The effect of online customer perceived justice on post-recovery satisfaction

by Kussusanti Halim

The Effect of Online Customer Perceived Justice on Post-Recovery Satisfaction

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Abstract:

In the service recovery process, companies are needed to provide reasonable, timely and clear information to the customer. Unfortunately, this comes with limitations that usually are caused by the used online communication channels, that makes the effort of building relationships with online customer become more and more difficult.

There has not been much research that includes informational justice as a dimension of justice theory, in order to explain service recovery on online transactions. This study will begin with exploring online customer perceptions of interactional and informational justice, then looking at its effect on post recovery satisfaction. Structural Equation Modeling (SEM) will be used as the quantitative research methods.

This research is expected to contribute to marketing science, especially on service recovery and justice theory in online transactions. In order to generate post-recovery satisfaction, practical contributions are given in terms of a good service recovery strategy.

Keywords: Interactional justice, informational justice, post-recovery satisfaction;

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1. Introduction

Some studies are using justice theory to explain the service recovery (Kuo & Wu, 2012). A lot of justice theory research examines three dimensions, namely procedural, distributive and interactional justice (Kuo & Wu, 2012; Gi Park, Kim, & O'Neill, 2014). Distributive justice is defined as the fairness in giving compensation in accordance to customers' losses (Tax, Brown, & Chandrashekaran, 1998), and can both be in a monetary and non-monetary form (Smith, Bolton, & Wagner, 1999). Procedural justice is defined as the fairness in the process of delivering a result, relating to policies and procedures used to solve problems (Leventhal, 1976), such as service failure (Mattila, 2001).

In marketing, Gohary, Hamzelu, & Alizadeh (2016) added that the informational justice needs to be considered as an important factor in the service recovery process, particularly in Iranian online customers' context. However, there is only one research that studies informational justice and combines the four dimensions of justice theory simultaneously and one study that sees informational justice as its own, without the other three dimensions (Nikbin, Ismail, & Marimuthu, 2013). In the service recovery process, especially on online transactions, more attention is needed to be put in the delivery of information, since more limitations exists in the media that is being used for communicating. This makes online service recovery to be somehow more difficult (Hart, Heskett, & Sasser, 1990). Therefore, appropriate communication medium in the service recovery process (Kattara & El-Said, 2014) is required.

Another justice theory dimension that is going to be examined, is interactional justice. This is important because online transactions can be a double-edged sword with the emergence of dehumanization of the relationship. Online transactions do not involve human contact directly, thus click-and-mortar companies have more difficulties to build relationships with consumers, rather than brick-and-mortar companies (Chen et al., 2008). This is important, since online transactions also requires actions to maintain the relationship quality and to build trust (Verma, Sharma, & Sheth, 2015). It is true that online companies can provide good e-service without any direct human contact. However, service recovery process still requires a human touch (Parasuraman, Zeithaml, & Malhotra, 2005).

Interactional justice emphasizes the aspects of social interaction (Goodwin & Ross, 1992), which is how customers are treated (Blodgett, Hill, & Tax, 1997; Smith et al., 1999), including sensitivity and respect. Furthermore, the benevolence of the service personnel is also needed, that is the willingness to do the best for the customer and being selfless; this includes factors such as loyalty, openness, and willingness to help and give support (Gefen, 2000; 2002; Halim, 2017; Sutarso, Halim, Balqiah, & Tjiptoherijanto, 2017). However, benevolence has not been studied as an indicator of interactional justice. Even though benevolence still remains one of the important factors in online transactions (Chen, 2012). Therefore, this study will add benevolence as a dimensional indicator of interactional justice.

Informational justice, as a new dimension, is defined as the fairness on the given and provided information (Colquitt, 2001), that has to be trustworthy, reliable (Greenberg, 1990), and sincerely delivered (Bies, Shapiro, & Cummings, 1988). Information must be delivered on time, in line with expectations, open, honest (Gilstrap & Collins, 2012) and accurate (Kernan & Hanges, 2002). However, the choice of communication media has not been included as an indicator of informational justice, since this is considered to be necessary (Shapiro & Nieman-Gonder, 2006). Therefore, this study will include the communication media as a new variable indicator of informational justice.

Service recovery is defined as a required active action of the service provider company. This is needed to be done immediately as a correction due to a service failure or something that is happening outside the expectation (Grönroos, 1988). Post recovery satisfaction refers to customer satisfaction on the corrective action of the company after the occurrence of service failure.

2. Literature review

Oliver & Swan (1989) formulated the influence of perceived justice on customer satisfaction, followed by Goodwin & Ross (1992), Blodgett et al. (1993), Tax et al. (1998). In the context of customer service, interactional justice is concerning on empathy (Roschk & Kaiser, 2013), sensitivity, efforts to solve a problem (del Río-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009), politely (Blodgett et al., 1997), and etiquette (Lin, Wang, & Chang, 2011). In online service, Maxham & Netemeyer (2002) stated that interactional justice creates a higher level of satisfaction. The interaction between service personnel and customers during online service recovery has a direct effect on customer satisfaction and behavior (Lin et al., 2011). Even if the services are being done and provided online, building positive mood remains important and will positively impact post-recovery satisfaction (Chang, Lai, & Hsu, 2012). Hence, the following hypothesis is proposed: H1: The higher the interactional justice the higher the post-recovery satisfaction.

In the organizational context, perceptions of informational justice are evidently in relation to the employee job satisfaction (Colquitt, 2001). Informational justice is prioritized over explanations on why procedure and compensation are provided (Colquitt, 2001). Perception of informational justice will increase when customers receive information that helps them in taking decisions (Folger & Konovsky, 1989). Gohary et al. (2016) proves that informational justice is positively related to post-recovery satisfaction, making informational justice needs to be considered as an important factor in online shopping, particularly in the service recovery process. This gives rise to the following hypothesis: H2: The higher the informational justice the higher the post-recovery satisfaction

3. Methodology

This research uses quantitative methodology to calculate data and make conclusion to the taken sample. Therefore, data collection and data analysis will be done structurally and will require a statistical analysis (Malhotra, 2010). The population for this study is built up of online customers in Indonesia. With non-probability sampling, sampling will be done by purposive sampling method based on predetermined criteria (Cooper & Schindler, 2014). This will be customers who transacts on the Business to Consumer (B2C) online store, experienced service failure in the last 6 months, submitted a complaint and received a response.

This research uses online survey questionnaire in a form of Google Docs with accessible link being spread to e-mail addresses. There were 869 incoming responses, but not all of them are in accordance with the criteria of respondents. Those who did not meet the criteria of the respondents, could not continue to answer questions, and for those who meets the criteria are welcome to answer the question to completion. For 50 lucky respondents, a pre-paid phone voucher of Rp25.000 was provided.

Respondents are welcome to answer questions in the link by clicking on the available answer options. Their answers will then be straightly transfered into the Excel data format and ready to be processed. This online survey technique is self-administered, and web-based. This is made possible since the respondent of this study are online customers who have been familiar with the internet. This data collection technique has been successfully used in several previous studies (Young Im & Hancer, 2014; Li, 2015). 317 respondents were collected between the first week of August 2017 until the third week of September 2017.

The data analysis method used in this research is a quantitative analysis, using the Structural Equation Modeling (SEM) with Lisrel program, that combines factor analysis, structural model and path analysis. The analysis includes analysis of the measurement model, structural model test, and hypothesis test. The test of moderation variables will be done with the interaction model, because both variables are continuous (Wijanto, 2015).

4. Result and Discussion

The validity and reliability test is done at pre-test stage with 30 respondents. KMO-MSA score shows 0.922 for interactional justice variable, 0.848 for informational justice variable, 0.812 for post-satisfaction variable. All of them are above 0.05, which means that all the measuring tools used (questionnaire) have been proven to be valid and that further testing can be done. The reliability test score using Cronbach's Alpha Based on Standardized Items shows the value of 0.959 for interactional justice, 0.958 for informational justice, 0.969 for post recovery satisfaction. All of them are above 0.6, which means that all of the four constructs with their respective items are reliable.

Results shows that service failure are commonly experienced by a mismatch in the expected product quality received (30%), the most used online store being Lazada (58%), and fashion (clothes, shoes, and bags) being the most purchased products (43%) that majority (34%) falls into a Rp101.000 – Rp250.000 price range. When experiencing a service failure, online chat is being the most used media to voice their complaint (46%). This is not a surprise, since generation Y tends to opt for text messaging to communicate, instead of e-mail or phone (Executive Voice, 2016).

Before passing the SIMPLIS analysis program by LISREL, a preliminary test was done and shows no negative error, no standardized coefficients exceeding 1, and no extremely large standard error. The validity was checked through the Standardized Factor Loading (SFL) value. The result indicates that all variables have Standardized Factor Loading (SFL) > 0.50 which means to be very significant (Hair, Black, Babin, & Anderson, 2009), t-value > 1.96 and RMSEA < 0.08, ie 0.063.

Reliability test is also done to see the consistency of the measurement model from latent variable of research, by calculating construct reliability (CR) and variance extracted (VE) values from standardized factor loading and error variances. The result shows that all constructs meet the reliability requirements of construct reliability value ≥ 0.7 and variance extracted ≥ 0.5. The overall fit model test is done to see how fit the data is for the model. As a result, nine of the eleven measures of Goodness of Fit show a good fit.

Two things were done in the analysis of this structural model, which are the Goodness of Fit test and hypothesis testing for causal relationships, with measurement of RMSEA, NFI, NNFI, PNFI, CFI, IFI, RFI, SRMR, GFI, AGFI and PGFI. Most of the results show a good fit, and the results of hypothesis testing can be seen in Figure 1.

Figure 1. *Hypotheses Testing Result*
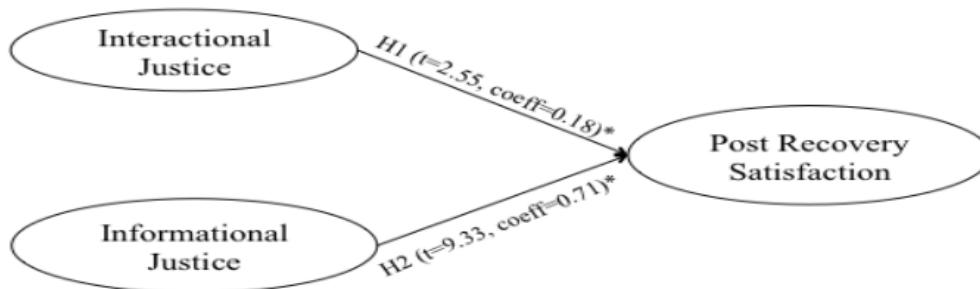
 The result of significance test on Hypothesis 1 shows that there is positive significant influence; hypothesis (H1) which is supported with data which is supporting the research model (value t = 2.55, coefficient value = 0.18). Similarly, Hypothesis 2 is also proven, with informational justice having a significant positive effect on post recovery satisfaction (t = 9.33, value of coefficient = 0.71), which means that there is a significant positive influence; therefore, hypothesis (H2) is supported with data in this research model.

5. Conclusion

This study proves that the higher the interactional justice, the higher the post-recovery satisfaction will be. The finding in this study is consistent with previous

studies on interactional justice, such as Maxham & Netemeyer (2002), Smith et al. (1999), Smith & Bolton (2002) who stated that interactional justice can create a higher level of satisfaction. This study also proves that the higher the informational justice, the higher the post-recovery satisfaction will be. This supports the results of Gohary et al. (2016) research, stating that informational justice is positively related to post-recovery satisfaction and should be considered as an important factor in online shopping. Informational justice criteria are measured from the completeness and clarity of information, delivered openly and promptly that also includes further information.

Informational justice is also considered good if the information provided is reasonable, appropriate to the needs, helpful, and delivered through communication media in accordance with customer choice, such as online chat, e-mail or phone. This supports the research of Colquitt (2001), stating that informational justice takes precedence over the clarity of information. Not only information about what happened, but also explanations on rules or procedures applied (Ambrose et al., 2007) in a transparent, accurate, complete and reasonable manner (Gilstrap & Collins, 2012), as well as openness of communication; such as the process of sharing information between two parties (Ching & Ellis, 2006).

Previous studies indicate that interactional justice is the most powerful determinant in creating customer satisfaction. But this study shows that informational justice has greater impact on post-recovery satisfaction than interactional justice. Online store customers are more concerned with the clarity, accuracy and completeness of information than the attitude of service officers, especially if communication is done through online chat. This is consistent with the characteristics of Y generation as the majority of online customers, preferring to communicate through online chat, which is not involving deep emotional relationships.

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