

ASSESSING THE INFLUENCE OF SERVICE RECOVERY STRATEGIES ON DISTRIBUTIVE JUSTICE IN HIGHER EDUCATION INSTITUTIONS

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Abstract

In recent times, students in higher education institutions have raised their expectations and are becoming less tolerant to poor service. The reality is that service failures are bound to happen. However, effective service recovery strategies could minimise the impact of service failure. The aim of this research was to analyse the influence of service recovery strategies on distributive justice in higher education institutions. A total of 430 students from three public universities in South Africa participated in this research as respondents. The research adopted a quantitative, descriptive and cross-sectional approach. The findings of this research showed that compensation and explanation have a positive and significant influence on distributive justice. Furthermore, the results showed a positive and insignificant influence of apology on distributive justice. The findings of this research are a wake up call to higher education institutions to focus on the two strategies of service recovery, namely explanation and compensation to achieve distributive justice. Thus, higher education institutions should firstly, focus on the use of an explanation to achieve distributive justice because it is offered at no cost compared to compensation which normally wears a financial face. This is based on the fact that higher education institutions are non profit making institutions such that they cannot afford to offer financial compensation on regular basis to address student problems. Ultimately, higher education institutions are advised to consider the severity of service failure before offering any form of service recovery to avoid double deviation.

Keywords: *distributive justice, field-based research, higher education institutions, service failure, service recovery strategies.*

Introduction

There is a global phenomenon of deterioration of the study conditions in response to financial problems higher education institutions are facing. The increase in enrolments does not match resources in different faculties. Infrastructure, libraries and laboratories are significantly affected. This is the case even in the world's best developed academic systems such as Germany and France. As a result, students are now resorting to protests to voice their concerns regarding declining budgets and poor conditions. The academic conditions are even worse in sub-Saharan Africa and other developing countries (Altbach & Peterson, 1999). In addition, a lack of resources has also exacerbated the problems being encountered in the higher education sector. Service quality in higher education is based on both the quality and quantity of the resources available in universities. Some of the factors that affect the quality of education are the absence of infrastructure such as laboratories, student residences, libraries and electricity. In addition, learning is not effective because of overcrowded classrooms with the majority of the students learning while standing. The shortage of facilities in higher education institutions has contributed to the decline in the service quality (Asiyayi, 2013).

The problems students encounter in higher education have been overstated. For instance, in Malaysia, students complained of university facilities such as accommodation as being inappropriate, unsafe, poor and inconvenient. They complain that the university does not provide enough information regarding accommodation. International students also complained that their accommodation is isolated, they felt insecure and that the hostels are not in good condition. Students complained of low internet speed and the style of teaching by lecturers who leave the burden of gathering materials to students which is not ideal for bigger classes. The only problem registered with postgraduate supervisors is a lack of time and unclear feedback. Supervisors do not have time to hold regular meetings with students to provide feedback (Talebloo & Baki, 2013). The aim of this research was to analyze the influence of service recovery strategies on distributive justice in higher education institutions. Thus, the three specific goals of this research were; firstly, to analyze the influence of explanation on distributive justice in higher education institutions. Secondly, this research analyzed the influence of apology on distributive justice in higher education institutions. Thirdly, the influence of compensation on distributive justice in higher education institutions was evaluated.

Literature Review

Service Recovery

Service recovery is any action and initiative taken by the institution to mitigate the impact of service failure in an effort to restore credibility and to strengthen the bond with students. Every time a poor service is executed, an institution has to switch into the recovery mode. The responsibility to deliver a service that is free of errors and to respond with appropriate recovery strategies when a service failure occurs is in the hands of the service provider (Waqas et al., 2014). Most services are performed in full view of students. Therefore, errors are inevitable. However, opportunities for service recovery are countless. Any problem front desk employees unearth and resolve is an opportunity to go beyond the call of duty to satisfy the needs of students. Sometimes, it is tempting to brush off sporadic student problems as insignificant and view complaining students as mere cranks, but institutional managers should confront this attitude. No service provider can afford the luxury of losing students because the cost of replacing a student can be exorbitant. An institution that alienates and frustrates students would have no one left to irritate or upset and those who go the extra mile to please students will entice many students to the institution (Hart et al., 1990).

Unhappy students want higher education institutions to take responsibility or to shoulder the burden for service failures. Furthermore, in an event of service failure, service recovery strategies such as compensation, apology, explanation, promptness, empathy, effort, facilitation and repatriation can be used to restore the students' trust and loyalty to the institution (Cengiz et al., 2007). Similarly, institutional managers should show concern for and empathy with the students during the service recovery process (Sengupta et al., 2015).

Explanation

Customers always try to understand why service failure has occurred. Thus, whenever a service failure incident has been reported, a proper explanation can assist in diffusing negative reaction. For an explanation to be considered adequate, it must contain the following characteristics. Firstly, the content of the explanation must be appropriate and must contain relevant facts and pertinent information. Secondly, the style of delivery of the explanation should reduce customer dissatisfaction. Explanations that are viewed as honest, sincere and not manipulative are generally most effective (Wilson et al., 2012). An explanation given to the

customer must demonstrate fairness on the part of the service provider. Wang and Mattila (2011) argued that a fair explanation by the service provider can compel the customer to reconsider the severity of service failure in his mind and thereby maintain the relationship with the service provider. On the other hand, an unfair explanation triggers anger and customer defection. Even in the absence of compensation, adequate and sincere explanation about service failure can facilitate customer satisfaction and loyalty. Compensation is often misplaced by the service provider in trying to recover from a service failure. While it may be key to offer compensation, it is important to provide an explanation regarding the cause of the service failure first because it is an essential need of the customer to know why things went wrong.

Apology

An apology is a service recovery strategy that does not address the service failure by itself, but it implies that the service provider acknowledges the customer's problem and admits that a mistake was made (Iglesias et al., 2015). While several scholars have highlighted the need for an apology, Mostafa et al. (2015) questions the use of an apology to strengthen perceived justice. They believe that apologizing to customers may, in some cases, be construed as an admission of guilt and exacerbates perceived interactional injustice. An apology can be approached from two fronts. The first one is a frontline apology. This means that front desk employees apologize to the customer. The second is upper management apology. In this scenario, senior members or executives of the institution apologize to the customer (Gonzalez et al., 2005). Jung and Seock (2017) advise managers to create effective strategies of apology such as the mediums used to deliver the apology messages as well as appropriate methods of apology to dissatisfied customers. In doing so, they may save company resources by avoiding monetary compensation.

Compensation

One of the methods that can be used to recover from service failure is by offering compensation to aggrieved customers. However, it is also important for service employees to engage in pro-active behavior throughout the service recovery process. Such acts may lessen the institution's financial burden or loss of resources that could have been avoided if other avenues for service recovery were explored and implemented (Inyang, 2015). Nowadays, customers expect the service provider to deal with effects of service failure. They expect to be compensated when they spend a lot of time and effort trying to find a solution to their complaint or when the service provider is taking too long to address their complaint. Service providers can avoid compensation by minimising the time customers spend to register a complaint and the time they take to solve the complaint (Valenzuela & Cooksey, 2012). Furthermore, service providers are warned not to use compensation as a tool for compromise against a poor service recovery process. Compensation should be used together with other available recovery strategies at the service provider's disposal. Some of the forms of compensation that can be used are discounts, refunds, replacements, coupons and upgrades of the service (Wamuyu et al., 2015). Despite the good intentions that some service providers have in response to service breakdown, it is a known fact that human beings are by nature selfish and accept inequity when it provides a benefit that is positive to themselves. The perception of inequity in this scenario is considered to be lower than the perception of inequity that results in a benefit that is negative. Simply put, consumers who receive more value than their actual loss from service failure will not perceive compensation to be inequitable or intolerable and have, therefore, no sense of guilt (Kim & Ulgado, 2012).

Equity Theory

The challenge facing service providers in an effort to recover from service failure is that customers do not conform to the notion of equity consistently. They do behave consistently to a certain extent but have different preferences for the balance between their outcome/input ratio and that perceived in comparison to others (Huseman et al., 1987). Equity is an important theory as far as issues of justice or fairness are concerned. When customers believe that there has been inequality in exchange, they become upset, disappointed or regretful. The customer may choose to adopt a form of action or response that will help him or her to restore equity with minimum costs (Chan et al., 2016). Customers would like to strike a balance between inputs invested and outputs received, and this is subsequently traded off against the service provider's inputs and outputs. Customer inputs include monetary expenses, time and effort, whereas an outcome can be in terms of a monetary gain (De Ruyter & Wetzels, 2000). The adequacy of equity is another technique that is useful in service recovery. Service providers are likely to compensate customers for a service failure if adequate compensation is available rather than not. Insufficient or inadequate and excessive compensations lack adequacy and service providers should desist from making such compensations (Walster et al, 1976).

Distributive Justice

In the event that service failure occurs, managers should bear in mind that perceived justice is a significant predictor of customer satisfaction and this knowledge should assist the managers to facilitate a fair handling of customer complaints. In adopting this principle, service providers are able to build a profile of delighted customers who, in turn, become positive advocates of the business (De Matos et al., 2012). Distributive justice presents challenges to service employees because customers use a set or combination of inconsistent rules (equity, equality and need) in determining distributive justice, or if the outcome was fair. The equity rule entails that customers invest effort, time and money such that the service provider should reciprocate proportionally, whereas the equality rule entails that all customers should be treated the same way irrespective of the investment. The need rule entails that customers have unique requirements as individuals and that service providers should treat them as individuals (Schneider & Bowen, 1999). It is noted that, in outcome or distributive justice, customers expect to be compensated by way of a refund, replacement, and repairs. In addition, an apology is also regarded as compensation for the customer's inconvenience and rude treatment. Compensation packages should reflect an amount that is reasonable and that acknowledges the cost of service failure to the customer (Tax & Brown, 1998). Previous research on the influence of service recovery strategies (compensation, apology and explanation) on distributive justice has been conducted in other service sectors. The results of the research showed that compensation, apology and explanation have a positive and significant influence on distributive justice (Casado-Diaz et al., 2007; Matilla & Cranage, 2005). The present research aimed to investigate the influence of service recovery strategies (apology, explanation and compensation) on distributive justice in higher education institutions. The following research questions were examined:

1. What is the influence of an apology on distributive justice in higher education institutions?
2. What is the influence of an explanation on distributive justice in higher education institutions?
3. What is the influence of compensation on distributive justice in higher education institutions?

Research Methodology

Research Design

A field research was adopted to collect information from full time students across three public higher education institutions in Kwazulu Natal province, South Africa between May and July of 2018. Thus, a quantitative, descriptive and cross-sectional research was undertaken. Quantitative research uses statistical methods and commences with data collection based on a known theory and is followed by the application of descriptive and inferential statistics (Patil & Mankar, 2016). A purposive sampling technique was adopted to select respondents based on their service encounter experience. It was important for the researchers to only pick students who have experienced service failure incidents and have undergone through a service recovery initiative to address their dissatisfactory encounter. This is because service failures are rare occurrences. According to Churchill et al. (2010), judgemental sampling uses the researcher discretionary choice to select participants based on their service encounter experience.

Participants Selection and Sample

The sample of this research consisted of 430 students from three public higher education institutions and 55.3% ($n=238$) of the respondents were male and 44.7% ($n=192$) were female. This implies that there was a fairly equal distribution of the gender of the sample respondents. Furthermore, the majority of the respondents in this research were below 24 years (79.1%). The age category between 25 and 34 equated to 20.7% of the sample respondents, whilst 0.2% of the sample respondents were between the age category of 35 and 44. The researchers obtained informed consent from the participants prior to the commencement of questionnaire administration. The letters for research participants advised them that their participation is voluntary and that they were at liberty to withdraw without providing reasons for such action. In addition, the researchers undertook to maintain participants' anonymity and confidentiality with respect to their personal details and data collected.

Procedure and Instrument

This research was conducted using a structured self-administered questionnaire to collect data. Thus, existing parameters were modified to suit this particular research, but were adapted from previous studies on service recovery strategies viz. apologies, explanation and compensation (Mostafa et al., 2014; Ramadan, 2012) and distributive justice (Ramadan, 2012). The information gathered using this questionnaire assisted in ascertaining the relationship between variables. A five-point Likert scale, with answers ranging from strongly disagree representing scale number 1 to strongly agree representing scale number 5 was used to gauge students' feelings on service recovery strategies and distributive justice (Saunders et al., 2009).

Data Analysis

In this research, descriptive and inferential statistics were used to analyse data. Statistical significance was used to establish whether or not a set of statistical results are likely to have differences. In statistics (eg. one-tail or two-tail tests) results are deemed to be statistically-significant if they are unlikely to have occurred by chance (Young & Bolton, 2009). Specifically, this research adopted a bootstrapping approach to find t -values. With level of significance of .01, the t -value that is acceptable should not be less than 2.0 (Keil et al., 2000). Data were analysed using a statistical package called Smart PLS 3.

Research Results

The first task in this research was to establish reliability and validity. To estimate how consistently a person responds to elements of a construct, composite reliability is ascertained (Shin, 2009). Composite reliability (CR) provides a reflective method of final reliability score of the coefficient in the model and evaluates the reliability of each variable, together with stability and uniformity (Roca et al., 2009; Suki, 2011). Table 1 shows that all the coefficients of Cronbach's alpha and composite reliability were greater than 0.7. This means that all the reliability coefficients in this research were above the acceptable threshold (Fornell & Larcker, 1981; Henseler et al., 2009).

Table 1 Construct reliability and validity.

Variables	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Apology	.904	.904	.904	.702
Compensation	.893	.897	.894	.680
Distributive justice	.918	.919	.918	.738
Explanation	.900	.905	.899	.750

To establish discriminant validity, the latent variable must show more variance in its corresponding indicator variables than it shares with other constructs (Fornell & Larcker, 1981). Thus, discriminant validity is measured by a comparing Average Variance Extracted (AVE), (Henseler et al., 2009) with the correlated squared root, (Spiegel, 1972).

The AVE shows the degree of variation that the coefficient records from its dimension items (Henseler et al., 2009). Table 2 illustrates the values of AVE and the association among variables, with the square root of the AVE in bold along the diagonal (Apology= .838; Compensation= .824; Distributive Justice= .859; Explanation= .866). Since the values highlighted in bold along the diagonal exceed the inter factor correlations, it can be concluded that discriminant validity was acceptable.

Table 2. Factor AVE and correlation measures (Fornell-Larcker criterion).

Variables	AG	CN	DJ	EN
Apology	.838			
Compensation	.706	.824		
Distributive Justice	.530	.719	.859	
Explanation	.504	.608	.515	.866

Note: the values in bold along the diagonal are the square root of AVE for each factor. AG (Apology), CN (Compensation), DJ (Distributive justice), EN (Explanation).

In this research, stringent tests of validity and reliability were conducted. This implies that the results can generally be trusted as free from data measurement problems. Overall, the measurement properties of both reflective and composite constructs had good measurement properties.

Table 3 illustrates the results of the tests conducted to ascertain the influence of service recovery strategies (explanation, apology and compensation) on distributive justice. The influence of compensation on distributive justice was evaluated and the findings show a positive and significant influence ($\beta=0.628$, t -value =8.569, $p=.001$).

In the same vein, the test was conducted to assess the influence of an explanation on distributive justice. The findings reveal that there is a positive and significant influence ($\beta=0.219$, t -value=2.025, $p=.043$). Another test was conducted to ascertain influence of an apology on distributive justice. The findings show a positive and insignificant influence ($\beta=0.025$, t -value=0.337, $p=.736$).

Table 3. Results of the relation between service recovery strategies and distributive justice.

Variables	Original Sample (O)	Sample Mean (M)	Standard Deviation (SD)	t-Statistics (O/SD)	p-values
Apology -> Distributive justice	.025	.023	.074	.337	.736
Compensation -> Distributive justice	.628	.628	.073	8.569	.001
Explanation -> Distributive justice	.121	.122	.060	2.025	.043

Note: *SE* (standard error), *ns* (not significant), * $p<.05$, ** $p<.01$, *** $p<.001$ (two-tailed t-tests)

Table 4 shows a summary of the tests that were conducted on the hypothesised relationship between service recovery strategies and distributive justice. The results of the tests between compensation -> distributive justice and explanation -> distributive justice were supported hence significant. On the other hand, the results of the test between apology -> distributive justice were not supported hence not significant.

Table 4. Summary of the tests of the relation between service recovery strategies and distributive justice.

Factors	Original Sample (O)	t-Statistics (O/SD)	p-values	Result
Apology -> Distributive justice	.025	.337	.736 ^{ns}	Unsupported
Compensation -> Distributive justice	.628	8.569	.001***	Supported
Explanation -> Distributive justice	.121	2.025	.043**	Supported

Note: *SE* (standard error), *ns* (not significant), * $p<.05$, ** $p<.01$, *** $p<.001$ (two-tailed t-tests).

Discussion

The aim of the current research was to evaluate the influence of service recovery strategies (explanation, apology and compensation) on distributive justice in higher education institutions. The findings indicate that compensation has a significant and positive influence on distributive justice. The finding in this research corroborates Shin et al. (2018) who found a positive and significant influence of compensation on distributive justice. In addition, the results show that compensation has the strongest influence on distributive justice compared to other service recovery strategies. This means that the use of compensation is highly preferred

by students in higher education institutions to achieve distributive or outcome justice. With respect to the influence of an explanation on distributive justice, the results show a positive and significant influence. The findings of this research are in accordance with the findings of research conducted by Casado-Diaz et al. (2007) who found that an explanation has a positive and significant influence on distributive justice.

The findings of this research further show that an apology has a positive and insignificant influence on distributive justice. A possible explanation to this is that while an apology is the right strategy for addressing service failures, it may not be adequate to achieve distributive justice because students are expecting compensation due to the magnitude of the loss incurred. Therefore, it is important for employees to evaluate the severity of the failure before deciding the type of recovery strategy to use in response to service failure to avoid exacerbating the reported problem. In addition, students respond differently to service recovery efforts. Their response will depend on a number of resources lost and gained during the exchange. However, any form of recovery is better than no recovery at all. In this regard, institutions are advised at least to use an apology as a recovery tool when the circumstances do not allow them to do much or to go the extra mile. Furthermore, when a service failure is a core, a perceived low service recovery initiative such as an apology may be deemed as a poor service recovery and can subsequently lead to double deviation. A core service failure requires sufficient recovery initiative such as monetary compensation to cover the loss suffered (Yi & Lee, 2005). The finding in this this research is contrary to previous research which found that an apology has a positive and significant influence on distributive justice (Mattila & Cranage, 2005; Cohen, 2016).

Conclusions and Implications

Service failures are inevitable, however effective service recovery strategies can minimise the impact of service failure. The findings of this research have a lot of implications for higher education institutions, particularly, the institutional managers and employees. In order to address the gaps in this research, it is recommended for employees to consider the severity of service failure when offering service recovery to students. In this regard, members of staff should offer compensation that is commensurate with the loss suffered. For example, students whose marks were erroneously captured by employees should be granted the correct marks (refund). It is suggested that employees should be honest and truthful when explaining service failure incidents to students and the reason behind the failure and steps being taken to correct the failure should be provided. In addition, employees should provide adequate information to the students to remove any elements of doubt in the process being undertaken to address the failure. Normally, compensation is the traditional service recovery strategy used to achieve an outcome or distributive justice. Therefore, the use of an explanation as an outcome or distributive justice offers an alternative approach to higher education institutions to offer a solution at no cost or without squeezing the limited resources at their disposal. However, this must be exercised with caution depending on the severity of the failure to avoid injustice. Simply put, where a student has incurred a financial loss as a result of university negligence, a financial compensation will be appropriate. If the financial loss can be proven to be occasioned by the student's own negligence or self-induced failure, an explanation will be ideal to achieve distributive or outcome justice. Similarly, where a student's examination results have not been released on time, an explanation will be feasible to achieve distributive justice.

This research is one of the pioneering efforts in assessing the influence of service recovery strategies on distributive in higher education. The limitation of this research is that the sample was adopted from three universities in South Africa such that the results cannot be generalized beyond the current scope. However, the results may be useful to other higher

education institutions with a similar operational set up. In addition, this research has contributed to literature on service recovery strategies and distributive justice in the education sector. Future researchers should broaden the scope of research by measuring service recovery strategies with other forms of justice such as procedural and interactional justice in the higher education sector.

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Received: *April 25, 2019*

Accepted: *August 05, 2019*

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