Service recovery and satisfaction: The moderating role of religiosity

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ABSTRACT: The aim of this paper is to discuss the role of religiosity on the relationship between service recovery and recovery satisfaction. This conceptual paper is based on reflecting the relevant scholarly discussions in various conferences and available published literatures. This paper identifies that religiosity plays a significant role on the relationship between service recovery and recovery satisfaction. This is due to the notion that highly religious individual tend to be more forgiving in the event of service failure. However, this argument which is theoretical in nature needs to be statistically validated and hence proposed by this research. Additionally, extant studies demonstrated that service recovery is critical in enhancing customer satisfaction. Therefore, the three dimensions of justice theory namely distributive justice, procedural justice and interactional justice should be considered if companies plan to embark on service recovery efforts. The discussion offered in the paper is expected to be valuable for service provider seeking ways to win back upset customers in the event of service failure. The discussion established that fair compensation, reasonable policies / procedures, and effective communication process during service recovery are the key components in promoting satisfaction.

Key words: Service failure; service recovery; recovery satisfaction; justice theory; religiosity.

1 INTRODUCTION

Every company in the world strive their best to win customers' heart. However, it is nearly impossible to deliver a perfect service with zero-defect. Even a giant corporations such as Starbucks, Toyota, Sony and General Electric experienced service failure in delivering their services (Lusch & Vargo, 2006). Service failure may contributes to customer defection, negative word of mouth or the customers will straight away complain to the service provider (Kim, Kim, & Kim, 2009). Considering the negative influence of service failure, service providers shall strategize effective ways to overcome the problems. Service recovery is the only way to rectify the situation. The level of compensation given should be equal to customer's loss. According to Riscinto-Kozub (2008), service recovery is vital and it is one of the key components in developing long term relationship, fortifying customer loyalty and promote positive behavioral intentions.

Justice theory has been gaining popularity in studies related to service recovery (Nikbin, Ismail, Marimuthu, & Jalalkamali, 2010). Justice theory was developed based on social exchange theory and equity theory (Ok, 2004). Based on Mattila (2001), the three dimensions of justice theory includes distributive justice (compensation), procedural justice (policies and procedures) and interactional justice (interpersonal communication). Extant literatures claimed that the application of justice theory in service recovery have been investigated in industries such as tourism (Bernardo, Llach, Marimon, & Alonso-Almeida, 2013); restaurant (Ok, 2004); airlines (Nikbin, Armesh, Heydari, & Jalalkamali, 2011) and a few other industries. However, its application is still limited in Asian's service recovery context.

Of late, there is an emerging trend of religious awareness in current market (Swimberghe, Sharma, & Flurry, 2009). While most service recovery studies stresses on customer's emotions and other related outcomes, fewer attention has been given to the role of customer's characteristics (Tsarenko & Tojib, 2012). Therefore, religiosity is believe to play a significant role in studies related to service failure. This is due to the notion that highly religious people tend to be more forgiving compared to less religious people in the event of transgression (Tsarenko & Tojib, 2012).

2 LITERATURE REVIEW

2.1 Service failure

Service failure is inescapable and it can jeopardize company's reputation. According to Patterson, Cowley, and Prasongsukarn (2006), service failure is defined as a problem that happen in exchange where a customer perceives a loss due to a failure on the part of service provider. However, Komunda and Osarenkhoe (2012) argued that service failure is the failure of the company's core service. It may include failure to withdraw money from the Automated Teller Machine, or the failure of product/service provided by the company.

Service failure may happen due to a number of reasons such as new staff, newly-introduced technology, or new customers (Stefan Michel, 2001). In the event of service failure, the action taken by the company is crucial to either fortify the existing relationship or turn the situation into a major problem (Dong, Evans, & Zou, 2008). Thus, it is vital for the company to ensure that they take immediate action in resolving customer's problem.

Service failure can result in negative word of mouth, problematic relationship between the customer and company, and negative future behaviors (Ha & Jang, 2009). Unresolved customer's problem will only bring negative impact to the company's reputation. Customers will become more dissatisfied and they will share the unhappy experiences with others (Ha & Jang, 2009). Therefore, a good service recovery efforts are critical to avoid such problems.

2.2 Service recovery

Service recovery refers to the actions taken by the organization in responding to a service failure (Gronroos, 1988). Service failure and recovery is the 'moment of truth' in testing the strength of relationship between the company and customers (Smith & Bolton, 1998). Customer will evaluate the recovery efforts taken by the company following the service failure. This is critical especially if it involves long term or loyal customers.

Service recovery is important to return upset customers to a state of satisfaction. This can be done if the employees act quickly, being friendly, express empathy and demonstrate generous manner in resolving customer's problem (Stefan Michel, 2001). A good recovery efforts will enhance customers' opinions towards the company, promote positive word of mouth, improve customer satisfaction and develop long term relationship (S. Michel & Meuter, 2008). Service failure and recovery should not be viewed as an obstacle, rather it should be seen as an opportunity to improve weaknesses and learning from mistakes. Komunda and Osarenkhoe (2012) stated that service recovery may enable the tracking of common complaints and a database could be developed to better manage it. As a result, the company will become aware of the problems and it can be avoided from occurring again.

2.3 Recovery satisfaction

Generally, customer satisfaction is defined as a customer's judgment towards a particular product or service. It is a judgment that a product or service provides a pleasurable level of consumption-related fulfillment (Oliver, 1997). Customer satisfaction is a critical issue in the area of marketing and consumer behavior (Ghalandari, Babaeinia, & Jogh, 2012). It has become a key component in measuring business performance and guiding principle in the development in new product or service (Feng & Yanru, 2013). Satisfied customers will enhance company's reputation by sharing positive experiences with others.

Service failure is inevitable and therefore, companies will face challenging time to ensure satisfied customers will remain loyal to them. Poor service recovery will lead to double-deviation and may threaten the relationship that has been developed for years. An excellent recovery efforts will improve customer's overall satisfaction, promote brand loyalty and positive word of mouth (Choi & La, 2013). In specific, Kim et al. (2009) described recovery satisfaction as a positive emotion perceived by the customers as a result of service recovery efforts taken by the company.

2.4 Justice theory in service recovery

Justice theory states that a customer evaluates a service recovery attempt as fair or unfair (DeWitt, Nguyen, & Marshall, 2008). A number of research in western countries has considered the application of justice theory in service recovery. According to Patterson et al. (2006), justice theory was derived from the social exchange and equity theory. It can be categorized into three dimensions namely distributive justice, procedural justice, and interactional justice. Justice theory has been used in a number of service recovery studies including airline industry (Chang & Chang, 2010); restaurant (Ok, 2004); retail industry (Lin, 2012); and hotel industry (Prasongsukarn & Patterson, 2012).

Previous service recovery studies demonstrated that the three dimensions of justice theory influences recovery satisfaction. According to Ok (2004), the three dimensions of justice have positive effects on recovery satisfaction in restaurant setting. Effective service recovery will not only improve satisfaction, however it can lead to trust and re-patronage intentions (Wen & Chi, 2013). Ha and Jang (2009) claimed that an effective service recovery will trans-

form upset customers to be satisfied which can promote long term relationship. Therefore, the following proposition is derived from the aforementioned discussion:

P1: Service recovery will influence recovery satisfaction.

2.4.1 Distributive justice
Wen and Chi (2013) described distributive justice as the outcome that the customer expect to receive during service recovery and it should be equal to the customer's loss. In specific, Weun, Beatty, and Jones (2004) defined distributive justice as the tangible end result given to the initially frustrated customer. Typical end results include a discount, cash refund, replacement, amendment, etc. (Wen & Chi, 2013). Prasongsukarn and Patterson (2012) claimed that distributive justice was found to affect recovery satisfaction in multi industry settings such as retail, hospitality and auto repair. These findings proved that monetary rewards are important to satisfy upset customers (Ha & Jang, 2009). Therefore, based on the preceding discussion, the following proposition is developed:

P1a: Distributive justice will influence recovery satisfaction.

2.4.2 Procedural justice
Procedural justice concerns with the procedures, policies, processes and rules involved in service recovery (Smith et al., 1999). However, del Río-Lanza, Vázquez-Casielles, and Díaz-Martín (2009) argued that procedural justice deals with aspects such as accessibility, speed, process control, delay and flexibility in dealing with service failure. Based on both definitions, we defined procedural justice as the policies and procedures that will help to solve customer's problem in timely manner. Previous research demonstrated that procedural justice can influence recovery satisfaction. A study in airline industry by Nikbin et al. (2012) and Chang and Chang (2010) indicated that procedural justice influences recovery satisfaction. Therefore, the following proposition is derived based on the previous discussion:

P1b: Procedural justice will influence recovery satisfaction.

2.4.3 Interactional justice
Interactional justice refers to the customers' perception regarding the way they are treated during the service recovery process which includes respect, caring, honesty and willingness to help (Wen & Chi, 2013). Sparks and McColl-Kennedy (2001) argued that interactional justice concerns with the human interactions during service recovery. Based on both definitions, we summarized interactional justice as

the treatment and communication process involved during service recovery process. Extant studies claimed that interactional justice can influence customers' judgment towards company's recovery effort. A study in banking and home construction industries shows that interactional justice influence customer satisfaction (Maxham & Netemeyer, 2002). In addition, a study in airline industry by Chang and Chang (2010) also found that interactional justice affects recovery satisfaction. Based on the preceding discussion, the following proposition is developed:

P1c: Interactional justice will influence recovery satisfaction.

2.5 The role of religiosity

In recent years, there is an emerging concern pertaining to religiosity in global market (Swimberghe et al., 2009). A number of issues pertaining to religiosity are still impending given the fact that this area is still maturing (Tsarenko & Tojib, 2012). According to Worthington et al. (2003), religiosity (also called as religious commitment) is defined as the degree to which an individual obey to their religious belief and practice it in daily life.

Religious people is claimed to be more honest, fair and nice compared to people without religious orientation (Morgan, 1982). In service failure context, Tsarenko and Tojib (2012) argued that highly religious individual tend to be more forgiving compared to less religious individual. Therefore, it is expected that being religious will influence the manner an individual behave when service failure occurs. As a result, it may affect their level of satisfaction and future re-patronage intentions. This is supported by Swimberghe et al. (2009) claiming that further research is required to examine the buying behavior of high and low religious people. This is due to the notion that dissatisfied customers may perform one of the following behaviors: stop buying from the company; share negative word of mouth with others; and complain to the business owner or third party. The emerging trend of religious awareness in the global market evidenced that it is critical to further explore this area, specifically in service failure perspective. Therefore, the following proposition is developed:

P2: Religiosity will moderate the relationship between service recovery and recovery satisfaction.

P2a: Religiosity will moderate the relationship between distributive justice and recovery satisfaction.
P2b: Religiosity will moderate the relationship between procedural justice and recovery satisfaction.

P2c: Religiosity will moderate the relationship between interactional justice and recovery satisfaction.

3 CONCLUSION

The central issue discussed in this paper is the integration of religiosity in service recovery studies. While the area of religiosity has been examined in other marketing studies, less attention has been directed to its role in service recovery context. The developing trend of religious awareness demonstrated that this study is critical to be conducted. Theoretically, this study will contribute to the body of knowledge in service recovery related area. Practically, this study will help service provider to be more alert in treating frustrated customers when service failure occurs. Low or highly religious people may have different perception towards company's efforts in rectifying the problem. As mentioned earlier, highly religious people tend to be more forgiving when they experienced service failure compared to the less religious people (Tsarenko & Tojib, 2012).

This paper also discusses the role of service recovery towards recovery satisfaction. Attaining customer satisfaction following service failure is a challenging task for the organization. A successful recovery may promote loyalty, however poor recovery will lead to double-deviation and bad reputation. The concept of justice theory in service recovery was deliberated in this paper. Distributive justice (tangible compensation), procedural justice (policies and procedures), and interactional justice (communication process) are the three dimensions of justice theory that are believed to influence recovery satisfaction.

4 RECOMMENDATIONS FOR FUTURE RESEARCH

This paper introduces the moderating role of religiosity on the relationship between service recovery and recovery satisfaction. Future research may explore other potential variable such as personality type to be examined. While most service recovery studies were conducted in western countries, less attention has been given in Asian region. Therefore future researcher is suggested to conduct such studies in their country which may yield different findings. Future research is recommended to conduct service recovery studies in other industries that have never been examined. Typical areas that have been investigated includes restaurant, online service, retailing, hotel and banking sector.

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