Service recovery paradox: A study of after sale services in Tractor market

Kaur, Arpandeep¹; Singh, Robindeep²

¹Research Scholar, School of Management Studies, Punjabi University, Patiala., Email: arpandeepk17@gmail.com

²Research Scholar, School of Management Studies, Punjabi University, Patiala., Email: robindeep297@gmail.com

Abstract

Service recovery paradox refers to a situation whereby satisfaction of customers after receiving service recovery exceeds that of their initial satisfaction without any service failure. There is growing debate about existence of service recovery paradox which has not reached to any solution yet. The present study attempts to contribute toward growing body of service recovery knowledge by exploring the relationship between perceived justice and churn intention after encountering a service failure. Based on responses from 308 respondents our study leads to the conclusion that service recovery paradox has been partially supported in the context of the tractor market. The findings suggest that the service recovery paradox is found in case of interactional justice and distributive aspect of service recovery while in case of procedural justice it does not support the existence of service recovery paradox.

Keywords: service recovery paradox, service recovery, service failure, perceived justice, churn intention, tractor market, interactional justice, distributive justice, procedural justice
Introduction

The Service Recovery Paradox (SRP) is a peculiar effect in the services marketing literature and has been conceptually defined as a situation in which a customer’s postfailure satisfaction exceeds prefailure satisfaction (McCollough and Bharadwaj 1992). Hence it can be defined as a situation in which a customer thinks more highly of a company after the company has corrected a problem with their service, compared to how they would regard the company if non-faulty service had been provided. The main reason behind this thinking is that successful recovery of a faulty service increases the assurance and confidence from the customer. A service recovery paradox is concerned to a service transaction or situation, in which a service failure has occurred and in which, post recovery satisfaction is more than that prior to the service failure. (Hart, C. W., Heskett, J. L., & Sasser, 1990) claims that a good and just recovery can change angry, frustrated customers into loyal ones. As a matter of fact, it can help creating a way more goodwill than if things had gone all right and smoothly in the first instance”. However, there are other researchers who have reported findings inconsistent with the recovery paradox effect (Fornell, 1992; Halstead, D., & Page, 1992; A. Parasuraman et al., 1991; Zeithaml, Berry, & Parasuraman, 1996). Hence the literature concerning service recovery paradox is mixed bag of both arguments in and against.

Apparently, service recoveries can be treated as “bundle of resources” that an organization can utilize in response to failure and in some instances it does not only correct the failure but also enhance customers overall satisfaction. In these events, the perception of the recovery attempt is tremendously positive and the state of customer satisfaction after resultant recovery attempt outperform the state of satisfaction the customer would have undergone, had the initial service failure not been there (Michel & Meuter, 2008). Nonetheless, research in this area has posed contradictory findings (Kuo & Wu, 2012). Thus, the empirical studies probing service recovery have highlighted incidences of SRP (Krishna & Dangayach, 2011; McCollough, M. A., & Bharadwaj, 1992). Instances, of SRP’s have also been empirically related to positive and significant hikes in customer loyalty (De Matos, Henrique, & Alberto Vargas Rossi, 2007).

On the flip side, service recovery attempts perceived to be poor or unsatisfactory can result into significantly (and sometimes irreversible) negative emotions (Astuti & Nagase, 2014). The
situation, whereby customers who experience extreme poor service recovery attempts, known as a “double- deviation” phenomena, which is found to inculcate intense emotions of sadness and anger (Krishna & Dangayach, 2011; Kuo & Wu, 2012). It has been asserted that these emotions, hold by customers who have been “wronged not once but twice” (Schminke et al., 2014), culminate in legal actions of redress and illegal actions of sabotage (Choi, S., & Mattila, 2008; De Matos et al., 2007; Lastner, M. M., Folse, J. A. G., Mangus, S. M., & Fennell, 2016).

2. Theoretical Background

2.1. Service failure

Service provider’s inability to execute services properly is known as service failure (Mishra, 2008). A service failure occurs when a service delivery or performance falls below the customer's expectations (Hess Jr., Ganesan, & Klein, 2003). When a consumer anticipates a specific consequence but gets something else in return, for instance, the non-existence of a required service, a slowly delivered service or errors in the delivery then, he faces a service failure, which takes the form of dissatisfaction and results into bad behavioural intentions. It can also takes place when the service firm does not get what the consumer requires and as such provides an unnecessary service and in such a case, customers have negative emotions (Zeithaml et al., 2009). These service failures can also be termed as mistakes, which occur in almost every service delivery/encounter, (Zeithaml et al., 2009). Sometimes even the best service firms cannot permanently or continuously avoid mistakes in their service deliveries, and among many one reason for these failures is the labour-intensive nature of many services (Hess Jr. et al., 2003).

Hence, any deficiency in service delivery results in service failure situations. Service failure is unwanted, dis-satisfying and an unexpected situation for any customer in the service process. (Spreng, Harrell, & Mackoy, 1995). Service failure could be in the form of a core-service problem like unavailability of the service (no service expert available), exceptionally slow service and mistakes in the service etc. Customer’s actions are not only affected by the service failure but also by many other factors like control of service providers on failure situations, stability of service failure, magnitude of failure and past experiences of customers (Krishna, Dangayach, & Jain, 2011).
2.2. 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 turning back raging customers to a state of satisfaction with the organisation 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”, 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, Benjamin & 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).
2.2.1. 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 substantial use of justice theory as a theoretical basis for service recovery research is likely due to its intense predictive power. As justice theory has been found to explain as much as 60% of the variance in customer satisfaction with regards to service recovery (Siu, Zhang, & Yau, 2013). Consequently, more research is needed, particularly within the manufacturing sector which is currently endeavouring 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).

2.2.1.1. Distributive justice

Distributive justice deals mainly with the outcome of the recovery effort, i.e. what did the service provider do to appease the aggrieved customer in response of a service failure (Gilliland, 1993). It can be termed as assigning some tangible resources by the organisation to rectify and compensate for a service failure occurred (Belén Del Río-Lanza, Vázquez-Casielles, & M A Díaz-Martín, 2009). Studies have provided empirical underpinning that perceived justice of tangible outcomes have a positive influence on the recovery evaluation (Goodwin, C., & Ross, 1992). Blodgett et al. (1997) have also reckoned 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).

2.2.1.2. Procedural justice

Procedural justice is concerned with the techniques and procedures used by the companies to deal with the issues arising during service delivery such as accessibility, process control, timing/speed, delay and elasticity to adapt to the consumer's recovery needs (Belén del Río-
Lanza, 2009). Procedural justice entails policies, procedures, and methods that companies employ to support communication with customers and particularly, 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 remedy 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.

2.2.1.3. Interactional justice

Interactional justice lays emphasis on interpersonal interactions while service delivery. It is the degree to which the customers experience justice in personal interactions with the employees of the firm during the process of recovery (Sparks, B. A., & McColl-Kennedy, 2001). Its focus is on the “fairness of the interpersonal treatment people receive 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.

2.2.2. 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. It is the result of an evaluative process that contrasts pre-purchase 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. The evaluation of the following service recovery performance will decide the level of satisfaction with service recovery. Thus, in disconfirmation terms:

**Figure 2.1: Expectation disconfirmation theory**

![Diagram of Expectation Disconfirmation Theory]

Customers’ satisfaction and his future patronage depends on customers’ feelings concerning whether they have been treated in a just and fair manner or not. The effects of perceived justice on customer satisfaction has reiterated by numerous researchers. Zemke (1993) described that the motive of service recovery is to bring back a customer from a state of dissatisfaction to a state of satisfaction.
Wirtz and Mattila (2004) found that recovery outcomes (e.g. compensation), interactional treatment (e.g. apology) and procedures (e.g. speed of recovery) has a compounded influence on post-recovery satisfaction. The effects of different justice dimensions on customers’ recovery satisfaction have been evaluated in several service industries including, mobile phone buyers (Kau & Loh 2006), hotel customers, (Karatepe 2006; Smith et al., 1999), and Airline passengers (McCollough et al., 2000).

2.3. Customer Churn

The benefits of customer retention and the costs of customer switching behaviour have attracted much attention in the literature. A substantial body of research has backed up the relationships of two attitudinal variables, satisfaction and service quality on customers’ switching intentions (e.g., (Anderson & Sullivan, 1993; Boulding et al., 1993; Cronin & Taylor, 1992; Oliva, Oliver, & Bearden, 1995; V. A. Zeithaml, Berry, & Parasuraman, 1996). Fewer studies have analysed these relationships in the context of actual switching behaviour, but they also recommended that dissatisfaction explains at least some customer switching (Bansal & Taylor, 1999; Keaveney, 1995). Other section of researchers vehemently deems that there is a need to look at the reasons of switching beyond dissatisfaction. (Keaveney, 1995), in an exploratory study of customer switching behaviour in services industries, recognized eight major causes of customer churn or defection. Some of them are associated with feelings of dissatisfaction with the service (for instance; core service failures, failed service encounters, poor service recoveries), while others were extrinsic or situational factors (to illustrate, price, inconvenience, ethics, competition, and involuntary situations). Anderson (1996) indicated the importance of price tolerance apart from satisfaction while predicting customer switching. (Dabholkar et al., 1996) came up with a finding that outcome-related, extrinsic, and service process factors were all significant in predicting customers’ churn intentions.

Apparently, the expectancy disconfirmation paradigm is relevant to this study. According to the expectancy disconfirmation paradigm as explained by (Churchill & Surprenant, 1982), customers’ satisfaction depends on the size and direction of the service delivery disconfirmation customers experience compared to their expectations of service delivery. Moreover, changes in customers’ attitudes with regard to service providers between pre-exposure and post-exposure are mediated by satisfaction (Oliver, 1980).
2.4. Service recovery paradox

(McCollough, M. A., & Bharadwaj, 1992) coined the term “service recovery paradox” to describe what happens when an organization fails to live up to its promise of providing quality service, but recovers from that failure in a highly effective way. They came up with a very interesting finding that proper service recovery efforts can turn a service failure into a favorable service encounter, which can help achieve secondary satisfaction (Hart, C. W., Heskett, J. L., & Sasser, 1990; Spreng et al., 1995), positive word-of-mouth (WOM) communication (Maxham & Netemeyer, 2002a&b) and enhancing repurchase intention (Blodgett et al., 1997; Gilly, 1997). Furthermore, excellent service recovery can yield a service “recovery paradox,” a condition wherein the levels of satisfaction of customers receiving good or excellent recoveries are actually higher than those of the customers who have not encountered any sort of error (Maxham & Netemeyer, 2002b; McCollough & Bharadwaj, 1992; Michel, 2001; Smith & Bolton, 1998). Thus, service failures and efforts to recover from those failures have come to be regarded as opportunities for organizations to enhance customer satisfaction (Magnini, Ford, Markowski, & Honeycutt, 2007). However, evidence for the paradox is sparse and mixed (Maxham & Netemeyer, 2002). There are other studies which offer contradictory views, and came up with the findings that post-recovery satisfaction levels are not restored despite providing effective recoveries (Bolton & Drew, 1992; McCollough et al., 2000), in fact, these studies revealed that an inappropriate or/and insufficient reaction to service error may lead to magnification of negative evaluation, also known as “double deviation” (Bitner, Booms, & Tetreault, 1990) as dissatisfied customers not only defect but also indulge in negative word-of-mouth behaviour. It is, therefore, imperative for service organisations to formulate effective service recovery strategies to correct service delivery errors and improve retention rates or lower defection rates (Hoffman & Chung, 1999; Webster & Sundaram, 1998). Recovery strategy must be regarded as a means to restore and strengthen relationships with customers (Hoffman & Chung, 1999). Although applying service recovery strategies appears to raise costs, such strategies can go a long way in improving the service system and culminates in relational benefits (Brown, Cowles, & Tuten, 1995). The systematic study of service failure and recovery can be employed to identify failures, to resolve the routine reasons of failures, and to enhance the effectiveness of recovery efforts with the help of a proper training program (Brown et al., 1995; Hoffman, Kelley, & Rotalsky, 1995).
3. Proposed conceptual model and hypotheses

The primary objective of this study is to examine the existence of service recovery paradox in the tractor market for which the study attempted to determine the churn intention of respondents based on their experience of service recovery. To put it in another way, the study explores the relationship between perceived justice (favourable or unfavourable) and their intention to churn.

Following are the hypotheses proposed to be tested:

H1: There is no statistically significant association between interactional justice and churn intention.

H2: There is no statistically significant association between procedural justice and churn intention

H3: There is no statistically significant association between distributive justice and churn intention

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.

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 judgmental samples (Davidow 2000; Spake et al 2003; Walsh and Mitchell 2005; Hocutt, Bowers and Donavan 2006).

5. Findings and Results

To test the existence of service recovery paradox, the various dimensions of service recovery are compared with the perceived intention to churn by using cross tabulation and chi square. To measure the service recovery paradox it has been assessed whether the justice they received during service encounter was perceived to be favourable or not and its association with churn intention has been found out with the help of cross tabulation and chi square.

4.1.1. Perceived interactional justice and intention to churn

<table>
<thead>
<tr>
<th>Interactional justice</th>
<th>intention to churn</th>
<th>Crosstabulation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>churn</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>same</td>
</tr>
<tr>
<td>int_just_categ Unfavourable</td>
<td>Count</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>37.60%</td>
</tr>
<tr>
<td>Favourable</td>
<td>Count</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>11.40%</td>
</tr>
</tbody>
</table>
This table and bar graph shows the distribution of respondents according to their perception of interactional justice to be favourable or non-favourable and consequently their intention to churn. In this table it is shown that out of those who received perceive interactional justice to be favourable, merely 11% of the respondents are likely to switch to another brand of tractor whereas the other 89% out of this category will intend to go for the same brand in future as well.

**Table 4.72: Chi square statistics for Interactional justice and intention to churn**

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>Df</th>
<th>Asymptotic Significance (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>29.459&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>Continuity Correction&lt;sup&gt;b&lt;/sup&gt;</td>
<td>27.988</td>
<td>1</td>
<td>.000</td>
<td></td>
<td>.000</td>
</tr>
</tbody>
</table>
A Chi-Square Test of Independence has been performed to examine the relationship between interactional justice and the intention to churn. The relationship between these variables is significant, $\chi^2 (1, N=308) = 29.459, p= 0.000$. This test suggests that respondents receiving favourable and unfavourable interactional justice differ in terms of churn intention. As it is evident from the cross-tabulation table and the clustered bar chart that majority of the respondents received favourable interactional justice. From those who received favourable perceived interactional justice, merely 11% of the respondents are likely to switch to another brand of tractor whereas the other 89% out of this category will continue patronizing the same brand in future as well. These results suggest that there exists a service recovery paradox in case of interactional justice.

### 4.1.2. Perceived Procedural justice and intention to churn

Table 4.73: Cross-tabulation of procedural justice and intention to churn

<table>
<thead>
<tr>
<th>pro-jus_categ * intention to churn Crosstabulation</th>
<th>churn</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>same</td>
</tr>
<tr>
<td>pro-jus_categ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>unfavourable</td>
<td>40</td>
<td>127</td>
</tr>
<tr>
<td>%</td>
<td>24.00%</td>
<td>76.00%</td>
</tr>
<tr>
<td>favourable</td>
<td>30</td>
<td>111</td>
</tr>
<tr>
<td>%</td>
<td>21.30%</td>
<td>78.70%</td>
</tr>
</tbody>
</table>
This table and bar graph shows the distribution of respondents according to their perception of procedural justice to be favourable or non-favourable and consequently their intention to churn.

**Table 4.74: Chi square statistics for procedural justice and intention to churn**

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>Df</th>
<th>Asymptotic Significance (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>.312(^a)</td>
<td>1</td>
<td>0.577</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction(^b)</td>
<td>0.178</td>
<td>1</td>
<td>0.673</td>
<td>0.589</td>
<td>0.337</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>0.312</td>
<td>1</td>
<td>0.576</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisher's Exact Test</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Linear-by-Linear Association

<table>
<thead>
<tr>
<th>Linear-by-Linear Association</th>
<th>0.311</th>
<th>1</th>
<th>0.577</th>
</tr>
</thead>
<tbody>
<tr>
<td>N of Valid Cases</td>
<td>308</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 32.05.

b. Computed only for a 2x2 table

There are 76% respondents in unfavourable procedural justice category and around 79% in favourable category who are going to patronize the same brand next time. From the table alone it can be assumed that there is no such effect of service recovery when it comes to procedural justice. However, a Chi-Square Test of Independence has been performed to examine the relationship between procedural justice and the intention to churn and to find out whether the results of the cross tabulation are significant. The relationship between these variables is not significant, \(X^2 (1, N=308) = 0.312, p=0.589\). As p value is more than 0.05, hence this test suggests that respondents receiving favourable and unfavourable procedural justice do not significantly differ in terms of churn intention. Moreover, the cross-tabulation table and the clustered bar chart are also not depicting any considerable difference in the churn intention indicated by the respondents receiving favourable and unfavourable procedural justice. Thus, these results suggest that there is no clear indication of service recovery paradox in case of procedural justice. This may be due to the fact that in case of procedural justice in tractor fault finding does not differ much among the agencies.

#### 4.1.3. Perceived distributive justice and intention to churn

**Table 4.75: Cross-tabulation of distributive justice and intention to churn**

<table>
<thead>
<tr>
<th>dist_just_categ * intention to churn Crosstabulation</th>
<th>churn</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>same</td>
</tr>
<tr>
<td>dist_just_categ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfavourable</td>
<td>Count</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>29.90%</td>
</tr>
<tr>
<td>Favourabl</td>
<td>Count</td>
<td>27</td>
</tr>
</tbody>
</table>
This table and bar graph shows the distribution of respondents according to their perception of distributive justice to be favourable or non favourable and consequently their intention to churn.

Table 4.76: Chi square statistics for distributive justice and intention to churn

<table>
<thead>
<tr>
<th>Chi-Square Tests</th>
<th>Value</th>
<th>df</th>
<th>Asymptotic Significance (2-sided)</th>
<th>Exact Sig. (2-sided)</th>
<th>Exact Sig. (1-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>7.837(^a)</td>
<td>1</td>
<td>0.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuity Correction(^b)</td>
<td>7.093</td>
<td>1</td>
<td>0.008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>7.856</td>
<td>1</td>
<td>0.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisher's Exact Test</td>
<td></td>
<td></td>
<td>0.006</td>
<td>0.004</td>
<td></td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>7.811</td>
<td>1</td>
<td>0.005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------</td>
<td>---</td>
<td>-------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>308</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 32.73.

b. Computed only for a 2x2 table

There are 70% respondents in unfavourable distributive justice category and around 83% in favourable category who are going to patronize the same brand next time. From the table alone it can be assumed that there is no such effect of service recovery when it comes to distributive justice. However, a Chi-Square Test of Independence has been performed to examine the relationship between distributive justice and the intention to churn and to find out whether the results of the cross tabulation are significant. The relationship between these variables is significant, $\chi^2 (1, N=308) = 7.837$, $p=0.006$. Though $p$ value is less than 0.05, hence this test suggests that respondents receiving favourable and unfavourable distributive justice significantly differ in terms of churn intention. Moreover, the cross-tabulation table and the clustered bar chart are depicting considerable difference in the churn intention indicated by the respondents receiving favourable and unfavourable distributive justice indicating towards presence of service recovery paradox in case of distributive justice also.

6. Discussion and conclusion

From the results shown above, it can be concluded that service recovery paradox has been partially supported in the context of the present study. The findings suggest that the service recovery paradox is found in case of interactional justice and distributive aspect of service recovery while in case of procedural justice it does not support the existence of service recovery paradox. Basically the study supports the service recovery paradox in case of tractor market. This finding is in line with the findings of (Bolton & Drew, 1992; Smith & Bolton, 1998; Mccollough, 2000; Maxham & Netemeyer, 2002; Michel, 2002; Hocutt, Bowers, & Donavan, 2006; Magnini, V. P., Ford, J. B., Markowski, E. P., & Honeycutt Jr, 2007; Michel & Meuter, 2008; McCollough, 2009; Y. H. Cheng, Chang, Chuang, & Liao, 2015).

The results of the study indicate that the customers’ post-recovery satisfaction is greater than their pre-failure satisfaction indicating that good recoveries can not only bring customers back to their pre-failure satisfaction level but can also enhance their satisfaction if the corrective action is
taken with utmost care particularly, if treated with respect and in a friendly and just manner by the staff and also some good remuneration policies are in place. Therefore, if in any case failure occurs then to mitigate the adverse effects, firms should focus on providing exceptional service recoveries.

The study revealed 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.

References:


Parasuraman, a, Zeithaml, V. a, & Berry, L. L. (1988). SERQUAL: A Multiple-Item scale for


