Service Recovery's Influence on Complainant Attitudes and Intentions: A Perceived Justice Framework.

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SERVICE RECOVERY'S INFLUENCE ON COMPLAINANT ATTITUDES AND INTENTIONS: A PERCEIVED JUSTICE FRAMEWORK

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

Business Administration

by

James G. Maxham, III
B.S.B.A., Western Carolina University, 1990
MBA, University of South Florida, 1992
August 1998
DEDICATION

I would like to dedicate this dissertation to my chairperson, Dr. Richard G. Netemeyer, without whom this research would not exist. During the past three years, Rick has been an exceptional mentor. Through Rick's example, I learned a lot about drive, work ethic, dedication, critical thinking, conceptualization, practicality, integrity, and character. Rick taught me the skills necessary to begin and complete this dissertation in a timely manner. Additionally, Rick provided prompt, insightful comments throughout the dissertation process, which helped me quickly progress toward my goal of completing a quality dissertation.

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TABLE OF CONTENTS

DEDICATION ........................................................................................................................iii

ACKNOWLEDGMENTS ........................................................................................................... iv

LIST OF TABLES ................................................................................................................... x

LIST OF FIGURES ................................................................................................................. xii

ABSTRACT ..............................................................................................................................xii

CHAPTER 1: INTRODUCTION .............................................................................................1
DISSERTATION OVERVIEW ...............................................................................................2
  Service Recovery .................................................................................................................. 2
  Perceived Justice .................................................................................................................. 3
  Satisfaction ........................................................................................................................... 4
  Positive Word-of-Mouth ...................................................................................................... 5
  Purchase Intentions .............................................................................................................. 6
PROPOSED METHODOLOGY ............................................................................................. 7
  Structural Equation Modeling ............................................................................................. 7
  Proposed Samples and Procedures ...................................................................................... 8
ANTICIPATED RESEARCH CONTRIBUTIONS ........................................................................ 11

CHAPTER 2: LITERATURE REVIEW .................................................................................. 13
INTRODUCTION .................................................................................................................... 13
  Service Recovery .................................................................................................................. 13
  Equity Theory ....................................................................................................................... 15
    Perceived Justice ................................................................................................................. 16
    Operationalization of “Referent Other” Comparisons .................................................... 17
    Perceived Justice Inputs ..................................................................................................... 19
    Perceived Justice versus Disconfirmation ...................................................................... 20
  Distributive Justice ............................................................................................................ 23
  Procedural Justice ............................................................................................................... 24
  Interactional Justice ............................................................................................................. 24
  Satisfaction ............................................................................................................................ 26
  Positive Word-Of-Mouth ..................................................................................................... 28
  Purchase Intentions .............................................................................................................. 29
PROPOSED MODEL AND HYPOTHESES ........................................................................... 30

CHAPTER 3: PILOT STUDY ............................................................................................... 35
INTRODUCTION ...................................................................................................................... 35
  Pilot Study Overview .......................................................................................................... 35
  Sample and Field Study Procedures .................................................................................. 36
  Time One Measures .......................................................................................................... 37
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHAPTER 4: DEVELOPMENT AND EVALUATION OF THE PRETEST MEASUREMENT SCALES</td>
<td>46</td>
</tr>
<tr>
<td>DISSERTATION PRETEST OVERVIEW</td>
<td>46</td>
</tr>
<tr>
<td>Sample and Procedures</td>
<td>46</td>
</tr>
<tr>
<td>Sample One: New Home Warranty Service Scenario</td>
<td>46</td>
</tr>
<tr>
<td>Sample Two: Banking Service Scenario</td>
<td>47</td>
</tr>
<tr>
<td>Time One (Pre-Failure) Measures</td>
<td>49</td>
</tr>
<tr>
<td>Time Two (Post-Failure) Measures</td>
<td>49</td>
</tr>
<tr>
<td>Time Three (Post-Recovery) Measures</td>
<td>50</td>
</tr>
<tr>
<td>Measure Purification</td>
<td>51</td>
</tr>
<tr>
<td>Seven-Factor Measurement Model (29 Items)</td>
<td>54</td>
</tr>
<tr>
<td>Internal Consistency</td>
<td>55</td>
</tr>
<tr>
<td>Discriminant Validity</td>
<td>55</td>
</tr>
<tr>
<td>Five-Factor Measurement Model</td>
<td>62</td>
</tr>
<tr>
<td>Discriminant Validity</td>
<td>63</td>
</tr>
<tr>
<td>An Alternative Model</td>
<td>66</td>
</tr>
<tr>
<td>Pretest Summary</td>
<td>67</td>
</tr>
<tr>
<td>CHAPTER 5: MAIN DISSERTATION STUDIES</td>
<td>69</td>
</tr>
<tr>
<td>STUDY ONE</td>
<td>69</td>
</tr>
<tr>
<td>Sample and Procedures</td>
<td>69</td>
</tr>
<tr>
<td>Time One (Post Service Failure)</td>
<td>69</td>
</tr>
<tr>
<td>Time Two (Post Service Recovery)</td>
<td>70</td>
</tr>
<tr>
<td>Time Three (Two weeks post service recovery)</td>
<td>71</td>
</tr>
<tr>
<td>Measures</td>
<td>72</td>
</tr>
<tr>
<td>Time One (Post-Failure) Measures</td>
<td>73</td>
</tr>
<tr>
<td>Time Two (Post-Service Recovery) Measures</td>
<td>74</td>
</tr>
<tr>
<td>Time Three (Two Weeks Post-Recovery) Measures</td>
<td>74</td>
</tr>
<tr>
<td>Measure Purification</td>
<td>75</td>
</tr>
<tr>
<td>Seven-Factor Measurement Model (24 Items)</td>
<td>79</td>
</tr>
<tr>
<td>Discriminant Validity</td>
<td>79</td>
</tr>
<tr>
<td>Internal Consistency</td>
<td>80</td>
</tr>
<tr>
<td>Structural Model Results</td>
<td>81</td>
</tr>
<tr>
<td>Model Fit</td>
<td>81</td>
</tr>
<tr>
<td>Path Hypotheses</td>
<td>81</td>
</tr>
<tr>
<td>Path Results and Explained Variance Estimates (R²)</td>
<td>85</td>
</tr>
<tr>
<td>Relative Perceived Justice Influences</td>
<td>87</td>
</tr>
<tr>
<td>STUDY TWO</td>
<td>88</td>
</tr>
<tr>
<td>Sample and Procedures</td>
<td>88</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

1. Measurement Model Estimates: Pilot Study .................................................................40
2. Seven-Factor Measurement Model Estimates: Pretest Study .................................53
3. Seven-Factor 29-Item Measurement Model Phi Correlation Matrices .......................56
4. Transaction-Specific Satisfaction and Overall firm satisfaction Model Comparisons ........................................................................................................58
5. Procedural and Interactional Justice Model Comparisons ...........................................59
6. Five-Factor, Seven-Factor, and One-Factor Measurement Model Estimate Comparisons: Pretest Study............................................................................................62
7. Five-Factor 24-Item Measurement Model Phi Correlation Matrices ..........................64
8. Measurement Model Estimates: Main Study One (Bank Sample) .............................78
9. Structural Model Results (Study One) ..........................................................................85
10. Measurement Model Estimates: Main Study Two (Home Sample) .........................97
11. Structural Model Results (Study Two) ........................................................................100
LIST OF FIGURES


2. Alternative Five-Construct Service Recovery Model .................................................68

ABSTRACT

I conducted two field studies (one in the banking industry, n = 692, and one in the new home industry, n = 339) that examined service recovery’s influence on complainant perceptions of perceived justice (i.e., distributive, procedural, and interactional justice), satisfaction (i.e., transaction-specific satisfaction and overall firm satisfaction), and intentions (i.e., word-of-mouth intent and purchase intent). The studies assessed these perceptions over multiple time periods (i.e., post failure, post service recovery, and two weeks subsequent to service recovery) to better capture the perceptions as they form over time. The dissertation uses an equity theory framework in a service recovery context, where the model tests the direct influence that justice may have on both transaction-specific and overall satisfaction with a failing firm. The model then posits that satisfaction perceptions directly influence one’s propensity to recommend a firm, as well as repurchase in the future. The model asserts that perceived justice best explains positive word-of-mouth and purchase intentions indirectly through satisfaction.

Across the two studies, the model explained 38 to 45 percent of the variance in transaction-specific satisfaction; 40 to 44 percent of the variance in overall firm satisfaction; 34 to 38 percent of the variance in word-of-mouth; and 32 to 36 percent of the variance in purchase intent. The results support the assertion that distributive justice is more influential in forming transaction-specific perceptions, while procedural justice is more influential in forming overall perceptions (Lind and Tyler 1988; McFarlin and Sweeney 1992). The results also suggest that consumers may view product and service failures differently. Specifically, consumers who experience product failures may be
most concerned about distributive justice (compared with procedural and interactional justice). Consumers experiencing service failures, alternatively, seem to not only expect distributive justice, but also expect higher levels (relative to those experiencing product failures) of procedural and interactional justice. Lastly, the data here suggest that transaction-specific satisfaction is the best route to positive word-of-mouth recommendations, while overall firm satisfaction is the best route to future purchase intentions.
CHAPTER 1: INTRODUCTION

Service failures are likely to occur at some time. Regardless of the precautions set forth to ensure proper service delivery, even firms that typically display exceptional service are prone to some degree of service failure (Bitner, Booms, and Tetreault 1990; Bitner, Booms, and Mohr 1994). Given this service failure, a firm’s response can be interpreted as falling into two broad categories: 1) one which is viewed by customers as unfair; and 2) one which fosters perceptions of fairness among customers (Folkes 1984; Folkes and Kotsos 1986). When a failure occurs, and the service recovery effort is perceived to be unfair, a current customer may choose to exit the dyadic relationship and purchase elsewhere. An exit by current customers can produce an undesirable position for the firm, since some researchers estimate that it costs much more (up to five times as much) to win a new customer than it costs to retain a current customer (Hart, Heskett, and Sasser 1990). It has also been estimated that improving a firm’s customer retention rate by 20 percent can be equal to decreasing costs by 10 percent (Power 1992). One method of enhancing a firm’s customer retention involves properly responding to service failures. However, despite the cost and profitability benefits of retaining current customers, very little research has been conducted on the topic of recovering from service failures (Smith, Bolton, and Wagner 1998; Kelley and Davis 1994).

The purpose of this dissertation is to examine service recovery’s influence on consumer perceptions of fairness, satisfaction, behavioral intentions, and propensity to spread positive word-of-mouth. This Chapter first offers a brief overview of the literature that provides the foundation for the model proposed in this dissertation. Next, the author proposes a research design to operationalize the model over three samples and three
different good/service types. Lastly, a discussion of the dissertation's anticipated contributions is offered.

**DISSERTATION OVERVIEW**

**Service Recovery**

Despite valiant quality efforts, firms are still prone to some degree of failure. Failures here refer to any product- or service-related breakdown in performance. For example, delayed airplane flights, incorrect bank account balances, and slow restaurant service may all constitute service failures. Likewise, product failures may include automobile breakdowns, incorrectly cooked food items, and outdated grocery purchases. Given the myriad of possible good/service failures, it seems reasonable that consumers do not perceive all failures equally. Some researchers suggest that failures occurring in the beginning of a buyer-seller relationship will have a greater influence on consumer evaluations, as these consumers have fewer experiences on which to base their judgment (Boulding et al. 1993; Kelley and Davis 1994). Others claim that some mistakes are perceived as being more serious than others (Davis et al. 1994). That is, receiving the wrong size soft drink is trivial when compared to an automobile failure resulting in physical injury.

Given that failures are bound to occur, firms could potentially benefit from learning how to correctly recover from these failures. This recovery effort may prove most significant in maintaining customer loyalty. In a DDB Needham/Harris survey, both corporate executives and consumers rated "complaint handling" as a primary factor that influences consumer attitudes and behavior (Marketing News 1995). Such "complaint handling" attempts to rectify consumer-perceived failures fall into the
category of "service recovery." Service recovery here refers to the process by which firms attempt to rectify a service- or product-related failure. Regardless of whether a failure is attributed to the product or service, the recovering firm will likely employ its "service" function to some degree to competently address the failure. This dissertation is concerned with consumers' response (in terms of fairness, satisfaction, purchase intentions, and positive word-of-mouth) to various service failures and recoveries. This response may be due in part to one's perceptions of "justice" in service recovery (Seiders and Berry 1998).

**Perceived Justice**

Grounded in Equity theory (Adams 1963), perceived justice refers to one's fairness perceptions. That is, perceived justice is operationalized here as the extent to which one feels that he/she has been treated fairly. This notion of fairness is derived by first establishing an input-to-output "equity ratio." Inputs may be defined as the perceived investments one "sacrifices" to obtain a product or service (e.g., time, effort, price, opportunity costs). Conversely, outputs may represent the consumer-perceived "rewards" or "marginal utility" received in an exchange. Once the "equity ratio" is formed, consumers then compare their ratio to some referent other's ratio (e.g., friend, neighbor, fellow shopper, or other complainants). Injustice (justice) arises when consumers feel their ratio is inequitable (inequitable) when compared to the referent others ratio. Several researchers have noted the important role that perceived justice plays in the service recovery process (i.e., Blodgett, Granbois, and Walters 1993; Blodgett, Hill, and Tax 1997; Bitner 1990; Day and Landon 1976; Day, Grabicke,

The extant literature sets forth three distinct types of justice, namely distributive, procedural, and interactional justice. Distributive justice refers to the extent to which the final outcome is perceived as fair (Homans 1961). Procedural justice may be defined as the extent to which the policies and procedures used to achieve the final outcome are perceived as fair (Lind and Taylor 1988; Thibaut and Walker 1975). Interactional justice refers to the extent to which one’s personal interactions with a firm’s employees are perceived as fair (Bies and Moag 1986; Bies and Shapiro 1987). This dissertation employs a justice framework to develop and test a service recovery model. Also, this research examines the relative importance of distributive, procedural, and interactional justice in determining consumer satisfaction judgments.

Satisfaction

The extant literature offers several interpretations regarding satisfaction formation. Some primary themes of satisfaction formation research include: 1) expectations (Oliver 1980; Churchill and Suprenant 1982; Bearden and Teel 1983); 2) overall affect (Westbrook 1980; Westbrook and Reilly 1983); 3) equity (Oliver and Swan 1989; Huppertz, Arenson, and Evans 1978); 4) disconfirmation (Oliver 1980; Tse and Wilton 1988), 5) norms (Woodruff, Cadotte, and Jenkins 1983, 1987); and 6) desires (Spreng et al. 1993, 1996). Each of these perspectives has contributed to our understanding of how consumers derive satisfaction judgements. However, the equity theory perspective seems particularly relevant in a service recovery context, and will be used to conceptualize and test service recovery’s influence on consumer satisfaction.
This dissertation examines how service failures and subsequent recovery efforts impact consumer perceptions of both transaction-specific satisfaction (i.e., satisfaction with the specific service recovery effort) and overall firm satisfaction. Consistent with the equity theory perspective, satisfaction perceptions here are purportedly affected by perceived justice (Oliver and Swan 1989). Given that restoring consumer satisfaction is a primary objective for failing firms, it seems important for these firms to better understand how these perceptions are restored. Thus, this dissertation attempts to model and test service recovery's influence on satisfaction perceptions.

**Positive Word-of-Mouth**

Product/service failures and poor service recoveries can often lead to consumer dissatisfaction. As consumers become increasingly dissatisfied, they are more likely to spread negative word-of-mouth about the failing firm (Barlow and Moller 1996). In particular, research suggests that dissatisfied customers may spread negative word-of-mouth to between eight and ten fellow consumers. Further, one in five angry consumers reportedly communicate their dissatisfactory experience to twenty people (Hocutt, Chakraborty, and Mowen 1997; TARP 1980). Firms that effectively recover from failures can reduce this negative publicity (Kelley et al. 1993; McCollough and Bharadwaj 1992), and possibly even inspire consumers to spread positive word-of-mouth (Blodgett et al. 1993, 1997). Given the importance of positive word-of-mouth, it seems worthwhile to better understand how firms can employ service recovery efforts that yield positive word-of-mouth. Thus, this dissertation conceptualizes and tests a service recovery model leading to positive word-of-mouth.
Purchase Intentions

Consumers will often exit a buyer-seller relationship when they are dissatisfied (Hirschman 1970). Businesses cannot seemingly afford these exits, as it sometimes costs up to five times as much to replace a customer than it does to retain one (Hart et al. 1990). As such, it becomes critical that firms strive for customer retention. One viable predictor of customer retention is one’s purchase intentions. Grounded in the theory of reasoned action (Fishbein and Ajzen 1980), purchase intentions measures one’s intention toward performing a specific future behavior. Several authors have included purchase intentions in their service recovery research (Blodgett et al. 1993, 1997; Goodwin and Ross 1992; McCollough 1995). Given that purchase intentions are desirable service recovery outcomes, this dissertation conceptualizes and tests service recovery’s influence on consumers’ purchase intentions.

In sum, the above overview upholds a general theme. A firm’s service recovery effort may have important implications for levels of satisfaction, purchase intent, positive word-of-mouth, and perceived justice. The next section briefly outlines the methodology proposed to test a service recovery model1.

---

1 The marketing literature as well as conventional wisdom suggests that several variables may moderate a consumer’s post-recovery perceptions regarding the failing firm. This dissertation acknowledges five of these potential moderators, including one’s 1) failure attributions, 2) attitude toward complaining, 3) involvement with the situation, and 4) failure/recovery expectations, and 5) one’s barriers to switch providers. Each of these constructs will be measured in the dissertation, but are not the focus of the main study.
PROPOSED METHODOLOGY

The author proposes two field studies to test the hypothesized service recovery model. This model is shown in Figure 1, and will be discussed in detail in the next chapter. The author develops a survey instrument that strives to capture the structural relationships depicted within the model. Structural equation modeling will be employed to help accomplish this task. The following section describes the proposed method in a bit more detail.

Structural Equation Modeling

The majority of service recovery research utilizes hypothetical scenarios, critical incidence techniques, and lab experimental design research. Though this research has significantly contributed to service recovery's understanding, the "artificial" nature of the designs limits the generalizability of findings (i.e., external validity). Smith et al. (1998) point out that studying service recovery is quite difficult, given that service recoveries are prompted by a service failure. Such a prerequisite has made systematic empirical research challenging to conduct in field studies. There is only one study that attempts to specify a service recovery model outside a controlled lab setting (cf. Blodgett, Granbois, and Walters 1993). The model shown in Figure 1 may help researchers and managers better understand the relative importance of several key variables (both direct and indirect relationships) in explaining a consumer's response to service recovery. To operationalize the model, structural equation modeling (SEM) using LISREL VIII will be used. SEM allows researchers to test several direct and indirect relationships simultaneously (Bollen 1989; Hoyle 1995; Schumacker and Lomax 1996), and "infer" directional relationships between variables. Given that most variables are imperfectly measured, SEM also allows
researchers to examine the extent to which measurement error influences model estimates, offering a more accurate representation of relationships among constructs. Given the advantages of SEM, and the dearth of SEM-related service recovery research, such an analysis would likely contribute to the extant service recovery literature.

**FIGURE 1**

Service Recovery's Influence on Complainant Perceptions of Perceived Justice, Satisfaction, Positive Word-of-Mouth, and Purchase Intentions

The next section discusses the specific samples that the author will employ to test the proposed model. The author provides a brief overview of the sampling procedures, and then summarizes the specific research sites chosen for this dissertation study.

**Proposed Samples and Procedures**

To test the hypothesized model, the author collected two field samples. The purpose of these samples was to examine the service recovery model from diverse perspectives, thus hopefully enhancing the model's generalizability. The author will now
briefly overview these samples and procedures below. A more detailed review is offered in Chapter Four.

The author first collects data regarding the model variables from new homebuyers. Specifically, the author contracted with an industry-leading new home construction, sales, and servicing firm to survey customers subsequent to a service failure and recovery attempt. This sample was collected from new home warranty customers. All new home customers (in this sample) receive a one year warranty, which covers 100 percent of parts and labor pertaining to any construction defects. Although the said firm strives for quality, construction defects are likely to occur (e.g., faulty electric work, appliance failures). When such failures happen, the homebuilder sends qualified technical support representative to the site to resolve the problem.

This data collection involves administering a warranty service questionnaire at three separate time periods: 1) post-failure, 2) immediately following the recovery effort, and 3) two weeks after the recovery effort. More specifically, a “Time One” questionnaire (i.e., post-failure) is distributed to customers when they initiate a complaint. The “Time One” questionnaire attempts to capture consumer perceptions of past satisfaction, past word-of-mouth, past purchase intentions (i.e., prior to this failure), failure attributions, recovery expectations, switching barriers, level of involvement, and one’s attitude toward complaining. A “Time Two” questionnaire (i.e., post-recovery) is distributed immediately following the recovery effort, which attempts to measure both interactional and procedural justice. A “Time Three” questionnaire is then hand-delivered to customers two weeks after the recovery effort. The “Time Three” survey assesses distributive justice, satisfaction (both transaction-specific and overall), purchase
intentions, and word-of-mouth. This data collection occurs across time, which attempts to capture consumer perceptions (i.e., justice, satisfaction, word-of-mouth, purchase intentions, among other measures) as close as possible to their formation. This design hopefully captures a more accurate representation of customer perceptions.

The author collects a second sample from bank customers. In particular, this study focuses on consumers who have actively complained about their banking experience (e.g., incorrect balances, excess service charges, etc.). Similar to the car and home samples, respondents in this study complete three questionnaires, namely one post-failure, one at post-recovery, and one two weeks subsequent to the firm's recovery efforts. Upon complaining, customers receive a questionnaire asking respondents to indicate their opinions regarding the failure. Respondents are given another questionnaire following the service recovery effort, which asks consumers about their interactional and procedural justice perceptions regarding the bank's recovery effort. The third questionnaire is mailed to complainants two weeks subsequent to the recovery effort. Again, the three questionnaires help capture consumer perceptions at the moment of failure and recovery. The data collection (across three time periods) here is consistent with the home warranty and car data collections previously mentioned (i.e., Time One questionnaire assesses past satisfaction, past word-of-mouth, past behavioral intentions, failure attributions, switching barriers, recovery expectations, level of involvement, and one's attitude toward complaining; Time Two questionnaire assesses interactional and procedural justice; and Time Three questionnaire assesses distributive justice, transaction-specific satisfaction, overall satisfaction, word-of-mouth, and purchase intentions).
In sum, with these two samples (i.e., home warranty service and bank services), I attempt to measure the customer’s perceptions of interactional justice, procedural justice, distributive justice, transaction-specific satisfaction, overall firm satisfaction, positive word-of-mouth, and purchase intentions over time periods after the conclusion of the recovery effort. Given the diverse nature of the samples (i.e., variations in involvement/importance, variations among the product—service continuum, and variations in ease of switching, it is hoped that the model’s generalizability will be enhanced.

ANTICIPATED RESEARCH CONTRIBUTIONS

As mentioned, only one field study exists in the service recovery literature (Blodgett et al. 1993). The remaining literature is mostly comprised of experimental design studies, which primarily use contrived/artificial settings and/or student samples to examine service recovery. This dissertation research can contribute to the literature base by: 1) conducting multi-sample field studies that encompasses diverse buying situations and products, as well as “actual” consumer behaviors; and 2) developing and testing (across time) a service recovery model of distributive, procedural, and interactional justice’s relative importance in formulating perceptions of satisfaction, behavioral intent, and positive word-of-mouth. The author will now briefly describe each anticipated contribution.

First, the samples used vary across merchandise type (i.e., products versus services), geographical region (Southern U.S. versus Nationwide), involvement/importance level (low versus high), cost (low versus high), and switching barriers (low versus high). The diverse nature of these samples should provide a better
understanding of service recovery dynamics, as service recovery may play a more
pronounced role in certain situations, while playing a minimal role in others. Therefore,
multiple samples may enhance the model's generalizability, and also offer implications
based on an "actual" failure and recovery, rather than a contrived scenario. The lone field
study in the literature asked consumers to "think back to some failure that occurred in the
past year" (Blodgett et al. 1993). In such a sample, it seems plausible that respondents'
perceptions may have changed over time, and thereby affecting measurement accuracy.
The prompt post-recovery measurement here should contribute to the meaningfulness of
the results, and the "across time" data collection should help capture consumer
perceptions as they occur.

Second, very little work has focused on developing a comprehensive service
recovery model. The SEM approach may contribute by examining potential direct and
indirect effects that help explain a consumer's response to service recovery. The SEM
approach allows the author to test a comprehensive theoretical model, rather than merely
test direct effects (i.e., individual hypotheses). This dissertation, then, examines service
recovery within a theoretical framework that is empirically testable. The research design
allows the author to examine the relative influence of distributive, procedural, and
interactional justice on satisfaction, positive word-of-mouth, and behavioral intent. As
previously mentioned, it seems important to understand when (and why) one perceived
justice dimension may play a somewhat stronger role than other dimensions. Over two
field samples, the design here affords the author an opportunity to contribute insight into
this intriguing research question.
CHAPTER 2: LITERATURE REVIEW

INTRODUCTION

The following chapter discusses the literature relevant to this dissertation. The author first offers a review of service recovery. The author then presents an equity theory framework for the study, which includes distributive, procedural, and interactional justice. Next, the satisfaction, purchase intention, and word-of-mouth constructs are set forth as key service recovery outcomes. A model is then offered that explains the theoretical relationships between service recovery and customer perceptions of fairness, satisfaction, behavioral intentions, and positive word-of-mouth. Last, the author specifies the hypotheses (i.e., paths) relevant to these relationships.

Service Recovery

Although service firms cannot completely eliminate the possibility of failure, they can learn to effectively respond to it (Blodgett, Hill, and Tax 1997). This response, termed service recovery, is defined here as the process by which the firm attempts to rectify a service- or product-related failure (Kelley and Davis 1994). Some researchers suggest that a firm's response to such failure can either reinforce customer relationships or compound the failure (Hoffman et al. 1995; Smith et al. 1998), and it has been estimated that over one-half of service recovery efforts actually exacerbate the problem (Kelley, Hoffman, and Davis 1993). From this stance, it seems conceivable that a poor service recovery can cause consumers to rate the failing firm lower post service recovery than they rated the firm post service failure. That is, a poor recovery may further disappoint an already unsatisfied customer (Lundeen, Harmon, and McKenna-Harmon 1995).
In contrast to a poor recovery, many suggest that a proper recovery can reestablish satisfaction and promote referrals for purchases in the future (Goodwin and Ross 1992). An effective service recovery may also induce a “paradoxical” scenario whereby a consumer will rate the firm higher post recovery than he/she would have rated the firm had the failure not occurred at all (Goodwin and Ross 1992; Kelley et al. 1993; Hart et al. 1990; Halstead, Morash, and Ozment 1996). This research further suggests that effective complaint handling can lead to stronger customer loyalty. These phenomena are often referred to as the “recovery paradox” (McCollough and Berry 1996; McCollough and Bharadwaj 1992).

The research of Kelley et al. (1993) suggests that firms should make every attempt to recover from a service failure, as an effective recovery will maintain customer loyalty despite the type of failure. In their study, customer retention for those receiving effective recovery efforts exceeded 70 percent. In another study, Collier (1995) reports that customers who experienced a service failure told nine or ten individuals about their poor service experience, whereas satisfied customers only told four or five individuals about their satisfactory experience. Therefore, a positive recovery process can lead to positive word-of-mouth (WOM) publicity, or at least diminish negative WOM (Blodgett et al. 1997, Blodgett, Granbois, and Walters 1993). The aforementioned advantages of effective service recovery display the importance it can play in satisfying existing customers. From this viewpoint it seems reasonable to propose that the manner in which a firm recovers from service failure could become a sustainable competitive advantage in the marketplace. Given that effective recoveries are likely to benefit firms, it seems crucial that firms understand how consumers perceive a firm in response to a product or
service failure. Despite the important benefits that may result from effective service recoveries, there are few theoretical or empirical studies that examine them (Smith et al. 1998).

The next section sets forth the equity theory framework, which provides the foundation for the dissertation study. First, equity theory is briefly presented and perceived justice is offered as the cornerstone of the service recovery process. Next, the author conceptualizes distributive, procedural, and interactional justice within a service recovery context, and their relative influence is proposed.

**Equity Theory**

Equity theory focuses on the motivational and cognitive processes of weighing sacrifices or investments (justice inputs) against rewards (justice outputs), and comparing the result with others experiencing similar situations (Greenberg 1990). Equity theory is relevant in any domain in which exchange takes place (Adams 1963). In the midst of any exchange, it is conceivable that one or both parties will perceive inequity in the exchange. Inequity is defined as an obverse relationship between one’s perceived inputs and outputs (Adams 1963). For example, an inequity may occur when customers feel their inputs (i.e., price, time, effort, hassle) to an exchange outweighs the outputs they receive in the exchange (i.e., good or service purchased). When an inequitable position arises, a motivation to restore equity emanates. In a marketing exchange, there are at least three probable methods in which a customer can attempt to restore equity. First, consumers may seek increased outputs from the other party (company). This method would likely be utilized when a product or service failure occurs. In this event, the consumer may seek recourse by asking the company for future purchase discounts or replacement/ free
merchandise. Second, consumers may attempt to reduce their inputs to the exchange (i.e., customers may seek a refund to help reduce their perceived sacrifice to obtain a product or service). Third, consumers may strive to restore equity in a consumer exchange by "exiting" the exchange relationship (i.e., taking their business elsewhere). This third method reduces consumer inequity by dissolving the inequitable (i.e., unfair) relationship and begins a new search for equity. When this method is chosen, the firm seldom receives an opportunity to rectify the problem. Instead of notifying the firm of their perceived inequity, many individuals will quietly leave. Although it is beyond the scope of this proposal to completely discuss equity theory, the concept of equity can play a major role in retaining customers through service recovery. The author will now further discuss equity in the marketing domain by focusing on an important factor of equity theory, namely perceived justice.

Perceived Justice

Perceived justice is defined as the extent to which an individual ascertains whether or not a situation is fair or just. Perceived justice is considered a component of equity theory (Adams 1963), and is derived through a judgment of two principles: balance and correctness (Sheppard, Lewicki and Minton 1992). Balance refers to the process by which a person compares their justice inputs and outputs with others experiencing similar circumstances. If individuals perceive that their inputs outweigh the outputs received compared to referent others, those persons will likely perceive an unbalance of equity. For example, consider a patient waiting for an appointment in the medical reception area. The person notices that most patients get called to see the doctor no more than 20 minutes from their check-in. However, this patient has been waiting for
more than 1 hour. In this scenario, the patient may perceive an unbalance of justice when his/her “wait time” is compared to other patients.

Correctness refers to the notion that a decision or output seems right or wrong (Sheppard et al. 1992), and is somewhat of a moral judgment concerning the accuracy of an outcome or decision. Suppose a carpet cleaning company inadvertently bleached a customer’s carpet while cleaning. The firm claims that the bleaching was due to the inferior quality of the carpet itself, and not their service, and as a result, they refuse to resolve the problem. In this case, the customer is inclined to feel that the cleaning company’s handling of the situation was wrong, incorrect, and thus unjust. Though both balance and correctness are employed to determine one’s perceived level of justice, both do not necessarily need to occur together. As such, one could deem a situation just or unjust based upon either principle.

**Operationalization of “Referent Other” Comparisons**

It should be noted that perceived justice measures (e.g., Price 1986; Folger and Konovsky 1989) generally do not incorporate a “referent other” comparison directly into the wording of the items. The absence of such a comparison is common across the perceived justice literature, and extends to this dissertation as well. That is, the conceptualization of perceived justice will differ slightly in that a comparison to a “referent other” will not be included in the construct’s domain, and the operationalization of perceived justice will reflect this difference. The following rationale for this decision is now offered.

First, the perceived justice notion is adopted in part from the organizational behavior literature. Since organizational justice is conceptualized specifically for that
setting, it is necessary to slightly modify perceived justice’s conceptualization and operationalization to more accurately reflect a consumer setting. One important change involves the “referent other” comparison process. Many of the perceived justice studies in the organizational behavior literature focus on “job fairness” (i.e., the extent to which employees feel they have been treated fairly “on the job”). In such studies, respondents arguably compare their treatment to the treatment of other employees, and thus a “referent other” is known to some degree. Despite this knowledge, “referent other” comparisons are generally not included in the perceived justice measures (cf. Price 1986; Folger and Konovsky 1989; Moorman 1991; McFarlin and Sweeney 1992; Clemmer and Schneider 1996).

Second, in many service recovery contexts, the referent other can represent a myriad of individuals and/or objects (e.g., other failures, other consumers, other firms, other family members, other friends, other products/services, etc.). As such, it becomes difficult for researchers to properly measure all potential referent others, and there are many situations where consumers seemingly cannot properly gauge a referent other’s experience (Miner 1980). Consider the following example. Suppose a new homeowner experiences an air conditioner failure (i.e., product failure). The owner subsequently complains to the builder about the problem, and the builder sends a service technician out to the owner’s home to fix the air conditioner. In this scenario, it seems reasonable that the homeowner may not be able to gauge whether or not they received a fair service recovery in relation to other homeowners who purchased from this builder. As such, including a “referent other” in justice measures reflects an “assumption” that homeowners have compared their service failure/recovery experience to some specific object or person.
in a similar situation (Miner 1980). Such measures may force respondents to compare their recovery effort with a particular referent other, even if that specific referent other does not exist. Given that some consumers may not have enough information necessary to make such a comparison, researchers could potentially yield unreliable and invalid measures.

In this dissertation, such “referent other” comparisons will be absent from perceived justice conceptualization and measurement. By excluding the “referent other” in the perceived justice measures, the author is not suggesting that such comparisons are unimportant. It seems that “referent other” comparisons are necessary for respondents to accurately rate their perceived level of fairness. It is argued here that consumers inherently make this comparison prior to responding to perceived justice measures. As such, the “referent other” may be captured in respondents’ answers despite being excluded from the wording of measurement items.

Perceived Justice Inputs

The concept of consumer value has implications for service recovery. Zeithaml (1988) defines “value” as the consumer perceptions of utility based upon a comparison of what is “received” and what is “given.” Her approach conceptualizes the “give” component of value as the sacrifice a consumer must make to obtain a product or service. The concept of sacrifice can be viewed as parallel to justice inputs, and Zeithaml partitions sacrifice into perceived monetary and non-monetary price.

Perceived monetary price often does not represent the actual price of a good or service. Consumers can encode monetary price as something over and above the literal price (i.e., cheap versus expensive; high versus low) (Zeithaml 1988; Allen, Harrell and
Hutt 1976; Gabor and Granger 1961). Huppertz et al. (1978) portrayed monetary price as a buyer’s input to equity during buyer-seller exchanges. Hence, monetary price has been depicted as having a negative impact on justice, and acts as an input to justice during an equity judgment.

Although monetary price has been consistently viewed as a sacrifice (cost), research suggests that other types of costs become consequential in a value judgment (Leuthold 1981). Zeithaml (1988) terms these costs as “non-monetary price,” and can include time costs, search costs, and effort costs. Albeit non-monetary prices do not take money out of the consumer’s pocket, per se, they can have a significant impact on the value equation. In this manner, non-monetary price can project a negative impact on the justice equation. As non-monetary prices (input) increase, ceteris paribus, consumers may perceive the firm’s performance (output) to be inequitable and unfair. As such, justice inputs (e.g., time, cost, stress, hassle, and anxiety) are incorporated into the perceived justice concept and measurement. These justice inputs help distinguish equity theory from disconfirmation theory. The author now briefly discusses this distinction in the section below.

Perceived Justice versus Disconfirmation

Expectancy disconfirmation may be defined as the process of forming expectations, and then confirming or disconfirming these expectations by comparing them to perceived actual performance (Weaver and Brickman 1974; Ilgen 1971; Oliver 1980). As such, outcomes equal to expectations result in expectations confirmation, outcomes below expectations result in negative disconfirmation, and outcomes above expectations result in positive disconfirmation (Oliver 1980). This view suggests that
expectations provide a “frame of reference” by which to compare a product’s performance. This additive perspective is consonant with Helson’s (1959) adaptation level theory, which claims that perceptions are derived by comparing a stimulus with some standard. Our perceptions reflect the adaptation from this standard, and the “adaptation level” provides somewhat of a benchmark by which stimuli are compared. Only large variations from the adaptation standard will alter one’s evaluation. Related to satisfaction formation, the adaptation level is similar to expectations. Large variations from the adaptation level results in disconfirmation. Therefore, consumers seemingly confirm performances within some designated acceptance range, and disconfirm performances outside the range. Several researchers have found significant relationships between disconfirmation and satisfaction (Bearden and Teel 1983; Churchill and Suprenant 1982; Oliver 1980), and the disconfirmation paradigm seems to play an important role in satisfaction/dissatisfaction formation.

Oliver and Swan (1989) note that although justice (equity) and disconfirmation share a comparative basis, they are conceptually distinct constructs. The two constructs arguably differ on both their respective comparison standards, and their relevant outcomes. First, perceived justice compares one’s inputs (sacrifices) to outputs (exchange outcomes), whereas disconfirmation does not seemingly consider one’s sacrifices to obtain an outcome. Rather, disconfirmation theories espouse a comparison between consumer expectations and firm performance. Thus, the comparison standard for equity (i.e., inputs to outputs) is not equal to disconfirmation’s comparison standard (i.e., expectations to performance). Perceived justice also inherently requires a two-stage comparison. Consumers initially develop an equity score (i.e., input-to-output ratio), and
then compare their score to some referent other’s score. Although the justice measures
here do not explicitly ask respondents to make “referent other” comparisons, it is argued
that such comparisons are nonetheless made by subjects prior to responding.
Disconfirmation does not require this secondary comparison (i.e., referent other).

Second, Oliver and Swan (1989) claim that disconfirmation and justice (equity)
yield diverse emotional outcomes. For instance, positive inequity purportedly results in a
guilty feeling, whereas positive disconfirmation results in delight. Equity results in
positive affect (i.e., contentment) (Walster, Walster, and Bersheid 1978), while
confirmation does not yield such an emotional outcome (Oliver 1981). Disconfirmation
instead results merely in a performance assessment. Again, equity theory seemingly
provides us with a more comprehensive framework that involves emotional responses. In
this framework, researchers often view justice as a three-component concept consisting of
distributive, procedural, and interactional justice.

This dissertation operationalizes distributive, procedural, and interactional justice
as three distinct but correlated constructs. It is argued here that distributive, procedural,
and interactional justice may contribute uniquely to consumer satisfaction perceptions.
Similarly, this dissertation asserts that none of the three justice constructs affects another
justice construct (i.e., no directional effects, but merely correlated constructs). This
operationalization is consistent with both job satisfaction research (Folger and Konovsky
1989; Greenberg and McCarty 1990; Tyler and Bies 1990; Alexander and Ruderman
1987; Tyler and Caine 1981; Sheppard and Lewicki 1987) and service recovery research
(Goodwin and Ross 1992; McCollough 1995; Hocutt et al. 1996). It should be noted,
though, that some research suggests that procedural justice predicts distributive justice
(Leventhal 1980; Moorman 1991), and other researchers have measured distributive, procedural, and interactional justice in combination (i.e., a single factor construct) to represent an overall perceived justice construct (Blodgett et al. 1993, 1997). Despite these measurement variations, it is still generally accepted that the distributive, procedural, and interactional justice constructs are independent, but correlated, constructs. As such, the three constructs will be operationalized accordingly here. The author will now briefly review each of these components for their potential role in the service recovery process.

**Distributive Justice**

Distributive justice theories assert that individuals assess the level of fairness relating to the ends or outcomes achieved (Folger and Konovsky 1989; Greenberg 1990; Gilliland 1993). In a consumer sense, distributive justice can represent evaluations of product or service quality. For instance, consumers may compare the quality they received for a particular service with that of other shoppers who purchased the same or similar service. Distributive justice also requires that members in a dyadic exchange achieve fairness through just distribution of costs (inputs) and benefits (outputs) (Huppertz, Arenson and Evans 1978). Pertaining to service recovery, this dissertation defines distributive justice as the extent to which consumers feel they have been treated fair with respect to the final service recovery outcome. A consumer may assess the rewards or compensation (either monetary or non-monetary) he/she received as a result of the service failure. As such, it appears that the level of distributive justice will increase as the perceived service recovery increases. As a failing firm increases the outputs to its
customers (i.e., discounts, refund) through service recovery, the customer's perception of distributive justice will likely increase.

Procedural Justice

Greenberg (1990) defines procedural justice as the means utilized to obtain a result. In other words, procedural justice refers to the evaluation of the process used to derive outcomes, or more precisely, the policies and procedures used to achieve an outcome (Alexander and Ruderman 1987; Lind and Tyler 1988; Thibaut and Walker 1975). In a service recovery setting (i.e., this dissertation), procedural justice refers to the policies and procedures employed to handle the recovery process. For instance, a firm may provide the customer with a full refund as a result of a service failure (i.e., distributive justice). However, if the customer had to wait an hour to receive the refund because the firm's policy requires front-line employees to clear all restitution offers with a department manager, the customer may not perceive the process to be fair (i.e., procedural justice). Since the customer service process is oftentimes an integral part of the entire product or service offering (Bitner 1992), firms could presumably benefit from establishing procedural justice during the recovery effort. It seems plausible that customer perceptions of procedural justice will increase as the level of procedure-related service recovery increases. That is, when a customer's perception concerning the procedure-related service recovery is low (high), the balance and correctness regarding procedural justice will also be low (high).

Interactional Justice

Interactional justice is defined here as the extent to which consumers feel they have been treated fair in regards to the personal interaction (i.e., the manner in which one
is treated by the firm's employees) they experience during the service recovery process (Bies and Moag 1986; Bies and Shapiro 1987; Blodgett et al. 1997). Suppose a customer received a full refund (i.e., distributive justice) in response to a product failure, and that this customer received the refund quickly (i.e., procedural justice), as the front-line employee was empowered to make an immediate restitution decision (versus being required to first contact a manager). However, if the front-line employee who handled the recovery was unpleasant and ill mannered with regards to giving the refund, the customer may be satisfied with the outcome (distributive justice), but dissatisfied with the manner in which the employee treated her during the recovery (i.e., interactional justice).

The literature operationalizes interactional justice in a variety of ways. Bies and Moag (1986) view interactional justice as a degree of courtesy, respect, truthfulness and rudeness. Several other interpretations include honesty, friendliness, sensitivity (Clemmer 1993), concern (Ulrich 1984), empathy, and assurance (Parasuraman, Zeithaml, and Berry 1985). In a service recovery context, Goodwin and Ross (1992) operationalized interactional justice as an apology. Some researchers suggest that interactional fairness is positively related to satisfaction (Bitner, Booms, and Tetreault 1990; Blodgett et al. 1997), while others have noted that service recovery ratings increase as interactional justice (i.e., apologies) increase (Goodwin and Ross 1992). Thus, it seems reasonable that firms can help restore post-failure customer satisfaction levels by concentrating on interactional justice. In this dissertation, interactional justice is viewed as the manner in which one is treated by the firm's employees throughout the service recovery effort. This view is consistent with the conceptualization of Bies and Moag (1986), Blodgett et al. (1997), and Parasuraman et al (1985).
A key objective of this dissertation is to provide insight into the relative influence of distributive, procedural, and interactional justice. Some researchers have found that distributive justice may play a more pivotal role in determining consumer satisfaction and intent (Goodwin and Ross 1992, Huppertz et al. 1978; Tax, Brown, and Chandrashekaran 1998), and others have found that procedural justice (Alexander and Ruderman 1987) and interactional justice (Blodgett, Hill, and Tax 1997) play a more important role (i.e., account for more variance). McFarlin and Sweeney (1992) claim that distributive justice is more influential in forming transaction-specific perceptions, while procedural justice is more influential in forming overall perceptions. The author hopes to help resolve this debate by attempting to explain when (and why) distributive, procedural, and interactional justice may play a more pronounced role in determining perceptions of satisfaction, purchase intent, and positive word-of-mouth.

**Satisfaction**

Consumer satisfaction refers to an individual's subjectively derived favorable evaluation of any outcome and/or experience associated with consuming a product (Westbrook 1980). Conceptually, satisfaction is a purchase outcome, whereby consumers compare rewards and costs with anticipated consequences (Churchill and Suprenant 1982; LaTour and Peat 1979; Oliver 1980; Yi 1990; Bolton and Drew 1991). Operationally, satisfaction is similar to attitude, as it represents the sum of several attribute satisfaction judgments. From this perspective, satisfaction can be viewed as a transaction-specific measure (Bitner 1990; Parasuraman et al. 1988). Cronin and Taylor (1994) suggest that satisfaction is a cumulative evaluation, and an outgrowth of service quality that represents a global judgment rather than a transaction specific measure.
Satisfaction is also thought to have an affective element that is experiential, and probably is most appropriately assessed after consumption (Ostrom and Iacobucci 1995).

Satisfaction is operationalized in this dissertation as both a transactional measure (i.e., satisfaction with a specific “service recovery” transaction) (Bitner 1990; Parasuraman et al. 1988) and a global judgment (i.e., overall satisfaction with the firm) (Cronin and Taylor 1994; Ostrom and Iacobucci 1995).

Consistent with Expectancy disconfirmation theory (Weaver and Brickman 1974; Ilgen 1971; Oliver 1980) and Helson’s (1959) adaptation level theory, overall firm satisfaction is judged by comparing one’s transaction-specific satisfaction (i.e., satisfaction with the most recent exchange) with some benchmark (i.e., cumulative satisfaction with all prior exchanges). Overall satisfaction is a summary of the initial satisfaction standard (i.e., synthesis of all past exchange satisfactions) and some discrepancy from that standard (i.e., current transaction-specific satisfaction). It can be viewed as an additive combination of all transaction-specific transactions (Cardozo 1968; Woodside 1972; Olson and Dover 1979; Cohen and Goldberg 1970; Linda and Oliver 1979, Oliver 1980). Thus, the studies here propose that “transaction-specific satisfaction” affects “overall firm satisfaction.”

Several researchers have linked service recovery to consumer satisfaction (Goodwin and Ross 1992; Kelley and Davis 1994; McCollough and Berry 1996; Oliver and Swan 1989; Webster and Sundaram 1998; Gilly 1987; Tax et al. 1998; Smith, Bolton, and Wagner 1998). In these studies, satisfaction fluctuates with the level of service recovery effort, and it tends to increase given an exemplary service recovery. Service recovery plays a potentially significant role in maintaining customer satisfaction,
and satisfaction is included in the study to examine its relationship with service failure
and recovery. In accordance with Smith et al. (1998), it is posited here that perceived
justice (i.e., distributive, procedural, and interactional) is positively related to both
transaction-specific satisfaction as well as overall satisfaction with the firm. Also, this
dissertation is concerned with the potential mediating role that satisfaction plays between
perceived justice and consumer intentions (i.e., positive word-of-mouth and behavioral
intent) (cf. Oliver and Swan 1989). It is argued here that positive word-of-mouth and
purchase intention perceptions are most likely affected by perceived justice indirectly
through satisfaction judgements (Smith et al. 1998).

This dissertation further attempts to examine McFarlin and Sweeney’s (1992)
contention that distributive justice is more pronounced in transaction-specific
perceptions, and procedural justice is more pronounced in overall perceptions. From this
viewpoint, it seems plausible that distributive justice will explain more variance in
transaction-specific satisfaction, while procedural justice will explain more variance in
overall firm satisfaction. This contention is tested in the dissertation.

Positive Word-Of-Mouth

Positive word-of-mouth is defined here as the extent to which one would
recommend a firm’s product or service. The significance of word-of-mouth
communications in the service sector is well documented (Day 1980; Day and Bodur
1978; Davis, Guiltinan and Jones 1979; George and Berry 1981; Donnelly 1980;
Zeithaml et al. 1985; Zeithaml et al. 1993). Word-of-mouth (WOM) provides vital
information about a firm to consumers (Lundeen et al. 1995). This information
oftentimes helps potential consumers decide whether or not to patronize a firm by
furnishing them with service expectations (Zeithaml et al. 1993). In this sense, WOM may prove beneficial in spurring a brand switch, and thereby assist a firm in gaining new customers. To illustrate, some suggest that nearly 30 percent of new customers choose to patronize a firm based on a positive word-of-mouth referral (Naumann 1994). As customer satisfaction increases, a firm’s informal (and effective) word-of-mouth recommendations also increase (Naumann 1994).

Hartline and Jones (1996) suggest that value is positively related to WOM. Applying a parallel between value and perceived justice (both constructs similarly judge an input-to-output ratio), it is posited that a similar relationship exists between justice (indirectly through satisfaction) and WOM. It is posited here that positive word-of-mouth recommendations will increase as levels of distributive and procedural justice increase. However, this hypothesized relationship is mediated by satisfaction. Once customers form perceived justice perception, these perceptions arguably influence one’s propensity to spread positive word-of-mouth indirectly through both transaction-specific satisfaction and overall firm satisfaction. Consistent with Fishbein and Ajzen’s (1975) attitude -- intention relationship, one’s word-of-mouth intentions are purportedly best explained through satisfaction (attitude). This mediation effect is also consistent with Oliver and Swan (1989).

**Purchase Intentions**

Purchase intent is defined here as the degree to which customers intend to purchase a firm’s products/services in the future. Given the cost of retaining an existing customer is less expensive than prospecting for a new customer (Spreng, Harrell, and Mackoy 1995), purchase intention is a very important consideration for marketers.
(Fishbein and Ajzen 1975). Purchase intentions are influenced directly by customer satisfaction (LaBarbera and Mazursky 1983). In fact, Cronin and Taylor (1994) suggest that satisfaction has more power in influencing purchase intentions than service quality. Other researchers have found a positive relationship between satisfaction and purchase intentions (Yi 1990), and that firms can recover from almost any failure and preserve a customer’s intent to purchase from the firm in the future (Goodwin and Ross 1992; Kelley et al. 1993). These findings suggest that purchase intentions will remain stable, or possibly increase, when service recovery is effective. On the other hand, a poor service recovery effort may substantially reduce one’s future intentions to purchase from the failing firm. It is posited here that consumer satisfaction (both transaction-specific and overall) is positively related to one’s intent to repurchase from the failing firm in the future.

In sum, the above theoretical arguments uphold a general theme— a firm’s service recovery effort may have important implications for levels of satisfaction, purchase intent, positive word-of-mouth, and perceived justice. The following section specifies a structural model and hypotheses relevant to these constructs.

**PROPOSED MODEL AND HYPOTHESES**

A hypothesized model that depicts the relationships between the aforementioned constructs may be viewed in Figure 1. The model portrays the potential effects that service recovery perceptions can have on subsequent perceptions of justice (fairness), satisfaction, positive word-of-mouth, and purchase intent. The proposed model and relevant hypotheses are stated with the assumption that a service failure and some recovery effort has occurred. It follows from traditional equity theory that fairness is a
function of one's ratio of inputs to outputs (e.g., in a marketing exchange) (Adams 1963). Implicit in equity theory is that these inputs and outputs are judged prior to formulating a notion of perceived justice. In this sense, service recovery may be viewed as a justice output (i.e., something one receives in an exchange). Next, service recovery may be weighed against justice inputs (i.e., sacrifices in the exchange process) in a ratio to form an equity score. Thus, the model begins with distributive, procedural, and interactional justice as its exogenous variables. Given the previous discussion, distributive, procedural, and interactional justice are modeled as separate, but correlated, constructs with no directional effects specified among these variables.

Once perceptions of justice are formed (either high or low), these perceptions are posited to drive consumer perceptions of transaction-specific satisfaction and overall satisfaction with the firm. Several researchers have found a positive relationship between perceived justice and satisfaction (Alexander and Ruderman 1987; Folger and Konovsky 1989; McFarlin and Sweeney 1992; Oliver and Swan 1989). The model set forth here posits that distributive, procedural, and interactional justice have direct positive influences on transaction-specific and overall firm satisfaction. Also, McFarlin and Sweeney (1992) assert that distributive justice may be a better predictor of job-specific satisfaction, whereas procedural justice may be a better predictor of overall firm satisfaction. In their study, procedural justice included aspects of both procedural justice and interactional justice. As such, it seems reasonable that procedural and interactional justice would better predict overall satisfaction with the firm, and distributive justice would better predict transaction-specific satisfaction. Based on the above research and
the preceding literature review, the following hypotheses pertaining to the effects of the perceived justice constructs are offered.

H1: Transaction-specific satisfaction will increase as consumer perceptions of distributive justice increase ($\gamma_{11}$).

H2: Overall satisfaction with a firm will increase as consumer perceptions of distributive justice increase ($\gamma_{21}$).

H3: Transaction-specific satisfaction will increase as consumer perceptions of procedural justice increase ($\gamma_{12}$).

H4: Overall satisfaction with a firm will increase as consumer perceptions of procedural justice increase ($\gamma_{22}$).

H5: Transaction-specific satisfaction will increase as consumer perceptions of interactional justice increase ($\gamma_{13}$).

H6: Overall satisfaction with a firm will increase as consumer perceptions of interactional justice increase ($\gamma_{23}$).

H7: Procedural justice will have a greater influence on overall satisfaction with a firm than will distributive justice ($\gamma_{22} > \gamma_{21}$).

H8: Interactional justice will have a greater influence on overall satisfaction with a firm than will distributive justice ($\gamma_{23} > \gamma_{21}$).

H9: Distributive justice will have a greater influence on transaction-specific satisfaction than will either procedural or interactional justice ($\gamma_{11} > \gamma_{12}, \gamma_{13}$).
Once satisfaction perceptions are formed, they will likely have a direct influence on both one's propensity to spread positive word-of-mouth and repurchase intentions. These relationships are consistent with the consumer behavior view that attitudes (e.g., transaction-specific and overall firm satisfaction) lead to intentions (e.g., positive word-of-mouth and purchase intentions) (Fishbein and Ajzen 1975; Lutz 1981; Oliver 1980; Oliver and Swan 1989). It is also posited here that perceived justice has an indirect influence (through satisfaction) on positive word-of-mouth and purchase intentions. This view is consistent with the justice literature where positive word-of-mouth and purchase intentions are best explained through transaction-specific and overall satisfaction with a firm (Oliver and Swan 1989). As such, the following hypotheses pertaining to the effects of the satisfaction constructs are presented.

H10: Consumers' propensity to spread positive word-of-mouth will increase as their perceptions of transaction-specific satisfaction increase ($\beta_{31}$).

H11: Consumers' propensity to spread positive word-of-mouth will increase as their perceptions of overall satisfaction with a firm increase ($\beta_{32}$).

H12: Consumers' purchase intentions will increase as their perceptions of transaction-specific satisfaction increase ($\beta_{41}$).

H13: Consumers' purchase intentions will increase as their perceptions of overall satisfaction with a firm increase ($\beta_{42}$).
Lastly, both transaction-specific and overall firm satisfaction are measured here. The literature suggests a direct relationship between these two constructs where transaction-specific satisfaction is an input to one's overall satisfaction with a firm (Oliver and Swan 1989; Spreng, MacKenzie, and Olshavsky 1996). The following hypothesis is offered.

H14: Overall satisfaction with a firm increases as perceptions of transaction-specific satisfaction increase ($\beta_{21}$).

In sum, the dissertation hypotheses test an equity theory framework in a service recovery context. The model tests the direct influence that justice may have on both transaction-specific and overall satisfaction with a failing firm. The model then posits that satisfaction perceptions directly influence one's propensity to recommend a firm, as well as repurchase in the future. The model asserts that perceived justice best explains positive word-of-mouth and purchase intentions indirectly through satisfaction.
CHAPTER 3: PILOT STUDY

INTRODUCTION

Chapter Three sets forth the design, methodology, and results of a dissertation pilot study designed to initially develop measures of model constructs, as well as to obtain internal consistency and nomological validity estimates. The pilot study involved a pseudo-field study of a national internet service provider. The chapter then describes the operationalization of constructs used in the pilot study, and the scale development results from the study are presented.

Pilot Study Overview

A field study involving an actual service failure and actual consumers of a service was conducted in the Pilot Study. The study develops and refines the measurement items for some of the model constructs, and better clarifies the service recovery model relationships. Although this study's data was collected cross-sectionally (i.e., at one point in time), the questionnaire asked consumers to respond to questions involving multiple time periods (i.e., prior to service failure, and post-service failure and recovery). The researcher chose an internet provider as the focal service primarily because the provider had recently experienced a widespread (and well-publicized) service failure. In particular, the internet provider had recently advertised a pricing promotion, whereby consumers could receive unlimited internet access for a flat rate (i.e., $19.95). An overwhelming number of consumers subsequently took advantage of the newly advertised pricing plan, and thus the provider's customer base grew substantially. The internet provider, however, was not apparently equipped with enough servers and modems to meet their customers' demand. As a result, many customers experienced
weeks (or even months) of long connection delays, slow uploading, and/or other various delays.

**Sample and Field Study Procedures**

The author distributed 400 surveys to current customers of the national internet service provider. Of the surveys mailed, the researcher received 132 customer responses. Eighteen surveys were discarded from the analysis due to either item nonresponse, or when the respondent answered "no" to the following question: "During your experience with the internet provider, have you experienced any service-related problems?"

Respondents answering "no" to this question were eliminated from the analysis, as respondents who do not perceive a service failure could not effectively answer questions that pertain to the provider's response (i.e., service recovery) to these failures. As such, 114 completed surveys were utilized in this analysis. The sample was 68 percent male; with a median age of 24 years; 43 percent had some college experience, while 32 percent held an undergraduate college degree, and 16 percent held master's or professional degrees). Also, 49 percent of respondents reportedly used the said internet provider ≤ 20 hours per week; 29 percent used the service 21-40 hours per week; and 23 percent used the service more than 40 hours per week.

The entire pilot study questionnaire can be viewed in Appendix A. Respondents were first provided a brief description of the internet provider's promotional pricing plan (i.e., $19.95 per month for unlimited usage). The cover letter then explained some potential problems (i.e., service failures) relating to the pricing plan recently offered by the provider (i.e., connection delays, slow uploading, disconnections, etc.). Consistent
with the procedures of Blodgett et al. (1993), the survey next asked respondents to retrospectively think about their internet provider experiences prior to any problems caused by the pricing plan response (i.e., “Time One” measurement). The prior experiences may include past connection availability, technical support, services offered, ease of use, customer service, etc. After the Time One measurement was completed (i.e., prior perceptions), the survey asked respondents to indicate their current perceptions of the internet provider. As such, respondents were asked to take into consideration all of their experiences with the provider (up to this moment). The specific measures utilized in the pilot study are briefly discussed in the section below.

**Time One Measures**

Pilot Study measurement items were culled from prior research and developed by the author. Time One measures asked respondents to retrospectively think about their pre-failure perceptions of the internet provider. This attempted to establish “baseline” levels for some of the model variables (i.e., satisfaction, word-of-mouth, and purchase intentions).

Purchase intent is defined as the degree to which customers intend to purchase a firm’s products/services in the future. A four-item purchase intent measure was constructed specifically for an internet service in accordance with Fishbein and Ajzen (1975). Positive word-of-mouth (WOM) refers to the likelihood that respondents will recommend the service to a friend. A four-item measure of WOM was also developed for this study with items similar to those found in the extant literature (Hartline and Jones 1996; Goodwin and Ross 1992). Satisfaction with the internet service (i.e., overall firm satisfaction) was measured using a four-item scale adapted from prior research (e.g.,
Crosby and Stephens 1987; Bitner 1990; Cronin and Taylor 1992). All WOM, purchase intent, and satisfaction items were measured on seven point likert-type scales, and can be viewed in Appendix B.

**Time Two Measures**

Following the pre-failure (i.e., Time One) measurement, respondents were directed to turn the page of the questionnaire booklet and continue the survey. The purpose of the Time Two measurement was to determine consumers responses to service recovery efforts. Consistent with Time One measurement, the survey asked respondents to provide satisfaction, word-of-mouth, and purchase intention ratings. Procedural and distributive justice were also measured after the recovery attempt (Time Two), as justice presupposes an inequity has occurred. An existing 5-item measure of distributive justice (Price 1986) was modified for this study. Procedural justice was operationalized using eight items from Folger and Konovsky's (1989) twenty six-item procedural justice scale that were deemed suitable for a consumer behavior analysis. All justice items used seven-point likert scales (see Appendix B). In sum, for “Time Two” measurement (i.e., after a service recovery effort was perceived), respondents provided answers to twenty five items: four satisfaction with the firm items; four purchase intent items; four word-of-mouth items; five distributive justice items; and eight procedural justice items. The next section discusses the purification of these measures, and offers the final measurement model derived in the pilot study.

**Measure Purification**

The covariances among the above 25 initial items were input into LISREL VIII (Joreskog and Sorbom 1993) for confirmatory factor analysis. The objective of this
analysis was to assess the discriminant validity and internal consistency among the hypothesized five-factor model’s constructs. An iterative confirmatory procedure was utilized here to develop the scales for distributive justice, procedural justice, overall firm satisfaction, WOM, and purchase intent.

Given that a goal of this pilot study was to generate and retain measurement items for some of the proposed model’s constructs, a two-step approach advocated by Anderson and Gerbing (1988) and Cohen et al. (1990) was employed to trim problematic items and obtain initial estimates of reliability and validity. This approach attempts to reduce interpretational confounding by establishing a sound measurement model prior to assessing any structural relationships. In the first iteration of this purification analysis, all twenty-five of the initial measurement items were specified to a correlated five-factor model (i.e., four overall firm satisfaction items, four purchase intent items, four word-of-mouth items, five distributive justice items, and eight procedural justice items). Though each item significantly loaded on their respective constructs (t-values ranged from 5.45 to 14.95; p < .01), the overall model fit suffered with a goodness-of-fit (GFI) and adjusted goodness-of-fit (AGFI) of .73 and .64 respectively. Other model fit indices (to be discussed shortly) for the initial measurement model are shown in Table 1.

In an attempt to improve the measurement model’s fit, several iterations of confirmatory factor analyses were conducted to systematically delete problematic items from the model. Based on heuristics suggested by Bagozzi and Yi (1988) and DeVillis (1995), the author deleted measurement items that showed several inadequacies pertaining to the following criteria: 1) high modification indices (> 5.0); 2) severe within and/or across factor correlated measurement error (i.e., standardized residuals > 2.58); 3)
completely standardized factor loadings below .50; and 4) redundant wording and/or relative lack of “face validity.” Eight items that displayed most of these deficiencies were dropped from the analysis. Given that the deletions did not result in appreciable

**TABLE 1**

**Measurement Model Estimates: Pilot Study**

<table>
<thead>
<tr>
<th>Model</th>
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<tbody>
<tr>
<td></td>
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<td>AGFI</td>
<td>CFI</td>
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**Internal Consistency**

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<th>Composite Alpha</th>
<th>AVE</th>
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<td>.94</td>
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<tr>
<td></td>
<td>Satisfaction (Sat-Firm)</td>
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<tr>
<td></td>
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<td>Distributive Justice (DJ)</td>
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<td></td>
<td>Procedural Justice (PJ)</td>
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</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted.

**Five-Factor 17-Item Measurement Model Phi Correlation Matrix: Pilot Study**

<table>
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<tr>
<th>PI</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>PJ</th>
<th>DJ</th>
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<td>.57</td>
<td>1.0</td>
</tr>
</tbody>
</table>

differences in the $\phi$ matrix (i.e., the correlations among constructs), the domain of the constructs was preserved (Fornell 1983). These modifications resulted in a five-factor model that contained seventeen items (i.e., three overall firm satisfaction items, three purchase intent items, three word-of-mouth items, four distributive justice items, and four procedural justice items).
Revised Measurement Model

The author conducted confirmatory factor analysis on the final seventeen item five-factor model to assess scale dimensionality, internal consistency, and discriminant validity (Anderson and Gerbing 1988; Fornell and Larcker 1981). The fit statistics and internal consistency results for the final 17-item five-factor model are shown in Table 1. The correlations among the constructs (i.e., $\phi$ estimates) are also shown in Table 1.

Some of the statistics for the five-factor model denote marginal model fit, i.e., the goodness-of-fit index (GFI) and the adjusted goodness-of-fit index (AGFI) were .83 and .75, respectively. These statistics fall well below the .90 recommendation offered by Bagozzi and Yi (1988). However, Hu and Bentler (1995) propose that the .90 criterion may be too rigorous for GFI and AGFI, and Bollen (1989) and Bentler (1990) similarly claim that GFI and AGFI may suffer from sampling characteristics. Likewise, Maiti and Mukherjee (1990) suggest that LISREL GFI underestimates the population GFI. Given the relatively small sample size (n = 114) in the pilot study, Bentler’s (1990) comparative fit index (CFI) and Tucker-Lewis index (TLI) are included, as they are robust to sampling characteristics. These statistics are .96 and .95 respectively, which provide support for reasonable model fit (Hu and Bentler 1995; Bentler 1990; Bollen 1989). In addition, the root mean square error of approximation (RMSEA) calculation of .089 provides some support for model fit, as values under .10 have been advocated as an indicator of good fit (MacCallum and Browne 1993).

In addition to fit statistics, the author examined the model constructs for internal consistency. This was determined by investigating Cronbach’s coefficient alpha,
composite alpha (i.e., a LISREL-generated estimate analogous to Cronbach's alpha),
item-to-factor loadings, and average variance extracted (AVE) estimates. In doing so, the
two alpha (α) reliability estimates ranged from .86 to .95 across the constructs of the five-
factor model. These estimates are above the recommended threshold of ≤ .60 (Bagozzi
and Yi 1988). Additionally, each item-to-factor loading was found significant (p < .01),
with t-values ranging from 5.45 to 14.95. Likewise, all average variance extracted (AVE)
estimates (AVE ranged from .65 to .86) were high. This statistic indicates that more
variance is explained by the construct than by measurement error (Bagozzi and Yi 1988),
and levels above .50 are considered excellent. In sum, these results provide suitable
evidence of internal consistency for the model's constructs.

**Discriminant Validity**

The discriminant validity of the five-factor model was examined to determine
whether or not the constructs were empirically distinct. Three tests were conducted here
to assess discriminant validity. First, the confidence intervals around ϕ between each pair
of constructs were examined. Anderson and Gerbing (1988) and Fornell and Larcker
(1981) suggest that some support for discriminant validity exists when these confidence
intervals do not include a value of one (1). All construct pairs passed this test except for
one (i.e., the ϕ between purchase intent and word-of-mouth). Second, an alternative
model was analyzed to test for discriminant validity. Specifically, the two highest
correlated constructs (i.e., purchase intent and word-of-mouth, ϕ = .99) were combined
into one construct, and the author examined the new four-factor model in comparison to
the five-factor model. The χ² fit of the five-factor model was significantly better than the
χ² fit of the four-factor model (χ²_diff = 17.41, 4 degrees of freedom, p < .005), which provides some support for discriminant validity among the five-factor model’s constructs (Anderson and Gerbing 1988). Third, discriminant validity is supported when the average AVE between each pair of constructs is greater than ϕ². This criterion is considered the most stringent test of discriminant validity (Bagozzi and Yi 1988). Three of the five-factor model’s ϕ² estimates were greater than the average AVE between those same constructs (i.e., purchase intent—satisfaction, satisfaction—word-of-mouth, and purchase intent—word-of-mouth).

Viewed collectively, the three tests suggest a lack of discriminant validity between satisfaction, word-of-mouth, and purchase intentions. Although conceptually distinct, the three constructs were not empirically distinguished by the pilot study’s respondents. Goodwin and Ross (1992) also found a lack of discriminant validity among satisfaction, word-of-mouth, and purchase intentions in their service recovery experiment. In their study, Goodwin and Ross (1992) combined satisfaction, word-of-mouth, and purchase intentions into one overall “satisfaction” construct. However, the author here will still attempt to operationalize these constructs separately in both the pretest and the main studies. It seems reasonable that consumers who experience effective recovery efforts may be relatively satisfied, but nonetheless may not recommend the firm, or repurchase from the firm in the future. Given an actual product or service failure, an actual recovery effort, and the “across time” nature of the main studies, it seems plausible that respondents will empirically distinguish between the three constructs.
Summary

Despite the 17-item measurement model's adequate fit, some oversights and problems were detected with the five-factor model. First, the model did not fully capture the domain of satisfaction. Theory suggested that service recovery perceptions could be better explained by incorporating transaction-specific satisfaction into the model (cf. Fishbein and Ajzen 1975). In the service recovery process, it seems reasonable that consumers perceive at least two distinct satisfaction levels, namely “transaction-specific satisfaction” and “overall firm satisfaction.” Given a long-term satisfactory buyer-seller relationship, consumers may be dissatisfied with the particular transaction (e.g., service failure transaction), but still remain relatively satisfied overall (when all transactions are considered collectively). Given transaction-specific satisfaction’s potential importance in a service recovery context, the author incorporated the construct into the pretest model (see Chapter Four).

Second, some justice literature suggests that interactional justice is distinct from procedural justice (Bies and Moag 1986), rather than merely a subset of procedural justice (as operationalized in the pilot study). That is, consumers can arguably perceive interactional fairness (i.e., employees treated a consumer fairly) but not procedural fairness (i.e., fairness of policies and procedures). It seems plausible that consumers may perceive the employee interactions to be fair (i.e., interactional justice), but perceive the company policies to be unfair (i.e., procedural justice). Given that interactional justice may explain some unique variance in satisfaction, it is measured in the subsequent pretest.
Third, the pilot study justice measures do not fully consider justice inputs (e.g.,
time, hassle, anxiety, cost, etc.). It is argued here that these inputs are a fundamental
consideration in forming perceived justice perceptions. Measures that capture these
inputs may provide a better representation of distributive, procedural, and interactional
justice. Thus, the author attempts to incorporate justice inputs into the subsequent pretest
measures.

Fourth, given the early stage of this dissertation, the author is somewhat
concerned about the number of items per construct (i.e., 3 satisfaction items, 3 word-of-
mouth items, 3 purchase intention items, 4 procedural justice items, and 4 distributive
justice items). Structural equation modeling requires 3 items per construct to be
perfectly identified (i.e., zero degrees of freedom). However, it is advantageous to have
over-identified constructs (i.e., 4 or more items). As such, the author adds items to each
model construct prior to the pretest measurement to more fully sample the domain of the
construct. The pretest is further discussed in Chapter Four.

Finally, the lack of discriminant validity among satisfaction, word-of-mouth, and
purchase intent is problematic. However, it is conceptually reasonable to model purchase
intentions and word-of-mouth as outcomes of satisfaction (Fishbein and Ajzen 1975;
Oliver 1981; Lutz 1981; Oliver and Swan 1989). As such, these "outcomes," regardless
of their correlation with satisfaction, will be retained for the pretest and main dissertation
studies.
Sample and Procedures

The purpose of this pretest is to further develop and refine measurement items prior to the main studies. The primary goal is to derive internally consistent measures for the constructs modeled in Figure 1. Hypothetical scenarios were developed that correspond to the main study research sites (i.e., new home warranty service and banking service). The scenarios for this pretest can be viewed in Appendix C (i.e., banking service) and D (i.e., home warranty service). Scenario booklets were distributed to a convenience sample of university students at a major Southeastern university. Respondents were randomly selected to participate in one of three scenarios (i.e., new home warranty, n = 96 or banking service, n = 99).

Sample One: New Home Warranty Service Scenario

A hypothetical scenario was developed by the author to capture consumer perceptions regarding a new home warranty product failure and recovery effort. First, an introductory scenario was offered that described a situation whereby a consumer recently purchased a new home from a builder, and the house thus far has been “fine” (i.e., “Time One” or pre-failure scenario). Respondents were then asked to answer questions pertaining to overall firm satisfaction, word-of-mouth, and purchase intentions. The second scenario described a product failure situation in which the consumer’s home air conditioner quit working two months post-purchase (i.e., “Time Two” or post-failure scenario). Respondents were asked to respond (on a seven point scale, anchored by...
"minor problem/inconvenience" and "major problem/inconvenience) to the following question: "In your opinion, the AC not working in your home (during summer) would be a...." A t-test revealed that respondents perceived an AC failure to be a relatively major inconvenience (mean = 6.28, SD = 1.23). This mean was significantly greater than the scale midpoint (i.e., 4) (t = 18.17, p < .01). After reading the failure scenario, respondents were asked to respond to measures of "ease of switching service providers," failure attributions, and recovery expectations. The third scenario described the failing firm's service recovery effort. In the scenario, the firm's employees were friendly and empathetic. Also, the air conditioner problem was fixed in one hour after the complaint was received (i.e., "Time Three" or post-recovery scenario). Respondents are then asked to answer questions pertaining to distributive justice, procedural justice, interactional justice, transaction-specific satisfaction, overall firm satisfaction, purchase intentions, and situational involvement. Lastly, respondents were again asked, "How realistic was the scenario in this study?" The mean response for the item was 4.70 (SD = 1.83). When the mean was compared to the scale midpoint (4), a significant difference was found (t = 3.75, p < .01).

**Sample Two: Banking Service Scenario**

A hypothetical scenario was also developed by the author to capture consumer perceptions regarding a banking service failure and recovery effort. An introductory scenario was again offered that described a situation whereby a consumer recently opened a simple checking account at a local bank, and the banking experience thus far has been "fine" (i.e., "Time One" or pre-failure scenario). Subsequently, respondents were asked to answer questions pertaining to overall firm satisfaction, word-of-mouth, and purchase intentions.
intentions. The second scenario described a service failure situation in which the consumer was denied cash at an automatic teller machine one month after opening the account. The scenario explained that the bank has incorrectly calculated the consumer’s account balance (i.e., “Time Two” or post failure scenario). Respondents were asked to respond (on a seven point scale, anchored by “minor problem/inconvenience” and “major problem/inconvenience) to the following question: “In your opinion, an incorrect account balance would be a....” A t-test revealed that respondents perceived an incorrect account balance to be a relatively major inconvenience (mean = 5.77, SD = 1.42). This mean was significantly greater than the scale midpoint (i.e., 4) (t = 12.64, p < .01). Respondents were asked to respond to measures of “ease of switching,” failure attributions, and recovery expectations.

The third scenario described the bank’s service recovery effort. In the scenario, the bank’s employees were friendly and empathetic. Also, the incorrect account balance was fixed one hour after the complaint was initiated (i.e., “Time Three” or post-recovery scenario). Respondents were then asked to answer questions pertaining to distributive justice, procedural justice, interactional justice, transaction-specific satisfaction, overall firm satisfaction, purchase intentions, and situational involvement. Lastly, respondents were again asked, “How realistic was the scenario in this study?” The mean response for the item was 5.44 (SD = 1.70). When the mean was compared to the scale midpoint (4), a significant difference was found (t = 8.42, p < .01), which again provides some support for using hypothetical scenarios in this analysis. The pretest measures are discussed in a bit more detail below.
Time One (Pre-Failure) Measures

A four-item purchase intent measure was constructed specifically for new home warranty and banking service (Fishbein and Ajzen 1975). A four-item measure of WOM was also developed for this study with items similar to those found in the extant literature (Hartline and Jones 1996; Goodwin and Ross 1992). Satisfaction with the overall firm was measured using a four-item scale adapted from prior research (e.g., Crosby and Stephens 1987; Bitner 1990; Cronin and Taylor 1992). All scale items across all scenarios were measured on seven point likert-type scales, and can be viewed in Appendix E.

Time Two (Post-Failure) Measures

Once respondents completed the “Time One” measurement section of the booklet, they were instructed to turn the page and read the scenario depicting a product or service failure. After the scenario was read, the respondents were instructed to answer questions pertaining to failure attributions, recovery expectations, and ease of switching providers. Each of these constructs is discussed below.

A five-item locus attribution measure was adapted to this study from prior research (Folkes 1984; Folkes and Kotsos 1986; Bitner 1990). The measure generally asked respondents to indicate the extent to which the firm was responsible for the failure. A five-item recovery expectations measure was also adapted to this study from McCollough’s (1995) research. The expectations items generally asked respondents to rate the extent to which they felt the firm would effectively recover from their failure. A five-item “ease of switching providers” measure was adapted from past service recovery research (McCollough 1995). The items generally measured the extent to which one
could easily switch to another provider. All of the above items were measured on seven-point likert-type scales.

**Time Three (Post-Recovery) Measures**

Following the service failure measurement, respondents were directed to turn the page of the booklet and continue the scenario where service recovery efforts were introduced. Transaction-specific satisfaction refers to the extent to which a consumer is satisfied with the particular service situation (i.e., service failure and recovery efforts), and was measured using a four-item scale adapted from prior research (e.g., Crosby and Stephens 1987; Bitner 1990; Cronin and Taylor 1992). Additionally, distributive, procedural, interactional justice perceptions were measured after the recovery attempt (Time Three), as justice presupposes an inequity has occurred. Distributive justice is defined here as the extent to which consumers feel the final outcome was fair given the consumer's inputs, and nine items were used to measure it. An existing measure of distributive justice (Price 1986) was modified for this study that attempted to account for justice inputs (e.g., time, effort, hassle, anxiety, cost). Procedural justice here refers to the extent to which consumers feel the policies and procedures regarding service failures and recoveries are fair given the consumer inputs. Procedural justice was operationalized using eight items from Folger and Konovsky's (1989) twenty six-item procedural justice scale that were deemed suitable for a consumer behavior analysis. The procedural justice items were worded to hopefully capture justice inputs (e.g., time, effort, hassle, anxiety, and cost). Interactional justices here indicates the extent to which consumers feel the firm's employees have treated them fairly given the consumer's inputs. A nine-item scale measuring interactional justice was also adapted to this study from Folger and...
Konovsky’s (1989) research. These measures attempted to account for justice inputs (e.g., time, effort, hassle, anxiety, and cost) as well. Several of these justice items were “carry over” items from the pilot study, and were measured on seven point likert scales. In sum, for the seven constructs depicted in Figure 1, forty-two measurement items were used in the pretest: four overall firm satisfaction items; four transactionspecific satisfaction items; four purchase intent items; four word-of-mouth items; nine distributive justice items; eight procedural justice items; and nine interactional justice items.

A four-item involvement measure was adapted to this study from past research (Ratchford 1987) to measure whether or not the situation was highly involved. The items were measured on a seven-point semantic differential scale (i.e., oppositely anchored continuum) whereby consumers place a mark on a line that indicates their opinion. “Attitude toward complaining” refers to one’s propensity to complain given a product or service failure, and a four-item “attitude toward complaining” scale was adapted from the complaining behavior literature (Richins 1983; Singh and Wilkes 1996). The items used to measure this construct were placed on seven-point likert-type scales.

**Measure Purification**

The covariances among the above 42 initial items (representing the model constructs) were input into LISREL VIII (Joreskog and Sorbom 1993) for confirmatory factor analysis. The objective of this analysis was to assess the discriminant validity and internal consistency among the hypothesized seven-factor model’s constructs. An iterative confirmatory procedure was utilized here to develop the final scales for distributive justice, procedural justice, interactional justice, overall firm satisfaction, transaction-specific satisfaction, word-of-mouth, and purchase intent.
Given that the main goal of this pretest study was to generate and retain measurement items for the main studies, a two-step approach advocated by Anderson and Gerbing (1988) and Cohen et al. (1990) was employed to first trim problematic items and obtain initial estimates of reliability and validity. This approach attempts to reduce interpretational confounding by establishing a sound measurement model prior to assessing any structural relationships. In the first iteration of this purification analysis, all forty-two of the initial measurement items in the home warranty service and banking service samples were specified to a correlated seven-factor model (i.e., four overall firm satisfaction items, four transaction-specific items, four purchase intent items, four word-of-mouth items, nine distributive justice items, eight procedural justice items, and nine interactional justice items).

The fit statistics and internal consistency estimates pertaining to the correlated seven-factor models are shown in Table 2. In an initial assessment of internal consistency, each item significantly loaded on its respective construct across the two samples ($p < .01$). However, the overall model fit for each sample suffered with goodness-of-fit (GFI) estimates ranging from .52 to .58, and adjusted goodness-of-fit (AGFI) estimates ranging from .45 and .53 across the three samples. Other model fit indices for the initial measurement model are shown in Table 2. In an attempt to improve the measurement model’s fit, three iterations of confirmatory factor analyses were conducted to systematically delete problematic items from the model. Based on heuristics suggested by Bagozzi and Yi (1988) and DeVillis (1995), the author deleted measurement items that showed several inadequacies pertaining to the following criteria: 1) high modification indices (> 5.0); 2) within and/or across factor correlated
measurement error (i.e., standardized residuals > 2.58); 3) completely standardized factor loadings below .50; and 4) redundant wording and/or relative lack of “face validity.”

### TABLE 2

#### Seven-Factor Measurement Model Estimates: Pretest Study

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<td><strong>Banking Service</strong></td>
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<td>Seven-Factor, 29 items</td>
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#### Internal Consistency

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<td>Sat. (transaction)</td>
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Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted. Sat. = Satisfaction. * $P < .01$.

Thirteen items that displayed these deficiencies were dropped from the analysis. Given that the deletions did not result in appreciable differences in the $\phi$ matrix (i.e., correlations among constructs), the domain of the constructs was preserved (Fornell 1983). These modifications resulted in two (i.e., home and bank) seven-factor models that contained twenty-nine items (i.e., three overall firm satisfaction items, three transaction-specific satisfaction items, four purchase intent items, three word-of-mouth...
items, five distributive justice items, five procedural justice items, and six interactional justice items).

Seven-Factor Measurement Model (29 Items)

The author conducted confirmatory factor analysis on the final twenty-nine items for each sample (i.e., home and bank) to assess scale dimensionality, internal consistency, and discriminant validity (Anderson and Gerbing 1988; Fornell and Larcker 1981). The fit statistics and internal consistency results for the three final seven-factor models are shown in Table 2. In general, the statistics for the seven-factor models denote somewhat marginal model fit. The goodness-of-fit index (GFI) across the three samples ranged from .68 to .72, and the adjusted goodness-of-fit index (AGFI) ranged from .61 and .66 respectively. Though these statistics fall well below the .90 recommendation, the .90 criterion may be too rigorous for GFI and AGFI, as these two indices may suffer from sampling inconsistencies (Bollen 1989; Hu and Bentler 1995; Bentler 1990; Maiti and Mukherjee 1990). Given the relatively small sample sizes (home N = 96 and bank N = 99) in the pretest study, Bentler’s (1990) comparative fit index (CFI) and Tucker-Lewis index (TLI) are included, as they are robust to sampling characteristics. The CFI estimates range from .84 to .91 across the three samples, while TLI estimates range from .82 and .90 respectively. In addition, the root mean square error of approximation (RMSEA) calculations ranged from .09 to .11, which indicate adequate to marginal model fit for each sample (MacCallum and Browne 1993). Though some of these indices are not at levels hoped for, they provide some support for model fit across the samples (Hu and Bentler 1995; Bentler 1990; Bollen 1989). Also, it is widely felt that highly parameterized models (i.e., 20 or more items/indicators) do not fit the data as well as
models with fewer parameters (Hoyle and Panter 1995; Podsakoff and MacKenzie 1994). In sum, though the fit levels for the home service scenarios are marginal, they are not unexpected.

**Internal Consistency**

In addition to fit statistics, the author examined the measures for internal consistency. This assessment was determined by investigating Cronbach’s alpha, composite alpha, item-to-factor loadings, and average variance extracted (AVE) estimates. In doing so, the alpha (α) reliability estimates ranged from .70 to .95 (across the two samples) for the constructs in the seven-factor model, which remain above the recommended threshold of ≤ .60 (Bagozzi and Yi 1988). Additionally, each item-to-factor loading was found significant across the two samples (p < .01). Likewise, all but two (i.e., procedural justice AVE = .47 in the home sample, and transaction-specific satisfaction AVE = .43 in the home sample) average variance extracted (AVE) estimates were above .50 (AVE ranged from .43 to .82 across the two samples). In sum, the primary goal of this pretest was met: to derive internally consistent measures for the model constructs.

**Discriminant Validity**

The discriminant validity of the 29-item seven-factor model was examined to determine whether or not the constructs were empirically distinct. Three tests were conducted here to assess discriminant validity. First, discriminant validity is supported when the average AVE between each pair of constructs is greater than $\phi^2$ (i.e., the correlation between two constructs). This criterion is considered the most stringent test.
of discriminant validity (Bagozzi and Yi 1988). The correlations among the constructs are shown in Table 3. In general, the seven-factor model suffered from a severe lack of

TABLE 3

Seven-Factor 29-Item Measurement Model Phi Correlation Matrices

<table>
<thead>
<tr>
<th></th>
<th>P. Intent</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>Sat-Trans</th>
<th>PJ</th>
<th>IJ</th>
<th>DJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. Intent</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Firm</td>
<td>.97&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td>.97&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.93&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Trans</td>
<td>.77&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.80&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.71</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PJ</td>
<td>.71</td>
<td>.76</td>
<td>.65</td>
<td>1.0&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IJ</td>
<td>.55</td>
<td>.64</td>
<td>.51</td>
<td>1.03&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>.95&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>DJ</td>
<td>.88&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.90&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.81</td>
<td>1.01&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>.92&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.85&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>P. Intent</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>Sat-Trans</th>
<th>PJ</th>
<th>IJ</th>
<th>DJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. Intent</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Firm</td>
<td>.96&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td>.99&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>.94&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Trans</td>
<td>.83</td>
<td>.88&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.84</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PJ</td>
<td>.83</td>
<td>.85&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.83</td>
<td>.98&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IJ</td>
<td>.74</td>
<td>.81&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.76</td>
<td>.95&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>.99&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>DJ</td>
<td>.83</td>
<td>.89&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.87&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.95&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.95&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.91&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: P. Intent = Purchase Intentions; Sat-Firm = Satisfaction with the firm; WOM = Word-of-Mouth; Sat-Trans = Transaction-Specific Satisfaction; PJ = Procedural Justice; IJ = Interactional Justice; DJ = Distributive Justice. The (a) superscript means the $\phi^2$ is greater than the average “Average Variance Extracted” (AVE) between those same two constructs. The (b) superscript means the confidence interval around $\phi$ includes one (1).

discriminant validity among several of its constructs. These deficiencies are somewhat consistent across the two samples. Across the home and bank samples, there seem to be three primary areas for concern. One area of concern involves the lack of discriminant
validity between transaction-specific satisfaction and all of the perceived justice constructs (φ correlation ranges from .95 to 1.03 across the two samples). Another exceedingly problematic area is the lack of discriminant validity between each of the perceived justice constructs (φ correlation ranges from .85 to .99 across the two samples). Moreover, the lack of discriminant validity between overall firm satisfaction, purchase intent, and word-of-mouth seems somewhat troublesome (φ correlation ranges from .93 to .99 across the two samples).

Second, the confident intervals around φ between each pair of constructs were examined for discriminant validity purposes. Anderson and Gerbing (1988) and Fornell and Larcker (1981) suggest that some support for discriminant validity exists when these confidence intervals do not include one (1). Given that this test is not as stringent, several problematic construct pairs that failed the first test were able to pass this discriminant validity test. However, the three problematic areas discussed above still report a lack of discriminant validity. Relatively speaking though, the largest two problems lie between the following constructs: 1) transaction-specific satisfaction and perceived justice (i.e., procedural, distributive, and interactional justice), and 2) procedural justice and interactional justice.

Given the discriminant validity problems discussed above, an alternative set of models was estimated to further assess discriminant validity. Specifically, the six satisfaction items (i.e., three transaction-specific items and three overall firm satisfaction items) were specified as a two-factor first order correlated factor model. The two-factor models for both samples were then compared to one-factor models, whereby transaction-
specific and firm satisfaction items were combined into a single factor. The results of this analysis are shown in Table 4. The $\chi^2$ fit of the two-factor models was significantly better than the $\chi^2$ fit of the one-factor models across both samples (home $\chi^2_{\text{diff}} = 10.84$, 1 degree of freedom, $p < .005$; and bank $\chi^2_{\text{diff}} = 13.74$, 1 degree of freedom, $p < .005$), which provides some support for operationalizing transaction-specific satisfaction and firm satisfaction as two separate constructs. Additionally, the goodness-of-fit (GFI), adjusted goodness-of-fit (AGFI), CFI, TLI, and RMSEA estimates were consistently higher for the two-factor model (versus the one-factor model) across both samples. The confident intervals around $\phi$ between the construct pair did not include one (1), which also offers some additional support for discriminant validity. The average AVE between the pair of constructs, however, is not greater than $\phi^2$ for both the home ($\phi = .80$) and bank ($\phi = .90$) samples. Despite the discriminant validity issues, the results here suggest that transaction-specific satisfaction and firm satisfaction are probably best modeled as...

TABLE 4

Transaction-Specific Satisfaction and Overall firm satisfaction
Model Comparisons

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Warranty Service One-Factor, 6 items</td>
<td>32.14*</td>
<td>9</td>
<td>.90</td>
<td>.77</td>
<td>.91</td>
<td>.85</td>
<td>.16</td>
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<tr>
<td>Two-Factor, 6 items</td>
<td>21.30*</td>
<td>8</td>
<td>.93</td>
<td>.83</td>
<td>.95</td>
<td>.91</td>
<td>.13</td>
</tr>
<tr>
<td>Banking Service One-Factor, 6 items</td>
<td>39.99*</td>
<td>9</td>
<td>.89</td>
<td>.74</td>
<td>.93</td>
<td>.88</td>
<td>.19</td>
</tr>
<tr>
<td>Two-Factor, 6 items</td>
<td>26.25*</td>
<td>8</td>
<td>.93</td>
<td>.80</td>
<td>.96</td>
<td>.92</td>
<td>.15</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted.
two separate constructs (versus a one-factor model). In this pretest, however, transaction-
specific satisfaction is still exceedingly problematic. Given its high correlation with the
justice measures, particularly distributive justice (Table 3), and its lack of discriminant
validity from firm satisfaction (Table 4), it seems plausible to capture satisfaction
perceptions with one construct (i.e., firm satisfaction). Cronin and Taylor (1992, 1994)
and Ostrom and Iacobucci (1995) support such a global operationalization of satisfaction.

A similar analysis was performed on the procedural justice—interactional justice
construct pair. As such, these eleven justice items (i.e., five procedural justice items and
six interactional justice items) were specified as a two-factor first order correlated factor
model. The two-factor models for both samples were then compared to one-factor
models, whereby procedural justice and interactional justice items were combined into a
single factor. The results of this analysis are shown in Table 5. The $\chi^2$ fit of the two-

TABLE 5
Procedural and Interactional Justice Model Comparisons

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Home Warranty Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-Factor, 11 items</td>
<td>119.30*</td>
<td>44</td>
<td>.84</td>
<td>.75</td>
<td>.87</td>
<td>.84</td>
<td>.13</td>
</tr>
<tr>
<td>Two-Factor, 11 items</td>
<td>115.52</td>
<td>43</td>
<td>.84</td>
<td>.76</td>
<td>.88</td>
<td>.84</td>
<td>.13</td>
</tr>
<tr>
<td>One-Factor, 9 items</td>
<td>55.30*</td>
<td>27</td>
<td>.89</td>
<td>.81</td>
<td>.94</td>
<td>.92</td>
<td>.11</td>
</tr>
<tr>
<td><strong>Banking Service</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>44</td>
<td>.87</td>
<td>.80</td>
<td>.94</td>
<td>.93</td>
<td>.11</td>
</tr>
<tr>
<td>Two-Factor, 11 items</td>
<td>92.45*</td>
<td>43</td>
<td>.87</td>
<td>.79</td>
<td>.94</td>
<td>.92</td>
<td>.11</td>
</tr>
<tr>
<td>One-Factor, 9 items</td>
<td>50.94*</td>
<td>27</td>
<td>.90</td>
<td>.84</td>
<td>.97</td>
<td>.95</td>
<td>.10</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit;
RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI =
comparative fit index; AVE = average variance extracted. * P < .01.
factor models was not significantly different than the χ² fit of the one-factor models across both samples (home χ² \text{diff} = 3.78, 1 degree of freedom, p < .01, ns; and bank χ² \text{diff} = .03, 1 degree of freedom, p < .01, ns). Additionally, fit indices were fairly similar for both the two-factor and one-factor models across both samples, and the confident intervals around Φ between the construct pair did include a value of one (1). The average AVE between the pair of constructs similarly is not greater than Φ² for both samples (home Φ = .95; and bank Φ = 1.0). Given the similar fit reported across the samples for the two-factor and one-factor models, as well as the lack of discriminant validity among procedural and interactional justice, it seems reasonable to model these two constructs as a one-factor model (i.e., procedural/interactional justice). Such a conceptualization and operationalization has been found in the justice literature (Tyler and Griffin 1991; Folger and Konovsky 1989; Gilliland 1993; Sheppard et al. 1992), and other researchers have reported a high correlation (i.e., r > .90) between procedural justice and interactional justice (cf. Moorman 1991). Given the results presented here and the findings of others with regard to the lack of discriminant validity between interactional justice and procedural justice, I estimated a one-factor 9-item measure of interactional/procedural justice (Table 5). This nine item procedural/interactional justice measure showed Cronbach's alpha estimates ranging from .92 to .95, composite alpha estimates ranging from .91 to .95, and AVE estimates ranging from .54 to .70, respectively (the two items i.e., one procedural justice item and one interactional justice item, were deleted from the scale based on relatively low standardized factor loadings, high modification indices, large standardized residuals, and face validity).
In sum, the discriminant validity tests indicate a lack of discriminant validity among several constructs. Two especially problematic areas were present across both samples, namely: 1) discriminant validity deficiencies between transaction-specific satisfaction and procedural, interactional, and distributive justice; and 2) discriminant validity deficiencies between procedural and interactional justice. Regarding the transaction-specific satisfaction problems, it seems reasonable to examine a condensed model, whereby satisfaction is operationalized with one construct (i.e., firm satisfaction). Such an approach is consistent with other satisfaction research (Cronin and Taylor 1992, 1994). Although conceptually distinct, the two constructs were not empirically distinguished by the pretest study's respondents. Additionally, the discriminant validity tests here (across both samples) suggest that procedural justice and interactional justice could be reasonably operationalized as a single construct (i.e., procedural/interactional justice). This, too, is consistent with some of the justice literature (Tyler and Griffin 1991; Folger and Konovsky 1989; Gilliland 1993; Sheppard et al. 1992), which suggests that interactional justice is a component of procedural justice, but not necessarily a distinct construct.

To help clarify the operationalizations of satisfaction and procedural/interactional justice, a condensed 24-item five-factor measurement model (i.e., nine procedural/interactional justice items, five distributive justice items, three firm satisfaction items, four purchase intent items, and three word-of-mouth items) is investigated in the next section. The five-factor model is now discussed below.
Five-Factor Measurement Model

The author specified a five-factor first order correlated factor model to further investigate the above-mentioned discriminant validity problems. As such, the author conducted confirmatory factor analysis on twenty-four items (i.e., three overall firm satisfaction items, three word-of-mouth items, four purchase intent items, nine procedural/interactional justice items, and five distributive justice items) for each sample (i.e., home and bank) to further assess scale dimensionality, internal consistency, and discriminant validity (Anderson and Gerbing 1988; Fornell and Larcker 1981).

The fit statistics and internal consistency results for the five-factor models are shown in Table 6 (for comparison purposes, the original seven-factor model is also presented).

<p>| TABLE 6 |
|---|---|
| <strong>Five-Factor, Seven-Factor, and One-Factor Measurement Model Estimate Comparisons: Pretest Study</strong> |
| <strong>Model</strong> | <strong>χ²</strong> | <strong>df</strong> | <strong>GFI</strong> | <strong>AGFI</strong> | <strong>CFI</strong> | <strong>TLI</strong> | <strong>RMSEA</strong> |
| <strong>Home Warranty Service</strong> | | | | | | | |
| Seven-Factor, 29 items | 785.65* | 356 | .68 | .61 | .84 | .82 | .11 |
| Five-Factor, 24 items | 473.46* | 242 | .74 | .67 | .90 | .88 | .10 |
| <strong>Banking Service</strong> | | | | | | | |
| Seven-Factor, 29 items | 625.47* | 356 | .72 | .66 | .91 | .90 | .09 |
| Five-Factor, 24 items | 391.69* | 242 | .76 | .70 | .94 | .93 | .079 |
| <strong>Internal Consistency</strong> | | | | | | | |</p>
<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach's Alpha</th>
<th>Composite Alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five Factor, 24 items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive Justice</td>
<td>.88</td>
<td>.91</td>
<td>.89</td>
</tr>
<tr>
<td>P. Justice/ I. Justice</td>
<td>.92</td>
<td>.94</td>
<td>.91</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>.92</td>
<td>.95</td>
<td>.92</td>
</tr>
<tr>
<td>Word-of-Mouth</td>
<td>.91</td>
<td>.89</td>
<td>.92</td>
</tr>
<tr>
<td>Sat. (firm)</td>
<td>.87</td>
<td>.89</td>
<td>.87</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted. * P < .01.
included in Table 6). In general, the statistics for the five-factor models denote adequate model fit for CFI, TLI, and RMSEA, and the five-factor model fit better than the seven-factor model across both samples. In addition to fit statistics, the author examined the five-factor model constructs for internal consistency. The alpha (α) reliability estimates ranged from .81 to .95 (across the samples), each item-to-factor loading was found significant (p < .01), and all average variance extracted (AVE) estimates were above .50 (AVE ranged from .54 to .82 across the two samples). In sum, the internal consistency results collectively provide some evidence of internally consistent measures for the two samples (i.e., home and bank). The model will now be assessed for discriminant validity.

**Discriminant Validity**

The discriminant validity of the five-factor model was again examined via two tests. First, discriminant validity is supported when the average AVE between each pair of constructs is greater than $\phi^2$. The $\phi$ correlations among constructs are shown in Table 7. In general, the five-factor model also suffered from a lack of discriminant validity among several of its constructs on this test, but the discriminant validity problems are less-pronounced in the five-factor model (versus the seven-factor model). Across the two samples, there seem to be two primary areas for concern. One area of concern is the lack of discriminant validity between procedural/interactional justice and distributive justice ($\phi$ correlation ranges from .90 to .93 across the two samples). Another problematic area relates to the lack of discriminant validity between overall firm satisfaction, purchase intent, and word-of-mouth ($\phi$ correlation ranges from .93 to .99 across the two samples). The lack of discriminant validity among these three constructs is consistent among the
pilot study, the seven-factor pretest model, and the five-factor pretest model. Second, the confident intervals around $\phi$ between each pair of constructs were examined for discriminant validity purposes. Given that this test is not as stringent, several problematic construct pairs that failed the first test were able to pass this discriminant validity test. However, the results still report a lack of discriminant validity between firm satisfaction, purchase intent, and positive word-of-mouth.

TABLE 7
Five-Factor 24-Item Measurement Model Phi Correlation Matrices

<table>
<thead>
<tr>
<th></th>
<th>P. Intent</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>PJ/IJ</th>
<th>DJ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Home Warranty Service Sample</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P. Intent</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Firm</td>
<td></td>
<td>0.97$^a$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td></td>
<td>0.97$^a$</td>
<td>0.93$^a$</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>PJ/IJ</td>
<td>0.64</td>
<td>0.71</td>
<td>0.58</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>DJ</td>
<td>0.88$^a$</td>
<td>0.90$^a$</td>
<td>0.81</td>
<td>0.90$^a$</td>
<td>1.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>P. Intent</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>PJ/IJ</th>
<th>DJ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banking Service Sample</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P. Intent</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Firm</td>
<td></td>
<td>0.96$^a$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td></td>
<td>0.99$^a$</td>
<td>0.94$^a$</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>PJ/IJ</td>
<td>0.79</td>
<td>0.84</td>
<td>0.80</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>DJ</td>
<td>0.83</td>
<td>0.89$^a$</td>
<td>0.87$^a$</td>
<td>0.93$^a$</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: P. Intent = Purchase Intentions; Sat-Firm = Satisfaction with the firm; WOM = Word-of-Mouth; PJ/IJ = Procedural Justice/Interactional Justice; DJ = Distributive Justice. The (a) superscript means the $\phi^2$ is greater than the average "Average Variance Extracted" (AVE) between those same two constructs. The (b) superscript means the confidence interval around $\phi$ includes one (1).

In sum, the discriminant validity tests for the five-factor model again indicate a lack of discriminant validity among several constructs. Two especially problematic areas
were present across both samples, namely: 1) discriminant validity deficiencies between firm satisfaction, purchase intent, and positive word-of-mouth; and 2) discriminant validity deficiencies between procedural/interactional and distributive justice. The discriminant validity problems between satisfaction, purchase intent, and word-of-mouth were also found by Goodwin and Ross (1992). In their study, they combined the three constructs into an overall "satisfaction" construct. The author here, however, feels it is important to capture the perception differences among these three constructs, and the marketing literature suggests that attitudes (i.e., satisfaction) lead to intentions (i.e., purchase intent and positive word-of-mouth) (Fishbein and Ajzen 1975; Lutz 1981). Also, it seems reasonable for a consumer to be relatively satisfied, but nonetheless may not intend to either recommend the firm or shop there in the future. For these reasons, it seems worthwhile to attempt to capture differences among these variables in the main studies.

Some authors suggest that perceived justice is a compensatory model, whereby consumers will systematically combine procedural, distributive, and interactional justice perceptions into an overall "perceived justice" perception (Blodgett et al. 1993, 1997). By doing so, however, researchers fail to capture the diverse influences that each justice component has on one's satisfaction. Given that a key objective in this dissertation is to study the relative impact of each justice construct (across two samples), the author will once again attempt to establish discriminant validity among these constructs in the two main studies.

The lack of discriminant validity reported both in the pilot study and pretest study will hopefully be reduced in the main studies. First, the artificial nature of the pretest
(i.e., hypothetical scenarios) may not provide enough information to consumers regarding the product/service failure and recovery efforts. Given that the scenarios are relatively brief, and artificial in nature, consumers may not be able to accurately differentiate between the model’s constructs. Further, keep in mind that all measures were responded to in one twenty minute session adding the probably of “common-method” variance, which tends to inflate the correlations among constructs. The main studies will be conducted with actual product/service failures and actual recovery efforts where respondents will potentially have substantially more information on which to base their perceptions. This additional information may be significant for establishing discriminant validity in the main studies. Second, the “across time” nature of the main dissertation studies will also likely help establish discriminant validity. Given that the model constructs will be measured at three separate times (i.e., post-failure, post-recovery, and two weeks after the event), and these measures will be collected as the events occur (i.e., failure and recovery), it seems reasonable that consumers will provide significantly more variation in their responses. As such, all 29 items resulting from the seven-factor model data purification will once again be measured in the dissertation main studies. Appendix F shows all items that will be “carried over” for the main studies as well as those items comprising the combined 9-item version of procedural/interactional justice.

**An Alternative Model**

The results of this pretest combined with the results of the pilot study suggest an “alternative” model to be tested. In the pilot study, five constructs were examined: distributive justice, procedural justice, overall firm satisfaction, word-of-mouth, and purchase intent. In this pretest, the results of the discriminant validity tests also suggest
the potential for a five-construct model: distributive justice, procedural/interactional justice, overall firm satisfaction, word-of-mouth, and purchase intent. Further, given the theoretical and empirical evidence that satisfaction with a transaction is a purchase outcome whereby consumers compare rewards and costs, it seems reasonable to test a model without transaction-specific satisfaction due to its redundancy with distributive justice. That is, an argument can be made that distributive justice and transaction-specific satisfaction in a service recovery context are isomorphic constructs. As such, in the main studies, the alternative model depicted in Figure 2 will be tested for model fit and predictive ability against the original model shown in Figure 1.

Pretest Summary

The purpose of this pretest was primarily to develop and purify the internally consistent measures that will be utilized in the main dissertation studies. Hypothetical scenarios were employed to capture consumer perceptions of transaction-specific satisfaction, firm satisfaction, positive word-of-mouth, purchase intentions, distributive justice, procedural justice, and interactional justice subsequent to a service recovery effort. These scenarios attempted to depict a realistic product/service failure and recovery situation in the new home warranty service and banking service industries. These three industries were chosen, as they reflect the research sites for the main dissertation studies. Though problems related to discriminant validity were evident, most importantly, the pretest yielded internally consistent measures that can be employed across the two research sites chosen for the main studies.

As previously stated, the main studies will involve actual product/service failures and actual service recoveries. Given that these respondents actually experience the
failure and recovery effort on which they are basing their perceptions, more variation is expected in their responses to these situations. Additionally, the “across time” nature of the main studies (i.e., three separate measurement time periods) will seemingly help provide some discrimination among the model's constructs. Given the separate data collection times, respondents will likely be rating their perceptions as they actually occur over time. Thus, the author plans to employ all twenty-nine items (i.e., three transaction-specific satisfaction items, three firm satisfaction items, three positive word-of-mouth items, four purchase intention items, five distributive justice items, five procedural justice items, and six interactional justice items) in the main dissertation studies. The author will also compare the seven-construct model pertaining to these twenty-nine items (Figure 1) against a five-construct model (Figure 2) in terms of model fit and predictive validity. This comparison will be made only if similar discriminant validity problems are encountered in the main studies. The next chapter discusses the main studies in more detail.

Note: PJ/IJ refers to procedural justice/interactional justice.

FIGURE 2

Alternative Five-Construct Service Recovery Model
CHAPTER 5: MAIN DISSERTATION STUDIES

To test the hypothesized model, the author conducted two field studies (i.e., one in the banking industry and one in the new home building industry). The purpose of these samples is to examine the service recovery model from diverse perspectives, thus hopefully enhancing the model's generalizability. The author will now discuss each of these studies below.

STUDY ONE

Sample and Procedures

The author first conducted a field study with banking customers. In particular, Study One focuses on consumers who have actively complained about their banking experience (e.g., incorrect balances, excess service charges, etc.). For this study, the author collected consumer perceptions from an industry-leading bank located in the southeastern United States, and data were collected at 116 branch locations. Respondents in this study completed three questionnaires, namely one post-failure (i.e., Time One), one at post-recovery (i.e., Time Two), and one approximately two weeks subsequent to the firm's recovery efforts (i.e., Time Three). All three bank questionnaires can be viewed in Appendix G. I will now briefly discuss each of these three data collections.

Time One (Post Service Failure)

Upon complaining to any of the 116 branch offices, 1356 banking customers received a "Time One" questionnaire that asked respondents to indicate their opinions regarding their current banking failure. At this point, customer service agents notified complainants that the purpose of the questionnaire was to improve the bank's customer service efforts. Customer service agents also notified complainants that the study
consisted of three parts, and complainants were asked up-front for a commitment to complete all three questionnaires. Once customers agreed to fully participate in the study (i.e., complete all three questionnaires), the service agent distributed a Time One questionnaire to the complainants. At Time One, consumers were first asked to think retrospectively about all their banking experiences with the focal firm up until the recent service problem (i.e., past perceptions). These experiences may have included past banking service availability, support, services offered, ease of use, customer service, etc. Afterwards, customers were instructed to rate past firm satisfaction, purchase intentions, and positive word-of-mouth intentions (WOM). The respondents were then asked to think about all of their experiences with the focal bank up to the current moment (i.e., current perceptions that included the service failure). Consistent with the past perception ratings, customers were asked to rate their current perceptions of firm satisfaction, purchase intentions, and positive word-of-mouth intentions. Additionally, the Time One questionnaire asked respondents to rate their perceptions regarding service recovery expectations, service failure attributions, and service problem severity. Though these “Time One” perception measures are not used in the model tested in this dissertation, they will be used for later analyses examining changes in satisfaction, purchase intent, WOM, expectations, and attributions over time. The Time One questionnaire lastly asked respondents to complete some demographic information.

**Time Two (Post Service Recovery)**

At “Time Two” (i.e., post service recovery), 1085 complainants who completed the Time One questionnaire were given a Time Two questionnaire following the bank’s service recovery effort. The single-page Time Two questionnaire asked consumers about
their interactional and procedural justice perceptions regarding the bank’s recovery effort. Approximately 70 percent (957) of the bank’s complaints were handled while the customer waited. In these cases, 877 complainants completed the Time Two questionnaire on the bank’s premises, which represents a 92 percent on-site response rate. However, 399 complaints could not be handled “on-the-spot,” and therefore the bank mailed 399 Time Two questionnaires to complainants immediately after the bank addressed the service failure. It should also be noted that the bank addressed each of these 399 complaints within two days. To help increase the mailing response rate, research assistants reminded the 399 complainants (by telephone) to respond. Of the 399 Time Two questionnaires mailed, the bank received 208 usable responses, which represents a 52 percent off-site response rate. Time One and Time Two questionnaires were “matched” by each respondent’s name. As such, 1085 usable questionnaire packets (those containing both a Time One and a Time Two questionnaire) were collected, which represents an 80 percent overall (i.e., on-site and off-site) response rate.

**Time Three (Two weeks post service recovery)**

The purpose of the “Time Three” measurement was to help capture customer perceptions as they form across time. The Time Three questionnaire assessed distributive justice, transaction-specific satisfaction, overall firm satisfaction, word-of-mouth intentions, and purchase intentions. A third questionnaire was mailed to 1085 complainants (i.e., those who completed both Time One and Time Two questionnaires) one week subsequent to the recovery effort with hopes of reaching the customer within two weeks post-recovery. The bank encouraged complainants to respond by offering them an incentive. Specifically, respondents received their choice of either 1) a six-
month checking account upgrade that eliminated all banking fees, and offered participants
discounted loan rates, or 2) a complimentary financial planning analysis. In addition,
research assistants telephoned the 1085 complainants as a reminder to respond. Of the
1085 Time Three questionnaires distributed, 692 usable responses were collected (64
percent response rate) and matched (by respondent name) to the respondent’s Time One
and Time Two questionnaires. Across the entire data collection period, then, 692 usable
questionnaire packets (containing the Time One, Time Two, and Time Three
questionnaires) were collected, which resulted in a 51 percent overall response rate for
Study One.

Of the 692 bank complainants that responded, 45.1 percent were male while 54.9
percent were female. Additionally, 31.4 percent of respondents were between the ages of
36 to 49 years (11 percent were less than 25 years old; 31.2 percent were between 25-35;
24.4 percent were between 50-65; 2 percent were older than 65 years). Regarding the
complainants’ length of relationship with the focal bank, 45.2 percent had been bank
customers for 1 to 3 years (24.7 percent had patronized the firm for less than 1 year; 22
percent had been customers for 3 to 5 years; 8.1 percent had patronized the bank for over
5 years), and 40.2 percent of respondents had college degrees (11.6 percent had a high
school degree; 21 percent had some college experience; 23.6 percent held graduate
degrees; 3.8 percent held professional degrees).

Measures

The author utilized the twenty-nine items (i.e., 4 purchase intent items, 3 overall
firm satisfaction items, 3 transaction-specific items, 3 word-of-mouth intent items, 5
distributive justice items, 5 procedural justice items, and 6 interactional justice items)
resulting from the pretest for both Study One and Study Two. The author also incorporated measures of failure attributions, recovery expectations, and problem severity. Each of these measures, along with their respective coefficient alpha reliability estimates, can be viewed in Appendix I. I will now discuss each of these measures in the section below.

**Time One (Post-Failure) Measures**

A four-item purchase intent measure was constructed specifically for a banking service (Fishbein and Ajzen 1975). A three-item word-of-mouth intent (WOM) measure was also developed for Study One with items similar to those found in the extant literature (Hartline and Jones 1996; Goodwin and Ross 1992). Overall firm satisfaction was measured using a three-item scale adapted from prior research (e.g., Crosby and Stephens 1987; Bitner 1990; Cronin and Taylor 1992). All purchase intent, WOM, and overall firm satisfaction items were worded to reflect both past as well as current perceptions. Additionally, a four-item locus attribution measure was adapted to this study from prior research (Folkes 1984; Folkes and Kotsos 1986; Bitner 1990). The measure generally asked respondents to indicate the extent to which the firm was responsible for the failure. A four-item recovery expectation measure was also adapted to this study from McCollough’s (1995) research. The expectation items generally asked respondents to rate the extent to which they felt the firm would effectively recover from their failure. A three-item problem severity measure was adapted to this study from prior research (McCollough 1995). (As previously stated, the measures of failure attributions, recovery expectations, and problem severity were collected for future research, and are
not the focus of this dissertation). All of the above items were measured on seven-point likert-type scales.

**Time Two (Post-Service Recovery) Measures**

Complainants were asked to respond to procedural and interactional justice items at Time Two. Procedural justice here refers to the extent to which consumers feel the policies and procedures regarding service failures and recoveries are fair given the consumer inputs. Procedural justice was operationalized using five items that were adapted from Folger and Konovsky's (1989) twenty-six-item procedural justice scale. The procedural justice items were worded to capture justice inputs (e.g., time, effort, hassle, anxiety, and cost), relative to procedural fairness. Interactional justices here indicates the extent to which consumers feel the firm's employees have treated them fairly given the consumer's inputs. A six-item scale measuring interactional justice was also adapted to this study from Folger and Konovsky's (1989) research. These items attempted to account for justice inputs (e.g., time, effort, hassle, anxiety, and cost) as well. These procedural and interactional justice items were "carry over" items from the pretest study, and were measured on seven point likert scales.

**Time Three (Two Weeks Post-Recovery) Measures**

At Time Three, respondents were asked to complete a short questionnaire comprising measures of overall firm satisfaction, distributive justice, transaction-specific satisfaction, word-of-mouth intentions, and purchase intentions. Transaction-specific satisfaction refers to the extent to which a consumer is satisfied with the particular service situation (i.e., service failure and recovery efforts), and was measured using a three-item scale adapted from prior research (e.g., Crosby and Stephens 1987; Bitner 1990; Cronin

74
and Taylor 1992). Additionally, distributive justice perceptions were measured two weeks after the recovery attempt (Time Three), as justice presupposes an inequity has occurred. Distributive justice is defined here as the extent to which consumers feel the final outcome was fair given the consumer’s inputs, and five items were used to measure the construct. An existing measure of distributive justice (Price 1986) was modified for this study that attempted to account for justice inputs (e.g., time, effort, hassle, anxiety, cost). In addition, the same four-item purchase intent measure utilized at Time One was once again employed at Time Three. The three-item word-of-mouth intent (WOM) measure utilized previously (Time One) was similarly employed at Time Three. Overall firm satisfaction was also measured at Time Three using the same three-item scale employed at Time One. In sum, for the seven constructs depicted in Figure 3, twenty-nine measurement items were used in Study One: three overall firm satisfaction items; three transaction-specific satisfaction items; four purchase intent items; three word-of-mouth items; five distributive justice items; five procedural justice items; and six interactional justice items. (Again, the measures of failure attributions, recovery expectations, and problem severity were collected for future research, and are not the focus of this dissertation).

Measure Purification

The covariances among the above 29 initial items (representing the seven model constructs) were input into LISREL VIII (Joreskog and Sorbom 1993) for confirmatory factor analysis. The objective of this analysis was to assess dimensionality, discriminant validity, and internal consistency among the hypothesized seven-factor model’s constructs. An iterative confirmatory procedure was utilized here to develop the final
scales for distributive justice, procedural justice, interactional justice, overall firm satisfaction, transaction-specific satisfaction, word-of-mouth, and purchase intent.

FIGURE 3

Service Recovery's Influence on Complainant Perceptions of Perceived Justice, Satisfaction, Positive Word-of-Mouth, and Purchase Intentions

Given that the main goal of this confirmatory factor analysis was to evaluate measurement items for the structural model, a two-step approach advocated by Anderson and Gerbing (1988) and Cohen et al. (1990) was employed to first trim problematic items and obtain initial estimates of reliability, dimensionality, and discriminant validity. This approach attempts to reduce interpretational confounding by establishing a sound measurement model prior to assessing any structural relationships. In the first iteration of this purification analysis, all twenty-nine of the initial measurement items in the banking service sample were specified to a correlated seven-factor model (i.e., three overall firm satisfaction items, three transaction-specific items, four purchase intent items, three word-of-mouth items, and purchase intent).
of-mouth items, five distributive justice items, five procedural justice items, and six interactional justice items).

The fit statistics and internal consistency estimates pertaining to the correlated seven-factor models are shown in Table 8. In an initial assessment of internal consistency, each item significantly loaded on its respective construct (p < .01). The overall model fit was acceptable with a .90 goodness-of-fit (GFI) estimate, and a .87 adjusted goodness-of-fit (AGFI) estimate. Other model fit indices for the initial measurement model are shown in Table 8. In an attempt to improve the measurement model's fit, six iterations of confirmatory factor analyses were conducted to systematically delete problematic items from the model. Based on several measurement heuristics, the author deleted measurement items that showed several inadequacies pertaining to the following criteria: 1) high modification indices (> 5.0); 2) within and/or across factor correlated measurement error (i.e., standardized residuals > 2.58); 3) completely standardized factor loadings below .50; and 4) redundant wording and/or relative lack of “face validity.” (Bagozzi and Yi 1988; Bearden and Netemeyer 1998; DeVillis 1995). Five items that displayed these deficiencies were dropped from the analysis. Given that the deletions did not result in appreciable differences in the ϕ matrix (i.e., correlations among constructs remained the same), the domain of the constructs was preserved (Fornell 1983). These modifications resulted in a seven-factor model that contained twenty-four items (i.e., three overall firm satisfaction items, three transaction-specific satisfaction items, three purchase intent items, three word-of-mouth items, four
TABLE 8
Measurement Model Estimates: Main Study One (Bank Sample)

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seven-Factor, 29 items</td>
<td>1133.45</td>
<td>356</td>
<td>.90</td>
<td>.87</td>
<td>.96</td>
<td>.95</td>
<td>.056</td>
</tr>
<tr>
<td>Seven-Factor, 24 items</td>
<td>666.93</td>
<td>231</td>
<td>.93</td>
<td>.90</td>
<td>.97</td>
<td>.96</td>
<td>.052</td>
</tr>
</tbody>
</table>

Internal Consistency

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach's Alpha</th>
<th>Composite Alpha</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seven-Factor, 24 items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive Justice (DJ)</td>
<td>.91</td>
<td>.90</td>
<td>.70</td>
</tr>
<tr>
<td>Procedural Justice (PJ)</td>
<td>.90</td>
<td>.91</td>
<td>.71</td>
</tr>
<tr>
<td>Interactional Justice (IJ)</td>
<td>.92</td>
<td>.92</td>
<td>.75</td>
</tr>
<tr>
<td>Purchase Intention (PI)</td>
<td>.92</td>
<td>.92</td>
<td>.79</td>
</tr>
<tr>
<td>Satisfaction (Firm)</td>
<td>.89</td>
<td>.89</td>
<td>.74</td>
</tr>
<tr>
<td>Satisfaction (Transaction)</td>
<td>.92</td>
<td>.92</td>
<td>.79</td>
</tr>
<tr>
<td>Word-of-Mouth (WOM)</td>
<td>.91</td>
<td>.91</td>
<td>.78</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted.

Seven-Factor 24-Item Measurement Model Phi Correlation Matrix:
Main Study One

<table>
<thead>
<tr>
<th></th>
<th>P. Intent</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>Sat-Trans</th>
<th>PJ</th>
<th>IJ</th>
<th>DJ</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. Intent</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Sat-Firm</td>
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<td>1.0</td>
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<td></td>
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<tr>
<td>WOM</td>
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<td>Sat-Trans</td>
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<td>.58</td>
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<tr>
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<td>.29</td>
<td>.18</td>
<td>.30</td>
<td>.37</td>
<td>-.10</td>
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<td>DJ</td>
<td>.23</td>
<td>.25</td>
<td>.28</td>
<td>.55</td>
<td>.11</td>
<td>.22</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Note: P. Intent = Purchase Intentions; Sat-Firm = Satisfaction with the firm; WOM = Word-of-Mouth; Sat-Trans = Transaction-Specific Satisfaction; PJ = Procedural Justice; IJ = Interactional Justice; DJ = Distributive Justice.

distributive justice items, four procedural justice items, and four interactional justice items). Appendix I displays the final measurement items for all model constructs.
Seven-Factor Measurement Model (24 Items)

The author conducted confirmatory factor analysis on the final twenty-four items to assess dimensionality, internal consistency, and discriminant validity (Anderson and Gerbing 1988; Fornell and Larcker 1981). The fit statistics and internal consistency results for the final 24-item, seven-factor model is shown in Table 8. In general, the statistics for this model denotes adequate model fit. The goodness-of-fit index (GFI) estimate was .93, while the adjusted goodness-of-fit index (AGFI) estimate was .90 for the 24-item model. Bentler’s (1990) comparative fit index (CFI) and Tucker-Lewis index (TLI) are included, as they are robust to sampling characteristics. The CFI and TLI estimates were .97 and .96, respectively. In addition, the root mean square error of approximation (RMSEA) calculation (i.e., an assessment of fit per degree of freedom) was .052, which indicates adequate model fit (MacCallum and Browne 1993).

Collectively, the fit indices provide support for model fit for the 24-item measurement model (Hu and Bentler 1995; Bentler 1990; Bollen 1989).

Discriminant Validity

The discriminant validity among the constructs of the 24-item seven-factor model was examined to determine whether or not the constructs were empirically distinct. Discriminant validity is supported when the average AVE (i.e., average variance extracted estimates, which assesses the amount of variances captured by a construct’s measure relative to measurement error) between each pair of constructs is greater than $\phi^2$ (i.e., the correlation between two constructs). This criterion is considered the most stringent test of discriminant validity (Anderson and Gerbing 1988; Bagozzi and Yi
1988). The correlations among the constructs (i.e., $\phi$ correlation among constructs) are shown in Table 8. This criterion was met for all possible construct pairs, and thus all seven model constructs were found to be empirically distinct.

**Internal Consistency**

In addition to fit and discriminant validity statistics, the author examined the measures for internal consistency. This assessment was determined by investigating Cronbach's alpha, composite alpha, item-to-factor loadings, and average variance extracted (AVE) estimates. In doing so, the alpha ($\alpha$) reliability estimates ranged from .89 to .92 for the constructs in the seven-factor model, which remain above the recommended threshold of $\leq .60$ (Bagozzi and Yi 1988). The completely standardized factor loadings for the model ranged as follows: .85 to .91 for transaction-specific satisfaction, .75 to .92 for overall firm satisfaction, .85 to .91 for word-of-mouth, .87 to .90 for purchase intent, .78 to .87 for distributive justice; .79 to .88 for procedural justice; and .80 to .92 for interactional justice. Additionally, each item-to-factor loading was found significant ($p < .01$). All average variance extracted (AVE) estimates, which assesses the amount of variances captured by a construct's measure relative to measurement error, were above .50 (AVE ranged from .70 to .79 across the seven constructs). Such estimates are indicative of strong internal consistency (Fornell and Larker 1981). In sum, the 24-item seven-factor measurement model suggests that internally consistent measures are present across all seven model constructs.
Structural Model Results

In accordance with the two step approach (Anderson and Gerbing 1988), the seven factors were specified to a structural model to examine the hypothesized relationships among constructs (i.e., Figure 3). To assess the structural model, fit indices, path estimates and explained variance (in the endogenous constructs) were investigated.

Model Fit

As the top portion of Table 9 shows, the model yielded a $\chi^2$ estimate of 754.86 ($p = .00$, df = 238). The goodness-of-fit index and adjusted goodness-of-fit index were .92 and .90, respectively. As with the measurement model, the comparative fit index (.96) and the Tucker-Lewis index (.95) were also included, as they are robust to sampling characteristics (Hu and Bentler 1995). The structural model also yielded a .056 root mean square error of approximation (RMSEA) estimate. These fit statistics offer support for model fit.

Path Hypotheses

Recall from Chapter Two that the model was specified as hypotheses for several paths. Prior to examining these paths the hypotheses are briefly reviewed. It follows from traditional equity theory that fairness is a function of one’s ratio of inputs to outputs (e.g., in a marketing exchange) (Adams 1963). Implicit in equity theory is that these inputs and outputs are judged prior to formulating a notion of perceived justice. In this sense, service recovery may be viewed as a justice output (i.e., something one receives in an exchange). Next, service recovery may be weighed against justice inputs (i.e., sacrifices in the exchange process) in a ratio to form an equity score. Thus, the model
begins with distributive, procedural, and interactional justice as its exogenous variables. Given the previous discussion, distributive, procedural, and interactional justice are modeled as separate, but correlated, constructs with no directional effects specified among these variables.

Once perceptions of justice are formed (either high or low), these perceptions are posited to drive consumer perceptions of transaction-specific satisfaction and overall satisfaction with the firm. Several researchers have found a positive relationship between perceived justice and satisfaction (Alexander and Ruderman 1987; Folger and Konovsky 1989; McFarlin and Sweeney 1992; Oliver and Swan 1989). The model set forth here posits that distributive, procedural, and interactional justice have direct positive influences on transaction-specific and overall firm satisfaction. Also, McFarlin and Sweeney (1992) assert that distributive justice may be a better predictor of job-specific satisfaction, whereas procedural justice may be a better predictor of overall firm satisfaction. In their study, procedural justice included aspects of both procedural justice and interactional justice. As such, it seems reasonable that procedural and interactional justice would better predict overall satisfaction with the firm, and distributive justice would better predict transaction-specific satisfaction. The following hypotheses were advanced:

H1: Transaction-specific satisfaction will increase as consumer perceptions of distributive justice increase (γ₁₁).

H2: Overall satisfaction with a firm will increase as consumer perceptions of distributive justice increase (γ₂₁).
H3: Transaction-specific satisfaction will increase as consumer perceptions of procedural justice increase ($\gamma_{12}$).

H4: Overall satisfaction with a firm will increase as consumer perceptions of procedural justice increase ($\gamma_{22}$).

H5: Transaction-specific satisfaction will increase as consumer perceptions of interactional justice increase ($\gamma_{13}$).

H6: Overall satisfaction with a firm will increase as consumer perceptions of interactional justice increase ($\gamma_{23}$).

H7: Procedural justice will have a greater influence on overall satisfaction with a firm than will distributive justice ($\gamma_{22} > \gamma_{21}$).

H8: Interactional justice will have a greater influence on overall satisfaction with a firm than will distributive justice ($\gamma_{23} > \gamma_{21}$).

H9: Distributive justice will have a greater influence on transaction-specific satisfaction than will either procedural or interactional justice ($\gamma_{11} > \gamma_{12}, \gamma_{13}$).

Once satisfaction perceptions are formed, they will likely have a direct influence on both one's propensity to spread positive word-of-mouth and repurchase intentions. These relationships are consistent with the consumer behavior view that attitudes (e.g., transaction-specific and overall firm satisfaction) lead to intentions (e.g., positive word-of-mouth and purchase intentions) (Fishbein and Ajzen 1975; Lutz 1981; Oliver 1980; Oliver and Swan 1989). It is also posited here that perceived justice has an indirect influence (through satisfaction) on positive word-of-mouth and purchase intentions. This
view is consistent with the justice literature where positive word-of-mouth and purchase intentions are best explained through transaction-specific and overall satisfaction with a firm (Oliver and Swan 1989). As such, the following hypotheses pertaining to the effects of the satisfaction constructs are presented.

H10: Consumers’ propensity to spread positive word-of-mouth will increase as their perceptions of transaction-specific satisfaction increase ($\beta_{31}$).

H11: Consumers’ propensity to spread positive word-of-mouth will increase as their perceptions of overall satisfaction with a firm increase ($\beta_{32}$).

H12: Consumers’ purchase intentions will increase as their perceptions of transaction-specific satisfaction increase ($\beta_{41}$).

H13: Consumers’ purchase intentions will increase as their perceptions of overall satisfaction with a firm increase ($\beta_{42}$).

Lastly, both transaction-specific and overall firm satisfaction are measured here. The literature suggests a direct relationship between these two constructs where transaction-specific satisfaction is an input to one’s overall satisfaction with a firm (Oliver and Swan 1989; Spreng, MacKenzie, and Olshavsky 1996). The following hypothesis is offered.

H14: Overall satisfaction with a firm increases as perceptions of transaction-specific satisfaction increase ($\beta_{21}$).
Path Results and Explained Variance Estimates ($R^2$)

Table 9 displays model path estimates, significance levels, and explained variance estimates (i.e., $R^2$). Regarding $\gamma$ paths (i.e., paths from exogenous to endogenous factors), the following hypotheses were tested:

**TABLE 9**

**Structural Model Results (Study One)**

<table>
<thead>
<tr>
<th>Fit Statistics</th>
<th>$\chi^2$</th>
<th>df</th>
<th>GFI</th>
<th>AGFI</th>
<th>CF1</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>754.86</td>
<td>238</td>
<td>.92</td>
<td>.90</td>
<td>.96</td>
<td>.95</td>
<td>.058</td>
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</tbody>
</table>

Path Estimates

<table>
<thead>
<tr>
<th>Path</th>
<th>Unstandardized Path Estimates</th>
<th>Completely Standardized path estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Distributive justice $\rightarrow$ transaction-specific satisfaction ($\gamma_{11}$)</td>
<td>$.60$ (t = 12.62)</td>
<td>$.48$</td>
</tr>
<tr>
<td>H2: Distributive justice $\rightarrow$ overall firm satisfaction ($\gamma_{21}$)</td>
<td>$.13$ (t = 2.74)</td>
<td>$.12$</td>
</tr>
<tr>
<td>H3: Procedural justice $\rightarrow$ transaction-specific satisfaction ($\gamma_{12}$)</td>
<td>$.08$ (t = 1.91)</td>
<td>$.07$</td>
</tr>
<tr>
<td>H4: Procedural justice $\rightarrow$ overall firm satisfaction ($\gamma_{22}$)</td>
<td>$.57$ (t = 14.35)</td>
<td>$.55$</td>
</tr>
<tr>
<td>H5: Interactional justice $\rightarrow$ transaction-specific satisfaction ($\gamma_{13}$)</td>
<td>$.29$ (t = 7.70)</td>
<td>$.28$</td>
</tr>
<tr>
<td>H6: Interactional justice $\rightarrow$ overall firm satisfaction ($\gamma_{23}$)</td>
<td>$.19$ (t = 5.32)</td>
<td>$.20$</td>
</tr>
<tr>
<td>H10: Transaction-specific satisfaction $\rightarrow$ word-of-mouth ($\beta_{11}$)</td>
<td>$.60$ (t = 14.58)</td>
<td>$.58$</td>
</tr>
<tr>
<td>H11: Overall firm satisfaction $\rightarrow$ word-of-mouth ($\beta_{12}$)</td>
<td>$-.02$ (t = .42ns)</td>
<td>$-.02$ns</td>
</tr>
<tr>
<td>H12: Transaction-specific satisfaction $\rightarrow$ purchase intent ($\beta_{42}$)</td>
<td>$-.07$ (t = 2.00)</td>
<td>$.07$</td>
</tr>
<tr>
<td>H13: Overall firm satisfaction $\rightarrow$ purchase intent ($\beta_{43}$)</td>
<td>$.70$ (t = 15.64)</td>
<td>$.62$</td>
</tr>
<tr>
<td>H14: Transaction-specific satisfaction $\rightarrow$ overall firm satisfaction ($\beta_{21}$)</td>
<td>$.07$ (t = 1.73)</td>
<td>$.08$</td>
</tr>
<tr>
<td>Distributive justice $\rightarrow$ procedural justice ($\phi_{12}$)</td>
<td>$.11$ (t = 2.54)</td>
<td>$.11$</td>
</tr>
<tr>
<td>Distributive justice $\rightarrow$ interactional justice ($\phi_{13}$)</td>
<td>$.22$ (t = 5.55)</td>
<td>$.22$</td>
</tr>
<tr>
<td>Interactional justice $\rightarrow$ procedural justice ($\phi_{23}$)</td>
<td>$-.10$ (t = 2.43)</td>
<td>$-.10$</td>
</tr>
<tr>
<td>$R^2$ - Transaction-specific satisfaction</td>
<td>---</td>
<td>$.38$</td>
</tr>
<tr>
<td>$R^2$ - Overall firm satisfaction</td>
<td>---</td>
<td>$.40$</td>
</tr>
<tr>
<td>$R^2$ - Word-of-mouth</td>
<td>---</td>
<td>$.34$</td>
</tr>
<tr>
<td>$R^2$ - Purchase intent</td>
<td>---</td>
<td>$.36$</td>
</tr>
</tbody>
</table>

**Other Model Hypotheses**

<table>
<thead>
<tr>
<th>$\chi^2$ diff. at 1 df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$47.76$</td>
<td>$p &lt; .01$</td>
</tr>
<tr>
<td>$.95$</td>
<td>ns</td>
</tr>
<tr>
<td>$61.62, 21.56$</td>
<td>$p &lt; .01$</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted. Except where noted by "ns" (nonsignificant), t-values of 1.65 or greater are significant at the .05 level, and t-values of 1.96 or greater are significant at the .01 level.

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constructs), five of the six were significant at the .01 level, while one path was deemed significant at the .05 level. In particular, the findings support H1 (i.e., distributive justice → transaction-specific satisfaction ($\gamma_{11} = .48, p < .01$)), as complainants’ perceptions of distributive justice are positively related to their satisfaction with the service recovery effort. H2 was also supported ($\gamma_{21} = .12, p < .01$), which suggests that complainants’ overall firm satisfaction increases as their perceptions of distributive justice increase. The results in Study One support H3 ($\gamma_{12} = .07, p < .05$) as well, indicating that complainants’ become more satisfied with the recovery effort as procedural justice perceptions increase. H4 posits that complainant perceptions of overall firm satisfaction are positively related to their procedural justice perceptions ($\gamma_{22} = .55, p < .01$), and was supported in Study One. H5 (i.e., interactional justice → transaction-specific satisfaction ($\gamma_{13} = .28, p < .01$)) and H6 (i.e., interactional justice → overall firm satisfaction ($\gamma_{23} = .20, p < .01$)) were also supported in Study One. Furthermore, these paths collectively explained 38 percent of the variance in transaction-specific satisfaction and 40 percent of the variance in overall firm satisfaction (i.e., $R^2$ estimates).

With regards to $\beta$ paths (i.e., paths among endogenous constructs), H10 posits that complainants’ propensity to recommend the bank will increase as their transaction-specific satisfaction (i.e., satisfaction with the service recovery) perceptions increase. H10 was supported in Study One ($\beta_{31} = .58, p < .01$). However, H11 was not supported in this study ($\beta_{32} = -.02, ns$), suggesting that complainants do not recommend the bank more often despite an increase in their overall firm satisfaction perceptions. Although Study One’s findings do not support H12 (i.e., transaction-specific satisfaction → purchase
intent was found significant albeit in a counterintuitive direction \((\beta_{11} = -.07, p < .01)\), the results do support HI3 \((\beta_{42} = .62, p < .01)\), which suggests that complainants’ future purchase intentions will increase as their overall firm satisfaction increases. H14 posits that complainants’ overall firm satisfaction will increase as their perceptions of transaction-specific satisfaction increase, and was supported in Study One \((\beta_{21} = .08, p < .05)\). These paths among endogenous constructs explained 34 percent of the variance in word-of-mouth (WOM) and 36 percent of the variance in purchase intent.

**Relative Perceived Justice Influences**

To test H7, H8, and H9, the author re-estimated the original model in Figure 3 using a "nested" structural models approach. The purpose of the nested model analyses is to test whether or not the following \(\gamma\) paths are statistically equal: 1) \(\gamma_{22} > \gamma_{21} \) (H7), 2) \(\gamma_{23} > \gamma_{21} \) (H8), and 3) \(\gamma_{11} > \gamma_{12}, \gamma_{13} \) (H9). To accomplish this, the author estimated four models: one model in which \(\gamma_{22} = \gamma_{21}\) were equated; one model in which \(\gamma_{23} = \gamma_{21}\) were equated, one model in which \(\gamma_{11} = \gamma_{12}\) were equated, and one model in which \(\gamma_{11} = \gamma_{13}\) were equated. These four models were then compared to the unconstrained original model in which the \(\gamma\) paths were estimated freely. If the \(\chi^2\) statistic of the unconstrained original model is significantly lower than the \(\chi^2\) statistic of the constrained nested models (i.e., those with the following equated \(\gamma\) paths: \(\gamma_{22} = \gamma_{21}, \gamma_{23} = \gamma_{21}, \gamma_{11} = \gamma_{12}, \text{ and } \gamma_{11} = \gamma_{13}\)), then support exists for the advanced hypotheses. H7 asserts that procedural justice will have a greater influence on overall firm satisfaction than will distributive justice. H7 was supported in Study One \((\chi^2_{\text{diff}} = 47.76, 1 \text{ df}, p < .01)\). H8 posits that interactional justice will have a greater influence on overall firm
satisfaction than will distributive justice, and was not supported in Study One ($\chi^2_{\text{diff}} = .95, 1\text{df, ns}$). Distributive justice was found to have a greater influence on transaction-specific satisfaction than will either procedural justice ($\chi^2_{\text{diff}} = 61.62, 1\text{df, p < .01}$) or interactional justice ($\chi^2_{\text{diff}} = 21.56, 1\text{df, p < .01}$). As such, H9 is supported in Study One.

**STUDY TWO**

Sample and Procedures

In Study Two, the author collected data regarding the model variables from new homebuyers. Specifically, the author contracted with a new home construction, sales, and servicing firm to survey customers subsequent to a service failure and recovery attempt. The focal homebuilder in this study builds and sells homes for second-time homebuyers and retirement adult homebuyers in more than 215 communities across 12 states. In a given year, the homebuilder constructs and delivers over 7000 new homes to qualified buyers. This sample was collected from new home warranty customers. All new home customers (in this sample) received a one-year home warranty, which covers 100 percent of parts and labor pertaining to any construction defects. Although the said firm strives for quality homebuilding, construction or other home-related product failures still occur (e.g., faulty electric work, appliance failures, and plumbing failures). When such failures happen, the homebuilder sends a qualified technical support representative to the site to resolve the problem. Consistent with Study One, this data collection involves administering a questionnaire at three separate time periods: 1) post-failure, 2) post-recovery effort, and 3) two weeks after the recovery effort. The three questionnaires here were distributed at the complainants' homes. All three home questionnaires can be
viewed in Appendix H. I will now briefly discuss each of these three data collections in
the section below.

**Time One (Post Service Failure)**

Given some home-related product failure, homebuyers in this study complained to
their respective home community office. Upon doing so, a customer service agent
recorded the complaint, and dispatched a technical service agent to the complainant’s
home. Once the technical service agent arrived at a complainant’s home, the agent
distributed “Time One” questionnaires that asked respondents to indicate their opinions
regarding the current home-related product failure. At Time One, 746 questionnaires
were distributed. At this point, technical service agents notified complainants that the
purpose of the questionnaire was to improve the homebuilder’s customer service efforts.
Technical service agents also notified complainants that the study consisted of three parts,
and complainants were asked up-front for a commitment to complete all three
questionnaires. Once homebuyers agreed to fully participate in the study (i.e., complete
all three questionnaires), the service agent distributed a Time One questionnaire to each
participating homebuyer. At Time One, consumers were first asked to think
retrospectively about their entire home-owning experiences with the focal homebuilder
up until the recent home-related problem (i.e., past perceptions). These experiences may
have included past support, new home design, services offered, home quality, ease of
buying, customer service, etc. Afterwards, customers were instructed to rate past firm
satisfaction, purchase intentions, and positive word-of-mouth intentions. The
respondents were then asked to think about all of their experiences with the focal
homebuilder up to the current moment (i.e., current perceptions including the service
failure). Consistent with the past perception ratings, customers were asked to rate their current perceptions of firm satisfaction, purchase intentions, and positive word-of-mouth intentions. Additionally, the Time One questionnaire asked respondents to rate their perceptions regarding service recovery expectations, failure attributions, and problem severity. (Again, these "Time One" measures were not utilized in the data analyses for this dissertation). The Time One questionnaire lastly asked respondents to complete some demographic information.

**Time Two (Post Service Recovery)**

At "Time Two" (i.e., post service recovery), 746 complainants who completed the Time One questionnaire were given a Time Two questionnaire following the homebuilder's service recovery effort. The single-page Time Two questionnaire asked consumers about their interactional and procedural justice perceptions regarding the homebuilder’s recovery effort. Technical service agents distributed the Time Two questionnaire (at the homeowner's residence) after completing their service recovery efforts. Time One and Time Two questionnaires were matched by each respondent’s name. As such, 617 usable questionnaire packets (those containing both a Time One and a Time Two questionnaire) were collected, which represents an 83 percent "Time Two" response rate.

**Time Three (Two weeks post service recovery)**

As with Study One, the purpose of the "Time Three" measurement was to help capture customer perceptions as they form across time. The Time Three questionnaire assessed distributive justice, transaction-specific satisfaction, overall satisfaction, word-of-mouth intentions (WOM), and purchase intentions. A third questionnaire was hand-
delivered (by the homebuilder’s service agents) to 617 homeowners (i.e., those who completed both Time One and Time Two questionnaires) approximately two weeks subsequent to the recovery effort. The number of Time Three questionnaires hand-delivered at each respective community ranged from 1 to 14 questionnaires. Of the 617 Time Three questionnaires distributed, 339 usable responses were collected (54 percent "Time Two" response rate) and matched (by respondent name) to the respondent’s Time One and Time Two questionnaires. Across the entire data collection period, then, 339 usable questionnaire packets (containing the Time One, Time Two, and Time Three questionnaires) were collected, which resulted in a 45 percent overall response rate for Study Two.

Of the 339 homeowners that responded, 33.9 percent were male while 66.1 percent were female. Additionally, 54 percent of respondents were between the ages of 36 to 49 years (10 percent were between 25-35; 22.4 percent were between 50-65; 13.6 percent were older than 65 years). Regarding the complainants’ length of relationship with the focal homebuilder, 48.1 percent had been homeowners with the focal homebuilder for 3 to 6 months (6.8 percent had been homeowners with the focal homebuilder for less than 3 months; 13.3 percent had been homeowners for 7 to 9 months; 31.9 percent had been homeowners for 9 to 12 months), and 46.6 percent of respondents held college degrees (8 percent had a high school degree; 11.2 percent had some college experience; 27.7 percent held graduate degrees; 6.5 percent held professional degrees).

In sum, Study Two attempts to replicate Study One by again measuring customer’s perceptions of interactional justice, procedural justice, distributive justice, transaction-specific satisfaction, overall firm satisfaction, positive word-of-mouth, and
purchase intentions over time periods after a service failure and a recovery effort has occurred. Given the diverse nature of the samples (i.e., home warranty service and bank service) where levels of involvement/importance may vary, variations of the product—service continuum may be present, and variations in switching barriers are likely, it is hoped that model’s generalizability will be enhanced.

Measures

Consistent with Study One, the author again used the twenty-nine items (i.e., 4 purchase intent items, 3 overall firm satisfaction items, 3 transaction-specific items, 3 word-of-mouth intent items, 5 distributive justice items, 5 procedural justice items, and 6 interactional justice items) resulting from the pretest for both Study One and Study Two. The author also incorporated measures of failure attributions, recovery expectations, and problem severity. Each of these measures, along with their respective coefficient alpha reliability estimates, can be viewed in Appendix I. I will now discuss each of these measures in the section below.

Time One (Post-Failure) Measures

A four-item purchase intent measure was constructed specifically for a home purchase (Fishbein and Ajzen 1975). The purchase intent items were reworded slightly from the pretest to reflect a need-based intention. For example, some purchase intent items now include the phrase, “If I need a home in the future....” A three-item word-of-mouth intent (WOM) measure was also developed for Study One with items similar to those found in the extant literature (Hartline and Jones 1996; Goodwin and Ross 1992). Overall firm satisfaction was measured using a three-item scale adapted from prior research (e.g., Crosby and Stephens 1987; Bitner 1990; Cronin and Taylor 1992). All
purchase intent, WOM, and overall firm satisfaction items were worded to reflect both past as well as current perceptions. Additionally, a four-item locus attribution measure was adapted to this study from prior research (Folkes 1984; Folkes and Kotsos 1986; Bitner 1990). The measure generally asked respondents to indicate the extent to which the firm was responsible for the failure. A four-item recovery expectation measure was also adapted to this study from McCollough’s (1995) research. The expectation items generally asked respondents to rate the extent to which they felt the firm would effectively recover from their failure. A three-item problem severity measure was adapted to this study from prior research (McCollough 1995). All of the above items were measured on seven-point likert-type scales.

**Time Two (Post-Service Recovery) Measures**

Homebuyers were asked to respond to procedural and interactional justice items at Time Two. Procedural justice here refers to the extent to which consumers feel the policies and procedures regarding service failures and recoveries are fair given the consumer inputs. Procedural justice was operationalized using five items that were adapted from Folger and Konovsky’s (1989) twenty six-item procedural justice scale. Interactional justices here indicates the extent to which consumers feel the firm’s employees have treated them fairly given the consumer’s inputs. A six-item scale measuring interactional justice was also adapted to this study from Folger and Konovsky’s (1989) research. All justice items attempted to account for justice inputs (e.g., time, effort, hassle, anxiety, and cost) relative to outcomes. These procedural and interactional justice items were “carry over” items from the pretest study, and were measured on seven point likert scales.
Time Three (Two Weeks Post-Recovery) Measures

At Time Three, homebuyers were asked to complete a short questionnaire comprising measures of overall firm satisfaction, distributive justice, transaction-specific satisfaction, word-of-mouth intentions, and purchase intentions. Transaction-specific satisfaction refers to the extent to which a consumer is satisfied with the particular service situation (i.e., service failure and recovery efforts), and was measured using a three-item scale adapted from prior research (e.g., Crosby and Stephens 1987; Bitner 1990; Cronin and Taylor 1992). Additionally, distributive justice perceptions were measured two weeks after the recovery attempt (Time Three), as justice presupposes an inequity has occurred. Distributive justice is again defined here as the extent to which consumers feel the final outcome was fair given the consumer’s inputs, and five items were used to measure the construct. An existing measure of distributive justice (Price 1986) was modified for this study that attempted to account for justice inputs (e.g., time, effort, hassle, anxiety, cost). In addition, the same four-item purchase intent measure utilized at Time One was once again employed at Time Three. The three-item word-of-mouth intent (WOM) measure utilized previously (Time One) was similarly employed at Time Three. Overall firm satisfaction was also measured at Time Three using the same three-item scale employed at Time One. In sum, for the seven constructs depicted in Figure 3, twenty-nine measurement items were used in Study Two: three overall firm satisfaction items; three transaction-specific satisfaction items; four purchase intent items; three word-of-mouth items; five distributive justice items; five procedural justice items; and six interactional justice items. (Again, the measures of failure attributions, recovery
expectations, and problem severity were collected for future research, and are not the focus of this study).

**Measure Purification**

The covariances among the above 29 initial items (representing the seven model constructs) were input into LISREL VIII (Joreskog and Sorbom 1993) for confirmatory factor analysis. An iterative confirmatory procedure was utilized here to determine whether or not the final scales for distributive justice, procedural justice, interactional justice, overall firm satisfaction, transaction-specific satisfaction, word-of-mouth, and purchase intent, which were retained for Study One, can be replicated for Study Two.

In the first iteration, all twenty-nine of the initial measurement items in the home warranty sample were specified to a correlated seven-factor model (i.e., three overall firm satisfaction items, three transaction-specific items, four purchase intent items, three word-of-mouth items, five distributive justice items, five procedural justice items, and six interactional justice items). Though this 29-item measurement model adequately fit the data, a primary goal was to determine if the retained twenty-four item measurement model of Study One replicated in Study Two. As such, the same problematic items of Study One (i.e., those with 1) high modification indices (> 5.0); 2) within and/or across factor correlated measurement error (i.e., standardized residuals > 2.58); 3) completely standardized factor loadings below .50; and 4) redundant wording and/or relative lack of “face validity” were deleted for Study Two. The same 24-item measurement model from Study One was then estimated for Study Two. Given that the deletion of five items did not result in appreciable differences in the $\phi$ matrix (i.e., correlations among constructs
remained the same), the domain of the constructs was preserved (Fornell 1983). As such, the seven-factor model contained twenty-four items (i.e., three overall firm satisfaction items, three transaction-specific satisfaction items, three purchase intent items, three word-of-mouth items, four distributive justice items, four procedural justice items, and four interactional justice items). These items can be viewed in Appendix I.

**Seven-Factor Measurement Model (24 Items)**

The author conducted confirmatory factor analysis on the final twenty-four items to assess scale dimensionality, internal consistency, and discriminant validity (Anderson and Gerbing 1988; Fornell and Larcker 1981). The fit statistics and internal consistency results for the final seven-factor model is shown in Table 10. In general, the statistics for the 24-item, seven-factor model denotes adequate model fit. The goodness-of-fit index (GFI) estimate was .89, while the adjusted goodness-of-fit index (AGFI) estimate was .86 for the 24-item model. Bentler's (1990) comparative fit index (CFI) and Tucker-Lewis index (TLI) are included, as they are robust to sampling characteristics. The CFI and TLI estimates were .95 and .95, respectively. In addition, the root mean square error of approximation (RMSEA) calculation was .061, which indicates adequate model fit (MacCallum and Browne 1993). Consistent with Study One, the fit indices in this study provide support for model fit for the 24-item measurement model (Hu and Bentler 1995; Bentler 1990; Bollen 1989).
### TABLE 10

**Measurement Model Estimates: Main Study Two (Home Sample)**

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seven-Factor, 29 items</td>
<td>842.25</td>
<td>356</td>
<td>.85</td>
<td>.82</td>
<td>.94</td>
<td>.94</td>
<td>.064</td>
</tr>
<tr>
<td>Seven-Factor, 24 items</td>
<td>518.49</td>
<td>231</td>
<td>.89</td>
<td>.86</td>
<td>.95</td>
<td>.95</td>
<td>.061</td>
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</table>

**Internal Consistency**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cronbach's Composite Alpha</th>
<th>Composite Alpha</th>
<th>AVE</th>
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<tbody>
<tr>
<td>Seven-Factor, 24 items</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributive Justice (DJ)</td>
<td>.90</td>
<td>.90</td>
<td>.69</td>
</tr>
<tr>
<td>Procedural Justice (PJ)</td>
<td>.91</td>
<td>.91</td>
<td>.72</td>
</tr>
<tr>
<td>Interactional Justice (IJ)</td>
<td>.93</td>
<td>.93</td>
<td>.77</td>
</tr>
<tr>
<td>Purchase Intention (PI)</td>
<td>.90</td>
<td>.90</td>
<td>.76</td>
</tr>
<tr>
<td>Satisfaction (Firm)</td>
<td>.88</td>
<td>.88</td>
<td>.70</td>
</tr>
<tr>
<td>Satisfaction (Transaction)</td>
<td>.91</td>
<td>.91</td>
<td>.77</td>
</tr>
<tr>
<td>Word-of-Mouth (WOM)</td>
<td>.91</td>
<td>.91</td>
<td>.77</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted.

**Seven-Factor 24-Item Measurement Model Phi Correlation Matrix:**

<table>
<thead>
<tr>
<th></th>
<th>P. Intent</th>
<th>Sat-Firm</th>
<th>WOM</th>
<th>Sat-Trans</th>
<th>PJ</th>
<th>IJ</th>
<th>DJ</th>
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<tbody>
<tr>
<td>P. Intent</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sat-Firm</td>
<td>.55</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM</td>
<td>.13</td>
<td>.35</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sat-Trans</td>
<td>.16</td>
<td>.34</td>
<td>.59</td>
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<td></td>
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<tr>
<td>IJ</td>
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<td>.45</td>
<td>.26</td>
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<tr>
<td>DJ</td>
<td>.32</td>
<td>.43</td>
<td>.43</td>
<td>.66</td>
<td>.13</td>
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<td>1.0</td>
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</tbody>
</table>

Note: P. Intent = Purchase Intentions; Sat-Firm = Satisfaction with the firm; WOM = Word-of-Mouth; Sat-Trans = Transaction-Specific Satisfaction; PJ = Procedural Justice; IJ = Interactional Justice; DJ = Distributive Justice.

**Discriminant Validity**

The discriminant validity of the 24-item seven-factor model was examined to determine whether or not the constructs were empirically distinct. Discriminant validity
is supported when the average AVE (average variance extracted) between each pair of constructs is greater than $\phi^2$ (i.e., the correlation between two constructs). This criterion is considered the most stringent test of discriminant validity (Bagozzi and Yi 1988). The correlations among the constructs are shown in Table 10. This criterion was met for all possible construct pairs, and thus all seven model constructs were found to be empirically distinct.

**Internal Consistency**

In addition to fit and discriminant validity, the author examined the measures for internal consistency. This assessment was determined by investigating Cronbach’s alpha, composite alpha, item-to-factor loadings, and average variance extracted (AVE) estimates. In doing so, the alpha ($\alpha$) reliability estimates ranged from .88 to .93 for the constructs in the seven-factor model. The completely standardized factor loadings for the model were found significant ($p < .01$), and ranged as follows: .85 to .93 for transaction-specific satisfaction, .77 to .88 for overall firm satisfaction, .86 to .92 for word-of-mouth, .84 to .89 for purchase intent, .79 to .89 for distributive justice; .83 to .88 for procedural justice; and .85 to .91 for interactional justice. All average variance extracted (AVE) estimates were above .50 (AVE ranged from .69 to .77 across the seven constructs). In sum, the 24-item seven-factor measurement model suggests that internally consistent measures are present across all seven of the model’s constructs.

**Structural Model Results**

In accordance with the two step approach (Anderson and Gerbing 1988) and Study One, the seven factors were specified to a structural model to examine the
hypothesized relationships among constructs. To assess the structural model, fit indices, path estimates and explained variance (in the endogenous constructs) were investigated. The results of this analysis can be viewed at the top of Table 11.

**Model Fit**

Concerning overall fit, the model yielded a $\chi^2$ estimate of 592.64 ($p = .00$, $df = 238$). The goodness-of-fit index and adjusted goodness-of-fit index were .87 and .84 respectively. As with the measurement model, the comparative fit index (.94) and the Tucker-Lewis index (.93) were also included, as they are robust to sampling characteristics (Hu and Bentler 1995). The structural model also yielded a .066 root mean square error of approximation (RMSEA) estimate. As with Study One, these statistics collectively offer support for model fit.

**Path Results and Explained Variance Estimates (R²)**

Table 11 also shows path and $R^2$ estimates. Regarding $\gamma$ paths (i.e., paths from exogenous to endogenous constructs), four of the six were significant at the .01 level, one path was deemed significant at the .05 level, and one path was found non-significant. In particular, the findings support H1 (i.e., distributive justice $\rightarrow$ transaction-specific satisfaction ($\gamma_{11} = .63, p < .01$)), as complainants’ perceptions of distributive justice are positively related to their satisfaction with the service recovery effort. H2 was also supported ($\gamma_{21} = .31, p < .01$), which suggests that complainants’ overall firm satisfaction increases as their perceptions of distributive justice increase. The results in Study Two, however, do not indicate that complainants’ become more satisfied with the recovery effort as procedural justice perceptions increase ($\gamma_{12} = .06, ns$). As such, H3 was not
### TABLE 11
Structural Model Results (Study Two)

#### Fit Statistics

<table>
<thead>
<tr>
<th>χ²</th>
<th>p</th>
<th>df</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>TLI</th>
<th>RMSEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>592.64</td>
<td>.00</td>
<td>238</td>
<td>.87</td>
<td>.84</td>
<td>.94</td>
<td>.93</td>
<td>.066</td>
</tr>
</tbody>
</table>

#### Path

<table>
<thead>
<tr>
<th>Path</th>
<th>Unstandardized Path Estimates</th>
<th>Completely Standardized Path estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Distributive justice → transaction-specific satisfaction (γ₁₁)</td>
<td>.79 (t = 10.97)</td>
<td>.63</td>
</tr>
<tr>
<td>H2: Distributive justice → overall firm satisfaction (γ₂₁)</td>
<td>.32 (t = 4.47)</td>
<td>.31</td>
</tr>
<tr>
<td>H3: Procedural justice → transaction-specific satisfaction (γ₁₂)</td>
<td>.06 (t = 1.16ns)</td>
<td>.06ns</td>
</tr>
<tr>
<td>H4: Procedural justice → overall firm satisfaction (γ₂₂)</td>
<td>.36 (t = 8.01)</td>
<td>.42</td>
</tr>
<tr>
<td>H5: Interactional justice → transaction-specific satisfaction (γ₁₃)</td>
<td>.07 (t = 1.72)</td>
<td>.08</td>
</tr>
<tr>
<td>H6: Interactional justice → overall firm satisfaction (γ₂₃)</td>
<td>.19 (t = 5.03)</td>
<td>.26</td>
</tr>
<tr>
<td>H10: Transaction-specific satisfaction → word-of-mouth (β₁₁)</td>
<td>.57 (t = 9.16)</td>
<td>.53</td>
</tr>
<tr>
<td>H11: Overall firm satisfaction → word-of-mouth (β₂₂)</td>
<td>.25 (t = 3.44)</td>
<td>.19</td>
</tr>
<tr>
<td>H12: Transaction-specific satisfaction → purchase intent (β₁₂)</td>
<td>-.04 (t = .68ns)</td>
<td>-.04ns</td>
</tr>
<tr>
<td>H13: Overall firm satisfaction → purchase intent (β₂₂)</td>
<td>.72 (t = 9.46)</td>
<td>.58</td>
</tr>
<tr>
<td>H14: Transaction-specific satisfaction → overall firm satisfaction (β₁₂)</td>
<td>.00 (t = .01ns)</td>
<td>.00ns</td>
</tr>
</tbody>
</table>

Distributive justice → procedural justice (φ₁₁) | .13 (t = 2.20) | .13 |
Distributive justice → interactional justice (φ₁₂) | .28 (t = 4.45) | .28 |
Interactional justice → procedural justice (φ₂₁) | .19 (t = 3.12) | .19 |
R² – Transaction-specific satisfaction | --- | .45 |
R² – Overall firm satisfaction | --- | .44 |
R² – Word-of-mouth | --- | .38 |
R² – Purchase intent | --- | .32 |

#### Other Model Hypotheses

<table>
<thead>
<tr>
<th>χ² difference at 1 df</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>H7: γ₂₂ &gt; γ₂₁</td>
<td>.27</td>
</tr>
<tr>
<td>H8: γ₂₃ &gt; γ₂₁</td>
<td>2.23</td>
</tr>
<tr>
<td>H9: γ₁₁ &gt; γ₁₂, γ₁₃</td>
<td>66.32, 63.57</td>
</tr>
</tbody>
</table>

Note: df = degrees of freedom; GFI = goodness-of-fit; AGFI = adjusted goodness-of-fit; RMSEA = root mean square error of approximation; TLI = Tucker-Lewis index; CFI = comparative fit index; AVE = average variance extracted. Except where noted by “ns” (nonsignificant), t-values of 1.65 or greater are significant at the .05 level, and t-values of 1.96 or greater are significant at the .01 level.

supported. H4 posits that complainant perceptions of overall firm satisfaction are positively related to their procedural justice perceptions (γ₂₂ = .42, p < .01), and was
supported in Study Two. H5 (i.e., interactional justice → transaction-specific satisfaction ($\gamma_{13} = .07, p < .05$)) and H6 (i.e., interactional justice → overall firm satisfaction ($\gamma_{23} = .26, p < .01$)) were also supported in Study Two. Furthermore, the $\gamma$ paths collectively explained 45 percent of the variance in transaction-specific satisfaction and 44 percent of the variance in overall firm satisfaction (i.e., $R^2$ estimates).

With regards to $\beta$ paths (i.e., paths among endogenous constructs), H10 posits that complainants' propensity to recommend the homebuilder will increase as their transaction-specific satisfaction (i.e., satisfaction with the service recovery) perceptions increase. H10 was supported in Study Two ($\beta_{31} = .53, p < .01$). Additionally, H11 was supported in this study ($\beta_{32} = .19, p < .01$), suggesting that complainants recommend the homebuilder more often given an increase in their overall firm satisfaction perceptions. Although Study Two’s findings do not support H12 (i.e., transaction-specific satisfaction → purchase intent ($\beta_{41} = -.04, ns$)), the results do support H13 ($\beta_{42} = .58, p < .01$), which suggests that complainants’ future purchase intentions will increase as their overall firm satisfaction increases. H14 posits that complainants’ overall firm satisfaction will increase as their perceptions of transaction-specific satisfaction increase, and was not supported in Study Two ($\beta_{21} = .00, ns$). These $\beta$ paths explained 38 percent of the variance in word-of-mouth and 32 percent of the variance in purchase intent.

Relative Perceived Justice Influences

To test H7, H8, and H9, the author re-estimated the original model in Figure 3 using a "nested" structural models approach (consistent with Study One’s test). Again, the purpose of the nested model analyses is to test whether or not the following $\gamma$ paths
are statistically equal: 1) $\gamma_{22} > \gamma_{21}$ (H7), 2) $\gamma_{23} > \gamma_{21}$ (H8), and 3) $\gamma_{11} > \gamma_{12}, \gamma_{13}$ (H9). To accomplish this, the author again estimated four models: one model in which $\gamma_{22} = \gamma_{21}$ were equated; one model in which $\gamma_{23} = \gamma_{21}$ were equated, one model in which $\gamma_{11} = \gamma_{12}$ were equated, and one model in which $\gamma_{11} = \gamma_{13}$ were equated. These four models were then compared to the unconstrained original model in which the $\gamma$ paths were estimated freely. If the $\chi^2$ statistic of the unconstrained original model is significantly lower than the $\chi^2$ statistic of the constrained nested models (i.e., those with the following equated $\gamma$ paths: $\gamma_{22} = \gamma_{21}, \gamma_{23} = \gamma_{21}, \gamma_{11} = \gamma_{12},$ and $\gamma_{11} = \gamma_{13}$), then support exists for the advanced hypotheses. H7 asserts that procedural justice will have a greater influence on overall firm satisfaction than will distributive justice. H7 was not supported in Study Two ($\chi^2_{diff} = .27, 1df, ns$). H8 posits that interactional justice will have a greater influence on overall firm satisfaction than will distributive justice, and was not supported in Study Two ($\chi^2_{diff} = 2.23, 1df, ns$). Distributive justice, however, was found to have a greater influence on transaction-specific satisfaction than either procedural justice ($\chi^2_{diff} = 66.32, 1df, p < .01$) or interactional justice ($\chi^2_{diff} = 63.57, 1df, p < .01$). As such, H9 is supported in Study Two.
CHAPTER 6: DISCUSSION

In this dissertation, I conceptualized and tested a service recovery model across two industries (i.e., banking service and new homes). I conducted two field studies that examined service recovery's influence on complainant perceptions of perceived justice (i.e., distributive, procedural, and interactional justice), satisfaction (i.e., transaction-specific satisfaction and overall firm satisfaction), and intentions (i.e., word-of-mouth intent and purchase intent). The two studies attempted to capture these perceptions across time (i.e., post failure, post service recovery, and two weeks subsequent to service recovery). The dissertation uses an equity theory framework in a service recovery context, where the model tests the direct influence that justice may have on both transaction-specific and overall satisfaction with a failing firm. The model then posits that satisfaction perceptions directly influence one's propensity to recommend a firm, as well as repurchase in the future. The model asserts that perceived justice best explains positive word-of-mouth and purchase intentions indirectly through satisfaction.

One objective of this research was to examine the relative influence of distributive, procedural, and interactional justice on the two satisfaction constructs (i.e., transaction-specific satisfaction and overall firm satisfaction) respectively. Regarding transaction-specific satisfaction, both studies collectively suggest that distributive justice has the greatest influence, followed by interactional justice and procedural justice. Some researchers have also found that distributive justice had the greatest influence on transaction-specific satisfaction (Tax et al. 1998; Smith et al 1998). Other researchers, however, claim that procedural justice has the greatest influence on satisfaction (Alexander and Ruderman 1987). The results in the bank study presented here also
provide some support for Alexander and Ruderman's (1987) view. That is, the bank study found that procedural justice had the greatest influence on overall firm satisfaction, followed by interactional justice, and distributive justice. Also, distributive justice had a greater influence on transaction-specific satisfaction than on overall firm satisfaction across both studies. Procedural justice, however, had a greater influence on overall firm satisfaction than on transaction-specific satisfaction. These results provide some support for the assertion that distributive justice is more influential in forming transaction-specific perceptions, while procedural justice is more influential in forming overall perceptions (Lind and Tyler 1988; McFarlin and Sweeney 1992).

Some inconsistencies were also detected across the two studies regarding the paths between the perceived justice and satisfaction constructs. Procedural justice, for instance, was found significant (at the .05 level) in the bank study, but was found non-significant in the home study. Interactional justice was similarly found significant (at the .01 level) in the bank sample, but was not as strong in the home sample (p < .05). Surprenant and Solomon (1987) also found that a bank's personalization (i.e., employee helpfulness, sociability, and bank warmth) has a positive influence on consumer satisfaction. Bank complainants (in this study), therefore, may expect more procedural and interactional justice than home complainants due in part to the relatively personalized nature of banking. The results also suggest that home complainants may simply evaluate distributive justice in deriving their transaction-specific satisfaction perceptions. Given a home-related failure, homeowners may want the homebuilder to merely “fix” the problem fairly (i.e., distributive justice), and are not so concerned about personal interactions with the service agent (i.e., interactional justice), or the fairness of the homebuilder’s policies.
and procedures (i.e., procedural justice). Conversely, bank complainants here not only evaluate distributive justice, but also consider procedural and interactional justice in forming their perceptions of transaction-specific satisfaction. It is also interesting to note that interactional justice had a more pronounced influence on transaction-specific satisfaction (versus overall firm satisfaction) with bank complainants in this study, whereas interactional justice had a greater influence on overall firm satisfaction (versus transaction-specific satisfaction) with home complainants. Given a failure, these results again suggest that interpersonal fairness is more important to banking customers' assessment of transaction-specific satisfaction (relative to home customers) during the recovery effort.

These results also collectively suggest that consumers may view product and service failures differently. Specifically, consumers who experience product failures are most concerned about distributive justice (compared with procedural and interactional justice). Consumers experiencing service failures, alternatively, seem to not only expect distributive justice, but also expect higher levels (relative to those experiencing product failures) of procedural and interactional justice. Such an explanation seems consistent with Parasuraman, Zeithaml, and Berry's (1985) view that it is often difficult for consumers to evaluate tangible outcomes in some service industries. As such, Parasuraman et al. (1985) suggest that these service consumers also consider the service delivery process in forming their perceptions. It seems reasonable to suggest that bank consumers may not be able to effectively judge transaction-specific satisfaction on outcomes alone (i.e., distributive justice). Rather, they seem to rely on processes (i.e., procedural and interactional justice) as well (Seiders and Berry 1998).
It was hypothesized apriori that consumers’ transaction-specific satisfaction perceptions would have a positive influence on their overall firm satisfaction perceptions (Oliver and Swan 1989). This structural path, however, was found non-significant in the home study and significant (at the .05 level) in the bank study. Given that transaction-specific satisfaction here refers to satisfaction with the recovery effort, it seems plausible that homeowners do not weigh recovery efforts heavily in their formation of overall homebuilder satisfaction. This is not to say that recovery efforts are considered unimportant by homeowners. This finding, instead, suggests that homeowners may consider many other variables (e.g., construction quality, neighborhood aesthetics, neighbor relations, etc.) in forming their overall firm satisfaction.

Across both studies transaction-specific satisfaction has a greater influence on word-of-mouth than on purchase intent. Overall firm satisfaction, alternatively, has a greater influence on purchase intent than on word-of-mouth. Similarly, transaction-specific satisfaction had a greater influence on word-of-mouth than overall firm satisfaction had on word-of-mouth, while overall firm satisfaction had a greater influence on purchase intent than transaction-specific satisfaction had on purchase intent. These results suggest that though consumers who are satisfied with service recovery efforts may be willing to recommend the failing firm to friends, they personally may still decide not to repurchase from the failing firm in the future. That is, consumers may tell their friends about the satisfactory recovery effort they recently experienced, but their mere satisfaction with the recovery does not preclude them from exiting the dyadic relationship. If firms are interested in repurchase behavior, they may benefit (as the results here suggest) from achieving high levels of overall firm satisfaction, which may or
may not depend on solid recovery efforts. In short, the data here suggest that transaction-specific satisfaction is the best route to positive word-of-mouth recommendations, while overall firm satisfaction is the best route to future purchase intentions.

Two intriguing inconsistencies were detected across the two studies regarding the model's outcome variables (i.e., word-of-mouth and purchase intent). First, transaction-specific satisfaction → purchase intent was found non-significant in the home sample, but was found significant (at the .01 level) in the bank sample. This path in the bank sample was also significant in a negative (i.e., counterintuitive) direction. Such a counterintuitive finding may be due in part to a suppression effect. Suppressor effects hold that although two constructs have a zero—or close to zero—correlation (e.g., transaction-specific satisfaction and purchase intent, \( \phi = .08 \)), the path between these two constructs may become significant (and negative) when these variables are analyzed with one or more other constructs with which they are correlated (Pedhazur 1997). Another potential explanation for this counterintuitive finding relates to the service recovery process itself. Given that a bank fails, and subsequently offers an exceptional recovery effort, it seems reasonable that some complainants may become suspicious of such valiant efforts (Smith et al. 1998). This suspicion may emanate because complainants feel that either 1) the bank must be desperate to keep its customer base, or 2) the bank must fail often and thus feels the need to overcompensate for its failures. As this suspicion increases, consumers may choose to exit the relationship despite the superior recovery effort. As such, consumers who are highly satisfied with the recovery effort
(i.e., transaction-specific satisfaction) may still decide not to repurchase from the failing bank in the future due to overcompensation-related suspicion.

Second, though overall firm satisfaction had a significant (at the .01 level) influence on word-of-mouth in the home study, the overall firm satisfaction $\rightarrow$ word-of-mouth path was found non-significant in the bank study. This finding is consistent with Hirschman’s (1970) view that consumers are more likely to exercise voice when they are “stuck” with an expensive, durable good (e.g., home). Given that home failures in this study are covered under warranty, complainants are likely to utilize the homebuilder’s technical service agents (rather than an independent home repair firm) to solve the problem. In such warranty situations, exiting the relationship is not a viable option, as doing so would preclude homeowners from capitalizing on their warranty. Thus, it seems rational for home complainants to resort to voice here given that exiting (i.e., choosing another home repair firm) is not a feasible option. As such, home complainants who are satisfied overall with the homebuilder seemingly would be more likely (relative to bank complainants) to recommend the recovering firm (i.e., express voice). Hirschman (1970) supports this contention by asserting that consumers become less likely to express voice, as voice becomes costly (in terms of time, effort, and opportunity costs) relative to an exit. Given that bank complainants have fairly low switching costs, it seems reasonable that they may choose to quietly exit rather than spending resources (i.e., time, effort, and opportunity costs) to voice their opinions.

In sum, the results of the two studies here generally suggest that distributive, procedural, and interactional justice plays a significant role in determining consumer
perceptions of satisfaction (i.e., transaction-specific and overall firm satisfaction) in a service recovery context. The results also suggest that once satisfied, consumers are likely to recommend the failing firm, as well as repurchase from the failing firm in the future. As such, the studies here support Fishbein and Ajzen’s (1975) view that attitudes lead to intentions. Lastly, the studies here support Oliver and Swan’s (1989) research, which suggests that positive word-of-mouth and purchase intentions are best explained by perceived justice when the paths are mediated by satisfaction.

LIMITATIONS AND FUTURE RESEARCH

As with most research, the two studies presented here are tempered with certain limitations. First, the results found here may be markedly different given another research setting, and may be limited due to the convenient nature of the samples. The author plans to again test this service recovery model with other samples (e.g., automobile failures and business-to-business product/service failures) to hopefully enhance the model’s generalizability. Second, I realize that the service recovery model tested here is general in nature, and fails to model many potentially important constructs. Some researchers claim that consumers may demand more and more recovery efforts as their failure expectations (i.e., the expectation that a failure is likely to occur) and recovery expectations (i.e., the expectation that given a failure a firm will likely respond well) increase (Boulding et al. 1993; McCollough 1995). Given the potential importance of these contextual variables, I plan to examine their respective influence on the hypothesized model’s structural paths in future research.

The marketing literature as well as conventional wisdom suggests that several variables may affect one’s service recovery expectations. I plan to conduct future
research that attempts to conceptualize and test some of these variables, namely one's 1) failure attributions, 2) involvement with the product, and 3) problem severity. To illustrate, it seems reasonable that consumers who attribute a failure completely to a firm may perceive service recovery efforts differently than consumers who blame themselves somewhat for a failure (Folkes 1984; Folkes and Kotsos 1986). Additionally, consumers who are highly involved with a purchase decision will possibly be more upset than those customers experiencing failures during low involvement marketing exchanges (Blodgett et al. 1993; Singh 1990). McCollough (1995) also proposes that problem severity (i.e., amount of hassle caused by the failure) may play an important moderating role in the service recovery process. Given that consumers perceive the failure as a severe (minor) mishap, it seems plausible that they may expect more (less) from a recovery effort (Seiders and Berry 1998). These variables were measured in the studies presented in this dissertation, and will become the focus of future studies.

The model here is also limited in that it offers little regarding mean differences among complainants. It seems worthwhile to examine the effects of differing levels of product/service failures and service recoveries on consumer perceptions of fairness, satisfaction, purchase intentions, and propensity to spread positive word-of-mouth. Hoffman et al. (1995) suggest that a firm's response to service failure can either reinforce customer relationships or compound the failure. To illustrate, over one-half of service recovery efforts actually compound the problem (Kelley, Hoffman, and Davis 1993). As such, it seems conceivable that a poor service recovery can cause consumers to rate the failing firm lower post service recovery than they rated the firm post service failure.
In contrast to a poor recovery, many suggest that a proper recovery can re-establish satisfaction and promote referrals for purchases in the future (Goodwin and Ross 1992). An effective service recovery may induce a “paradoxical” scenario whereby a consumer will rate the firm higher post recovery than he/she would have rated the firm had the failure not occurred (Kelley et al. 1993; Hart et al. 1990). For example, Goodwin and Ross (1992) claim that satisfaction levels after complaint-handling (secondary satisfaction) can prove to be higher than previous levels of satisfaction. Their research further suggests that effective complaint-handling can lead to stronger customer loyalty. These phenomena are often referred to as the “recovery paradox” (McCollough and Berry 1996; McCollough and Bharadwaj 1992). Despite the potential importance of the recovery paradox, only a sparse amount of empirical studies have examined it. Such data were collected in this research and will be examined in future studies.

Another area for future consideration pertains to service recovery strategy. As previously mentioned, it may prove useful for service firms to develop a strategy for service recovery. Researchers can likely aid this development by modeling such strategies. For instance, one could model the strategic constructs crucial to effective service recovery (e.g. socialization, empowerment, behavioral rewards, role congruence, and teamwork). Such efforts may augment the understanding of service recovery.

**SUMMARY AND IMPLICATIONS**

As mentioned, only one field study exists in the service recovery literature (Blodgett et al. 1993). The remaining literature is mostly comprised of experimental design studies, which primarily use contrived/artificial settings and/or student samples to examine service recovery. This dissertation research hopefully contributes to the
literature base by: 1) conducting multi-sample field studies that encompasses diverse buying situations and products, as well as "actual" consumer behaviors; and 2) developing and testing over time a service recovery model of distributive, procedural, and interactional justice's relative importance in formulating perceptions of satisfaction, purchase intent, and positive word-of-mouth.

First, the samples collected here varied across merchandise type (i.e., product versus service), geographical region (Southern U.S. versus Nationwide), cost (low versus high), and switching barriers (low versus high). The diverse nature of these samples should provide researchers with a better understanding of service recovery dynamics, as service recovery may play a more pronounced role in certain situations, while playing a minimal role in others. The multiple samples here, therefore, helped enhance the model's generalizability, and also offered implications based on an "actual" failure and recovery, rather than a contrived scenario. The lone field study in the literature asked consumers to "think back to some failure that occurred in the past year" (Blodgett et al. 1993). In such a sample, it seems plausible that respondents' perceptions may have changed over time, and thereby affecting measurement accuracy. The prompt post-recovery measurement here should contribute to the meaningfulness of the results, and the nature of the data collection should help capture consumer perceptions as they form across time.

Second, very little work has focused on developing a comprehensive service recovery model. The SEM approach employed here seemingly contributes to the literature by examining potential direct and indirect effects that help explain a consumer's response to service recovery. The SEM approach allowed the author to test a comprehensive theoretical model, rather than merely test direct effects (i.e., individual
hypotheses). This dissertation, then, examined service recovery within a theoretical framework that was empirically testable. The research design allowed the author to examine the relative influence of distributive, procedural, and interactional justice on satisfaction, positive word-of-mouth, and purchase intent. As previously mentioned, it seems important for managers and researchers to understand when (and why) one perceived justice dimension may play a somewhat stronger role than other dimensions. Over three two samples, the design here afforded the author an opportunity to contribute insight into this intriguing research question.

CONCLUSION

In sum, the dissertation presented here finds support for an equity theory framework in a service recovery context. The results suggest that perceived justice has a direct influence on both transaction-specific and overall satisfaction with a failing firm. The research also finds that satisfaction perceptions directly influence one’s propensity to recommend a firm, as well as repurchase in the future. The results lastly showed that perceived justice best explains positive word-of-mouth and purchase intentions indirectly through satisfaction.
REFERENCES


APPENDIX A: PILOT STUDY QUESTIONNAIRE

Note: The actual name of the internet service provider was changed on these questionnaires for confidentiality purposes. Please contact the author for further information regarding the actual internet service provider.

ABC, Inc.

CUSTOMER SERVICE QUESTIONNAIRE: PRIOR TO DELAYS

We are interested in the degree to which ABC Online, Inc. recovered from recent service breakdowns (i.e., inability to connect, slow uploading, etc.) attributed to the overwhelming consumer response to a $19.95 per month pricing strategy. First, however, we would like your honest opinions of ABC’s service prior to the recent delays. These historical perceptions will help us examine any opinion changes, which occurred subsequent to the delays.

Please take a few moments to complete the questions on the next page. Thank you for your cooperation. We appreciate your assistance.

NAME ________________________________

ADDRESS ______________________________________________________

_________________________________________________________________

_________________________________________________________________

CITY _______________  STATE  ZIP __________
Please think about all of your experiences with ABC up until the recent delay. These experiences may include past connection availability, technical support, services offered, ease of use, customer service, etc. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC's service. Although many questions may seem redundant, please answer each question. This redundancy is part of the research process, and attempts to clarify the interpretation of opinions. Again, the following set of questions pertains to how you feel about the ABC prior to the recent delays.

The next time I desire an online service I intend to use ABC.

Improbable 1 2 3 4 5 6 7 Probable

How likely are you to spread positive word-of-mouth about ABC's online service?

Very Likely

I am satisfied with ABC's online service.

Not at all satisfied 1 2 3 4 5 6 7 Very Satisfied

I would recommend ABC's online service to my friends.

Strongly Agree

I will continue using ABC for my online services.

Strongly Agree

In my opinion, ABC provides a satisfactory online service.

Strongly Agree

The next time you are in the market for online service, how likely are you to purchase that online service from ABC?

Very Likely

How satisfied are you with the quality of ABC's Online service?

Not at all satisfied 1 2 3 4 5 6 7 Very Satisfied

If my friends were looking for an online service, I would tell them to try ABC.

Strongly Agree
As a whole, I am not satisfied with this ABC’s online experience.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The next time I purchase an online service, I will not use ABC as my online provider.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Given my experience with ABC, I would not recommend their service to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The following three questions pertain to one’s involvement or interest in using an online service. Please read the statements below, and place an X in the blank that most appropriately depicts your view.

The decision to use ABC...

   is a very important decision  _:_:_:_:_:_:_:_
   requires a lot of thought  _:_:_:_:_:_:_:_
   If I choose the wrong online provider for my online service, I have...
   a lot to lose  _:_:_:_:_:_:_:_

is a very unimportant
requires little thought
little to lose
<table>
<thead>
<tr>
<th>FOR STATISTICAL PURPOSES ONLY</th>
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<tbody>
<tr>
<td><strong>How many years have you utilized ABC's online service?</strong></td>
</tr>
<tr>
<td>__________________________</td>
</tr>
<tr>
<td><strong>Where do you primarily reside?</strong></td>
</tr>
<tr>
<td>_____ Southeastern U.S.</td>
</tr>
<tr>
<td>_____ Southwestern U.S.</td>
</tr>
<tr>
<td>_____ Europe</td>
</tr>
</tbody>
</table>

**Other than yourself, does anyone utilize the ABC service at your location?**  
_____ Yes  ____ No  
If yes, please indicate all that apply below.  
_____ significant other (i.e., spouse, etc.)  _____ no one  _____ friends  How many? _____  
_____ Children  How many? _____  Other ____________________________________________

Please indicate your **gender**.  
Male _____ Female _____  
Please indicate your **age**.  
_____ years

Please indicate your level of education.  
_____ Some high school  _____ High school diploma  _____ Some college  
_____ Undergraduate College degree  
_____ Masters degree  _____ Professional degree (i.e., MD, JD, Ph. D., etc.)
ABC, Inc.

Customer Service Questionnaire: CURRENT PERCEPTIONS

Now that we understand your past history with ABC, we are interested in your current perceptions of the firm. Please take into consideration all of your experiences up to this moment with ABC (including the recent delays).

We are interested in your honest opinions of ABC at this point in time.

Please think about all of your experiences with ABC, Inc. Up to this moment. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC’s service. Although many questions may seem redundant, please answer each question. This redundancy is part of the research process, and attempts to clarify the interpretation of opinions. The following questions pertain specifically to your current perceptions of ABC’s service.

The next time I desire an online service I intend to use ABC.

Improbable 1 2 3 4 5 6 7 Probable

How likely are you to spread positive word-of-mouth about ABC’s online service?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

I am satisfied with ABC’s online service.

Not at all satisfied 1 2 3 4 5 6 7 Very Satisfied

I would recommend ABC’s online service to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I will continue using ABC for my online services.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

In my opinion, ABC provides a satisfactory online service.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
The next time you are in the market for online service, how likely are you to purchase that online service from ABC?

Very unlikely 1 2 3 4 5 6 7 Very likely

How satisfied are you with the quality of ABC’s Online service?

Not at all satisfied 1 2 3 4 5 6 7 Very satisfied

If my friends were looking for an online service, I would tell them to try ABC.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

As a whole, I am not satisfied with this ABC’s online experience.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

The next time I purchase an online service, I will not use ABC as my online provider.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

Given my experience with ABC, I would not recommend their service to my friends.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

During your experience with ABC, have you experienced any service-related problems (i.e., connection delays)?

_____ Yes  _____ No

If you answered Yes, Please answer the following questions. Otherwise, this is the end of the questionnaire.

To what extent was ABC, Inc. Responsible for the service problem that you experienced?

Not at all responsible 1 2 3 4 5 6 7 Totally responsible

There was no way that ABC could have prevented the service problem I encountered.

Strongly disagree 1 2 3 4 5 6 7 Strongly agree

To what extent do you blame AOL for this service problem?

Not at all 1 2 3 4 5 6 7 Completely
The service problem I encountered was all ABC’s fault

Strongly
Disagree
1 2 3 4 5 6 7

Please Check only one of the four categories below with regard to the following statement: In trying to recover from the service failure you encountered, ABC did...

___ “nothing” to remedy the service problem.

___ the “minimum” amount to remedy the service problem.

___ a “moderate” amount to remedy the service problem.

___ “everything possible” to remedy the service problem.

ABC successfully recovered from their failure in service.

Strongly
Disagree
1 2 3 4 5 6 7

To what extent were you fairly compensated the stresses and strains caused by service failure?

Not at all
Compensated
1 2 3 4 5 6 7

ABC’s Online service was honest and ethical in dealing with you.

Strongly
Disagree
1 2 3 4 5 6 7

ABC did a good job recovering from the service failure.

Strongly
Disagree
1 2 3 4 5 6 7

Given the amount of effort that I put forth due to the service failure, the outcome I received from ABC was fair?

Not
Fair
1 2 3 4 5 6 7

All things considered, ABC did a good job fixing the service problem.

Strongly
Disagree
1 2 3 4 5 6 7

ABC gave me an opportunity to express my problem.

Strongly
Disagree
1 2 3 4 5 6 7
I was fairly compensated for any out-of-pocket expenses I might have incurred due to the service failure.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Compared to other service failures in which I have experienced, ABC recovered well from the service problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC considered your views regarding the poor service.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Despite ABC’s service failure, the firm responded well to the service problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I received an equitable outcome given the poor service received at ABC?

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC showed a real interest in trying to be fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC became thoroughly familiar with my service-related situation.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC got input from me before handling the service problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

This online experience resulted in a very positive outcome for me.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I got my money’s worth from using ABC.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
The restitution in which I received in response to the problem was more than fair.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

The ABC employees worked as hard as possible for me.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

In dealing with me, ABC treated me in a courteous manner.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

ABC employees made a very professional effort to solve the problem.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

Overall, this service problem caused a major problem for me.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I still have experienced a great deal of inconvenience as a result of this problem.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

This service problem resulted in a very unpleasant experience.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

The service problem I encountered was...

| Very Minor | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Very Severe |

Given my interest in online service, I could have chosen from a wide variety of online providers to handle my needs.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I had several other online agencies, besides ABC, which could have provided me with acceptable online service.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |
It would be very easy to switch online providers.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

ABC is only one of many firms which provide online service in my location.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

In general, I am not surprised if I encounter some kind of problem when I use an online service.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I would consider myself lucky if I did not experience some kind of problem with my online service.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I consider the odds of running into a problem when I use an online service as being pretty high.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

Problems are likely to occur when I use an online service.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

My expectations were high that I would receive compensation if I encountered a online problem.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I had high expectations that ABC would fix their mistake.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I expected ABC to do whatever it took to guarantee my satisfaction.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

I thought ABC would quickly respond to online problems.

| Strongly Disagree | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Strongly Agree |

©You're finished! Please make certain you have answered all questions. Thank you for your participation in this research.

135
## APPENDIX B: MEASUREMENT SCALES (PILOT STUDY)

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach's Alpha</th>
<th>Time Two Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Satisfaction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied with (internet provider)'s online service.</td>
<td>0.94</td>
<td>0.95</td>
</tr>
<tr>
<td>In my opinion, (internet provider) provides a satisfactory online service.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a whole, I am not satisfied with (internet provider)'s online service.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How satisfied are you with the quality of (internet provider)'s online service?</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase intent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The next time I desire an online service I intend to use (internet provider)</td>
<td>0.93</td>
<td>0.94</td>
</tr>
<tr>
<td>I will continue using (internet provider) for my online services.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The next time you are in the market for online service, how likely are you to purchase that online service from (internet provider).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The next time I purchase an online service, I will not use (internet provider) as my online provider.</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Word-of-mouth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How likely are you to spread positive word-of-mouth about (internet provider)'s online service?</td>
<td>0.93</td>
<td>0.93</td>
</tr>
<tr>
<td>I would recommend (internet provider)'s online service to my friends.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Given my experience with (internet provider), I would not recommend their service to my friends.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If my friends were looking for an online service, I would tell them to try (internet provider).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. N/A refers to “not applicable.” Appendix B is continued on the next page.
# MEASUREMENT SCALES: PILOT STUDY

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach's Alpha*</th>
<th>Time Two Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributive Justice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To what extent were you fairly compensated for the stresses and strains caused by the service failure? 5</td>
<td>N/A</td>
<td>0.89</td>
</tr>
<tr>
<td>I received an equitable outcome given the poor service received at (internet provider). 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Given the service failure, the outcome I received from (internet provider) was fair. 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The restitution in which I received in response to the problem was more than fair. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>This online service resulted in a very positive outcome for me. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Procedural Justice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(internet provider)'s online service was honest and ethical in dealing with you. 2</td>
<td>N/A</td>
<td>0.86</td>
</tr>
<tr>
<td>(internet provider) gave me an opportunity to express my problem. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(internet provider) considered your views regarding the poor service. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(internet provider) showed a real interest in trying to be fair. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(internet provider) made a very professional effort to solve the problem. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In dealing with me, (internet provider) treated me in a courteous manner. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(internet provider) employees worked as hard as possible for me. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(internet provider) got input from me before handling the problem. 2</td>
<td></td>
<td></td>
</tr>
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Note: All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair." The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. N/A refers to "not applicable."
APPENDIX C: DISSERTATION PRETEST BANK QUESTIONNAIRE

NAME ________________________________

INSTRUCTOR __________________________

COURSE SECTION ____________

Please read the following scenario carefully and answer the subsequent questions. While reading the scenario, try to imagine the events have actually happened. Your responses are very important. Please read the scenario attentively and answer the questions only after you completely understand the situation.

You have recently opened a simple checking account at ABC bank. During your banking experiences thus far, the ABC employees have been friendly and seemed honest and courteous. Your “personal banker” always seems interested in your particular banking needs and works hard to match those with the appropriate banking services. You have now banked here for two months and everything has been just fine.

Based on the aforementioned script, please read the questions below and circle the most appropriate answer. Please read each question carefully.

As a whole, I am not satisfied with ABC Bank.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The next time I purchase a banking service, I will not use ABC Bank as my provider.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How likely are you to spread positive word-of-mouth about ABC Bank?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

I am satisfied with my overall experience with the ABC Bank.

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied
The next time I desire a *banking service* I intend to purchase from ABC Bank.

**Improbable** 1 2 3 4 5 6 7 **Probable**

Given my experience with ABC Bank, I **would not** recommend their *banking services* to my friends.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

Considering all my experiences with this firm, I am satisfied with ABC Bank.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

I will continue using ABC Bank for my *banking services*.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

I would recommend ABC Bank's *banking services* to my friends.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

How satisfied are you overall with the quality of ABC Bank’s *banking service*?

**Not at all** 1 2 3 4 5 6 7 **Very Satisfied**

The next time you are in the market for *banking service*, how likely are you to purchase that *banking service* from ABC Bank?

**Very** 1 2 3 4 5 6 7 **Very Likely**

If my friends were looking for a *banking service*, I would tell them to try ABC Bank.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**
Please read the following scenario carefully and answer the subsequent questions. While reading the scenario, try to imagine the events have actually happened. Your responses are very important. Please read the scenario attentively and answer the questions only after you completely understand the situation.

Now, two months after opening your account (on a Sunday), you travel to an Automated Teller Machine (ATM) to get some cash for the weekend. Upon inserting your card and requesting a withdrawal, a notice appears that informs you that you do not have sufficient funds to cover your transaction. That is, the notice tells you that you have only $1.26 in the bank. You realize this is a mistake, since you deposited $2500 two days ago and have not made any subsequent withdrawals. Given that you need cash now, this is not a good time for bank account problems (i.e., incorrect account balance). You need your account properly adjusted.

Based on the aforementioned script, please read the questions below and circle the most appropriate answer. Please read each question carefully.

Given my interest in banking services, I could have chosen to buy a banking service from a wide variety of banks.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I had high expectations that ABC Bank would fix their mistake (i.e., the incorrect account balance).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

To what extent was ABC Bank responsible for the problem (i.e., incorrect account balance) that you experienced?

Not at all 1 2 3 4 5 6 7 Totally Responsible

I had several other firms, besides ABC Bank, which could have provided me with an acceptable banking service.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

140
I expected ABC Bank to do whatever it took to guarantee my satisfaction.

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree

The problem (i.e., incorrect account balance) I encountered was all ABC Bank's fault.

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree

ABC Bank is only one of many firms that provide banking services in my location.

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree

My expectations were high that I would receive compensation if I encountered a banking service problem (i.e., incorrect account balance).

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree

There was no way that ABC Bank could have prevented the problem (i.e., incorrect account balance) I encountered.

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree

I thought ABC Bank would quickly respond to banking service problems (i.e., incorrect account balance).

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree

To what extent do you blame ABC Bank for this problem (i.e., incorrect account balance)?

Not at all  1  2  3  4  5  6  7  Completely

It would be very easy to buy a banking service from a bank other than ABC.

Strongly Disagree  1  2  3  4  5  6  7  Strongly Agree
Please read the following scenario carefully and answer the subsequent questions. While reading the scenario, try to imagine the events have actually happened. Your responses are very important. Please read the scenario attentively and answer the questions only after you completely understand the situation.

The next day (Monday), you call the bank and ask for help. Your “personal banker” quietly listens to your complaint. Afterwards, he asks a few quick questions to better understand your bank account problem (i.e., incorrect account balance). He states, “I can understand your frustration, and apologize for the inconvenience. If you want, I will call someone and try to get your account adjusted before we close today.” You accept his offer. He places you on hold, and makes some phone calls. After an approximate five-minute wait, he comes back to the phone.

The banker greets you courteously, and once again apologizes for the inconvenience. He tells you that he can have your account adjusted within one hour. After about an hour, the banker telephones to inform you that your account has been properly adjusted. The banker once again apologizes for the failure, and states, “take care, and please let us know if there is anything else we can do for you.” Your banking experiences have since been fine.

Based on the aforementioned script, please read the questions below and circle the most appropriate answer. Please read each question carefully.

I am probably more likely to return an unsatisfactory product than most people I know.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I feel that ABC Bank’s policies regarding banking service problems/failures are fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

During their effort to fix my bank account, ABC Bank’s employee(s) showed a real interest in trying to be fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
The outcome of ABC fixing my bank account was not fair given the anxiety it caused me.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Despite the hassle caused by the problem (i.e., incorrect account balance), ABC Bank responded fairly and quickly.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The next time I purchase a banking service, I will not use ABC Bank as my provider.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I received an equitable outcome (i.e., fixing my bank account) from ABC given the nature of the failure.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Given my experience with ABC Bank, I would not recommend their banking services to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Considering all my experiences with this firm, I am satisfied with ABC Bank.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

While attempting to fix my bank account, ABC Bank's personnel considered my views regarding the problem (i.e., incorrect account balance).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How likely are you to spread positive word-of-mouth about ABC Bank?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

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In my opinion, ABC Bank provided a satisfactory bank account repair on this particular occasion.

Although the incorrect account balance caused me problems, the ABC Bank's effort to fix it resulted in a very positive outcome for me.

ABC Bank responded quickly to the problem (i.e., incorrect account balance).

I would recommend ABC Bank's banking services to my friends.

ABC Bank's employee(s) made a very professional effort to recover from the problem (i.e., incorrect account balance).

I am not satisfied with this particular service (i.e., fixing my bank account) by ABC.

I am more likely to complain about product/service failures than most people I know.

I am satisfied with my overall experience with the ABC Bank.

The ABC Bank's employee(s) worked as hard as possible for me during the Service Recovery effort.
The next time I desire a banking service I intend to purchase from ABC Bank.

Improbable 1 2 3 4 5 6 7 Probable

Prior to addressing the problem (i.e., incorrect account balance), ABC Bank’s employee(s) gave me an opportunity to express my concerns.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

To what extent were you fairly compensated by ABC for the stresses and strains caused by the failure?

Not at all 1 2 3 4 5 6 7 Fairly Compensated

I feel ABC Bank responded in a timely fashion to the problem (i.e., incorrect account balance).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The next time you are in the market for a banking service, how likely are you to purchase that banking service from ABC Bank?

Very Likely 1 2 3 4 5 6 7 Very

Regarding this particular event (i.e., fixing my account), I am satisfied with ABC Bank.

Not at all 1 2 3 4 5 6 7 Very Satisfied

The final outcome I received from ABC was fair, given the time and hassle.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

If my friends were looking for a banking service, I would tell them to try ABC Bank.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The ABC Bank’s policies and procedures set forth to handle problems (i.e., incorrect account balance) are unfair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

145

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If I buy a product that has a problem/defect, I will let the seller know about it.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC Bank’s employee(s) were honest and ethical in dealing with me during their fixing of my bank account.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

As a whole, I am not satisfied with ABC Bank.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I believe ABC Bank has fair policies and practices to handle problems (e.g., incorrect account balance).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

In dealing with my problem, ABC Bank’s personnel treated me in a courteous manner.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to the incorrect account balance.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

While handling my banking service problem (i.e., incorrect account balance), ABC Bank’s personnel became thoroughly familiar with my service-related situation.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Although the problem (i.e., incorrect account balance) caused me some anxiety, the ABC Bank’s problem resolution policies and practices are very fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I will continue using ABC Bank for my banking services.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
With respect to its policies and procedures, ABC Bank handled the problem (i.e., incorrect account balance) in a fair manner.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Though the ATM failure was a hassle, I felt that I got my money’s worth from using ABC Bank.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The Service Recovery outcome that I received in response to the problem (i.e., incorrect account balance) was more than fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC Bank’s employee(s) got input from me before handling the service problem (i.e., incorrect account balance).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Given the inconvenience caused by the incorrect account balance, the outcome I received from ABC Bank was fair.

Not Fair 1 2 3 4 5 6 7 Very Fair

During this particular transaction (i.e., fixing my account), how satisfied are you with the quality of ABC Bank’s banking service?

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied

I would attempt to notify store management if I thought service in a store was particularly bad.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How satisfied are you overall with the quality of the ABC Bank?

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied

How realistic is this scenario?

Very Unrealistic 1 2 3 4 5 6 7 Very Realistic
Please respond to the following statement. In your opinion, an incorrect account balance would be a...

Minor problem/Inconvenience 1 2 3 4 5 6 7 Major problem/inconvenience

The following four questions pertain to one's involvement or interest in using a banking service. Please read the statements below, and place an X in the blank that most appropriately depicts your view.

This particular service situation (i.e., fixing my bank account) with ABC Bank...

Is very important ______:____:____:____:____:____

Requires a lot of thought ______:____:____:____:____:____

Is very risky ______:____:____:____:____:____

If something goes wrong in this situation with my banking service, I have...

a lot to lose ______:____:____:____:____:____

little to lose ______:____:____:____:____:____

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APPENDIX D: DISSERTATION PRETEST NEW HOME WARRANTY QUESTIONNAIRE

NAME ____________________________________________

INSTRUCTOR _________________________________

COURSE SECTION ________________

Please read the following scenario carefully and answer the subsequent questions. While reading the scenario, try to imagine the events have actually happened. Your responses are very important. Please read the scenario attentively and answer the questions only after you completely understand the situation.

You have recently purchased a home for the first time. During your buying experience, the homebuilder, ABC Construction Company, was friendly and seemed honest and courteous. The salesperson seemed interested in your particular housing needs, and worked hard to match those needs with the appropriate home. You have now lived in the home for two months and everything has been just fine.

Based on the aforementioned script, please read the questions below and circle the most appropriate answer. Please read each question carefully.

As a whole, I am not satisfied with ABC Construction Company.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The next time I purchase a home, I will not use ABC Construction Company as my provider.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How likely are you to spread positive word-of-mouth about ABC Construction Company?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

I am satisfied with my overall experience with the ABC Construction Company.

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied
The next time I desire a home I intend to purchase from ABC Construction Company.

Improbable 1 2 3 4 5 6 7 Probable

Given my experience with ABC Construction Company, I would not recommend their homes to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Considering all my experiences with this firm, I am satisfied with ABC Construction Company.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I will continue using ABC Construction Company for my homes.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would recommend ABC Construction Company’s homes to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How satisfied are you overall with the quality of ABC Construction Company’s home?

Not at all 1 2 3 4 5 6 7 Very Satisfied

The next time you are in the market for home, how likely are you to purchase that home from ABC Construction Company?

Very Likely 1 2 3 4 5 6 7 Very

If my friends were looking for a home, I would tell them to try ABC Construction Company.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

150
Please read the following scenario carefully and answer the subsequent questions. While reading the scenario, try to imagine the events have actually happened. Your responses are very important. Please read the scenario attentively and answer the questions only after you completely understand the situation.

Now, two months after you purchase the home, you notice that your air conditioner doesn’t work. Given that it is summer in Louisiana, this is not a good time for your “AC” to quit working. After one hour in the house, your clothes are already damp from perspiration. You need to have your “AC” fixed.

Based on the aforementioned script, please read the questions below and circle the most appropriate answer. Please read each question carefully.

Given my interest in homes, I could have chosen to buy a home from a wide variety of homebuilders.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I had high expectations that ABC Construction Company would fix their mistake (i.e., the AC not working).

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

To what extent was ABC Construction Company responsible for the problem (i.e., AC quitting) that you experienced?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Totally Responsible</th>
</tr>
</thead>
</table>

I had several other firms, besides ABC Construction Company, which could have provided me with an acceptable home.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I expected ABC Construction Company to do whatever it took to guarantee my satisfaction.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>
The problem (i.e., AC quitting) I encountered was **all** ABC Construction Company's fault.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

ABC Construction Company is only one of many firms that provide *homes* in my location.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

My expectations were high that I would receive compensation if I encountered a *home* problem (i.e., AC quitting).

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

There was **no way** that ABC Construction Company could have prevented the problem (i.e., AC quitting) I encountered.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I thought ABC Construction Company would quickly respond to *home* problems (i.e., AC quitting).

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

To what extent do you *blame* ABC Construction Company for this problem (i.e., AC quitting)?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Completely</th>
</tr>
</thead>
</table>

It would be very easy to buy a home from a dealership other than ABC.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>
Please read the following scenario carefully and answer the subsequent questions. While reading the scenario, try to imagine the events have actually happened. Your responses are very important. Please read the scenario attentively and answer the questions only after you completely understand the situation.

The next day, you call the home warranty service and ask for help. The service agent quietly listens to your complaint. Afterwards, he asks a few quick questions to better understand your “AC” problem (i.e., AC quitting). He states, “I can understand your frustration given the current heat. I apologize for the inconvenience. If you want, I will come out to your place in a few minutes and try to get your “AC” fixed in an hour.” You accept his offer. When he arrives, the service agent greets you courteously, and once again apologizes for the inconvenience. After a ten-minute diagnostic check, he tells you that he can have you “back in the cool” in about an hour. One hour later, the service agent fixes your air conditioner. He once again apologizes for the failure, shakes your hand, and states, “take care, and please let us know if there is anything else we can do for you.” Your “AC” works fine afterwards.

Based on the aforementioned script, please read the questions below and circle the most appropriate answer. Please read each question carefully.

I am probably more likely to return an unsatisfactory product than most people I know.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I feel that ABC Construction Company’s policies regarding home problems/failures are fair.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

During their effort to fix my Air Conditioner, ABC Construction Company’s employee(s) showed a real interest in trying to be fair.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>
The outcome of ABC fixing my AC was not fair given the anxiety it caused me.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

Despite the hassle caused by the problem (i.e., AC quitting), ABC Construction Company responded fairly and quickly.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

The next time I purchase a home, I will not use ABC Construction Company as my provider.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

I received an equitable outcome (i.e., fixing my AC) from ABC given the nature of the failure.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

Given my experience with ABC Construction Company, I would not recommend their homes to my friends.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

Considering all my experiences with this firm, I am satisfied with ABC Construction Company.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

While attempting to fix the Air Conditioner, ABC Construction Company’s personnel considered my views regarding the problem (i.e., AC quitting).

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |

How likely are you to spread positive word-of-mouth about ABC Construction Company?

| Very Unlikely | 1 2 3 4 5 6 7 | Very Likely |

In my opinion, ABC Construction Company provided a satisfactory home repair on this particular occasion.

| Strongly Disagree | 1 2 3 4 5 6 7 | Strongly Agree |
Although the AC quitting caused me problems, the ABC Construction Company’s effort to fix it resulted in a very positive outcome for me.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC Construction Company responded quickly to the problem (i.e., AC quitting).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would recommend ABC Construction Company’s homes to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC Construction Company’s employee(s) made a very professional effort to recover from the problem (i.e., AC quitting).

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I am not satisfied with this particular service (i.e., fixing the AC) by ABC.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I am more likely to complain about product/service failures than most people I know.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I am satisfied with my overall experience with the ABC Construction Company.

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied

The ABC Construction Company’s employee(s) worked as hard as possible for me during the Service Recovery effort.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The next time I desire a home I intend to purchase from ABC Construction Company.

Improbable 1 2 3 4 5 6 7 Probable
Prior to addressing the problem (i.e., AC quitting), ABC Construction Company’s employee(s) gave me an opportunity to express my concerns.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

To what extent were you fairly compensated by ABC for the stresses and strains caused by the failure?

**Not at all** 1 2 3 4 5 6 7 **Fairly Compensated**

I feel ABC Construction Company responded in a timely fashion to the problem (i.e., AC quitting).

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

The next time you are in the market for a home, how likely are you to purchase that home from ABC Construction Company?

**Very Unlikely** 1 2 3 4 5 6 7 **Very Likely**

Regarding this particular event (i.e., fixing my AC), I am satisfied with ABC Construction Company.

**Not at all** 1 2 3 4 5 6 7 **Very Satisfied**

The final outcome I received from ABC was fair, given the time and hassle.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

If my friends were looking for a home, I would tell them to try ABC Construction Company.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

The ABC Construction Company’s policies and procedures set forth to handle problems (i.e., AC quitting) are unfair.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**
If I buy a product that has a problem/defect, I will let the seller know about it.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

ABC Construction Company’s employee(s) were honest and ethical in dealing with me during their fixing of my AC.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

As a whole, I am not satisfied with ABC Construction Company.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I believe ABC Construction Company has fair policies and practices to handle problems (e.g., AC quitting).

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

In dealing with my problem, ABC Construction Company’s personnel treated me in a courteous manner.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to the AC quitting.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

While handling my home problem (i.e., AC quitting), ABC Construction Company’s personnel became thoroughly familiar with my service-related situation.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Although the problem (i.e., AC quitting) caused me some anxiety, the ABC Construction Company’s problem resolution policies and practices are very fair.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>
I will continue using ABC Construction Company for my homes.

With respect to its policies and procedures, ABC Construction Company handled the problem (i.e., AC quitting) in a fair manner.

Though the AC failure was a hassle, I felt that I got my money’s worth from using ABC Construction Company.

The Service Recovery outcome that I received in response to the problem (i.e., AC quitting) was more than fair.

ABC Construction Company’s employee(s) got input from me before handling the service problem (i.e., AC quitting).

Given the inconvenience caused by the AC quitting, the outcome I received from ABC Construction Company was fair.

During this particular transaction (i.e., fixing the AC), how satisfied are you with the quality of ABC Construction Company’s home?

I would attempt to notify store management if I thought service in a store was particularly bad.
How satisfied are you overall with the quality of the ABC Construction Company?

Not at all 1 2 3 4 5 6 7 Satisfied

How realistic is this scenario?

Very Realistic 1 2 3 4 5 6 7 Unrealistic

Please respond to the following statement: In your opinion, the AC not working in your home (during summer) would be a...

Minor problem/Inconvenience 1 2 3 4 5 6 7 Major problem/inconvenience

The following four questions pertain to one’s involvement or interest in using a home. Please read the statements below, and place an X in the blank that most appropriately depicts your view.

This particular service situation (i.e., fixing the home AC) with ABC Construction Company...

Is very important ___ : ___ : ___ : ___ : ___ : ___ : ___ Is very unimportant

Requires a lot of thought ___ : ___ : ___ : ___ : ___ : ___ Requires little thought

Is very risky ___ : ___ : ___ : ___ : ___ : ___ : ___ a sure bet

If something goes wrong in this situation with my home, I have...

a lot to lose ___ : ___ : ___ : ___ : ___ : ___ little to lose
APPENDIX E: MEASUREMENT SCALES (PRETEST STUDY)

NEW HOME WARRANTY SERVICE SAMPLE MEASUREMENT SCALES: 
PRETEST STUDY

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach's Alpha*</th>
<th>Time Two Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction with the firm</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied with my overall experience with ABC Construction Company. ①</td>
<td>0.65</td>
<td>0.87</td>
</tr>
<tr>
<td>Considering all my experiences with this firm, I am satisfied with ABC Construction Company. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a whole, I am not satisfied with ABC Construction Company. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td>How satisfied are you overall with the quality of ABC Construction Company’s home? ①</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transaction-Specific Satisfaction</td>
<td>N/A</td>
<td>0.70</td>
</tr>
<tr>
<td>In my opinion, ABC Construction Company provided a satisfactory home repair on this particular occasion. ①</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am not satisfied with this particular service (i.e., fixing the AC) by ABC. ③</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regarding this particular event (i.e., fixing my AC), I am satisfied with ABC Construction Company. ①</td>
<td></td>
<td></td>
</tr>
<tr>
<td>During this particular transaction (i.e., fixing the AC), how satisfied are you overall with the quality of ABC Construction Company’s home? ①</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase intent</td>
<td>0.75</td>
<td>0.92</td>
</tr>
<tr>
<td>The next time I desire a home I intend to purchase from ABC Construction Company. ③</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I will continue using ABC Construction Company for my homes. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The next time you are in the market for a home, how likely are you to purchase that home from ABC Construction Company. ④</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The next time I purchase a home, I will not use ABC Construction Company as my provider. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Word-of-mouth</td>
<td>0.86</td>
<td>0.91</td>
</tr>
<tr>
<td>How likely are you to spread positive word-of-mouth about ABC Construction Company? ④</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I would recommend ABC Construction Company’s homes to my friends. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Given my experience with ABC Construction Company, I would not recommend their homes to my friends. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If my friends were looking for a home, I would tell them to try ABC Construction Company. ②</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Note: Appendix E continues on Next Page. All items were measured on a seven-point scale. Additionally, the superscripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair." The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. The (X) refers to items not included in the five-factor model. N/A refers to "not applicable."
## NEW HOME WARRANTY SERVICE SAMPLE MEASUREMENT SCALES: PRETEST STUDY

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach’s Alpha*</th>
<th>Time Two Cronbach’s Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributive Justice</strong></td>
<td>N/A</td>
<td>0.88</td>
</tr>
<tr>
<td>The outcome of ABC fixing my AC was not fair given the anxiety it caused me.²</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>Although the AC quitting caused me problems, the ABC Construction Company’s effort to fix it resulted in a very positive outcome for me.²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The final outcome I received from ABC was fair, given the time and hassle.²</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>To what extent were you fairly compensated by ABC for the stresses and strains caused by the failure?⁵</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I received an equitable outcome (i.e., fixing my AC) from ABC given the nature of the failure.²</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to the AC quitting.²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Though the AC failure was a hassle, I felt that I got my money’s worth from using ABC Construction Company.²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Given the inconveniences caused by the AC quitting, the outcome I received from ABC Construction Company was fair.⁶</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The service recovery outcome that I received in response to the problem (i.e., AC quitting) was more than fair.²</td>
<td>**</td>
<td></td>
</tr>
</tbody>
</table>

Note: Appendix L Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. The (X) refers to items not included in the five-factor model. N/A refers to “not applicable.”
### NEW HOME WARRANTY SERVICE SAMPLE MEASUREMENT SCALES: PRETEST STUDY

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach’s Alpha*</th>
<th>Time Two Cronbach’s Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procedural Justice</strong></td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>I feel that ABC Construction Company’s policies regarding home problems/failures are fair.</td>
<td>N/A</td>
<td>.79</td>
</tr>
<tr>
<td>Despite the hassle caused by the problem (i.e., AC quitting), ABC Construction Company responded fairly and quickly.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>I feel ABC Construction Company responded in a timely fashion to the problem (i.e., AC quitting).</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>The ABC Construction Company’s policies and procedures set forth to handle problems (i.e., AC quitting) are unfair.</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>I believe ABC Construction Company has fair policies and practices to handle problems (e.g., AC quitting).</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>Although the problem (i.e., AC quitting) caused me some anxiety, the ABC Construction Company’s problem resolution policies and practices are very fair.</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>With respect to its policies and procedures, ABC Construction Company handled the problem (i.e., AC quitting) in a fair manner.</td>
<td>**</td>
<td></td>
</tr>
</tbody>
</table>

Note: Appendix L Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. The (X) refers to items not included in the five-factor model. N/A refers to “not applicable.”
# NEW HOME WARRANTY SERVICE SAMPLE MEASUREMENT SCALES:
# PRETEST STUDY

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach's Alpha*</th>
<th>Time Two Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interactional Justice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>While handling my home problem (i.e., AC quitting), ABC Construction Company's personnel became thoroughly familiar with my service-related situation.</td>
<td>**</td>
<td>0.87</td>
</tr>
<tr>
<td>ABC Construction Company’s employee(s) were honest and ethical in dealing with me during their fixing of my AC.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>Prior to addressing the problem (i.e., AC quitting), ABC Construction Company’s employee(s) gave me an opportunity to express my concerns.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>While attempting to fix the Air Conditioner, ABC Construction Company’s personnel considered my views regarding the problem (i.e., AC quitting).</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>During their effort to fix my Air Conditioner, ABC Construction Company’s employee(s) showed a real interest in trying to be fair.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>ABC Construction Company’s employee(s) made a very professional effort to recover from the problem (i.e., AC quitting).</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>In dealing with my problem, ABC Construction Company’s personnel treated me in a courteous manner.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>The ABC Construction Company’s employee(s) worked as hard as possible for me during the service recovery effort.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>ABC Construction Company’s employee(s) got input from me before handling the service problem (i.e., AC quitting).</td>
<td>**</td>
<td>X</td>
</tr>
</tbody>
</table>

Note: All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. The (X) refers to items not included in the five-factor model. N/A refers to “not applicable.”

163

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BANKING SERVICE SAMPLE MEASUREMENT SCALES: PRETEST STUDY

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach's Alpha*</th>
<th>Time Two Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Satisfaction with the firm</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am satisfied with my overall experience with ABC Bank. 1</td>
<td>0.79</td>
<td>0.89</td>
</tr>
<tr>
<td>Considering all my experiences with this firm, I am satisfied with ABC Bank. 2</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>As a whole, I am not satisfied with ABC Bank. 2</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>How satisfied are you overall with the quality of ABC Bank's banking service? 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Transaction-Specific Satisfaction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In my opinion, ABC Bank provided a satisfactory bank account repair on this particular occasion. 2</td>
<td>N/A</td>
<td>0.85</td>
</tr>
<tr>
<td>I am not satisfied with this particular service (i.e., fixing the account balance) by ABC. 2</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>Regarding this particular event (i.e., fixing my account balance), I am satisfied with ABC Bank. 1</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>During this particular transaction (i.e., fixing the account balance), how satisfied are you with the quality of ABC Bank's banking service? 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Purchase intent</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The next time I desire a banking service I intend to purchase from ABC Bank. 3</td>
<td>0.90</td>
<td>0.95</td>
</tr>
<tr>
<td>I will continue using ABC Bank for my banking services. 2</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>The next time you are in the market for a banking service, how likely are you to purchase that banking service from ABC Bank. 4</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>The next time I purchase a banking service, I will not use ABC Bank as my provider. 2</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td><strong>Word-of-mouth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>How likely are you to spread positive word-of-mouth about ABC Bank? 4</td>
<td>0.86</td>
<td>0.89</td>
</tr>
<tr>
<td>I would recommend ABC Bank's banking services to my friends. 5</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>Given my experience with ABC Bank, I would not recommend their banking services to my friends. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If my friends were looking for a banking service, I would tell them to try ABC Bank. 2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Appendix E Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. The (X) refers to items not included in the five-factor model. N/A refers to “not applicable.”
**Banking Service Sample Measurement Scales: Pretest Study**

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>One Cronbach's Alpha*</td>
<td>Two Cronbach's Alpha*</td>
</tr>
<tr>
<td><strong>Distributive Justice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The outcome of ABC fixing my account balance was not fair given the anxiety it caused me.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>Although the Incorrect account balance caused me problems, the ABC Bank's effort to fix it resulted in a very positive outcome for me.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>The final outcome I received from ABC was fair, given the time and hassle.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>To what extent were you fairly compensated by ABC for the stresses and strains caused by the failure?</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>I received an equitable outcome (i.e., fixing my account balance) from ABC given the nature of the failure.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to the Incorrect account balance.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>Though the account balance failure was a hassle, I felt that I got my money's worth from using ABC Bank.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>Given the inconveniences caused by the Incorrect account balance, the outcome I received from ABC Bank was fair.</td>
<td></td>
<td>**</td>
</tr>
<tr>
<td>The service recovery outcome that I received in response to the problem (i.e., Incorrect account balance) was more than fair.</td>
<td></td>
<td>**</td>
</tr>
</tbody>
</table>

Note: Appendix E Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair." The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. N/A refers to "not applicable."
### Procedural Justice

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Time One Cronbach's Alpha*</th>
<th>Time Two Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td>I feel that ABC Bank's policies regarding banking service problems/failures are fair.</td>
<td>N/A</td>
<td>0.90</td>
</tr>
<tr>
<td>Despite the hassle caused by the problem (i.e., Incorrect account balance), ABC Bank responded fairly and quickly.</td>
<td>**</td>
<td>X</td>
</tr>
<tr>
<td>ABC Bank responded quickly to the problem (i.e., Incorrect account balance).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel ABC Bank responded in a timely fashion to the problem (i.e., Incorrect account balance).</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>The ABC Bank's policies and procedures set forth to handle problems (i.e., Incorrect account balance) are unfair.</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>I believe ABC Bank has fair policies and practices to handle problems (e.g., Incorrect account balance).</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>Although the problem (i.e., Incorrect account balance) caused me some anxiety, the ABC Bank's problem resolution policies and practices are very fair.</td>
<td>**</td>
<td></td>
</tr>
<tr>
<td>With respect to its policies and procedures, ABC Bank handled the problem (i.e., Incorrect account balance) in a fair manner.</td>
<td>**</td>
<td></td>
</tr>
</tbody>
</table>

Note: Appendix E Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair." The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales. N/A refers to "not applicable."
### BANKING SERVICE SAMPLE MEASUREMENT SCALES: PRETEST STUDY

**Measurement Scale Items**

<table>
<thead>
<tr>
<th>Time</th>
<th>One Cronbach's Alpha*</th>
<th>Two Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N/A</td>
<td>0.87</td>
</tr>
</tbody>
</table>

**Interactional Justice**

- While handling my banking service problem (i.e., Incorrect account balance), ABC Bank's personnel became thoroughly familiar with my service-related situation.  

- ABC Bank's employee(s) were honest and ethical in dealing with me during their fixing of my account balance.  

- Prior to addressing the problem (i.e., Incorrect account balance), ABC Bank's employee(s) gave me an opportunity to express my concerns.  

- While attempting to fix the incorrect account balance, ABC Bank's personnel considered my views regarding the problem (i.e., Incorrect account balance).  

- During their effort to fix my incorrect account balance, ABC Bank's employee(s) showed a real interest in trying to be fair.  

- ABC Bank's employee(s) made a very professional effort to recover from the problem (i.e., Incorrect account balance).  

- In dealing with my problem, ABC Bank's personnel treated me in a courteous manner.  

- The ABC Bank's employee(s) worked as hard as possible for me during the service recovery effort.  

- ABC Bank's employee(s) got input from me before handling the service problem (i.e., Incorrect account balance).  

Note: All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final seven-factor model scales. The (X) refers to items not included in the five-factor model. N/A refers to “not applicable.”
APPENDIX F: FINAL MEASUREMENT ITEMS RETAINED FOR THE MAIN DISSERTATION STUDIES

Measurement Scale Items*

Overall Satisfaction with the firm
I am satisfied with my overall experience with ABC Bank.1
As a whole, I am not satisfied with ABC Bank.2
How satisfied are you overall with the quality of ABC Bank’s banking service?1

Transaction-Specific Satisfaction
In my opinion, ABC Bank provided a satisfactory bank account repair on this particular occasion.2
I am not satisfied with this particular service (i.e., fixing the account balance) by ABC.2
Regarding this particular event (i.e., fixing my account balance), I am satisfied with ABC Bank.1

Purchase intent
The next time I desire a banking service I intend to purchase from ABC Bank.3
I will continue using ABC Bank for my banking services.2
The next time you are in the market for a banking service, how likely are you to purchase that banking service from ABC Bank.4
The next time I purchase a banking service, I will not use ABC Bank as my provider.2

Word-of-mouth
How likely are you to spread positive word-of-mouth about ABC Bank?4
I would recommend ABC Bank’s banking services to my friends.2
If my friends were looking for a banking service, I would tell them to try ABC Bank.2

Note: Appendix F Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.”

* Items in this Appendix refer to the banking service sample. Only subtle changes (i.e., firm name and product/service) were made to these items to reflect the new home warranty service sample.
FINAL MEASUREMENT ITEMS RETAINED FOR THE MAIN DISSERTATION STUDIES

Measurement Scale Items*

Distributive Justice
Although the Incorrect account balance caused me problems, the ABC Bank’s effort to fix it resulted in a very positive outcome for me. 

The final outcome I received from ABC was fair, given the time and hassle.

I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to the Incorrect account balance.

Given the inconveniences caused by the Incorrect account balance, the outcome I received from ABC Bank was fair.

The service recovery outcome that I received in response to the problem (i.e., Incorrect account balance) was more than fair.

Procedural Justice
Despite the hassle caused by the problem (i.e., Incorrect account balance), ABC Bank responded fairly and quickly.

I feel ABC Bank responded in a timely fashion to the problem (i.e., Incorrect account balance).

I believe ABC Bank has fair policies and practices to handle problems (e.g., Incorrect account balance).

Although the problem (i.e., Incorrect account balance) caused me some anxiety, the ABC Bank’s problem resolution policies and practices are very fair.

With respect to its policies and procedures, ABC Bank handled the problem (i.e., Incorrect account balance) in a fair manner.

Note: Appendix F Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.”

* Items in this Appendix refer to the banking service sample. Only subtle changes (i.e., firm name and product/service) were made to these items to reflect the new home warranty service sample.
FINAL MEASUREMENT ITEMS RETAINED FOR MAIN DISSERTATION STUDIES

Measurement Scale Items*  

Interactional Justice
ABC Bank's employee(s) were honest and ethical in dealing with me during their fixing of my account balance.  
While attempting to fix the incorrect account balance, ABC Bank's personnel considered my views regarding the problem (i.e., Incorrect account balance).  
During their effort to fix my incorrect account balance, ABC Bank's employee(s) showed a real interest in trying to be fair.  
In dealing with my problem, ABC Bank's personnel treated me in a courteous manner.  
The ABC Bank's employee(s) worked as hard as possible for me during the service recovery effort.  
ABC Bank's employee(s) got input from me before handling the service problem (i.e., Incorrect account balance).  

Procedural/Interactional Justice
I feel ABC Bank responded in a timely fashion to the problem (i.e., Incorrect account balance).  
I believe ABC Bank has fair policies and practices to handle problems (e.g., Incorrect account balance).  
Although the problem (i.e., Incorrect account balance) caused me some anxiety, the ABC Bank's problem resolution policies and practices are very fair.  
With respect to its policies and procedures, ABC Bank handled the problem (i.e., Incorrect account balance) in a fair manner.  
ABC Bank's employee(s) were honest and ethical in dealing with me during their fixing of my account balance.  
During their effort to fix my incorrect account balance, ABC Bank's employee(s) showed a real interest in trying to be fair.  
In dealing with my problem, ABC Bank's personnel treated me in a courteous manner.  
The ABC Bank's employee(s) worked as hard as possible for me during the service recovery effort.  
ABC Bank's employee(s) got input from me before handling the service problem (i.e., Incorrect account balance).  

Note: All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair."  
* Items in this Appendix refer to the banking service sample. Only subtle changes (i.e., firm name and product/service) were made to these items to reflect the new home warranty service sample.
APPENDIX G: BANK QUESTIONNAIRE (MAIN DISSERTATION STUDY ONE)

Note: The actual name of the bank was changed on these questionnaires for confidentiality purposes. Please contact the author for further information regarding the actual bank.

TIME ONE BANK QUESTIONNAIRE

This is the first questionnaire in a series of three. Please think about all of your experiences with ABC Bank up until the recent service problem. These experiences may include past banking service availability, support, services offered, ease of use, customer service, etc. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC Bank’s service. Although many questions may seem redundant, please answer each question. This redundancy is part of the research process, and attempts to clarify the interpretation of opinions. Again, the following set of questions pertains to how you felt about ABC Bank PRIOR TO THE RECENT PROBLEM.

PAST PERCEPTIONS OF ABC BANK

As a whole, I am **not** satisfied with ABC Bank.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

In the near future, I **will not** use ABC Bank as my provider.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

How likely are you to spread positive word-of-mouth about ABC Bank?

<table>
<thead>
<tr>
<th>Very Unlikely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

I am satisfied with my overall experience with ABC Bank.

<table>
<thead>
<tr>
<th>Not at all Satisfied</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Satisfied</th>
</tr>
</thead>
</table>

In the future, I intend to use banking services from ABC Bank.

<table>
<thead>
<tr>
<th>Improbable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Probable</th>
</tr>
</thead>
</table>
In the future, I will continue using ABC Bank for these *banking services*.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

I would recommend ABC Bank’s *banking services* to my friends.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

How satisfied are you overall with the quality of ABC Bank’s *banking service*?

**Not at all** 1 2 3 4 5 6 7 **Very Satisfied**

If you were in the market for additional *banking services*, how likely would you be to use those *banking services* from ABC Bank?

**Very Unlikely** 1 2 3 4 5 6 7 **Very Likely**

If my friends were looking for a *banking service*, I would tell them to try ABC Bank.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

Now, please think about all of your experiences with ABC Bank, Inc. *up to this moment*. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Again, the following questions pertain specifically to your *CURRENT perceptions* of ABC Bank’s service.

**CURRENT PERCEPTIONS OF ABC BANK**

As a whole, I am **not** satisfied with ABC Bank.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

I had high expectations that ABC Bank would fix the problem.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**

In the near future, I **will not** use ABC Bank as my provider.

**Strongly Disagree** 1 2 3 4 5 6 7 **Strongly Agree**
How likely are you to spread positive word-of-mouth about ABC Bank?

<table>
<thead>
<tr>
<th>Very Likely</th>
<th>Very</th>
<th>Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unlikely</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

To what extent was ABC Bank responsible for the problem that you experienced?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>Totally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

I am satisfied with my overall experience with ABC Bank.

<table>
<thead>
<tr>
<th>Not at all</th>
<th>Very</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfied</td>
<td>1 2 3 4 5 6 7</td>
</tr>
</tbody>
</table>

I expected ABC Bank to do whatever it took to guarantee my satisfaction.

<table>
<thead>
<tr>
<th>Strongly</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>Agree</td>
</tr>
</tbody>
</table>

In the future, I intend to use banking services from ABC Bank.

<table>
<thead>
<tr>
<th>Improbable</th>
<th>Probable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

The problem that I encountered was all ABC Bank’s fault.

<table>
<thead>
<tr>
<th>Strongly</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>Agree</td>
</tr>
</tbody>
</table>

In the future, I will continue using ABC Bank for these banking services.

<table>
<thead>
<tr>
<th>Strongly</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>Agree</td>
</tr>
</tbody>
</table>

My expectations were high that I would receive compensation if I encountered a banking service problem.

<table>
<thead>
<tr>
<th>Strongly</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>Agree</td>
</tr>
</tbody>
</table>

I would recommend ABC Bank’s banking services to my friends.

<table>
<thead>
<tr>
<th>Strongly</th>
<th>Strongly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>Agree</td>
</tr>
</tbody>
</table>
There was no way that ABC Bank could have prevented the problem that I encountered.

How satisfied are you overall with the quality of ABC Bank’s banking service?

I thought ABC Bank would quickly respond to banking service problems.

If you were in the market for additional banking services, how likely are you to purchase those banking services from ABC Bank?

If my friends were looking for a banking service, I would tell them to try ABC Bank.

To what extent do you blame ABC Bank for this problem?

Please respond to the following statement. In my opinion, the banking problem that I experienced was a...

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How many MONTHS have you utilized ABC Banks banking services?

____________________ months.

Please indicate your gender.

Male _____ Female _____

Please indicate your age.

_____ years

Please indicate your level of education.

_____ Some high school  _____ High school diploma  _____ Some college

_____ Undergraduate College degree  _____ Masters degree

_____ Professional degree (i.e., MD, JD, Ph. D., etc.)

Please briefly describe the nature of your problem in the space below.

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

This is the END of this customer service questionnaire. Thank you very much for your cooperation in this study. ABC Bank is continuously trying to improve our customer service, and your feedback is greatly appreciated. We will need your name and address to “match up” your responses and further assist you if any more problems arise.

Please remember that we will follow-up once your problem is addressed to ask your opinions regarding our problem resolution practices.

Thanks for banking with us!

Name ___________________________________________

Address _____________________________________________________________________

Address _____________________________________________________________________

City ________________________________ State ________ Zip ____________ - ________
TIME TWO BANK QUESTIONNAIRE

This is the second questionnaire in a series of three. Please think about all of your experiences with **ABC Bank up to this moment (i.e., after your problem was addressed)**. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC Bank’s service. Again, the following set of questions pertains to how you feel about ABC Bank **NOW THAT YOUR PROBLEM HAS BEEN ADDRESSED**.

<table>
<thead>
<tr>
<th>Question</th>
<th>Strongly Agree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Despite the hassle caused by the problem, ABC Bank responded fairly and quickly.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>During their effort to fix my problem, ABC Bank’s employee(s) showed a real interest in trying to be fair.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>While attempting to fix my problem, ABC Bank’s personnel considered my views.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The ABC Bank’s employee(s) worked as hard as possible for me during the Service Recovery effort.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I feel ABC Bank responded in a timely fashion to the problem.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC Bank’s employee(s) were honest and ethical in dealing with me during their fixing of my problem.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I believe ABC Bank has fair policies and practices to handle problems.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In dealing with my problem, ABC Bank’s personnel treated me in a courteous manner.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Although the problem caused me some anxiety, the ABC Bank's problem resolution policies and practices are very fair.

With respect to its policies and procedures, ABC Bank handled the problem in a fair manner.

ABC Bank's employee(s) got input from me before handling the service problem.

Thank you for your feedback. We will use your answers to help us improve our customer service. If you completed this questionnaire at home or work, please place your completed questionnaire in the enclosed postage-paid envelope, and mail it back to us as soon as possible. Once again, We will need your name and address to "match up" your responses and further assist you if any more problems arise. Thanks again for banking with ABC.

Name __________________________________________

Address _____________________________________________________________________

Address _____________________________________________________________________

City _______________________________ State _______ Zip ___________ - _______
TIME THREE BANK QUESTIONNAIRE

This is the last questionnaire in a series of three. Thank you once again for your continued support. Please think about all of your experiences with ABC Bank up to this moment (i.e., a few weeks after your problem was addressed). Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC Bank's service. Again, the following set of questions pertains to how you feel about ABC Bank NOW THAT YOUR PROBLEM HAS BEEN ADDRESSED FOR A FEW WEEKS.

In the near future, I will not use ABC Bank as my provider.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

How likely are you to spread positive word-of-mouth about ABC Bank?

<table>
<thead>
<tr>
<th>Very Unlikely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

In my opinion, ABC Bank provided a satisfactory resolution to my banking problem on this particular occasion.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

Although this event caused me problems, ABC Bank's effort to fix it resulted in a very positive outcome for me.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I would recommend ABC Bank's banking services to my friends.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I am not satisfied with ABC'S handling of this particular service problem.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I am satisfied with my overall experience with ABC Bank.

<table>
<thead>
<tr>
<th>Not at all Satisfied</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Satisfied</th>
</tr>
</thead>
</table>

In the future, I intend to use banking services from ABC Bank.

<table>
<thead>
<tr>
<th>Improbable</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Probable</th>
</tr>
</thead>
</table>
If you were in the market for additional banking services, how likely would you be to use those banking services from ABC Bank?

Very
Unlikely 1 2 3 4 5 6 7

Very
Likely

Regarding this particular event, I am satisfied with ABC Bank.

Not at all
Satisfied 1 2 3 4 5 6 7

Very
Satisfied

The final outcome I received from ABC was fair, given the time and hassle involved.

Strongly
Disagree 1 2 3 4 5 6 7

Strongly
Agree

If my friends were looking for a banking service, I would tell them to try ABC Bank.

Strongly
Disagree 1 2 3 4 5 6 7

Strongly
Agree

As a whole, I am not satisfied with ABC Bank.

Strongly
Disagree 1 2 3 4 5 6 7

Strongly
Agree

I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to this banking service problem.

Strongly
Disagree 1 2 3 4 5 6 7

Strongly
Agree

In the future, I will continue using ABC Bank for these banking services.

Strongly
Disagree 1 2 3 4 5 6 7

Strongly
Agree

The Service Recovery outcome that I received in response to the problem was more than fair.

Strongly
Disagree 1 2 3 4 5 6 7

Strongly
Agree
Given the inconvenience caused by the service problem, the outcome I received from ABC Bank was fair.

<table>
<thead>
<tr>
<th>Not Fair</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Fair</th>
</tr>
</thead>
</table>

How satisfied are you overall with the quality of ABC Bank’s banking service?

<table>
<thead>
<tr>
<th>Not at all Satisfied</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Satisfied</th>
</tr>
</thead>
</table>

This is the END of the three-part, customer service questionnaire series regarding your recent banking problem. Please make certain you have answered all questions. Thank you for your feedback concerning this event. We are continuously striving for better customer service, and your input will certainly help us to improve.

Please place your completed questionnaire in the enclosed postage-paid envelope, and mail it back to us as soon as possible. Once again, We will need your name and address to “match up” your responses and further assist you if any more problems arise. Thanks again for banking with ABC.

Name _______________________________________________________

Address ______________________________________________________

Address ______________________________________________________

City ___________________________ State ______ Zip ____________ - ______
APPENDIX H: HOME QUESTIONNAIRE (MAIN DISSERTATION STUDY TWO)

Note: The actual name of the homebuilder was changed on these questionnaires for confidentiality purposes. Please contact the author for further information regarding the actual homebuilder.

TIME ONE HOME QUESTIONNAIRE

We, in conjunction with the Marketing Department at Louisiana State University, are trying to improve our customer service efforts, and would appreciate your help in this process. In particular, we are interested in your opinions concerning our customer service. As such, we have constructed a three-part questionnaire that asks you to rate our service response to your recent problem.

We would like you to complete Questionnaire One today when the home repair technician first enters your home. Questionnaire Two will be completed once the technician addresses the problem. Questionnaire Three will be hand-delivered to you, and completed two weeks after the service event. **If you choose to provide your feedback today, we merely ask that you please complete ALL THREE questionnaires.** It is very important to have all three surveys, so we can track our service ratings at different stages of our customer service efforts.

Thank you for taking time out of your schedule to help us improve our service.

Sincerely,

Richard G. Netemeyer, Ph. D.
Piccadilly Cafeteria’s Distinguished Professor of Marketing
Louisiana State University

James G. Maxham III
Ph. D. Candidate
Louisiana State University
Department of Marketing
3127 CEBA
Baton Rouge, LA 70803
504-344-8290
This is the first questionnaire in a series of three. Please think about all of your experiences with ABC Home, Inc. up until the recent problem. These experiences may include past new home building design, support, services offered, ease of buying, customer service, etc. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC Home, Inc.'s service. Although many questions may seem redundant, please answer each question. This redundancy is part of the research process, and attempts to clarify the interpretation of opinions. Again, the following set of questions pertains to how you felt about ABC Home, Inc. PRIOR TO THE RECENT PROBLEM.

PAST PERCEPTIONS OF ABC HOME, INC.

As a whole, I am not satisfied with ABC Home, Inc..

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

If I were to purchase a new home in the near future, I would not use ABC Home, Inc. as my provider.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How likely are you to spread positive word-of-mouth about ABC Home, Inc.?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

I am satisfied with my overall experience with ABC Home, Inc..

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied

If I need a new home in the future, I will purchase that new home from ABC Home, Inc.

Improbable 1 2 3 4 5 6 7 Probable

If I need new homes in the future, I will continue using ABC Home, Inc. for these home purchases.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree
I would recommend ABC Home, Inc.'s *new homes* to my friends.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

How satisfied are you overall with the quality of ABC Home, Inc.'s *new home*?

<table>
<thead>
<tr>
<th>Not at all</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

If you were in the market for additional *new homes*, how likely would you be to purchase those *new homes* from ABC Home, Inc.?

<table>
<thead>
<tr>
<th>Very Unlikely</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

If my friends were looking for a *new home*, I would tell them to try ABC Home, Inc..

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

Now, please think about all of your experiences with ABC Home, Inc., Inc. up to this moment. Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Again, the following questions pertain specifically to your **CURRENT perceptions** of ABC Home, Inc.'s service.

**CURRENT PERCEPTIONS OF ABC HOME, INC.**

As a whole, I am **not** satisfied with ABC Home, Inc..

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

I had high expectations that ABC Home, Inc. would fix the problem.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

If I were to purchase a new home in the near future, I **would not** use ABC Home, Inc. as my provider.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>

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How likely are you to spread positive word-of-mouth about ABC Home, Inc.?

Very Likely
Unlikely 1 2 3 4 5 6 7 Very Likely

To what extent was ABC Home, Inc. responsible for the problem that you experienced?

Not at all Responsible 1 2 3 4 5 6 7 Totally Responsible

I am satisfied with my overall experience with ABC Home, Inc..

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied

I expected ABC Home, Inc. to do whatever it took to guarantee my satisfaction.

Strongly Agree
Disagree 1 2 3 4 5 6 7 Strongly Agree

If I need a new home in the future, I will purchase that new home from ABC Home, Inc..

Improbable 1 2 3 4 5 6 7 Probable

The problem that I encountered was all ABC Home, Inc.'s fault.

Strongly Agree
Disagree 1 2 3 4 5 6 7 Strongly Agree

If I need new homes in the future, I will continue using ABC Home, Inc. for these home purchases.

Strongly Agree
Disagree 1 2 3 4 5 6 7 Strongly Agree

My expectations were high that I would receive compensation if I encountered a new home problem.

Strongly Agree
Disagree 1 2 3 4 5 6 7 Strongly Agree

I would recommend ABC Home, Inc.'s new homes to my friends.

Strongly Agree
Disagree 1 2 3 4 5 6 7 Strongly Agree
There was no way that ABC Home, Inc. could have prevented the problem that I encountered.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How satisfied are you overall with the quality of ABC Home, Inc.'s new home?

Not at all 1 2 3 4 5 6 7 Very Satisfied

I thought ABC Home, Inc. would quickly respond to new home problems.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

If you were in the market for additional new homes, how likely would you be to purchase those new homes from ABC Home, Inc.?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

If my friends were looking for a new home, I would tell them to try ABC Home, Inc..

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

To what extent do you blame ABC Home, Inc. for this problem?

Not at all 1 2 3 4 5 6 7 Completely

Please respond to the following statement. In my opinion, the problem that I experienced is a...

Minor problem/Inconvenience 1 2 3 4 5 6 7 Major problem/inconvenience

Big Inconvenience 1 2 3 4 5 6 7 Small Inconvenience

Major Aggravation 1 2 3 4 5 6 7 Minor Aggravation
FOR STATISTICAL PURPOSES ONLY

How many MONTHS have you lived in a ABC Home?
__________________ months.

Please indicate your gender. Please indicate your age.
Male _____ Female _____ _____ years

Please indicate your level of education.
_____ Some high school  _____ High school diploma  _____ Some college
_____ Undergraduate College degree  _____ Masters degree
_____ Professional degree (i.e., MD, JD, Ph. D., etc.)

Please briefly describe the nature of your problem in the space below.

__________________________________________________________________________

This is the END of this customer service questionnaire. Thank you very much for your cooperation in this study. ABC Home, Inc. is continuously trying to improve our customer service, and your feedback is greatly appreciated.

Please remember that we will follow-up once your problem is addressed to ask your opinions regarding our problem resolution practices. We will need your name and address to “match up” your responses and further assist you if any more problems arise.

Please remember that we will follow-up once your problem is addressed to ask your opinions regarding our problem resolution practices.

Thanks for choosing ABC Home, Inc!

Name ____________________________________________

Address ______________________________________________________________________

Address ______________________________________________________________________

City ___________________________ State _______ Zip ____________ - ________
TIME TWO HOME QUESTIONNAIRE

As you know, we (along with the Marketing Department at Louisiana State University) are trying to improve our customer service efforts, and would appreciate your help in this process. In particular, we are interested in your opinions concerning our customer service. As such, we have constructed a three-part questionnaire that asks you to rate our service response to your recent problem. Questionnaire One was completed when the home repair technician first entered your home. Now, we would like you to complete Questionnaire Two given that ABC Home, Inc. has attempted to resolve your problem. Questionnaire Three will be hand-delivered to you, and completed two weeks after the service event. If you choose to provide your feedback today, we merely ask that you please complete ALL THREE questionnaires. It is very important to have all three surveys, so we can track our service ratings at different stages of our customer service efforts.

Thanks again for taking time out of your schedule to help us improve our service.

Sincerely,

Richard G. Netemeyer, Ph. D.
Piccadilly Cafeteria’s Distinguished Professor of Marketing
Louisiana State University

James G. Maxham III
Ph. D. Candidate
Louisiana State University
Department of Marketing
3127 CEBA
Baton Rouge, LA 70803
504-344-8290
This is the second questionnaire in a series of three. Please think about all of your experiences with ABC Homes, Inc. up to this moment (i.e., after your home problem was addressed). Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC Homes, Inc.'s service. Again, the following set of questions pertains to how you feel about ABC Homes, Inc. NOW THAT YOUR PROBLEM HAS BEEN ADDRESSED.

Despite the hassle caused by the problem, ABC Homes, Inc. responded fairly and quickly.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

During their effort to fix my problem, ABC Homes, Inc.'s employee(s) showed a real interest in trying to be fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

While attempting to fix my problem, ABC Homes, Inc.'s personnel considered my views.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

The ABC Homes, Inc.'s employee(s) worked as hard as possible for me during the Service Recovery effort.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I feel ABC Homes, Inc. responded in a timely fashion to the problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC Homes, Inc.'s employee(s) were honest and ethical in dealing with me during their fixing of my problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I believe ABC Homes, Inc. has fair policies and practices to handle problems.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

In dealing with my problem, ABC Homes, Inc.'s personnel treated me in a courteous manner.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

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Although the problem caused me some anxiety, the ABC Homes, Inc.'s problem resolution policies and practices are very fair.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

With respect to its policies and procedures, ABC Homes, Inc. handled the problem in a fair manner.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

ABC Homes, Inc.'s employee(s) got input from me before handling the problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Thank you for your feedback. We will use your answers to help us improve our customer service. If you completed this questionnaire at home or work, please place your completed questionnaire in the enclosed postage-paid envelope, and mail it back to us as soon as possible. Once again, We will need your name and address to “match up” your responses and further assist you if any more problems arise. Thanks again for choosing ABC Homes, Inc.

Name ________________________________

Address __________________________________________________________

Address __________________________________________________________

City ___________________________ State _______ Zip ___________
TIME THREE HOME QUESTIONNAIRE

As you know, we (along with the Marketing Department at Louisiana State University) are trying to improve our customer service efforts, and would appreciate your help in this process. In particular, we are interested in your opinions concerning our customer service. As such, we have constructed a three-part questionnaire that asks you to rate our service response to your recent problem. Questionnaire One was completed when the home repair technician first entered your home. Also, you completed Questionnaire Two once ABC Home, Inc. attempted to resolve your problem. Now, we would like you to complete Questionnaire Three, given that your service request was completed approximately two weeks ago. Please take the time to complete this final questionnaire. It is very important to have all three surveys, so we can track our service ratings at different stages of our customer service efforts.

Thanks again for taking time out of your schedule to help us improve our service.

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This is the last questionnaire in a series of three. Thank you once again for your continued support. Please think about all of your experiences with ABC Home, Inc. up to this moment (i.e., a few weeks after your problem was addressed). Please read the following questions carefully and place a circle around the numeral that most appropriately depicts your opinion. Your answers to these questions are strictly confidential, and will only be used to examine ABC Home,Inc.'s service. Again, the following set of questions pertains to how you feel about ABC Home, Inc. NOW THAT YOUR PROBLEM HAS BEEN ADDRESSED FOR A FEW WEEKS.

If I were to purchase a new home in the near future, I would not use ABC Home, Inc. as my provider.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

How likely are you to spread positive word-of-mouth about ABC Home, Inc.?

Very Unlikely 1 2 3 4 5 6 7 Very Likely

In my opinion, ABC Home, Inc. provided a satisfactory resolution to my home problem on this particular occasion.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

Although this event caused me problems, ABC Home, Inc.'s effort to fix it resulted in a very positive outcome for me.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I would recommend ABC Home, Inc.'s new homes to my friends.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I am not satisfied with ABC Home, Inc.'s handling of this particular problem.

Strongly Disagree 1 2 3 4 5 6 7 Strongly Agree

I am satisfied with my overall experience with ABC Home, Inc..

Not at all Satisfied 1 2 3 4 5 6 7 Very Satisfied

If I need a new home in the future, I will purchase that new home from ABC Home, Inc.

Improbable 1 2 3 4 5 6 7 Probable
If you were in the market for additional *new homes*, how likely would you be to purchase those *new homes* from ABC Home, Inc.?

<table>
<thead>
<tr>
<th>Very Unlikely</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Likely</th>
</tr>
</thead>
</table>

Regarding this *particular* event, I am satisfied with ABC Home, Inc.

<table>
<thead>
<tr>
<th>Not at all Satisfied</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Very Satisfied</th>
</tr>
</thead>
</table>

The final outcome I received from ABC Home, Inc. was fair, given the time and hassle involved.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

If my friends were looking for a *new home*, I would tell them to try ABC Home, Inc.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

As a whole, I am *not* satisfied with ABC Home, Inc.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

I was fairly compensated by ABC Home, Inc. for any expenses (i.e., money, time, and effort) I might have incurred due to this new home problem.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

If I need *new homes* in the future, I will continue using ABC Home, Inc. for these home purchases.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>

The Service Recovery outcome that I received in response to the problem was more than fair.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>Strongly Agree</th>
</tr>
</thead>
</table>
Given the inconvenience caused by the problem, the outcome I received from ABC Home, Inc. was fair.

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

How satisfied are you overall with the quality of ABC Home, Inc.'s new home?

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very Satisfied</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This is the END of the three-part, customer service questionnaire series regarding your recent banking problem. Please make certain you have answered all questions. Thank you for your feedback concerning this event. We are continuously striving for better customer service, and your input will certainly help us to improve.

Please place your completed questionnaire in the enclosed postage-paid envelope, and mail it back to us as soon as possible. Once again, we will need your name and address to "match up" your responses and further assist you if any more problems arise. Thanks again for choosing ABC Home, Inc.

Name ____________________________________________
Address ____________________________________________
Address ____________________________________________
City ________________________________ State ________ Zip ___________
APPENDIX I: MEASUREMENT SCALES FOR MAIN STUDIES

BANKING SERVICE SAMPLE MEASUREMENT SCALES: MAIN STUDY ONE

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Satisfaction with the firm</strong></td>
<td>0.89</td>
</tr>
<tr>
<td>I am satisfied with my overall experience with ABC Bank.1</td>
<td></td>
</tr>
<tr>
<td>As a whole, I am not satisfied with ABC Bank.2</td>
<td></td>
</tr>
<tr>
<td>How satisfied are you overall with the quality of ABC Bank’s banking service?1</td>
<td></td>
</tr>
<tr>
<td><strong>Transaction-Specific Satisfaction</strong></td>
<td>0.92</td>
</tr>
<tr>
<td>In my opinion, ABC Bank provided a satisfactory resolution to my banking problem on this particular occasion.2</td>
<td></td>
</tr>
<tr>
<td>I am not satisfied with ABC’s handling of this particular service problem.2</td>
<td></td>
</tr>
<tr>
<td>Regarding this particular event (most recent banking problem), I am satisfied with ABC Bank.1</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase intent</strong></td>
<td>0.92</td>
</tr>
<tr>
<td>In the future, I intend to use banking services from ABC Bank.3</td>
<td></td>
</tr>
<tr>
<td>In the future, I will continue using ABC Bank for these banking services.2</td>
<td></td>
</tr>
<tr>
<td>If you were in the market for additional banking service, how likely would you be to use those services from ABC Bank.4</td>
<td></td>
</tr>
<tr>
<td>In the near future, I will not use ABC Bank as my provider.2</td>
<td></td>
</tr>
<tr>
<td><strong>Word-of-mouth</strong></td>
<td>0.91</td>
</tr>
<tr>
<td>How likely are you to spread positive word-of-mouth about ABC Bank?4</td>
<td></td>
</tr>
<tr>
<td>I would recommend ABC Bank’s banking services to my friends.2</td>
<td></td>
</tr>
<tr>
<td>If my friends were looking for a banking service, I would tell them to try ABC Bank.2</td>
<td></td>
</tr>
</tbody>
</table>

Note: Appendix I Continues on Next Page. All items were measured on a seven-point scale. Additionally, the superscripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales.
BANKING SERVICE SAMPLE MEASUREMENT SCALES: MAIN STUDY ONE

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributive Justice</strong></td>
<td>**.91</td>
</tr>
<tr>
<td>Although this event caused me problems, ABC Bank's effort to fix it resulted in a very positive outcome for me. ²</td>
<td>**</td>
</tr>
<tr>
<td>The final outcome I received from ABC was fair, given the time and hassle. ²</td>
<td>**</td>
</tr>
<tr>
<td>I was fairly compensated by ABC for any expenses (i.e., money, time, and effort) I might have incurred due to this banking service problem. ²</td>
<td>**</td>
</tr>
<tr>
<td>Given the inconvenience caused by the service problem, the outcome I received from ABC Bank was fair. ⁶</td>
<td>**</td>
</tr>
<tr>
<td>The service recovery outcome that I received in response to the problem was more than fair. ²</td>
<td>**</td>
</tr>
<tr>
<td><strong>Procedural Justice</strong></td>
<td>**.90</td>
</tr>
<tr>
<td>Despite the hassle caused by the problem, ABC Bank responded fairly and quickly. ²</td>
<td>**</td>
</tr>
<tr>
<td>I feel ABC Bank responded in a timely fashion to the problem. ²</td>
<td>**</td>
</tr>
<tr>
<td>I believe ABC Bank has fair policies and practices to handle problems. ²</td>
<td>**</td>
</tr>
<tr>
<td>Although the problem caused me some anxiety, the ABC Bank's problem resolution policies and practices are very fair. ²</td>
<td>**</td>
</tr>
<tr>
<td>With respect to its policies and procedures, ABC Bank handled the problem in a fair manner. ²</td>
<td>**</td>
</tr>
<tr>
<td><strong>Interactional Justice</strong></td>
<td>**.92</td>
</tr>
<tr>
<td>In dealing with my problem, ABC Bank's personnel treated me in a courteous manner. ²</td>
<td>**</td>
</tr>
<tr>
<td>During their effort to fix my problem, ABC Bank's employee(s) showed a real interest in trying to be fair. ²</td>
<td>**</td>
</tr>
<tr>
<td>ABC Bank's employee(s) were honest and ethical in dealing with me during their fixing of my problem. ²</td>
<td>**</td>
</tr>
<tr>
<td>The ABC Bank's employee(s) worked as hard as possible for me during the service recovery effort. ²</td>
<td>**</td>
</tr>
<tr>
<td>ABC Bank's employee(s) got input from me before handling the service problem. ²</td>
<td>**</td>
</tr>
<tr>
<td>While attempting to fix my problem, ABC Bank's personnel considered my views. ²</td>
<td>**</td>
</tr>
</tbody>
</table>

Note: All items were measured on a seven-point scale. Additionally, the superscripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair." The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final seven-factor model scales.
HOME WARRANTY SERVICE SAMPLE MEASUREMENT SCALES: MAIN STUDY TWO

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Cronbach's Alpha *</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Satisfaction with the firm</strong></td>
<td>0.88</td>
</tr>
<tr>
<td>I am satisfied with my overall experience with ABC Home, Inc.</td>
<td>**</td>
</tr>
<tr>
<td>As a whole, I am not satisfied with ABC Home, Inc.</td>
<td>**</td>
</tr>
<tr>
<td>How satisfied are you overall with the quality of ABC Home, Inc.'s new home?</td>
<td>**</td>
</tr>
<tr>
<td><strong>Transaction-Specific Satisfaction</strong></td>
<td>**</td>
</tr>
<tr>
<td>In my opinion, ABC Home, Inc. provided a satisfactory resolution to my home problem on</td>
<td>**</td>
</tr>
<tr>
<td>this particular occasion.</td>
<td>**</td>
</tr>
<tr>
<td>I am not satisfied with ABC Home, Inc.'s handling of this particular problem.</td>
<td>**</td>
</tr>
<tr>
<td>Regarding this particular event (most recent home repair), I am satisfied with ABC Home</td>
<td>**</td>
</tr>
<tr>
<td>Home, Inc.</td>
<td>**</td>
</tr>
<tr>
<td><strong>Purchase intent</strong></td>
<td>0.90</td>
</tr>
<tr>
<td>If I need a new home in the future, I will purchase that new home from ABC Home, Inc.</td>
<td>**</td>
</tr>
<tr>
<td>If I need a new home in the future, I will continue using ABC Home, Inc. for this home</td>
<td>**</td>
</tr>
<tr>
<td>purchase.</td>
<td>**</td>
</tr>
<tr>
<td>If you were in the market for an additional home, how likely would you be to purchase</td>
<td>**</td>
</tr>
<tr>
<td>it from ABC Home, Inc.</td>
<td>**</td>
</tr>
<tr>
<td>If I were to purchase a new home in the near future, I would not use ABC Home, Inc. as</td>
<td>**</td>
</tr>
<tr>
<td>my provider.</td>
<td>**</td>
</tr>
<tr>
<td><strong>Word-of-mouth</strong></td>
<td>0.91</td>
</tr>
<tr>
<td>How likely are you to spread positive word-of-mouth about ABC Home, Inc.?</td>
<td>**</td>
</tr>
<tr>
<td>I would recommend ABC Home, Inc.'s new homes to my friends.</td>
<td>**</td>
</tr>
<tr>
<td>If my friends were looking for a new home, I would tell them to try ABC Home, Inc.</td>
<td>**</td>
</tr>
</tbody>
</table>

Note: Appendix I Continues on Next Page. All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = "not at all satisfied" to "very satisfied," 2 = "strongly disagree" to "strongly agree," 3 = "improbable" to "probable," 4 = "very unlikely" to "very likely," 5 = "not at all compensated" to "fairly compensated," and 6 = "not fair" to "very fair." The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final scales.
NEW HOME WARRANTY SERVICE SAMPLE MEASUREMENT SCALES: MAIN STUDY TWO

<table>
<thead>
<tr>
<th>Measurement Scale Items</th>
<th>Cronbach's Alpha*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Distributive Justice</strong></td>
<td>.90</td>
</tr>
<tr>
<td>Although this event caused me problems, ABC Home, Inc.'s effort to fix it resulted in a very positive outcome for me.</td>
<td>**</td>
</tr>
<tr>
<td>The final outcome I received from ABC Home, Inc. was fair, given the time and hassle involved.</td>
<td>**</td>
</tr>
<tr>
<td>I was fairly compensated by ABC Home, Inc. for any expenses (i.e., money, time, and effort) I might have incurred due to this new home problem.</td>
<td>**</td>
</tr>
<tr>
<td>Given the inconvenience caused by the problem, the outcome I received from ABC Home, Inc. was fair.</td>
<td>.6</td>
</tr>
<tr>
<td>The service recovery outcome that I received in response to the problem was more than fair.</td>
<td>**</td>
</tr>
<tr>
<td><strong>Procedural Justice</strong></td>
<td>.91</td>
</tr>
<tr>
<td>Despite the hassle caused by the problem, ABC Home, Inc. responded fairly and quickly.</td>
<td>**</td>
</tr>
<tr>
<td>I feel ABC Home, Inc. responded in a timely fashion to the problem.</td>
<td>**</td>
</tr>
<tr>
<td>I believe ABC Home, Inc. has fair policies and practices to handle problems.</td>
<td>**</td>
</tr>
<tr>
<td>Although the problem caused me some anxiety, the ABC Home, Inc.'s problem resolution policies and practices are very fair.</td>
<td>**</td>
</tr>
<tr>
<td>With respect to its policies and procedures, ABC Home, Inc. handled the problem in a fair manner.</td>
<td>**</td>
</tr>
<tr>
<td><strong>Interactional Justice</strong></td>
<td>.93</td>
</tr>
<tr>
<td>In dealing with my problem, ABC Home, Inc.'s personnel treated me in a courteous manner.</td>
<td>**</td>
</tr>
<tr>
<td>During their effort to fix my problem, ABC Home, Inc.'s employee(s) showed a real interest in trying to be fair.</td>
<td>**</td>
</tr>
<tr>
<td>ABC Home, Inc.'s employee(s) were honest and ethical in dealing with me during their fixing of my problem.</td>
<td>**</td>
</tr>
<tr>
<td>The ABC Home, Inc. employee(s) worked as hard as possible for me during the service recovery effort.</td>
<td>**</td>
</tr>
<tr>
<td>ABC Home, Inc.'s employee(s) got input from me before handling the problem.</td>
<td>**</td>
</tr>
<tr>
<td>While attempting to fix my problem, ABC Home, Inc.'s personnel considered my views.</td>
<td>**</td>
</tr>
</tbody>
</table>

Note: All items were measured on a seven-point scale. Additionally, the super scripts refer to the scale anchor points for each question. As such, 1 = “not at all satisfied” to “very satisfied,” 2 = “strongly disagree” to “strongly agree,” 3 = “improbable” to “probable,” 4 = “very unlikely” to “very likely,” 5 = “not at all compensated” to “fairly compensated,” and 6 = “not fair” to “very fair.” The (*) superscript refers to coefficient alpha estimates based on the final scale items. The (**) refers to items included in the final seven-factor model scales.
VITA

James Gerard Maxham, III was born in Pahokee, Florida, on August 19, 1968, and lived in Fort Myers, Florida, for his first seventeen years. James received a bachelor of science degree in Business Administration in 1990 from Western Carolina University. After his undergraduate education, James worked for five years as a salesperson and sales trainer for both Russell Stover Candies and the NCR Corporation. In 1992, James also earned a Master of Business Administration degree from the University of South Florida. James began his doctoral work in August 1995, and graduated in August 1998 with a degree of Doctor of Philosophy in Business Administration from Louisiana State University.
DOCTORAL EXAMINATION AND DISSERTATION REPORT

Candidate: James G. Maxham III

Major Field: Business Administration (Marketing)


Approved:

[Signatures]

Major Professor and Chairman

Dean of the Graduate School

EXAMINING COMMITTEE:

[Signatures]

Date of Examination:

July 1, 1998