



Effect of Age and Gender on Satisfaction with Service Recovery: A Study of Telecom Sector

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Abstract

The lack of satisfaction with services leads to service failures. And service failures are the reasons why customers switch to other service providers from their current service provider. Dissatisfaction is always weighed more heavily than satisfaction with services received. Service recovery is one of the options available with service providers to get their customers back and to retain them. From the past research it is clear that customers' perceived justice is critical determinant of satisfaction after facing failure of service and undergoing the service recovery process. The present study examines the role of procedural, distributive and interactional justice in shaping satisfaction of customers' with service recovery while controlling for demographic variables like age and gender. In this study we developed a measurement model and confirmed the discriminant validity of the various constructs of the model. The structural model was run to check the set hypothesis. The results of the study revealed that age and gender has no effect of satisfaction with service recovery.

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I. Introduction

In today's highly competitive marketplace customer satisfaction and retention are crucial determinants for the survival of an organization. Customer satisfaction and loyalty can be ensured by providing customers' with quality products or services (Cronin and Taylor, 1992). The various costs associated with defective services such as assurance costs and complaint handling costs will be reduced, when service providers try to enhance the superiority of their services to improve their customer satisfaction (Anderson et al., 1997). Customer defections unfavourably affect bottom line, as companies lose huge transactions of their premium or existing customers and loss of references through word of mouth by their usual customers (Reichheld and Sasser, 1990).

If the service providers understand the needs of their customers, it will help them to improve the customer retention and to secure future revenue (Bodey and Grace, 2006). Businesses lose 15 percent to 20 percent of its customers every year due to service failures (Reichheld and Sasser, 1990). Researchers have stated that service companies can enhance their profits about 100% by elevating its customer retention just by 5%. It has been found that the cost of shifting from one service supplier to a new service supplier is higher as compared to the providers of goods, which make loyalty more likely to occur in services (Gremler and Brown, 1996).

The present study proposes a model of service recovery to find out the impact of customers' perceptions for justice on their satisfaction with the process of service recovery. The model is based on equity theory, according to which customers' perception of justice is a significant factor in influencing satisfaction of customers' after facing service failure and undergoing the recovery process. The present study also finds the role of age and gender on satisfaction of customers' with the process of service recovery.

Conceptual Framework

Service recovery means the efforts done by the service providers to react to a condition when the customers have faced a service failure in the service provider's proposal so that they can retain customers' goodwill (Mattila and Patterson, 2004, Yunus 2009). Service recovery is one of the grounds which decides whether a customer may maintain his/her relation with the service provider or leave it after facing a service failure (Colgate and Norris 2001). Firms attempt to recover dearth in services, to make sure that they keep their original words given to their customers so that they may obtain what they anticipated from the provider of services to reinstate their faith and confidence in the firm (Zemke and Bell, 2000).

Customers' complain to the service providers for the failure because they perceive inequality and look forward to the service provider that he will propose them a recovery, which in turn will reimburse for their inequality (Chebat and Slusarczyk 2003). Equity theory suggests that when people experience inequity, they will try to reduce their discomfort by trying to reinstate their distress either with physical or psychological equity (Goodwin and Ross 1990). Providing justice is essential to account for those who experience an inequitable advantage as well as those who feel they get less than their deserved contribution (Deutsch 1975).

Justice Dimensions of Service Recovery based on Equity Theory

Distributive Justice: It reveals the equality of the material output of service recovery as perceived by the customers after facing the recovery process i.e. the monetary offerings given by the firms to placate the affronted customer who complained about failed service (Weun et al., 2004; Hoffman and Kelley, 2000). "Distributive justice can be conceptualized as customers' evaluations of whether they got 'their money's worth'; it also can include non-monetary inputs and outputs involving such intangibles as emotions (anger and embarrassment), complaining costs (time and effort) and ego benefits" (McCullough, Berry and Yadav 2000).

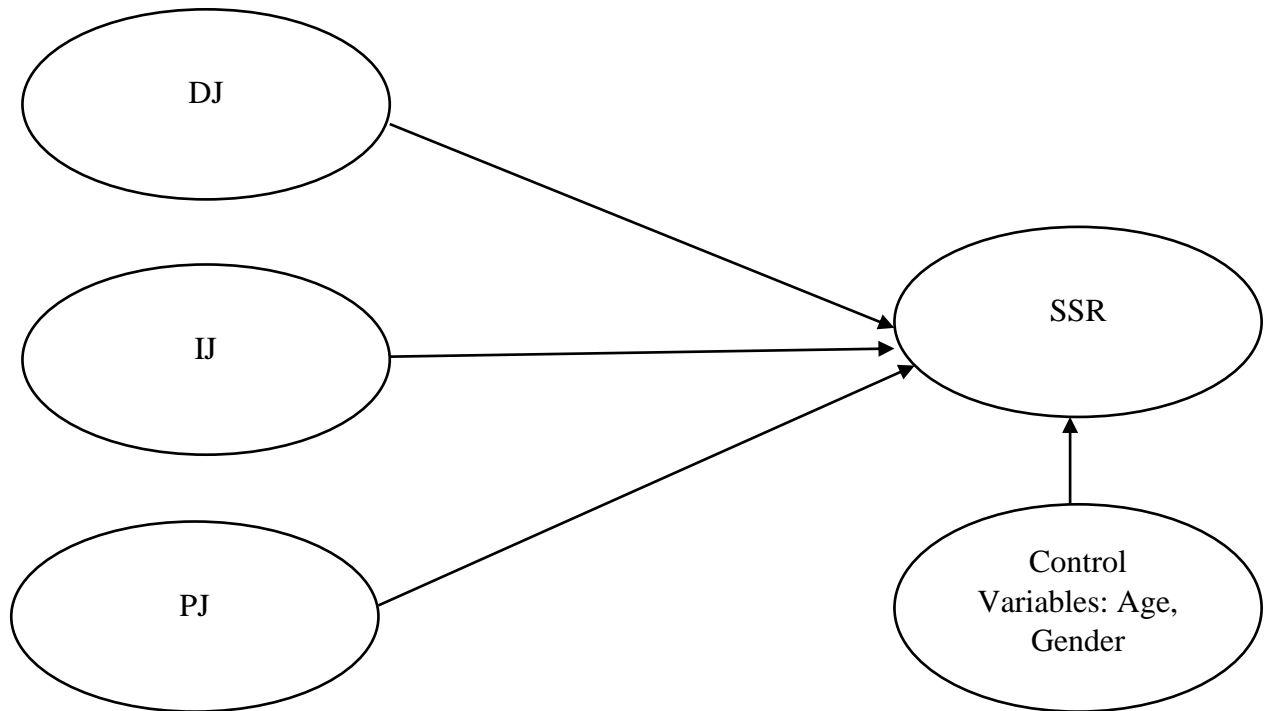
Procedural Justice: It is the customers' perceived fairness of the process in the course of which ends are achieved (Tax et al., 1998). Procedural justice is important in service recovery because process is an imperative part of the service offerings and consumers may be satisfied with the material outcomes being offered to them after complaining but dissatisfied with the procedure undergone to recover services (Maxham III and Netemeyer 2002; Kau and Loh 2006). It has been recommended that procedural justice is the one which is elastic, simple to use, is expedient, on time, exact, consistent and provides liberty to the consumers to speak about their views on about the process (Tax, Brown and Chandrashekar 1998; Seiders and Berry 1998).

Interactional Justice: It is the degree of fair treatment as perceived by the customers during their interaction with the staff of the company (Maxham III and Netemeyer, 2002). It includes the capability and readiness of the front office staff to react and handle the recovery of service failures with politeness, esteem and complete description which may result in remembering that service encounter as acceptable or non-acceptable (Bitner et al., 1990; Collie et al., 2000). Goodwin and Ross (1992) confirmed that an important element for maintaining customer satisfaction is apology.

The objectives of the present study are to check the model-fit of the proposed model of satisfaction of customers' with service recovery, to find the consequence of distributive, interactional and procedural justice on customers' satisfaction with service recovery process. We further examined the effect of distributive justice, procedural justice and interactional justice on satisfaction with service recovery while controlling for age and gender of the customers. Therefore, we hypothesize:

- H1: Distributive justice plays a significant role in shaping customers' satisfaction with service recovery.
- H2: Interactional justice plays a significant role in shaping customers' satisfaction with service recovery.
- H3: Procedural justice plays a significant role in shaping customers' satisfaction with service recovery.
- H4: Age and gender control the outcome of customers' perception of justice on satisfaction with service recovery.

Figure 1: Proposed model of Customer Satisfaction with Service Recovery



Survey Instrument and Data Collection

The present research has been conducted in telecom sector in India. Convenience sampling was used and the sample mostly included young students. Data was collected using a structured questionnaire. The questionnaire was divided into two sections. Section I consisted of 25 statements for customers’ perceived justice and their satisfaction with service recovery. The statements were measured on a seven point Likert scale ranging from Very Strongly Agree (VSA) to Very Strongly Disagree (VSD).Section II consisted of the demographics of the respondents. We distributed 500 questionnaires out of which 451 questionnaire were usable as they were complete. Table 1 provides the demographic profile of the respondents.

Table 1: Demographic Profile of Respondents (N=451)

Variable	Count	%age	Variable	Count	%age
Gender			Marital Status		
Male	263	58.3	Single	436	96.7
Female	188	41.7	Married	15	3.3
Age (years)			Occupation		
Below 18	1	0.2	Government Sector Employee	5	1.1
18-25	418	92.7	Private Sector Employee	21	4.7
26-40	28	6.2	Own business	15	3.3
41-60	3	0.7	Student	410	90.9
Above 60	1	0.2			
Monthly Income			Education		
Below 10000	44	9.8	Senior Secondary	4	.9
10000-20000	134	29.7	Diploma	2	.4
20001-30000	149	33.0	Undergraduate	114	25.3
30001-40000	86	19.1	Graduate	216	47.9
40001-50000	14	3.1	Post-Graduate	115	25.5
Above 50000	24	5.3			

II. Data Analysis and Results

Measurement Model

Assessing the validity and reliability of the indicators and constructs is the first stage in evaluating the measurement model. The reliability of the indicator is examined with outerloadings greater than the threshold, or 0.708 (Hair et al., 2022). Composite reliability and Cronbach alpha values are used to measure internal consistency. Table 2 displays values for Cronbach alpha and composite reliability that are more than 0.5. Values

of the average variance extracted (AVE) were used to assess the constructs' convergent validity. According to Hair et al. (2022), AVE values greater than 0.5, prove the convergent validity.

Table 2: Measurement Model

Construct	Items	Outer Loadings	Cronbach's α	rho A	CR	AVE	Discriminant Validity
DJ	DJ1	0.888	0.899	0.905	0.937	0.831	Yes
	DJ2	0.916					
	DJ3	0.931					
IJ	IJ1	0.87	0.830	0.869	0.895	0.739	Yes
	IJ2	0.845					
	IJ3	0.864					
PJ	PJ1	0.832	0.809	0.819	0.887	0.723	Yes
	PJ2	0.889					
	PJ3	0.829					
SSR	SSR1	0.793	0.906	0.909	0.931	0.728	Yes
	SSR2	0.877					
	SSR3	0.891					
	SSR4	0.855					
	SSR5	0.849					

Discriminant validity requires that a measure should not correlate too highly with measures from which it is supposed to differ (Netemeyer, Bearden and Sharma 2003; Malhotra 2007). The Discriminant validity of the constructs was checked by using Heterotrait-monotrait ratio (HTMT) values that were below 0.85 (see Table 3). As a result, the discriminant validity of the constructs was also proven.

Table 3: Heterotrait-monotrait Ratio (HTMT) values

	DJ	IJ	PJ
DJ			
IJ	0.091		
PJ	0.598	0.041	
SSR	0.672	0.028	0.651

Structural Model

The evaluation of the measurement model is followed by the evaluation of the structural model. The relationship between the constructs is examined by the structural model. Inner-model VIF values are used to test the common method biasness. Table 4 shows that, according to Hair et al. (2022), every VIF result was less than 3.33, indicating that common method bias was not an issue.

The bootstrapping process was then used to evaluate the path model. 10,000 subsamples were employed in the bootstrapping process at a 95% significance level. After the data was analysed, it was discovered that IJ had no significant effect on SSR ($\rho > 0.05$), but DJ and PJ did have a significant effect, at a significant level of 0.001 ($\rho < 0.001$). Table 4 shows that SSR is significantly impacted by DJ ($\beta = 0.435$) and PJ ($\beta = 0.334$), supporting H1 and H3.

Table 4: Structural Model

	Path	VIF	β	t-value	p-value	Results	f ²	R ²
H1	DJ -> SSR	1.382	0.435	9.866	0.000	Supported	0.253	
H2	IJ -> SSR	1.018	-0.004	0.086	0.931	Not-Supported	0	0.458
H3	PJ -> SSR	1.378	0.334	7.329	0.000	Supported	0.149	

Additionally, analysis was conducted on the impact of the control factors i.e. gender, and age. Table 5 shows that gender and age have no discernible impact on SSR ($\rho > 0.05$).

Table 5: Path coefficients of control variable

	Path	β	t-value	p-value	Results
	Age-> Loyalty	0.053	1.933	0.053	Not Significant
	Gender-> Loyalty	0.034	0.483	0.629	Not Significant

Additionally, R² (Coefficient of determination) is used to assess the explanatory power of the model. The model's medium to high explanatory power is explained by the R² value of 0.458 (see Table 4). The strength of the relationships of the model is indicated by F² statistics. As depicted in Table 4, the effect of DJ is high (f²= 253), and PJ is medium (f²= 0.149).

III. Conclusion

From the results of the study it can be concluded that distributive justice and procedural justice significantly influence customers' satisfaction with service recovery while interactional; justice does not influence it significantly. This implies that managers should follow fair procedures to solve customers' complaints. If two customers face the same problem they must be given same treatment and their problems should be sorted out using the same process. The firm should provide for fair outcomes to customers in comparison to their problem being faced. It has also been found that age and gender do not affect the role of perceived justice on customers' satisfaction with service recovery. This implies that age and gender do not influence the satisfaction of the consumers.

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