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Service Failure and Recovery: The Role of Customer Forgiveness and Perceived Justice in Customers' Coping Behaviors

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EXTENDED ABSTRACT

The objective of this research is to investigate the role of customer forgiveness in the effect of service failure severity on customers' coping behaviors. This research also investigated the moderating role of customers' justice perceptions in the proposed model. Two studies were conducted to test the proposed model. The first study examined the indirect effect of service failure severity and customers' coping behaviors (reconciliation/avoidance) through customer forgiveness as well as the moderating effect of perceived justice in the model. The findings showed that customer forgiveness is essential in mending the relationships and lowering customer avoidance. Customer forgiveness was less negatively affected by service failure severity when customer perceived service providers' recovery efforts with higher levels of justice. The findings of a follow-up experimental study demonstrated that the higher levels of distributive justice weakened the negative effect of service failure severity on customer forgiveness, especially when customer perceived lower levels of interactional justice. However, such effect was lessened when customer perceived higher levels of interactional justice.

This research contributes to the service literature by proposing an integrated model that explains how service failure severity affects reconciliation and avoidance after the occurrence of a service failure. Additionally, it demonstrates not only the moderating role of perceived justice in the relationship between service failure severity and customer forgiveness, but also the interaction effects of service failure severity and different dimensions of perceived justice on customer forgiveness. As such, this research offers practical insights to service providers.

Keywords: *Service failure severity, Customer forgiveness, Reconciliation, Avoidance, Perceived justice*

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