# Role of Justice in the Complaint Handling Setting: Scenario-Based Experiment Study

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## Abstract

Recently, several scholars and practitioners have suggested that the manner in which a complaint is handled may affect subsequent consumer satisfaction and retention. However, little theoretical or empirical research has examined this issue especially in tourism domain. This thesis examines how customers' evaluation of distributive, procedural and interactional justice in the complaint resolution process influences their satisfaction with complaint handling and their retention.

A scenario-based experiment was conducted to investigate the impact of the three justice dimensions on customers' post complaint satisfaction and on their repatronage intentions. In order to test the hypotheses a 2 × 2 × 2 between groups experimental design was employed, resulted in 8 recovery profiles. Each subject was exposed to one of the 8 profiles. After each profile, the subjects were asked to evaluate the three aspects of justice as well as the dependent variables; satisfaction with complaint handling, and behavioral intentions.

The proposed hypotheses were confirmed. Interactional and distributive elements of justice were significantly and positively related to subjects' satisfaction with complaint handling and to their repurchase intentions. Procedural justice was also positively related to complainants' satisfaction and retention. However, the impact of the procedural justice on the dependent variables was weak compared to the impacts of the other dimensions of justice.

## Introduction

Providing "zero-defect" service should be the desired objective of all service providers, but problems are unavoidable in the service industry mainly due to the unique characteristics of services (Parasuraman et al., 1985). As a result, service failure and poor service recovery are a major cause of customer defection (Keaveney, 1995). In recent years, questions of complaint management have found growing attention in research as well as in practice, along with the intensive discussion of customer retention. A major reason for this is that complaint satisfaction can be achieved by the professional application complaint management and this can lead to positive attitude changes, positive word of mouth, and increase in customer loyalty and retention. Conversely, complaint dissatisfaction has the potential to worsen the situation, stimulate negative word of mouth and drive customers to competitors (Blodgett et al., 1993; Blodgett et al., 1997; Brown et al., 1996; Estelami, 2000; Hogarth et al., 2001; Hogarth and Hilgert, 2004; Maxham and Netemeyer, 2002; McCollough et al., 2000; McCole, 2004; McDougall and Levesque, 1999;

Mittal et al., 1998; Singh, 1988; Singh, 1990; Smith et al., 1999; Tax et al., 1998; Wirtz and Mattila, 2003; Yim et al., 2003).

The Economist (2000) reported that customer complaints are rising sharply. While service suppliers cannot prevent complaints, they can plan to effectively respond to them. This response, termed failure recovery, is defined as the process by which the service supplier attempts to correct a service related failure that caused the complaint (Maxham III and Netemeyer, 2002).

Considering this, it becomes extremely important for companies to understand the construct of complaint satisfaction as well as to find out what complaining customers expect, which aspects of the company's response they evaluate and which of these evaluated aspects influence their repurchase behaviour.

This study addresses all these aspects and tests the validity of justice theory in explaining how customers evaluate complaint handling.

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One area that has received much attention has been the role of perceived justice in service recovery. Key findings from this stream of research indicate that customers evaluate service recovery in terms of the outcomes, the nature of the procedures and the interpersonal treatment they receive during the recovery process (Blodgett et al., 1997; McCullough et al., 2000; Smith et al., 1999; Tax et al., 1998).

The purpose of this study is to further examine the relationship between perceived justice and postcomplaint behaviour. More precisely, this study will assess the impacts of distributive, interactional, and procedural justice on customers' satisfaction with complaint handling and on customer retention.

## Research Problem

No business can acheive100% satisfied customers. Sooner or later, all businesses have to deal with customers' complains. Consider the following statistical data regarding customers' attitudes, feelings and loyalty (Sinha, 1993):

- An average customer who has a complaint tells 9 or 10 people about his/her unsatisfactory experience, while customers who have their complaints resolved satisfactorily tell only 5 other people.
- For every complaint a firm receives, there are 19 other dissatisfied customers who did not take time to complain.
- A customer must have 12 positive experiences to overcome one negative experience.
- It costs 5 to 10 times more in resources to replace a customer than it does to retain him/her.
- Most companies spend 95% of service time redressing problems and only 5% trying to figure out what went wrong to make the customer angry in the first place.
- For those companies that try to redress their failures, more than half of their efforts responding to customer complaints actually reinforce negative feelings, making the customer more frustrated.

Thus, in terms of actual money lost, dissatisfied customers and loss of reputation are considered to be an indirect loss. A research by Harvard Business School shows that companies can enhance profits by almost 100% by retaining only 5% of their customers (Sinha, 1993).

Considerable evidence indicates that recovering effectively from service failure and handling customers' complaints successfully contribute to customers' evaluations of firms. Besides, effective complaint handling can have a dramatic impact on customer retention rates, deviate the spread of negative word of mouth, and improve the bottom-line performance (Fornell and Wernerfelt, 1987; Kelley, Hoffman and Davis, 1993). The Hampton Inn Hotel chain, for example, had realized $11 million in additional annual revenues and achieved the highest customer retention rate in the hotel industry as a result of implementing its service guarantee; part of a strategy to ensure that customer complains would be dealt with efficiently (Tax et al., 1998).

Effective resolution of customers' complaints and relationship marketing are closely linked in terms of their mutual interest in achieving customer satisfaction and customer retention. Complaint handling strategies are particularly important in managing customer relationships specially in the service sector. Quality management challenges in addition to the central role played by travellers in the process of tourism service production and evidence that customer loyalty drives profitability makes complaint handling a critical "moment of truth" in fostering and developing customer-firm relationship (Tax et al, 1998). Despite calls to increase investments in implementing effective complaint handling strategies, little is known about how customers evaluate a company's response to their complaints or how this evaluation affects subsequent customer relationship with the firm, especially in the services industry. The lack of empirical research restricts any theoretical discussion of complaint handling.

Complaint handling polices involve actions taken by the service providers to respond to customers' complaints. Both what is done (outcome) and how is done (procedures and personal interaction) affect customers' perceptions of service recovery (Wirtz and Mattila, 2004). Justice theory appears to be the dominant theoretical framework applied to complaint handling, and holds that customers evaluate the fairness of complaint handling along three factors: outcome, procedural, and interactional fairness (e.g., Blodgett, Hill and Tax, 1997; Smith et al., 1999; Tax et al., 1998; Wirtz and Mattila, 2004).

The primary objective of this study is to examine the independent impact of the three dimensions of justice on customer satisfaction with complaint handling and subsequent behavioural intentions (retention). This will help to provide a more comprehensive understanding of service complaint handling evaluations and help managers, especially in service industry, develop effective complaint handling strategies. The results of the empirical study will also clarify the importance of complaint resolution management to relationship marketing, providing insights into investment decisions.

## Research Hypotheses and Questions

This research adds to the growing literature on recovery by evaluating recovery from the perspective of justice. This study will examine the effects of distributive, interactional and procedural justice on complainants' (i.e., those dissatisfied customers who have sought redress) satisfaction with complaint handling and their repurchase intentions.

Theory and previous research (Tax, 1993; Tax et al., 1998) have revealed that higher levels of distributive, procedural and interactional justice are related positively to satisfaction with complaint handling. Therefore, the following hypotheses were proposed:

H1: Distributive justice has a significant positive impact on satisfaction with complaint handling.

H2: Interactional justice has a significant positive impact on satisfaction with complaint handling.

H3: Procedural justice has a significant positive impact on satisfaction with complaint handling.

Besides, Blodgett et al., 1997 have conducted an experiment to find out the effect of the three dimensions of justice on repurchase intentions. They found that distributive justice has a positive effect on subjects' repurchase intensions. Interactional justice also had a significant main effect on subjects' repurchase intensions. Therefore, the following hypotheses were proposed:

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H4: Distributive justice has a significant positive impact on complainants' repurchase intentions.

H5: Interactional justice has a significant positive impact on complainants' repurchase intentions.

Blodgett et al., 1997 have found that procedural justice does not have a significant main effect on subjects' repurchase intensions. However, they indicated in the limitations of their study that even though they successfully manipulated this aspect of justice, the manipulation may have been somewhat weak. They added that this dimension was probably less clear than the distributive justice dimension, and most likely was less definite than the interactional dimension. Considering that their measure of procedural justice was somewhat narrow, they cleared that additional studies are needed to expand our understanding of this construct. Therefore, the following hypothesis was proposed:

H6: Procedural justice has a significant positive impact on complainants' repurchase intentions.

## Objectives of the Study

The main objectives of the present study are:
1. To test the study hypotheses.
2. To investigate the impact of the three dimensions of justice on customer satisfaction with complaint handling and on customer loyalty and retention.
3. To examine to what extent justice theory can significantly explain how customers evaluate the company's handling of their complaints.
4. To provide practitioners in the service industry with some recommendations that could help them formulating better strategies for their firms, especially those relevant to complaint handling.
5. To provide academic research results to be used as a guide for future research.

## Literature Review
### Customer Dissatisfaction Response Styles

Customer satisfaction is a fundamental concept in marketing and its achievement is an important goal for businesses. Indeed, businesses of all kinds now devote considerable energies on tracking customer satisfaction.

Beginning with an early work by Cardozo (1965), the field of consumer satisfaction matured into a respectable research stream. Since that time, consumer satisfaction has expanded (e.g., to include dissatisfaction and complaining behaviour) and become an important topic in consumer behaviour, marketing management and practitioner-oriented studies (Oliver and DeSarbo, 1988).

Kotler (2003, p. 61) defined satisfaction as "… a person's feelings of pleasure or disappointment resulting from comparing a product perceived performance (or outcome) in relation to his/her expectations". If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied or delighted.

Dissatisfaction may be most simply viewed as thinking about what falls short of ones' expectations. Perceived dissatisfaction is also believed to be an emotional condition

that motivates consumers to engage in one or several postpurchase reactions. These reactions, which include continued patronage (loyalty), brand switching (exit), complaining and WOM (Singh 1990) have serious implications for the organization.

Singh (1990) empirically derives four clusters of dissatisfied customers' response groups which he labels Passives, Voicers, Irates and Activists. He examines their propensity to engage in voice actions (directed at the seller/manufacturer), private actions (complaints to friends/relatives or switch brands) and third-party actions (talk to lawyers or an agency such as the Better Business Bureau).

Passives fall below average on their intentions to complain to any source. Voicers actively complain to service providers but show minimal interest in spreading negative word-of-mouth or seeking support from third parties. Irates consist of consumers who are above average with respect to spreading word of mouth, are average in their tendency to complain directly to sellers/providers and are below average with respect to third-party actions. Finally, Activists represent dissatisfied customers who score about average on all complaint dimensions (Singh, 1990).

Although the proportion of each type is likely to vary across different services and industries, it is likely that these four types of dissatisfied customers will be relatively consistent and that each type can be found in all companies and industries (Zeithaml and Bitner, 2003).

Blodgett et al. (1993) describe complaint behaviour as a dynamic process, in which customer's initial response is based upon factors such as the likelihood of success, one's attitude towards complaining, and the importance of the product.

### Customer Loyalty and Retention

A shift in emphasis from satisfaction to loyalty appears to be a worthwhile change in strategy for many firms as businesses understand the profit effect of having a loyal customer base. Reichheld (1996) has reported that the net present value increases in profit that results from a 5% increase in customer retention varies between 25% and 95% over 14 industries (Oliver, 1999). Moreover, others have noted that the relative costs of customer retention are substantially less than those of new customers' acquisition (Fornell and Wernerfelt, 1987).

Generally, retention or loyalty has been and continues to be defined by some researchers as repeat purchasing frequency or relative volume of same brand purchasing (Oliver, 1999). Newman and Werbel (1973) defined loyal customers as those who rebought a brand, considered only that brand, and did no brand-related information seeking (Oliver, 1999).

Oliver (1999) has modified the loyalty definition to include the act of consuming. He defined loyalty as "… A deeply held commitment to rebuy or repatronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behaviour" (p. 34).

Reichheld (1996) is perhaps the greatest advocate of the "satisfaction is not enough" camp. He noted that between 65% and 85% of those satisfied or very satisfied customers

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will defect (Oliver, 1999). Calls for a conceptual shift to the attainment of loyalty as strategic business goal are becoming extremely evident.

## Determinants of Customer Loyalty for Dissatisfied Customers

The negative effect caused by negative disconfirmation of expectations in the initial service encounter stimulates exit behaviour. The findings from an empirical study conducted by Andreassen in 1999 illustrated that a successful service recovery is a positive surprise for the customer and may create strong positive feelings (delight) while an unsuccessful handling of the complaint will boost the negative feeling (anger). Both outcomes will affect customer loyalty and his/her repurchase intentions. This finding is consistent with many studies of customer satisfaction. Interestingly in Andreassen's study, satisfaction with service recovery (or with the complaint handling process) was the strongest driver of customer loyalty. That is, customers who were dissatisfied with a service failure, but were ultimately satisfied with efficient recovery efforts, were more loyal than those whose problems were not resolved. Some writers go one step further and suggest that managers must actively seek out dissatisfied noncomplaining customers (Andreassen, 1999).

## Complaining Behaviour, Difference Between Service Recovery and Complaint Handling

"Post purchase complaining behaviour comprises customer–initiated communications to marketers, their channel members, or public agencies to obtain remedy or restitution for purchase or usage-related problems in particular market transactions" (Westbrook, 1987, p. 260).

Miller et al. (2000) said that service recovery involves those actions designed to resolve problems, alter negative attitudes of dissatisfied customers and to ultimately retain these customers (Lewis and McCann, 2004), and "it includes situations in which a service failure occurs but no complaint is lodged by the customers" (Smith et al., 1999, p. 359). Complaint handling is also a process in which the service provider takes some actions to recover a service failure but it should begin with communicating a complaint (Tax et al., 1998).

## Benefits of Successful and Effective Complaint Handling to the Firms

Gummesson (2002, p. 88) stated that "recovery is more than settling a claim; it is the restoration and strengthening of a long-term relationship. The course of action must be constructive, not just mechanical or routine".

### Effective Complaint Handling and Customer Retention

Effective complaint handling has been identified as one of the key strategies for achieving customer loyalty (Andreessen, 1999; Wirtz and Mattila, 2004). Inadequate and/or inappropriate company responses to complaints significantly increases the firm's defection rate. Businesses commonly lose 15 percent to 20 percent of their customer base each year (Hoffman and Kelly, 2000).

### Effective Complaint Handling and Profitability

Customer retention has been shown to have a direct impact on revenue and profitability (see for example Johnston, 2001; Rust and Zahorik, 1993; Zeithaml et al., 1996). Lowering customer defection rates can be profitable for companies. In fact, research has shown it is more profitable than gaining market share or reducing costs for companies with an established customer base (Zeithaml et al., 1996).

### Effective Complaint Handling and Positive Word-of-Mouth

Customers who have been successfully recovered not only remain loyal but can become advocates for the organisation. Such advocates may then be a source of referral business because word of mouth can be very persuasive in terms of influencing customers to use an organisation and its services. Furthermore, negative word of mouth is likely to result from dissatisfied customers not satisfied complaining customers (Hoffman and Kelly, 2000).

### Effective Complaint Handling and Performance Improvement

Another key benefit of successful complaint management is that complaints can also be used to support the drive for continuous improvement by focusing managerial attention on specific problem areas. This potential, however, is often overlooked. Complaints should lead to the identification of problems and actions required to ensure that such failures will not happen again (Mudie and Cottam, 1993; Johnston, 2001).

### Effective Complaint Handling and Job Satisfaction

Finally, effective complaints strategies, those are easy to implement to satisfy customers, should result in employees' feeling of greater control over the work situation and this will lead to a less stress work environment. In turn, less stress tends to be associated with greater job satisfaction, organisational commitment, and better job performance. A good attitude towards the job should then result in less attrition and absenteeism and greater staff loyalty, which should have a direct impact on the financial performance (Johnston, 2001).

### Justice (Equity) Theory

The concept of fairness, equity or justice has its roots in social psychology and has been widely and successfully employed to explain individuals' reactions to a variety of conflict situations. The literature in social psychology and organizational behaviour suggest that individuals who are involved in conflicts or disputes base their perceptions of justice on three factors: the perceived fairness of the tangible outcomes (i.e., the distributive justice), the perceived fairness of the procedures and policies by which the outcome is produced (i.e., the procedural justice), and the perceived fairness of the manner in which they were treated throughout the conflict resolution process (i.e., the interactional justice) (Blodgett et al., 1997).

Research in the context of wage disputes, hiring and promotion decisions, labour relation disputes, and in legal settings has shown that even if concerned individuals do not receive the desired outcome they may still be satisfied if they perceive that the procedures used in arriving at that

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outcome and the interpersonal treatment they experienced during the resolution process have been fair (Blodgett et al., 1993; Blodgett et al., 1997; Tax et al., 1998).

Extending justice theory to complaint handling situations, dissatisfied customer can be viewed as a victim who has been harmed by a service provider and is thus seeking compensation (Weun et al., 2004).

In the context of complaining behaviour, the distributive dimension of justice refers to the perceived fairness of redress offered by the retailer. Palmer et al., (2000), refer to distributive justice as the perceived fairness of the actual outcome, or consequence of a decision, for example the level of refund or exchange offered.

The procedural dimension refers to the perceived fairness of the policies and procedures by which the final redress was provided. In other words, procedural justice refers to whether the procedures, or criteria, used in making the decision are perceived as fair, for example how quickly a problem was resolved or if both sides were allowed to tell their story (Blodgett et al., 1993; Blodgett et al., 1997; Palmer et al., 2000; Tax et al., 1998).

The interactional dimension focuses on the manner in which the service supplier responded to the customer's complaint. Interactional justice is mainly concerned with satisfaction on a moral and ethical level. This includes many aspects such as whether the customer was treated with courtesy and respect, given a reasonable explanation as why the original problem occurred and whether the service supplier employee put the required suitable effort to handle the customer complaint. So, interactional justice refers to the fairness of the interpersonal treatment people receive during the recovery process (Blodgett et al., 1993; Blodgett et al., 1997; Tax et al., 1998; Palmer et al., 2000).

Based on the aforementioned literature, and on conventional wisdom, perceived justice can be considered as a critical factor that determines whether a complainant will repatronize that retailer or will exit and engage in negative word-of- mouth.

Besides, it could be said that there is a high degree of correspondence and correlation between the disconfirmation model of complaint satisfaction and justice theory. When customers take the time and effort to complain, they expect their complaints to be handled fairly by the service provider. If the firm response meets or exceeds the complainants' expectations, they will perceive that response fair and satisfaction will occur. If complainants' expectations regarding the firm reaction are not met, customers will perceive this reaction unfair and dissatisfaction will occur.

Justice theory has received only limited application within marketing literature. However, there have been a number of recent attempts to operationalize the theory. Oliver,1996 suggested that justice or equity in marketing relationships exists and may be measured against a continuum ranging from negative inequity (under-benefited) to equity (where the outcomes are justly deserved), to positive equity (where outcomes are greater than deserved) (Palmer et al., 2000). Clemmer and Schneider, 1993 considered justice theory using a critical incident technique and identified that distributive and procedural forms of justice were each represented in consumers' comments (Palmer et al., 2000).

## Research Design

Scenario-based experiments were conducted to investigate the impact of the three justice dimensions on customers' satisfaction with complaint handling and on customers' repatronize intentions. Bitner, 1990 notes that role-playing experiments (scenarios) allow expensive or difficult manipulations to be more easily operationalized, provide the researcher with control over otherwise unmanageable variables, and facilitate the compression of time by summarizing events that might otherwise spread out over days or weeks. Furthermore, the use of scenarios avoids the expense and ethical consideration associated with observing or enacting actual service failure (i.e., as would be required in a field experiment) while avoiding the response bias due to memory lapses and rationalization likely to be present in surveys that rely on recall (McCollough et al., 2000; Smith et al., 1999).

Besides, as Smith and Bolton, 1998 pointed out, scenarios enhance the variability in customer responses to service recovery, as they can be effectively manipulated. Finally, the scenario method reduces problems involving individual differences in responses and personal circumstances to the research context. That is, the scenario method enhances internal and statistical conclusion validity by controlling irrelevant variables, and by reducing random noise in the dependent variables with a standardized setting for all subjects (Wirtz and Mattila, 2004).

The scenario method is most successful when there is a high congruency between respondent's real-life experiences and the experimental scenarios they are required to imagine (Wirtz and Mattila, 2004). Therefore, subjects were ensured to be familiar with the situations described in the scenarios. Although the scenario method is not without disadvantages, it is believed that its benefits make it well suited for the present study.

The key disadvantage of role-playing is the possible inability of participants to project their behavior and to respond as they actually would in a real situation (Wirtz and Mattila, 2004). To minimize this problem, individuals who were recruited were in the midst of the actual service encounter being studied. This procedure would ensure that participants were familiar with the service offering and minimize concerns that participants in a laboratory setting might respond differently from those actually involved in the service setting (McCollough et al., 2000).

In summary, a scenario-based experiment was deemed to be most appropriate for this study. This choice was consistent with many of complaining behavior studies (Blodgett et al., 1997; Mattila, 2001; McCollough et al., 2000; McDougall and Levesque, 1999; Wirtz and Mattila, 2004).

## Sampling Frames and Data Collection Methods

Airline travel was chosen as the research setting. Airline travel represents a service for which failure is common. As a result, it was anticipated that most airline travelers would find manipulations regarding recovery performance realistic and believable. Using an airport served by numerous airlines also eliminated any possible brand bias. In addition, most passengers, when facing a flight delay or

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cancellation, will have no choice but to complain and seek redress as canceling the trip is not an option for most passengers. Therefore, in this research setting, no bias is created by imposing redress-seeking behavior on respondents who might not usually voice complaints. Finally, the administration of scenario-based experimental manipulations by intercepting airline passengers was established by Bitner, 1990 as a reliable and valid research methodology.

The data were collected at Abu Dhabi International Airport in UAE (Terminal 1). The sample was collected randomly. This airport was viewed as ideal for the data collection because it is a big-sized international airport served by top thirteen international carriers.

All participants were randomly assigned to treatment conditions. Passengers were approached in the waiting areas (most were seated) and asked to participate. In total, all major carriers were represented by several departures. Observations were obtained for all days of the week during 3 months period.

All participants returned the survey in the terminal airport. A total of 561 airline passengers were approached while waiting to board flights and asked to participate in the study. Of those, 425 (75.76%) agreed to cooperate. All participants returned the surveys before boarding.

When tabulating the data, 11 copies of answered questionnaires were excluded either because not fully completed or not properly perceived, therefore the final sample size getting analyzed was 414 (73.80% of those approached and 97.41% of those who agreed to participate).

## Experiment Design

In order to test the hypotheses a $2 \times 2 \times 2$ between groups experimental design was employed, resulted in 8 recovery profiles with two levels of distributive justice (high and low), two levels of interactional justice (high and low), and two levels of procedural justice (high and low).

Subjects were first asked to read a scenario describing a situation in which a passenger arranged a vacation in one of the biggest tourist destinations and he/she has bought an airline ticket with a confirmed reservation. When the passenger arrived at the airport, the airline representative informed him/her that the airline has sold too many tickets for the flight he/she was supposed to be on, meaning that there was no seat for him/her on that plane. The airline representative offered him/her a seat on another flight that departs the next day. The passenger felt very upset, complained about the situation and explained that since he/she had a prepaid confirmed reservation that specifies a particular departure time; he/she should have the right to a seat according to what the ticket specifies.

It has been noticed that if the service provider is perceived to be responsible for the cause of the service failure, the customer's anger increases and service evaluation declines (Bitner et al., 1990; Taylor, 1995). This study places respondents in a situation where the service firm has a complete control of the situation, has broken the reservation promise and has caused the problem.

Customers expect a firm to provide the core service which includes the contractual aspects of the service and reflects the reliability of the service provider (i.e., accuracy, consistency, dependability and punctuality) (Taylor, 1995). When asked to identify service encounters that resulted in dissatisfying experiences, customers frequently mentioned core (outcome) service failures (Bitner et al., 1990; Hoffman, Kelley and Rotalsky, 1995; Kelley et al., 1993). As well, core service failures, which include reserved tables that were occupied, were a major reason for customers switching service providers (Keaveney, 1995). Here the study involves a core failure (unavailability of a reserved seat), so it is anticipated that if no satisfactory recovery strategy is offered, respondents' future intentions towards the service provider will be extremely negative.

In cases of high distributive justice resolution, the dissatisfied passenger was offered a seat in the special business class on the same flight without paying any extra charge. In cases of low distributive justice, he/she was offered a seat on a plane which departs six hours later than the one that his/her ticket specifies. The passenger was given a reasonable explanation as to why the problem occurred, treated with courtesy and respect and was offered a sincere apology in high interactional justice cases while he/she was given no explanation for the real reasons that caused the problem, offered no apology and was treated rudely in low interactional justice situations. In one-half of the scenarios the airline representative handled the passenger's complaint promptly (high procedural justice), while in the other half of the scenarios the airline representative referred the passenger to the airline reservation office in the airport that took him/her 10 minutes to reach with his/her luggage in addition to more than 20 minutes of waiting for a response from the reservation office representative (low procedural justice).

Prior to reading the scenario, subjects were asked to imagine that this situation actually happened to them, and to imagine how they would have felt and what they subsequently would have done. Each subject was exposed to one of the 8 profiles. After each profile, the subjects were asked to evaluate the three aspects of justice as well as the dependent variables; satisfaction with complaint handling and repatronage intentions.

## Measures

Multiple item scales were created to measure both dependent and independent variables. Measurement scales were adapted from previous studies of service encounters, customer satisfaction, and perceived justice (Blodgett et al., 1997; Blodgett, and Anderson, 2000; Mattila, 2001; McCollough et al., 2000; Smith et al., 1999; Söderlund, 1998; Tax, 1993; Tax et al., 1998). The phrasing and content of the measures were somewhat modified to better fit the context of the survey. The first section of the questionnaire was the questionnaire scenario. In the second section of the questionnaire subjects were asked to evaluate aspects of the service encounter they had just read. The instrument contains items measuring the three justice constructs as well as the dependent variables.

All of the items were measured using 5-point Likert-type scales. All items of the independent variables (distributive justice, interactional justice and procedural justice) as well as the measures of customer satisfaction with complaint

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handling and repatronage intentions were anchored with descriptors "strongly agree/strongly disagree".

## Measurement of Independent Variables
The independent variables of the study are the three dimensions of justice. They include: the interactional justice, the procedural justice and the distributive justice.

## Perceived Interactional Justice:
The five elements of interactional justice identified for this study are: honesty, explanation (causal account), empathy, politeness and effort. Honesty is defined by Clemmer in 1988 as the accuracy of the information the service provider's personnel communicate to the customer (Tax, 1993). The measure was operationalized in terms of beliefs about the truthfulness of communications. The honesty item measure was adapted from Tax study (1993).
Politeness or courtesy in service delivery is defined in terms of "… a continuum of polite-rude behavior provided by service personnel" (Tax, 1993, p. 118). Behaviour which is disrespectful, rude or annoying would be associated with a low score on courtesy or politeness aspect of interactional justice. For this aspect, items developed by Tax et al. (1998) and Blodgett et al. (1997) were used.
Explanation aspect of interactional justice can be defined as "… explanations for behaviours or occurrences" (Tax, 1993, p. 118). Explanations may be in the form of justifications or excuses (Tax, 1993). In this study, explanation aspect was viewed as the provision of a reasonable cause for the service problem. Item measuring explanation aspect was also adapted from Tax (1993).
Empathy is defined as "… showing understanding and concern for the problems experienced by the customer" (Tax, 1993, p. 119). Parasuraman et al. , 1985 pointed to the importance of this aspect and investigated empathy as a component of service quality. In addition to showing concern, empathy reflects a considerate approach to deal with customer complaints (Tax, 1993). Empathy item was adapted from Blodgett et al., (1997) and Tax et al., 1998.
Effort is defined as "… the amount of energy put into a behaviour or series of behaviours" (Tax, 1993, p. 119). Effort is closely associated with how hard the service provider tries to resolve a complaint. The item used to measure effort was adapted from Smith et al., (1999) and Mattila (2001).

## Perceived Procedural Justice:
The three indicators of procedural justice that were measured in the questionnaire include: timing, flexibility and accessibility. Timing can be defined as the interval or the period of time taken to resolve the complaint (Tax, 1993). This aspect is somewhat related to the issues of responsiveness and reliability which have been linked to service quality and satisfaction (Parasuraman et al., 1985). A number of studies have cited the negative emotional states and resulting dissatisfaction caused by the perceived unfairness of waiting long in service situations (Blodgett et al., 1997). Time loss is seen as both annoying and expensive to the customer. Waiting appears to be especially frustrating when the customer is angry and believes that the service provider has some control over the delay (as it is the case in customer complaint handling situations)

(Taylor, 1995). Items that revealed the speed/slowness of the complaint handling process were adapted from Tax (1993), Tax (1998) and Smith et al., (1999).

Flexibility refers to "…. whether or not procedures are adaptable to the particular circumstances facing the complainant) (Tax, 1993, p. 121). Flexibility is mentioned to be associated with positive reactions to service encounters (Bitner et al., 1990). Flexibility item was adapted from Smith et al., (1999) and Mattila (2001).
Accessibility is defined as "… the ease/difficulty of engaging the complaint process" (Tax, 1993, p. 121). Accessibility is particularly related to the ease of determining who to register the complaint with. It has been observed that failed service encounters can be even more disturbing when it is difficult to access the person in charge to resolve the problem (Bitner et al., 1990). Accessibility item was adapted from Tax (1993).

## Perceived Distributive Justice:
At least seventeen distributive rules have been identified in justice literature. The three most predominant principles are equity, equality and need. Each of these principles can be relevant to consumers' evaluations of complaint outcomes (Tax et al., 1998). Equity can be defined as "… provision of outcomes proportional to inputs to an exchange" (Tax., 1998, p. 63). Marketing research focuses almost on the equity principle. Several studies support the impact of this principle on customer satisfaction (e.g., Oliver and Desarbo, 1988) repurchase intentions and word-of-mouth decisions (e.g., Blodgett et al., 1997). Equality principle refers to the provision of equal outcomes regardless of contributions to an exchange (Tax et al., 1998). Need aspect of distributive justice refers to outcome based on requirements regardless of contributions (Tax et al., 1998).
Items used in the study questionnaire to measure the distributive construct reflected these broad evaluations of outcomes. Measures included questions concerning whether the results of the complaint meet the consumers' needs, desires and requirements, as well as whether the results were fair or right. This was consistent with, and built on measures used in other marketing studies (Tax, 1993; Smith et al., 1999; Mattila, 2001). Questions were phrased in terms of outcomes and compensation rather than distributions to reduce problems associated with respondents' misunderstanding.
The subjects were asked about their evaluation of the three dimensions of justice elements using 5-point Likert-type scales .

## Measurement of Dependent Variables:
The two dependent variables of interest are customer satisfaction with complaint handling and customer retention.

## Satisfaction with Complaint Handling:
Complaint satisfaction can be defined as "… the satisfaction of a complainant with a company's response to his/her complaint" (Stauss, 2002, p. 174). Because of the controversy with respect to whether satisfaction decisions are based on performance and/or one or more of several comparison standards (e.g., desires or experienced-based

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norms), satisfaction with the complaint handling was operationalized both in terms of performance and disconfirmation of expectations.

The items employed to measure satisfaction with complaint handling were adapted from Tax (1993), Tax et al. (1998) and McCollough et al., (2000).

## Loyalty and Retention

Generally loyalty or retention has been defined as repeat purchasing frequency or relative volume of same-brand purchasing (Oliver, 1999). Of note is a definition developed by Newman and Werbel in 1973 who defined loyal customers as those who rebought a brand, considered only that brand, and did no brand related information seeking (Oliver, 1999). Loyalty has been defined quite differently by Oliver (1999, p. 34) trying to include the psychological meaning of loyalty as "… a deeply held commitment to rebuy or repatronize a preferred product/service in the future, thereby causing repetitive same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior". This definition focuses solely on the customers' interest in establishing and maintaining a relationship with the firms. While it is true that firms also evaluate the benefits of investing in relationships with customers, the purpose of this study is to assess the impact of complaint resolutions on customer future attitudes toward the organization. The items employed to measure loyalty and retention were adapted from Söderlund (1998), Tax (1993) and Tax et al. (1998). The measurement items reflect the desire of the customer to maintain a relationship with the firm in the future. The measures for satisfaction with complaint handling and cutomer loyolty were evaluated by subjects using 5-point Likert-type scales

## Descriptive Results

A total of 561 subjects were approached, 425 agreed to participate (75.76% of those approached). When tabulating the data, 11 copies of answered questionnaires were excluded either because not fully completed or not properly perceived. Therefore the final sample size getting analyzed was 414 (73.80% of those approached and 97.41% of those who agreed to participate). The return rate was sufficient to run the statistical analyses described in this chapter.

Females represented 54.6% of the sample size while males represented 45.4%.Respondents were fairly evenly divided between the different age levels; 14% of respondent were between the ages of 15-25, 25.1% were between the ages of 26-35, 22.5% were between the ages of 36-45, 22.9% were between the ages of 46-60, 12.1 were above 60 years old, and 3.4% of respondents did not report their age.

As for subjects' educational level, 9.9% of respondents reported that their highest educational level was high school, 10.9% had attended some college, 35.7% had completed college, 33.1% had completed post graduate studies, and 10.4% did not report their educational level.

The sample covered 40 nationalities. Main nationalities were British who represent 21% of sample size, Australians

15.7%, South Africans 15%, Canadians 8.9%, Americans 5.3%, Germans 4.3%, Irish 3.4%, Swedish 3.1% and Egyptians 2.7%.

Respondents were flying on 33 different carriers. Major carriers were Etihad Airline (44.4% of the respondents), Emirates Airline (10.3% ), British Airlines (9.7%), and Egypt Air (5.1% ).

## Manipulation Checks

To test the reliability of the questionnaire measurements, Cronbach's alpha test was applied on all dependent and independent variables' measurements. For distributive justice measurement items, Alpha was 0.919, for interactional justice items, Alpha was 0.885 and for procedural justice items, Alpha was 0.929. For customer satisfaction with complaint handling measures, Alpha was 0.919. For customer loyalty and retention measures, Alpha was 0.847. This means that our manipulation for independent and dependent variables was reliable and effective.

Besides, in order to assess the convergent validity of the three dimensions, manipulation checks were performed. In this study, convergent validity would established if it is shown that subjects did indeed perceive significant difference between each level of the various experimental conditions (i.e., between high and low distributive justice; high and low interactional justice; and high and low procedural justice).

Three ANOVAs (with distributive, interactional and procedural justice respectively) were used to assess convergent validity. The first ANOVA revealed that the level of distributive justice was significantly different across the high (M = 1.87) and low (M = 3.49) distributive conditions (F = 402.25, P = 0.000). This means that, as expected, upgrading the customer to the business class without paying any extra charges resulted in a significantly higher perception of distributive justice.

Similarly, the second ANOVA revealed that subjects exposed to the high interactional condition did indeed perceived higher levels of interactional justice (M = 2.54) than did those subjects exposed to the low interactional justice condition (M = 4.14; F = 471.51, P = 0.000). This ensures that offering an apology, providing an explanation for the problem cause, showing empathy and treating the customer with courtesy and respect all had a positive effect on respondents' perceptions of interactional justice.

Likewise the third ANOVA revealed that the level of procedural justice was significantly different across the high (M = 2.93) and low (M = 3.72) procedural conditions (F = 73.32, P = 0.000), meaning that immediate response to a customer's complaint led to higher scores of procedural justice.

These results indicate that subjects did indeed perceive significant differences between each level of the various experimental conditions, thus establishing the convergent validity of the manipulations. Manipulation checks summary for all independent variables is shown in Table (6.7)

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**Table (1)**
**Manipulation Checks Summary for All Independent Variables**

| Independent Variable | High | Low | F | P |
|---|---|---|---|---|
| Distributive Justice | 1.87 | 3.49 | 402.253 | 0.000 |
| Interactional Justice | 2.54 | 4.14 | 471.512 | 0.000 |
| Procedural Justice | 2.93 | 3.72 | 73.316 | 0.000 |

**Hypotheses Testing**
The next portion of the discussion considers the results of the hypotheses analysis. Figure (1) provides a summary of the hypotheses and relationships that are being tested. The results are examined in terms of the influence of the justice constructs on each of the dependent variables.

**Hypotheses Testing**
The next portion of the discussion considers the results of the hypotheses analysis. Figure (6.6) provides a summary of the hypotheses and relationships that are being tested. The results are examined in terms of the influence of the justice constructs on each of the dependent variables.
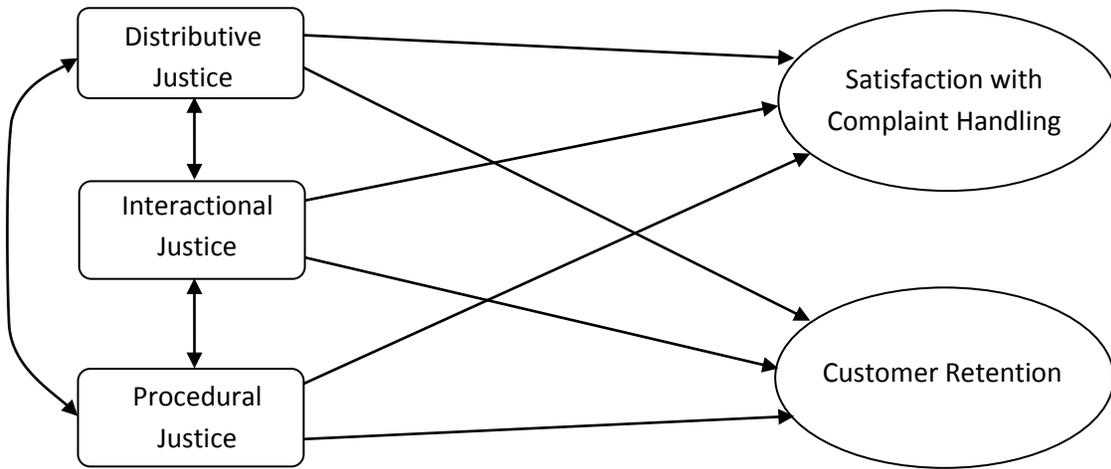
Figure (1)
Summary of Hypotheses and Tested Relationships



**Determinants of Customer Satisfaction with Complaint Handling:**
To test H1-H3 extended regression tests were run. The first regression test illustrates the relationship between distributive justice and satisfaction with complaint handling. See Tables (6.8.a, b, and c).

**Table (6.8)**
**Relationship between Distributive Justice and Postcomplaint Customer Satisfaction**
**Table (6.8.a) Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.667[a] | 0.445 | 0.443 | 0.78986 |

a. Predictors: (Constant), Outcomes

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**Table (6.8.b) ANOVA** [b]

| | Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| **1** | **Regression** | 205.706 | 1 | 205.706 | 329.725 | 0.000[a] |
| | **Residual** | 257.035 | 412 | 0.624 | | |
| | **TOTAL** | 462.742 | 413 | | | |

a. Predictors: (Constant), Outcomes
b. Dependent Variable: Overall Evaluation

**Table (6.8.c) Coefficients** [a]

| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | | |
| **1** | **(Constant)** | 1.485 | 0.098 | | 15.225 | 0.000 |
| | **Outcomes** | 0.609 | 0.034 | 0.667 | 18.158 | 0.000 |

a. Dependent Variable: Overall Evaluation

The ANOVA table tests the acceptability of the model from a statistical perspective. The regression row displays information about the variation accounted for by the model. The regression and residual sums of squares are close, which indicates that about half of the variation in customer satisfaction with complaint handling is explained by the model. F = 329.725 and its significance value is much less than 0.05, (P= 0.000), which means that the variation explained by the model is not due to chance.

While the ANOVA table is a useful test of the model's ability to explain any variation in the dependent variable, it does not directly address the strength of that relationship. The model summary table reports the strength of the relationship between the model and the dependent variable. R, the multiple correlation coefficient, is the linear correlation between the observed and model-predicted values of the dependent variable. Its value (0.667) indicates a strong positive relationship between distributive justice and customer satisfaction with complaint handling. R Square, the coefficient of determination, is the squared value of the multiple correlation coefficient. It shows that about half the variation in customer satisfaction with complaint handling (44.3%) is explained by the variation in distributive justice. This means that distributive justice has a significant positive impact on customer satisfaction with complaint handling. These results provide a strong support for H1.

The next linear regression model was applied to clear the relationship between interactional justice dimension and customer satisfaction with complaint handling. See Tables (6.9.a, b and c)

**Table (6.9)**
**Relationship between Interactional Justice and Postcomplaint Customer Satisfaction**
**Table (6.9.a) Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.697[a] | 0.485 | 0.484 | 0.76027 |

a. Predictors: (Constant), Personal Treatment

**Table (6.9.b) ANOVA** [b]

| | Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| **1** | **Regression** | 224.602 | 1 | 224.602 | 388.577 | 0.000[a] |
| | **Residual** | 238.140 | 412 | 0.578 | | |
| | **TOTAL** | 462.742 | 413 | | | |

a. Predictors: (Constant), Personal Treatment
b. Dependent Variable: Overall Evaluation

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**Table (6.9.c) Coefficients [a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 0.905 | 0.118 | | 7.680 | 0.000 |
| | Outcomes | 0.671 | 0.034 | 0.697 | 19.712 | 0.000 |

a. Dependent Variable: Overall Evaluation

Regression test revealed that F = 388.577 and its significance value is much less than 0.05, (P= 0.000) which means that there is a significant relationship between interactional justice and customer satisfaction with complaint handling.

The regression and residual sums of squares are approximately equal, which indicates that about half of the variation in customer satisfaction with complaint handling is explained by the model. R = 0.697 which indicates a strong positive relationship between interactional justice and customer satisfaction with complaint handling. R Square = 0.485, showing that about half the variation in customer satisfaction with complaint handling (48.5%) can be explained by the variation in interactional justice. These results provide strong support for H2.

The next linear regression model was run to assess the relationship between procedural justice dimension and customer satisfaction with complaint handling. See Tables (6.10.a, b and c).

**Table (6.10)**
**Relationship between Procedural Justice and Postcomplaint Customer Satisfaction**
**Table (6.10.a) Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.348 [a] | 0.121 | 0.119 | 0.99337 |

a. Predictors: (Constant), Procedures

**Table (6.10.b) ANOVA [b]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 56.184 | 1 | 56.184 | 56.936 | 0.000[a] |
| | Residual | 406.557 | 412 | 0.987 | | |
| | TOTAL | 462.742 | 413 | | | |

a. Predictors: (Constant), Procedures
b. Dependent Variable: Overall Evaluation

**Table (6.10.c) Coefficients [a]**

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.963 | 0.160 | | 12.299 | 0.000 |
| | Outcomes | 0.347 | 0.046 | 0.348 | 7.546 | 0.000 |

a. Dependent Variable: Overall Evaluation

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Regression test revealed that F = 56.936 and its significance value = 0.000. The regression and residual sums of squares are quit different and R = 0.348, which indicates a relatively weak positive relationship between procedural justice and customer satisfaction with complaint handling. R Square = (0.121), showing that procedural justice could explain 12.1% of the variation in customer satisfaction with complaint handling. These results provide support for H3.

Comparing the impact of procedural justice with the impact of distributive justice or with the impact of interactional justice, it could be said that procedural justice plays a relatively weaker role in explaining the variation in customer satisfaction with complaint handling.

**Determinants of Customer Loyalty and Retention**

To test H4-H6 concerning the impact of the three justice components on customer loyalty and retention, extended regression tests were computed. The first linear regression model assesses the impact of distributive justice on customer loyalty and retention. See Tables (6.11.a, b and c).

The regression test shows that F = 128.751 and its significance value is less than 0.05 (P= 0.000) which indicates a significant relationship. The regression and residual sums of squares are different. R = 0.488 which indicates a moderate positive relationship between distributive justice and customer loyalty and retention. R Square = 0.238, showing that about 24% of variance in customer loyalty and retention can be explained by the variance in distributive justice. These results show a significant positive impact of distributive justice on customer loyalty and provide support for H4.

**Table (6.11)**
**Relationship between Distributive Justice and Customer Repurchase Intentions**
**Table (6.11.a) Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|---|----------|-------------------|----------------------------|
| 1 | 0.488[a] | 0.238 | 0.236 | 0.88177 |

a. Predictors: (Constant), Outcomes

**Table (6.11.b) ANOVA** [b]

| | Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|-------|----------------|----|-----|---|------|
| 1 | Regression | 100.107 | 1 | 100.107 | 128.751 | 0.000[a] |
| | Residual | 320.339 | 412 | 0.778 | | |
| | TOTAL | 420.446 | 413 | | | |

a. Predictors: (Constant), Outcomes
b. Dependent Variable: Loyalty and retention

**Table (6.11.c) Coefficients** [a]

| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|-------|-----|-----------|-----------|---|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.151 | 0.109 | | 19.757 | 0.000 |
| | Outcomes | 0.425 | 0.037 | 0.488 | 11.347 | 0.000 |

a. Dependent Variable: Loyalty and retention

To test the next hypothesis concerning the impact of interactional treatment on customer loyalty and retention, another linear regression test was run which revealed that F = 262.759, P = 0.000, R = 0.624 and R Square = 0.388, meaning that there is a relatively strong relationship between personal treatment and customer's repurchase intentions. Besides, interactional justice can explain 38.8% of variance in these intentions. These results support H5. See Tables (6.12.a, b and c).

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**Table (6.12)**
**Relationship between Interactional Justice and Customer Repurchase Intentions**
**Table (6.12.a) Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.624[a] | 0.389 | 0.388 | 0.78937 |

a. Predictors: (Constant), Personal Treatment

**Table (6.12.b) ANOVA [b]**

| | Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 163.726 | 1 | 163.726 | 262.759 | 0.000[a] |
| | Residual | 256.719 | 412 | 0.623 | | |
| | TOTAL | 420.446 | 413 | | | |

a. Predictors: (Constant), Personal Treatment
b. Dependent Variable: Loyalty and retention

**Table (6.12.c) Coefficients [a]**

| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.403 | 0.122 | | 11.459 | 0.000 |
| | Outcomes | 0.573 | 0.035 | 0.624 | 16.210 | 0.000 |

a. Dependent Variable: Loyalty and retention

Regarding the impact of the procedural justice on customer loyalty and retention, the linear regression analysis shows that F = 28.362, P = 0.000, meaning that the variation explained by the test is significant. These results support H6. However, R = 0.254 and R Square = 0.064, meaning that the strength of procedural justice impact on subjects' repurchase intentions was weak as the procedural justice could explain only 6.4% of the variance in customer repurchase intensions. See Tables (6.13.a, b and c).

**Table (6.13)**
**Relationship between Procedural Justice and Customer Repurchase Intentions**
**Table (6.13.a) Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | 0.254[a] | 0.064 | 0.062 | 0.97712 |

a. Predictors: (Constant), Procedures

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**Table (6.13.b) ANOVA [b]**

| | Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| **1** | **Regression** | 27.079 | 1 | 27.079 | 28.362 | 0.000[a] |
| | **Residual** | 393.367 | 412 | 0.955 | | |
| | **TOTAL** | 420.446 | 413 | | | |

a. Predictors: (Constant), Procedures
b. Dependent Variable: Loyalty and retention

**Table (6.13.c) Coefficients [a]**

| | Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | **B** | **Std. Error** | **Beta** | | |
| **1** | **(Constant)** | 2.488 | 0.157 | | 15.851 | 0.000 |
| | **Outcomes** | 0.241 | 0.045 | 0.254 | 5.326 | 0.000 |

a. Dependent Variable: Loyalty and retention

## Discussion of Statistical Analysis Results

In general, the proposed model performed quite well. The model R-square for the joint impact of the three independent variables indicated that justice theory did a good job in explaining variance either in satisfaction with complaint handling or in customer loyalty and retention.

## Determinants of Satisfaction with Complaint Handling

The study revealed that both distributive and interactional justice have strong positive impacts on customer satisfaction with complaint handling. This is consistent with Tax (1993), Tax et al. (1998) and with the vast majority of empirical findings in marketing and other disciplines.

The results also show that both interactional and distributive elements of justice were major determinants of respondents' satisfaction with complaint handling. Interactional justice was able to explain about half of the variance in subjects' satisfaction with complaint handling and so was distributive justice (with a slight difference).

Procedural justice (or more specifically, timeliness) had a weaker effect on subjects' satisfaction with complaint handling compared to the distributive or the interactional dimensions of justice. Although the high and low procedural justice conditions were perceived accordingly, having to go to the airline reservation office to find out a solution apparently was of little consequence compared to the manner the complainant was treated with and the outcome he/she was offered. One possible explanation for this finding is that complainants might understand the need to go and complain directly to the airline office at the airport to get their problem resolved.

Another factor which may have limited the relative impact of procedural justice is the accessibility and/or confidence with which respondents are able to make judgements about procedures. Leventhal,1980suggests that distributive justice is more likely to influence attitudes and behaviours because it is easier to assess information about outcomes than those about procedures (Tax, 1993). It has been noticed in the pretesting phase of the empirical study that many subjects were mixed up between distributive and procedural measures. It was clearly evident that they were judging the procedural elements according to the distributional condition. Therefore, all measures of procedural justice elements were excluded except that relates to timeliness as it was the only element perceived appropriately.

The same concept probably holds true for interactional justice. It is likely that complainants can, with greater certainty, assess interactional versus procedural justice. In general, this may lead to the subordination of the role of procedural justice concerns in subjects' satisfaction. These findings are inconsistent with Tax (1993) and Tax et al. (1998) who found procedural justice highly correlated with customer satisfaction with complaint handling. This might be because only the timelineness aspect of procedural justice was tested, while Tax (1993) has tested all aspects of procedural justice (decision control, timelineness, accessibility, process control, and flexibility).

Because of the weak impact of procedural justice on customer satisfaction with complaint handling, the results obviously indicated that the most favourable combination of justice elements required to achieve high levels of customer satisfaction was the "High Distributive/High Interactional" whether the procedural justice was in its high or low condition. It was difficult to achieve a high score of customer satisfaction if one or both of the distributive and

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the interactional dimensions were poor. When one of these two components of justice was in its high condition and the other was in its low condition, this resulted in a moderate level of customer satisfaction. When both were poor, this resulted in the worst level of customer satisfaction.

### Determinants of Customer Loyalty and Retention:
Interactional justice was the strongest predictor of customer loyalty and retention. This is particularly important when viewing the dependent variables in the context of relationship prospective. Since many services cannot be fixed after the failure, empathy and courtesy may be an important factor in restoring customer trust (Tax, 1993). For example, a flight delay because of overbooking mistake cannot be replaced; however, an effective explanation delivered in a sincere, empathetic, courteous way may go a long way to maintain loyalty. Furthermore, it could be said that the nature of treatment during complaint situations represents a strong test of the likelihood of receiving fair treatment over time. In fact, research has found that the personal treatment provided in response to service failures can have positive effects on the future relations between customer and supplier (Bitner et al., 1990; Blodgett et al., 1997; Tax, 1993; Tax et al., 1998).

Distributive justice comes next in importance as interactional justice explained a significantly greater percentage of variance in subjects' postcomplaint intentions than did distributive justice. The findings revealed there is a moderate positive relationship between distributive justice and customer retention.

Besides, an interesting fact was detected: the subjects who were exposed to the "Low Distributive, High Interactional" condition reported higher repurchase intentions than those who were exposed to "High Distributive, Low Interactional" condition. This means that higher levels of interactional justice can compensate for lower levels of distributive justice. In other words, complainants may be willing to repatronize the retailer when a partial refund, exchange, or imperfect solution is offered, provided that they are treated with courtesy and respect. However, even upgrading to the business class without paying any extra charges is not enough to overcome being treated rudely. Complainants who were treated rudely were more likely to decide never to deal with the same airline again (i.e., exit), regardless the amount of redress that was offered. This finding supports the earlier finding that the interactional justice is the main determinant of customer loyalty and retention. These results are largely consistent with service encounter research that has observed the importance of interpersonal elements in shaping customers' satisfaction with service experiences (Bitner et el., 1990), and with other studies that have demonstrated the impact of interactional aspects on postcomplaint behaviour (Westbrook, 1987; Blodgett et al., 1997).

As for procedural justice, the study revealed that there is a significant relationship between this dimension of justice and customer repurchase intensions. However, the R Square model shows that procedural justice could explain only 6.4% of the variance in subjects' repurchase intentions. One possible explanation for this finding (as mentioned earlier) is that subjects might understand the need to go and complain directly to the airline office at the airport to find out a resolution. Another possible cause might be the difficulty of assessing procedural elements of justice compared to distributive and interactional elements. This finding is largely consistent with prior research of Blodgett et al., 1997 and of Tax, 1993.

The most favorable combination of justice required to achieve a high level of customer loyalty was the "High Distributive/High Interactional" whether the procedural justice was in its high or low condition. It was difficult to achieve a high score of customer loyalty if one or both of the distributive and the interactional elements were poor. When both elements were poor, this resulted in the worst level of subjects' repurchase intentions.

### Managerial Implications and Recommendations
The results of this study indicate that justice dimensions contribute to and broaden our understanding of customer evaluation of complaint resolutions. This finding suggests that justice is a valuable concept in understanding customer-supplier conflicts and extends the application of justice beyond legal and intra-organizational contexts.

The results provide empirical support for the three dimensional view of justice. While the extant justice literature provides conceptual arguments favoring this conceptualization, there has been limited empirical testing especially in tourism services domain. These results should encourage researchers to apply a more comprehensive approach to study justice theory in a variety of contexts.

The main derive for dealing with complaints was, in large part, to avoid costly legal actions. However, managers today are encouraged to seek and maintain long-term, mutually beneficial relationships with customers. This, at the very least, implies that organizations treat their customers in a fair manner. This includes the fair handling of complaints. The results indicate that a firm's favorable actions during the conflict prove its reliability and trustworthiness and imply that investment in complaint handling can improve evaluations of service quality, strengthen customer relationships, and build customer loyalty. Given this finding, firms should reassess the fairness and appropriateness of existing processes (procedural justice), outcomes (distributive justice), and employee-customer interactions (interactional justice).

Besides, most of the existing service recovery systems have considered the concept of fairness within the limits of equity principles. The results of this study suggest that fairness, in the context of complaining, is a much richer concept. More specifically, the results suggest that managers should design complaint handling systems which are responsive to fairness considerations in terms of the outcomes, procedural and interactional issues. This means that customer losses and needs should be included in recovery decisions. It also suggests that customers should be involved in the process and that the mechanism should be timely, flexible and accessible.

In addition to the importance of distributive and procedural justice dimensions, results indicate that there is a strong relationship between interactional justice and customer satisfaction with complaint handling. This suggests that some strategy must implement to determine who has the authority to deal with complaints of varying magnitude. Frontline employees frequently receive complaints.

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Establishing complaint handling as an important part of contact employees' job description is critical to ensure fair treatment. Furthermore, training these employees is highly required in many skill areas such as listening skills, diffusion of anger, and interpersonal communications. Ford employees with primary responsibility for complaint handling receive training includes simulation exercises that focus on an irate customer meeting (Tax et al., 1998). In a practical manner, contact employees should be trained to always respond to customer complaints with courtesy and respect. They should be instructed to give the customer an opportunity to explain the problem, especially in nonroutine situations. Employees should also offer an apology, and thank the customer for bringing the problem to the firm's attention. Besides, they should give the customer a fair explanation for the cause of the failure.

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