

## The Mediating Effect Of Perceived Safety And Trust On The Relationship Between Perceived Justice And Customer Loyalty In The Nigerian Airline Industry

**Author's Details:** <sup>(1)</sup>Muhammad Haliru-Othman Yeop Abdullah Graduate School of Business, Universiti Utara Malaysia, 06010, Kedah, Malaysia <sup>(2)</sup>Sany Sanuri Mohd Mokhtar-College of Business, University Utara Malaysia, 06010 Sintok, Kedah Malaysia

### ABSTRACT

*Quite number of studies have reported the significant association between customer perceived justice, and customer loyalty, while others are with divergent findings on the association. They use experiments, scenarios and recall very few uses Empirical evidence. This present conceptual paper proposes the mediating effect of perceived safety and Trust on the relationship between perceived justice and customer loyalty in Nigerian airline industries. The highlights may assist in addressing the problem confronting airline industries in Nigeria.*

**Keywords:** *Customer loyalty, perceived justice, perceived safety, Trust and airline industry.*

### INTRODUCTION

The airline industry, especially in the developing countries presently is faced with challenge of service failures, particularly in Nigeria it tends to impact on satisfaction and future behavioural intentions of customers, which results in an overall reduction in the profit of the industry due to decline in the number of passengers (Udeme, 2013). As customer encounters a service failure, it leads to dissatisfaction and loss of confidence, negative emotion, and customer switching behaviour (Andreassen, 2001; Bougie Pieters, & Zeelenberg, 2003).

Service recovery can be defined as the way organization provides response to what is perceived as a service failure; it includes psychological and tangible efforts to address the service failure in order to satisfy, keep or restore relationship with disappointed customers (Lovelock & Wirtz, 2011). Customer satisfaction service recovery is an overall customer attitude towards service provider and regarded as a pivotal element in maintaining long-term customer relationship after service failures.

The Nigerian airline industry places all efforts to provide effective and safe services to its customers, but plane crashes have been on the increase in the country. The crashes led to death, physical injury, which creates doubt, uncertainties, and loss of confidence in the airline services. It also made the industry to be seen as unsafe loses customer patronage and market share (Udeme, 2013). Records have revealed that the Nigerian domestic airlines have witnessed 63 air crashes in 15 years. More than 600 souls, mostly Nigerians, who had great destinies to fulfill, were lost in various airline accidents (Oyetunji, 2014). The crash is referred to as service failure in this study (Siomkos, 2000).

In view of the challenge, much attention has been given to the role of perceived justice in service recovery. Key findings from most of the research indicate that customers weigh service recovery in terms of the outcomes they receive and the nature of the interpersonal dealings they receive during the recovery process (McCollough et al., 2000; Smith et al., 1999).

In the existing literature, several studies specifically addressed the relationship between customer consumption emotions and customer satisfaction in normal service settings, the studies indicated that customers' positive emotions have significant positive influence on customer satisfaction while customers' negative emotions have significant negative influence on customer satisfaction (Kim et al., 2012). Other studies also indicated that customers' positive consumption emotions enhance customer satisfaction, trust and commitment, which in turn increase customers' repurchase and positive WOM intentions (). In essence, the consumption emotions customers experienced can have a significant impact on their evaluation of the service process and post-consumption behaviors. (Smith & Bolton, 2002; Bougie et al., 2003; Menon and Dube, 2004; Schoefer and Ennew, 2005; Rio-Lanza et al., 2009; Jani and Han, 2011).

The rate of service failures (crash) might negatively affect customer relationship with the service provider. Hence, to remain in the market, and minimize the negative impact, airline industry need to embark on effective service recovery to change the behavioral outcomes of its customers. Recovery encounter through the improvement of safety measures like use of up to date aircrafts, continuous training of manpower and security checks at the airport that were all believed to increase safety perception and reduce risk perception should be continually sought to repeatedly kindle emotional responses from customers for them to be able to trust the service provider, as they are recovering from the failure. The objective of this conceptual paper is to propose a model using perceived safety as a mediating variable to influence trust which is also a mediator between perceived justice and customer loyalty. The effect of perceived justice is in relation to use of modern equipment and all necessary measures to improve on perception of safety, thereby making the customer to trust the service provider and lower the risk perception in air travel.

### **Literature Review and conceptual Model**

Recovery Service has an emphasis on the consumption emotions customers experienced, and can have a significant impact on their evaluation of the service process and post-consumption behaviors. (Smith & Bolton, 2002; Bougie et al., 2003; Menon and Dube, 2004; Schoefer and Ennew, 2005; Rio-Lanza et al., 2009; Jani and Han, 2011). It represents a critical moment of truth for an organization, as an unsatisfactory response to a customer complaint might lead to losing the customer (Michel et al., 2009). The literature thus bestows considerable attention to this issue, and identifies the key elements of a satisfactory service recovery. This involves solving the customer's problem, offering an apology, being courteous and empathic, and providing a quick recovery (Liao, 2007; Ozgen and Kurt, 2012). A satisfactory service recovery, in turn, has the potential to restore customer satisfaction and behavioral intentions (Orsingher et al., 2010; Van Vaerenbergh et al., 2012). A satisfactory recovery also alleviates customers' feelings of betrayal and make them trust the service provider. Wirtz and Mattila (2004) suggest that customers are less likely to demand compensation if the recovery process is well executed.

### **Loyalty**

Customer loyalty is critical to conducting business in today's competitive marketplace, and the airline is no exception. The concept, loyalty depicts the extent to which a customer regards him/herself as loyal, the customer's willingness to recommend the airline to others, and his/her intention to continue to use the airline in the future. Oliver et al. (1997) define customer loyalty as: A deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour. Researchers argue that there must be a strong attitudinal commitment to a brand for true loyalty to exist (Reichheld, 1996). The strength of these attitudes is the key predictor of a brand's purchase and repeat patronage. Loyalty intentions are the individuals' judgments about buying a designated product or service from the same company again while looking at his current situations. It is the point to which customers intend to purchase firms' products or services in the future (Maxham III and Netemeyer, 2002). Researchers have shown a positive relationship between service recoveries and revisit intentions. A good service recovery will positively influence revisit intentions whereas bad service recovery will have a negative effect on revisit intentions. Researchers have shown a positive relationship between service recoveries and revisit intentions (Goodwin & Ross, 1992; Kelley et al., 1993). Like earlier on said in the literature review, customer overall satisfaction has a strong positive effect on positive word-of-mouth, so in the case where customers are pleased with the firm, they tend to have a positive WOM which has the tendency to have a huge effect on potential and existing customers. Loyalty intentions refer to the extent to which a customer perceives a need to visit again a particular service provider.

## Perceived justice

Perceived justice in service recovery is recognized as a cognitive antecedent that can explain customer satisfaction. Customer-perceived justice in the service-recovery strategies adopted by the organization can support negative reactions to the service or improve overall satisfaction, repatronage intentions, and positive word of mouth (Blodgett, Hill, & Tax, 1997; Maxham & Netemeyer, 2003). Although a service failure has the potential to destroy customers' loyalty, the successful implementation of service recovery strategies may prevent the defection of customers who experience a service failure. When a service breakdown occurs, the effective reactions of the service providers can help create even stronger bonds, whereas, poor responses may prompt customers to switch. Thus, an effective effort for service recovery after experiencing faulty service must be carefully planned and carried out in order to establish a long-term relationship with the customers (Kim et al., 2009), because inappropriate responses significantly increase the companies' defection rate. Perceived justice dimensions also have a great effect on repurchase intention. Blodgett et al. (1997) examined the effects of distributive, procedural, and interactional justice on customers' repatronage intention and negative word of mouth intention. In their study, they checked different levels (low-medium-high) of recovery scenarios based on the three justice dimensions to test how each recovery effort, with varying degrees of recovery, influences customer repatronage intention and word of mouth. The study suggested that the effects of perceived justice of customer repatronage intention and word of mouth vary across the different dimensions of justice and change with the degree of service recovery efforts as well.

In addition Ha & Jang (2009) found that all dimensions of justice affect repatronage intention in the restaurant setting. They found that service recovery efforts, such as discounts for food items, promptness of recovery, and a sincere apology for the service failure could leave customers satisfied, consequently encouraging them to revisit the restaurant. It has also been established by many authors that the three forms of justice have a positive effect on overall service recovery satisfaction (dos Santos & Fernandes, 2008; Karatepe, 2006; Clemmer & Schneider, 1996; Kau & Loh, 2006).

In service failure situations, customers perceive an injustice, an imbalance, in exchange (they receive a service with less than the expected value); therefore, they expect the organisation to offer a service recovery to compensate the imbalance (Chebat & Slusarczyk, 2005). Customers form judgements about the level of justice of the recovery process, and these judgements have an impact on satisfaction (Schoefer & Ennew, 2005). Extant research indicated that the perceived justice of the recovery efforts could affect satisfaction with the recovery (Blodgett et al., 1997; Chebat & Slusarczyk, 2005; Mattila & Patterson, 2004; Karatepe, 2006).

## Effect of perceived safety on loyalty

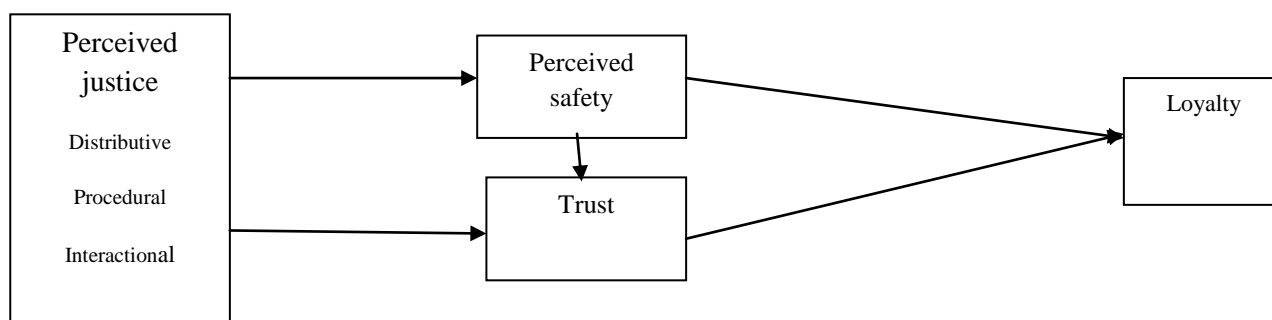
Perceived safety as one of the drivers that increase satisfaction in air travel, airline passengers regard safety as the most important criteria used when choosing an airline, it is established that customers perceived risk generally lower their satisfaction. Air travel implies risk taking, such as financial, social and psychological risk, unlike other services, air travel exposes passengers to physical risk and passengers are aware of the fact. Despite claims by airline industry that safety is its number one priority, the occurrence of accidents cannot be completely eliminated, and passengers perceived air travel as riskier than justified from an objective view, which generates feelings of uncertainty, discomfort and anxiety. Airlines' attempt to limit risks associated with air travel by using various safety measures, but passengers hardly assess the factual safety level adopted by airline rather they resort to proxy measures of safety, that includes airline's service quality, airline appearance or security checks at the airport. The risk-reducing effect of perceived safety outweighed the risk involved in air travel and increase satisfaction, so also in the case of satisfaction service recovery. Airline need to provide a measure of safety that does not rely on accidents, but can operational safety be effectively and reliably measured? Safety has been described as a construct and a concept (Vick, 2002) and as such is not quantifiable. Safety is much more of a

personal judgement than a finite measure and therefore, does not lend itself to being reliably measured. Though we cannot completely avoid the accidents we can reduce it by carefully knowing the factors resulting to it and to take prior precautions to avoid the accidents, these factors may be of the internal factors of the aircraft or external conditions of the environment in which the aircraft operates. However, the selective use of recovery strategies leads to efficient and effective enhancement of customer satisfaction following a service failure.

### Effect of Trust on loyalty

Trust occurs when a customer has confidence and is ready to depend on a company's honesty (Morgan and Hunt, 1994; Moorman et al., 1993). Service recovery justice has been verified to straight influence trust (DeWitt et al., 2008; Aurier and Siadou-Martin, 2007) and indirectly influence trust through satisfaction (Tax et al., 1998; Ok et al., 2005; Kim et al., 2009). Ok et al.'s (2005) study used scenario experimentation in a restaurant context to test a model involving the antecedents and consequences of service recovery satisfaction. They established that all three justice dimensions have positive effects on recovery satisfaction, which in turn affects customer trust. The service evaluation process is not only a cognitive process, but also a sentimental one. Mistakes in service can produce negative feelings (Dalci and Kosan, 2012; Crawford, 2013). Fair and exceptional service recovery can eliminate the negative sentiments and help customers generate positive sentiments, prompting them to be satisfied. On the contrary, unfair and poor remedial service can enhance the negative sentiments, causing unsatisfactory feelings and harming the relationship between customers and companies (Kim et al., 2012). Most previous studies evaluated remedial service from a cognitive perspective (Tax et al., 1998; Smith et al., 1999; Maxham and Netemeyer, 2002). They mainly studied the effect of cognitive factors (perceived justice/fairness) on customer satisfaction and behavioral intentions. Recent studies examined the effects of both cognitive and affective elements on satisfaction and post complaint behaviors in service recovery contexts (Schoefer and Ennew, 2005; Chebat and Slusarczyk, 2005; Rio-Lanza et al., 2009). These studies showed that service recovery justice is a driver of emotions, which in turn affect customer evaluations such as satisfaction. In the process of service consumption and recovery, if customers feel that an enterprise and its service personnel treat them fairly, they will have positive emotions such as joy and happiness. In contrast, if customers feel that an enterprise or its service personnel is unfair, they will have negative emotions such as disappointment and anger, by provision of up to date safety instructions and strict adherence it increases the customer satisfaction by perception of safety. Trust represents the trust customers have in a service company. Customers' behavioral intentions were measured using customers' repurchase and word-of-mouth intentions. As for the inter-relationships among the three justice dimensions were postulated to influence trust directly and indirectly through perceived safety and trust in turn affect customers' repurchase and referral intentions the three justice dimensions were also hypothesized to influence customers' positive emotions directly which then impact the customer

### Conceptual Model



### Conclusions

While customers' emotional responses to service failure and recovery encounters have received some consideration (Weiss et al., 1999; Chebat and Slusarczyk, 2005; DeWitt et al., 2008; Namkung and Jang, 2010)



and some researchers have commenced to investigate customer affection in the context of service failure and recovery (La and Choi, 2012), and considering the foregoing, despite the extant research evidence relating to service recovery, it reveals that perceived safety as mediator that influence trust has not been used in the Nigerian airline industry to have impact on customer loyalty. The main contribution of the conceptual paper based on the literature is that the effect of the perceived safety, which is emotional and emotion regarded as a mediator will cause customer trust and subsequently loyalty is modelled. Moreover the limitation of the paper is that the model is not empirically tested. And it is also based and limited to one service sector.

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