction can be remedied with the suitable recovery (Hart et al., 1989).

Gronroos (1988) described service recovery as the firms' corrective actions when service goes wrong or something unpredictable happens. Different recovery actions can improve different customer evaluative and behavioral outcomes. For example, compensations can affect customer perception of outcome fairness (Gelbrich, Gäthke, & Grégoire, 2015). Apology can influence customer perceptions of interpersonal treatment fairness (Smith et al., 1999). Subsequently, these perceived

fairness serve as a mediator to convey effects of service recovery to important outcomes, e.g., satisfaction, repurchasing, word-of-mouth (Hennig-Thurau et al., 2004; Gelbrich, 2010; Matos et al., 2011).

Although numbers of service recovery techniques and their effectiveness have been established, there are still some debates over certain aspects of recovery techniques. For example, how much compensation should be offered? Bambauer-Sachse and Rabeson (2015) recently found that people from developing countries expect lower compensation. Procedurally, conventional wisdom supported quick responses (e.g., Wirtz & Mattila, 2004; Tax & Brown, 2012). Recently, Zhou, Tsang, Huang, and Zhou (2014) contended that the quick response produces favorable outcomes only when service is produced and consumed simultaneously. Remarkably, delaying response results in favorable outcomes when service production and consumption are not simultaneous.

Levesque and McDougall (1996) suggested that effectiveness of service recovery varies across the type of service failure. In many situations, emotions can more clearly explain customer responses to service failure and service recovery (Zhou et al., 2014). For example, Menon and Dubé (2007) suggested that in service failure incidents dealing with customers' emotional response, service recovery that integrates an emotional support, e. g. , showing empathy and understanding, is an effective service recovery strategy.

3.2.2 Perceived Justice

Perceived justice has its foundation in social psychology; it has been extensively used to explain people's reactions to conflict situations (Blodgett et al., 1997). In the service failure context, it was recognized as the key theoretical background to explain customer evaluations of service recovery efforts (Bambauer-Sachse & Rabeson, 2015; Petzer et al., 2017). Service recovery literature suggests that perceived justice plays a significant role in mediating the effects of service recovery to post-recovery responses, such as satisfaction, repurchase intention, and word-of-mouth intention (Blodgett & Tax, 1993; Maxham & Netemeyer, 2002; Tektas, 2017).

Perceived justice comprises three dimensions. First, perceived distributive justice is defined as a fairness of distribution or allocation (Rawls, 2009). The

consideration of fair allocation is made on three principles, i.e., equity, equality, and need of outcome; each principle is formed by a different specific referent (Blodgett et al., 1997; Hegtvedt & Cook, 2000). Need is defined by how the requirement is met, whereas equality concerns the outcome that all parties receive and implies that it should be the same regardless of contribution, and equity emphasizes the balance between input and outcome (Blodgett et al., 1997). The use of these principles can vary across circumstances.

Second, perceived procedural justice concerns perceived fairness of procedure, policies, and criteria in providing service recovery (Maxham III & Netemeyer, 2002). Customers evaluate procedural justice based on perception of accessibility and controllability in service recovery process, speed, flexibility, and delay of service recovery action (Del Río-Lanza et al., 2009). According to Tax et al. (1998, p. 63), "accessibility" is "ease of engaging a process"; "controllability" refers to "freedom to communicate views on decision process"; and "speed" refers the "perceived amount of time taken to complete procedure"; "flexibility" means "adaptability of procedures to reflect individual circumstances"; and "delay" refers to promptness in response to solve a problem.

Third, perceived interactional justice encompasses interpersonal treatments the individual perceives during service recovery process (Blodgett et al., 1997; Maxham & Netemeyer, 2002). Tax et al. (1998) suggested that customers assess interactional justice through the firm's interactions concerning explanation, honesty, politeness, effort, and empathy in taking recovery actions. Maxham and Netemeyer (2002) further refined these elements into four interpersonal treatment aspects: courtesy, honesty, interest in fairness, and efforts perceived by complainant. Similar to the study of Maxham and Netemeyer (2002) on complaint-handling following service failure, the current study defines perceived interactional justice as customer's perceived fairness regarding a firm-agent's interaction during the recovery process.

3.2.3 Customer Emotions in Service Failure

Emotion is defined as "a mental state of readiness that arises from cognitive appraisals of events or thoughts; has a phenomenological tone; is accompanied by physiological processes; is often expressed physically (e.g., in gestures, posture, facial

features); and may result in specific actions to affirm or cope with the emotion, depending on its nature and meaning for the person having it'' (Bagozzi, Gopinath, & Nyer, 1999, p. 184).

Appraisal theory suggested that individuals may experience different specific emotions depending on four key appraisals, namely, outcome desirability, agency, fairness and certainty (Watson & Spence, 2007). For example, the uncertain situation leads to anxiety (Taylor, 1994). In an undesirable outcome situation, the self-blame results in regret (Zeelenberg & Pieters, 1999); the situational-blame triggers frustration (Roseman, 1991; Kalamas et al., 2008); meanwhile the external-blame causes anger (Kalamas et al., 2008). Service failures are usually explained as anger experience (e.g., Kalamas, et al., 2008; Gelbrich, 2010) as in many cases, the customers attribute service failure responsibilities to the firm.

In consumption contexts, most studies use cognitive appraisal of emotions as a theoretical background to explain consumers' emotional responses to consumption experiences (Johnson & Stewart, 2005). Drawing on cognitive appraisals of emotions, service failure may rapidly generate specific negative emotions.Emotional responses to service failure influence the way customers evaluate service recovery efforts and judge satisfaction (Smith & Bolton, 2002; Tektas & Basgoze, 2017). More specifically, negative emotions create a negative bias toward customer evaluations of service recovery (Tektas & Basgoze, 2017). Clark and Isen (1982, p. 78) also suggested that "people in negative states may tend to see the negative side of things and be more pessimistic than usual, and their behavior may reflect these negative expectations and may serve to keep them in the negative feeling state." Those changes in cognition, physiology, and action due to emotions will remain and further influence judgments and decision making until the emotion-eliciting problems are resolved (Lerner & Keltner, 2001).

3.2.4 Venting Negative Emotions

Cambridge dictionary defines vent as "to express a negative emotion in a forceful and often unfair way." Venting may take different forms, for example, physical expression (e.g., hitting a pillow), written expression (writing a letter) and verbal expression (engaging in yelling or discussion) (Parlamis, 2012; Parlamis, Allred, &

Block, 2010). Based on previous literature, venting through verbal expression is a typical behavior that people choose for letting out anger (e.g., Bushman, 2002).

Previous research on expression of anger demonstrated that venting cannot release anger; furthermore, it leads to greater anger in many cases (Bohart, 1980; Nyer, 1997; Bushman, 2002). However, conversely, in social psychology, Greenberg and Stone (1992) indicated that there are physical health benefits to venting, e.g., fewer physical symptoms.. That is, people who have disclosed their trauma report fewer physical symptoms than people who did not; this health benefit is still present even if the trauma has previously been disclosed. According to catharsis literature, emotions are like water or steam, and "build up, if not expressed." The built-up emotion makes internal pressure that can create a psychological malfunction. To recover, one must express, or "vent," the emotional residue (Bohart, 1980, p. 192).

From an emotion regulation standpoint, venting can serve as emotion regulation strategy as it is an inverse of the expressive suppression strategy whereby an individual attempts to stop the emotionally expressive behavior (Parlamis, 2012). Webb, Miles, and Sheeran (2012), Eisenberg, Fabes, Guthrie, and Reiser (2000, p. 137) defined "emotion regulation" as the processes involving initiation, maintenance, modification and modulation of the occurrence, intensity and duration of feeling states. Balaji, Roy, and Quazi (2017) found that customers with low satisfaction and high suppression are more likely to spread negative word-of-mouth on social networking sites. This is because customers who use the suppression strategy do not totally eliminate negative emotions, and hence, will indirectly express negative emotions in the form of negative word-of-mouth on social networking sites.

One aspect that highlights importance of venting is reciprocal aspect of venting interaction. Parlamis (2012) suggested that, in conflict situations, when individuals vent anger, they expect responses from the recipient. Early research found that individuals who directly communicated to an offender have fewer hostile and greater friendly statements (Thibaut & Coules, 1952). Parlamis et al. (2010) recently studied the effects of target of venting approach in their study on the impact of target of venting on blame attribution and anger. The findings showed that individuals who vent their anger to an offender did not feel more anger, whereas those who vented to a third-party reported greater anger and greater attribution of responsibilities to source

of conflict. However, individuals report better emotional tone after they vented and received responses (Parlamis, 2012).

Drawing on the beneficial effects of venting, this study employs venting (verbal expression) to offender as service organization's opportunity to interact with customers, venting interaction. In this study, venting interaction is defined as responses expressed to customers who vent their negative emotions by listening, showing empathy, concerns and understanding. This research investigates the beneficial effect of venting interaction in reducing the harmful effects of negative pre-recovery emotions on customer's evaluation of service recovery.

3.3 Conceptual Model and Hypotheses

3.3.1 Venting Interaction and Perceived Interactional Justice

Research on customer emotions indicated that negative emotions create negative bias towards perceived justice (Varela-Neira, Vázquez-Casielles, & Iglesias-Argüelles, 2008; Tektas & Basgoze, 2017) and overall service evaluations (Taylor, 1994). The current study reasons that customer evaluations of service recovery can be enhanced when the negative emotions are properly managed before or during service recovery process.

Study of venting negative emotions suggested that the tone of emotions can be improved when people vent their negative feelings and get responses from the recipient (Parlamis, 2012). From an emotional-support seeking viewpoint, customers seek for sympathy when there is emotional engagement in service failure episode (Menon & Dubé, 2007). Additionally, treatment is perceived as fair when individuals assume that they receive empathy (Tax et al., 1998), as well as when the firms show concerns, give a voice opportunity and put efforts in service recovery (McColl-Kennedy, Daus, & Sparks, 2003). As venting interaction is provided by empathetically listening, showing concerns and allowing for vent for those who seek for sympathy, interactional justice perception is likely to depend on the presence of venting interaction.

Besides sympathy and concerns brought about from venting interaction, no response to customer venting may be linked to impolite and discourteous manners (Keaveney, 1995) which are considered to be the core elements in interpersonal

treatment. Further, no interaction per se can be interpreted as lack of the interest in providing resolutions (Chung-Herrera et al., 2010).

Summarizing the above arguments, customers who have vented negative emotions and received responses from service providers will report higher perceived interactional justice of service recovery. The following hypothesis is proposed:

H1: When negative emotions occur in service failure, customers who received venting interaction will show higher perceived interactional justice of service recovery than customers who did not receive venting interaction.

3.3.2 Venting Interaction and Perceived Distributive justice

Tektas and Basgoze (2017) and Varela-Neira et al. (2008) suggested that there are harmful effects of negative emotions on customer evaluations of service recovery. Specifically, when customers experience a service failure, negative emotions are triggered, and the customers then evaluate perceived justices negatively. Based on the effects of venting, the degree of negative emotions is lower when individuals express negative emotions to the offender and receive a response (Parlamis, 2012). It is reasonable to assume the harmful effects of negative emotions on service recovery evaluation can be mitigated after the customer has vented and received an interaction from the service provider. And hence, customer evaluation of service recovery among those who receive venting interaction should be greater than those who receive service recovery without venting interaction.

In addition, previous research offers empirical evidence for the inter-relationship between employee-customer interaction and perceived distributive justice. When customers received responses from the firm, e.g., excuse, justification, their perceived distributive justice was greater (Shaw, Wild, & Colquitt, 2003). Therefore, the current study assumes, based on the same recovery outcomes, customers who received a venting response reports higher perceived distributive justice than those who did not receive a venting response. The next hypothesis is:

H2: When negative emotions occur in service failure, customers who received a venting interaction will show higher perceived distributive justice of service recovery than a customer who did not receive a venting interaction.

3.3.3 Mediating Effect of Perceived Interactional Justice

Previous research suggested that consumers evaluate dimensions of perceived justice independently (Greenberg, 1990). Prasongsukarn and Patterson (2012) argued that service recovery has temporal and causal sequences. That is, service recovery process takes place prior to an arrival of service recovery outcomes, meanwhile the way the employee treats customer can be perceived as soon as the process begins and long before the recovery process is done.

Furthermore, perceived employees' effort helps mitigate perceived negative outcomes (Mohr & Bitner, 1995; Blodgett et al., 1997). Also, interpersonal treatment demonstrated by decision maker influences customer judgment of procedural justice (Greenberg, 1990). Taken together, this study hypothesizes that:

H3a: Perceived interactional justice mediates the relationship between venting interaction and perceived distributive justice.

H3b: Perceived interactional justice mediates the relationship between venting interaction and perceived procedural justice.

3.3.4 Perceived Justices and Customer Satisfaction

Service recovery literature demonstrates that successful service recovery can restore customer satisfaction. Previous studies have extensively employed perceived justice in explaining customer's post-recovery satisfaction (Balaji et al., 2017; Martínez-Tur, Peiró, Ramos, & Moliner, 2006; Nikbin, Marimuthu, Hyun, & Ismail, 2014) because it is critical in explaining individuals' reactions in conflict situations (Blodgett et al., 1997) in a way that compensates perceived unfairness arising from service failure which in turn influences customer satisfaction.

Extant literature documents strong relationships between perceived justice and customer satisfaction with service recovery. There is substantial evidence that interactional justice has positive effects on satisfaction (e.g., Smith et al., 1999; Schoefer & Ennew, 2005; Nikbin et al., 2014; Balaji et al., 2017). Likewise, a higher perceived distributive justice and procedural justice can lead to higher post-recovery satisfaction (e.g., Petzer et al., 2017; Tektas, 2017). Therefore, the current study proposes that:

H4a: Perceived interactional justice mediates the relationship between venting interaction and post-recovery satisfaction.

H4b: Perceived distributive justice mediates the relationship between venting interaction and post-recovery satisfaction.

H4c: Perceived procedural justice positively affect post-recovery satisfaction.

3.3.5 Moderating Effect of Pre-recovery Anger

Anger is a negative emotion which is fostered when an individual attributes responsibilities of negative events to another (Averill, 1983; Roseman, 1991). In the same way, when the consumption experience is negative and the cause is attributed to another party (other-caused event), customer would develop anger (Watson & Spence, 2007).

Anger is a key driver of negative behaviors. For example, angry customers negatively evaluate service performance, justice perception, corporate image, and repurchase intention (Kalamas et al., 2008). However, customer anger can be managed by various strategies, such as listening and apologizing for the poor service , comforting the customer (Menon & Dubé, 2007) and responding to venting (Parlamis, 2012).

Research on the role of venting as emotion regulation reveals that venting helps an angry customer feel better after receiving a venting response (Parlamis, 2012). This is consistent with the emotional support concept, the firm-customer interactions can improve the service evaluation of angry customers (Menon & Dubé, 2007). Because angry individuals can be aggressive, confrontational, and remain emotionally engaged with the situation, emotional support recovery can weaken the confrontational nature of angry consumers and make it easier to deliver instrumental support (Menon & Dubé, 2007). Additionally, according to Smith and Bolton (2002), service recovery evaluation can vary depending on emotional response to service failure.

From previous discussions, this study proposes that different levels of anger impact the effects of the venting interaction on perceived interactional justice differently. More specifically, effects of the venting interaction are greater in angrier customers.

H6: A positive effect of venting interaction on perceived interactional justice is greater in angrier customers.

3.3.6 Mediating Effects of Post-recovery Anger

Previous literature has suggested the influences of perceived justice on positive and negative post-recovery emotions (Smith & Bolton, 2002; Chebat & Slusarczyk, 2005; Ozgen & Kurt, 2012). The high level of perceived justice can result in high degree of positive emotions and low degree of negative emotions (del Río-Lanza et al., 2009; Balaji, et al., 2017).

In a service failure context, perception of interactional injustice triggers anger because the customer believes that the service provider cares more about the profit than the fair resolution (Grégoire, Laufer & Tripp, 2010). On the other hand, the successful management of pre-recovery emotions can reduce the degree of post-recovery emotions through the mediation of justice perception (Ozgen & Kurt, 2012). Specifically, anger is one of the specific negative emotions which are lessened by a high interactional justice perception (Ozgen & Kurt, 2012). On the basis of these arguments, the next hypothesis is offered.

H6: Perceived interactional justice mediates the relationship between venting interaction and post-recovery anger.

Extant literature indicated that the relationship between perceived justice and satisfaction is mediated by positive and negative emotions (Schoefer, 2010; Balaji, et al., 2017). Strizhakova, Tsarenko, and Ruth (2012) demonstrated that angry individuals may ruminate about service failure and the rumination process can affect service recovery evaluations. The next hypothesis is proposed that:

H7: Post-recovery anger mediates the relationship between perceived interactional justice and post-recovery satisfaction.

The conceptual model is presented in Figure 3.1.

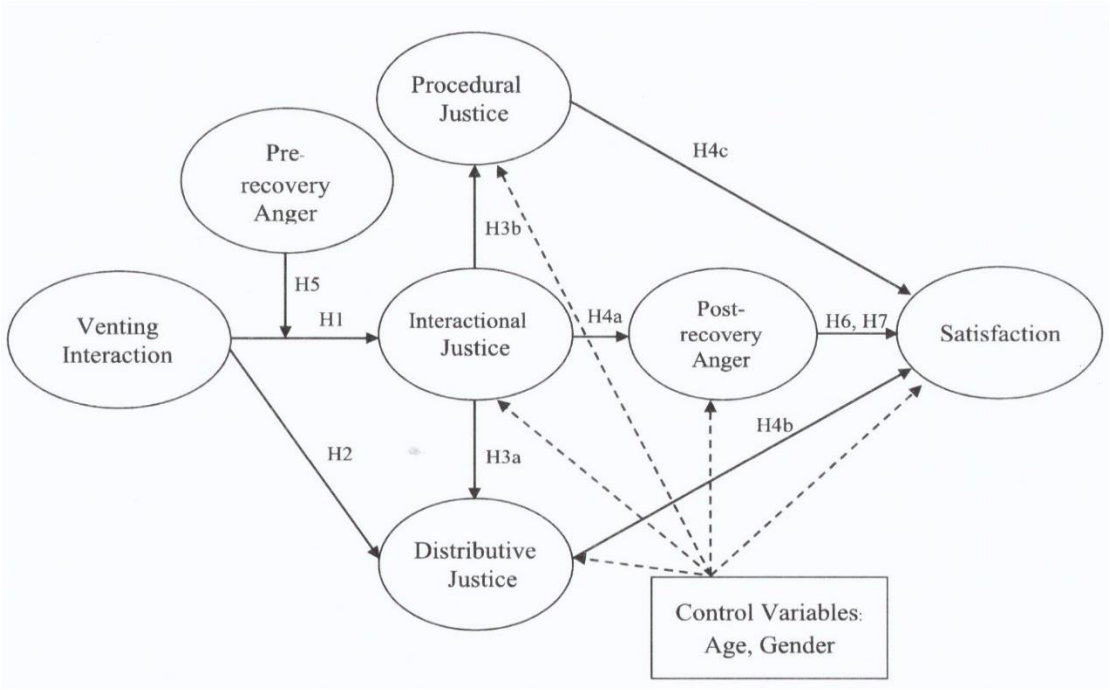


Figure 3.1 Conceptual Model

3.4 Research Methodology

3.4.1 Study Design

This study employed a scenario-based experiment to test the research hypothesis. The scenario-based experimental approach has been widely used in service recovery research (e.g., Crisafulli & Singh, 2016; Lastner et al., 2016; Hazée, Van Vaerenbergh, & Armirotto, 2017). As suggested by Smith and Bolton (2002), this approach is a cost-effective method that enables difficult manipulations to be more easily operationalized. In addition, it overcomes recall bias issues associated with retrospective self-reports of actual experiences, such as memory lapses and rationalization tendencies (Smith et al., 1999).

The experiment followed a between-subject design with two experimental conditions (service recovery with venting interaction vs. service recovery without venting interaction). Financial service was selected as the study context as it is a common industry about which consumers complain, and participants could effortlessly adopt a role as customer in the scenario (McColl-Kennedy, Sparks, & Nguyen, 2011).

3.4.2 Scenario

The scenarios were developed using bank service setting. To identify service failure and service recovery situations, semi-structured interviews were conducted with bank managers, frontline employees, and bank customers (see McColl-Kennedy et al., 2003). The scenario was drafted and pilot-tested with the target respondents to identify any ambiguous expressions. This is followed by the further refinement by the researchers, resulting in the final versions of the scenarios.

The scenario describes a customer who has opened a deposit account that the bank employee suggested would provide attractively high returns. The customer learns the next day that this account is does not allow the customer to withdraw money until the maturity period of seven years has been satisfied. The customer vents dissatisfaction and heatedly explains that he/she was not aware about this because the bank employee did not provide this information.

There are two scenarios regarding service recovery process. In the first scenario (venting interaction), the bank employee listens to the customers, allows the customer to vent and shows understanding and empathy for the situation before providing a solution, namely, canceling the insurance policy. In the second scenario (no venting interaction), the bank employee provides the solution of canceling the insurance policy (for details, see Appendix).

3.4.3 Measurement of Variables

All variable measurements are adopted from established scales and contextualized for the current study. Four items of distributive justice, four items of procedural justice and four items of interactional justice were adopted from Maxham and Netemeyer (2002) and were measured using a seven-point scale ranging from “1 = strongly disagree” to “7 = strongly agree.” Three items of overall satisfaction were adopted from Maxham and Netemeyer (2002) and were measured using seven-point scale ranging from “1 = not at all satisfied” to “7 = very satisfied”. Anger was measured on three items borrowed from Bougie, Pieters, and Zeelenberg (2003). Participants were asked to indicate on seven-point scale, anchored by “1 = not at all” to “7 = very much”.

Since the original measurement items were in English, the collaborative translation technique was used to ensure the conceptual equivalence (Douglas & Craig, 2007). The scales were independently and simultaneously translated into Thai by the authors and a professional translator. Another researcher, fluent in both Thai and English, then use back-to-back translation technique in examining the two translated scales in order to determine whether they maintain the original meaning of the items. A pretest was conducted with 22 respondents; the scale items were then modified and finalized based on the feedback received.

3.4.4 Manipulation and Realism Checks

The realism and manipulation checks were constructed to determine whether the scenario and the manipulation work as intended. The manipulation checks were performed by asking respondents to report the extent of their agreement or disagreement with three items. The first item checked if the front line showed empathetically response to customer vent. The second item asked if the frontline listened to the customer vent. And the last item asked the respondent to indicate the degree to which the frontline shows interest in customer's problem. All questions were measured on a seven-point "1 = strongly disagree" to "7 = strongly agree" scale. The realism of scenarios was checked by asking the extent to which the scenarios could happen in real life. The question was anchored by "1 = not at all realistic" to "7 = very realistic".

The pretest was conducted ($n = 30$) to verify realism of scenarios and validity of manipulation check items prior to the main experiment (Perdue & Summers, 1986). The realism and manipulation of the scenario were successful. Respondents in the venting interaction condition reported significantly higher perception of venting interaction than the control group in all three manipulation check items, i.e., mean difference = 2.13, $t(28) = 3.97$, $p < 0.01$ for item 1, mean difference = 2.33, $t(28) = 4.22$, $p < 0.01$ for item 2, and mean difference = 1.43, $t(28) = 2.97$, $p < < 0.01$ for item 3. The pretest of scenario displays a high degree of realism mean score, $M = 5.90$, $SD. = 1.48$. The mean score of realism is higher than 5 on the seven-point scale, indicating that the ecological validity was confirmed.

3.4.5 Participants

The data were collected from bank customers in Thailand, on the basis of quota and judgment sampling. The quota was taken from Thailand population in terms of gender and age. In total, 287 respondents were approached to participate in this study; 37 respondents were excluded from the analysis because of incomplete responses. The remaining sample size of 250 represents a usable response, which exceeds the minimum requirement of 10 times the largest number of structural paths directed at a particular construct in the structural model (Hair, Ringle & Sarstedt, 2011). The sample profile is presented in Table 3.1.

Table 3.1 Sample Profile

Demographics	Frequency	%
Gender		
Male	122	48.80
Female	128	51.20
Age range		
20-29	60	24.00
30-39	64	25.60
40-49	68	27.20
50+	58	23.20
Education		
High school degree or lower	84	33.60
Bachelor’s degree	134	53.60
Graduate’s degree or higher	32	12.80

3.4.6 Procedure

The data were collected using questionnaire embedding service failure and service recovery scenarios, during September–October, 2017. The questionnaire was administered to the participants by means of a street intercept, along with quota sampling and judgment sampling methods. The research assistants recruited the bank customers near the bank branch locations. Participants who agreed to participate in

the study were filtered by judgment criteria which included a requirement that respondents have a bank deposit account and know about life insurance.

The participants who met criteria listened to the instruction. Next, they were asked to read the scenario and imagine themselves as the customer in the scenario. They then completed the questions measuring evaluative and behavioral consequences. The treatments were checked by the manipulation check questions. The last section captured the demographic information of participants.

3.4.7 Manipulation and Realism Check Results

The manipulation check results confirm that respondents perceived the experimental conditions correctly. All ratings for venting interaction are significantly higher than non-venting interaction, i.e., mean difference = 2.35, $t(248) = 12.14$, $p < 0.01$ for item 1, mean difference = 2.32, $t\ (248) = 11.71$, $p < 0.01$ for item 2, and mean difference = 1.92, $t(248) = 10.05$, $p < 0.01$ for item 3. The realism of scenarios was satisfied as the mean score was greater than 5 on seven-point scale ($M = 5.872$, $SD = 0.080$).

3.4.8 Control Variables

Previous research pointed out that customers' evaluation of service consumption experience can be influenced by demographic characteristics (Karande, Magnini, & Tam, 2007; Gelbrich & Roschk, 2010). Therefore, age and gender were included in the model as control variables.

3.4.9 Confounding Check and Results

Confound check (Perdue & Summers, 1986) was performed to test whether the manipulations did not unintentionally manipulate different levels of perception of participation, which can influence customer evaluation of service recovery (Karande et al., 2007). Dabholkar (1990, p. 484) defined customer participation as "the degree to which the customer is involved in producing and delivering the service". Meuter and Bitner (1998) defined the situation in which the customer and the employee interact and participate in the production as the joint production; otherwise it is the firm entire production or the customer entire production. The independent-sample *t*-

test indicated that perception of participation ($t = 1.058$, $p = 0.292$) did not vary across conditions, thereby indicating that manipulations were successful.

3.4.10 Common Method Bias

This study controlled for common method bias following the guidelines provided by Podsakoff, MacKenzie, Lee, and Podsakoff (2003). In the design of the study's procedure, the respondents were assured that their answer will be anonymous. In addition, the respondents were emphasized that there were no right or wrong answers and were asked to answer the questions as honestly as possible. In terms of statistical control, Harman's single factor test was performed by entering all indicators into factor analysis (Podsakoff et al., 2003). The analysis shows that the largest factor did not produce the majority of the total variance (43.18%); therefore, common method bias was not an issue for this study.

3.5 Analysis and Results

Partial least squares structural equation modeling (PLS-SEM) analysis was carried out using SmartPLS 3.0 software (Ringle, Wende, & Becker, 2015) to test the hypotheses. Following Bagozzi, Yi, and Singh (1991), dummy variables were set up for experimental conditions; 1 is for the experimental group and 0 is for the control group. The paths from dummy latent variables to endogenous variables represent the mean differences across groups. The interaction effect was tested using a product indicator calculation method with standardized product term generation (Chin, Marcolin, & Newsted, 2003). Bootstrapping procedure with 5,000 sub-samples was conducted to estimate the path coefficient.

3.5.1 Measurement Model Assessment

As suggested by Joe Jr, Sarstedt, Hopkins, and Kuppelwieser (2014), the first step to test hypotheses is a measurement model assessment. Outer loadings of all constructs are above a cut-off point of 0.7 and significant at 0.001 level (Sarstedt, Ringle, Smith, Reams, & Hair, 2014). The estimation of composite reliability and Cronbach's alpha show all values exceeded 0.7, which is considered reflective of

satisfactory to good constructs of internal consistency reliability (Henseler, Ringle, & Sinkovics, 2009). Furthermore, the construct convergent validity was confirmed by the average variance extracted (AVE) value exceeding minimum requirement of 0.5 (Sarstedt et al., 2014). Table 3.2 displays the results from measurement model assessment. Discriminant validity was assured, according to Fornell and Larcker (1981). Criterion, as AVE of each construct is greater than squared correlation with any other construct (Joe, Sarstedt, Hopkins, & Kuppelwieser, 2014). Table 3.3 shows the Fornell-Larcker test of discriminant validity.

Table 3.2 Measurement Model Assessment

Construct	Loading	Cronbach's Alpha	CR	AVE
Perceived Distributive Justice		0.92	0.95	0.82
1. Although this event caused me problems, bank's effort to fix it resulted in a very positive outcome for me.	0.88			
2. The final outcome I received from the bank was fair, given the time and hassle .	0.92			
3. Given the inconvenience caused by the problem, the outcome I received from the bank was fair.	0.90			
4. The service recovery outcome that I received in response to the problem was more than fair.	0.90			
Perceived Interactional Justice		0.95	0.97	0.88
1. In dealing with my problem, bank's personnel treated me in a courteous manner.	0.94			

Table 3.2 (Continued)

Construct	Loading	Cronbach's Alpha	CR	AVE
2. During their effort to fix my problem, bank's employees showed a real interest in trying to be fair.	0.93			
3. Bank's employees got input from me before handling the problem.	0.94			
4. While attempting to fix my problem, bank's personnel considered my views	0.94			
Perceived Procedural Justice		0.91	0.94	0.79
1. Despite the hassle caused by the problem, the bank responded fairly and quickly.	0.84			
2. I feel the bank responded in a timely fashion to the problem.	0.89			
3. I believe the firm has fair policies and practices to handle problems.	0.92			
4. With respect to its policies and procedures, the firm handled the problem in a fair manner.	0.91			
Satisfaction		0.89	0.93	0.82
1. I am satisfied with my overall experience with the bank	0.95			
2. As a whole, I am not satisfied with the bank.	0.84			
3. How satisfied are you overall with the quality of this banking service?"	0.94			

Table 3.2 (Continued)

Construct	Loading	Cronbach's Alpha	CR	AVE
Pre-recovery anger		0.93	0.95	0.87
How did you feel about service experience on this particular occasion?				
1. Enraged	0.93			
2. Angry	0.94			
3. Mad	0.93			
Post-recovery anger		0.80	0.82	0.88
1. Enraged	0.80			
2. Angry	0.86			
3. Mad	0.89			

Note: CR = Composite Reliability, AVE = Average Variance Extracted.

Table 3.3 Fornell-Larcker Test of Discriminant Validity

Construct	Pre-Recovery Anger	Post-Recovery Anger	Distributive Justice	Interactional Justice	Procedural Justice	Satisfaction
Pre-recovery Anger	**0.93**					
Post-recovery Anger	0.01	**0.84**				
Perceived Distributive Justice	0.04	-0.22	**0.90**			
Perceived Interactional Justice	0.13	-0.23	0.74	**0.94**		

Table 3.3 (Continued)

Construct	Pre-Recovery Anger	Post-Recovery Anger	Distributive Justice	Interactional Justice	Procedural Justice	Satisfaction
Procedural	0.17	-0.16	0.68	0.79	**0.89**	**0.91**
Justice	0.16	-0.31	0.73	0.78	0.70	
Satisfaction						

3.5.2 Structural Model Assessment and Test of Hypotheses

Prior to testing the structural model, the examination of collinearity between predictors is required because PLS-SEM estimates the path coefficients base on ordinary least squares regression; the collinearity may bias the results. The examination of collinearity between venting interaction and interactional justice, as predictors of distributive justice was performed. And the collinearity between distributive justice, interactional justice, procedural justice and post-recovery anger as predictors of satisfaction was examined. The variance inflation factor (VIF) value of the analyses ranged between 1.91 (interactional justice) and 2.84 (procedural justice). These VIF values were clearly lower than 5, indicating that the model prediction is free of the multi-collinearity issue as described by Sarstedt et al. (2014).

For structural model assessment, the model predictive accuracy (R^2) for endogenous variables are moderate with values ranging between 0.50-0.69. The proposed model shows that satisfaction has substantial R^2 value 0.69. The prediction of perceived interactional justice, distributive justice, procedural justice and post-recovery anger are moderate with R^2 value of 0.51, 0.58, 0.62 and 0.50 respectively. To test the model's predictive relevance, the cross-validated redundancy (Q^2), blindfolding is performed. The blindfolding test suggested that a cross-validated redundancy (Q^2) for all endogenous constructs ranged between 0.39-0.51, indicating that there was predictive relevance of the structural model for predicting endogenous constructs (Sarstedt et al., 2014). Table 3.4 exhibits structural model assessment results.

Table 3.4 Structural Model Assessment

Construct	R^2	Q^2
Post-recovery Anger	0.50	0.40
Perceived Distributive Justice	0.58	0.42
Perceived Interactional Justice	0.51	0.39
Perceived Procedural Justice	0.62	0.41
Satisfaction	0.69	0.51

In the final step, a bootstrapping procedure with 5,000 resample was performed to test significance of structural path coefficients (Ringle et al., 2015). The results showed that service recovery with venting interaction is perceived to be fair and leads to interactional justice perception (β = 0.67, t = 19.01, p < 0.001). Therefore, H1 is supported. On the contrary, venting interaction has negative impact on distributive justice (β = -0.16, t = 3.015, p = 0.003). Hence, H2 is not supported.

To test the indirect effect of venting interaction on distributive justice and procedural justice through the mediation of interactional justice, the indirect effect was first tested. The indirect effects of venting interaction on distributive justice (β = 0.57, t = 12.200, p < 0.001) and procedural justice (β = 0.53, t = 12.02, p < 0.001) were significant. The analyses of direct effect showed a significant direct effect of venting interaction on distributive justice, (β = -0.051, t = 2.237, p < 0.025) but non-significant on procedural justice (β = 0.012, t = 0.14, p = 0.15). This indicates interactional justice partially mediates the effects of venting interaction on distributive justice and procedural justice respectively (Hair, Hult, Ringle, & Sarstedt, 2016). Therefore, H3a and H3b are supported.

Regarding the mediation effect of perceived justice on the relationship between venting interaction and satisfaction, the indirect effects via the mediation of interactional justice (β = 0.28, t = 4.94, p < 0.001) and distributive justice (β = -0.045, t = 2.21, p = 0.027) were significant. The direct effect was not significant (β = 0.07, t = 1.36, p = 0.175) suggesting that interactional justice and distributive justice fully mediate the effects of venting interaction on satisfaction (Hair et al., 2016). Therefore, H4a is supported. Since H4b expected the positive relationship, H4b is not supported.

The examination of the effect of procedural justice on satisfaction demonstrated that satisfaction is positively affected by procedural justice (β = 0.15, t = 2.01, p = 0.045). This supported H4c.

Regarding the moderator effects of pre-recovery anger, the results show that relationship between venting interaction and interactional justice is moderated by individual's level of anger (β = 0.14, t = 3.23, p = 0.01). To better specify the moderation effect, the analysis of interaction at one standard deviation above (6.97) and below (4.21) the mean (5.59) of anger was conducted with PROCESS (Hayes, 2013). Table 3.5 demonstrates the results of bootstrap confidence intervals. The results showed that the confidence interval of venting interaction on interactional justice is significant and stronger in the high intensity of anger (2.774; 95% bootstrap confidence interval = 2.33 to 3.22) but is weaker in the low intensity of anger (1.85; 95% bootstrap confidence interval = 1.39 to 2.30). Therefore, H5 is supported.

The test of H6 demonstrates that venting interaction significantly affect post-recovery anger through the mediation of interactional justice. The indirect effect was significant (β = -0.12, t = 3.50, p < 0.001). The direct effect was also significant (β = 0.15, t = 2.86, p < 0.01. The variance accounted for (VIF) value equals 0.44, suggesting that interactional justice partially mediates the relationship between venting interaction and post-recovery anger (Hair, et al., 2016).

Finally, the test of mediation effect of post-recovery anger on the effect of interactional justice on satisfaction was significant. The indirect effects (β = -0.16, t = 3.94, p < 0.001) and the direct effects were significant (β = 0.42, t = 5.23, p < 0.001). According to Hair et al. (2016), this is partial mediation; and H7 is supported. Table 3.6 summarizes the structural equation model assessment.

Table 3.5 Moderation Effect of Anger on the Effect of Venting Interaction on Perceived Interactional Justice

Anger	Boot Effect	Boot SE	Boot LLCI	Boot ULCI
-1 SD (4.20)	1.848	0.231	1.392	2.303
Mean (5.59)	2.311	0.162	1.992	2.60
+1 SD (6.97)	2.774	0.228	2.325	3.222

Note: Bootstrap Sample Size: 1,000, Level of Confidence: 0.95

Table 3.6 Summary of Direct and Indirect Effects and Hypotheses Testing Results

H:	**Relationships between Variables and Constructs**	***β***	***p***	**Result**
1	Venting interaction → Perceived interactional justice (+)	0.67	< 0.01	Supported
2	Venting interaction → Perceived distributive justice (+)	-0.16	< 0.01	Not supported
3a	Venting interaction → Perceived interactional justice → Perceived distributive justice (+)	0.57	< 0.01	Supported
3b	Venting interaction → Perceived interactional justice → Perceived procedural justice (+)	0.53	< 0.01	Supported
4a	Venting interaction → Perceived interactional justice → Satisfaction (+)	0.28	< 0.01	Supported
4b	Venting interaction → Perceived distributive justice → Satisfaction (+)	0.45	< 0.01	Not supported
4c	Perceived procedural justice → Satisfaction (+)	0.15	< 0.05	Supported

Table 3.6 (Continued)

H:	**Relationships between Variables and Constructs**	***β***	***p***	**Result**
5	Venting interaction * Pre-recovery Anger → Perceived interactional justice	0.14	< 0.01	Supported
6	Venting interaction → Perceived interactional justice → Post-recovery anger (-)	-0.12	< 0.01	Supported
7	Perceived interactional justice → Post-recovery anger → Satisfaction (+)	0.16	< 0.01	Supported

3.5.3 Control Variables

Gender did not significantly impact dependent variables with all *p*-value greater than 0.05. There was significant effect of age range on perceived interactional justice; people aged between 40-49 years perceived less interactional justice than those in the 20-29 age range (β = -0.12, t = 2.07, p = 0.038). The other age groups did not significantly affect dependent variables.

3.6 Discussion and Implications

3.6.1 Discussion

This study provides support for study on pre-recovery emotions, indicating that negative emotions have negative bias on service recovery evaluation (Taylor, 1994; Smith & Bolton, 2002; Chebat & Slusarczyk, 2005; Varela-Neira et al., 2008; Tektas & Basgoze, 2017), by demonstrating that managing negative emotion leads to mitigation of negative bias on the evaluation of service recovery.

In addition, this study confirmed that perceived fairness of interpersonal treatment varies according to the presence of venting interaction. This finding is consistent with previous interpersonal treatment literature suggesting that a firm's interaction, e.g., empathetic listening to the customer (deWitt, Nguyen, & Marshall, 2008; Gruber, 2011), concern, and empathy enhance perceived interactional justice

(Maxham & Netemeyer, 2002; McColl-Kennedy et al., 2003; Del Río-Lanza et al., 2009; Tax & Brown, 2012).

By contrast, service recovery with venting interaction results decreased perceived fairness of the outcome. This finding diverges from the contention made by Shaw et al. (2003) that interpersonal treatment leads to positive perception of distributive justice. The possible explanation for why service recovery provided with venting interaction does not lead to greater perceived distributive justice could be associated with customer expectation of higher outcome when get venting response. This is because distributive justice reflects customer perception of fairness considering the outcome embracing what the customer expects to receive (Adam, 1965).

The findings of this study support the contention that there are temporal and causal effects between the dimensions of justice (Prasongsukarn & Patterson, 2012). These finding aligns with prior works indicating that customers who have greater perception of employee effort (interactional justice) also have greater perception of outcome (distributive justice) (Mohr & Bitner, 1995; Blodgett et al., 1997; Prasongsukarn & Patterson, 2012) and greater perceived fairness of procedure (Greenberg, 1990).

The current study provides support for the effect of interactional justice (e.g., Smith et al., 1999; Schoefer & Ennew, 2005; Nikbin et al., 2014; Balaji et al., 2017) procedural justice and distributive justice (Petzer et al., 2017; Tektas, 2017) on post-recovery satisfaction. Another important finding of this study is that effect of venting interaction on interactional justice varies according to the levels of anger triggered by service failure. This finding provides support for explanation from prior research on negative pre-recovery emotions, whereby negative emotions have negative bias on service recovery evaluations (Taylor, 1994; Smith & Bolton, 2002; Chebat & Slusarczyk, 2005; Tektas & Basgoze, 2017) but it can be managed (Nguyen & McColl-Kennedy, 2003; Parlamis, 2012) in order to reduce the negative bias.

The investigation of the effect of venting interaction on post-recovery emotions demonstrated that venting interaction results in less anger by mediation of interactional justice. This is in line with prior study on post-recovery anger, indicating that perceived justice significantly influence post-recovery emotions (e.g., Chebat & Slusarczyk, 2005; Dewitt et al., 2008). The findings also support the service recovery

literature documented that post-recovery emotions mediate the effects of perceived justice on satisfaction (e.g., Schoefer, 2010; Balaji et al., 2017).

3.6.2 Theoretical Contributions

The current research makes some valuable theoretical contributions to service literature. Firstly, previous research overwhelmingly focuses on negative post-recovery emotions (Nikbin et al., 2015; Tektas & Basgoze, 2017), and the few empirical studies exploring negative pre-recovery emotions are largely limited to the effects of negative emotions on service recovery evaluations. This study extends service recovery literature by demonstrating that customer negative pre-recovery emotions can be managed and managing negative pre-recovery emotions can help reduce the degree of negative post-recovery emotions and enhance positive service recovery evaluations.

Prior works have seldom addressed the role of venting of negative emotions to the service provider in the service-failure context. The second contribution of this research is to establish the role of venting interaction on service recovery evaluations. This study shows that venting has a beneficial effect only when the recipient engages in the interaction. Specifically, the lack of interaction may be perceived as uncaring, unsympathetic and rude response (Keaveney, 1995; Tax & Brown, 2012). In contrast, having venting interaction is a chance for service provider to show an understanding and empathy in service recovery process.

This finding corresponds to research on emotion regulation, namely, that venting to offenders can serve as an emotion regulation strategy, leading to positive emotional tone after venting and receiving a response (Parlamis, 2012). The current study extends knowledge on the venting interaction in that it not only promotes positive emotional tone, but also positive service recovery evaluations.

3.6.3 Managerial Implications

The current study provides several key implications for managers. On a general level, the findings suggest that customer negative pre-recovery emotions should be regulated in order to reduce bias on service recovery evaluations. This research advances service managers' understanding of customer evaluation of service recovery by demonstrating that venting interaction reduces anger and enhances perceived

fairness and post-recovery satisfaction. A specific suggestion for the manager is the design of a professional training program for enhancing employees' skills in handling service failure, e.g., encouraging customers to speak out and responding to customers' venting.

In addition, as the frontline employee is the key agent influencing customers' interactional justice perception, the firm should consider empowering them with some authority, for example, the power to apologize and offer some compensation. Tax and Brown (2012) also suggested service organizations grant power to frontline staff and train them to perform professionally.

An additional suggestion supported by the findings was the focus on the specific emotions customers elicit. This study found that angrier customers who experience venting interaction have greater justice perceptions and satisfaction than less angry customers. Thus, the firm should exert special effort to support venting and interact well with angry customers. This is worth doing because it does not necessitate higher investment in compensation, but rather results in greater post-recovery satisfaction.

Besides the implications suggested above, the key issue of venting interaction can relate to the emotional burnout amongst the employees**.** Research on emotion regulation of service employees indicated that employees who regularly interact with hostile customers are more likely to experience emotional exhaustion and subsequently have a critical influence on the service-related performance (Kim, Paek, Choi, & Lee, 2012) and reported more absents (Grandey, Dickter, & Sin, 2004)**.** Thus, it is advisable that the organization to consider providing strategies for inoculating service employees against the emotional fallout of venting interactions, for example, a training session and supervisory support.

3.6.4 Limitations and Future Research Directions

The current study investigates the effects of venting interaction as an additional part of the service recovery process. The study extends knowledge of service recovery with some limitations that provide avenues for future research. First, this study conducts scenario-based experiment to test hypotheses. Although this approach is preferable to the retrospective approach in terms of minimizing recall bias (Smith & Bolton, 2002) and providing good internal validity, it lacks generalizability. Therefore, the replication

of the study using other approaches, for example, a critical incident technique, asking consumers to report actual experience, may increase generalizability.

Second, this study uses quota sampling and judgment sampling method due to an inaccessible of sampling frame of target population. Further study should consider using probability sampling method for increasing representative results. Third, this study conducted in only one setting of banking service. The external validity of the findings needs further investigation in other service settings.

Additionally, the current study focused solely on one specific emotion, anger, as a moderator of the effects of venting interaction on service recovery evaluation, but bad consumption experience can trigger a variety of specific emotions, such as guilt or fear (Watson & Spence, 2007). Lazarus (1991) suggested that different specific emotions explain different consumer coping strategies. An investigation of other specific emotions in this context would provide better understanding of how venting interaction affects other specific emotions and how the effects of venting interaction change across varying specific emotions. Furthermore, DeWitt et al. (2008) suggested that emotions have significant impact of trust and relationship quality; future research should explore how using venting interaction can enhance these outcomes.

Future research should consider exploring whether the effects of venting interaction on perceived justice, post-recovery emotions and satisfaction vary depending on different service recovery strategies, for example, offering compensation and apologizing. It could also be worthwhile to examine how service failure severity and consequent venting severity shape the effects of venting interaction on service recovery evaluations**.**

Another opportunity for future research is to look at antecedents of likelihood of voiced complaint**.** Robertson and Shaw (2009) suggested that individuals**'** likelihood of voice produces from several antecedents, the effects of venting interaction on service recovery evaluations might be varied depending on those antecedents**.** The final research area lies in the examination of the effects of engaging in venting interaction on service employees' exhaustion and their service-related performance.

CHAPTER 4

PROACTIVE COMPLAINT MANAGEMENT*:* EFFECTS OF CUSTOMER VOICE INITIATION ON PERCEIVED JUSTICES, SATISFACTION AND NEGATIVE-WORD-OF MOUTH

Customer complaint or customer voice has been recognized as a key response to service failure that activates service recovery. Building on the concept of initiation, this study conceptualizes three conditions of service recovery, namely, service recovery based on customer-initiated voice, service recovery based on firm-initiated voice, and service recovery based on no voice. Using an experimental design, the present study investigates how customer evaluations of service recovery vary across voice initiation conditions. The multivariate analysis of covariance (MANCOVA) reveals that firm-initiated voice, as compared with customer-initiated voice, elevates customer perceived justice and satisfaction while diminishing negative word-of-mouth intention. The research findings emphasize the necessity to activate customer's voice following a service encounter so that service failure can be identified and addressed, which helps in improving customer evaluation of service recovery attempts.

4.1 Introduction

A considerable body of service literature has recognized service failure as a major issue in service business as it is unavoidable and invariably causes customer dissatisfaction (Hart, 1989; Tax & Brown, 2012; Berry, 2016). In addition, the unresolved or inappropriately resolved service failure can definitely lead to negative behavioral outcomes, e.g., negative word-of-mouth, switching behavior (Kerr, 2004; Lin, 2010; Wan, 2013; Cai, 2014). On the other side, an appropriate response can promote customer satisfaction, engagement and positive behavioral outcomes, e.g., positive word-of-mouth, repurchasing behavior (e.g., Hennig-Thurau et al., 2004;

Gelbrich, 2010; Matos et al., 2011; Cambra-Fierro, Melero-Polo, & Sese, 2016) thus suggesting it is essential for service organizations to be aware of service failure when it occurs.

Extant literature provides considerable insight into the necessity of customer complaint following service failure, and customer response logic suggests that customer complaint offers a service recovery opportunity to the service provider to restore the customer-firm relationship and improve service quality (e.g., Lovelock, Walker, & Patterson, 2001; Kim et al., 2010; Tax & Brown, 2012; Ro, 2014). However, a service recovery opportunity prompted by customer complaint is relatively low due to the majority: up to 95%, of dissatisfied customers is found not to be complain to the service provider (Tax & Brown, 2012).

Previous studies uncovered concordant reasons for non-complaining behavior following service failure, namely, perceived difficulty of complaint, perceived time and effort to voice complaint (Voorhees et al., 2006; Huppertz, 2007; Tax & Brown, 2012; Lu et al., 2015). For these reasons, once customers put time and effort in complaining, they expect a fair resolution from service provider (Tax & Brown, 2012). Following this vein, the present study strives to uncover how service organization can handle service failure experience of customers in a way that lessens their perceived complaining difficulty, time and effort together with enhancing their positive experience of service recovery.

In service recovery literature, customers evaluate service provider's recovery efforts through the lens of perceived justice. Prior research suggested that when customers perceive they provide less input in the social exchange, their sense of justice is improved (Adams, 1963). This principle holds true for service recovery context; when customers received service recovery without voicing (input), they reported greater positive evaluation of service recovery (Smith et al., 1999; Patterson et al., 2006; Voorhees et al., 2006). On the contrary, research on voice opportunity argues that customer voice is crucial in the service recovery process for when customers are offered a chance to voice in the service recovery process, they reported higher perceived procedural justice, overall satisfaction, and repurchase intention (Karande et al., 2007; Roggeveen, Tsiros, & Grewal, 2012; Park & Ha, 2016) thus indicating that the role of customer voice and customer effort in service recovery remains

unclear. To addresses this research gap, the current study takes initiation concept into account by examining how service recovery evaluation varies across different voice initiation conditions.

What is more, drawing on the role of voice effect and initiation, this study aims to develop a voice initiation concept and to test its effects on customer evaluation of service recovery. Specifically, while the present literature addresses service recovery based on customer complaint and service recovery despite an absence of customer complaint, it overlooks service recovery based on customer complaint invited by the firm. Hence, the current study sheds light on the firm-initiated voice as a mechanism to motivate the dissatisfied customer to engage in voiced complaint to the firm. Altogether, the effects of three types of customer complaints in service recovery are compared in terms of perceived justice, satisfaction and negative word-of-mouth intention. Figure 4.1 displays the contributions and conceptual model of this study; the continuous arrows show the relationship established in the previous studies, while the dotted arrows indicate the unresolved issues which will be addressed in this study, as well.

The next section provides theoretical background of consumer complaint behavior and introduces the customer voice initiation in service recovery, followed by hypotheses development. Next follows the description of research methodology, analysis and findings. This paper concludes with a discussion of relevant theoretical and managerial implications and limitations.

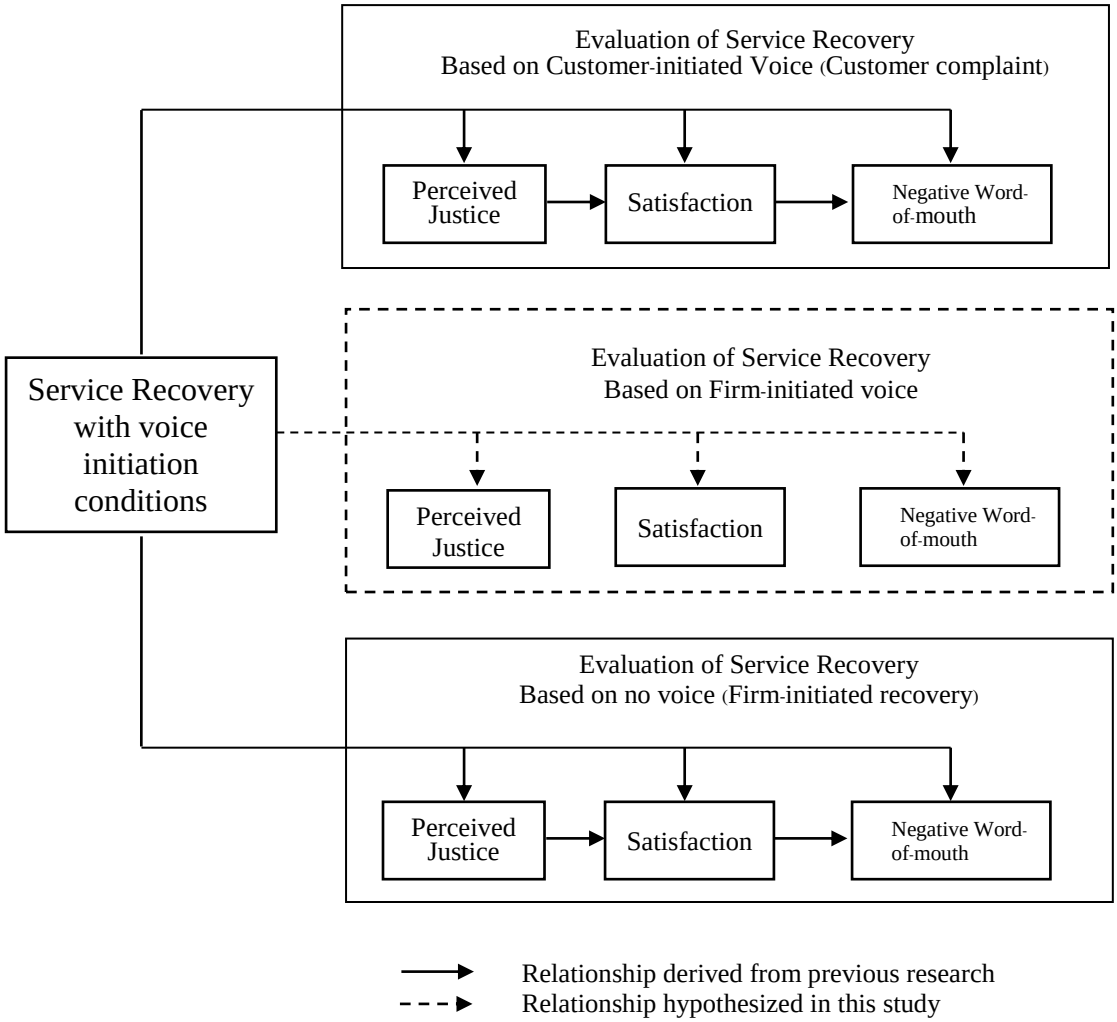


Figure 4.1 Research Contributions and Conceptual Model

4.2 Theoretical Background

4.2.1 Consumer Complaint Behavior

Consumer complaint behavior comprises a series of behavioral and non-behavioral responses to perceived dissatisfaction within the consumption experience (Singh, 1988, p. 94). Previous studies have attempted to explain complaint behavior, using different classifications of individuals' responses to unsatisfactory experience. Hirschman (1970) has established the exit, voice, and loyalty model to explain people's responses to a decline in firms, organizations and states. In consumption contexts, "exit" refers to an intention to terminate a business relationship by switching to another

firm; "voice" is an expression of dissatisfaction which is directly made to the firm's authority; and "loyalty" is the extent to which customers "are willing to trade off the certainty of exit against the uncertainties of an improvement in the deteriorated product" (Hirschman, 1970, p. 77). Day and Landon (1977) have classified complaining behavior into two categories, namely, action and inaction. If customer takes action, this could be either public or private action. Among public actions, customers can make direct complaint to the firm, make third-party complaint or take legal actions. The private action can be, for example, personal boycott and word-of-mouth. Inaction means the customer does not take action and is assumed to return. Under their taxonomy, customers who do not take action are assumed to return (Ro & Mattila, 2015).

Singh (1988) further developed the taxonomy of consumer complaint behavior based on two criteria, namely, external or not external to consumers' social network, and involved or not involved in dissatisfying experience. Singh's taxonomy classified three different types of response, i.e., voiced response, private response, and third-party response. Voiced response refers to responses that "are external to customers' social circle (e.g., informal relationships) and are directly involved in the dissatisfying exchange (e.g., retailer, manufacturer)" (Singh, 1988, p. 104). As a result, voice response can be direct voice to the firm and no action response. Private response means the actions that "are not external to consumer's social net and are also not directly involved in the dissatisfying experience (e.g., friends, relatives, etc.)" (Singh, 1988, p. 104). Customer who takes private response may engage negative word-of-mouth. Finally, third-party response is the actions that are external to the consumer's social net but are not directly involved in the dissatisfying experience, such as, complaining to the third-party and taking legal action.

4.2.2 Direct Voice

Direct voice or direct complaint is one form of complaining behavior that customer responds to unsatisfactory experience. Previous research suggested that customers choose to voice directly to the firm because they believe that the firm will be able to address the problem (McKee, Simmers, & Licata, 2006).

In service recovery study, direct voice serves as an opportunity for service firms to recover a failed service (e.g. Voorhees et al., 2006; Kim et al., 2010; Ro, 2014).

Previous research suggested that a successful service recovery can lead to greater favorable outcomes, such as customer satisfaction, trust, and positive word-of mouth intention (e.g. Hennig-Thurau et al., 2004; Gelbrich & Roschk, 2010; Matos et al., 2011). For this reason, service recovery studies have suggested managers encourage customers to voice poor service experiences directly to the company.

Unfortunately, only a small portion of customers who experience poor service voice directly to the firm (Tax & Brown, 2012). Lu et al. (2015) explained that the decision to engage in direct voiced complaint involved four effort dimensions: procedural effort, cognitive confusion, time-related effort, and affective effort. For this reason, the firm-initiated recovery leads to less customer effort and yields the positive aforementioned recovery outcomes, i.e., customer satisfaction, positive word-of-mouth, and repurchase intention (e.g. Voorhees et al., 2006; Smith et al., 1999).

4.2.3 Customer-voice Initiation

As discussed above, the current understanding of service recovery satisfaction regarding types of complaint is limited to service recovery based on customer voice and service recovery based on unvoiced complaint (the company initiates service recovery). However, no study has explored the effects of service recovery based on customer voicing initiated by the company.

This study aims to test the effect of three different conditions of customer-voice initiations, namely, customer-initiated voice, firm-initiated voice and no voice on service recovery evaluations. Adopted from previous studies, customer-initiated voice is defined, in this study, as the customer's voice made directly to service provider to seek problem-solving (Hirschman, 1970; Landon, 1977; Singh, 1988). No voice is when the customer receives service recovery based on the service provider's initiation without customer complaint (Voorhees et al., 2006). Drawing on the concept of initiation, firm-initiated voice is the direct voicing the customer makes following the company's invitation. Table 4.1 summarizes the definitions of customer-voice initiation conditions:

Table 4.1 Definitions of Customer-voice Initiation Conditions

Customer-voice Initiation Condition	Definition
Customer-initiated voice	A customer's direct complaint to service provider: customer initiates complaint after service failure and the service provider provides service recovery after receiving the complaint.
No voice	No direct customer complaint: service provider provides service recovery after service failure without customer complaint.
Firm-initiated voice	Customer's direct complaint to service provider made based on service provider's initiation (service provider attempts to identify customer satisfaction with service encounter and invites customer to complain about poor service experience); service provider provides service recovery after receiving the complaint.

4.2.4 Perceived Justice

Perceived justice is individual's perception of fairness of the opponent's reactions to conflict situations (Goodwin & Ross, 1990). In the context of service recovery, perceived justice has been used as a key theoretical context to explain customer evaluations of a service provider's recovery effort (e.g., Dong, Evans, & Zou, 2008; Nikbin, Ismail, & Marimuthu, 2013; Crisafulli & Singh, 2016). Typically, customers evaluate service recovery on three dimensions of perceived fairness of service recovery efforts, i.e., service recovery outcomes (perceived distributive justice), procedure and policy of service recovery (perceived procedural justice) and interpersonal treatment during service recovery process (perceived interactional justice) (Goodwin & Ross, 1990; Smith et al., 1999; Maxham & Netemeyer, 2002). The result of justice evaluation subsequently influences both customers' psychological (e.g., satisfaction, loyalty) and behavioral responses (e.g., repurchase,

word-of-mouth) (e.g. Blodgett et al., 1997; Del Río-Lanza et al., 2009; Mostafa, Lages, Shabbir, & Thwaites, 2015).

Perceived distributive justice refers to perceived fairness of distribution or allocation (Rawls, 1973). In service recovery contexts, distributive justice is perceived fairness of exchange regarding proportion of perceived loss from service failure and final recovery outcome (McCollough, 1995). It is the representation of fairness of the received compensation or recovery outcomes as compared to customer input (McCollough, 1995; Blodgett et al., 1997) which involves customers' perceived losses, e.g., time, money, energy, whereas recovery outcomes refer to benefits received as service recovery.

Perceived procedural justice is defined as perceived fairness of procedure and those policies used in providing resolution (Blodgett et al., 1997; Maxham & Netemeyer, 2002). Tax et al. (1998) suggested five elements which considerably contribute to fair procedure: accessibility of process, speed, process control, decision control, and flexibility. The first element, accessibility of the process, involves the ease of engaging or participating in a process. Speed, the second element, refers to the perceived amount of time to respond to the problem. Third, process control, involves freedom to communicate views on the decision process. Fourth, decision control, refers the extent to which a person is free to accept or reject a decision outcome. Furthermore, perceived decision control for service recovery depends on how probable a customer can influence the outcome of the recovery. And fifth, flexibility refers to the adaptability of procedures so that they reflect individual circumstances.

In the context of service consumer complaint, interactional justice involves manners and interactions which the service provider demonstrates with the customer during a service recovery encounter (McColl-Kennedy & Sparks, 2003). Tax et al. (1998) proposed five elements customers use to interpret interactional justice: causal account, honesty, politeness, effort, and empathy. Maxham and Netemeyer (2002, p. 241) further refined perception of interactional justice into four elements which include courtesy, honesty, interest in fairness, and the efforts of the service provider. The current study defines perceived interactional justice as customer's perceived fairness regarding a firm-representative's interaction during recovery process (Maxham & Netemeyer, 2002).

4.2.5 Post-recovery Satisfaction

Customer satisfaction has been recognized as the indicator of service recovery performance (McCollough, 2009). Post-recovery satisfaction reflects service recovery performance through a variety of theoretical perspectives. According to expectation-disconfirmation concept, post-recovery satisfaction is developed when service recovery performance exceeds service recovery expectation (McCollough et al., 2000; Oliver, 1981). A large number of service recovery studies evaluate post-recovery satisfaction through the mediation of perceived justice (e.g., Smith et al., 1999; Sparks & McColl-Kennedy, 2001; Balaji et al., 2017; Cheung & To, 2017; Tektas, 2017). These studies collectively suggested that service recovery results in satisfaction when customers perceived fair resolution.

Customer satisfaction has been conceptualized as transaction-specific satisfaction and overall satisfaction (Johnson et al., 1995; Johnson et al., 2001). Vázquez-Casielles, Suárez Álvarez, and Díaz Martín (2010) describe transaction-specific satisfaction as an evaluation of current service encounter or service recovery and overall satisfaction as a culminating satisfaction derived from all preceding transactions and other experiences. Consistent with previous studies, the current study tests the effects of service recovery on overall satisfaction (Maxham & Netemeyer, 2002).

4.2.6 Negative Word-of-Mouth

Word-of-mouth refers to "informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (Westbrook, 1987, p. 261). In general, word-of-mouth can be in both negative and positive valence. Balaji, Khong, and Chong (2016, p. 529) specified negative word-of-mouth as customer's communication of negative or unfavorable feedback or opinion with friends, family and others**.**

It is suggested that negative word-of-mouth intention is triggered by poor experience of service consumption (Singh, 1990; Wan, 2013) and perception of unfairly treated from service provider (Heyes & Kapur, 2012). Some customers never allowed the service provider to be informed of service problem; rather, they expressed to with other parties (Richins, 1983)**,** for example, with unknown audiences using

social media, with family and friends using direct negative word-of-mouth communication **(**Berry, Tanford, Montgomery, & Green, 2014**).** However, this cannot exclusively ascertain that dissatisfied customers will choose only one type of response among voice or negative word-of-mouth**.** One who had direct complaint to service provider may still spread negative word-of-mouth**.** In other words, negative word-of-mouth can be communicated as an additional form of complaint (Halstead, 2002).

4.3 Research Hypotheses

4.3.1 Voice Initiation and Perceived Procedural Justice

Procedural justice is formed by perception toward fairness of firm's procedure and policy to arrive service recovery (Blodgett et al., 1997; Maxham & Netemeyer, 2002). Previous research has documented that individual given opportunities to voice will perceive higher control over the outcomes, resulting in higher perception of procedural justice (Lind, Kanfer, & Earley, 1990). This logic is also reflected in recovery voice study, Karande et al. (2007) indicated that individuals perceived recovery process as more fair when they were asked to express what the firm can do to address the service problem.

With regard to procedural justice element, customer voice contributes to a fair procedure as it is linked to process control and flexibility. In terms of process control, customers who have a chance to voice can communicate their view and opinion about the problem and resolution. Flexibility can be perceived when customers provide suggestion for specific problems (Karande et al., 2007). In addition to customer voice, which is expressed by the firm's initiation, this study contends that it helps in supporting the accessibility element because the customer easily involves in engaging or participating in the service recovery process.

Taking the above discussions together, the present study proposes that:

H1 Voice initiation affects customers' perception of procedural justice.

H1a In a service recovery situation, firm-initiated voice has higher effect on perceived procedural justice than customer-initiated voice.

H1b In a service recovery situation, firm-initiated voice has higher effect on perceived procedural justice than no voice.

H1c In a service recovery situation, customer-initiated voice has higher effect on perceived procedural justice than no voice.

4.3.2 Voice Initiation and Perceived Distributive Justice

Distributive justice perception relates to fairness of received outcomes (Maxham & Netemeyer, 2002). The customer evaluates tangible outcome fairness based on equity rule (Blodgett et al., 1997). According to equity rule, the individual perceives fairness when those outcomes relative to the inputs are in balance (Adams, 1965). Following this logic, the less input, e.g., monetary loss, time loss in service failure, including complaining efforts, can lead to a higher equity ratio.

Lu et al. (2015) explained that the decision to voice direct complaint involved four effort dimensions: procedural effort, cognitive confusion, time-related effort, and affective effort. However, according to Lind et al. (1990) a customer's sense of control over the outcome is higher when having voice opportunity, thereby indicating that the firm-initiated recovery requires less customer effort, meanwhile, voice can result in more positive recovery outcomes, i.e., customer satisfaction, positive word-of-mouth, and repurchase intention (e.g. Smith et al., 1999; Voorhees et al., 2006).

Building upon the literature, the current study contends that customers received service recovery based on firm-initiated voice and no voice show higher perceived distributive justice. Thus, the next hypotheses propose the following:

H2 Voice initiation affects customers' perception of distributive justice:

H2a In a service recovery situation, firm-initiated voice has higher effect on perceived distributive justice than customer-initiated voice.

H2b In a service recovery situation, firm-initiated voice has higher effect on perceived distributive justice than no voice.

H2c In a service recovery situation, customer-initiated voice has lower effect on perceived distributive justice than no voice.

4.3.3 Voice Initiation and Perceived Interactional Justice

Interactional justice is affected by perception toward employee's interactions, throughout service recovery process (Maxham & Netemeyer, 2002). This study posits *how* customer voice is initiated influences customer perception of interactional justice because different types of initiation signal different level of efforts on the part of the firm. In support of this rationale, Xu, Marshall, Edvardsson, and Tronvoll (2014) suggested co-creation recovery whereby the customer perceives higher employee's effort when the co-creation is initiated by the employee.

In addition to positive effect of firm-initiated resolution, Smith et al. (1999), as well as Voorhees et al. (2006), suggested that when a firm initiates service recovery without customer complaint, the customer positively evaluates those recovery efforts involving interactional justice and repurchase intention. Following this rationale, the current study postulates that a customer who voices his or her complaint following the firm's invitation will recognize the firm's effort and concerns, thereby leading to higher perceived interactional justice. Therefore, the next hypothesis is proposed:

H3 Voice initiation affects customers' perception of interactional justice.

H3a In a service recovery situation, firm-initiated voice has higher effect on perceived interactional justice than customer-initiated voice.

H3b In a service recovery situation, no voice has higher effect on perceived interactional justice than customer-initiated voice.

4.3.4 Voice Initiation and Post-recovery Satisfaction

Prior studies suggested that dissatisfied customers exhibit less dissatisfaction after expressing their comments and complaints to service providers. Complaining to service providers not only induces increases in satisfaction and product evaluation for dissatisfied customers, but for those who were initially moderately satisfied with a normal service transaction (Nyer, 2000).

Prior study of the role of initiation in service recovery has indicated that employee-initiated co-created recovery influences customer perceptions of employee's efforts, sincerity and willingness to help. As a result, employee-initiated, co-created recovery enhances justice perception and post-recovery satisfaction (Xu et al., 2014).

Additionally, Sparks and McColl-Kennedy (2001) indicated that under the voice condition with neutral stance of the firms, a firm's concern makes a difference in satisfaction. Following this logic, the current study proposes that when the firm initiates customer voice, the customer perceive the firm's concern which then increases satisfaction. Therefore, this study hypothesizes that:

H4 Voice initiation affects post-recovery satisfaction:

H4a In a service recovery situation, firm-initiated voice has higher effect on post-recovery satisfaction than customer-initiated voice.

H4b In a service recovery situation, firm-initiated voice has higher effect on post-recovery satisfaction than no voice.

H4c In a service recovery situation, customer-initiated voice has a lower effect on post-recovery satisfaction than no voice.

4.3.5 Voice Initiation and Negative Word-of-Mouth Intention

Previous research suggested that dissatisfied customers who complain are more likely to engage in negative word-of-mouth than those who did not (Halstead, 2002). On the contrary, other studies insist that many customers spread negative word-of-mouth without any active complaint made to the firm (e**.**g**.** Richins, 1983).

Voorhees et al. (2006) further investigated this relationship in the service recovery context, hypothesizing that dissatisfied customers who voiced complaint were more likely to engage in negative word-of-mouth than customer who received recovery without complaint. The result presented in the proposed direction; however, no evidence supported the hypothesis**.** Based on voice initiation, this study predicts that *how* customer voice is initiated leads to differences in word-of-mouth intention**.** That is, if the chance to speak up before receiving service recovery was given by the firm, the intention to engage in negative word-of-mouth would be less than the chance not given**.** The next hypotheses proposed that:

H5 Voice initiation affects negative word-of-mouth intention:

H5a In a service recovery situation, firm-initiated voice has lower effect on negative word-of-mouth intention than customer-initiated voice.

H5b In a service recovery situation, firm-initiated voice has lower effect on negative word-of-mouth intention than no voice.

H5c In a service recovery situation, customer-initiated voice has higher effect on negative word-of-mouth intention than no voice.

4.4 Research Methodology

4.1.1 Study Design

A scenario-based experiment was conducted to test the research hypothesis. The scenario-based approach is consistent with previous studies on service failure and service recovery (e.g. Xu et al., 2014; Sengupta, Balaji, & Krishnan, 2015; Crisafulli & Singh, 2016; Yagil & Luria, 2016). In addition, a scenario-based experiment allows costly and difficult manipulations to be more easily operationalized. Further, this approach can eliminate recall bias which is common in retrospective self-reporting of actual situations (Smith et al., 1999).

The experiment follows a between-subject design with three experimental conditions (firm-initiated voice, customer-initiated voice, and no voice). A bank service was chosen as the research context, as it was widely used in previous research to examine customer evaluation of service recovery (e.g. Chebat & Slusarczyk, 2005; Wang, Hsu, & Chih, 2014).

4.4.2 Scenario Development

The scenario development was conducted following procedure used by Sparks and McColl-Kennedy (2001). Firstly, service failure situation was generated based on online customer review and semi-structured interviews with bank managers, frontline employees, and bank customers. Next, the scenarios were drafted and validated with target participants. Finally, the scenarios were refined, and the final versions were completed.

The scenario described a customer who went to the bank to apply for a debit card. The frontline staff provided all the necessary documents, and when the process was complete, the staff provided the debit card to customer, explaining the debit card had complimentary accidental insurance coverage which started to protect the customer henceforth. Thereafter, the staff had the customer pay the card’s annual-fee

which was slightly more expensive than that for the card without the accidental insurance coverage. At this point, the customer has detected a service mistake.

There are three experimental conditions regarding customer complaint, namely, firm-initiated voice, customer-initiated voice and no voice. In the firm-initiated voice condition, after the transaction was done, another staff person came to ask whether the transaction was processed correctly and if the customer were satisfied with the service. The customer then complained that he/she did not intend to apply for the card with insurance for which the annual fee was more expensive. The staff apologized and offered that if the customer wanted the chance to change to the normal card, she (the staff) could arrange it. The customer decided to change, and the staff proceeded accordingly.

In the customer-initiated voice condition, when the transaction was complete, the customer decided to go back to the staff and complain that he/she had not intended to apply for the card with insurance for which the annual fee was more expensive. The staff apologized and inquired if the customer wanted to change to the normal card, and if so, the staff could arrange it. The customer decided to change, and the staff completed the change accordingly.

Lastly, the no voice condition describes that after the transaction was complete, the staff came to the customer to inform him of the error and apologize for it. In this iteration, the staff has corrected and changed the card type for customer. All conditions are recovered by the same service recovery; that is, the card has been changed to normal type and a refund was made back to the customer.

4.4.3 Measurement of Variables

The scales used to measure the constructs were adapted from previous studies. The four items of distributive justice, the four items of interactional justice, and the three items of satisfaction were adapted from Maxham and Netemeyer (2002). Procedural justice was measured using seven items adapted from Karande et al. (2007). Finally, negative word-of-mouth intentions were measured on three items adapted from Blodgett et al. (1997). (Blodgett et al., 1997). All justice items and negative word-of-mouth intentions were measured on a seven-point scale, anchored by “1 =

strongly disagree" to "7 = strongly agree". Satisfaction items were measured on a seven-point scale ranging from "1 = not at all satisfied" to "7 = very satisfied".

As the measurement items were originally developed in English, this study uses collaborative translation technique to assure the conceptual equivalence (Douglas & Craig, 2007). First, the authors and a professional translator simultaneously and independently translated the scale items into Thai. Then, another researcher fluent in both Thai and English used a back-to-back translation technique to evaluate whether the two translated scales maintained the meaning of the original measurement scales. A pretest was conducted with 25 respondents; the scales were then modified and finalized based on the feedback received.

4.4.4 Manipulation and Realism Checks

To check whether the experimental manipulations worked as intended, the participants were asked to report the perceptions of the scenarios. The manipulation check items were measured using a seven-point scale anchored by " 1 = strongly disagree" to "7 = strongly agree". The realism of the scenario was checked by asking the participants the extent to which they thought the situation described in the scenario could happen in real life. The realism was measured on a seven-point scale ranging from "1 = not at all realistic" to "7 = very realistic".

4.4.5 Participants

The sample consists of 258 undergraduate students (39% men, aged 20-29 years) from two universities in Thailand. Using undergraduate students as subjects is consistent with the previous research in service recovery (Bonifield & Cole, 2007; Grewal et al., 2008; Prasongsukarn & Patterson, 2012; Lastner et al., 2016). Furthermore, a student sample is appropriate for this study as students are familiar with the service domain. Among them, 100% were currently bank customers, 85.74% had heard about service failure, and 15.70% had encountered a similar type of failure.

4.4.6 Procedures

Data collection was conducted in a classroom setting. The experimenters first greeted and gave information and instructions for the experiment. Then, each participant was randomly assigned one of the three scenarios. The participants were asked to imagine they were the customers in the scenario and answer a series of questions about their responses to the scenario, the manipulation check, and demographic information.

4.4.7 Control Variables

Attitudes toward complaining, external blame attribution, gender, and past experience were included as control variables of the analysis as they were indicated influence evaluation of service recovery in previous studies. External blame attribution was measured for three items adopted from Gelbrich (2010). Participants were asked to measure on a seven-point scale, anchored by "1 = not at all" to "7 = very much". Attitudes toward complaining was measured by four items adopted from Bodey and Grace (2006), and these measurement items were assessed on seven-point scale ranging from "1 = strongly disagree" to "7 = strongly agree". Gender and past experience with service failure were measured by a single item.

4.4.8 Common Method Bias

This study collected the data using a self-reporting questionnaire for which independent and dependent variables were collected from the same source; this may lead to a common method variance problem. As suggested by Podsakoff et al. (2003), this study used both procedural and statistical remedies to control the common method bias. For procedural remedies, the participants were assured of anonymity and were assured that there were no right or wrong answers. Additionally, the order of measurement of independent and dependent variables were counterbalanced to control for priming effects. In the statistical control stage, Harman's single factor test was conducted to identify the presence of common method variance. The exploratory factor analysis result reports that the largest variance explained by a single factor was 29.49%, indicating that the study was not compromised by common method bias issue.

4.5 Analysis and Results

4.5.1 Manipulation and Realism Check Results

The manipulation was checked by asking three questions for the firm-initiated voice condition and two questions for the customer-initiated voice condition. The results confirmed that participants perceived experimental conditions correctly. Participants in the firm-initiated voice condition had significantly higher scores, in all three questions, than those not given a firm-initiated voice. In the customer-initiated voice condition, participants indicated significantly higher scores in both questions than those in other conditions. The perceived realism of scenario was satisfied with the mean score higher than 5 on the seven-point scale (M=5.31, SD=0.07). The manipulation and realism check results are shown in table 4.2.

4.5.2 Construct validity

Prior to conducting multivariate analysis, confirmatory factor analysis (CFA) was carried out using LISREL 9.30 to assess validity and reliability of constructs. Twenty eight items of dependent variables and control variables were included in the measurement model. The CFA shows a good model fit (Hair, Black, Babin, & Anderson, 2010, p. 672), with $\chi 2$= 825.34, df = 330, $\chi 2$/ df = 2.50, comparative fit index (CFI) = 0.90, standardized root mean square residual (SRMR) = 0.068, root mean square error of approximation (RMSEA) = 0.076. Table 3 shows confirmatory factor analysis results.

Convergent validity of construct was satisfactory with all factor loadings presenting as significant, greater than 0.7, except for one item of perceived interactional justice and two items of external blame attribution presenting loadings greater than 0.5 which exceeded minimum requirement as suggested by Hair et al. (2010). Construct reliability (CR) ranged from 0.76 (external blame attribution) to 0.94 (satisfaction), all above the recommended threshold. Average variance extracted (AVE) for all constructs exceed 0.5, and discriminant validity provided evidence that each construct differed from the others. AVE of each construct was higher than square correlations between corresponding construct and all other constructs (Fornell & Larcker, 1981). Descriptive statistics, correlation, and discriminant validity of variables are shown in table 4.4.

Table 4.2 Manipulation Check and Realism Check Results

Question	Firm-initiated voice (n = 91)	Customer initiated voice (n = 88)	No voice (n = 79)	F (2, 255)
1. I was allowed an opportunity to say if I was satisfied with the service encounter.	5.26	4.83	4.43	7.76***
2. In this situation, I was invited by the service employee to express why I was not satisfied with service transaction.	5.28	3.94	4.15	23.78***
3. In this situation, the service employee sought my input into how the failure should be resolved.	5.42	4.58	4.43	12.07***
4. I initiated the complaint, which ultimately lead to the service recovery.	4.56	5.17	3.79	21.52***
5. I complained to the service employee on my own.	4.99	5.34	4.08	18.05***
6. How realistic was the problem and resolution that was described to you in this situation?	5.17	5.45	5.33	0.29

Note: *** $p < .001$

Table 4.3 Confirmatory Factor Analysis Results

Measurement Items	Factor Loading	AVE	CR
Perceived Procedural Justice (PPJ)		0.62	0.92
PPJ1: I was able to influence the process used to solve the problem.	0.79		
PPJ2: I was able to express my views and feelings in this situation.	0.95		
PPJ3: I was able to influence the outcomes in this situation.	0.91		
PPJ4: The bank associate was willing to adapt complaint handling procedures to satisfy my needs.	0.81		
PPJ5: The procedures used gave me more control over how well the service problem or failure was solved.	1.00		
PPJ6: They responded quickly to my complaint.	0.90		
PPJ7: Overall, the procedures used by the associate were fair.	0.78		
Perceived Distributive Justice (PDJ)		0.70	0.90
PDJ1: Although this event caused me problems, the bank's effort to fix it resulted in a very positive outcome for me	0.86		
PDJ2: The final outcome I received from the bank was fair, given the time and hassle.	0.89		
PDJ3: Given the inconvenience caused by the problem, the outcome I received from the bank was fair.	0.89		
PDJ4: The service recovery outcome that I received in response to the problem was more than fair.	0.97		
Perceived Interactional Justice (PIJ)		0.56	0.83
PIJ1: In dealing with my problem, bank personnel treated me in a courteous manner.	0.83		

Table 4.3 (Continued**)**

Measurement Items	Factor Loading	AVE	CR
PIJ2: During their effort to fix my problem, bank employee(s) showed a real interest in trying to be fair.	0.83		
PIJ3: Bank employee(s) got input from me before handling the problem.	0.63		
PIJ4: While attempting to fix my problem, bank personnel considered my views	0.76		
Satisfaction		0.85	0.94
SAT1: I am satisfied with my overall experience with the bank.	0.89		
SAT2: As a whole, I am not satisfied with the bank.	1.00		
SAT3: How satisfied are you overall with the quality of this banking service?	0.85		
Negative Word-of-mouth Intention (nWOM)		0.71	0.88
nWOM1: If this had happened to me, I would have made sure to tell my friends and relatives not to do business with this bank.	0.84		
nWOM2: If this had happened to me, I would have complained to my friends and relatives about this bank.	1.00		
nWOM3: How likely would you be to warn you friends and relatives not to do business with this bank?	0.97		
External Blame Attribution (EXT)		0.51	0.76
EXT1: The reason for the mistake was something the bank had control over.	0.62		

Table 4.3 (Continued**)**

Measurement Items	Factor Loading	AVE	CR
EXT2: To prevent this mistake, there are actions the bank could have taken but did not.	0.77		
EXT3: The bank was responsible for the mistake.	0.551		
Attitude Toward Complaining (ATT)		0.77	0.93
ATT1: Overall, I think people should complain when they are unhappy with the service they are getting.	1.00		
ATT2: Overall, I don't think people should bother complaining when they are unhappy with the service they are getting (reverse scored).	1.00		
ATT3: I admire people who complain to service providers when they are unhappy.	0.87		
ATT4: I don't like people who complain to service providers when they are unhappy (reverse scored).	0.96		

Note: Model fit: $\chi 2$= 825.34, df = 330, CFI = 0.90, SRMR = 0.068, RMSEA = 0.076, AVE =Average variance extracted and CR = Construct reliability

Table 4.4 Descriptive Statistics, Correlation and Discriminant Validity of Variables

	Mean	SD	PPJ	PDJ	PIJ	SAT	nWOM	EXT	ATT	GEN
PPJ	4.793	0.957	**0.79**							
PDJ	4.892	0.961	0.62	**0.84**						
PIJ	4.776	0.846	0.57	0.61	**0.75**					
SAT	4.702	0.985	0.51	0.61	0.57	**0.92**				
nWOM	3.708	1.159	0.25	0.25	0.31	0.29	**0.84**			
EXT	5.652	0.765	0.07	0.09	0.07	0.05	-0.11	**0.71**		
ATT	3.473	1.220	0.08	-0.09	-0.13	-0.16	-0.33	-0.10	**0.88**	

Table 4.4 (Continued**)**

	Mean	SD	PPJ	PDJ	PIJ	SAT	nWOM	EXT	ATT	GEN
GEN			0.01	0.07	0.03	0.03	0.14	0.13	-0.11	
EXP			-0.17	-0.12	-0.07	-0.03	0.05	0.05	-0.22	0.06

The square roots of AVEs for each construct are presented in diagonal of correlation matrix with bolded text. The values in the lower diagonal present correlations between constructs.

4.5.3 Preliminary Analysis

One-way multivariate analysis of covariance (MANCOVA) was carried out with five dependent variables: perceived procedural justice, perceived interactional justice, perceived distributive justice, customer satisfaction, and negative word-of-mouth. The adjustment was performed for four covariates: external blame attribution, attitudes toward complaining, gender, and past experience with service failure. Independent variable comprised conditions of voice initiation: firm-initiated voice, customer-initiated voice, and no voice.

Prior to performing the main analysis, assumptions of MANCOVA were tested. The test showed that the data had a multivariate normal distribution unaffected by outliers (Tabachnick & Fidell, 2007). The preliminary analysis suggested that external blame attribution and past experience did not significantly affect dependent variables, so these two covariates were dropped from the final model. The test of homogeneity of regression slope reported no significant interactions between complaint types and covariates on dependent variables, indicating that the effects of covariates on dependent variables were constant across groups. Thus covariates were reliable for covariance analysis. Finally, Levene's test for the homogeneity of variances of the dependent variables across voice initiation types revealed moderate violation ($p>0.02$) for one dependent variable (negative word-of-mouth). However, MANCOVA is robust toward this violation when the proportions of group sizes do not exceed 1.5:1 (Hair et al., 2010). Therefore, the MANCOVA analysis proceeded.

4.5.4 MANCOVA Results

Based on preliminary analysis results, two control variables were retained for MANCOVA analysis. Attitudes toward complaining (Wilks's λ= .76, F = 16.12, p < 0.001) and gender (Wilks's λ= .96, F = 2.36, p = 0.04) significantly affected combined dependent variables. Table 5 shows the effects of the covariates and effects of voice initiation types on dependent variables.

The results of MANCOVA revealed a significant effect of voice initiation types across the multiple dependent variables, i.e., procedural justice, interactional justice, distributive justice, satisfaction, and negative word-of-mouth (Wilks's λ= .60, F = 14.30, p < 0.001). As hypothesized, voice initiation types individually affected procedural justice (F = 26.43, p < 0.001), distributive justice (F = 15.33, p < 0.001), interactional justice (F = 13.88, p < 0.001), satisfaction (F = 10.19, p < 0.001) and negative word-of-mouth (F = 51.80, p < 0.001). Results of multivariate and univariate analyses are shown in table 5 and a graphical depiction of the effects of the voice initiation across dependent variables is presented in Figure 2.

4.5.4.1 Perceived Procedural Justice

An examination of cell means reveals that respondents in customer-initiated voice group reported the highest levels of perceived procedural justice (M = 5.09), followed by those in firm-initiated voice group (M = 5.06) and no voice group (M = 4.22). The results of the multiple comparison tests indicated that perceived procedural justice for customers in the firm-initiated voice group and customer-initiated voice group were significantly higher than customers in the no voice group (p < 0.01), providing support for Hypothesis 1b and 1c. However, there was no significant difference between the firm-initiated voice group and customer-initiated voice group (p > 0.05). Hence, Hypothesis 1a is not supported. The eta-square statistic indicated that 17.3 percent of the variance in perceived procedural justice was explained by the voice initiation types, above and beyond the effects explained by the control variables.

4.5.4.2 Perceived Distributive Justice

The results of cell means examination indicated that customers in the firm-initiated voice group reported the highest levels of perceived distributive justice (M = 5.14), followed by the no voice group (M = 5.08) and customer-initiated voice group (M = 4.50). The results of the multiple comparison tests indicated that

perceived distributive justice for customers in firm-initiated voice group and no voice group were significantly higher than that of customers in the customer -initiated voice group ($p < 0.01$). This provides support for Hypothesis 2a and 2c. However, there was no significant difference between firm-initiated voice group and no voice group ($p > 0.05$). Hence, Hypothesis 2b is not supported. The eta-square statistic indicated that 10.80 percent of the variance in perceived distributive justice was explained by the voice initiation types, above and beyond the effects explained by the control variables.

4.5.4.3 Perceived Interactional Justice

The cell means examination results showed that respondents in the firm-initiated voice group reported the highest levels of perceived interactional justice ($M = 5.07$), followed by the no voice group ($M = 4.84$) and customer-initiated voice group ($M = 4.43$). The results of multiple comparison tests indicated that perceived interactional justice for customers in the firm-initiated voice group and no voice group were significantly higher than that of customers in customer-initiated voice group ($p < 0.01$). This provides support for Hypothesis 3a and 3b. The eta-square statistic indicated that 9.90 percent of the variance in perceived interactional justice was explained by the voice initiation types, above and beyond the effects explained by the control variables.

4.5.4.4 Customer Satisfaction

The cell means examination results revealed that respondents in firm-initiated voice group reported the highest levels of satisfaction ($M = 4.92$), followed by the no voice group ($M = 4.84$) and customer-initiated voice group ($M = 4.31$). The results of multiple comparison tests indicated that satisfaction for customers in the firm-initiated voice group and no voice group were significantly higher than customers in customer-initiated voice group ($p < 0.01$), supporting Hypothesis 4a and 4c. However, there was no significant difference between firm-initiated voice group and no voice group ($p > 0.05$). Hence, Hypothesis 4b is not supported. The eta-square statistic indicated that 7.5 percent of the variance in satisfaction was explained by the voice initiation types, above and beyond the effects explained by the control variables.

4.5.4.5 Negative Word-of-Mouth Intention

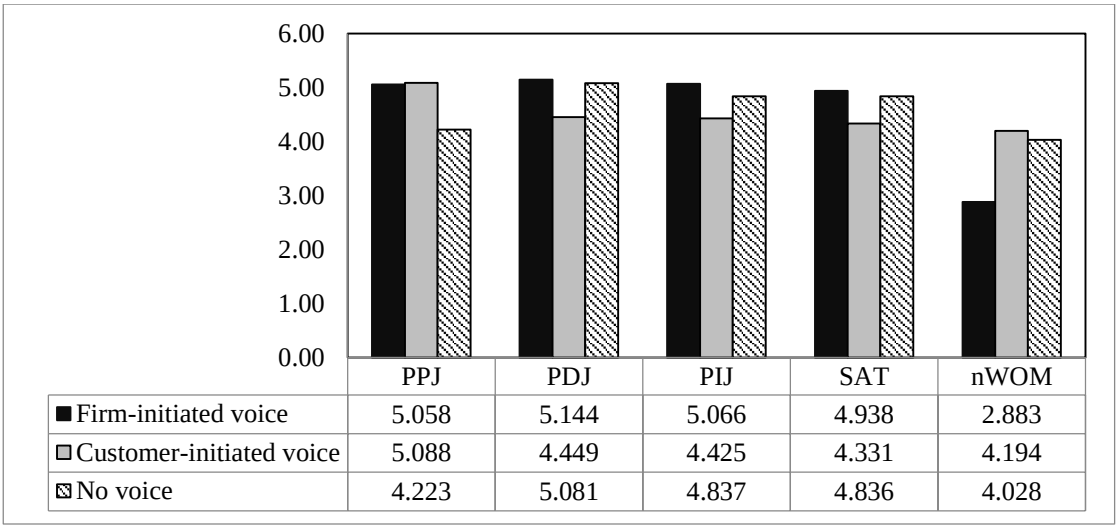
The cell means examination results revealed that respondents in the firm-initiated voice group reported the lowest levels of negative word-of-mouth intention ($M = 2.88$), followed by the no voice group ($M = 4.02$) and customer-

initiated voice group (M = 4.19). The results of multiple comparison tests indicated that negative word-of-mouth intention for customers in the firm-initiated voice group was significantly lower than customers in the customer-initiated voice group and no voice group ($p < 0.01$). This result provides support for Hypothesis 5a and 5b. However, there was no significant difference between the customer-initiated voice group and no voice group ($p > 0.05$). Hence, there is no evidence to support Hypothesis 5c. The eta-square statistic indicated that 29.10 percent of the variance in negative word-of-mouth intention was explained by the voice initiation types, above and beyond the effects explained by the control variables.

Table 4.5 Results of Multivariate and Univariate Analysis of Covariance

	Multivariate Results			Univariate Results								
				PPJ		PDJ		PIJ		SAT		nWOM	
	Wilks' λ	F	η^2	F	η^2	F	η^2	F	η^2	F	η^2	F	η^2
Covariates													
Attitude toward com-plaining	0.76	16.12*	0.25	2.49	0.01	1.79	0.01	3.64*	0.01	7.39*	0.03	57.02*	0.18
Gender	0.96	2.36	0.05	0.31	0.01	1.92	0.01	0.581	0.01	0.25	0.01	10.02*	0.04
Main effects													
Complaint types	0.60	14.30*	0.22	26. 43*	0.17	15.33*	0.11	13.88*	0.10	10.19*	0.08	51.80*	0.29

Note: * $P < 0.05$



	PPJ	PDJ	PIJ	SAT	nWOM
Firm-initiated voice	5.058	5.144	5.066	4.938	2.883
Customer-initiated voice	5.088	4.449	4.425	4.331	4.194
No voice	4.223	5.081	4.837	4.836	4.028

Figure 4.2 Plots of the Estimated Marginal Means for Each Voice Initiation Condition in Service Recovery Across Dependent Variables

4.6 Discussion and Implications

4.6.1 Discussion

In line with the earlier studies on the role of initiation in service recovery evaluation (Smith et al., 1999; Xu et al., 2014; Patterson et al., 2006; Voorhees et al., 2006), this research supported that customers who experienced firm-initiated actions related to service recovery report higher service recovery evaluations. Specifically, the current study extends the concept of initiation to customer complaint and demonstrates that service recovery based on firm-initiated voice has higher effects on favorable recovery evaluations, i.e., perceived justice, post-recovery satisfaction, and negative word-of-mouth than service recovery based on customer-initiated voice.

This study provides support for voice opportunity study, indicating that by having their voice in service recovery process, customers perceived process control and control over the outcomes leading to a perception of procedural justice (Bies & Shapiro, 1988; Lind et al., 1990; Karande et al., 2007; Bellavance, Landry, & Schiehll, 2013).

Voice initiation not only provides voice opportunity for customer but also requires less customer effort in service recovery. Based on equity rule, this study is consistent with previous recovery studies suggesting that less input in the exchange

brings about perception of distributive justice (Llosa, Orsingher, Aurier, & Siadou-Martin, 2007). The findings supported research hypotheses positing that customers who received service recovery based on firm-initiated voice and no voice had higher perceived distributive justice than other customers who received service recovery based on customer-initiated voice. However, customers who experienced firm-initiated voice and no voice had similar perception of distributive justice, indicating that both firm-initiated voice and firm-initiated recovery similarly affect customer perceived distributive justice.

In addition, this study confirmed that firm-initiated actions have an effect on customer perception of recovery efforts which leads to perceived interactional justice and post-recovery satisfaction (Smith et al., 1999; Patterson et al., 2006; Xu et al., 2014). The present study also suggested that firm-initiated actions can decrease negative word-of-mouth intention. Furthermore, previous research suggested that negative word-of-mouth intention is higher for customers who have voiced (Halstead, 2002). Interestingly, the findings of this study demonstrated that customers who have voiced based on firm initiation were less likely to spread negative word-of-mouth**.**

4.6.2 Theoretical Contributions

The current study makes several contributions to the literature on service recovery. Most importantly, it demonstrates that customers' evaluations of service recovery can vary within different complaint initiators. Until now, most studies overwhelmingly focused on enhancing customer experience of service recovery, and the empirical research exploring service recovery is largely limited to service recovery based on customer-initiated complaint instead of various complaint initiators.

Second, this study contributes to the literature by heeding calls to examine non-direct complaint behavior (Chebat, Davidow, & Codjovi, 2005; Voorhees et al., 2006; Ro & Mattila, 2015). More specifically, this work extends the customer complaint literature by establishing the firm-initiated complaint approach as a means to motivate otherwise silent dissatisfied customers to complain before the service recovery is rendered. The results of an experiment indicated that when customers receive service recovery following their complaint solicited by the staff, as opposed to

receiving service recovery without complaint, customers perceive higher justice, satisfaction, and lower negative word-of-mouth intention. But if the customer initiates such a complaint, deterioration on these outcomes is found as compared to a customer complaint initiated by the firm.

4.6.3 Managerial Implications

The results of this study provide important takeaways for service managers. The findings suggest that firms benefit from inviting customers to give feedback following service encounters. Previous research indicated that offering voice opportunity for customer allows the service provider a chance to restore the customer-firm relationship and improve service quality (Lovelock et al., 2001; Kim et al., 2010; Tax & Brown, 2012). The current study supports this notion by showing that offering customers a voice opportunity is an effective strategy to identify service problems, thereby leading to higher service recovery outcomes. Therefore, service firms should train frontline staff to offer customers an opportunity to provide feedback following service encounters.

In addition, the current study demonstrates that customers are more satisfied if service recovery is provided based on firm-initiated voice than customer-initiated voice. These findings suggest that frontline employee should seek for customer voice and feedback after service encounter, instead of waiting until dissatisfied customer starts to voice complaint. In their intention to spread negative word-of-mouth, service providers should encourage customers to speak about their dissatisfying service experience. This is important, as their negative word-of-mouth intention is lower under this condition than when service recovery is provided without their feedback or when they raise the complaint independently.

4.6.4 Limitation and Future Research Directions

The current study contributes to service recovery literature while acknowledging limitations provide avenues for future study. First, this study collected data from undergraduate students. Although using student subjects is consistent with prior studies on service recovery (e.g., Grewal et al., 2008; Lastner et al., 2016) and while many studies revealed that student subjects have reported nonsignificant

different results as compared to non-student subjects (e.g., Martin, Ponder, & Lueg, 2009), investigating non-student data would further enhance external validity.

Second, because the present study uses a written-scenario experiment which allows for experimental control and elimination of confounding effects, it leaves out actual experiences. Future study using other approaches, such as a critical incident technique to recall customer behavior, would further increase generalizability. Third, this study examined customer complaint in the service failure context, but did not explore emotional response resulting from a service failure situation. Bonifield and Cole (2007) pointed out that people make appraisals about service problems after a service failure, which in turn influence the way they respond emotionally. Future research should consider the effects of emotions in examining the effectiveness of a complaint initiation on evaluative outcomes.

Fourth, future study should consider exploring more service recovery outcomes based on different complaint initiation conditions. This study suggests that a firm-initiated complaint can improve customers' perceived justice and satisfaction and reduce the chance of negative word-of-mouth. Further research should investigate how the complaint invitation can prevent a customer from voicing to a third party and switching service providers. Lastly, while this research takes initial steps to demonstrate that the complaint initiator contributes to service recovery literature, more research that moves away from global customer complaint toward different complaint initiation conditions is required to more comprehensively understand how complaint initiation shapes service recovery outcomes.

CHAPTER 5

PROMOTING RESPONSIBLE SERVICE POLICY: THE IMPACT OF COMPLAINT INVITATION ON PERCEIVED SERVICE RECOVERY PERFORMANCE

Given that developing effective, accountable and transparent institutions are the targets of sustainable development goals (SDGs), a shift toward more responsible actions are required for service providers. The present study attempts to establish the role of complaint invitation as part of the service providers' responsibilities to advance customer complaint handling performance. A scenario-based experiment was carried out in a retail banking service setting. Two types of service providers' responses to service failure, i.e., invited complaint vs. customer-initiated complaint are compared in terms of customer perceived justice and satisfaction of service recovery. Results from multivariate analysis of variance (MANOVA) suggest that inviting the customer to complain can result in higher perceived justice and satisfaction than when the complaint is initiated by the customer. Furthermore, the invited complaint has a greater impact on perceived interactional justice and satisfaction for customers with low coping potential. This study suggests that by understanding the role of a service provider's accountability, service managers can more effectively develop and execute a customer complaint management policy which contributes to business sustainability.

5.1 Introduction

Sustainability management has become a challenge for organizations worldwide. The Sustainable Development Goals (SDGs) promoted by The United Nations in September 2015 are the blueprint to transform the world for a more sustainable future (United Nations, 2015). SDGs encompass 17 goals with 169

associated targets in achieving a sustainable future for all. Sustainability achievement requires all stakeholders' engagement and collaboration, a notion which has brought about the change in the business organization's goals which are redirected from business profit to sustainability (Rakic & Rakic, 2015).

The present study is involved with SDG Goal 16, to "promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels". More specifically, this study centers on the specific targets of Goal 16, namely, to develop effective, accountable and transparent institutions at all levels. The indicator by which the attainment of this target is assessed is the proportion of the population satisfied with their last experience of public services (United Nations, 2015).

In engaging a business organization's practice towards this target of the SDGs, this study takes into account the concept of sustainability marketing. As defined by Belz (2006, p.139), sustainability marketing involves "building and maintaining sustainable relationships with customers, the social environment and the natural environment". Accordingly, this study focuses on maintaining the sustainable relationships with customers by fostering firms' responsible reactions to enhance consumer service experiences which in turn lead to an increased perception of justice and satisfaction in the service failure context.

Maxham III (2001) suggested that service failure is the real or perceived problem that the customer experiences during a service encounter. Because service delivery involves a number of factors, such as the employees, customers, service system, and environment, the service provider cannot entirely avoid the presence of service failure (Berry, 2016). A substantial amount of research on service failure suggests that the poor service experiences are the cause of negative customer perceptions and behaviours toward service providers, such as negative attitudes (Kumar, Aksoy, Donkers, Venkatesan, Wiesel, & Tillmanns, 2010), negative word-of-mouth, and non-repurchase (Levesque & McDougall, 1996; McCollough, Berry, & Yadav, 2000) all of which can jeopardize business sustainability.

Considerable research has shown that effective service recovery can restore positive customer perceptions and behaviour after service failure. The extant service recovery literature has recognized customer complaint (Singh, 1988) as an essential

input for successful service recovery (Kim et al., 2010; Ro & Mattila, 2015). However, dependence on customer complaint reflects the limitations of service recovery implementation because up to 90% of customers who experience service failure do not complain to the service provider (Tax & Brown, 2012), thereby leaving much service failure unresolved thereby leaving customers dissatisfied with the poor service experiences, thus blocking the aforementioned business sustainability.

To address this issue, the current study attempts to explore the beneficial effects of promoting the responsible actions of the service provider on customer perceived service recovery efforts. While the literature has well documented customer responses to service recovery based on customer-initiated complaint, no study has explored how customers would respond to service recovery if they were invited to complain and that complaint led to service recovery. Building upon the complaint handling concept, this research proposes a new construct, namely, complaint invitation as a firms' responsible action to service failure. The current research thus investigates how different conditions of customer complaint affect customer evaluations of service recovery.

In the service recovery context, customers evaluate company's complaint handling performance through an evaluation of justice perception and customer satisfaction (e.g., Tektas, 2017; Chen & Lee, 2018; Yilmaz, Ari, & Gürbüz, 2018). As customers perceive their ability to deal with service failure differently, justice perception and satisfaction with complaint handling may be different across complaint situations and also influenced by the perceived capability of the firm to cope with service failure. Specifically, this study examines the main effect of the complaint situation and the effect of interaction between the complaint situation and coping potential regarding perceived justice and customer satisfaction.

This paper first provides the literature review of service failure and service recovery, customer complaint, and then introduces the concept of complaint-invitation which is then followed by a literature review of service recovery, perceived justice, customer satisfaction, and coping potential. The next section depicts the hypothesis development. The description of research methodology, analysis, and results are provided. The final section discusses research and managerial implications, limitations of the study, and future research avenues.

5.2 Theoretical Background

5.2.1 Service Failure and Service Recovery

Zero defect is not possible in service provision (Hart et al., 1989). However, the occurrence of the defect, known as service failure, is a deterioration of the firm-customer relationship. Research has indicated that service failure causes a range of negative customer experiences, such as negative emotions, complaint, negative word-of-mouth, and exit (e.g., Keaveney, 1995; Zeelenberg & Pieters, 2004; McColl-Kennedy & Smith, 2006; Kalamas et al., 2008).

As preventive action, building up and maintaining service quality are key activities for customer retention (Zeithaml, Berry and Parasuraman, 1996). As corrective action, the service recovery activity (Gronroos, 1988) is the crucial resolution in recovery from a customer bad service experience (e.g., Crisafulli & Singh, 2016; Lastner et al., 2016). Successful service recovery can lead to positive outcomes following the flawed service encounter, for example, satisfaction, repurchasing, and positive word-of-mouth (Hennig-Thurau et al., 2004; Gelbrich, 2010; Matos et al., 2011). Above all, service recovery will not be provided without service failure recognition.

5.2.2 Customer Complaint

Customer response to service failure is explained by consumer complaint behavior. Singh (1988) suggested three types of customer responses to bad consumption experiences, namely, private response, third-party response, and voiced response. Private response involves customers' actions with a party in their own network who did not take part in the service problem e.g., negative word-of-mouth communication. Third-party response is an action customers pursue with a party outside of the firm which is uninvolved in the service transaction e.g., a consumer protection organization. Concerns are sometimes shared with the service provider.

Based on the service recovery literature, voiced response to the service provider (customer complaint) is the only response from the customer that the provides service provider a chance to take a service recovery action (Tax & Brown,

2012). Given that the firm may not recognize service failure by itself, customer complaint is the only source that directs to service recovery activity.

However, consumer complaint research suggested that most customers who encountered service failure do not report to the service provider. Two thirds of the dissatisfied customers do not complain to the service organization (Stephens & Gwinner, 1998). More recently, it has been reported that up to nine tenths of dissatisfied customers do not raise their complaint to the firms (Tax & Brown, 2012). As a result, most service recovery research draws the research model by linking service recovery with consumer complaint behavior (e.g., Voorhees et al., 2006; Kim et al., 2010; Ro & Mattila, 2015). It would appear that dissatisfied customers who do not complain will not receive service recovery and may exhibit other types of negative response which are harmful for developing sustainable relationships.

5.2.3 Complaint Invitation

To address the non-complaint issue, the present study proposes a tool, i.e., the complaint invitation, to hold firms accountable in turning the unrecognized service failure into a recognized one. A complaint invitation serves as a means to identify service failure that might happen; and as a result, the service provider can provide proper service recovery actions.

Accordingly, this study categorizes customer complaint into two types: customer-initiated complaint and invited complaint. First, the customer-initiated complaint is a normal customer complaint, which is generally voiced by dissatisied customers. And second, the invited complaint is a customer complaint, which is voiced following the complaint invitaion process.

5.2.4 Perceived Justice

Effectiveness of service recovery is generally measured by customer satisfaction and behavioral responses through the mediation of perceived justice of service recovery (e.g., Ok, 2004; Kau & Loh, 2006; Patterson et al., 2006; Del Río-Lanza et al., 2009; Matos et al., 2011; Park, 2012; Fang et al., 2013).

Theory of perceived justice explains individuals' reactions to different conflict situations (Blodgett et al., 1997). It has largely been used as a theoretical base to

understand consumer behavior in service failure and service recovery contexts (McCollough & Bharadwaj, 1992; Smith et al., 1999; Chebat & Slusarczyk, 2005; Patterson et al., 2006; Ha & Jang, 2009). Justice perception can explain customers' evaluation of service recovery (Blodgett et al., 1997; McColl-Kennedy & Sparks, 2003); for example, if customers believe they were treated fairly, their level of satisfaction and future loyalty would be accordingly high (McColl-Kennedy & Sparks, 2003). Justice perception includes three dimensions, namely, distributive, procedural, and interactional justice (McColl-Kennedy & Sparks, 2003).

Distributive justice postulates that individuals would evaluate the adequacy of an exchange in terms of its fairness as defined by the amount of resources (inputs) given and the appropriateness of the gain received (reward or outcome) (McCollough, 1995). Tax et al. (1998) suggested three elements of distributive justice, including equity, equality, and need. Equity is defined as "provision of outcomes proportional to inputs to an exchange" (Tax et al., 1998). Equality is "equal outcomes regardless of contributions to an exchange," whereas need refers to "outcome based on requirements regardless of contributions" (Tax et al., 1998).

Perceived procedural justice refers to perceived fairness of procedure, policies, and criteria in providing resolution following service breakdown (McCollough, 1995; Maxham III & Netemeyer, 2002). The fair procedure could be perceived through accessibility, speed, process control, flexibility, and delay of methods the service providers perform during service recovery process (Del Río-Lanza et al., 2009). According to Tax, Brown and Chandrashekaran (1998), accessibility means "ease of engaging a process," speed is the "perceived amount of time taken to complete procedure," process control refers to "freedom to communicate views on decision process," while flexibility refers to "adaptability of procedures to reflect individual circumstances". Delay refers to how prompt was the response to solve a problem.

Perceived interactional justice involves the interpersonal treatments an individual perceives during the problem-solving process (Blodgett et al., 1997). Perceived interactional justice involves manners and interactions where the service provider interacts with customers during a service recovery encounter (McColl-Kennedy & Sparks, 2003). Tax et al. (1998) proposed five elements of interactional justice, which include "causal account", "honesty", "politeness", "effort" and

“empathy. This study is supported by Del Río-Lanza et al. (2009) examination of the cellular-telephone sector. They revealed that manners and interactions that affect interactional justice include empathy, courtesy, sensitivity, treatment, and employee effort during the service recovery process (Del Río-Lanza et al., 2009).

5.2.5 Customer Satisfaction

Customer satisfaction has been acknowledged as the key indicator of successful service recovery (e.g., Smith et al., 1999; Sparks & McColl-Kennedy, 2001; Balaji et al., 2017; Cheung & To, 2017; Petzer et al., 2017; Tektas, 2017). Previous research conceptualized customer satisfaction into two types, namely, satisfaction with the service transaction and cumulative satisfaction (Johnson et al., 1995; Johnson et al., 2001). Vázquez-Casielles et al. (2010) described transaction-specific satisfaction as an evaluation of the current service encounter or service recovery. Cumulative satisfaction is the overall satisfaction with all transactions and other experiences; therefore, it reflects the firms’ previous and current performance. These two concepts of customer satisfaction are complementary rather than competitive (Johnson et al., 2001).

5.2.6 Coping Potential

Coping potential is defined as the individuals’ evaluation of their own ability to deal with the situation (Watson & Spence, 2007). Emotion literature identified coping potential as a determinant of helplessness (Lazarus, 1991; Gelbrich, 2010), whereby people in aversive situation with low coping potential have helplessness feeling. For example, a subordinate, who has not been promoted, might feel helplessness because he has low coping potential to alter the situation (Gelbrich, 2010). Based on the literature, it would appear that customers may also assess their ability to cope with the problem in a service failure situation. Thus, this factor can lead to differences in service recovery evaluations.

5.3 Research Hypotheses

5.3.1 The Effects of Complaint Situation on Perceived Justice

Perceived procedural justice is affected by perception regarding whether service recovery policy and process are fair (Maxham III & Netemeyer, 2002). According to invited complaint situation, the customer is invited to complain about the poor service encounter. Whereas in customer-initiated complaint situation, the customer identifies service failure and complains to service provider. Goodwin and Ross (1990) documented that consumers are likely to perceive a firm that treats them more fairly when they assume that employees follow a firm's procedure rather than the employee's own decision. To compare these two situations, the current study reasons that the fair policy can be perceived more in the invited complaint situation.

H1a: Customers in invited complaint group exhibit higher perceived procedural justice than customers in customer-initiated complaint group.

Furthermore, on the basis of perceived distributive justice, customers perceive a fair outcome as a result of comparable input and outcome in the exchange (Blodgett et al., 1997). It can be predicted that the less input produces the more perceived distributive justice. Where the invited complaint takes less customer's input involving energy and effort to complain, the customers spend more energy and effort to voice complaint without an invitation. The next hypothesis proposes that the customers in different complaint situations have different levels of distributive justice perception.

H1b: Customers in invited complaint group exhibit higher perceived distributive justice than customers in customer-initiated complaint group.

In terms of interpersonal treatment, the higher the perception of the service providers' honesty and empathy, the higher the proportional perception of interactional justice (Blodgett et al., 1997). Contrasting the invited complaint and customer-initiated complaint in terms of service providers' honesty and empathy, this study argues that the customers can recognize the firm's honesty and empathy more clearly when the firm invited them to complain about the dissatisfaction. This concept leads to the next hypothesis:

H1c: Customers in the invited complaint group exhibit higher perceived interactional justice than customers in the customer-initiated complaint group.

5.3.2 The Effects of Complaint Situation on Customer Satisfaction

In service recovery context, Stauss (2002) defined complaint satisfaction as the complainers' satisfaction with the firms' response to their complaint. Previous literature suggested that complaint has no main effect on satisfaction. However, under the voiced condition with a neutral stance of the firms, a firm's concern makes a difference in satisfaction (Sparks & McColl-Kennedy, 2001).

The interaction between customer complaint and the firms' concerns in McColl-Kennedy et al. (2011) study is consistent with the invited complaint process in which service provider shows concern about the potential problem (2011). On the contrary, in the customer-initiated complaint situation, the customer may perceive less firm concern as the firm shows less concern. Taken together, the current study proposes the following hypothesis:

H2: Customers in the invited complaint group exhibit higher satisfaction than customers in customer-initiated complaint group.

5.3.3 The Moderating Effects of Coping Potential

Coping potential explains people's assessment of their capability to overcome an aversive circumstance (Lazarus, 1991). Drawn from Lazarus's conclusion, in a service failure context, a low coping potential refers to a perceived low ability to deal with the service problem (1991). Therefore, when customers are invited to complain, the low coping potential should interpret service recovery actions more positively than the high coping potential. Based on the discussion, the following hypotheses are proposed:

H3a: The effects of invited complaint on perceived procedural justice will be higher for low coping potential customers than high coping potential customers.

H3b: The effects of invited complaint on perceived distributive justice will be higher for low coping potential customers than high coping potential customers.

H3c: The effects of invited complaint on perceived interactional justice will be higher for low coping potential customers than high coping potential customers.

H3d: The effects of invited complaint on satisfaction will be higher for low coping potential customers than high coping potential customers.

5.4 Research Methodology

5.4.1 Research design

A scenario-based experiment was conducted in a bank service setting. Using a scenario-based approach to test research hypotheses is consistent with previous studies on service failure and service recovery (e.g., Xu, et al., 2014; Hazée et al., 2017). Smith, Bolton and Wagner (1999) suggested that the scenario-based experiment could facilitate the representative service failure and recovery situations while reducing some limitations of the retrospective self-report approach, e.g., memory lapses and justification tendencies.

This study utilizes a 2 (complaint situation: customer-initiated complaint vs. invited complaint) x 2 (coping potential: high vs. low) between-subject design. The complaint situation was manipulated by the experiment. Coping potential was measured and divided into two subgroups using the median split.

5.4.2 Scenario Development

The scenarios were developed following procedure suggested by McColl-Kennedy et al. (2011). A service failure scenario involves an unintentional problem made by the frontline staff. After the customer noticed the service failure, the bank addressed the mistake based on two different complaint scenarios, namely, customer-initiated complaint and invited complaint. In the customer-initiated-complaint scenario, the customer complained to the staff. In the invited complaint scenario, the customer complained when the staff checked customer satisfaction following the service delivery and encouraged the customer to complain if not satisfied. The same service recovery was provided in both complaint scenarios.

5.4.3 Sample and Procedure

A sample of 169 students of undergraduate programs at two universities in Thailand participated in the experiment, of which 43% were male, aged 20-25 years. Among them, 100% were regular customers of the banks and 52% had a service failure experience similar to that of the service failure scenario.

Data collection was conducted in the classroom. The participants were firstly greeted by the experimenters and were then randomly assigned to one of the two complaint scenarios. Next, they were instructed to read a scenario and imagine that they were a customer in the scenario and respond to the questions that followed.

5.4.4 Measurements

Three dimensions of perceived justice and satisfaction measurement scales were adopted from Maxham III and Netemeyer (2002). The measurement items of coping potential were adopted from Gelbrich (2010). As all measurement scales were in English, the collaborative translation technique was employed to ensure the conceptual equivalence as suggested by Douglas and Craig (2007).

The complaint conditions were manipulated by the experiment. The manipulation and realism of the scenario were checked by asking three manipulation check questions and one realism check question. All questions were measured using seven-point rating scales.

5.5 Analysis and Results

5.5.1 Manipulation and Realism Check Results

Manipulation and realism check results indicated that the participants perceived complaint conditions correctly. All three manipulation check items demonstrated that participants in the invited complaint group rate significantly higher score than participants in the customer-initiated complaint group ($p<0.001$). The realism check item showed mean score greater than 5 on the seven-point scale, (M = 5.45, SD = 0.05, $p<0.001$).

5.5.2 MANOVA Results

The MANOVA results demonstrated the significant interaction effects between complaint situation and coping potential on dependent variables (F (4, 162) = 2.59, $p < 0.05$). The tests of between subject effects revealed significant interaction effects on perceived interactional justice, F (1,165) = 7.41, $p < 0.05$. Significant interaction effects on satisfaction were also found, F (1,165) = 4.71, $p < 0.05$. However, the interaction between complaint situations and coping potential did not

significantly affect perceived procedural justice and distributive justice. Figure 5.1 and Figure 5.2 display interaction effects between complaint type and coping potential on perceived interactional justice and satisfaction, respectively.

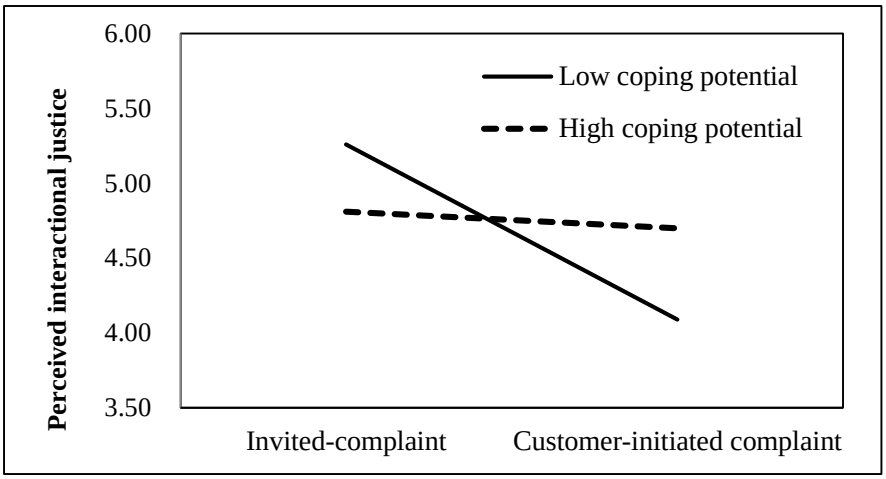


Figure 5.1 The Interaction Effect of Complaint Situation and Coping Potential on Perceived Interactional Justice

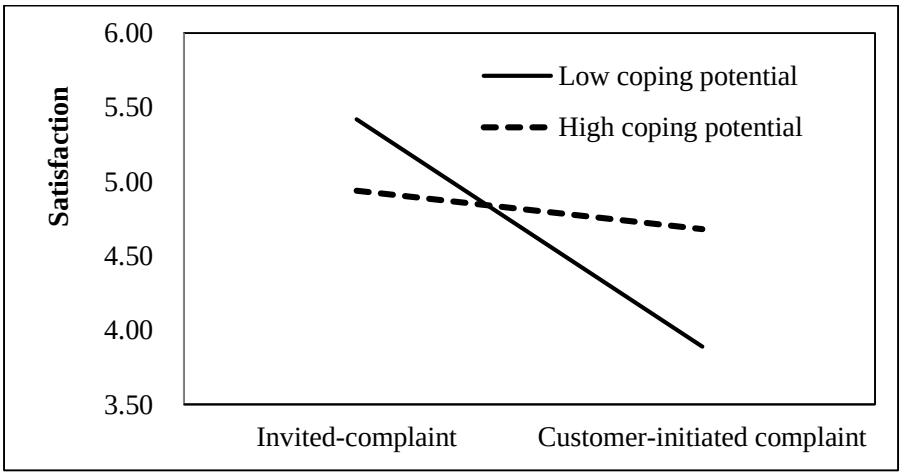


Figure 5.2 The Interaction Effect of Complaint Situation and Coping Potential on Customer Satisfaction

5.5.2.1 Perceived Justice

The tests of main effects showed that perceived procedural justice ($M_{\text{invited complaint}} = 5.15$, $SD = 0.12$, $M_{\text{customer-initiated complaint}} = 4.46$, $SD = 0.12$, $p < 0.001$), perceived distributive justice ($M_{\text{invited complaint}} = 5.16$, $SD = 0.12$, $M_{\text{customer-initiated complaint}} = 4.56$, $SD = 0.12$, $p < 0.001$), and perceived interactional ($M_{\text{invited complaint}} = 5.15$, $SD = 0.11$, $M_{\text{customer-initiated complaint}} = 4.39$, $SD = 0.11$, $p < 0.001$) are significantly affected by complaint situations. Thus, H1a, H1b and H1c are supported.

The planned contrasts indicated that in the invited complaint situation, participants with low coping potential score significantly higher in perceived interactional justice ($M_{\text{low coping potential}} = 5.26$, $SD = 0.16$, $M_{\text{high coping potential}} = 4.81$, $SD = 0.15$, $p < 0.05$). However, this effect is insignificant for perceived procedural justice ($M_{\text{low coping potential}} = 5.08$, $SD = 0.17$, $M_{\text{high coping potential}} = 5.217$, $SD = 0.16$, $p > 0.05$) and distributive justice $M_{\text{low coping potential}} = 5.05$, $SD = 0.17$, $M_{\text{high coping potential}} = 5.26$, $SD = 0.16$, $p > 0.05$). The results provide support for H3c, but not for H3a and H3b.

5.5.2.2 Customer Satisfaction

The MANOVA tests indicated that satisfaction is significantly affected by complaint situation ($M_{\text{invited complaint}} = 4.875$, $SD = 0.115$, $M_{\text{customer-initiated complaint}} = 4.28$, $SD = 0.11$, $p < 0.001$). This provides support for H2.

In addition, the results of a planned contrast showed that participants in the invited complaint situation with a low coping potential score satisfaction significantly different from the participants with high coping potential ($M_{\text{low coping potential}} = 5.42$, $SD = 0.16$, $M_{\text{high coping potential}} = 4.94$, $SD = 0.15$, $p < 0.05$). Therefore, H3d is supported.

5.6 Discussions and Implications

5.6.1 Theoretical Contributions

This research extends the service recovery framework by establishing a new perspective on customer complaint as a service organization's accountability in dealing with a service problem to promote business sustainability. Following the Goal 16 of SDGs, this study proposes a new concept (invited complaint) to promote effective, accountable and transparent institutional response at all levels in the service

failure context. While research on customer complaint has consistently reported that most customers with bad service experiences do not complain to service providers (e.g., Smith et al., 1999; Tax & Brown, 2012), inviting customers to complain represents the a firms' responsibility to turn unrecognized service failure into the recognized one. With an implementation of complaint invitation process, the unhappy customers would be given an opportunity to complain that leads to an appropriate service recovery and results in higher perceived justice and satisfaction.

As the indicator of Goal 16 of SDGs is the people satisfaction with service experiences (United Nations, 2015), the results of this study have ensured that the invited complaint concept incorporates sustainability features that increase positive service experiences over the customer-initiated complaint situation. In addition, the positive effects of the invited complaint on service recovery evaluations are consistent with recent research in service recovery, suggesting that customers perceive co-creation recovery more positively when they are asked by the firm to participate in the co-creation recovery (Xu et al., 2014).

5.6.2 Managerial Implications

This study also contributes to a better understanding of managerial practice related to the challenge of service business sustainability. As part of sustainable development, sustainability marketing is achieved through building and maintaining a firm-customer relationship (Belz, 2006; Peattie & Belz, 2010). In an analogous fashion, the findings of this research demonstrate that following up with customer satisfaction after service encounter is one of the key steps in building business sustainability. More specifically, this research suggests service providers ensure that the customers are satisfied with the service and invite them to express dissatisfaction. By doing this, the customers will perceive higher fairness and will be more satisfied with service recovery.

Moreover, invited complaint could be used as a strategy to develop sustainable service design for customers (Chowdhury & Quaddus, 2016). By inviting customers to complain, service providers can monitor and collect customer feedback, as well as integrate their suggestions to improve the service and to ensure effective service delivery. In addition, the key insight derived from the investigation of the moderating

effects of coping potential on the relationships between complaint situations and service recovery evaluations is that, when customers perceive low potential to cope with situations, they would perceive higher helplessness (Gelbrich, 2010). Therefore, a complaint invitation can produce more interactional justice perception and satisfaction for customers with low coping potential.

5.6.3 Limitations and Future Research Directions

While this study has made significant contributions to the service recovery literature, some limitations provide ideas for future research. First, this study was conducted using a scenario-based experiment to elicit customer response to the experimental conditions. Although the experimental approach provides internal validity, it lacks external validity. The future study may consider using actual service failure experiences to test hypotheses.

Second, undergraduate students were used as the subjects in this study. While the students were screened for experience in using financial services consistent with the scenario, they may not be representative of the wider population. To increase the representative sample, future studies may use non-student subjects to enhance generalizability.

Third, this research was conducted in only one service context, namely, a retail banking service. Therefore, the results may not be applicable to other retail service industries. The future studies may consider testing the effects of complaint situations in other industries, for example, restaurants, hotels, or airlines.

Fourth, this research has addressed the effects of the complaint situation on perceived justice and customer satisfaction. While the experiment provided a better understanding of customer responses to the complaint situations, the current study did not investigate how complaint situations affect other consumer behaviors. Future research could examine the effects of complaint situations on behavioral outcomes; for instance, repurchase intention, word-of-mouth communication, and switching service providers.

Furthermore, with regard to the implications for researchers, the findings of this study provide potential avenues for future research. The favorable effects of complaint invitation on perceived service recovery performance beg the question of

how emotions are involved in this relationship. Research on customer negative emotions in service failure context suggested that the negative emotions triggered by bad service experience have negative bias on perceived justice toward complaint handling (Tektas, 2017). Therefore, the further study on complaint handling should test how the effects of complaint invitation on post-complaint behavior vary across different degrees of negative emotions and in relation to specific negative emotions.

Additionally, this research demonstrates that the invited complaint results in higher perceived justice and satisfaction than the customer-initiated complaint. To better understand the effects of the complaint situation on customer post-complaint behavior, the set of complaint aspects should be refined and enriched. Hence, the further research should explore if other aspects of complaint (for example, immediate or delayed complaint) lead to different customer evaluations of service recovery.

CHAPTER 6

CONCLUSION

This dissertation investigated two under-researched issues involving customer voice management in the service recovery context: namely, pre-recovery negative emotion management and voice initiation. Specifically, four studies were conducted to determine how pre-recovery negative emotion management and voice initiation enhance service recovery evaluations. The first study provided the overall picture of the service recovery context. Drawing on previous research, this study introduces a new conceptual framework that offers six phases to explain the stages customers and service providers will go through after the service failure event: 1) service failure identification, 2) consumers' coping strategies, 3) service recovery actions, 4) consumers' evaluation of the service recovery transaction, 5) consumers' evaluation of the service provider and 6) consumers' behavioral outcomes.

The second study built upon the concept of venting interaction, establishing the role of venting interaction as an emotion management strategy in the service recovery encounter. This study demonstrated that venting interaction plays an important role in managing negative pre-recovery emotions and reducing the negative bias of negative pre-recovery emotions in service recovery evaluations. Specifically, it shows that perceived justice, post-recovery emotions, and satisfaction varied in the different venting interaction conditions.

These findings confirmed previous findings on emotions in the literature indicating that when individuals vent to the offender, they expect listening and empathy (Parlamis, 2012). Likewise, when a firm demonstrates empathetic listening (Dewitt et al., 2008; Gruber, 2011), concern, and empathy, customers' perception of interactional justice is heightened (Maxham & Netemeyer, 2002; McColl-Kennedy et al., 2003; Del Río-Lanza et al., 2009; Tax & Brown, 2012). Eventually, perceived interactional justice mediates the effects of service recovery with venting interaction on post-recovery

emotions (Chebat & Slusarczyk, 2005; Ozgen & Duman, 2012) and satisfaction (Tektas & Basgoze, 2017).

The third study addressed the research question regarding how service recovery evaluations vary across customer complaint conditions. It was found that customers reported higher perceived justice and satisfaction and lower negative word-of-mouth intention when receiving service recovery based on voice invited by the staff.

The above findings are consistent with previous research on the role of initiation in the service recovery context. Research on co-creation initiation has suggested that when the company initiates co-creation recovery, customers perceive greater procedural justice and satisfaction than when co-creation is initiated by the customer (Xu, 2014). Similarly, a study on service recovery initiation has documented that firm-initiated recovery has positive effects on customers' perception of a service provider's efforts (Smith et al., 1999; Patterson et al., 2006; Voorhees, Brady, & Horowitz, 2006).

Lastly, the fourth study extends the concept of voice initiation by establishing complaint invitation as a policy service organizations can use to address service problems and thus promote business sustainability. As research on customer complaints has consistently reported that most customers with bad service experiences do not complain to service providers (Tax & Brown, 2012), inviting customers to complain represents the firms' responsible policy to turn an unrecognized service failure into a recognized one. The findings demonstrated that the customers who received service recovery following complaints that were invited by the firm reported higher perceived justice and satisfaction compared to the customers who received service recovery following complaints raised by themselves.

In addition, complaint invitation is found to help improve service recovery evaluations more in low coping potential customers than in high coping potential customers. Because the low coping potential customers feel helplessness (Gelbrich, 2010) in response to the service failure, a complaint invitation can produce more interactional justice perception and satisfaction.

These four studies provide a solid foundation regarding how customer voice management plays an important role in service recovery evaluations. With regard to potential directions for further study, this dissertation highlights the idea that the effects of customer voice management could be varied according to the different contexts.

Each study has outlined future research suggestions that would further strengthen the domain of customer voice and service recovery evaluations.

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APPENDICES

APPENDIX A

SURVEY QUESTIONNAIRES FOR CHAPTER 3

Dear Sir/Madam

My name is Phimai Nuansi. I am a student at the National Institute of Development Administration (NIDA) and I need your support for a research project I am conducting. This is a request for you to fill out a questionnaire. The survey concerns consumer reactions to service failures. Your participation in this survey is valued and will be completely confidential. The participation is entirely voluntary and you can refuse to participate at any times. The research is for educational purpose only, and your identity will not be recorded or associated with your responses. Please note that the questions have no right or wrong answers; please answer the questions as honestly as possible.
The questionnaire should take about 30 minutes. Please answer all the questions. If you have any questions, please do not hesitate to contact: Phimai Nuansi, Email: phimai.nua@stu.nida.ac.th; Mobile: 081-871-146.

Thank you for your time and consideration.

Yours faithfully
Phimai Nuansi
Ph.D student at National Institute of Development Administration

---

Would you please tell us about your experience with banking service?

1. You are a bank customer. ◯ Yes ◯ No
2. You have a deposit account ◯ Yes ◯ No
3. You know about the life insurance. ◯ Yes ◯ No

If your answers to all above questions are “Yes”, please continue to all the following questions.

If your answers to all above questions contain “No”, we thank you for your time and consideration; you already finished this survey.

Section 1

Please read the scenario carefully and imagine you were a customer in the scenario and answer the questions that follow.

Scenario (part 1 of 2)

Imagine that you had saving money for an emergency cash and unanticipated spending**.** To keep the money safe and earn some interest, you went to the bank to open a deposit account**.** The bank staff suggested that there was the special account which offered the good annual return**.** It sounded interesting; therefore, you decided to open the account following the frontline**’**s suggestion**.**

On the next day, you needed to use some money for the urgent and unexpected expense; you went to the bank to make a withdrawal**.** The staff **(**different than the staff who opened the account for you**)** checked the account and informed you that your account was a life insurance which does not allow the customer to withdraw money until the maturity period of seven years has been satisfied**.** At this moment, you realized that the staff did not provide the complete information about the conditions of the account**.**

You explained to the staff that you were not aware of the conditions of the deposit at all because the bank staff did not provide this information for you. You heatedly explained that you need to withdraw the money to pay for the unexpected expense which was the purpose to open this account. You vented dissatisfaction that if you were aware of these hidden conditions, you firmly would not have opened this account.

Based on the preceding scenario, please respond to the following questions.

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
1. I wanted to open deposit account, not life insurance.	1	2	3	4	5	6	7
2. The staff did not clearly understand my objective, that's why he/she provided me the wrong service.	1	2	3	4	5	6	7
3. Service outcome I received was wrong.	1	2	3	4	5	6	7
4. The reason for the mistake is something the bank had control over.	1	2	3	4	5	6	7
5. To prevent this mistake, there are actions the bank could take but has not.	1	2	3	4	5	6	7
6. The bank was responsible for the mistake.	1	2	3	4	5	6	7
7. Circumstances beyond anyone's control caused the mistake	1	2	3	4	5	6	7
8. The mistake was due to outside influences	1	2	3	4	5	6	7
9. The situation was something I could cope with	1	2	3	4	5	6	7
10. I could find a way to alter the situation	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all ⟷ Very much**						
11. I would feel angry with the bank/bank employees	1	2	3	4	5	6	7
12. I would feel mad with the bank/bank employee	1	2	3	4	5	6	7
13. I would feel furious about the bank/bank employees.	1	2	3	4	5	6	7

To what extend do you feel with the following:	**Not at all** ⟷ **Very much**						
14. After this experience, how much regret did you feel over your choice?	1	2	3	4	5	6	7
15. In retrospect, how bad do you judge your decision to opt for this service provider?	1	2	3	4	5	6	7
16. I would feel frustrated about the situation.	1	2	3	4	5	6	7
17. I would feel disturbed by the situation.	1	2	3	4	5	6	7
18. I would feel annoyed at the situation.	1	2	3	4	5	6	7
19. After this experience, how much disappointment did you feel about the delivery of the service?	1	2	3	4	5	6	7
20. To what extent was the delivery of the service worse than you expected beforehand?	1	2	3	4	5	6	7

Section 2

There are different ways the bank might handle the problem. You will be presented with a scenario describing the way you responded and how the bank treated and handled your problem.

Scenario (Part 2)

The venting interaction condition

The bank staff showed you that she feels for you by paying attention to listen and allowing you to speak your problem and express your emotions. She expressed that she understands the situation and feels sympathy for you. She then provided the solution to cancel the insurance policy and return money to you.

The no venting interaction condition

The bank staff provided the solution to cancel the insurance policy and return money to you.

Based on the preceding scenario, please respond to the following questions. To what extend do you agree or disagree with the following:

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
21. The staff showed interest in my problem.	1	2	3	4	5	6	7
22. The staff was willing to be there for me and paid attention to my problem before providing problem resolutions.	1	2	3	4	5	6	7
23. The staff's reactions show me my problem will be properly looked after.	1	2	3	4	5	6	7
24. The staff listened to me when I vent the problem.	1	2	3	4	5	6	7
25. The staff empathetically responded to my problem.	1	2	3	4	5	6	7
26. I had participation in the problem resolution.	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all realistic ⟷ Very realistic**						
27. How realistic was the problem and resolution that was described to you in this situation?	1	2	3	4	5	6	7

To what extend do you feel with the following:	**Not at all realistic ⟷ Very realistic**						
28. Despite the hassle caused by the problem, the bank responded fairly and quickly.	1	2	3	4	5	6	7
29. I feel the bank responded in a timely fashion to the problem.	1	2	3	4	5	6	7
30. I believe the firm has fair policies and practices to handle problems.	1	2	3	4	5	6	7
31. With respect to its policies and procedures, the firm handled the problem in a fair manner.	1	2	3	4	5	6	7
32. The procedures used gave me more control over how well the service problem or failure was solved.	1	2	3	4	5	6	7
33. They response quickly to my complaint	1	2	3	4	5	6	7
34. Overall, the procedures used by the associate were fair.	1	2	3	4	5	6	7
To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
35. Although this event caused me problems, bank's effort to fix it resulted in a very positive outcome for me.	1	2	3	4	5	6	7
36. The final outcome I received from the bank was fair, given the time and hassle.	1	2	3	4	5	6	7
37. Given the inconvenience caused by the problem, the outcome I received from the bank was fair.	1	2	3	4	5	6	7

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
38. The service recovery outcome that I received in response to the problem was more than fair.	1	2	3	4	5	6	7
39. In dealing with my problem, bank's personnel treated me in a courteous manner.	1	2	3	4	5	6	7
40. During their effort to fix my problem, bank's employee(s) showed a real interest in trying to be fair.	1	2	3	4	5	6	7
41. Bank's employee(s) got input from me before handling the problem.	1	2	3	4	5	6	7
42. While attempting to fix my problem, bank's personnel considered my views	1	2	3	4	5	6	7
43. I am satisfied with my overall experience with the bank	1	2	3	4	5	6	7
44. As a whole, I am not satisfied with the bank.	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all satisfied ⟷ Very satisfied**						
45. How satisfied are you overall with the quality of this bank's service?"	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all ⟷ Very much**						
46. I would feel angry with the bank/bank employees	1	2	3	4	5	6	7
47. I would feel mad with the bank/bank employee	1	2	3	4	5	6	7
48. I would feel furious about the bank/bank employees.	1	2	3	4	5	6	7

To what extend do you feel with the following:	**Not at all** ⟷ **Very much**						
49. After this experience, how much regret did you feel over your choice?	1	2	3	4	5	6	7
50. In retrospect, how bad do you judge your decision to opt for this service provider?	1	2	3	4	5	6	7
51. I would feel frustrated about the situation.	1	2	3	4	5	6	7
52. I would feel disturbed by the situation.	1	2	3	4	5	6	7
53. I would feel annoyed at the situation.	1	2	3	4	5	6	7
54. After this experience, how much disappointment did you feel about the delivery of the service?	1	2	3	4	5	6	7
55. To what extent was the delivery of the service worse than you expected beforehand?''	1	2	3	4	5	6	7

Section 3

Respondent Profile

1. What is your gender?

[1] Male

[2] Female

2. What is your age?

[1] Below 20

[2] 20 – 29 years

[3] 30-39 years

[4] 40-49 years

[5] 50-59 years

[6] 60 and above

3. What is the highest level of education you have completed?

1 Less than bachelor's degree

2 Bachelor's degree

3 Master's degree

4 Higher than Master's degree

4. What is your employment status?

1 A student

2 Employed full time

3 Employed part time

4 Self-employed

5 Other (please identify).....

5. What is your monthly income?

1 0 < 15,000 THB

2 ≥ 15,000 < 30,000 THB

3 ≥ 30,000 < 60,000THB

4 ≥ 60,000 < 100,000 THB

5 ≥ 100,000 THB

6. Have you ever had a dissatisfying experience with the service of the bank?

1 Yes, please explain .....

.....

2 No

Thank you for taking the time to complete this survey.

We truly value the information you have provided.

APPENDIX B

LOADINGS AND CROSS LOADINGS OF INDICATORS AND CONSTRUCTS AND PATH MODEL RESULTS FOR CHAPTER 3

Table 1B Loadings and Cross Loadings of Indicators and Constructs

	PDJ	**PIJ**	**PPJ**	**SAT**	**Pre-ANG**	**Post-ANG**
PDJ1	**0.883**	0.681	0.630	0.652	0.029	-0.199
PDJ2	**0.920**	0.642	0.635	0.661	0.049	-0.170
PDJ3	**0.904**	0.685	0.651	0.671	-0.002	-0.194
PDJ4	**0.902**	0.663	0.559	0.659	0.082	-0.247
PIJ1	0.686	**0.941**	0.747	0.727	0.121	-0.238
PIJ2	0.718	**0.930**	0.756	0.716	0.078	-0.224
PIJ3	0.673	**0.935**	0.713	0.747	0.154	-0.196
PIJ4	0.691	**0.937**	0.734	0.743	0.125	-0.195
PPJ4	0.550	0.683	**0.844**	0.624	0.125	-0.174
PPJ5	0.586	0.697	**0.885**	0.585	0.171	-0.132
PPJ6	0.617	0.678	**0.915**	0.599	0.159	-0.133
PPJ7	0.678	0.738	**0.907**	0.683	0.160	-0.144
SAT1	0.719	0.771	0.696	**0.948**	0.129	-0.294
SAT2	0.503	0.605	0.492	**0.836**	0.169	-0.296
SAT3	0.744	0.744	0.701	**0.935**	0.148	-0.266
Pre-ANG1	0.036	0.107	0.135	0.142	**0.929**	-0.028
Pre-ANG2	0.031	0.116	0.159	0.137	**0.939**	0.001
Pre-ANG3	0.053	0.132	0.185	0.168	**0.930**	0.032
Post-ANG1	-0.142	-0.158	-0.123	-0.233	0.095	**0.799**
Post-ANG2	-0.191	-0.169	-0.134	-0.226	-0.046	**0.856**
Post-ANG3	-0.224	-0.238	-0.156	-0.317	-0.023	**0.894**

Notes: PDJ, Perceived distributive justice; PIJ, Perceived interactional justice; PPJ, Perceived procedural justice; SAT, Satisfaction; Pre-ANG, Pre-recovery anger; Post-ANG, Post-recovery anger

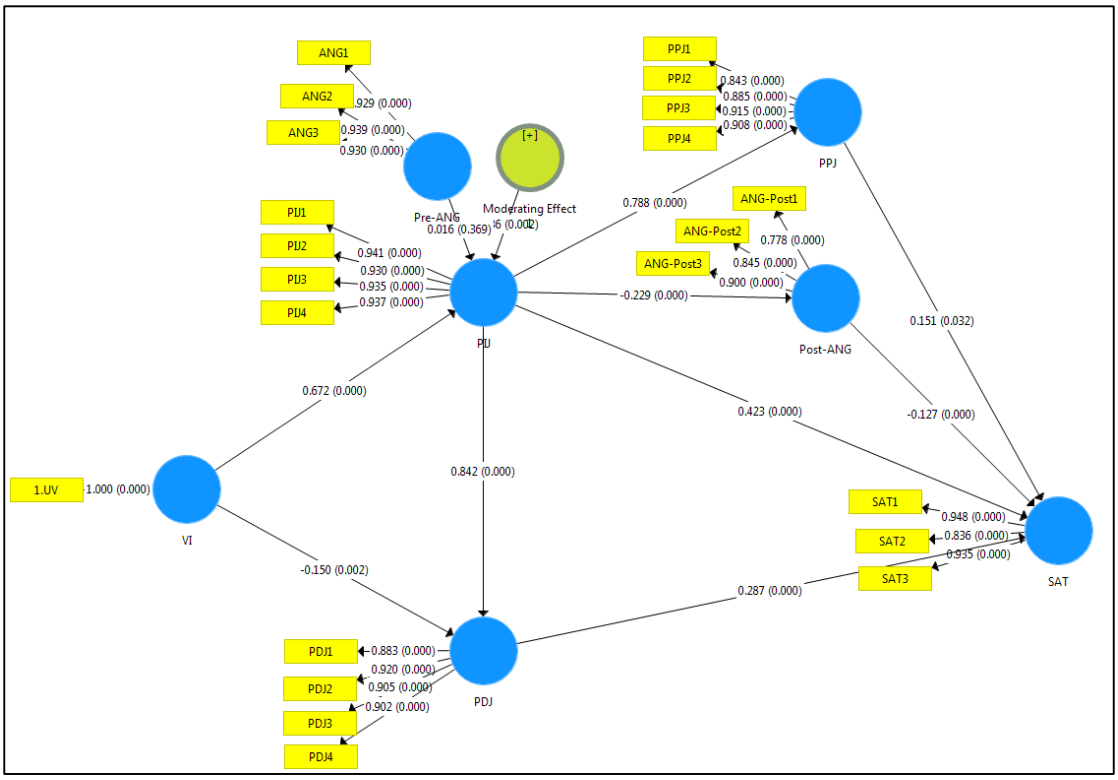

Figure 1B Path Model Results from SmartPLS Software

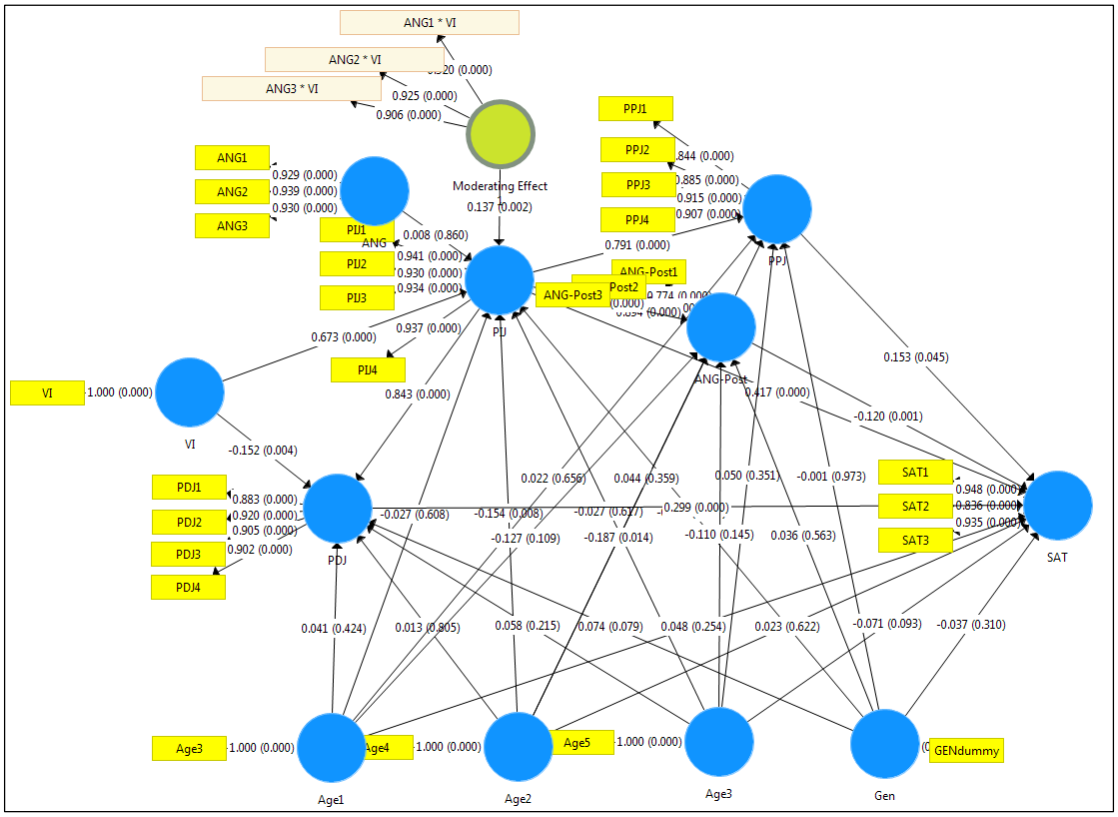

Figure 2B Path Covariate-Model Results from SmartPLS Software

APPENDIX C

SURVEY QUESTIONNAIRES FOR CHAPTER 4 AND CHAPTER 5

Dear Sir/Madam

My name is Phimai Nuansi. I am a student at the National Institute of Development Administration (NIDA) and I need your support for a research project I am conducting. This is a request for you to fill out a questionnaire. The survey concerns consumer reactions to service failures. Your participation in this survey is valued and will be completely confidential. The participation is entirely voluntary and you can refuse to participate at any times. The research is for educational purpose only, and your identity will not be recorded or associated with your responses. Please note that the questions have no right or wrong answers; please answer the questions as honestly as possible.
The questionnaire should take about 30 minutes. Please answer all the questions. If you have any questions, please do not hesitate to contact: Phimai Nuansi, Email: phimai.nua@stu.nida.ac.th; Mobile: 081-871-146.

Thank you for your time and consideration.

Yours faithfully
Phimai Nuansi
PhD student at National Institute of Development Administration

---

Would you please tell us about your experience with banking service?

4. You are a bank customer. ◯ Yes ◯ No
5. You know about ATM card or Debit card. ◯ Yes ◯ No

If your answers to all above questions are “Yes”, please continue to all the following questions.

If your answers to all above questions contain "No", we thank you for your time and consideration; you already finished this survey.

Section 1

Please read the scenario carefully and imagine you were a customer in the scenario and answer the questions that follow.

Scenario (part 1 of 2)

You went to the bank to apply for a debit card. After you informed the staff that you want to apply for a debit card, the frontline staff provided all the necessary documents. When the process was completed, the staff provided the debit card to you, explaining the debit card had complimentary accidental insurance coverage which started to protect the customer henceforth. Thereafter, the staff asked you to pay the card's annual fee which was more expensive than that for the card without the accidental insurance coverage. At this point, the you have detected a service mistake.

Based on the preceding scenario, please respond to the following questions.

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
56. The reason for the mistake is something the bank had control over.	1	2	3	4	5	6	7
57. To prevent this mistake, there are actions the bank could take but has not.	1	2	3	4	5	6	7
58. The bank should be responsible for the mistake.	1	2	3	4	5	6	7
59. Circumstances beyond anyone's control caused the mistake	1	2	3	4	5	6	7
60. The mistake was due to outside influences	1	2	3	4	5	6	7

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
61. The situation was something I could cope with	1	2	3	4	5	6	7
62. I could find a way to alter the situation	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all ⟷ Very much**						
63. I would feel angry with the bank/bank employees	1	2	3	4	5	6	7
64. I would feel mad with the bank/bank employee	1	2	3	4	5	6	7
65. I would feel furious about the bank/bank employees.	1	2	3	4	5	6	7

Section 2

There are different ways the bank might handle the problem. You will be presented with a scenario describing the way you responded and how the bank treated and handled your problem.

Scenario (Part 2)

The firm-initiated voice condition

After the transaction was done, another staff person came to ask whether the transaction was processed correctly and if the customer were satisfied with the service. You then complained that you did not intend to apply for the card with insurance for which the annual fee was more expensive. The staff apologized and offered that if the customer wanted the chance to change to the normal card, she (the staff) could arrange it. You decided to change, and the staff proceeded accordingly.

The customer-initiated voice condition

After the transaction was done, you decided to go back to the staff and complain that you had not intended to apply for the card with insurance for which the annual fee was more expensive. The staff apologized and inquired if the customer wanted to change to the normal card, and if so, the staff could arrange it. You decided to change, and the staff completed the change accordingly.

No customer voice condition

After the transaction was done, the staff came to inform you of the error and apologize for it. The staff has corrected and changed the card type for you.

Based on the preceding scenario, please respond to the following questions. To what extend do you agree or disagree with the following:

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
66. I was allowed an opportunity to say if I was satisfied with the service encounter.	1	2	3	4	5	6	7
67. In this situation, I was invited by the service employee to express why I was not satisfied with service transaction.	1	2	3	4	5	6	7
68. In this situation, the service employee sought my input into how the failure should be resolved.	1	2	3	4	5	6	7
69. I initiated the complaint, which ultimately lead to the service recovery.	1	2	3	4	5	6	7

To what extend do you agree or disagree with the following:	**Strongly Disagree Strongly Agree** ⟷						
70. I complained to the service employee on my own.	1	2	3	4	5	6	7
71. I had participation in the problem resolution.	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all realistic Very realistic** ⟷						
72. How realistic was the problem and resolution that was described to you in this situation?	1	2	3	4	5	6	7
To what extend do you agree or disagree with the following:	**Strongly Disagree Strongly Agree** ⟷						
73. I was able to influence the process used to solve the problem.	1	2	3	4	5	6	7
74. I was able to express my views and feelings in this situation.	1	2	3	4	5	6	7
75. I was able to influence the outcomes arrived at in this situation.	1	2	3	4	5	6	7
76. The bank associate was willing to adapt their complaint handling procedures to satisfy my needs.	1	2	3	4	5	6	7
77. The procedures used gave me more control over how well the service problem or failure was solved.	1	2	3	4	5	6	7
78. They response quickly to my complaint	1	2	3	4	5	6	7
79. Overall, the procedures used by the associate were fair.	1	2	3	4	5	6	7
80. Although this event caused me problems, bank's effort to fix it resulted in a very positive outcome for me.	1	2	3	4	5	6	7

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
81. The final outcome I received from the bank was fair, given the time and hassle.	1	2	3	4	5	6	7
82. Given the inconvenience caused by the problem, the outcome I received from the bank was fair.	1	2	3	4	5	6	7
83. The service recovery outcome that I received in response to the problem was more than fair.	1	2	3	4	5	6	7
84. In dealing with my problem, bank's personnel treated me in a courteous manner.	1	2	3	4	5	6	7
85. During their effort to fix my problem, bank's employee(s) showed a real interest in trying to be fair.	1	2	3	4	5	6	7
86. Bank's employee(s) got input from me before handling the problem.	1	2	3	4	5	6	7
87. While attempting to fix my problem, bank's personnel considered my views	1	2	3	4	5	6	7
88. I am satisfied with my overall experience with the bank	1	2	3	4	5	6	7
89. As a whole, I am not satisfied with the bank.	1	2	3	4	5	6	7
90. How satisfied are you overall with the quality of this bank's service?	1	2	3	4	5	6	7
91. If this had happened to me, I would have made sure to tell my friends and relatives not to do business with this bank.	1	2	3	4	5	6	7

To what extend do you agree or disagree with the following:	**Strongly Disagree ⟷ Strongly Agree**						
92. If this had happened to me, I would complain to my friends and relatives about this bank.	1	2	3	4	5	6	7
93. How likely would you be to warn you friends and relatives not to do business with this bank?	1	2	3	4	5	6	7
To what extend do you feel with the following:	**Not at all ⟷ Very much**						
94. I would feel angry with the bank/bank employees	1	2	3	4	5	6	7
95. I would feel mad with the bank/bank employee	1	2	3	4	5	6	7
96. I would feel furious about the bank/bank employees.	1	2	3	4	5	6	7
97. After this experience, how much regret did you feel over your choice?	1	2	3	4	5	6	7
98. In retrospect, how bad do you judge your decision to opt for this service provider?	1	2	3	4	5	6	7
99. I would feel frustrated about the situation.	1	2	3	4	5	6	7
100. I would feel disturbed by the situation.	1	2	3	4	5	6	7
101. I would feel annoyed at the situation.	1	2	3	4	5	6	7
102. After this experience, how much disappointment did you feel about the delivery of the service?	1	2	3	4	5	6	7
103. To what extent was the delivery of the service worse than you expected beforehand?	1	2	3	4	5	6	7

Section 3

Respondent Profile

1. What is your gender?

1 Male

2 Female

2. What is your age?

1 Below 20

2 20 – 29 years

3 30-39 years

4 40-49 years

5 50-59 years

6 60 and above

3. What is the highest level of education you have completed?

1 Less than bachelor's degree

2 Bachelor's degree

3 Master's degree

4 Higher than Master's degree

4. What is your employment status?

1 A student

2 Employed full time

3 Employed part time

4 Self-employed

5 Other (please identify).....

5. What is your monthly Income?

1 0 < 15,000 THB

2 ≥ 15,000 < 30,000 THB

3 ≥ 30,000 < 60,000 THB

4 ≥ 60,000 < 100,000 THB

5 ≥ 100,000 THB

6. Have you ever had a dissatisfying experience with the service of the bank?

1 Yes, please explain .....

.....

.....

2 No

Thank you for taking the time to complete this survey.

We truly value the information you have provided.

APPENDIX D

SUMMARY OF THE DEFINITIONS AND INDICATORS OF THE CONSTRUCTS

Table 1D Summary of the Definitions and the Indicators of the Constructs

Construct	Definition	Indicator
Perceived distributive justice	**"**The extent to which customers feel they have been treated fairly with respect to the final recovery outcome**" (**Maxham & Netemeyer, 2002, p.240**).**	1. Although this event caused me problems, bank's effort to fix it resulted in a very positive outcome for me. 2. The final outcome I received from the bank was fair, given the time and hassle . 3. Given the inconvenience caused by the problem, the outcome I received from the bank was fair. 4. The service recovery outcome that I received in response to the problem was more than fair .
Perceived interactional justice	"The extent to which customers feel they have been treated fairly regarding their personal interaction with service agents throughout the recovery process" (Maxham & Netemeyer, 2002, p. 241).	1. In dealing with my problem, bank's personnel treated me in a courteous manner. 2. During their effort to fix my problem, bank's employees showed a real interest in trying to be fair. 3. Bank's employees got input from me before handling the problem. 4. While attempting to fix my problem, bank's personnel considered my views

Table 1D (Continued**)**

Construct	Definition	Indicator
Perceived procedural justice	"The perceived fairness of policies and procedures involving the recovery effort" (Maxham & Netemeyer, 2002, p. 240).	1. Despite the hassle caused by the problem, the bank responded fairly and quickly. 2. I feel the bank responded in a timely fashion to the problem. 3. I believe the firm has fair policies and practices to handle problems. 4. With respect to its policies and procedures, the firm handled the problem in a fair manner.
Satisfaction	A cumulative satisfaction with all exchanges (Maxham & Netemeyer, 2002, p. 242)	1. I am satisfied with my overall experience with the bank 2. As a whole, I am not satisfied with the bank. 3. How satisfied are you overall with the quality of this banking service?"
Anger	An appraisal of the goal relevance, goal incongruence and the high coping potential **(**Nyer, 1997; Bougie, Pieters & Zeelenberg, 2003**)**	How did you feel about service experience on this particular occasion? 1. Enraged 2. Angry 3. Mad
External blame attribution	An appraisal of responsibilities for the situations (Roseman, 1991; Gelbrich, 2010)	1. The reason for the mistake was something the bank had control over. 2. To prevent this mistake, there are actions the bank could have taken but did not. 3. The bank was responsible for the mistake.

Table 1D (Continued**)**

Construct	Definition	Indicator
Attitude toward complaining	Individual's reluctance to complaint which is associated with a lack of confidence, risk perceptions regarding public complaining and being put in the uncomfortable situation of making a complaint (Bodey and Grace, 2006, p. 181)	1. Overall, I think people should complain when they are unhappy with the service they are getting. 2. Overall, I don't think people should bother complaining when they are unhappy with the service they are getting (reverse scored). 3. I admire people who complain to service providers when they are unhappy. 4. I don't like people who complain to service providers when they are unhappy (reverse scored).
Negative word-of-mouth	"informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (Westbrook, 1987, p. 261). Word-of-mouth can be in both negative and positive valence Blodgett et al. (1997).	1. If this had happened to me, I would have made sure to tell my friends and relatives not to do business with this bank. 2. If this had happened to me, I would have complained to my friends and relatives about this bank. 3. How likely would you be to warn you friends and relatives not to do business with this bank?
Coping potential	The individuals' evaluation of their own ability to deal with the situation (Watson & Spence, 2007; Gelbrich, 2010)	1. The situation was something I could cope with 2. I could find a way to alter the situation

BIOGRAPHY

NAME	Miss Phimai Nuansi
ACADEMIC BACKGROUND	B.B.A., Rajamangala University of Technology Thanyaburi, 1998
	M.B.A., Prince of Songkhla University, 2003
PRESENT POSITION	Vice President, Sales Management Section, Department of Personal Customer Business Sales Management, Government Saving Bank, Thailand