# The Role of Customer Listening Ability and Perceived Justice in Service Recovery Action and their Implication for Relationship Quality and Customer Loyalty

Syafrizal<sup>a</sup>, Nabsiah Abdul Wahid<sup>b</sup>, Ishak Ismail<sup>c</sup>

<sup>a</sup>Economics Faculty, Andalas University, Indonesia <sup>b</sup>Graduate School of Business, Universiti Sains Malaysia, Malaysia <sup>c</sup>School of Management, Universiti Sains Malaysia, Malaysia

**Abstract**: Service recovery is very crucial in maintaining long-term relationship with customers. In this regard, most scholars argue that customer listening ability and perceived justice are very important in service recovery. This is because they can lead to customer trust, satisfaction and other behavioral intentions. However, not much research has been conducted to investigate the effect of customer listening ability and perceived interactional justice. This is simultaneously so on relationship quality and customer loyalty under service recovery condition. This article attempts to fill this gap by proposing customer listening ability and perceived interactional justice as predictors of relationship quality, while loyalty as outcome of relationship quality.

Keywords- Customer listening ability, perceived justice, service recovery, relationship quality.

# I. Introduction

The concept of service is based on a very complex and mostly human based activity. Usually, services require direct interaction between customers and service providers in which customer consumption experience and service provided occur concurrently (Johnston & Clark, 2005). However, it is impossible to ensure 100% error-free service (Fisk et al., 1993). As a consequence, service failure cannot be avoided and service recovery is needed (Hart et al., 1990). Service failure occurs when customers perceive that initial service delivery has fallen below their expectations or "zone of tolerance" (Zeithaml et al., 1993). When service failure occurs it leads to negative consequences such as negative word of mouth, decrease customer satisfaction and switching to other competitors. In summary it lacks of customer loyalty.

It is critical for service provider to resolve service failure as soon as possible in order to maintain customer loyalty and to prevent them from switching to other competitors. In order to handle customer complaints quickly and effectively, service employees should have the ability to identify and understand what problems customers have subsequently then they diagnose these problem correctly and finally provide appropriate solutions. In such a context, service employees might be better at understanding and resolving customer problems appropriately when they implement customer listening ability effectively. In addition, perceived customer listening ability of service employees is assumed to be able to increase perceived justice to the customer in service recovery. Marketing literature argue that customers' listening ability is very helpful in delivering high service quality which can later lead to customer loyalty. Moreover, findings from research have revealed that customer listening ability has positive significant influence on relationship satisfaction (Aggarwal et al., 2005).

Many scholars in the area of relationship marketing argue that relationship quality is the most important aspect. It is considered a reliable and strong predictor of relationship outcome such as loyalty and behavioral intention. This may attributed to how relationship quality is defined. For example, Crosby, Evans & Cowles (1990) define relationship quality as customer perception about the ability of service employees to reduce customer uncertainty and ambiguity in service consumption. In this regard, it is observed that most of research in the relationship quality focused on investigating the effect of customers' listening ability on relationship quality in service recovery settings. This is in addition to the lack of research on the relationship between customer listening ability and perceived justice of service recovery.

Given these gaps the objective of this article is to propose a relationship quality model by establishing links among variables such as customer listening ability, perceived justice, relationship quality and customer loyalty. In this model, customer listening ability and perceived justice of service recovery function as antecedents of relationship quality while customer loyalty as outcome of its.

# II. Literature Review

Service companies can not 100% freed from service failure. Hence, it is imperative for service companies to spent an appropriate amount of service recovery effort to eliminate customer disappointment of service delivery, regain customer satisfaction and prevent them from switching to other competitor. The success of service recovery effort is reflected by customer's perceived justice of service recovery which is the primary requirement for the continuity of service relationship. Successful service recovery action will increase customer perception about justice in service recovery which in turn not only can regain customer satisfaction but also can develop customer trust and commitment which ultimately enhance relationship quality. Regarding the importance of service recovery justice to enhance relationship quality, the scholars also have interest to investigate the factors that contribute to perceived justice of service recovery. Recently literatures begin to proposed customer listening ability of service employee as an important driver of perceived justice in service recovery action. The next section will discuss interrelationship among variables in this study such as customer listening ability, perceived justice of service recovery, relationship quality and customer loyalty. This literature study also proposes a research framework and hypothesis related to perceived justice of service recovery.

# 2.1. Relationship Quality (Rq)

Although relationship quality is the central pillar of relationship marketing, scholars lack of consensus on its definition. Hennig-Thurau and Klee (1997) define RQ as the extent to which overall relationship can fulfill customer expectation. While, Crossby et al. (1990) define RQ as customer perception about service employees' ability to reduce uncertainty and ambiguity in service consumption. No matter what definition it is, most scholars conceptualize RQ as a multidimensional construct comprised at least of two dimensions (i.e. trust and satisfaction) (Al-alak & Alnawas, 2010; Castellanos-Verdugo et al., 2009; Cheng et al., 2008; Crosby, Evans & Cowles, 1990; Meng & Elliott, 2008; Vieira, 2009; Wong et al., 2007).

Satisfaction is important in the development and maintenance of relationship in a buyer-seller context (Muhmin, 2002). Relationship satisfaction comprises both economic and non economic satisfaction. Economic satisfaction refers to positive affective response that one party has. In this respect it refers to economic reward derived from a relationship in which they are involved. The non economic satisfaction is the positive affective response toward the psychological aspect of a relationship. In such a way that a satisfied participant enjoys working with his/her partner and believes that the later is concerned with the participant's welfare (Geyskens et al., 1999). Research findings have revealed that relationship satisfaction has a significant effect on loyalty (Biong, 1993). This indicate the importance of customer contact employees through a display of empathy, understanding for their customers, trustworthy behavior, augmented personal service and interpersonal care in enhancing relationship satisfaction that may lead them to long-term relationship (Beatty et al., 1996).

Since, the nature of service is essentially intangible, so that there is a high level of uncertainty in service consumption. In other words, consumers do not know how good the quality of service will be, before they use it. Therefore, in service relationship, customers rely on credibility (Moormon et al., 1993; Morgan & Hunt, 1994) and benevolence (Ganesan, 1994; Geyskens et al., 1999) of service employees. In other words, customers believe that service providers will deliver their services as promised and that service employees have the customers' welfare at heart. Therefore, when customers have trust in their relationship with service providers, they will maintain this relationship for the long-term.

#### 2.2. Service Recovery

In most cases, customer satisfaction will decrease when there is service failure. Service failure is defined as any service related mishaps or problems that occur during customer interaction with service providers (Hsiuju et al., 2004; Mark et al., 2001; Mattila & Wirzt, 2004). Once service failure occur, it is crucial for service provider to overcome this failure by doing recovery action. According to Grönroos (1988) service recovery is an organization's response to service failure. Other scholars define service recovery as a process attempted by a company to rectify service delivery failure (Kelley & Davis, 1994). When service providers fail to response to service failure appropriately, customers will spread negative word of mouth (Smith et al., 1999) and will even switch to other competitors (Hoffman et al., 1995; McCollough et al., 2000; Roos, 1999). To avoid this negative effect, service providers should respond to service failure by performing the appropriate recovery action. Thus managing customer complaints appropriately and recovering them should be the cornerstone of an organization's customer satisfaction strategy (Tax et al., 1998).

However, service recovery can involve a wider set of activity than a mere complaint handling. This will include a situation in which service failure occurs without a complaint being made a customer (Smith et al., 1999). Even though service recovery procedures are expensive, they should be viewed as opportunities for improvement (Spreng et al., 1995). This is because service recovery efforts offer the potential either to reinforce a strong customer bond or to exacerbate the situation and potentially drive customers to competitors. Customer satisfaction will increase when service recovery action is effectively performed by a company (Goodwin &

Ross, 1992). In addition, effective recovery effort can turn angry, frustrated customers into loyal ones and may even create more goodwill than if things had gone smoothly in the first place (Etzel & Silverman, 1981; Hart et al., 1990). Also, effective recovery effort can have a dramatic impact on customer satisfaction, deflect the spread of damaging word of mouth and improve bottom-line performance (Tax et al., 1998; Zeithaml & Bitner, 2003). Last but not least, successful service recovery after service failure may even lead to stronger customer commitment to the firm as compare to no failure had occurred (Abrams & Paese, 1993).

In contrast, customer satisfaction will decrease when service providers cannot perform recovery action appropriately after service failure. According to Tax & Brown (1998), the majority of customers are dissatisfied with the way service providers resolve their complaints Indeed, it is reported that more than half of attempted recovery efforts reinforced dissatisfaction (Hart et al., 1990). On the whole, customers tend to pay more attention to service recovery effort than a routine or first-time service experience. As a consequence, they may be more dissatisfied by an organization's failure to recover than service failure itself (Bitner et al., 1990; Smith et al., 1999). According to Bitner et al. (1990), poor service recovery or failed service recovery represent a double deviation from customer expectation in that both perceived service encounter as well as the company's incommensurate response may fail to meet the customer's expectation. According to Keaveney (1995), service failure and failed service recovery are among the leading causes of customer switching behavior for service providers. The notion of relationship quality and service recovery as discussed is conceptualized in terms of equity theory.

# 2.3. Equity Theory

According to Oliver (1989) consumer equity involves multiple input and outcome and the concept of equity. This has been defined as a fairness, rightness, or deservingness comparison to other entities, whether real or imaginary, individual or collective, person or non-person (Oliver, 1997). Equity works according to two stages of process. Firstly, each person's input and outcome is compared separately then the result of the first stage is compared across persons (Oliver, 1989). Thus, equity theory includes social comparison theory which is used by individuals to compare their outcome (input) with those of their co-workers (Carrell &Dittrich, 1978).

In a sales setting, consumer input involve money, time, effort, while consumer outcome involves products/services, brand image/ prestige, after sales service, and service environment (Oliver, 1997). Apart from using an input/outcome comparison, Carrell and Dittrich (1978) proposed a net balance measurement approach to assess fairness in equity theory. This approach allows individuals to use an internally derived standard for comparison. And according to Carrel & Dittrich (1978), this approach is seen to result in overall feeling of fairness about the relationship of all elements in the original equity input/output model.

The perception of equity is posited as an absolute function of equality of input and output combination, so that either positive or negative equity decreases fairness (Oliver, 1989). Oliver (1989) conceptualized, outcome as a positive element and input as a negative element of fairness when both parties want to maximize outcome and minimize input. In this regard, according to preference hypothesis, one party will be less distressed to a transaction than another party when the first party favors inequity (Adams, 1963; 1965). In other words, preference is any combination of outcome that benefits one party in a situation compared to another party (Messick & Sentis, 1983). Such a view is shared by Weick and Nesset (1969) who found that overcompensation is preferred to under compensation. Thus, as Walster, Walster & Berscheid (1978) argue, equity behavior is motivation to prevent/anticipate one's own search for outcome maximization.

However, according to Carrel et al. (1978), a more rewarding approach to assess perception of equity may be to measure the overall fairness of relationship of input/output ratio of an individual against that of the person compared with. When seen from the perspective of a buyer, equity is a belief that both buyer and salesperson have received sufficient outcome and invested minimum input (Oliver, 1989). Thus in a service context, a customer will form a perception of fairness by making a balance of the inputs invested and the outcomes received during the interaction and subsequently this will be traded off against the inputs and outputs of the service provider (De Ruyter, 2000). Consequently, customers perceive higher equity (positive inequity) when they receive relatively more outcomes than the service provider (Oliver, 1989). On the other hand, customers perceive lower equity (negative inequity) when they receive relatively less outcome than the service provider (Oliver, 1989). As a result positive inequity is thought to enhance satisfaction (Brockner & Adsit, 1986) and negative inequity is thought to result in distress, resentment, and vindication (Austin & Walster, 1974; Walster et al., 1974).

Research findings have revealed that equity theory is valuable in explaining recovery satisfaction (Smith et al., 1999; Tax et al., 1998). As Hoffman & Kelley (2000); and Maxham (2003) pertinently pointed out, consumers often perceive an inequity following service failure and they are more likely to engage in equity evaluation in the redress stage. Thus, individuals who perceive themselves as being in an inequitable situation will seek to reduce this inequity through a number of strategies such as cognitive distortion of input and/or

outcome, directly altering input and/or outcome and switching/leaving a service provider/organization (Carrell & Dittrich, 1978). Similarly, as Lapidus & Pinkerton (1995) note, when there is a failure in service, most customers will face a situation of negative inequity and will attempt to restore equity with post purchase behavior, such as complain, word-of-mouth communication, decreasing customer loyalty and repurchase intention. Thus, given the service recovery action is activated to increase customer's perception of equality or establish positive inequity in order to generate positive word of mouth, increase customer loyalty and repeat purchase.

At this point it is pertinent to note that in marketing literature, the terms fairness and equity are often used interchangeably. As Cook & Messick (1983); Jasso (1980) pointed out, scholars argue that fairness is almost synonymous with equity in that it explicitly implies a form of distributive justice. However, as other scholars have noted, the notion of equity or justice is not only limited to distributive justice as when customers evaluate overall fairness, not only do they focus on perceived fairness of outcome they received (distributive justice) but also on perceived fairness of procedure used to produce outcome (procedural justice) (Conlon & Murray, 1996; Palmer, Beggs & Koewn-McMullan, 2000), and perceived fairness of interaction which emphasizes the manner in which the process is executed and information is communicated to customers by service providers (interactional justice) (Seiders & Berry, 1998; Smith et al., 1999; Tax et al., 1998).

The importance of perceived justice which forms the basis of fairness or equity in interactional situations is underlined by the fact that research across several disciplines have revealed that concept of justice is very useful in describing peoples' response to negative experience (Goodwin & Ross, 1992; Lind & Tyler, 1988). Moreover, literature on social justice suggests that satisfaction is connected to justice evaluation involving several conflict situations (Crosby, Evans & Cowles, 1990; Messick & Cook, 1983). It follows, therefore that as Tax et al. (1998) and Clemmer and Schneider (1996) suggest, perceived justice is a good parameter that can effectively measure the dynamic process of service recovery because it is widely recognized that customer satisfaction to complaint handling results from customer evaluation of the three components of perceived justice which are distributive, procedural and interactional justice.

Distributive justice refers to the evaluation of fairness of reward distribution that results from a service interaction. In other words, distributive justice is what a customer receives as a result of service recovery effort (Hoffman & Kelley, 2000; McColl-Kennedy & Sparks, 2003). Thus distributive justice refers to the perceived fairness of outcome of a dispute, negotiation, or decision between two or more parties (Blodgett et al., 1997). The evaluation of distributive justice is based on justice expectation and social comparison. Justice expectation is formed by past service interaction experience or the prevailing norm (Molm, 2006) while social comparison refers to a theory of exchange which argues that participants compare their outcome (input) to those of others (Adams, 1965; Homans, 1974). Thus in the context of complaints, it is posited that customers will compare their outcome and input, such as effort, time, and resources required to make the complaint to the ratio of tangible outcome, such as refunds, discounts and coupons obtained. If customers perceive the outcome to be unfavorable, they tend to have feelings of unfairness (Dos Santos & Fernandes, 2008) and vice versa. The importance of distributive justice is evident from empirical researchs that have shown that distributive justice-related recovery efforts were effective in reducing post complaint behavior (Blodgett et al., 1997). However, in the view of some scholars the theory of exchange should be seen from the overall perspective of the cognitive process of comparison between just outcome and actual outcome (Berger et al., 1972; Jasso, 1980).

Procedural justice refers to an individual's perception about the fairness of formal procedures that govern decision making. It focuses on the structural aspect of fair procedural practices such as process control and opportunities for voice as the major determinants of fairness perception (Thibaut & Walker, 1975). A procedure is fair if it is consistent, unbiased, impartial, representative of all parties' interest and is based on accurate information and ethical standards (Leventhal, Karuza, & Fry, 1980). Some of the important aspects of structural considerations related to service recovery are waiting time, accessibility, process control, flexibility, decision control, response speed and responsibility (Blodgett et al., 1997; Clemmer, 1993; McColl-Kennedy & Sparks, 2003; Tax et al., 1998; Thibaut & Walker, 1975). The speed of response in service recovery reflects timeliness, responsiveness and convenience of complaint handling process (Blodgett et al., 1997) and it is one of the important dimensions of procedural justice (Blodgett, Hill, & Tax, 1997; Clemmer & Schneider, 1996; Tax, Brown, & Chandrashekaran, 1998).

It is interesting to note that, generally, customers would feel less dissatisfied with unfavorable outcomes when they perceive the procedure to be fair (Lind et al., 1988). In this regard, Leventhal (1980) identified the role of six components used by individuals to evaluate procedural fairness. In addition, scholars have expanded the criteria of procedural justice by including formal decision making such as consistency, neutrality and voice (Molm, 2006). Thus, procedural justice is meaningful because it aims to resolve conflicts ways that encourage continuance of long-term relationship between disputants (Folger, 1987; Greenberg, 1990).

Interactional justice refers to the manner in which the service employees deal with and communicate with consumers during recovery episodes (McColl-Kennedy & Sparks, 2003). Interactional justice is made up of six elements, which are honesty, politeness, empathy, effort, offer of an explanation and apology (Clemmer, 1988; Tax et al., 1998; Mattila, 2006) and the violating of these six elements of interactional justice in service delivery or in service recovery action will decrease a customer's perceived fairness and vice versa. As Clark et al. (2009) revealed, interactional fairness has a significant influence on post recovery satisfaction which results in a better quality of customer-service provider relationship. For instance, customers who receive impolite responses to complaints would believe that they have been treated unfairly (Goodwin & Ross, 1989) and consequently, this would impact negatively on customer-service provider relationship.

Thus, in order to ensure customers do not have a sense of perceived injustice in interactional situations, it is necessary for service providers to implement and follow certain procedures. Firstly, service employees should be trained to be sincere in handling complaints since as Mohr & Bitner (1995) note, sincere efforts displayed by employees in service encounters may influence customer evaluation of interaction quality. Secondly, service employees should as far as possible, provide customers with a causal account, that is, explanation for a failure, because as Schlenker (1980); Garrett and Libby, (1973); Leventhal et al., (1969); and Reis & Mims, (1982) point out, it can mitigate the situation as it can reduce/eliminate the perception of customers that a failure is intentional. Thus when service providers do not provide an explanation for improper action/service failure it would undermine the feelings interactional fairness (Bies & Moag, 1986). On the other hand, the provision of an explanation for service failure (Hart, Heskett & Sasser, 1990; Kelley, Hoffman, & Davis, 1993) as an apology has important implications for the quality of interpersonal interaction during complaint handling and has been associated with customer's perception of interactional justice (Blodgett, Hill, & Tax, 1997; Clemmer & Schneider, 1996; Goodwin & Ross, 1989; 1992; Greenberg, 1990).

While all three elements of perceived justice that is distributive, procedural and interactional are important in any relationship marketing scenario, nevertheless, different researchers and scholars have different views regarding their relative importance. For instance, Tax et al.(1998) and Blodgett et al. (1997) revealed that the effect of interactional justice on customer satisfaction regarding the way a complaint is handled is somehow greater in magnitude than the effect of distributive and procedural justice. On the other hand, Kumar et al. (1995) found that procedural fairness has a stronger effect on relationship quality even if the effect is mediated by the outcome of the given alternatives and environmental factors. In addition, according to Smith et al. (1999) effective service recovery can produce "service recovery paradox" in which post recovery satisfaction is higher than pre-failure satisfaction level.

However, regardless of such views, it is the general consensus of researchers and scholars that perceived justice plays a crucial role in determining the quality of customer-service provider relationship. For instance, in the restaurant industry, it has been found that distributive, procedural and interactional justice have a positive effect on post recovery satisfaction with the service provider and ultimately, the quality of customer-service provider relationship (Clark et al., 2009). In addition, research have revealed that satisfaction with complaint handling serves as a central mediator which links perception of fairness to post-complain handling behaviors and attitudes (Tax et al., 1998) and that there is a significant positive effect of service recovery effort on customer loyalty and repurchase intention (DeWitt & Brady, 2003; Dube & Maute, 1996; Halstead & Page, 1992; Mattila, 2001; Maxham, 2001; Swanson & Kelley, 2001; Tax et al., 1998). Last but not least, research have also revealed that the ability of service providers to deal effectively with complaints and failures has a strong impact on financial performance (Johnston, 2001) and relationship quality (Maxham & Netemeyer, 2002; Tax et al., 1998).

# 2.4. Customer Listening Ability

According to Castleberry & Shepherd (1993), customer listening is a cognitive process that actively senses, interprets, evaluates and responds to verbal and non verbal messages from potential customers and existing ones. To Lewis & Reinsch (1988), listening refers to a set of interrelated activities which include careful attention, verbal behavior, nonverbal behavior, perceived attitude, memory and behavioral response. Customer listening is an important tool in personal selling. Compared with other promotion tools, personal selling is one of the most flexible marketing communication tools because it can be modified and adjusted according to the relevant information that is needed by existing and potential customers. For instance, sales personnel are able to utilize the unique strengths of personal selling by adapting the message to suit the style and characteristics of customers. However, the successful adaptation depends on the ability of a salesman to listen to and evaluate the messages from customers. A good listener will understand the needs and wants of his/her customers and will be able to respond appropriately to the needs and wants of customers. This in turn has enabled the potential adaptation of personal selling to be exploited resulting in the emergence of cross-study research on the listening ability of salesmen (Hutcheson & Susana, 2003). The listening ability of salesman is

often referred to as adaptive selling behavior (Spiro & Weitz, 1990). This strategy is also required by service employees, for example, bank employees, in order to meet or exceed customer expectations because bank employees would be able to explore deeper the preferences of bank customers and then provide them with the customizes products/services.

While, there is no consensus regarding the components of listening, nevertheless, research in the area of personal selling (Castleberry et al., 2004; Ramsey & Sohi, 1997; Drollinger & Comer, 1997) has placed listening as a higher order construct that consists of three components, that is, sensing, processing and responding. Similarly, Anderson & Martin (1995) in their research identified attentiveness, perceptiveness, and responsiveness as the three components.

Custoer listening is defined not only as an activity to receive and pay attention to stimuli, both verbal and non verbal comments, from potential buyers during the sales process but also includes the activity of processing those stimulation actively and subsequently providing the appropriate response (Shepherd et al., 2005). Such a view is reflected in the work of Anderson & Martin (1995) on the listening component of attentiveness and perceptiveness. Attentiveness illustrates to what extent customers receive verbal and non verbal cues from service employees during interactions. In this regard, attentiveness of bank employees refers to the extent to which bank employee express positive verbal and non verbal cues during service interaction. Meanwhile perceptiveness is defined as efforts made by the listener to give meaning to the verbal and non verbal stimuli delivered by customers. In the case of bank employees, perceptiveness refers to the efforts of bank employees in understanding and interpreting the verbal and non verbal stimuli from customers. These efforts involve employee activities such as not interrupting customers, trying harder to understand what customers are saying, paraphrasing customer messages and asking for more detail (Ramsey & Sohi, 1997).

On the other hand, the responding component of customer listening ability includes activities such as sending a message back to the buyer, obtaining additional information, confirming and answering questions raised by buyers (Shephard et al., 2005). In other words, responding is feedback given by the salesman to the buyer (Shepherd et al., 2005). This is in line with the opinion of Anderson and Martin (1995) who said that feedback from a salesman is needed by customers to ascertain whether the message sent has been received, interpreted and evaluated in a timely manner by a salesman.

Research on listening ability has revealed that effective listening skills lead to greater trust and long term relationships between customers and service providers. For instance, Swan & Oliver (1991) found that salesmen who succeeded in listening to customer needs and tried to fulfill them appropriately would be more entrusted than salesmen who did not. Similarly, empirical studies within the context of sales management conducted by Ramsey & Sohi (1997) indicate that there is a positive relationship between listening ability of salesmen and customer trust while Comer & Drollinger (1999) found that salesmen who had a higher ability to listen to customers had a greater chance to develop and maintain a longer relationship with customers Furthermore, they argue that the relationship built will result in higher customer satisfaction.

# 2.5. Customer Listening Ability And Perceived Justice

The primary purpose of customer listening ability is to encourage service employees to improve customer experience in service encounters. In a service recovery context, the attentive component of customer listening ability will allow the service employees to better understand customer problems. In addition, nonverbal behavior such as body language, facial expression and eye contact during a service encounter (complaint handling) will most probably induce positive emotions in a customer and hence positive evaluation of service encounter (Pough, 2001; Grandey, 2002). The positive experience of interaction produced by the attentive ability of service employees during service recovery should be better than that experienced by a customer during service failure. It would serve to mitigate the poor quality of interaction during service failure and therefore it would increase perceived interactional justice on the part of a customer. Thus by paying careful attention to complaints regarding service failure, not only would service providers be able to identify the cause/s of failure but also be able to take the appropriate action to ensure that the failure/s do not occur again. In this way the service provider would also be able to enhance perceived procedural justice.

The ability to listen attentively to customer complaints refers to the perceptive component of customer listening which is a cognitive process in which service employees give meaning to the message and determine its importance (Ramsey & Sohi, 1997). The perceptive ability of service employees is reflected in such efforts as not interrupting customers while they are speaking, trying harder to understand what customers are saying, paraphrasing the customers' message and asking for more details (Ramsey & Sohi, 1997). The successful implementation of perceptive ability will allow service employees to understand better the customer's problem and hence improve the quality of interaction. In addition, the sincere efforts of service employees to evaluate and assess customer complaints might enhance interpersonal interaction and lead to an increase in perceived interactional justice.

The responding component of customer listening ability refers to the behavioral response to customer question/problem and serves to inform, control, share experience and ritualize (Ramsey & Sohi, 1997). The behavioural responses of service employees are, for example, answering questions at the appropriate time, offering relevant information to questions asked, eagerness to respond and answer questions in complete sentences rather than just giving simple answers like yes/no (Ramsey & Sohi, 1997). The successful implementation of response behavior will allow service employees to give appropriate answer/solution to customer question/problem. Thus, appropriate service employee response to customer complaint should generate favorable outcome which can enhance perceived distributive justice. In addition, sincere effort in resolving customer problem will enhance interpersonal interaction which can lead to improve perceived interactional justice. Furthermore, appropriate employee response to customer complaint is reflected by timeliness and responsiveness of service providers in solving customer problems and would most likely enhance perceived procedural fairness.

# 2.6. Customer Listening Ability And Relationship Quality

Researches on relationship marketing have revealed that customer listening ability has a significant influence on customer satisfaction (Aggarwal et al., 2005). According to Comer and Drollinger (1999) service employees who exhibit superior listening abilities are more likely to develop and maintain a long-term relationship with their customers based on higher customer satisfaction. Similarly, Ramsey and Sohi (1997) point out that when customers perceive that service employees listen to what they are said and respond appropriately, they may feel that their interpersonal need of inclusion, control and affection are being fulfilled and hence they are more likely to be satisfied. While Cragan and Wright (1991) argue that when service employees listen respectfully to their customers, it would lead to the fulfillment of customer needs. In addition, a person with superior listening ability can pick up verbal and non verbal cues better and therefore will be in a better position to modify his/her message accordingly (Aggarwal et al., 2005). It is also important to note that customer listening ability has at least three different aspects, that is, attentiveness, perceptiveness and responsiveness that collectively contribute to a customer's feeling of satisfaction (Anderson & Martin, 1995).

The attentive ability of a service employee manifests itself in the expression of positive verbal and nonverbal behavior which can enhance positive customer experience in service encounters. For instance, when service employees listen and respond appropriately and at the same time maintain eye contact with customers, customers are made to feel that service employees have their welfare at heart and thus customers feel trust. As research have revealed, the display of positive emotions by service employees can induce positive emotions of customers (Grandey, 2002; Pough, 2001). This implies that effective attentive ability produces positive emotions in customers which then enhances customer satisfaction. Indeed from the perspective of "service recovery paradox" (McCollough & Bharadwaj, 1992), it is argued that attentive ability during recovery action probably produces higher customer satisfaction compared to pre recovery situations. Thus, it is not surprising that researchers argue that customer satisfaction after effective recovery action is very essential for maintaining long-term relationship and enhancing retention rate (Reichheld, 1993; Kelley et al., 1993; McCollough & Bharadwaj, 1992). In summary, attentive ability helps to decrease perceived uncertainty in service consumption and increases customer trust which can lead to long-term relationship.

On the other hand, perceptive ability encourages service employees to facilitate customer complaints by understanding better what customers are saying, not interrupting customers while they are speaking and paraphrasing customers' questions and asking for more details (Ramsey & Sohi, 1997). By exhibiting perceptive ability in listening to customers, service employees are showing that they are genuinely interested in solving the problems of customers. As such, perceptive ability during service recovery action can reduce uncertainty in service consumption and increase customer trust.

In terms of response ability, it refers to the ability of service employees to take the appropriate recovery action such as answering questions at the appropriate time, giving relevant information to the questions asked, answering questions fully instead of just giving yes/no answers and eagerness to answer questions (Ramsey & Sohi, 1997). Thus, during the recovery process, the response ability of service employees would effectively improve the quality of interaction and produce positive customer emotions which can lead to higher satisfaction. In addition, appropriate responses received by customer during recovery action most probably induce customers' belief about perceived credibility and benevolence of service employees. Therefore, response ability during service recovery most probably reduces perceive uncertainty in service consumption and increases customer trust. As Farrant (1996) points out, in order to build trust with customers, service employees need to listen to their customers. Thus, when service employees use effective listening skills when interacting with customers, they would be able to develop rapport and trust with their customers as customers would feel that the service employees are genuinely interested in their problems (Moine, 1982; Swan & Oliver, 1991).

# 2.7. Perceived Justice Of Service Recovery And Relationship Quality

As mentioned earlier, it is the general view of researchers that effective service recovery action tends to produce a higher quality of interaction and hence customer satisfaction and trust compared to pre service recovery context. This implies that not only will effective recovery action enhance customer satisfaction, but also when customer perception of interactional justice is enhanced, customers' satisfaction will also be enhanced. As Tax et al. (1998) and Aurier (2007) have highlighted, researches findings reveal that interactional justice has a significant influence on customer satisfaction and customer trust. In other words, since satisfaction and trust are components of relationship quality, it can be assumed that interactional justice might enhance the relationship quality between customer and service provider. In addition, genuine and sincere interaction in service recovery can engender customer belief about reliability and benevolence of service employees. As a consequences perceived interactional justice most probably reduce customer uncertainty and increase customer trust.

As mentioned earlier, perceived interactional justice refers to customers' perception of the quality of interaction with service employees in terms of whether the interaction meets or exceeds expectations. From the perspective of a equity theory, perceived distributional justice is explained in terms of customers comparing input, that is time, effort, money and convenience that they allocated in an interaction with outcome that they obtained from service providers. Thus when customers perceive an unfavorable result from this comparison, they tend to have feeling of unfairness (Dos Santos & Fernandes, 2008) and vice versa. In this regard, perceived distributive justice come up when customers receive outcome that is commensurate with their input (Sindhav et al., 2006).

Service providers can enhance customer satisfaction in service recovery by improving customers' perception of distributive justice. The importance of doing so is evident in many research findings that reveal that not only does perceived interactional justice have a significant effect on customer satisfaction but also that when service providers offer tangible outcome, for instance, refunds, discounts, vouchers or free meals as compensation for core service failure, it would enhance customer perception about distributional justice (Homburg & Furst, 2005; Karatepe, 2006; Maxham & Netemeyer, 2001, 2002; Smith & Bolton, 1998). Since satisfaction and trust are components of relationship quality, it can be assumed that distributional justice might be enhance relationship quality between customer and service provider.

Service failure can result from procedures or decisions made by service providers which are unfair to customers and have an impact on perceived procedural justice. In order to enhance customers' perception of procedural justice, service providers should improve procedures and decision making processes when resolving customer problems. This would enhance perceived procedural justice which can lead to customer satisfaction (Aurier, 2007; Goodwin & Ross, 1989; Smith, 1999). Since satisfaction and trust are components of relationship quality, it can be assumed that procedural justice might enhance relationship quality between customer and service provider.

# 2.8. Relationship Quality And Customer Loyalty

Of all the outcomes associated with relationship quality, customer loyalty is the most important outcome of relationship quality (Crosby, Evans & Cowles, 1990; Chen et al., 2008; Wong et al., 2007). Its importance is reflected in the fact that a high relationship quality generates loyal customers which is essential for company growth and profitability (Lam et al., 2004; Rust et al., 2000; Reichheld & Teal, 1996). This is so, because loyal customers generate a steady stream of revenue through repeat purchase, increase sales volume, increase frequency of purchase, and cross selling. Apart from this, loyal customers also actively perform other positive actions such as positive word of mouth, recommending products or services to friends or relatives and offering advises to other customers (Wong et al., 2008; Macintosh, 2007). This advocacy behavior of customers is very essential in generating new relationships from potential customers.

# 2.9. Proposed Model Of Perceived Justice In Service Recovery

As mentioned earlier this article attempts to propose a relationship quality model by investigating the role of customer listening ability and perceived justice in service recovery and assess their effect on relationship quality directly and on loyalty indirectly. Besides assessing the effect of customer listening ability on relationship quality directly, this model also assesses the indirect effect of it on relationship quality when it is mediated by perceived interactional justice. The framework of the proposed integrative model is presented in Figure 1:

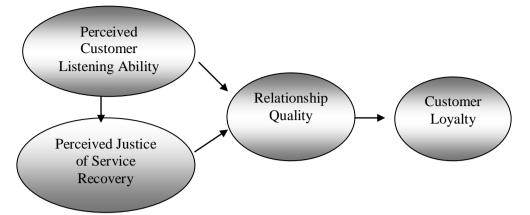


FIGURE 1. The role of customer listening ability and perceived justice in service recovery action and their implication for relationship quality and customer loyalty: A literature study

# 2.10. Hypothesis

The following hypotheses are proposed to test the validity of the model via survey using bank customers as respondents.

H1. Customer listening ability has a significant effect on relationship quality.

H2. Perceived justice in service recovery has a significant effect on relationship quality.

H3. The nexus of customer listening ability on relationship quality is mediated by perceived justice.

H4. Relationship quality has a significant influence on customer loyalty.

#### III. Conclusion

This proposed model emphasizes the important role of customer listening ability in improving perceived justice and in enhancing relationship quality and customer loyalty under service recovery setting. Customer listening ability is increasing becoming more important in service recovery situations since it can facilitate complaint handling through a systematic approach that requires service employees to be attentive, evaluative and responsive to customer problems/complaints. This systematic approach of customer listening ability then will improve customer evaluation of service interactions which can lead to a high level of perceived justice. In addition the systematic approach applied to the process of customer listening would hopefully provide useful and appropriate strategies to solve service problems; enhance the credibility of service providers; enable service providers to meet or exceed customer expectations and last but not least enhance customer trust and satisfaction. In practical terms, this model would provide more insight for service providers, especially on how to encourage and promote the strategic role of service employees by implementing customer listening ability in service recovery process. In addition, this model could be used by service providers to develop training programs and modules to increase service employee competency in service recovery process.

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