

THE INFLUENCE OF PERCEIVED JUSTICE ON SERVICE SATISFACTION AND BEHAVIOUR INTENTIONS FOLLOWING SERVICE RECOVERY EFFORTS IN RETAIL BANKING

STRUCTURED ABSTRACT

Purpose: The interactional and distributive dimensions of perceived justice as one of its objectives is to reveal the link between perceived justice and service satisfaction. This study considers the influence of the perceived justice that South African retail bank customers experience, based on: the service recovery efforts of these banks in response to their complaints, the customers' service satisfaction, and, consequently, the behavioural intention towards these banks.

Design/Methodology/approach: This study focuses on the perceived justice construct where a service failure has occurred followed by a customer complaint and a resultant service provider response. Two-hundred and eighty-one respondents completed a structured self-administered questionnaire.

Findings: The study found that interactional and distributive justice experienced in response to the service recovery efforts of a bank significantly and positively influence service satisfaction, and that service satisfaction in turn significantly and positively influences the behavioural intention of these customers. However, it was found that interactional and distributive justice had no direct effect on behavioural intention.

Research implications: The research model tested addresses the interfaces between service receivers' perception of interactional justice, distributional justice and service satisfaction as well as the interface between service satisfaction and behavioural intention. The tested research model indicates that both are interrelated through service satisfaction.

Managerial implications: It is evident from the findings that retail banks should utilise the service encounter that follows a customer complaint as a desirable prospect to implement strategies to recover from service failures in an effort to bring about perceived justice that will ultimately influence customers' levels of service satisfaction and behavioural intention.

Originality/Value: This study contributes to build a nomological framework of constructs in service encounters consisting of service receivers' perceived justice, service satisfaction and behavioural intention.

Keywords: perceived justice, service satisfaction, behavioral intention, service encounter.

Paper type: Case Study

INTRODUCTION

It is well-known that services are intangible and created at the same time they are being consumed, leaving the distinct possibility of something going wrong in the service delivery process resulting in customer expectations not being met (Sparks & Fredline, 2007). It is widely accepted that when retail banks interact with customers service failures often take place (Jones & Farquhar, 2007). In the instances where service failures take place, customers can react in various ways that include negative emotional responses and dissatisfaction towards the service provider, such as complaints and customer defection (Piha & Avlonitis, 2015; Sparks & Fredline, 2007; Tronvoll, 2011).

Considering the service-dominant logic that services hold the prospect for service providers to co-create value with customers by following a systems orientation (Vargo & Lusch, 2008), customers who complain provide service providers (such as banks) with an opportunity to put service recovery efforts in place in response to customer complaints (Jones & Farquhar, 2007).

Service recovery efforts can take many forms and range from explaining why things went wrong to reimbursing aggrieved customers (Sparks & Fredline, 2007). It must also be remembered that customers have clear predilections regarding the way they want a service failure to be recovered, and a service provider should provide the service recovery effort customers prefer (Nguyen, McColl-Kennedy & Dagger, 2012).

Based on the service recovery efforts undertaken by the service provider (such as retail banks) when responding to a customer complaint, a sense of justice is experienced by the customer that relates to his or her perception of the success of the exertions to recover from the service failure undertaken by the service provider, known as perceived justice (De Meyer, Petzer, Svari & Svensson, 2013). The sense of perceived justice the customer experiences depends on what the customer considers a fair or suitable service provider response in an effort to recover from the service failure (De Meyer *et al.*, 2013). In financial services in particular, the sense of perceived justice or fairness perceived by customers aids in circumventing the 'high credence qualities' associated with bank services (Sekhon, Roy & Devlin, 2016).

It is also widely recognised that consumers' sense of justice based on the service recovery efforts of a service provider once a complaint has been lodged, drives their behaviour and intentions (Nikbin, Ismail, Marimuthu & Armesh, 2012; Schoefer & Diamantopoulos, 2008). This study focuses in particular on the perceived justice construct where a service failure has occurred followed by a complaint and an ensuing response by the service provider. When perceived justice is experienced in response to the service provider's recovery efforts, the potential exists that customers' service satisfaction levels can be increased leading in turn to positive customer behaviour (Schoefer & Diamantopoulos, 2008).

Although retail banking is known to experience many service failures, a study has not been uncovered in retail banking in South Africa that focussed on the interrelationships between perceived justice, service satisfaction and behavioural intention. However, studies have been undertaken in the South African context in this environment with relation to service failures (Petzer & Mostert, 2012a; Petzer & Mostert 2012b). Therefore, this study provides insight into the South African banking industry – it examines perceived justice, the levels of service satisfaction and

behavioural intention as well as the interrelationship between the constructs in a post-complaint setting.

The results of the study could allow South African retail banks to gain insight into how service recovery efforts and the resultant sense of perceived justice experienced by customers may effect service satisfaction and customers' behavioural intention. From a theoretical perspective, the study presents a model that illustrates the relationships between key constructs in the South African retail banking setting.

THEORETICAL FRAMEWORK

Framing retail banking in South Africa

South Africa is characterised by a banking system that is well regulated and on par with the best banking systems in developed countries. The country is also among the top ten performers of the financial sector in the world. Several foreign banks have resultantly invested in South Africa, either setting up a greenfield operation or acquiring other banks (The Banking Association of South Africa, 2016a). According to BusinessTech (2016), the five largest retail banks operating in South Africa are: FirstRand, Standard Bank, Absa, Nedbank, and Capitec. Table 1 provides insight into the market capitalisation, the number of customers, and the brand value of these five banks in 2015.

TABLE 1 - LARGEST SOUTH AFRICAN BANKS

Retail bank	Market capitalisation in 2015	Number of customers in 2014/2015	Brand value in 2015
FirstRand	R320.41 billion	11.1 million	R189.1 billion
Standard Bank	R283.17 billion	9.2 million	R165.3 billion
Absa	R161.89 billion	7.3 million	R150.8 billion
Nedbank	R127.71 billion	7.1 million	R139.5 billion
Capitec	R65.17 billion	6.2 million	Not ranked

Source: BusinessTech (2016)

Despite the challenges presented in the macro-economic environment, these banks have realised good financial results collectively (PwC, 2015). According to PwC (2013), several trends and developments that influence retail banking in South Africa can be highlighted. For example, retail banking is considered the most competitive component of a bank's business and it is acknowledged that unsecured loans offered in the industry are growing fast and that new competitors with different business models pose the biggest threat to traditional banks (PwC, 2013).

All banks operating in South Africa are supervised and regulated by the South African Reserve Bank with the aim of ensuring a well-functioning system for the benefit of the country's economy and South African banks' customers (South African Reserve Bank, 2016). To protect customers, banks operating in South Africa may voluntarily adopt the Code of Banking Practice, which

advocates a code of conduct prescribing the minimum service levels a customer can expect from a bank (The Banking Association of South Africa, 2016b).

Four basic cornerstones guide the relationship between banks and their customers, which require banks to be reliable, accountable, transparent and fair in their dealings with customers (The Banking Association of South Africa, 2016b). Since service businesses, such as banks, are prone to service failures (Sparks & Fredline, 2007), the banking industry has implemented measures to allow customers to complain to banks. The Banking Association of South Africa has a complaint procedure in place that provides customers with options to complain to their bank (Banking Association of South Africa, 2016c). In addition, banks offer customers different complaint options, including complaining at a branch, telephonically and online (Absa, 2016; First National Bank, 2016; Nedbank, 2016; Standard Bank, 2016). If a bank is not in the position to satisfactorily deal with a complaint from a customer, the customer can turn to a third party, namely the Ombudsman for Banking Services (OBS).

In South Africa, the OBS has been introduced to deal with customer complaints in the banking industry and, more specifically, to determine whether a bank acted justly to a customer complaint (Ombudsman for Banking Services, 2016). Finally, banks are well-advised to consider all-inclusive relationships with customers instead of providing a range of fragmented offerings while focusing on customer retention and delivering service quality (PwC, 2013).

Perceived justice

Customers often experience service failures which may lead to dissatisfaction and behavioural responses that are undesirable for service providers (De Meyer *et al.*, 2013; Heung & Lam, 2003). Service providers are able to recover from these service failures provided they are aware of the failures and enforce recovery actions (Hess, Ganesan & Klein, 2003). Subsequently, service marketing literature has paid considerable attention to strategies to encourage customers to complain, and to the subsequent handling of customer complaints (Choi & Mattila, 2008; Tronvoll, 2011).

According to Tax, Brown and Chandrashekar (1998) and Smith, Bolton and Wagner (1999), the successful handling of a negative service encounter from a post-complaint perspective leads to a sense of perceived justice for the customer. More formally, perceived justice denotes the degree to which customers perceive whether interaction with (Deutsch, 1985) or service recovery efforts of a service provider following a complaint are fair (DeWitt, Nguyen & Marshall, 2008; Tax *et al.*, 1998).

From the definition presented above, it is evident that perceived justice is typically viewed from two perspectives: processes that occur before a complaint is lodged by a customer affected by a service failure; and processes that occur after a complaint is lodged by a customer affected by a service failure (Svari, Svensson, Slåtten & Edvardsson, 2010). Perceived justice has also been investigated by numerous authors since customers' sense of perceived justice ensuing service encounters (service recovery exertions undertaken by service providers) has a critical effect on the future behaviour of these customers (Namkung & Jang, 2010; Schoefer & Diamantopoulos, 2008; Voorhees & Brady, 2005).

Most studies on the perceived justice construct follow a multi-dimensional construct where several dimensions measured by different scale items have been identified by researchers (Colquitt, 2001; De Meyer *et al.*, 2013; DeWitt *et al.*, 2008; Kim & Smith, 2005; Mattila & Patterson, 2004; Maxham & Netemeyer, 2003; McCole, 2004; McColl-Kennedy & Sparks, 2003; McCollough, Berry & Yadav, 2000; Nikbin, *et al.*, 2012; Shapiro & Nieman-Gonder, 2006; Sindhav, Holland, Rodie, Adidam & Pol, 2006; Smith *et al.*, 1999; Tax *et al.*, 1998; Voorhees & Brady, 2005).

For the most part, three dimensions of perceived justice, namely interactional, procedural and interactional dimensions, have been identified (Kim & Smith, 2005; Maxham & Netemeyer, 2003; McCole, 2004; McColl-Kennedy & Sparks, 2003; Tax *et al.*, 1998; Shapiro & Nieman-Gonder, 2006; Smith *et al.*, 1999; Sviri *et al.*, 2010; Voorhees & Brady, 2005). However, Mattila and Patterson (2004) as well as McCollough *et al.* (2000) and Shapiro and Nieman-Gonder (2006) focused on two dimensions of perceived justice, namely distributive and interactional justice.

Distributive justice involves a sense that the *outcome* from the interaction following the negative service encounter and subsequent complaint was fair (Voorhees & Brady, 2005). Interactional justice refers to the sense that the *interaction* from the service provider during the post-complaint interaction following the negative service encounter and subsequent complaint was fair (Bies & Moag, 1986). McCollough *et al.* (2000) furthermore identified these two dimensions as the only significant predictors of customer satisfaction in post-complaint scenarios. This particular study focuses on the two-dimensional approach to perceived justice, namely the interactional and distributive dimensions of perceived justice as one of its objectives is to reveal the link between perceived justice and service satisfaction.

The interrelationships between perceived justice, service satisfaction and behavioural intention

The assertion is made that a successful service encounter in reaction to a customer complaint of a negative service encounter can restore customer satisfaction (Crisafulli & Singh, 2016; Max & Netemeyer, 2003; Smith *et al.*, 1999). More specifically, a customer who experiences a sense of perceived justice will exhibit a stronger sense of satisfaction (Voorhees & Brady, 2005). The opposite is also true, as Mattila, Hanks and Wang (2014) found that an unsuccessful service recovery effort will lead to unfavourable perceptions of fairness and lower levels of satisfaction. Consequently, the following hypotheses are formulated in the context of banking service encounters:

- H¹: Interactional justice influences service satisfaction of banking customers.
- H²: Distributional justice influences service satisfaction of banking customers.

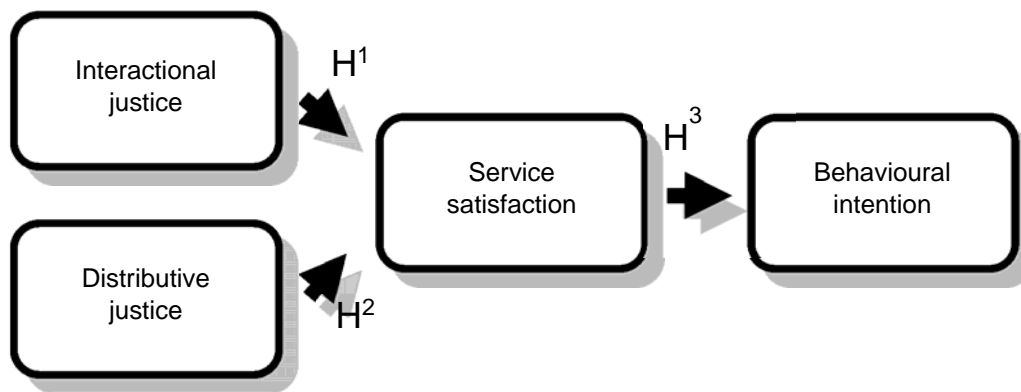
It is furthermore contended that satisfaction will lead to desired customer behavioural responses including positive word-of-mouth and continued support for the service provider (Schoefer & Diamantopoulos, 2008). According to Hume and Mort (2010) and Crisafulli and Singh (2016), a direct and positive relationship can be discerned between satisfaction and behavioural intention.

Koenig-Lewis and Palmer (2014), Liang and Zhang (2012) Olorunniwo and Hsu (2006), and Tzetzis, Alexandris and Kapsampeli (2014), among others, also confirm the link between satisfaction and behavioural intention in service settings. Koenig-Lewis and Palmer (2014) as well as Ryu, Lee and Kim (2012) affirm that satisfaction is an excellent predictor of customers' intentions and real behaviour. Therefore, the following hypothesis is formulated in the context of banking service encounters:

H³: Service satisfaction influences the behavioural intention of banking customers.

Figure 1 presents the research model proposed for this study, which consists of the hypothesised influence of the two dimensions of perceived justice on banking customers' satisfaction with the service provider and their consequent behavioural intention concerning the service provider.

FIGURE 1 - RESEARCH MODEL AND HYPOTHESISED RELATIONSHIPS



METHODOLOGY

Research context and sample

The study focused on South Africans in Gauteng who hold an account at a South African retail bank, reported a service failure and interacted with the bank regarding the service failure during a six-month period prior to the survey being conducted. Three-hundred respondents were selected, based on convenience, to take part in this cross-sectional, descriptive study. Trained fieldworkers fielded the questionnaires and 281 structured self-administered questionnaires were returned, which were suitable for analysis.

The questionnaire required respondents to indicate their demographic profile and the bank where the service failure was experienced. Considering the service failure, their complaint and the banks' subsequent service recovery efforts, respondents had to indicate their sense of perceived justice, level of service satisfaction and behavioural intentions towards the bank post-interaction.

The 14 items representing the four constructs were measured on an unlabelled five-point Likert type scale, stretching from strongly disagree (one) to strongly agree (five). The items used to measure perceived justice were adapted from De Meyer *et al.* (2013), while the items used to

measure service satisfaction and behavioural intention were adapted from Dagger and Sweeney (2007) for this study. Table 2 displays the items used in the questionnaire.

TABLE 2 - CONSTRUCTS AND CORRESPONDING ITEMS

Interactional justice (IJ)
X ₁ The bank really tried to be fair
X ₂ The bank showed me the respect I deserve
X ₃ The bank worked as hard as could be expected to resolve the service failure
X ₄ The bank was ethical in dealing with me
Distributive justice (DJ)
X ₅ The outcome I received was fair
X ₆ The outcome I received was right
X ₇ The bank treated me well
X ₈ The bank's efforts resulted in a positive outcome for me
Service satisfaction (SS)
X ₉ My feelings about the bank are very positive
X ₁₀ I feel good about doing business with this bank
X ₁₁ I feel satisfied that the result from doing business with this bank is the best that can be achieved
Behavioural intention (BI)
X ₁₂ If I had to choose a bank all over again, I would choose my current bank
X ₁₃ I would highly recommend my bank to other people
X ₁₄ I intend to continue using my bank

Source: Adapted from De Meyer *et al.* (2013) and Dagger and Sweeney (2007)

The data was subsequently entered, cleaned and analysed. Frequencies were calculated to uncover the demographic profile of respondents and descriptive statistics were calculated to describe the 14 items measuring the four constructs. A confirmatory factor analysis (CFA) as well as structural equation modeling (SEM) were executed using SPSS/AMOS 21.0 to assess the measurement as well as the structural properties of the proposed model presented in Figure 1.

RESULTS

Profile of respondents

When considering the demographic profile of respondents it is evident that respondents are approximately equally split based on gender, with 45.9% being male and 54.1% being female. A total of 39.1% of respondents are native English speakers and 66.4% either work full-time or are self-employed. Most respondents have a tertiary qualification (67.6%). The average banking costs of respondents are R288.45 per month.

Regarding service failure experienced at a bank, 27% encountered the service failure at Absa and 27% at FNB. This is followed by 26% reportedly experiencing the service failure at Standard Bank and 12.1% at Nedbank.

Assessing the measurement model

A CFA was executed to uncover the measurement properties of the proposed research model. The measurement model comprises of 14 indicator variables and is based upon four constructs.

The results generated concerning the measurement model can be considered satisfactory. This is evident from the fact that the measures determining goodness-of-fit, presented in Table 3, were all within the prescribed limits (Hair, Black, Babin, Anderson & Tatham, 2006). The measures for goodness-of-fit for the measurement model includes a Chi-square of 145.64 associated with 71 degrees of freedom. The statistical significance is $p = 0.00$. It can also be reported that the normed Chi-square (X^2/df) is 2.05, NFI is 0.96, RFI is 0.94, IFI is 0.98, TLI is 0.97, CFI is 0.98 and RMSEA is 0.06.

TABLE 3 - GOODNESS-OF-FIT MEASURES OF THE MEASUREMENT MODEL

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
145.64	71	0.00	2.05	0.96	0.94	0.98	0.97	0.98	0.06

In Table 4, the factor loading, the variance explained, the mean as well as the standard deviation of the 14 items (X_1 to X_{14}) contained in the research model are presented. It is evident from the table that the items' factor loadings exceed 0.5, ranging from 0.81 to 0.94, allowing the retention of all 14 items for analysis. Furthermore, the variance explained for the 14 items range from 0.65 to 0.88, and are thus be considered acceptable. The means for the items range from 2.73 to 3.14, and the standard deviations from 1.145 to 1.359. This is evidence of the uniformity among the items and the constructs they measure.

TABLE 4 - UNIVARIATE STATISTICS

Construct	Item	Factor loading	Explained variance	Mean	Standard deviation
IJ	X_1	0.82	0.67	2.89	1.253
	X_2	0.81	0.65	3.10	1.269
	X_3	0.84	0.70	3.10	1.271
	X_4	0.81	0.65	3.14	1.231
DJ	X_5	0.86	0.73	3.08	1.213
	X_6	0.88	0.78	3.10	1.261
	X_7	0.87	0.76	3.04	1.253
	X_8	0.81	0.65	3.06	1.359
SS	X_9	0.90	0.82	2.95	1.170
	X_{10}	0.94	0.88	2.96	1.145
	X_{11}	0.85	0.72	2.81	1.182
BI	X_{12}	0.88	0.77	2.84	1.348
	X_{13}	0.91	0.83	2.73	1.256
	X_{14}	0.83	0.69	3.07	1.349

Construct reliability and validity

Furthermore, the reliability and validity of the constructs measured in this study must be assessed. As seen in Table 5, the constructs the variance extracted surpass 50% in each instance. The variance extracted varies from 67% to 80%, indicating acceptable convergent validity. Moreover, all composite trait reliability levels for the constructs exceed 0.7 (Hair *et al.*, 2006). The composite trait reliability levels vary between 0.90 and 0.92, proving acceptable reliability. The variance extracted was also equated to the squared inter-construct correlations. The aim of doing this was to determine if distinct constructs are being measured (Hair *et al.*, 2006). The variance extracted consequently exceeded the matching squared inter-construct correlations, except between IJ and DJ that was slightly higher. It can thus be said that the research model demonstrates acceptable discriminant validity. Table 6 provides further insight.

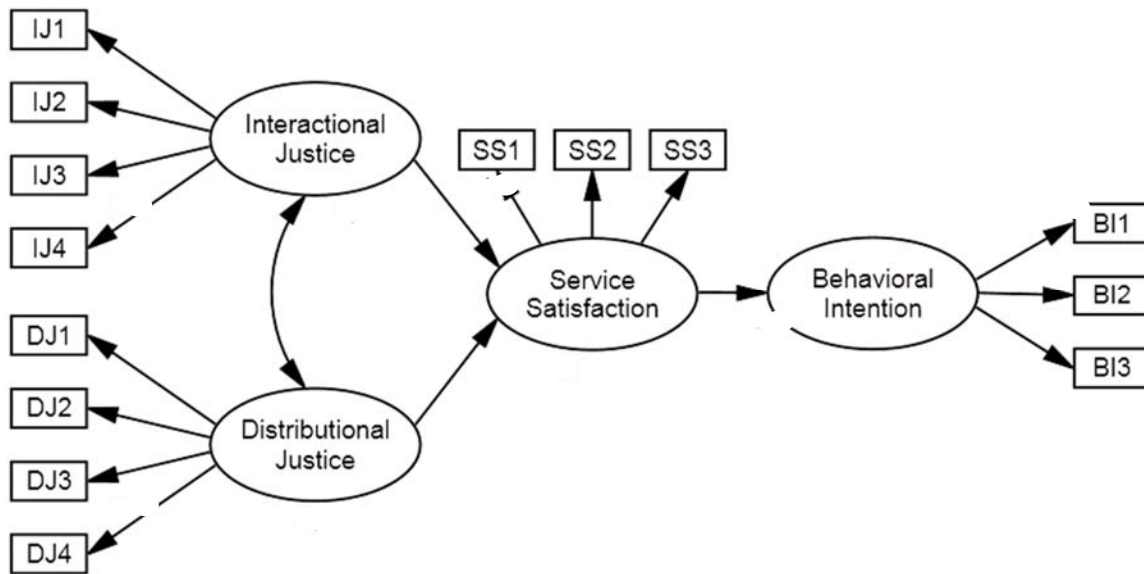
TABLE 5 - SQUARED INTER-CONSTRUCT CORRELATIONS AND STATISTICS

Variable	IJ	DJ	SS	BI
IJ	1.00			
DJ	0.76	1.00		
SS	0.49	0.49	1.00	
BI	0.39	0.41	0.72	1.00
Variance extracted	67%	73%	80%	76%
Composite trait reliability	0.90	0.92	0.92	0.91

Assessing the structural model

The structural properties of the research models were furthermore assessed. Satisfactory results were generated concerning the measurement model and the structural properties of the research model (structural model) in Figure 2.

FIGURE 2 - STRUCTURAL MODEL



Satisfactory goodness-of-fit measures are also evident (Hair *et al.*, 2006) as shown in Table 6. The properties of the structural model can be reported as per below. The Chi-square was 147.49 associated with 73 degrees of freedom. The statistical significance is $p = 0.00$. It can also be reported that the normed Chi-square (X^2/df) is 2.02, the NFI is 0.96, the RFI is 0.94, the IFI is 0.98, the TLI is 0.97, the CFI is 0.98, and the RMSEA is 0.06.

TABLE 6 - GOODNESS-OF-FIT MEASURES OF THE STRUCTURAL MODEL

CMIN	DF	P	CMIN/DF	NFI	RFI	IFI	TLI	CFI	RMSEA
147.49	73	0.00	2.02	0.96	0.94	0.98	0.97	0.98	0.06

Table 7 presents the empirical findings concerning the structural model presented in Figure 2. It is evident that the three hypotheses formulated for the study and illustrated in the structural model can be supported. Therefore, nomological validity can be confirmed.

TABLE 7 - HYPOTHESES TESTING

Hypothesis	Exogenous construct	Endogenous Construct	Regression weight	Significance	Finding
1	IJ	SS	0.37	0.00	Supported
2	DJ	SS	0.38	0.00	Supported
3	SS	BI	0.86	0.00	Supported

Rival model

A rival model that includes two additional hypotheses concerning the relationships between IJ and DJ and BI were also tested. There was no significant relationship between IJ/DJ and BI. Only the relationships as hypothesised in the research model were continuously significant.

Therefore, it can be concluded that the study's findings back the notion that the two dimensions of perceived justice, namely the interactional and distributional dimensions significantly and positively impact service satisfaction and service satisfaction in turn impacting the BI of retail bank customers.

DISCUSSION

Subsequently, it is contended that the findings back the idea that the two dimensions of perceived justice, namely the interactional and distributional dimensions impact on service satisfaction and service satisfaction in turn impacting the BI of retail bank customers in South Africa.

It is evident from the findings that retail banks should utilise the service encounter that follows a customer complaint as a desirable prospect to implement strategies to recover from service failures in an effort to bring about perceived justice that will ultimately influence customers' levels of service satisfaction and BI. To bring about perceived justice, it is important that the retail bank interacts with customers in the service encounter that follows the complaint. The interaction should be handled in such a way that retail bank customers experience it as respectful, effective, fair and ethical. In addition it is of critical importance that the actual outcome of this encounter be experienced by the retail bank customers as fair.

THEORETICAL IMPLICATIONS

In South Africa where the retail banking environment is competitive service failures often occur. It is therefore important to become aware of service failures through customer complaints and to respond to these complaints to restore customers' satisfaction levels and influence their future BI towards the banks.

More specifically, this study focused on uncovering whether the sense of perceived justice that customers experience following a retail bank's response to a service failure positively influences the SS levels of retail banking customers and their BI of towards the banks. Although several perceived justice dimensions have been identified, this study focused on IJ and DJ as several other studies undertaken in different contexts and through time have indicated that these two are the only dimensions that predict SS in a post-complaint setting.

From a theoretical perspective, the measurement and structural properties of perceived IJ and DJ, SS and BI were satisfactory in service encounters between service providers and customers in the South African retail banking industry. The findings in the South African context also support the validity and reliability of previous findings in other contexts of post-complaint settings in service encounters, more specifically in studies undertaken in the airline and healthcare industries in South Africa (De Meyer *et al.*, 2013).

A rival model that was tested to uncover whether significant and positive relationships exist between the dimensions (IJ and DJ) of perceived justice and BI found no significant relationships between perceived justice and BI, confirming the importance of customer satisfaction in influencing BI.

The generation of a nomological framework requires empirical substantiation through time and across contexts. It is professed that previous research is required to generate a valid and reliable theory over time and across contexts. Therefore, Svensson (2013) argues that theory should be assessed on several occasions before it can contribute to theory. Furthermore, Hair, Celsi, Money, Samouel and Page (2011) state that research should generate theory based on the accumulated insight from previous research. Consequently, the previous findings are necessary to confirm the validity and reliability of research across different contexts to verify the universal applicability.

MANAGERIAL IMPLICATIONS

The empirical findings indicate that customers' perceived justice relates SS positively, which in turn relates positively to BI. The findings also indicate the importance of perceived IJ when considering service recovery efforts in a post-complaint setting.

The service recovery efforts offered by the retail bank should be perceived as fair by customers. The retail bank staff should show respect and deal with customers ethically when recovering from a service failure. The retail bank should also strive to resolve service failures effectively and diligently.

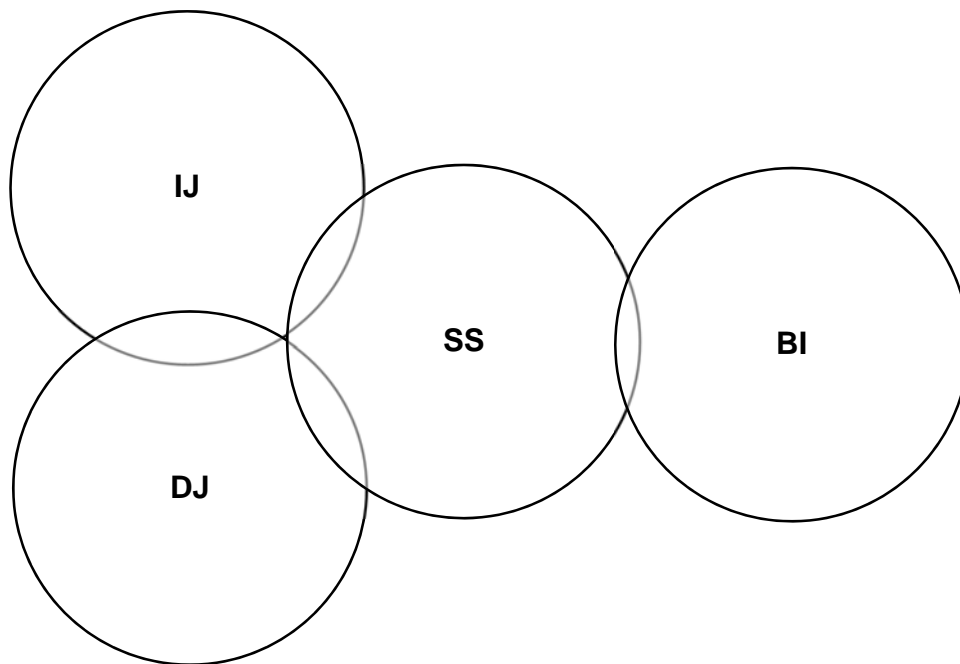
Furthermore, the findings emphasise the prominence of distributive justice in the context of this study. The retail bank must make sure that customers experience the outcome of the recovery efforts as fair. Customers must also sense that they were well treated by the retail bank and that the outcome of the interaction resulted in a positive outcome.

The retail bank that manages to ensure a sense of perceived justice among its customers following a service failure by paying attention to aspects that contribute to IJ and DJ will be rewarded with customers that are satisfied with the post-complaint service experience. Satisfied customers feel positively towards the retail bank and about doing business with them, and that they have got the best possible results. Satisfied customers hold positive BI towards the retail bank. These customers are loyal and this could lead to positive word-of-mouth about the retail bank.

Therefore, it is important that retail banks not only provide customer-friendly complaint channels, but implement service recovery strategies to respond to these complaints (Jones & Farquhar, 2007) since the manner in which a complaint is dealt with by the retail bank results in perceived justice. The study links perceived justice following service recovery efforts by a retail bank in a post-complaint setting with SS and BI.

Based on the study's findings, Figure 3 shows the interfaces between perceived justice, SS and BI, which foster the foundation to establish satisfactory outcomes in service encounters between retail banks and customers.

FIGURE 3 - INTERFACES BETWEEN PERCEIVED JUSTICE, SS AND BI



CONCLUSIONS

This study contributes to build a nomological framework of constructs in service encounters consisting of service receivers' perceived justice, SS and BI. The measurement properties as well as the structural properties were satisfactory.

The research model tested addresses the interfaces between service receivers' perception of IJ and DJ and SS as well as the interface between SS and BI. The tested research model indicates that both are interrelated through SS.

Svensson (2013) and Hair *et al.* (2011) stress the importance of replicating and validating the findings in original studies. In consequence, this study was confined to the retail banking offering opportunities to repeat the study in other countries' banking environments. It could be done in both developed and emerging economies. It also offers opportunities to validate the empirical findings in additional service industries, including hospitality and tourism.

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