

The impact of service fairness dimensions on female customers' evaluation of critical incidents.

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Abstract

Women around the world currently control 85% of household spending, yet are most dissatisfied with the service they receive (Silverstein and Sayre 2009). This on-line survey assesses the impact women's fairness perceptions have on their satisfaction with the service and purchase intent. It challenges the common stereotype that interactive fairness is a more significant contributor to service evaluations than distributive fairness (service outcomes). The sample included 202 members of a large professional woman's association in Western Australia. Factor analysis uncovered two underlying dimensions of fairness (distributive/procedural fairness and interactional fairness). The regression analysis indicates that distributive/procedural fairness has a stronger impact on both satisfaction variables (overall and incident specific) as well as purchase intent. Thus, to improve the service to women, service firms should focus on tailoring service outcomes and processes to better meet the needs of women rather than merely focus on developing the interpersonal skills of frontline staff.

Background and Purpose of the Study

The emergence of the 'female economy,' colourfully termed by the Boston Consulting Group (Silverstein and Sayre 2009, 6), hold the potential for the creation of vast wealth. However, limited research has been undertaken which explores how female consumers perceive the service especially in terms of service fairness. Nevertheless, evidence is emerging that women are not satisfied with the service they are receiving. In Australia it has been reported that despite the earning potential of women and the decision making power women hold, they are still not receiving the same standard of service compared to men (Foster 1997). A report on 'Women as Consumers in Australian Franchised Automotive Dealerships' suggests female customers are not treated as genuine customers with the ability to purchase in their own right, or that a significant number of salespeople were uncomfortable with female customers (Martec Australia and Test Purchasing Australia 1994). A subsequent report revealed a large proportion of women are dissatisfied with their car purchasing experience (51%) and car servicing experience (49%) (The way ahead: women and the motor vehicle industry 2001).

Gender discrepancies in fairness perceptions have also been revealed in other service contexts. A survey of 12,000 women from across 22 different countries found women are most dissatisfied with the service they receive from financial services, healthcare and automotive service (Silverstein and Sayre 2009). Student gender was found to contribute significantly to fairness

perceptions, and more specifically, male students (customers) are more likely to give faculty employees higher ratings on fairness (Snipes et al 2006).

Clearly, there is ample evidence that female consumers perceive they are being unfairly treated. Thus, research is warranted to uncover the underlying dimensions of unfairness perceived by females and to develop an understanding of how critical they are in the evaluation of services. This study explores how critical incidents of service encounters (service failures) recalled by women are evaluated in terms of three kinds of fairness: distributive, procedural and interactional. It also assesses the relative impact of these fairness dimensions on overall satisfaction with the service, satisfaction with the critical incident and re-purchase intention.

Hypotheses

Service fairness has commonly been defined in terms of three types of justice (Seiders and Berry 1998): i) distributive justice (refers to the outcome of a decision or an exchange); ii) procedural justice (indicates the process used to generate that outcome); and iii) interactional justice (the interpersonal treatment people receive during this process). Several studies indicate males and females place different emphasis on these three fairness dimensions. Generally they show that men value distributive justice more than women (McColl-Kennedy et al., 2003; Oakley, 2000; Palmer, 2000; Iacobucci & Ostrom, 1993; Helgesen, 1990; Rosener, 1990) whereas women value interactional (McColl-Kennedy et al., 2003; Carlson, 1971) and procedural justice more than men (Sweeney & McFarlin, 1997; Meyers-Levy, 1989). Gender researchers have attributed gender differences between men and women to a variety of social and biological factors (Putrevu 2001). One of the oldest stereotypes of women is their interpersonal sensitivity (Putrevu 2001). In general, women are believed to be more sensitive to relational aspects of a service encounter, whilst men are more sensitive to cost aspects of a service encounter (Iacobucci and Ostrom 1993).

Several empirical studies have linked the service fairness dimensions to customer satisfaction, purchase intent and word of mouth (Maxham and Netermeyer 2002). Even though females may place greater emphasis on interactional fairness, it does not necessarily follow that interactional fairness is the main determinant of how services are evaluated by females. According to Bowen et al (1999), while all three types of customer justice (distributive, procedural and interactional) make significant and independent contributions to customer satisfaction and repurchase intentions; distributive justice is the most important predictor. Thus, this study proposes that distributive justice will also be the strongest predictor for female customers. What differs between males and females is the underlying motivation for distributive fairness. For women it may be more communal and for men more individualistic. More specifically, the following hypotheses are tested:

- H₁ Procedural and distributive fairness have a stronger positive impact on female customers' overall satisfaction with a service compared to interactive fairness.

- H₂ Procedural and distributive fairness have a stronger positive impact on female customers' satisfaction with a critical service incident compared to interactive fairness.

H₃ Procedural and distributive fairness have a stronger positive impact on female customers' re-purchase intent compared to interactive fairness.

Method and Preliminary Analysis

The sample frame for this study constituted a database of a large association for professional women in Western Australia. The majority of the members have tertiary qualifications (79%) and are aged between 24-45 years. A total of 202 completed surveys were received and based on the number of women who viewed the survey a response rate of 44% was achieved. The perceived fairness measure was adapted from Yi and Gong (2008). The measure contains nine questions presented in Likert scale form (ranging from 1= strongly disagree to 7=strongly agree). They are designed to address three types of fairness dimensions: interactive fairness, distributive fairness and procedural fairness. Respondents were asked to rate the fairness items in relation to the self-reported critical incident described in a preceding section of the survey instrument. The critical incidents the sample of women identified covered a broad range of industries (automotive, retail, banking, telecommunications, hospitality, healthcare, fitness, transport, other). Exploratory factor analysis was conducted to demine the underlying dimensions of fairness as perceived by this study's female customers. The factor analysis results presented in Table 1 and an examination of the scree plot suggest the sample of women only distinguished between two types of fairness. The cross loading item "*staff were fair*" was eliminated from further analysis.

Table 1: Factor Analysis Results: Customer Perceived Fairness Items

Perceived Service Fairness Items	Factor	
	Distributional/ Procedural Fairness	Interactional Fairness
The procedures followed by the company were fair	0.816	
Regarding policies and procedures, the company handled my encounter fairly	0.814	
The company has fair policies and procedures for dealing with customers	0.797	
I feel the company offered an adequate service	0.732	
The company offered more than you had expected	0.614	
The employee communicated with customers in a respectful manner		0.823
The employee treated customers with dignity		0.822
The employee understood my needs		0.787
Staff were fair	0.542	0.640
Eigen values (initial)	4.832	1.215
Percentage of variance explained	53.692	13.500

Principal component analysis with Varimax rotation; KMO=0860; For readability; loading s > 0.4 are not listed

The single item scale used by Brush and Sweeney (1996) was employed to measure the satisfaction with the critical incident respondents deemed to be unfair. The scale ranged from 7=“extremely satisfied” to 1= “extremely dissatisfied”. The items for the overall satisfaction and purchase intent measures were derived from Maxham and Netemeyer (2002). Both scales were presented in Likert scale format (ranging from 1= strongly disagree to 7=strongly agree) and included the following items:

1. Overall satisfaction with the service:
 - i) I am satisfied with my overall experience with the service provider.
 - ii) As a whole, I am not satisfied with the service provider.
 - iii) I am satisfied with the overall quality of service by the provider.
2. Purchase Intent
 - i) I intend to use the same service provider in the future.
 - ii) I am likely to re-use the same service from the same service provider.
 - iii) In the near future, I would not use the same service provider.

Cronbach alpha analysis was conducted on each of the multi-item constructs to assess the reliability of the respective items. This resulted in the in the elimination of the following items: i)“*The employee understood my needs*” (interactional fairness item); ii) “*In the near future, I would not use the same service provider*”(purchase intention item); and iii) “*As a whole, I am not satisfied with the provider*” (overall satisfaction with the service item). The Cronbach alpha scores for the constructs used to test the hypotheses were: i) distributive/procedural fairness $\alpha = 0.853$; ii) interactional fairness $\alpha = 0.860$.); iii) overall satisfaction with the service $\alpha = 0.820$; and iv) purchase intent $\alpha =0.911$

Results

Multiple regression analysis was used to test the three hypotheses of this study. Because the factor analysis indicated that there are only two fairness dimensions (i.e., *distributive fairness* and *procedural fairness* items loaded on one factor) the regression equation only contained two independent variables: i) *distributive/procedural fairness* and ii) *interactional fairness*. *Satisfaction with the incident, overall satisfaction with the service* and *purchase intent* were entered as the depended variables. A summary of the results are presented in Table 2.

Table 2: Impact of Fairness Dimensions-Multiple Regression Results

Dependent Variable: Encounter Satisfaction	F Stat/ Std Coefficient (β)	R ² / t-stat	Sig.
H1 Dependent Variable: Satisfaction with the Incident	F =34.351	0.245	0.000
Distributive/Procedural Fairness	0.356	4.930	0.000
Interactional Fairness	0.209	2.887	0.004
H2 Dependent Variable: Overall Satisfaction	F= 24.939	0.192	0.000
Distributive/Procedural Fairness	0.451	5.981	0.000
Interactional Fairness	-0.007	-.087	Not sig
H3 Dependent Variable: Purchase Intent	F=13.354	0.109	0.000
Distributive/Procedural Fairness	0.216	2.728	0.007**
Interactional Fairness	0.175	2.209	0.028*

Whilst the results in Table 2 show *interactional fairness* has a significant influence on the satisfaction with the critical incident and purchase intent, the higher β coefficients in Table 2 for the independent *distributive and procedural fairness*, indicates it is a stronger predictor of all three dependent variables: *i) satisfaction with the critical incident, ii) overall satisfaction of the service and iii) purchase intent*. Thus, all three hypotheses are supported. It is noteworthy that interactional fairness does not appear to influence female customers overall satisfaction with the service.

Implications and Conclusions

This study shows the female customers perceive the distributive fairness items and procedural fairness items as a single fairness dimension. There appears to be some confusion about the operational definition of these constructs. For example, Severt and Rompf (2006) classifies “*I got what I expected*” as a procedural fairness outcome, whereas Yi and Gong (2008) categorized a similar item “*The company offered more than you had expected*” as distributive fairness. Furthermore, according to Severt and Rompf (2006) “*the process was fair*” represents distributive fairness. In contrast, Yi and Gong (2008) classify “*procedures followed by the company were fair*” as procedural fairness. This study suggests female customers differentiate between fairness attributed to the organisation and fairness relating to the employees behaviour.

This study bridges an important gap in the services marketing literature, as fairness has not been examined in the critical incident context. Instead, service fairness studies tend to be specific to “service recovery” or “service complaint” situations. This is an important shortcoming as customers zones of tolerance are reduced in service recovery situations (Zeithaml et al 2010) and thus customers may be more sensitive about the fairness of employee actions and company procedures. The results clearly contradict the stereotype that female customers care more about interactional fairness compared to distributional fairness. More specifically, the findings highlight only distributional fairness impacts on female customers’ overall satisfaction with the service. Thus, interactions with staff only play a significant role when specific incidents are being evaluated (i.e., interaction with staff (interactional fairness) is less relevant when the overall service is evaluated).

A key managerial implication for service firms is the need to tailor service outcomes and processes to better meet the needs of women. Female customer based standards should be used to develop and monitor company policies and procedures especially in relation to distributive fairness. However, additional research is required to identify specific service features and service outcomes (e.g., provision of adequate information and explanations) which are essential to enhance the distributional/procedural fairness perceived by women. Future studies could investigate if the findings extend to a more general population of female consumers. Furthermore, it would be interesting to examine how the two fairness dimensions interact with more traditional relationship marketing constructs such as loyalty, trust and commitment.

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