Perceived justice and customer loyalty following service failure and recovery encounters: A study in context of Tractor industry in Punjab

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Abstract

Service recovery has attracted increasing consideration in recent years as a corollary of the premise that service failures are unavoidable but discontented customers are not. Customers often respond strongly to service failures, so it is critical that an organization's recovery efforts be equally strong and effective. Service marketers, therefore, have a large stake in understanding both the consequences of failure and how to endow with an effective recovery, so that they can curtail customer dissatisfaction following a failure and thus retain the customer's business. The present paper aims to contribute to a growing body of service recovery knowledge by exploring the relationship between perceived justice dimensions of service recovery and behavioral outcomes in terms of loyalty following service failure and service recovery encounters in the tractor industry which is undergoing Servitization phase as every other physical product industry in this day and age due to the ever increased service pressures from customers, Regression analysis has been applied for the stated purpose. Data were collected through a survey of 308 respondents with the help of a structured questionnaire. All measurement items were adapted from existing scales found in the literature. This study has important implications for using an effective service recovery strategy as a tool in relationship marketing, where the customer is not just seen as a source of profit but mainly as a partner.

Keywords: service recovery, perceived justice, procedural justice, interactional justice, distributive justice, loyalty.

1. Introduction

The burgeoning indispensability of the service market in the economy has given rise to a change in the definition of goods and services. No longer are goods regarded separate from services. Instead, services now have become an integral part of the product itself. Therein the role that service recovery is playing to stem the customer churn is noteworthy. In durable goods, the failure of core product is more of a temporary setback if it is followed by good service recovery. Marketing of a product is not complete unless it is augmented with after sales services.

Moreover, marketing model is changing today from the product centric approach to customer centric approach. As a result of this, the companies in this modern age focus on establishing relationships. Gone are the days when the conventional companies were solely aspiring to promote their products or services. Instead, the contemporary organisations in this day and age are the new customer-cultivating companies aims at serving customers. Therefore, in an aggressively interactive environment of today, companies must reposition their focus from pushing transactions to maximizing customer lifetime value so as to compete and survive in the market (Rust, Moorman, & Bhalla, 2010). Furthermore, due to this customer centric approach, services have become an integral part of the products and companies are no more distinguishable on the basis of whether they sell services or goods. As a matter of fact, each and every one markets intangibles (services) in the marketplace, regardless of what is produced in the factory (Levitt, 1981). On top of everything, a product is much more than just a tangible object that customers utilize to obtain an intended outcome. Hence, companies which sell goods usually offer numerous services to help their customers in plethora of ways such as imparting them training , providing information services and offering field service and so many other things like that (Harvey, 1998). Also, from a buyer's perspective, the product is a promise, a gamut of value expectations making its non-tangible qualities indivisible (Levitt, 1981).

Hence, it's sensible to say that every product is in some sense intangible, even giant tractors, that weigh tons. It doesn't matter how industriously designed in advance and thoroughly constructed, they'll fail or let down if installed or used erroneously. The relevance of all this for marketing can be grave. Therefore, massive efforts often emphasize on the enrichment of the intangibles—promises of generous benefits bestowed rather than on features provided.

In the wake of these views and trends, growing number of companies throughout the globe are adding value to their core offerings using services and this trend of being customer demand-driven is prevalent in almost all of the industries, and is increasingly perceived by companies as sharpening their competitive edges. It, therefore, seems reasonable that tractor companies should also build relationships with their customers and retain them to enhance profitability in the long run. For this purpose, they must look for ways to offer their services more satisfactorily than their competitors as services are outset to dominate. Hence they should broaden their horizons and should increasingly offer comprehensive market gamut of customer-focused blends of goods, services, self-service, support, and knowledge.

As the market space is moving forward towards the servitization of everything, hence it becomes imperative to look at the service aspects as well and there are a plethora of associated services provided by the tractor companies to so as to garner customer retention. Thus, tractor companies are also prone to service failures which can evoke dissatisfaction among customers and they would take any of the following actions: 1) in a form of public action (i.e., complain- ing to the service firm, sharing the problem on social networks such as twitter and facebook and spread negative word of mouth (WOM)), 2) private action (i.e., switch provider) or 3) no action due to the monopoly nature of industry (Lovelock & Wirtz, 2011). To avoid the negative impacts of service failures, the service provider should try to overcome the problem quickly by implementing the most suitable service recovery (SR) procedures. Despite its strategic relevance, firms still overlook the importance of effective SR and corrective measures are usually far from the acceptable level of systematic SR procedure. In fact, in many cases, recovery effort is poorly executed and usually tend to lead a double deviation effect.

Thus, studying the service aspects could be of immense help in formulating retention strategies in the era of high customer churn. To address the relevance of Service Recovery in tractor industry, the primary aim of the present research is to study service failure in case of tractor use and the recovery strategies being taken up by tractor companies and impact of those strategies on customer loyalty.

Basically, this study takes into consideration the three dimensions of perceived justice in the event of service recovery namely distributive justice, interactional justice, and procedural justice. The perception of respondents is checked against the justice they get after they encounter a

failure and to find out their level of satisfaction with the service recovery process on the customer loyalty. The remainder of the paper is divided into four sections. The next section presents the theoretical background. This is followed by proposed conceptual framework and hypotheses and discussions of the method adopted and results of the empirical study. The paper concludes with implications of the results.

2. Theoretical Background

This section aims to provide an overview of the most relevant literature on service recovery processes and their impact on customer satisfaction with recovery and their behavioral intentions following service failure and service recovery in form of Repatronage intention and word of mouth.

2.1.Service recovery

The word "recovery" in service context was originated from British Airways and the central theme was "Putting the Customer First". Although service recovery is recognized by researchers and managers as a critical element of customer service strategy, there are little theoretical or empirical studies of service failure and recovery issues. Studying service recovery is challenging because recovery is triggered by a service failure (Bitner, Booms, and Tetreault 1990; Hoffman, and Davis 1993; Hoffman, Kelley, and Rotalsky 1995). Service recovery is basically defined as a systematic effort that is strategically employed by several organisations to bring aggrieved clients back to a state of satisfaction after a failure. Various authors have attempted to define service recovery in their own words. According to (Bell, C. R., & Zemke, 1990; Gronroos, 1988). (Bell, C. R., & Zemke, 1990) defined service recovery "a thought-out process for returning angry customers to a state of satisfaction with the firm after a service or product has failed to live up to the customer's expectations". (Armistead, Clarke, & Stanley, 1995) described service recovery as the specific actions taken to ensure that the customer gets a just service after problems have occurred to disrupt normal service".

 In a service recovery, the aim of the service provider is to achieve customer satisfaction and execute the service delivery process correctly for the second time (Zeithaml et al., 2009). This second time can either make the customer a lifetime loyal or cause an exit action (Kau and Loh, 2006). If the customer is pleased with the second attempt by the service provider, it could lead to positive intentions such as; loyalty, repurchase intentions and positive word of mouth (Zeithaml

et al., 2009). Conversely, if the second attempt still leads to dissatisfaction, there are negative behavioural intentions such as; no re-buy propositions and negative word of mouth.

Service recovery, which can be described simply as "putting right what has gone wrong" (Bailey, 1994), is important for plethora of reasons. To embark with, effective service recovery implementation can have a positive effect on customer evaluations and behaviours (e.g., Hoffman, Kelley, & Rotalsky, 1995; Kelley, Hoffman, & Davis, 1993; Spreng, Harrell, & Mackoy, 1995). Besides, customers may perceive service recovery actions as "going the extra mile" (Halstead, Morash, & Ozment, 1996). Moreover, effective service recovery strategies can result into more favourable customer ratings of a problematic service transaction than if that transaction had been correctly performed initially, a phenomenon known as the service recovery paradox (Ikponmwen, 2011; A. S. Mattila, 1999; McCollough, M. A., & Bharadwaj, 1992).

The beauty of the concept of service recovery lies in the fact that failure is not necessarily a problem but it is an opportunity to create satisfied and delighted customers (A. Parasuraman et al., 1991). While companies may not be able to avoid all problems, but they can learn to recover from them (Hart, C. W., Heskett, J. L., & Sasser, 1990). Besides, service recoveries are mandatory, as customers who encounter bad recovery incidents could terminate the customer relationship, and these customers shift to another seller (Schneider, BenjaminSchneider, B., & Bowen, 1999). Therefore, these authors hold a belief that an appropriate response to service failure can have a long-term positive influence on organisational success. Some researchers also suggest that a firm's recovery effort can either reinforce customer relationships or compound the failure, hence, emphasising the need of proper service recovery as it can be proved as a double-edged sword in the event of poor service recoveries which can further cause consumers to rate failing firms lower after their recovery efforts (Smith et al., 1998, Hoffman et al., 1995;).

Basically, service recovery focuses on the measures taken by the organization to avoid or rectify the deviation, to prevent breaches in customer confidence and loyalty, and to return the client to a state of satisfaction (Sparks, B. A., & McColl-Kennedy, 2001). (Bejou & Palmer, 1998) revealed that proper service recovery actions can sustain consumers' trust and their relationship with the company while (Fornell & Wernerfelt, 1987) found that proper service recovery measures leads to customers satisfaction, thus help building a positive relationship with them, and preventing them from switching brands. (Spreng et al., 1995) is of the view that service recovery measures if employed in a proper way, not only solve a problem, but also further help

increase the consumer repurchase intention and result into positive word-of-mouth. Furthermore, research has indicated strong relationship between effective service recovery and customer satisfaction, repurchase intentions, customer trust and long-term relationships (Andreassen, 2000; Smith, Bolton, & Wagner, 1999a). Moreover, it will cost an arm and a leg to the organization to obtain new customers than to retain existing ones. Hence, service recovery must be a part of a service company's strategy, and customer satisfaction must be the primary goal for business (Hart, C. W., Heskett, J. L., & Sasser, 1990).

2.1.1. Justice theory of service recovery and its dimensions

Service recovery is an integral component of service quality and satisfaction literature. Customers expect justice in service recovery. Various authors at different time intervals have revealed that perceived justice is a significant construct for evaluating service recovery (Smith et al., 1999a; Tax, Brown, & Chandrashekaran, 1998). Accordingly, if the perceived justice is high, customers feel that they are treated fairly by organization. Besides, the considerable use of justice theory as a theoretical basis for service recovery research is likely due to its immense predictive power. As justice theory has been found to explain around 60% of the variance with regards to service recovery customer satisfaction (Siu, Zhang, & Yau, 2013). However, more research is needed, particularly within the manufacturing sector which is currently endevouring to offer associate services with the core products in a bid to garner more and more from relationship marketing. Hence, service recovery must reinstate a situation of fairness from the perception of the customer. The justice concept consists of the three dimensions: distributive justice, interactional justice, and procedural justice (Clemmer, E. C., & Schneider, 1996).

2.1.1.1.Distributive justice

Distributive justice is concerned mainly with the outcome of the recovery effort, i.e. what did the service provider do to placate the offended customer in response of a service failure (Gilliland, 1993). It can be termed as assigning some tangible resources by the organisation to correct and compensate for a service failure (Belén Del Río-Lanza, Vázquez-Casielles, & M A Díaz-Martín, 2009). Studies have provided empirical support that perceived fairness of tangible outcomes have a positive influence on the recovery evaluation (Goodwin, C., & Ross, 1992). Blodgett et al. (1997) have also reported that distributive justice had a significant influence on customers' word-of-mouth and repatronage intentions. Some often mentioned distributive outcomes consist

compensation in the form of discounts, refund, coupons, replacement, free gift, apologies and so on (Blodgett et al., 1997; Goodwin and Ross, 1992; Tax et al., 1998; Hoffman and Kelley, 2000).

2.1.1.2. Procedural justice

Procedural justice refers to the techniques used by the organisations to deal with the problems arising during service delivery such as accessibility, delay, process control, timing/speed, and elasticity to adapt to the consumer's recovery requirements (del Río-Lanza, 2009). Procedural justice includes policies, procedures, and methods that companies utilize to support communication with customers and especially, the time taken to resolve complaints (Davidow, 2003). (Tax et al., 1998) described five elements of procedural justice including process control, decision control, timing/speed, accessibility, and flexibility. It is also found in the previous studies that procedural justice is significant in service recovery as customers who might be satisfied with the recovery but still could be unhappy if the process adopted as remedey were unsatisfactory (Kelley, S. W., Hoffman, K. D., & Davis, 1993). On the other hand, (Blodgett, Hill, & Tax, 1997) indicated that the procedural justice (timeliness) did not have a significant influence on word-of-mouth intentions and on their customers' repatronage intentions.

2.1.1.3. Interactional justice

Interactional justice put emphasis on interpersonal interactions while delivering service. It is the extent to which the customers experience fairness in personal interactions with the employees of organization during the process of recovery (Sparks, B. A., & McColl-Kennedy, 2001). Its focus is on on the "fairness of the interpersonal treatment people obtain during the enactment of procedures" (Tax et al., 1998). They further recognized five elements of interactional justice: explanation/ causal account, politeness, honesty, empathy and effort. (Hart, C. W., Heskett, J. L., & Sasser, 1990) also confirmed that elements of interactional justice are critical to customer satisfaction in service encounters. (Blodgett et al., 1997) have also found that the interactional justice had the strongest influence on subjects' word-of-mouth and repatronage intentions.

2.2. Customer satisfaction with service recovery

Customer satisfaction has been a popular topic in marketing practice and academic research since Cardozo's (1965) initial study of customer effort, expectations and satisfaction. Customer satisfaction is typically defined as a post consumption evaluative assessment concerning a specific product or service (Gundersen, Heide and Olsson, 1996). It is the result of an evaluative

process that contrasts prepurchase expectations with perceptions of performance during and after the consumption experience (Oliver, 1980).

The most widely accepted and renowned conceptualization of the customer satisfaction concept is the expectancy disconfirmation theory (McQuitty, Finn and Wiley, 2000). The theory was propounded by Oliver, who suggested that satisfaction level is the outcome of the gap between expected and perceived performance. Satisfaction (positive disconfirmation) occurs when product or service is better than what is expected. On the flip side, a performance worse than expected results is dissatisfaction (negative disconfirmation).The expectancy disconfirmation theory (Oliver, 1980) suggests that a consumer will enter into a service encounter with pre-encounter expectations (Solomon et al. 1985). The same applies to a service encounter during which a customer seeks redress from an organisation. To put it simply, a customer who enters a service encounter to file a complaint with a service firm does so with similar expectations of how the service provider should respond.

2.3. Customer Loyalty

Customer loyalty dominated the early consumer research from a behavioural view. In these studies, the researchers focussed on understanding patterns of repeat purchase as an indicator of loyalty. Later on Engel et al. (1968) observed several significant problems, including the absence of a conceptual framework for viewing brand loyalty. Day (1969) proposed viewing brand loyalty as repurchase behaviour prompted by strong internal dispositions and criticized the behavioural aspect for a absence of a conceptual foundation. Day (1969) & Lutz and Winn (1975) proposed loyalty indices depending upon composites of attitudinal and behavioural measures. So, Dick and Basu (1994) added on the behavioural approach with the concept of relative attitude which reveals the degree to which the consumer's assessment of one service dominates that of another. They further claimed that true loyalty only exists when repeat patronage / repeat purchases coexist with a high relative attitude. Hence, customer loyalty is regarded as an attitudinal construct.

Moreover, apart from attitude,it has been claimed that loyalty may also be based on cognition (Lee and Zeiss, 1980; Oliver, 1996) i.e. the degree to which consumers are exposed to advertising increases the capability and confidence to process information, providing more opportunity for product-related elaboration resulting in product commitment.

3.   Proposed conceptual model and hypotheses

The primary objective of this study is to determine the effects of service recovery efforts on customer satisfaction and loyalty in the tractor industry in Punjab. Specifically, the study would examine the perception of "justice" in service recovery and how it affects customer loyalty.
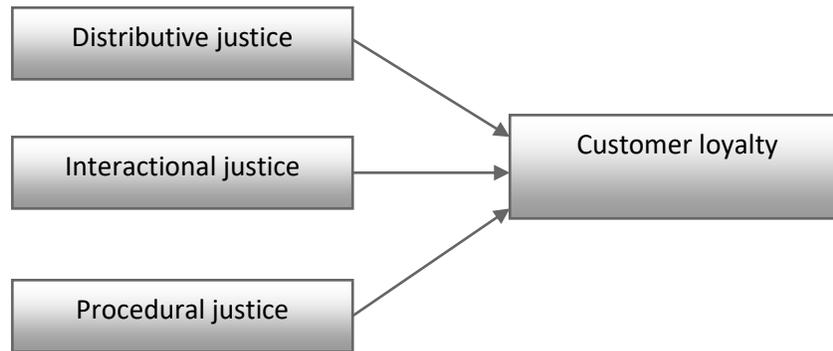

Figure 3.1: Conceptual framework of the study

Following are the hypotheses proposed to be tested:

H1: There is a statistically significant effect of interactional justice on customer loyalty.

H2: There is a statistically significant effect of procedural justice on customer loyalty.

H3: There is a statistically significant effect of distributive justice on customer loyalty

4.   Methodology

4.1. Questionnaire Design

Well-structured questionnaire was prepared for the purpose of collecting the necessary information. Data for the present study was collected utilizing self-administered questionnaire. The questionnaire was drafted after carrying out an extensive literature survey and summarizing opinions of a few selected customers. The questionnaire was then evaluated by three experts in our area of research. Among those three, one was from marketing academics and two were from industry. They evaluated the content and wording of items. On the basis of their suggestions, some scale items were rephrased and a few vague and ambiguous items were deleted. The questionnaire consisted of four sections. First section of the questionnaire comprised of the

socio-demographic details of the respondents including their age, residence, education, land holding and car ownership. In the second section, their tractor related information was sought and also the information related to factors affecting their purchase purchase decision was asked. The third section of the questionnaire dealt with service failure aspects. Finally, the fourth chapter entails statements regarding service recovery and justice perceptions followed by statements pertaining to behavioural intentions following service encounters. Besides, each questionnaire had a cover letter stating the importance and purpose of the study and encouraged respondents to participate and thanked them for participation.

The items related to service failure were framed by interviewing experts and farmers regarding routine and considerable usage failure while operating tractors. Apart from this, intensive literature has been examined to explore about the failures in depth and accordingly the items or statements related to failure are incorporated into the questionnaire. Whereas, items concerning service recovery justice dimensions has been adapted from earlier studies. Items concerning distributive justice has been adapted from (Folger and Konovsky, 1989; Maxham and Netemeyer,n2002; Smith and Bolton, 1998). Items for procedural justice has been adapted from (Blodgett et al., 1997; Folger and Konovsky, 1989; Maxham and Netemeyer, 2002); Smith and Bolton, 1998) and the items for interactional justice has been adapted from (Folger and Konovsky, 1989; Maxham and Netemeyer, 2002; Smith and Bolton, 1998). Finally the items concerning behavioural intentions has been adapted from (Bitner, 1990; Brown and Leigh, 1996; Davidow, 2000). However, the items for the various variables are not fully adapted but some items from those scales have been omitted for the present study, which did not serve the purpose and also the wording of some items have been modified accordingly. Hence, the questionnaire used for collecting the data for the present study was primarily modified one, but was based on the standardised scales. This was basically done because of the nature of the industry under study and the scales mentioned above, have been used previously in pure service firms. In addition to this, a pilot study was also conducted to establish the reliability of scale and to refine and modify it.

4.2. Sampling technique and data collection

A sample of 308 respondents was used for this study. The sampling unit consisted of farmer subjects from the district of Fatehgarh Sahib in the state of Punjab who owns and operates tractor. The present study employed both stratified sampling and snowball sampling. Stratified sampling technique is defined as: "A probability sampling technique that uses a two-step process to partition the population into subpopulations or strata. Elements are selected from each stratum ." (Malhotra, 2004) Variables used to define the strata are called stratification variables. For this research work, the size of the land holding and the tractor they own are chosen as the stratification variables. Care was given to give representation to all strata while making it a representative sample. The further referrals were drawn using application of snowball sampling. Snowball sampling is a "non probability sampling technique in which an initial group of respondents is selected randomly. Subsequently respondents are selected based on the referrals or information provided by the initial respondents. This process may be carried out in waves by obtaining referrals from referrals." (Malhotra,2004) The advantage of this technique is that the referrals possess similar demographic characteristics as the person referring them than would have been by chance. Its highly beneficial in situations where the entire target sample is difficult to reach and only few initial contact points are known to researcher. Data was collected from various villages and towns in Fatehgarh Sahib, Services marketing research also supports the use of judgemental samples (Davidow 2000; Spake et al 2003; Walsh and Mitchell 2005; Hocutt, Bowers and Donavan 2006).

5.   Findings and Results

Multiple linear regression analyses were first utilized to establish the relationship between perceived justice and loyalty.

5.1 Effect of Perceived justice on customer loyalty

A multiple linear regression was calculated to predict customer loyalty based on different dimensions of perceived justice i.e. distributive justice, interactional justice and procedural justice.

5.1.1. Model summary

The model summary table shown below tells us about dependent variable and independent

variable. Dependent variable is the Outcome variable and the independent variable is the predictor variable in the model 1.

As it can be seen from the table below which consists of 6 columns. First column gives the Model no. Second column gives the value of R which here represents the simple correlation and is 0.709, which indicates a high degree of correlation coefficient between the predictors and the outcome.

Table 5.1: Model summary for the effect of perceived justice dimensions on Customer loyalty

Model Summaryᵇ					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.709ᵃ	0.502	0.497	3.53941	1.585
a. Predictors: (Constant), distributive justice, procedural justice, interactional justice					
b. Dependent Variable: loyalty					

The third column provides the value of adjusted R 2 square value is 0.497 which means that perceived justice dimensions i.e. distributive justice, procedural justice and interactional justice, account for around 50 percent of the variance in "loyalty". It means that 50 percent of customer loyalty was explained by something other than the perceived justice dimensions. The value of adjusted R2 is preferred to be equal to or close to the value of R2. The value in the column of Adjusted R 2 is smaller than the value of R2 . The difference between R2 and Adjusted R2 is 0.027-0.007 = 0.207 which is 20 %. This decrease in the value in the model means that if the data has been derived from the population rather than a sample it would account for approximately 20% less variance in the outcome. Researcher also requested for the Durbin-Watson statistic. Values less than 1 or greater than 3 is alarming. The closer to 2 value is better as a thumb rule and for these data the value is 1.585 which is close to 2.

Next Output table is the ANOVA table. Anova tests if the model is significantly better at predicting the outcome than using the mean as a 'best guess'. The F-ratio indicates the ratio of the enhancement in prediction of that results from fitting the model. The table contains various columns that represents the fitness of model. The column representing Sum of Squares (SSM)

for the model shows the fitness of the regression line to the data. The next column represents the degree of freedom (df) which reflects the number of predictors. Then there is column representing Mean square which is nothing but the sum of squares divided by df.

Table 5.2: ANOVA statistics for the effect of perceived justice dimensions on Customer loyalty

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3842.21	3	1280.737	102.234	.000[b]
	Residual	3808.345	304	12.527		
	Total	7650.555	307			
a. Dependent Variable: loyalty						
b. Predictors: (Constant), distributive justice, procedural justice, interactional justice						

The above table shows that all dimensions were statistically significant ($p < 0.05$). Hence this regression model predicts the loyalty significantly well. The higher the beta coefficient, more is the contribution of factors in explaining loyalty. As shown in the following table, loyalty was influenced by all the three dimensions with " interactional justice " as the most important dimension, beta coefficient = 0.605.

Table 5.3: Coefficients statistics for the effect of perceived justice dimensions on Customer loyalty

Coefficients[a]								
		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	20.666	0.202		102.469	.000		
	interactional	3.019	0.202	0.605	14.944	.000	1	1

justice							
procedural justice	1.47	0.202	0.295	7.279	.000	1	1
distributive justice	1.114	0.202	0.223	5.514	.000	1	1

a.   Dependent   Variable: COMPUTE
loyalty=Choosing_thistractor_wisedecision_1+buy_same_brand_again_1+recommend_agency_1+company_trustworthy_1

A significant regression equation was found (F (3,304) = 102.23, p < .000), with an $R2$ of .502. Participants' predicted loyalty is equal to 20.66 + 3.019 (IJ) + 1.470 (PJ) + 1.114(DJ). Further, the table shows the overall significance of the model. For this purpose, the Analysis of Variance (ANOVA) or F-Test approach is used. This shows that model is statistically fit and shows that approximately 50% of total variance in loyalty is explained by three dimensions of perceived justice i.e. distributive justice, interactional justice and procedural justice suggesting a very good fit of the model. This confirms that the complainants' level of loyalty was significantly affected by the three dimensions of perceived justice namely distributive justice, interactional justice, and procedural justice. The standardized coefficients were respectively 0.605, 0.295, 0.223. These confirm that interactional justice makes the strongest contribution to loyalty while distributive justice contributes the least in explaining loyalty. This finding is in line with the findings of (Karatepe, 2006; Blodgett et al., 1997; Tax et al., 1998); Kwortnik Jr & Han, 2010) in which interactional justice was found to have a greater impact on satisfaction and loyalty.

Table 5.4: Summary of Regression results

Hypotheses	Result (Alternate hypothesis)
Interactional Justice → loyalty	Not rejected
Procedural Justice → loyalty	Not rejected
Distributive Justice → loyalty	Not rejected

Hence, it can be concluded, that all dimensions of perceived justice namely interactional justice, procedural justice and distributive justice have significant effect on both overall satisfaction and loyalty.

6.   Discussion and conclusion

Our findings in the present study corroborate that perceived justice is significantly and positively affects customer loyalty. Although all the dimensions of perceived justice have a positive influence on loyalty but among all these interactional justice makes the strongest contribution to loyalty while distributive justice contributes the least in explaining loyalty. This finding is in line with the findings of (Karatepe, 2006; Blodgett et al., 1997; Tax et al., 1998); Kwortnik Jr & Han, 2010) in which interactional justice was found to have a greater impact on satisfaction and loyalty.

Companies, therefore, should do everything possible so as to avoid customers spreading negative opinions among their social circles due to poor service recovery management. To make these strategies a success, they must invest in staff training, they must emphasize the importance of being patient, engaging with customers and resolving their complaints effectively that will lead to customer satisfaction. Satisfied customers will contribute toward generating positive attitudes toward the company which, in turn, will enhance brand image, reputation and also the profits of the company.

7.   Theoretical and Managerial implications of the study

This study makes both academic and practical contributions. By providing a theoretical framework, the study adds to our understanding of how justice perceptions and affects customer satisfaction and loyalty after recovery in a pure tangible product industry. The service recovery scale modified according to the tangible product industry will help measuring service failures and recovery in other tangible product manufacturing organisations. It provides a reliable and valid scale of service recovery which managers can use with requisite changes as per varying industry and sector type. This scale can also be modified according to different product types and used in similar settings. This service recovery scale will help managers to formulate strategies to retain their existing customers by providing superior and equitable service recovery whenever a failure occurs. The results of the study indicate that justice framework is an important determinant to restore customer satisfaction with the firm after they have encountered service

failure. Managers should therefore understand the importance of distributive, procedural and interactional justice and design their service recovery system which confirms to the justice framework. The results also indicate that customers give more importance to interactional justice and procedural justice as compared to distributive justice. This implies that managers should follow fair procedures to solve customers' complaints and they must be treated with humanity and courtesy during the recovery process.

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