# T.C.
## ISTANBUL OKAN UNIVERSITY
## INSTITUTE OF GRADUATE SCIENCES

# SERVICE RECOVERY JUSTICE AND ITS IMPACTS ON THE CUSTOMER LOYALTY

**Riyam Abdulwahid RASHEED**

## THESIS
## FOR THE DEGREE OF
## MASTER OF BUSINESS ADMINISTRATION
## IN BUSINESS PROGRAM

**ADVISOR**
**Prof. Dr. Özgür ÇENGEL**

**Istanbul, December 2021**

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**Istanbul, December 2021**

# ABSTRACT

This study will enable us to recognize the service recovery justice process related to customer loyalty, experience, and satisfaction at the corporate level as companies can create long-term relationships with their customers by investing resources along the customer journey. The service justice model in general is derived from the education of the elector from social choice, and the three options that futures in a service can be evaluated and reviewed by three justices as their justice. justice and fairness. Customer loyalty is, and always will be, a fundamental subject for service providers because it is what drives their commerce and their purpose. Most of them are aware of that and have defined customer retention strategies, including recovery measures in cases of service failures. However, it is possible that after a successful service recovery, customers demonstrate a higher satisfaction than if a failure had not occurred in the first place. To achieve the main research objectives quantitative approache was adopted. The purpose of using this method approach was to gather data that could not be obtained by adopting a literature. The idea of this approach method is supported by different scholars by mentioning it is advantageous overusing a single method. The geograpgical area where the study is being conducted is Turkey as the banking sector in this country deal with an issues that could impact their associations with customers with service failure issues. It is selected because it provides a statistical measurement that enables comparing distinct perspectives regarding the implementation and usage. For the quantitative approach, the main statistical tool used IBM SPSS V.23, which helped to arrange the results in an

organized way. Analytical results show a role to play in influencing the full and evidence of service improvement and accuracy. The results are in service in service in the bank. Benefiting from the product in the service service, as well as the roles of product planning. From the presentation to the service and improvement comes from the customer satisfaction and a factor that needs to be reviewed from the classroom, as it is better added to the customers' consumers. The customer is very curious how the organization of adequate preparation for how the servicers serve them. This study focuses on customer satisfaction and improvement in service from three justice contributors to service improvement and customer support contributors: reciprocal justice, improvement, and contributions to the literature of support.

Keywords: Service Recovery, Customer, Reciprocal Justice, Improvement

# ÖZET

Bu çalışma, şirketler müşteri yolculuğu boyunca kaynaklara yatırım yaparak müşterileriyle uzun vadeli ilişkiler kurabildikleri için müşteri sadakati, deneyimi ve memnuniyeti ile ilgili hizmet kurtarma adalet sürecini kurumsal düzeyde tanımamızı sağlayacaktır. Genel olarak hizmet adaleti modeli, seçmenin sosyal seçimden eğitiminden türetilmiştir ve bir hizmetteki geleceğin üç seçeneği adalet olarak üç yargıç tarafından değerlendirilebilir ve gözden geçirilebilir. adalet ve adalet. Müşteri sadakati, hizmet sağlayıcılar için temel bir konudur ve her zaman olacaktır, çünkü ticaretlerini ve amaçlarını yönlendiren budur. Çoğu bunun farkındadır ve hizmet arızası durumlarında kurtarma önlemleri de dahil olmak üzere müşteriyi elde tutma stratejileri tanımlamıştır. Bununla birlikte, başarılı bir hizmet kurtarma işleminden sonra müşterilerin, ilk etapta bir arıza meydana gelmemiş duruma göre daha yüksek memnuniyet göstermeleri mümkündür. Ana araştırma hedeflerine ulaşmak için nicel yaklaşım benimsenmiştir. Bu yöntem yaklaşımının kullanılmasındaki amaç, literatüre uyarlanarak elde edilemeyen verileri toplamaktır. Bu yaklaşım yöntemi fikri, farklı bilim adamları tarafından, tek bir yöntemi kullanmanın daha avantajlı olduğu söylenerek desteklenmektedir. Çalışmanın yürütüldüğü coğrafi alan Türkiye'dir, çünkü bu ülkedeki bankacılık sektörü, hizmet hatası sorunları olan müşterilerle ilişkilerini etkileyebilecek bir sorunla ilgilenmektedir. Uygulama ve kullanımla ilgili farklı bakış açılarının karşılaştırılmasını sağlayan istatistiksel bir ölçüm sağladığı için seçilmiştir. Nicel yaklaşım için, ana istatistiksel araç, sonuçların organize bir şekilde düzenlenmesine yardımcı olan IBM SPSS V.23'ü kullandı. Analitik sonuçlar, hizmet
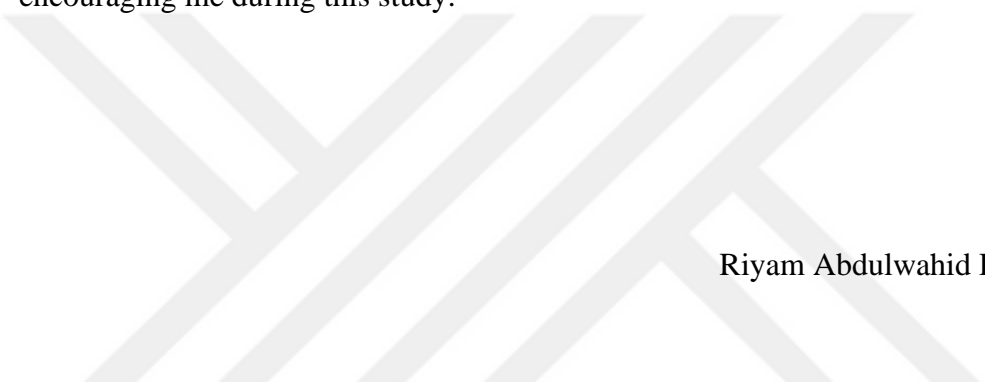
iyileştirme ve doğruluğunun tam ve kanıtını etkilemede oynayacak bir rol gösterir. Sonuçlar bankada hizmette. Hizmet hizmetinde üründen yararlanma ve ürün planlama rolleri. Sunumdan hizmete ve iyileştirmeye kadar müşteri memnuniyetinden gelir ve müşterilerin tüketicilerine daha iyi eklendiğinden sınıftan gözden geçirilmesi gereken bir faktördür. Müşteri, hizmet verenlerin onlara nasıl hizmet ettiği konusunda yeterli hazırlık organizasyonunun nasıl olduğunu çok merak ediyor. Bu çalışma, hizmet iyileştirmeye adalete katkıda bulunan ve müşteri desteğine katkıda bulunan üç kişiden müşteri memnuniyetine ve hizmette iyileştirmeye odaklanmaktadır: karşılıklı adalet, iyileştirme ve destek literatürüne katkılar.


Anahtar Kelimeler: Hazmat İyileştirme, Müşteri, Karşılıklı Adalet, İyileştirme

First, I would like to thank Allah Almighty for the power of the mind, health, strength, guidance, knowledge, and skills to complete this study.

This thesis is wholeheartedly dedicated to my parents. There are no words to describe what you mean to me; there is nothing that I can repay for what you have done to me. I will continue to do my best to achieve your expectations.

Lastly, I dedicated this to the family, relatives, and friends who have been encouraging me during this study.

Riyam Abdulwahid RASHEED

# ACKNOWLEDGMENT

I would like to thank my supervisor Prof. dr Özgür ÇENGEL for all support during my study. Its great pleasure to express my deepest gratitude to my friends who have shared with me best moments during my study for the Master degree.

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# ABBREVIATIONS

**CL**          Customer Loyalty

**CR**          Customer Retention

**CA**          Customer Acquisition

**CD**          Customer Defection

**TPB**        Theory of planned behaviour

**SRJ**        Service Recovery Justice

# CHAPTER I: INTRODUCTION

It represents "either gracefully plans" (transportation, housing) or tangible tangible things, such as purchasing goods or services along with services. Service is made available for purchase, which advantages and fulfillment without prompting an actual modification as a decent. A help is any movement or advantage that one party can propose to another that is basically immaterial and doesn't bring about the responsibility for [1]. A service is an activity or activities intended for use, not usable, but between the customer and the service provider and not useful or related to a system for providing goods and services. problems. A premeditated, premeditated plan for dissatisfaction with the service or against the service. Effective service recovery is a planned and managed event to satisfy a customer after service failures. To minimize the damaged caused to the customer can achive somewhat of the customer loyalty and satisfaction to the brand or the store. Service failures and recoveries critical incident technique encounters into three behaviour classes [11]: When a service delivery system fails, employees react in a variety of ways. Employee responses to client demands and requests, including special orders or requests and admitted customer errors, are further classified. Unprompted.

There are recognized positive other than bad recuperations (that is, activities that are fulfilled or unsatisfied) and their causes. Their results showed that recognizing the assistance disappointment, saying 'sorry' clarifying the blunder, and afterward causing substantial proposition to establish a satisfactory arrangement that prevails in help recuperation. [3]. Distributive equity offers, for example, free dinners, gift authentications, and limits were basic to support recuperation in café administration disappointments. Additionally, the achievement of administration recuperation relies upon clients' apparent decency. Regardless of whether clients see a reasonable and simply experience in assistance recuperation experiences is basic to achievement in dealing with grievances.

A retail environment, three main subsets of design. It includes subgroups: poor in policy, poorly available services, system issues, good content, out of stock, incidents and repairs, and misinformation. [9] also classified acceptable service recoveries as correction, manager/employee interventions, correction plus, replacement, reimbursement. It is unacceptable to review (ie improvement), incomplete correction, incomplete completion (double deviation) by the customer and no action by the service. Applied to service success and improvement, the customer of service improvement applies to customer customer loyalty, word of mouth communication, and purchase intentions [9]. Service failure and compensation, and everything with the firm (i.e. maintaining trust and control of the reviewed firm), indicates the course of successful successes. This study shows that there is a positive relationship between perceptions of fairness of service improvement efforts and customer loyalty [4]. Long uses with customers, one year for training, new deductible from training. It is facing some special products, from those that have too many features in terms of features related to a product and has facilities for those services. error or data transfer from the training may have to enable you to have the training [4]. returning a response from a service, specifically (service recovery), a service message; it's to the weather conditions. problem. contestant.

## 1.1. Background of the study

If the companies do not fulfill the different promises they make to their customers (such as advertisements) and cannot meet their increasing expectations, this will have negative effects on the minds of the customers towards the company providing the service. In fact, unfulfilled expectations of customers are called service failure [3]. It is within the scope of services and in terms of intangibility. In reality, health services are not Banks as a subset, far from their services. In their target, they can talk about their personal gains, as in the company, their prototypes are common in their business and they are targeted8, which is shown on the example and on the positive, since progress can pave the way for mistakes. . Studies have shown that they will not be pleasant to the service and will never trust again and share their

experiences that will not turn into experiences with their families and compensation through experimentation [9]. As a result, it can be fixed better than customers can benefit from its services [9]. In fact, the service will have much more satisfaction than getting from a use [9,,10] to fix and improve a service error. . [12]. Also, those who are successful in the ministry will have a positive and positive impact on themselves and have an impact on influencing them in a positive way [12,14]. A large number of examples are taken for accuracy and target, most of them focus on the reference of service providers [2]. On the other hand, the Theory of Justice has attracted as much attention as service improvement and service improvement. One issue that is relevant for this research is those that result from liking perceived attention. However, what could be saved has been largely underestimated. In service provision, basic information (such as advertisements, previous futures) about a situation is not expected from the service delivery. ) and references from a state with a fault or problem. This kind of happens. This elevation was applied for the design of perceived justice with this system, the detailed knowledge of the information before the preparation. Fairness is a widely used framework in the service recovery literature [6]. Election justice in general is derived from the electorate of the election, and to the chance that the compensation of candidates in a service is evaluated and reviewed by the justice of the judiciary, called fairness. justice and justice justice [17]. Below it consists of sections with numbers from different colors and versions. Things like distributive fairness, breakdowns of service providers, distribution of goods on local days, and discounts on their purchases.

Come from the previous version, income from non-redeemable gifts. In the exchange conversation, at the low pass level, from your client and those close to him. This progress should benefit to adequate compensation from whatever is necessary to restore the balance. From items taken from perceptions of perceived justice, it is considered review justice. positive emotions increase. Discovery in this respect depends on connectivity in terms of service. Income from the previous version, income from non-redeemable gifts. In the exchange conversation, at the low pass level, from your client and those close to him. This progress should benefit to

adequate compensation from whatever is necessary to restore the balance. From items taken from perceptions of perceived justice, it is considered review justice. positive emotions increase. Discovery in this respect depends on connectivity in terms of service. How does it look around the world in general, such as transportation, similar and customer disruption, cruising, and thoughtfully on the seemingly comprehensive worldwide outlook in the outlook (1.1) of this:
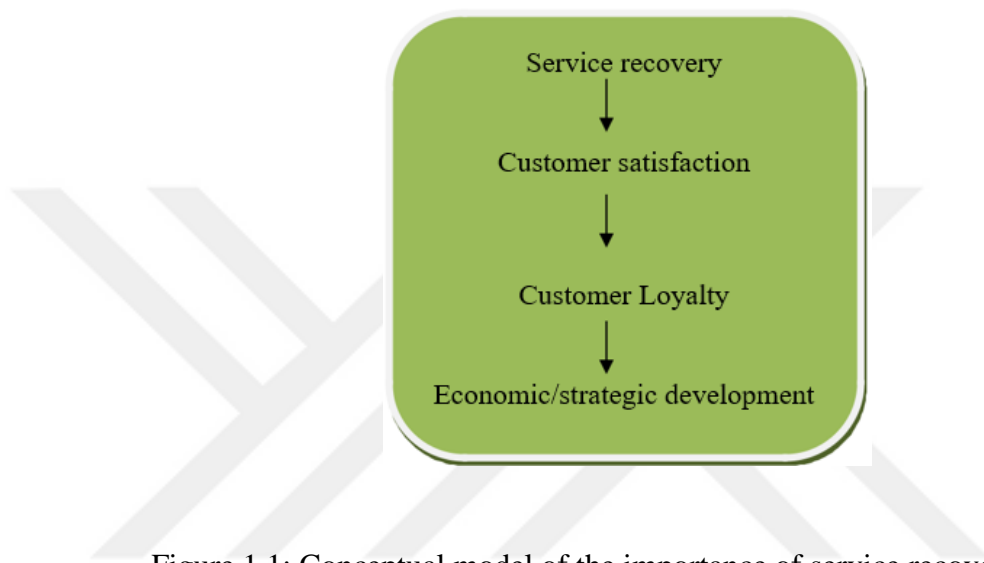


Figure 1.1: Conceptual model of the importance of service recovery and customer satisfaction

## 1.2. Purpose of the Study

In view of this, research purpose is examination and an endeavor to recognize which things of the components of recovery (speed, compensation and apology) were generally compelling on client impression of equity and client reliability, on the grounds that these things will empower the investigation to make suggestions about the corporate world. The investigation gives a model represents the connection among service recovery and equity, with the result of this relationship being fulfillment: this model makes unequivocal the straight connection between service recovery and compensation related with pay and client view of distributive, procedural and equity; with less critical relationship set up among expression of remorse as a component of administration recuperation and equity, while speed was not discovered to be

4

measurably huge as an impact on the elements of equity. Exploring the scope of the model is determined by experts within a particular situation, which is summarized as a range of local, segment, sectoral, public, industry and monetary impacts.

## 1.3. Objective of the study

The objective is to investigate the behavioral Characteristics related Service Recovery and its impact on the customer loyalty.

i.   To examine the service recovery justice efforts for gaining customer loyalty for brands and stores.

ii.  To investigates the efforts of service recovery justice strategies to achive customer loyalty.

iii. To analyze the framework for the service recovery justice and its types in order to gain customer satisfaction and loyalty.

iv.  To provide possible implication for the service failure and customers' perception in the services firms.

## 1.4. Research Questions

The main research question to which the study concerns are below:

RQ1: What are the service recovery justice strategies that must be acknowledge in order to achieve the customer loyalty?

RQ2: What framework of service recovery justice should the service firms should adopt in order to gain customer loyalty?

RQ3: How the service failure can be compensated by the help of service recovery justice strategies?

RQ4: How can a firm achieve customer loyalty by implementing the service recovery justice terminology?

## 1.5. Problem statement

Customers expect trouble-free service from service companies based on their previous experiences (such as advertisements, previous encounters) as the failure in service delivery is a contradictory situation in service companies such as the banking sector, food sector, education sector and health. industry and airline service. ) and if you encounter a malfunction or problem during service, such a situation may cause conflicts. When a failure occurs, exchange relationships become unstable and customers feel that the benefits they receive are less than what they offer the company. In the exchange relationship, the customer's level of perception of failure depends on the importance and rate of failure. Therefore, in order to recover and maintain the balance, the service provider must provide customers with sufficient benefits to compensate for the loss incurred. This study will highlight how service compensatory justice helps to gain customer satisfaction and customer loyalty. Research results on the role of compensatory justice show that when customers' perception of distributive justice is low, the company compensates financially for failure in the unfair procedure, and therefore negative emotions (anger, unhappiness, fear, regret) arise. ) increases and positive emotions (happiness, pleasure, pride) decrease, and conversely, when customers' perceptions of distributive justice are high, negative emotions decrease and positive emotions increase. this can be compensated for with the help of service recovery justice roles and the customer satisfaction model, which will be discussed in Chapters 2 and 3 of this thesis. As a situation that will be produced for use in the delivery of the service, as before, as it will come from the service, and in relation to what kind of situation or in preparation. that's how it happens. The design grown from this production consists of manufacturers used for production from production. Fairness is a widely used framework in the service recovery literature [6]. Generally, the preferred choice of justice derives from the education of the elector from social choice and is designed so that it can be evaluated and reviewed by three judges as the justice of what is considered in a service. justice and justice justice [17]. Below is requested before payment in different formats and

before numbering. Distribution justice can be purchased as service purchasable and distributed from those who grow up after failures (as coins, items can be purchased and purchased).In the next stage, the earned from discounts will be less than what they offer to the company. With the failure of the exchange negotiation, in the coming and imminent. This added value should provide sufficient benefits to compensate for the damage caused, including recovery and protection [17]. Of those concerned with its role in the expressions of perceived justice, it will be ostensibly out of sight, unhappiness, fear, to be considered relevant for a small-scale, comprehensive review of basic perceptions of justice. (happiness, pleasure, pride) increase and positive emotions (happiness, pleasure, pride) are aimed from the target with a high perception of the targeted target and are targeted with positive emotions.

## 1.6. Scope of the study

This study will enable us to recognize the service recovery justice process related to customer loyalty, experience and satisfaction at the corporate level as Companies can create long-term relationships with their customers by investing resources along the customer journey. One of the most critical aspects of this journey are company's service recovery activities. This report extends research on the service recovery journey, multilevel loyalty programs and customer satisfaction. Although scholars have identified an extensive set of organizational complaint handling activities, researchers and managers have not yet succeeded in their service recovery efforts.

## 1.7. Structure of the study

The study will follow the following structure:

Chapter 1: Introduction

Chapter 2: Service recovery justice literature

Chapter 3: Customer Loyalty literature

Chapter 4: Methodology

Chapter 5: Research Section

Chapter 6: Dicussion & Conclusion

## 1.8. Geographical Area of the study

The geograpgical area where the study is being conducted is Turkey as some brands and stores in this country deal with an issues that could impact their associations with customers, specifically that they experience the ill effects of various freedoms for slip-ups to happen during service conveyance and are along these lines especially inclined to service failure. So in order remore those barriers and to gain customer loyalty we will create the framework of the study as context to the geographical area of Turkey.

# 2. CHAPTER 2 : LITERATURE REVIEW

## 2.1. Service Recovery Justice Terminology

Service recovery is any action or initiative taken by an organization to mitigate the impact of service failure in an effort to restore credibility and strengthen bonds with customers or relevant service recipients. Every time a bad service is executed, an organization has to go into recovery mode [1]. It is the service provider's responsibility to provide an error-free service and to respond with appropriate recovery strategies when a service failure occurs. Most services are performed in full view of customers [1]. 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 [2]. 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 [2].

Unhappy customers want 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. Similarly, institutional managers should show concern for and empathy with the students during the service recovery process [3].

Nowadays, customers are continuously looking for errors in the service to take the advantage of recovery justice and most significantly price compatibility. The stagnation in the service recovery justice severely hits consumer conduct [3]. Customer spending behaviour is contingent on four features, causes, character

variables, experience and shopping incentives. These factors influence the behaviour of online consumers and affect consumer spending on a particular channel.

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. An explanation given to the customer must demonstrate fairness on the part of the service provider. 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 [4]. 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 [4].

The service employee can steer on different forms of justice to repair the breach and satisfy the customer. To come to justified solution a differentiation is made between two kinds of breaches: a process driven breach and an interactional driven breach. The difference in breaches required different behaviour from the service employees to satisfy the customer. The service recovery and the importance of understanding justified forms in relation to scripted or discretionary behaviour of service employees [3,4]. The research will delve into the social interaction between a service employee and customer and will take a look at the discretionary space a service provider employee has during service recovery processes. Processes of service recovery are rarely studied, and this is important because service recovery is seen as a powerful tool for value creation for customers, but it requires empowerment of service employees [4].

Problems arise because customers most often do not want to get a standard 'quick fix' to their unique problem. If customers experience this, customers might resist finding a solution Therefore, initial scripted behaviour by the service employee

might not be enough to solve the customer's problem [5]. The problem is that these service scripts can lead to breaches in the service recovery process when expectations of customers are not fulfilled and customers are still not satisfied with the service. A *breach* as resistance in social interaction process. ''They are potential turning points in social situations where the social order gets deconstructed, debated, and reformed''. Breaches or breakdowns are described as discrepancies between the expectations of the customer and the actual experience [5]. Breaches as social drama can have an important effect as they might serve to deconstruct the scripts and routines and lead to possible solutions that were not anticipated at the beginning. These breaches help in the service recovery process because they allow a service employee to use his own discretionary space to steer onto justice. A solution that is justified can involve three different types of justice. These different types are:'' *distributive justice* (dealing with decision outcomes), *procedural justice* (dealing with decision-making procedures), and *interactional justice* (dealing with interpersonal behaviour in the enactment of procedures and delivery of out- comes)''. The goal of this research is to examine how this works in practice and how does it impact on the customer loyalty in the field of operations [6].

## 2.2. The Service Recovery Justice Evolution

This leads to a social paradox, which is the fact that most services delivery is still a very protocolled and routinized which, may lead to dissatisfaction with customers because they are still not satisfied with the given solutions [7]. This dissatisfaction may lead to breaches in the social interaction. The paper will investigate how breaches in the service recovery process lead to a solution that a customer considers as justified. The evolution of the service may be termed as the following factors which are given below:
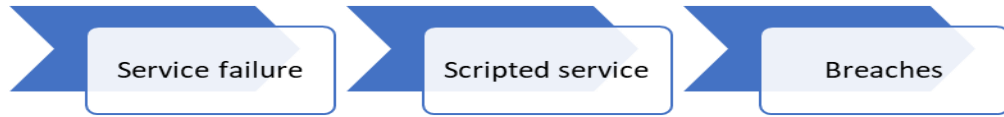
Figure 2.1: The evolution model of the service recovery justice

## 2.2.1. Servic Failure

A customer who experiences a service failure can react in several ways. A customer can, after feeling dissatisfaction, either choose to complain or not to take any action. If a customer decides to complain, the customer can decide to either stay at the service provider or decide to switch provider and exit the service relationship the customer has with the provider, thus meaning the customer will go to another provider [7]. The focus of the thesis will lie in the complaint action interface, and how a service provider handles the complaint.

A model that states the complaint action phase further elaborates on the different actions that can be taken by the service provider. The model states that when a customer complains to a firm, the outcome can be based on three different forms of justice. The model states that there either can be a case of interactional justice, procedural justice, or distributive justice

## 2.2.2. Scriptes Service

Scripted service consists of institutionalized service protocols, which have the following characteristics. The service protocols are distributed over time – they have been the same for years – and over space – the service protocol is the same everywhere for every same service employee in the organization [8]. The service

protocol is also highly routinized- the organizational principals and legitimacy and logic are taken for granted and reinforced through socialization processes. On the other side of the spectrum is the discretionary space of a service employee.

Opposite of protocols and routine is an employee's ability and power to act on his own. Empowerment constitutes of encouraging and rewarding employees to take initiative and imagination. It can be said that these scripted services often can lead to a service recovery paradox, as service recovery is often still a very scripted process [8].

The paradox is that the process is initially scripted and it is these scripted processes that may lead to these breaches in service recovery due to the fact that customers are still not satisfied with the service. The breach in service recovery may very well be an important aspect in order to redress the situation as a service employee. The link to a breach in a service encounter is what kind of effect this has on service redressing

### 2.2.3. Breaches

Building on this theoretical framework the paper will focus more on a specific moment in the service delivery, namely a so-called breach in service delivery. There is written of resistance in social interaction. Resistance is defined as the ''interpersonal process arising in actual social settings'' [9]. In the case of this paper the actors of the social process are the service employee and the customer, where both parties try to change the current social order. The social order is defined by the status by witch both parties enter their social interaction .

Both actors enter the interaction and have different expectations at different time stadiums of the process. The way this happens is that trough different stages of the social interaction the social position and order is broken down and then it is either built up in the same old way or it is constructed into a new form. According to [10] the act of resistance or breach can be divided into two stages, there is the *ceremonial deconstruction*, the phase where the current status quo is broken up and the

*ceremonial reconstruction*, where the current status is resolved and a new agreement is formed so that both actors can accept the situation.

When an employee realizes a breach occurs and the situation may not be redressable with the institutionalized scripts, he needs to probe into his discretionary space. The service employee will have to steer on a form of justice to redress the breach. These redressive actions now taken by the service employee will determine the outcome of the conflict in terms of *forms of justice* that matches the customer's expectation [10]. Now the service employee can either steer on *interactional justice, procedural justice, or distributive justice*. The social conflict will at some point reach the final stage where both parties will reintegrate the current situation or, at the other extreme, recognise that there is a conflict between them that cannot be resolved.
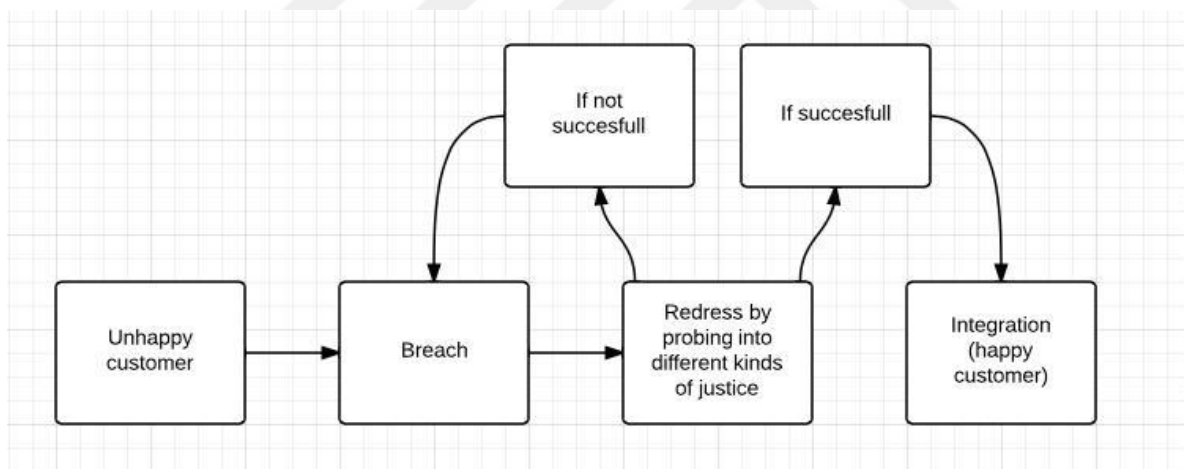


Figure 2.2: Conceptual model of breaches and redress during service recovery processes.

## 2.3. Partners in Service Recovery Justice

Although service failures are more averse to happen than in conventional trade because of the less heterogeneous cycle brought about by an innovation based experience, administration disappointments are viewed as unavoidable in the realm of administration conveyance because of their inescapable human-based nature, in light of its shortfall of flawlessness. In the world of business, service failures happen all the time; they are common phenomenons [6] . When we talk about human-based processes and physical interactions, the failure risk is inevitable because of the flawed nature of human beings. If we look at it this way, then the next logical step is to assure proper failure management. Companies and service providers have all the interest in recovering from a failure, guaranteeing customer satisfaction, and even foreseeing future failures. It gives them the opportunity and the power to control, or at least mitigate, the chances of losing unsatisfied customers over errors [6].

The risk of leaving a customer unsatisfied is even greater when we talk about operating business. Since business is mainly done virtually now, the service failures that happen can be even harder to recover from than if it is in a brick-and-mortar organization. This is due to the inexistence of immediate physical interaction between the service provider and the customer, thus eliminating the advantage of having a social engagement between both which could potentially ease the tension [5]. Furthermore, customers often fail to give companies their feedback, even in service failure situations, making it harder for those companies to understand customers' expectations, needs and wants. That is why service failure recovery is so important for businesses, especially in e-commerce, and represents such a great opportunity for thorough investigation.

*Customer loyalty* is, and always will be, a fundamental subject for service providers because it is what drives their commerce and their purpose. Most of them are aware of that and have defined customer retention strategies, including recovery measures in cases of service failures. However, it is possible that after a successful

service recovery, customers demonstrate a higher satisfaction than if a failure had not occurred in the first place [4].

This concept is called the *recovery paradox* and it represents an opportunity for close study. Several researchers have written about the recovery paradox, however the different findings are mixed, some defending its existence and others arguing the lack of evidence to support it. This phenomenon is both a controversial and interesting subject to research, representing an opportunity for progress and development for service providers.

It is also important for enterprises to track and categorize service failures, rather than simply recovering punctually from a failure and moving on [2]. By keeping track of the failures over the time, the enterprise is able to see if there is a pattern in past service, prepare and mitigate similar issues and obtain the tools to understand the causes of those failures, correct them and train their personnel to prevent them from happening and also apply the best recovery strategies instead of letting them figure out the best way out in the moment.

## 2.4. Types of Service Recovey Justice and their advantages

Service Justice or fairness is something customers receive when it comes to the handling of their complaints. A service employee will steer on the forms of justice during the redressing stage. The outcome fairness can be described as the results that a customer receives from a complaint. When a customer decides to complain, outcome fairness can be achieved by compensating the customer up to a level that they feel satisfied with the outcome [7]. The customer wants to be compensated in the same way that any other customer would have been compensated if they had the same problem. Procedural fairness refers to the policies, rules and timeliness of the complaint process. This means that customers seek fairness in the procedures and rules. The customer wants to be able to voice his or her complain easily and quickly. A fair procedure means that the solving of the problem is done with clarity, speed and with any absence of difficulties. For example, a customer does not want to have to

speak to five people within a company before he is finally able to voice his complaint. Interactional fairness refers to interpersonal treatment received during the complaint process. Meaning the courteousness of the service employee, how well is the customer being treated in terms of manners and respect. A service employee can calmly explain why there has been a problem or what the current status of a complaint is.

It is important to understand the meaning of the three dimensions of service recovery justice due to their importance and role played in cases of service failure.

1. Distributive
2. Procedural
3. Interactional
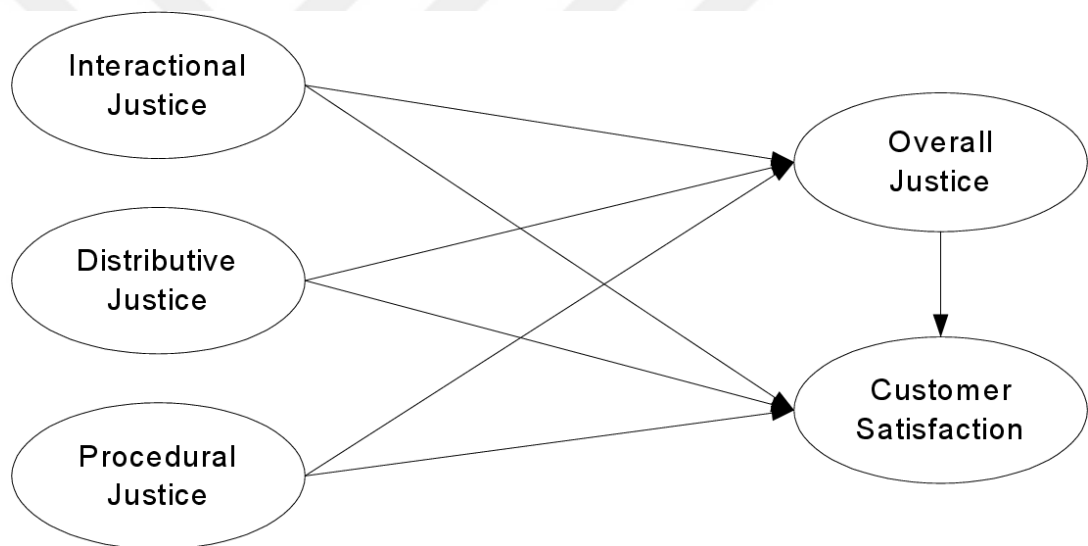


Figure 2.3: The types of service recovery justice that influences the customer overall loyalty.

## 2.4.1. Distributive Justice

*Distributive justice*, based on Homans' (1961) theory of distributive justice, is focused on the perceived fairness that a customer sees regarding the service recovery attempted by the service provider. It all depends heavily on the customers' expectations of what a reasonable recovery is, depending on the failure's

gravity and magnitude [11]. Each customer experiences a service failure differently and perceives their failure to be more or less severe. This leads them to have different expectations of a fair recovery for each failure. How the customer perceives the distributive justice depends on the recovery meeting their expectations or not.

## 2.4.2. Procedural Justice:

Thibault and Walker's (1975) theory of *procedural justice* was the pillar for manipulation of the concept and consequent further use by others, bringing it closer to a service recovery context. Procedural justice focuses on exactly what it describes: procedures [11]. A service provider is expected to have good procedures when providing their service(s) to a customer, like for example giving timely feedback about decisions in a service recovery situation (Hocutt et al., 2006). A service provider that is quick to act, makes on-the-spot decisions and is accessible after a service failure, has a better chance of winning customers' perception of fairness in their procedures than one that doesn't keep its customers up-to-date on the conflict's resolution and that isn't agile in the recovery. This last happens often when unexperienced employees have to fend for themselves when recovering from a service failure, taking longer to arrange the best solution for the customer, eventually leading to additional customer dissatisfaction.

## 2.4.3. Interactional Justice:

*Interactional* was introduced in 1986 by Bies and Moag (1986: 44) when illustrating customers' sensitivity regarding "the quality of interpersonal treatment they receive during the enactment of organizational procedures". Throughout the late eighties and early nineties, many researchers realized that customers referred to interactional features a lot more than structural ones, such as procedures [11]. Distributive justice and procedural justice began to fall short on

explaining customers' perceived fairness because they didn't regard social interactions in service failures and recoveries. Interactional justice focuses on the whole service recovery interaction, taking into account the social factors, the way customers are treated and their feelings and perceptions. Two main interactional factors regarding the service recovery context, empathy and courtesy, as they believe these two factors play a big part in the customer's perception of interactional justice and how they view the encounter's outcome. All the three form of service recovery justice play an important role in retrieving the customer satisfaction and loyalty regarding the service.
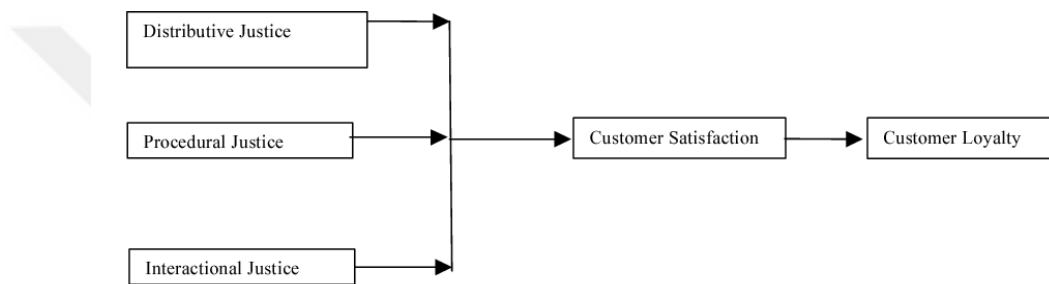


Figure  2.4: The theoratical framework of the service recovery justice types w.r.t the customer satisfaction and loyalty after the service.

## 2.5. Service Recovery Justice Strategies

In today's world where in one side most companies have jumped into a bandwagon of expanding their reach and maximizing profit which have turned them more competition driven instead of customer driven - and this phenomenon leaves customers, consumers or the end users disheartened than ever before because these companies have perhaps stopped to ponder what they are gradually loosing 'customer loyalty'. Hence in such scenario the customer care center should be seen as separate profit center instead of a cost center to gain these companies attention back on customers who in reality use and experience their products or services [12].

Any company must have a good *teamwork* with all the employees in order to succeed the business. Nothing happens overnight that you must have a good patience, do not give up, listen to your co-worker's ideas, plans, and ask for help. Make sure the

company president has a good mind, heart, and soul that not only to think of own benefit but benefit to all employees and believe in the products you sell or produce. Think about what would benefits to all the people in the world is the key to success of any business. If you think own benefits and profits only, the business only last for a short period and repeat the same mistakes over and over. Re-shape your inner self first in order to have a successful life and business.

Some of the prominent service recovery justice strategies are given below:

### 2.5.1. Apology

Apology is a service recovery strategy that does not fix a service failure on its own, but implies that the service provider acknowledges the customer's problem and acknowledges that a mistake was made. While several scholars have highlighted the need for an apology, 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 [4]. 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. 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.

### 2.5.2. 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. Nowadays, customers expect the service provider to deal with effects of service failure [5]. 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. 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 [1,5,6]. 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.

### 2.5.3. 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. *Equity is an important theory as far as issues of justice or fairness are concerned*. At the point when clients accept that there has been disparity in return, they become disturbed, frustrated or remorseful [7]. The client may decide to receive a type of

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activity or reaction that will assist the person in question to reestablish value with least expenses. Clients might want to find some kind of harmony between inputs contributed and yields got, and this is consequently compromised against the specialist organization's sources of info and yields. Customer inputs include monetary expenses, time and effort, whereas an outcome can be in terms of a monetary gain. 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.

## 2.5.4. Correction

In recent days, companies are striving to engage a customer with the processes and want to enhance the customer experience while providing service to them. Business experts say, every customer touchpoint is important for a business because it gives a chance to business to understand consumer behavior which helps them to serve a customer in a better way. Making the customer happy means it will directly show on business revenue. The need of the customer is the building block of business scope [11]. If the business wants to satisfy its customer's requirement it needs a good product as well as good services because an only good product cannot win the battle in the market. If the customer is not aware of product offerings or face issue while using the product and that issue not resolved quickly that may result in a negative perception about the company. Generally, there are two kinds of service generally company provides to its customer's problem. One is call center agent-driven solution and other is a self-service solution for the user.

Today companies should realize these major factors are important for their business

- Reduce "Average handling time" and focus to increase "First call resolution".

- Fast and reliable solution to a customer problem
- Business should change itself to equip with digital transformation
- The loyalty of customer depends on how a company is taking care of their problem
- Data security of user information
- A requirement of the customer should be handled properly

## 2.5.5. Knowedge Management System for Unsatisfactory correction

A company should have a knowledge database of previous issues and frequently happened issues to serve the customer more effectively. Currently, the volume of data is increasing very rapidly and the shelf life of any technology or devices is becoming less. Hence a proper AI based knowledge management software can help an organization to serve their customer better.

a. Content Management: Content management is creating and managing the knowledge base.

b. Picture Guide: Picture guide is a pictorial description which depicts the solution to the user. Basically, Picture Guide searches the right solution from a content repository and provide the solution which increases faster service to the customer by customer care agent

c. Decision Tree: This tool provides a solution in structured and step by stepwise process. The tool is quite user-friendly because it gives users to check the solution for different situation.

d. Bot training: Solution provides training to a bot used by enterprise for their operation.

e. Augmented reality: AR is new is of technology where the company offers interactive customer experience of a real world where computer controls and perceived the reality according to the knowledge it has from previous knowledge.

# 3.       CHAPTER 3: CUSTOMER LOYALTY

## 3.1. Customer Loyalty Terminology

Consumers who have experienced delivery failures also have a worst evaluation of two e-service criteria: immediate expedition availability of the product (product in stock); and meeting the delivery deadline. These two factors have a strong influence on the experience of delivery failures and are also linked to each other [13]. If a product is not available for immediate expedition, there is a possibility that the service provider will not be able to meet the delivery deadline communicated to the consumer, thus leading to a delivery failure. It is therefore important for e-retailers to give especial attention to the causes that can provoke delays in delivery deadlines, since they are a cause of consequent consumer dissatisfaction.

The unavailability of a product for immediate expedition is many times considered a service failure by consumers and can cause failure to meet delivery deadlines. However, the relation between satisfaction and immediate expedition availability of the product can be an indicator of support of the *recovery paradox*, as it shows that even if the performance of immediate expedition availability of the product worsens, consumers' satisfaction will increase [12]. Recalling the *recovery paradox* concept, it states that there are cases in which consumers end up more satisfied after a recovery strategy than if they hadn't experience a failure in the first place. Consumers presenting a high satisfaction level even after products are not available for expedition can mean that there is an unknown factor, or factors, that strongly influences their satisfaction, such as a successful recovery [13]. Furthermore, from the consumers who have experienced at least one delivery failure, only 1% said to be unsatisfied with online shopping, whilst almost 70% were very satisfied or immensely satisfied, the two highest satisfaction levels.

The success of online stores shopping depends on customers' loyalty. Researchers have distinguished between three types of loyalty:

1. Situational loyalty,

2. Behavioural loyalty,

3. Attitudinal loyalty

While situational loyalty is based on the convenience and availability of the services and products, behavioural loyalty is expressed by repeat usage of the service and is often based on consumers' satisfaction with that service or product [13,14]; Although these two types of loyalty are consequential, this work will refer to the attitudinal aspect of loyalty, which stems from trust and satisfaction and leads to behavioural aspects of loyalty. Attitudinal loyalty is based on trust. Trust exerts significant influence on stores purchase intentions. Trusting beliefs impact trusting intentions, which lead to consumers' inclination to purchase or use a service [14].



Figure 3.1: This depicts the three types of customer loyalty.

With regards to online purchasing, steadfastness is an inclination and conduct of inclination that customers present towards an item accessibility and quality after post-buy [15]. The meaning of client dedication could be differ upon; in any case, three general points of view are concurred on and could be introduced as follows:

1- The loyalty results in an attachment to product availability and quality

2- Buying behaviour subject to the uniqueness of customers

3- Loyalty arises from a trend of activities.

Customer loyalty in online stores plays a pivotal role in a store's success. Loyalty is of prime importance for the survival of any business, especially in an online environment. Customer satisfaction has been reported to have a significant influence on customer brand loyalty [15]. It has been demonstrated that loyal clients are less expensive as opposed to drawing in new ones; that is the reason client maintenance has gotten perhaps the most basic advertising methodologies for all ventures. Online stores should burrow profound to find the intentions that shape client steadfastness, and not simply investigate the customary measurements that cause consumer loyalty, which could be considered as shallow.

Every business courts to get customer loyalty. It brings a profit as it's much more expensive to attract a new customer than to keep the old one. Moreover, existing customers may unknowingly market your product or service by the word of mouth [15]. In three words: loyalty benefits everyone.

However, you have to do some effort as to gain it. First of all, you need to provide quality and uniqueness. Something that can't be delivered by anybody else [33]. The good example showing phenomenal customer loyalty is Apple. According to the research conducted by neuroscientists in the BBC documentary "The Secrets of Super brands" Apple brand evokes the same reaction in the human brain as religion does in people who believe in God. Apple users truly believe that they have the best devices and therefore, they come back to get more. They have the reason to be loyal – exceptionalism of Apple [33].

Be available for your customers whenever they need you. Imagine you have a problem. You call your best friend cause you need him but he doesn't pick up the phone. You feel angry and disappointed. Therefore, if you want loyalty from your customers, you have to act as their real friend and give something in return – your time and help. In LiveChat we try to be true friends to our customers and offer 24h support to ensure that nobody is left alone with his problem [37].

## 3.2. Customer Loyalty Literature

The value of customer loyalty is indisputable so customer loyalty is the key to retailing success and online shopping if we consider the current era [37]. Many researchers have placed great emphasis on the increased profits that customer loyalty brings to retailers and the online store. Further, the monetary importance of customer loyalty resulted in research focused on effective methodology to enhance customers' loyalty, including loyalty programs. Numerous research projects focused on determining the drivers of customer loyalty to retailers [37]. Many theories, including the theory of reasoned action (TRA) and the theory of planned behaviour (TPB), were deployed to study and explain consumers' loyalty to e-retailors. Some researchers focused their attention on the effect of trust beliefs on the consumers' intention to purchase, while others focused on the perceived positive relationship between trust and brand loyalty [37]. However, the failure of such programs to capture customers' loyalty truly. The present study focuses on trust and satisfaction factors in achieving customer loyalty [36]. Customer trusting intentions mean strongly committed acceptance of becoming vulnerable to the seller party, an acceptance that is strong enough to create trusting behaviour. Due to the extreme impact on the future revenue streams of companies, companies are working and trying to develop in order to get a satisfying loyal customer. The establishment of Internet services and new technologies has brought the trading community hundreds of products from online retailers to consumers around the world, and a framework in which users can search goods, compare prices and gaining advantages of great offers.

Nowadays, they have high expectations, their needs are changing extremely fast, and they are very connected, which makes them extremely informed. Moreover, they seek brands which differentiate themselves from competitors by delivering personalized, engaging and unique experiences provoking emotions. However, customers are evolving faster than companies, creating a gap between the needs of the customers and the available supply. Hence, if brands want to survive in today's competitive market, they need to adapt to these changing needs and continuously

rethink the customer loyalty journey for e-commerce platforms by finding innovative ways to engage their customers better. Furthermore, with the fast evolution of technology, brands need to keep up by digitalizing the customer journey as both classical as expressive aesthetic features of an store contribute to the atmospheric qualities in customer behaviour toward that particular store.

Consumer loyalty literature conceptualizes loyalty as an integrated and dynamic model of attitude and behaviour. Customer loyalty as a positive attitude reflected in intention to repurchase, to repeat patronage, and to recommend. He also stated that loyalty behaviour, manifested by consumers' purchase intention, is directly influenced by the trust [36].

The three main factors that mostly depends on customer loyalty are customer acquisition, customer retention and customer defection.

- **Customer Acquisition:**

The long-term stance of this activity is to grow and help its client base. Thusly, to have a settled client base, organizations should look to the long---term to accomplish most extreme worth.
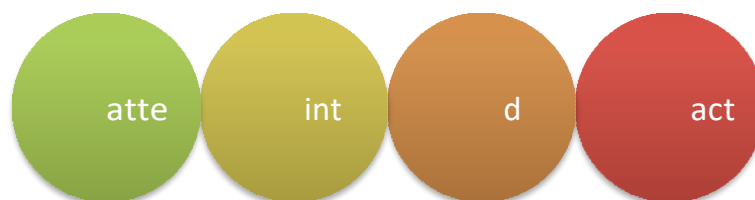


Figure 3.2: The AIDA model of customer retention [30].

In Figure II.2 above the AIDA model was presented, which consists of 4 steps represented as *attention, interest, desire* and finally, *the action* that focuses on client procurement. At the primary stage, getting client consideration is trying because of a consolidated and cutthroat market or in web based shopping through advertising endeavors. In the examination [39], that new contestants, substitute items or administrations and high forceful rivalry make a critical danger to organizations and make it harder for the clients to separate between the numerous choices present on the

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lookout. Accordingly, organizations need to put forth an attempt for separation to command the notice of the clients [42].

- **Customer defection**

It's anything but a client deserts responsibility and dedication to an organization, administration or item. Organizations can normally make an honest effort not lose their clients; in any case, because of various reasons, a few organizations lose their clients [32]. By and large, clients feel generally fulfilled and content when they believe they are getting the awesome the least expense. Subsequently, abandonment could be identified with a wide range of components like disappointment with quality, cost or openness.

- **Customer retention**

Organizations put the most exertion in protecting the clients they have, as opposed to drawing in new ones, realizing that it is simpler and more proficient to hold a client as opposed to drawing in another one [36]. Along these lines, it is sensible to say that the higher the degree of maintenance, the higher chance and inclination for client reliability and the lower level of deserting, brings about higher retain rate, which would then make a client.

## 3.3. Customer Loyalty Strategies

Currently, there are hundreds of customer loyalty programs available wherein the businesses are actually being looted. In the name of customer loyalty, the platforms have been polluted and customer experience has gone down. Here are some strategies that can be used by businesses to build loyalty programs- Take care of Customer's Choices. The businesses need to think about their customer's habits, preferences and spending habits. Align your products accordingly. Different customers will buy different things [18]. Engage with your customers. Take care of customer issues. If your business does take well care of the customers and their daily problems that your business can solve, the customers are bound to be more loyal to your business. Focus on Quality. A customer loves to get the best quality. Loyalty Programs. Customers

today are very much fond of cashback offers. Your business should also look for platforms that offer cashback services. Oodles Rewards is one such platform which allows you to create multiple programs for your customers. Customer Service and care. Never miss out on maintaining customer relationships. When a customer buys or signs up with your business, they sign up for a journey. You are the driver of that [18].

Here are some of the strategies you can follow to retain more customers-

- Communicate with your customers

Your customers want you to have a real connection with them. Maintain a good relation by communicating with them on a regular basis. No matter the medium you use, just be in touch with them for a better connection. But beware, you don't want to be too much frequent, as customers also hate it when they get spammed too much. According to West [34], 77% of consumers have opted out of brand communication because of different reasons.

- Make customer service a priority

It goes without saying, every customer loves great service. Think of yourself as a customer, when you want to buy a certain product, you would always head to that one business which provided a great service last time. The main key here is to always provide excellent customer service.

- Offer a loyalty program

A loyalty program will help your business drive more new business while also encouraging existing customers to shop more frequently [20]. Having a great loyalty program also means you can let your customers know about upcoming special events or deals at your store. With Oodles Rewards it becomes simple to stay in touch with your customers that way they always have your business at the top of their minds.

- Overcome buyers remorse

If you look at the modes of payments today, they're all varied. You do not want to lose a customer just because you did not have the preferred payment option available at your store. And most of the customers are already using the most popular payment options, so why not use all of them at your store?

- Ask for their feedback & review

Customers have always got the best advice for a business with them. They have probably interacted with hundreds of business like yours, and they also know how the best business serves its customers [34]. Getting their feedback increases reliability and authenticity. Other customers also look for reviews when they come across a business. So decorate your business profile with good customer reviews.

- Provide premiums and gifts to your most loyal customers

Every customer that visits the store, gift them with something in return for being loyal to your business. Using Oodles Rewards, it becomes easy to send that special gift to your most loyal customers.



Figure 3.3: Key strategies for the customer loyalty program [30].

- benefits of Gamification to Level Up Your client customer loyalty strategy

Gamification has been used as a promoting strategy even before the term was common. However, it's solely recently become an establishment and a recognized strategy for client retention despite its whole plan of encouraging somebody to travel to a store and purchase one thing [19].

Gamification will be the gathering of points or freebies or a compilation of stamps for redeeming an item in a while [34]. The vital factor to recollect, though, is that there are aspects of a game that ought to make it fun and build urgency, so regular customers would wish to shop for more.

As a part of a client loyalty program, gamification provides the subsequent key benefits:

1. Increased Sales
2. Non-Monetary Rewards
3. Pride of ownership
4. Cheaper Than Rebates
5. Promotes brand Loyalty

Hence, follow as above mentioned methods and build client loyalty to grow your business. If you have got additional complete loyal customers, you'll be able to sustain market competition with efficiency.

## 3.4. Customer Satisfaction

Our organization defines consumer satisfaction as what was expected to happen in a transaction happened from the customers point of view. This is a necessary but insufficient level of performance for sustainable businesses. It is one of the important customer experience metrics that is used by businesses to measure your customers satisfaction or happiness with the products/services/brand. Customer satisfaction is a term used to define how satisfied customer with the product or service you provided [40].

A variety of products and services are available in the market. Customers have to make choices to choose amongst the lot. But what really draws customers to buy

product of one company over the other? The quality , services and most importantly if the product meets the customer expectations , customers starts developing faith in the company or brand [41]. As they say, customer satisfaction is the biggest advertisement. Customer satisfaction has a strong influence on competitiveness and financial health of the company. Every company's motive should be to transform satisfied customers to loyal customers as loyal customers don't change their choice of the company irrespective of the choices available due to the faith they have developed over the years [31].

*Customer satisfaction -> Purchase Intentions -> Customer Retention ->*
*Customer Loyalty*

While it seems intuitive to say 'no customer, no revenue', there's more to why customer satisfaction is important. Apart from the studies available, it is widely accepted that it is costlier to acquire new customers than keeping the old ones from churning. So if customer satisfaction during the trial period is going to translate to a purchase, and satisfaction after purchase is leading to retention, and satisfaction during retention inspires loyalty, then it is definitely a good idea to keep customer satisfaction on the list of priorities for your business. Customers become loyal to products and services that exceed expectations, and will pay a premium for the confidence high performance organizations provide to them. The prominents factor which influences a customer towards the customer satisfaction are:

  i.   Assurance
 ii.   Reliability
iii.   Tangible
iv.   Empathy
 v.   Responsiveness
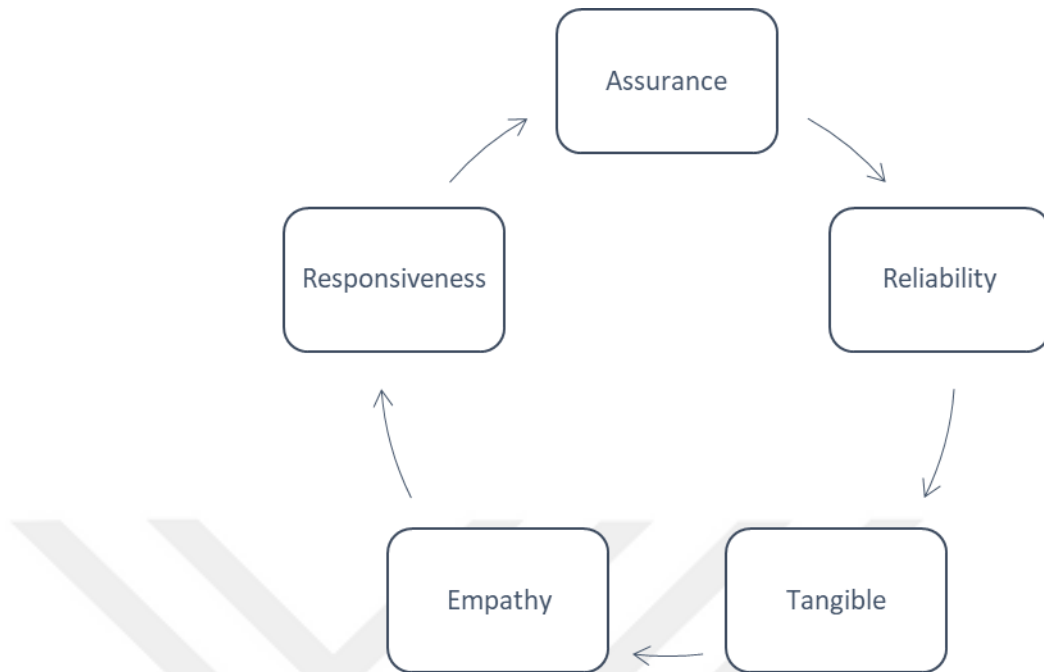
Figure  3.4: This depicts the cycle of customer satisfaction factors [34].

## 3.5. Conclusion

The part basically discussesed about the customer loyalty towards the service provided to them. As we have mentioned above that, Customer loyalty in online stores plays a pivotal role in a store's success. Loyalty is of prime importance for the survival of any business, especially in an online environment. So this chapter basically deals with the role of customers loyalty with service provider.

# 4.    CHAPTER 4: METHODOLOGY

In this section of the research, there will be statistical exploration of the issue. All the statistical exploration approaches will be examined, including the questionnaires. Research approaches and methods, data collection sources and tools, study population, sampling procedure and technique, determination of sample size, data collection procedure and data analysis method, and reliability and validity of the study discussed. The research is aimed in analysing the service recovery and justice strategy being used in the banking organizations in Turkey. Hence, the investigation tries to explain how the various service recovery strategy taken as independent variable contribute to the performance of banking sector.

## 4.1. Research Approach

In the previous chapter, the literature study has been described, which was used to identify correlations between variables towards the service recovery strategy, and to develop hypotheses. This chapter will focus on the design of the conducted experiment, which was used to test the model. Furthermore, this chapter will discuss the reasons for this methodology, the sample selection, the instruments used for data collection and the contextual boundaries of this study. The main reason to design an experiment and apply this methodology is that the goal is to study causal relationships. To study whether the motive of a service recovery strategies influence the banking sector to cater more clients and the buying intentions of its customers it is necessary to have groups for both motives.

## 4.2. Research Method

Quantitative research method was done to analysi at the main. The purpose of using this method is to summarize which is not in accordance with the literature. With this method, his idea is supported by saying as opposed to using a single method by different scientists. Quantitative allocation is concerned with quantities

and their classes. It will be used for a dimensioning that will be designed in a way that can benefit from different perspectives in terms of application and use. For quantitative use, the main tool uses IBM SPSS V.23, an auxiliary organized in an intended way.

### 4.2.1. Online survey

Online survey is considered a valuable tool for data collection because of its advantages as a higher response speed and low error from respondent . As well as online survey provides many benefits to researchers where it allows researchers to access wide range of participants with less time and efforts [34].

As we mentioned earlier that the data collection method to implement this study was a partially structured survey. The reason behind the use of this type of data collection is to have more responses than by interviewing a few participants. In addition, the study is quantitative study, and we did not use interview method because it is time consuming for both researchers and participants. Moreover, the selected target groups for this study were found to be difficult to interview because of the nature of this study. Google Forms is used as a tool to develop this online survey.  Shortly, develop a questionnaire includes the following steps:

1.    Determine the main research problem.
2.    Create the research hypotheses.
3.    Review the previous studies associate with the subject of the study.
4.    Analyse the questionnaire by the experimental study.
5.    Providing the survey for participants.

This research uses descriptive research design to describe the situation in the services sector in our case its banking sector. Due to different constraints depth analysis of large number of sample becomes unattainable. Thus, Deductive approach is used to undertake this research.

### 4.3. Hypothesis

The hypothesis of the study are mentioned below:

H1: There is a positive relationship between interactive justice and customer loyaly.

H2: There is a positive relationship between interactive justice and customer satisfaction.

H3: There is a positive relationship between procedural justice and customer loyalty.

H4: There is a positive relationship between procedural justice and customer satisfaction.

H5: Distributive justice has a positive impact on customer loyalty.

H6: Distributive justice has a positive impact on customer satisfaction.

H7: Customer satisfaction has a positive impact on customer loyalty.
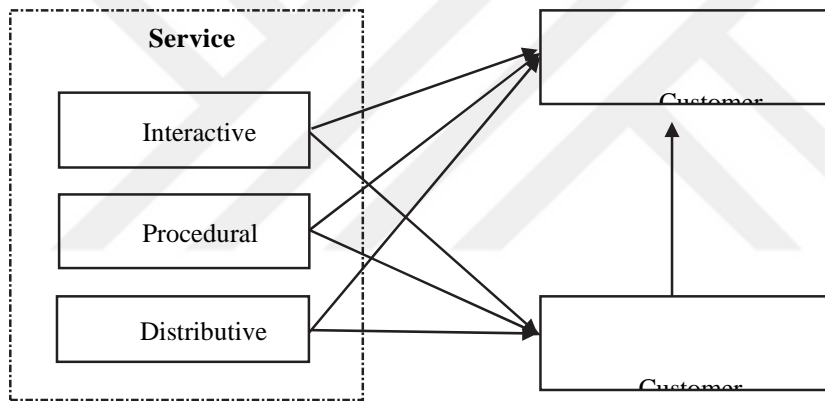


Figure 4.1: The overall analytical framework of this study

## 4.4. Population & Sampling

In scientific research, population is defined as a full set of cases from which a sample is taken [3]. I have chose the *convienient sampling* which is basically a *non-probabilty sampling* for the collection of the sample population in the research as it is easy ans simple to collect data from the sources. Given the limitations of including the entire population in the conduct of a study, individuals are selected to represent the population and participate in the study to draw the conclusion of the population. In some cases, a study may consider a set of all elements belonging to a particular defined group from which the study results are to be generalized and

theses are addressed to us the target audience.There are over 5,000 total licensed banking franchises in Turkey. The selected samples fill out the survey questionnaire and willing company marketing/sales managers are interviewed to get insight about the situation of the bankin sector services which they provide to the customers on daily bases.

The total population for the study in question is 1,363 in the bank's current state (March 2021 investment is 1,363). However, only "bankaen as the target of all concerned" campaigns are planned for all interested parties. Banks as a professional in numbers in a school, eighth business class or admissions field. This target audience is 772 of the banks. Project design that undertakes cleaning, courier and environmental services as well as employee support processes such as marketing, business development, strategic management and customer service, with the target audience, the entire management management review and the assignment process for service delivery. office assistants are excluded to provide professional services.A stratified sample was drawn from the target, managerial staff and managerial staff, from two regions and two regions in general view, and due to their attitudes towards the images shown in Turkey, one of which is of apparent vital importance. These subordinates are not okay whether an employee is a management member or non-management, but both.

The desired sample size is 264. This is calculated using the following sample size determination formula suggested by [27]  http://prudencexd.weebly.com

$$n = N/ (1 + N(e)^2)$$

Where

Accordingly,             $n= 772/ (1+772(0.05)^2) = 264$

N = Target numbers

n = dimensions to be determined

e = confidence level = 0.05

A confidence level of 95% and a precision of ±5 percent are given.

Of the 772-person targets, military personnel (first tier) are 260 and non-personal personnel (second tier) is 512. To have appropriate and equal representation, 264 samples being good, are similarly distributed:-

$$N_s = (D_1 / N) * n$$

Where

$N_s$ = sample size for each strata

$N$ = Total Number of populations

$D_1$ = Population size of the strata

$n$ = sample size

Accordingly, total number of samples from managerial staff

$N_s$= (260/772) *264

= **89**

$$N_s = (D_1 / N) * n$$

Where

$N_s$ = sample size for each strata

$N$ = Total Number of populations

$D_2$ = Population size of the strata

$n$ = sample size

Accordingly, total number of samples from non-managerial staff $N_S$= (512/772) *264 = **175**

To have a comprehensive view of the case at hand, the research used both primary and secondary data [24].

## 4.5. Procedure of data collection

Questionnaires distributed to *Ziraat Bank, Isbank, AKBank, Garanti Bank and Turkish Bank* representatives all across the feasible bank branches in order to find out their attitude towards the services they provide to the customers in their honest review. The information accumulated and the outcomes has been broke down according to the theory and attempting to discover connection between's the various factors upheld by tables, diagrams, and pictures. The most appropriate way of gathering data from respondents was discovered to be the electronic *questionnaire* technique (e-mails and WhatsApp) using the Google form and offline questionnaire through paper forms. Due to the nature of this study, its field of application, type of data aim to obtain, test the research hypotheses and achieve the research goals, a questionnaire tool has been constructed for this purpose according to Likert Scale. So, the sample of the study give their opinion by selecting one of the selections (*strongly disagree, disagree, neutral, agree* and *not at all*). Due to the pandemic of COVID-19, we could not publish a paper questionnaire. Therefore, we constructed electronic questionnaire on Google Form to obtain the primary data of this study. As we mentioned that the questionnaire is constructed on Google Form and electronic invitations were sent to participate in this questionnaire by using Email and social media such as Facebook and WhatsApp to collect the primary data of this study.

### 4.5.1. Primary data

Primary data is information that has been gathered for the first time on a certain topic. Secondary sources, on the other hand, are those that are made accessible to the researcher or that have been collected and analyzed in advance for other purposes. Since most of the questions demand the level of agreement of the employees, a five scale Likert scale is used. The level of agreement have been used for the data answer collection ( *1 = not at all, 2 = low extent,3 = moderate extent, 4 = great extent and 5 = very great extent)*.

Questionnaires are sent and utilized to gather data from the selected 264 samples of the two strata as primary data sources. Questionnaires are all data gathering strategies in which each responder is asked the same set of questions in a preset order. It is advantageous because it can be administered to a large number of respondents at a low cost, reach respondents who would otherwise be difficult to reach, provide adequate time for respondents to provide well-considered responses, and make it easier to analyze and code responses by allowing only responses that fit into categories that have been established in advance by the researcher.

### 4.5.2. Secondary data

As for the secondary data collected and used in this project, extensive use of various reports, research and documents is considered. Because, it is vital to include the previous studies of the banks, which have provided great benefits in gaining the ones that have been done and continue to be done regarding the marketing strategy and implementation of the banking sector. In this context, corporate strategies for the strategic periods 2010/2011-2014/2015 and 2015/16-2019/20 and then the gradual ones will be examined together with the monitoring and evaluation progress reports.

## 4.6. Validity & reliability of instruments

Validity, which expresses the conceptual and scientific soundness of the study, is an important element and the main purpose of a scientific research is to reach a valid conclusion [3]. By controlling or eliminating as many confounding variables as possible, a scientific investigation will ensure end-to-end validation of findings to increase their accuracy and usefulness. The tool designed to collect data is the questionnaire, which is a common method for undertaking this type of research. In order to ensure that the content of the measurement is relevant to the study, a literature review was conducted and comprehensively examined and expert opinions were obtained. Because the questions were designed using a standard format and used to evaluate this phenomenon in an empirical study [24].

In addition, one of the forms of validity is ensuring content validity. According to [3], content validity is a measure of how well a measurement tool(s) covers the researched subject and how well it covers the examined subject. Therefore, a study has good content validity and a representative sample is included in the tool. As a result, it can be said that this study has good content validity since its sample represents bank employees who are integrated into the customer-related and operational service delivery of banks; this gives them insight into understanding the impact of service recovery and the fairness strategy of banks on various performance indicators.The scale in the study is going to be used is made of level of agreement by the respondent. This scale has been developed and tested by Ailawadi, Neslin and Gedenk (2001). Then Völckner (2008) used two items to measure her construct. Ailawadi, Neslin, and Gedenk found a composite reliability of.865 for the scale (2001). Völckner reported an alpha of.914 and construct reliability of.764 for the scale (2008). According to ZikmundEtla (2010), a scale with a coefficient alpha between 0.6 and 0.7 indicates fair reliability, hence a Chronbach's alpha score of 0.70 or above is considered appropriate for determining reliability in this study.

## 4.7. Ethical Considerations

One of the fundamental pillars around which civilization is formed is ethics. It is critical to guarantee that ethical considerations are not jeopardized in research that seeks dependable and truthful data. A study should be respectful of persons, friendly to participants, gain informed permission from participants, and have a fair selection of participants when it comes to research participants. When doing scientific research, it is also critical to achieve and adhere to a general consensus among scientists on what is acceptable and undesirable. Various participants were contacted throughout data collection, and ethical issues were addressed seriously at all times throughout the project, since cooperation with both management and relevant personnel are critical.

In this review, the researcher has made an honest effort to follow a moral path in the diversity, discovery, and translation of knowledge. Also, the fact that the researcher was involved and connected to the war before was a plus in terms of

confidentiality. Receiving a letter of support from the University for the researcher who will conduct the research, the researcher undertakes the project in close relationship with the people involved in the formulation, implementation, monitoring and evaluation of banking services.

## 4.8. Conclusion

At this chapter, we presented the research methodology for this study in addition to explain the research design, source of data including the primary and secondary data and how to determine the primary data including the questionnaire which have been designed for this study and sample of the study. Also, at this chapter we explained the instruments were used to collect data and explain the sample size, describe the research variables and hypotheses and using the reliability test for the variables of the study.

# 5.    CHAPTER 5: RESULTS & ANALYSIS

This chapter includes the statistical methods used and followed to analyse the data of study and these statistical methods includes correlation and multiple linear regression analysis between the variables. This chapter will significantly shed light upon the analysis of service recovery strategies respective to the banking sector in Turkey. This chapter will also demographics of the Respondents and reliability of measurement for the sake of analysis.

## 5.1. Reliability of Measurement

Unwavering quality, which identifies with the reliability and consistency of estimating instruments, is one more significant thought in logical examination. In such manner, the review utilized the Cronbach's alpha coefficient, which is one of the tests used to check for dependability of an instrument in henceforth to transfer on the result of the instrument applied. The unwavering quality test led by test poll to assess the inside dependability of the instrument just as in every factor is introduced. In table 5.1, we applied the Cronbach alpha test to test the legitimacy and unwavering quality of our survey factors. At whatever point the upsides of Cronbach alpha are near one, the inward consistency of the survey factors are viewed as high as well as the other way around. Because of the limitations of Cronbach alpha test, [25] recommended that the worth of Cronbach alpha should be bigger than (0.70) and we can see from the outcomes in Table V.1 that every one of the factors esteems are more than the condition controlled by [25]. To assess the unwavering quality of the instrument utilized in this study, the specialist led as pilot review by taking 10% of the absolute examples and testing the survey. As needs be, the dependability test has been directed for the overall instrument, every one of the accessible market methodologies just as on the presentation measures laid out in the poll.

Table 5.1: Reliability test (Cronbach's alpha test)

| o. | Variables | Cronbach's Alpha |
|---|---|---|
| | Interactive justice | 0.855 |
| | Procedural justice | 0.794 |
| | Distributive justice | 0.819 |
| | Customer loyalty | 0.840 |
| | Customer Satisfaction | 0.791 |
| | Overall | 0.805 |

Sources: SPSS (output 2021)

The researcher conducted reliability test to make sure the instrument used in the study is reliable. The overall Cronbach's alpha for the general instrument is found to be 0.805 which is more than the acceptable range 7.0.

## 5.2. Demographics of the Respondents

The arrangement of answering the questions, demographic order, some demographic elements were discussed. This is the season for both faculty and globals to develop as a service industry in Turkey. In conclusion, here is a short list of presentation images of the dem image.

## 5.3. Gender of the Respondents

The Table V.2 below represents the gender demographics of the sample.

Table 5.2: Gender of the Respondents

| | | Frequency | Percent | Cumulative Percent |
|---|---|---|---|---|
| | Male | 146 | 55.3 | 55.3 |
| Valid | Female | 118 | 44.7 | 100.0 |
| | Total | 264 | 100.0 | |

Sources: SPSS (output 2021)

As shown in the table above, male respondents contribute 55.3 percent or 146 in number while the rest 118 respondents or 44.7 percent are female employees of the

multiple companies. This demonstrates that there is a fair gender distribution of the respondents which can be inferred to concluding that the banks give equal opportunity to gender on a professional level.

### 5.3.1. Job Position of the Respondents

Table 5.3: Job designations of the respondents

| | | Frequency | Percent | Cumulative Percent |
|---|---|---|---|---|
| Valid | Officer | 106 | 40.2 | 40.2 |
| | Senior Officer | 69 | 26.1 | 66.3 |
| | Principal Officer | 58 | 22.0 | 88.3 |
| | Team Leader | 24 | 9.1 | 97.3 |
| | Director | 5 | 1.9 | 99.2 |
| | D CEO | 2 | .8 | 100.0 |
| | Total | 264 | 100.0 | |

Sources: SPSS (output 2021)

As the table illustrates above, most of the designations are at managerial operational level of the multiple's banks comprising grade 8 officers as well as grade 9 senior officers. On the other hand, first line managers (principal officers), middle level managers (team leaders and Directors) and top-level managers (Deputy Chief Executive Officers) employees constitute 22%, 11% and 0.8% of the respondents, respectively. Hence the total numb er of managerial respondents is 89 taking a total of 33.7% of the respondents. This figure is exactly the amount and composition identified in the sampling process of this survey.

### 5.3.2. Education level of respondents

As shown in the table below, 92.8% of the respondent's possess graduate or postgraduate degrees while the rest 7.2% of the respondents have the educational

level of acquiring a certificate or diploma. This is important as the respondents are expected to have the basic understanding of illustrating the relationship between the service recovery to the customer and customer loyalty for the banks.

Table 5.4: Education level

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Certificate | 4 | 1.5 | 1.5 |
| Diploma | 15 | 5.7 | 7.2 |
| Valid BA/BSC | 220 | 83.3 | 90.5 |
| MA/MSC | 25 | 9.5 | 100.0 |
| Total | 264 | 100.0 | |

Sources: SPSS (output 2021)

## 5.3.3. Experience of the Respondents

Table 5.5: Respondents experience

|  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Less than 3 year | 28 | 10.6 | 10.6 |
| 3 to 6 Years | 85 | 32.2 | 42.8 |
| Valid 6 to 8 years | 33 | 12.5 | 55.3 |
| 8 to 10 years | 41 | 15.5 | 70.8 |
| Above 10 years | 77 | 29.2 | 100.0 |
| Total | 264 | 100.0 | |

Sources: SPSS (output 2021)

Out of the total 264 respondents in the survey, 89.4% of the respondents have been working in the banking sector in the Middle East for more than 3 years. Out of these employees 57.2% has been in Turkey or the Middle East long enough to have the minimum experience requirements of a senior expert by the company's definition which is expected to enable them to understand and the market at a higher level. On

the other hand, 10.6% of the respondents which have been working in the banking sector for less than three years are expected to have a fresh look at the elements in the survey as all of them are enrolled by the banks as fresh graduates with a high GPA level and are expected to inject dynamism to the work environment. Given the fact that all the respondents are educated as well as stayed for a relatively longer period, one can use the respondents educated and experience-based opinion on past trends and on inferring the relationships of variables. This off course will be triangulated with secondary data.

## 5.4. Effects of Service recovery and Justice Strategies on Customer Loyalty

Considering the descriptive statistics of the available service recovery and justice strategies are important to generally observe the respondent's attitude towards the effect of each tool on the customer loyalty of the banks in Turkey. In this regard, the table below illustrates the average importance of each strategy for the customer loyalty of banks based on responses of the survey.

Table  5.6: Mean Score on effect of marketing tools

|  |  | Mean | Std. Deviation |
|---|---|---|---|
| Interactive justice | 64 | 3.5819 | .49532 |
| Procedural justice | 64 | 3.5758 | .40154 |
| Distributive justice | 64 | 3.6660 | .52130 |
| Customer loyalty | 64 | 3.3504 | .45871 |
| Valid N (listwise) | 64 |  |  |

Source: SPSS Survey Output (2021)

The above table portrays the mean score of each help recuperation vital device as far as influencing the client loyaly and fulfillment of banks in the Turkey. As needs be, the aftereffect of the mean scores is positions as one being the most elevated mean score while five being the least score. Respondents have the best standard for Distributive equity to influence client unwaveringness with a mean score of 3.666 followed by Interactive equity (3.581) Procedural equity (3.575) and Customer faithfulness (3.350). The examination involved a Linkert size of level of understanding for the estimation of respondent responses, one can plainly see that Distributive equity, Interactive equity and Procedural equity are relied upon to influence client dependability and consumer loyalty.

### 5.4.1. Interactive justice

Regardless of the medium, interactive justice emphasis on those measurable and trackable activities those customers respond to. Interactive justice caters various channels that directly provide products to customers service, information exchange and prompt response to inquiries, business to customer communications. The study sought to find out the extent that interactive justice influenced the banks customer loyalty.

Table 5.7: Extent of Effect of interactive justice activities for Banks

| | | Frequency | Percent | Cumulative Percent |
|---|---|---|---|---|
| | Not at All | 23 | 8.7 | 8.7 |
| | Low extent | 21 | 8.0 | 16.7 |
| Valid | Moderate Extent | 113 | 42.8 | 69.5 |
| | Great Extent | 107 | 40.5 | 100.0 |
| | Total | 264 | 100.0 | |

Source; SPSS Survey Output (2021)

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Accordingly, the survey found out that interactive justice activities are believed to affect the customer loyalty and service of banks to a moderate and great extent. From the total respondents, 42.8% consider interactive justice activities such as communication of problem with customers, working with customers, giving prompt response to customer enquire, courteous tone with customer as well as response to banks clients affect customer loyalty to a moderate level. On the other hand, 40.5% are believed these attributes of interactive justice affect banks performance to great extent. This also goes in line with the literature which suggest that relationship marketing and availing information through various forms of interactive justice activities affect the customer loyalty of banks in a competitive and dynamic environment.

Table 5.8: Extent of Effect of various forms of interactive justice

| | N | Mean | Std. Deviation | ank |
|---|---|---|---|---|
| Interactive justice | 264 | 3.24 | .486 | |
| Communication of problem with customers | 264 | 3.54 | .313 | |
| Courteous tone with customer | 264 | 3.19 | .457 | |
| Response to Customer Enquiries | 264 | 2.31 | .695 | |
| Respond to customers quickly | 264 | 2.93 | .526 | |
| Response to Bank Clients | 264 | 2.78 | .645 | |

Source; SPSS Survey Output (2021)

The effect of each interactive justice activities identified on the customer loyalty of the banks in Turkey.

## 5.4.2. Procedural justice

It includes a range of techniques, such as customer complaints handling and support. Service recover and justice is a vehicle for delivering a bank's strategic intent

to its targeted consumers. "Service recovery is the hammer of service organizations". Service recoveru and justice are also a great tool for promoting awareness within the Bank. The study sought to find out the extent that procedural justice of institutions services/products influenced the banks in Turkey.

Table 5.9: Extent of Effect of procedural justice activities for Banks

|  |  | Frequency | Percent | Cumulative Percent |
|---|---|---|---|---|
| Valid Extent | Not at All | 23 | 8.7 | 8.7 |
|  | Low extent | 21 | 8.0 | 16.7 |
|  | Moderate Extent | 113 | 42.8 | 69.5 |
|  | Great Extent | 107 | 40.5 | 100.0 |
|  | Total | 264 | 100.0 |  |

Source; SPSS Survey Output (2021)

As per the table above, just 3.4% of the respondents accept that the significance of procedural equity for client unwaveringness of banks is low. While the enormous piece of the respondents, 71.2% consider the significance of procedural equity on the client devotion of land and development organizations at a high and incredibly undeniable level. As the significance of procedural equity is basic as far as lessening apparent danger and make clear thought on the results of organizations [24], its significance is upheld by the hypothetical establishment. Moreover, an observational review directed by [23] was finished up by a comparable result. As per that finding, the significance of procedural equity has been instrumental for client devotion of banks. On top of these 40.9% of the respondents accept that the organizations are not endeavor sufficient procedural equity exercises while 49.2% of the respondents accept that the procedural equity exercises attempted by the majority of the banks are all good. Just 9.8% of the respondents accept procedural equity exercises are all that anyone could need.Table

Table 5.10: Extent of Effect of various forms of procedural justice

|  | N | Mean | Std. Deviation | Rank |
|---|---|---|---|---|
| Adapt customer complaint | 264 | 3.40 | .793 | 7 |
| Flexibility in responding to customer complaint | 264 | 4.06 | .743 | 1 |
| Good procedure for dealing with customer complaints | 264 | 3.51 | .604 | 5 |
| Convenient customer service | 264 | 3.73 | .624 | 2 |
| Online support | 264 | 3.52 | .760 | 4 |
| Free voice complaints support | 264 | 3.30 | .711 | 8 |
| Live chat support | 264 | 3.51 | .664 | 6 |
| Interactive sessions with call centre | 264 | 3.63 | .662 | 3 |

Source; SPSS Survey Output (2021)

Looking at the various forms of procedural justice and their effect on the banks customer loyalty and satisfaction, as outlined in the table above, it is evident that all have important contribution. Taking a gander at the different types of procedural equity and their impact on the banks client dedication and fulfillment, as illustrated in the table above, it is obvious that all have significant commitment. The respondents consider all types of procedural equity to influence client dedication from moderate to extraordinary degree. Especially, occasion support of the organization, for example, adaptability in reacting to client objection are considered to influence client unwaveringness generally. The mean 4.06 out of a 5-scale reaction demonstrates that this type of procedural equity is thought of as imperative. Just 38 of the respondents (14.4%) accept that the commitment of occasion investment to client reliability is outstandingly low, while the people who trust that its commitment to be a moderate or incredible degree is 34.1 and 48.1% individually. This likewise goes in accordance with the writing as interest in occasions is an extraordinary method for making mindfulness about land just as institutional procedural equity that instigate activity on clients which thusly influences their unwaveringness towards the banks.

### 5.4.3. Distributive justice

Customer have more data and choice now about the products or services, likewise they can contrast the cost of the item and another store just with a single tick. These cost comparators assist clients with tracking down their ideal item at a superior cost or inside better conditions, banks nearer to them or free transportation and so forth on the Internet, there are among different locales where clients can impart their insights, assess the items, and get them. Distributive justice is in certain territories considerably more significant than procudeural marketing. The study sought to find out the extent that distributive justice practiced by banks in Turkey influenced its customer loyalty and customer satisfaction.

Table 5.11: Extent of Effect of distributive justice

| | | Frequency | Percent | Cumulative Percent |
|---|---|---|---|---|
| Valid | Low extent | 5 | 1.9 | 1.9 |
| | Moderate Extent | 36 | 13.6 | 15.5 |
| | Great Extent | 181 | 68.6 | 84.1 |
| | Very Great Extent | 42 | 15.9 | 100.0 |
| | Total | 264 | 100.0 | |

Source; SPSS Survey Output
(2021)

Responding to the question "in your opinion, to what extent does distributive justice activates affect the customer loyalty and satisfaction of customers?" 68.2% of the respondents believed that the role of distributive justice activities on the customer loyalty is to great extent while 15.9% believe that it affects customer loyalty to a very great extent. Only 5 respondents (1.9%) believe that distributive justice activities affect the customer loyalty of banks to a low extent. On the other hand, the rest of the respondents 13.6% think that the effect is moderate.

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Looking at more closely about the contribution of each distributive justice elements in the survey, the following table illustrates the responses provided.

Table 5.12: Extent of Effect of various forms of distributive justice

|  | N | Mean | Std. Deviation | Rank |
|---|---|---|---|---|
| Meetingcustomer expectations | 264 | 4.42 | .592 | 1 |
| Compensation for customers | 264 | 3.41 | .591 | 5 |
| Apology to customers | 264 | 3.57 | .587 | 4 |
| Customer service | 264 | 3.89 | .612 | 2 |

Source: SPSS Survey Output (2021)

It is evident that all forms of distributive justice tools affect customer loyalty and satisfaction in the banks to moderate and great extent level. Particularly giving service recovery to clients affect customer loyalty of the banks to a great extent. Because the banking sector have identical services, compensation or apology are one of the key differentiation elements for competitors. The result from the survey is complementary to this fact making the Turkey no different to the world. Given the service-based competition that prevails in the industry, the effort to attract and retain customers through websites and social media affects the customer loyalty and satisfaction.

### 5.4.4. Customer loyalty

Consumer loyalty conceptualizes loyalty as an integrated and dynamic model of attitude and behaviour from the business and a customer perspective. Customer loyalty as a positive attitude reflected in intention to repurchase, to repeat patronage, and to recommend. The loyalty behaviour, manifested by consumers' purchase intention, is directly influenced by the trust.

Customers are evolving faster than organizations, creating a gap between the needs of the customers and the available supply. Hence, if banks want to survive in today's competitive market, they need to adapt to these changing needs and continuously rethink the customer loyalty journey for internet platforms by finding innovative ways to engage their customers better. Furthermore, with the fast evolution of technology, brands need to keep up by digitalizing the customer journey as both classical as expressive aesthetic features of bank contribute to the atmospheric qualities in customer behaviour toward that banks.

Table 5.13: Extent of Effect of customer loyalty

| | | Frequency | Percent | Cumulative Percent |
|---|---|---|---|---|
| Valid | Not at All | 18 | 6.8 | 6.8 |
| | Low extent | 17 | 6.4 | 13.2 |
| | Moderate Extent | 56 | 21.2 | 34.4 |
| | Great Extent | 172 | 65.2 | 99.6 |
| | Very Great Extent | 1 | .4 | 100.0 |

Source; SPSS Survey Output (2021)

The overall response of the survey demonstrates that customer loyalty is believed to have an extraordinarily strong impact on the satisfaction of the cyustomers of banks. 65.2% of the respondents consider the loyalty schemes or techniques offered by the banks to affect satisfaction and customer loyalty to a great extent. On top of that 21.2% of the respondents consider its effect to be moderate. Only 6.8% of the respondents believe that it does not have effect on the satisfaction of customers of banks.

Among customer loyalty considered for investigation, customer service priority or offering a loyalty programs are considered to affect marketing to great extent with a mean score of 3.95. Furthermore, customer feedback & premiums gifts for service

delivery of banks attracts the clients as well as level of attention given to them are affecting the customer loyalty and satisfaction of the customers to a significant level.

Table 5.14: Extent of Effect of various forms of customer loyalty

| | N | Mean | Std. Deviation | Rank |
|---|---|---|---|---|
| Make customer service a priority | 264 | 3.48 | .475 | 3 |
| Offer loyalty programs | 264 | 3.32 | .798 | 4 |
| Ask for their feedback & review | 264 | 3.95 | .502 | 1 |
| Provide premiums and gifts to your most loyal customers | 264 | 3.78 | .645 | 2 |

Source: SPSS Survey Output (2021)

## 5.5. Corelation

Relationship, Pearson's perspective is significant for evaluators. The connection coefficient I, going from - 1.0 to +1.0, shows the degree of solidarity of the relationship. In like manner, in the event that the coefficient is near +1.0 or – 1.0, the relationship is supposed to be solid while an outcome near 0 means that powerless connection between the factors. As indicated by [24] a connection coefficient above 0.7 on the two sides is solid, 0.3-0.7 as moderate and beneath 0.3 and shutting to 0 on the two sides as feeble relationship.

Table 5.15: Pearson Correlation between the variables

| | | Interactional Justice | Procedural Justice | Distributive Justice | Customer Loyalty | Customer Satisfaction |
|---|---|---|---|---|---|---|
| Interactional Justice | Pearson Correlation | 1 | .794** | .602** | .677** | .556** |
| | Sig. (2-tailed) | | .000 | .000 | .000 | .000 |
| Procedural Justice | Pearson Correlation | .794** | 1 | .520** | .466** | .762** |
| | Sig. (2-tailed) | .000 | | .000 | .000 | .000 |
| Distributive Justice | Pearson Correlation | .602** | .520** | 1 | .496** | .507** |
| | Sig. (2-tailed) | .000 | .000 | | .000 | .000 |
| Customer Loyalty | Pearson Correlation | .677** | .466** | .496** | 1 | .734** |
| | Sig. (2-tailed) | .000 | .000 | .000 | | .000 |
| Customer Satisfaction | Pearson Correlation | .556** | .762** | .507** | .734** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 264 | 264 | 264 | 264 | 264 |

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Survey Output (2021)

A solid positive connection and huge direct connections are gotten between all the general client dependability and consumer loyalty of the banks. The connection coefficients I for all factors range from 0.507 to 0.762, which show a moderate and high relationship. The most associated aspect with execution among the assistance recuperation key instruments is Procedural equity technique (r (264) =0.762) followed, interactional equity (r (264) =0.556), and distributive equity (r (264) =.507). The relationship between's simply the help recuperation key instruments shows that

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there is a higher connection with people connection of (r (264) =.794). The second profoundly connected things are Customer Loyalty (r (264) =.677) with a moderate degree of relationship.

## 5.6. Multiple Liner Regressions Analysis (MLRA)

ultiple regressions are a statistical model through which researchers analyse the relationship between the dependent variable and a set of independent or predictor variables. it is an as often as possible utilized a measurable procedure to accomplish three principle goals. Furthermore, it is utilized to sort the best expectation condition for a bunch of factors (i.e., to address questions like, given X and Y as indicators, what is Z (the reliant variable?). It is likewise vital to track down underlying connections and give representations to what is by all accounts a mind boggling relationship. One of the SPSS results of the relapse investigation is the model summery that incorporates the R square and the norm of the mistake term for the model. A huge test that is area of captivated is the ANOVA summary table. For the present, the huge number is the significance in the uttermost right area. Assuming that worth is under .05, it is said to have a huge direct relapse. Assuming it is bigger than 0.05, it isn't. The last segment of result and the main one is the table of coefficients and is the place where the real expectation condition is shown.

Table  5.16: Model Summary

| Model | | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | R Square Change | F Change | f1 | df 2 | Sig. F Change |
| 1 | 484ª | ..58 0 | .566 | .40732 | .680 | .54.6 69 | . | . 263 | . .000 |

Predictors: (Constant), interactional justice, distributive justice, procedural justice

Source: SPSS Survey Output (2021)

The result in the table above indicates the correlation between independent variables (interactional justice, distributive justice, procedural justice) with customer loyalty of the banks is 0.484. This implies 48.4% of the variation the customer loyalty on the attributes identified can be explained by variation in undertaking various service recovery tools available. The other 51.6% of the variations are the effect of other variables out of this scope.

Table 5.17: ANOVA[a] Analysis

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 3.762 | 4 | .940 | 5.669 | .000[b] |
| | Residual | 42.971 | 259 | .166 | | |
| | Total | 46.733 | 263 | | | |

Dependent Variable: customer loyaly and satisfaction
b. Predictors: (Constant), interactional justice, distributive justice, procedural justice
Source: SPSS Survey Output (2021)

The ANOVA summery table for the regression analysis is observed that the significance level is less than 0.05 (p<0.05) that illustrate there is significant linear regression. This implies that various service secovery and justice tools have a significant effect on the overall customer loyalty and customer satisfaction in the banks.

Table  5.18: Multiple regression result for service recovery and justice tools

*Coefficients*[a]

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|---|---|---|---|---|---|---|---|
| | B | Std. Error | Beta | | | Tolerance | VIF |
| (Constant) | 3.116 | .420 | | 7.416 | 000 | | |
| Interaction al justice | +.083 | .065 | +.098 | 1.289 | 199 | .617 | 1.620 |
| Procedural Justice | +.071 | .063 | +.067 | 1.124 | 262 | .985 | 1.016 |
| Distributiv e Justice | +.165 | .070 | +.204 | 2.368 | 019 | .479 | 2.089 |
| Customer Loyalty | +.296 | .064 | +.322 | 4.617 | 000 | .730 | 1.370 |

Source; SPSS Survey Output (2021)

The last output in the analysis of the multiple regression models represents the output for the beta coefficients of each justice strategy. The regression equation for this research is presented below.

$$CL = B_O + (B_1) IJ + (B_2) PJ + (B_3) DJ + (B_4) CS + e$$

Where, CL= Customer loyalty, IJ= Interaction justice, PJ= Procedural justice, DJ=Distributive justice, CS=Customer satisfaction, $B_O$= Constant, B1 to B4= beta coefficients, and e=the error term

Substituting the results in the model gives: -

$$CL = 3.116 + 0.083IJ + 0.071PJ + 0.165 \, DJ + 0.296 \, CS + e$$

Prior to interpretation of the model and its beta coefficients, it is important to evaluate it in terms of multicollinearity issue. According to [25], a large number of connections implies a high level of maintainability of independents/predictors. Independents election forecasts are "predictable." This may lead to the paradoxical effect, whereby the regression model fits the data well; but none of the predictor variables has a significant impact in predicting the dependent variable. This is because when the predictor variables are highly correlated, they share essentially the same information. Thus, together, they may explain a great deal of the dependent variable but may not individually contribute significantly to the model. This can be checked by looking into the output of variance inflation factor (VIF) and the tolerance level for the model [25]. The findings shows that a unit increases in justice and service recovery upon the customer complint activate would lead to a 0.296 increase in customer loyalty and satisfaction.

## 5.7. Structural model and hypothesis test

Table 5.19: summarizes the results of hypothesis testing

| Hypothesized relationship | S.R.W $\beta$ | C.R | Conclusion |
|---|---|---|---|
| H1. Interactive Justice → Customer Satisfaction | 0.691 | 15.992 | Accepted |
| H2. Interactive Justice → Customer Loyalty | 0.590 | 4.234 | Accepted |
| H3. Procedural Justice → Customer Satisfaction | 0.129 | 3.689 | Accepted |
| H4. Procedural Justice → Customer Loyalty | 0.131 | 8.723 | Rejected |
| H5. Distributive Justice → Customer Satisfaction | 0.255 | 6.850 | Accepted |
| H6. Distributive Justice → Customer Loyalty | 0.170 | 10.767 | Rejected |
| H7. Customer Satisfaction → Customer Loyalty | 0.918 | 13.313 | Accepted |

Note. * p-value < 0.001; S.R.W = standardised regression weight; C.R = critical ratio

So, H1, H2, H3, H5, and H7 should be accepted meaning that all recovery service dimensions impacted directly to customer satisfaction that then has a significant positive impacted to loyalty. In addition, only interactive justice variable

impacted directly to the loyalty of customers, thus supporting H4. The hypotheses of H4 and H6 should be rejected, showing the non-significant impact of procedural justice and outcome justice on customer loyalty.

## 5.8. Findings

The analytical results indicate that service recovery and justice plays a pivotal role in affecting consumer satisfaction & loyalty. The logical outcomes demonstrate that help recuperation and equity assumes a urgent part in influencing shopper fulfillment and devotion. The outcomes affirm the significance of later deal administration in banks or administration establishment inTurkey. Other than the jobs of item quality, organization response when administration disappointment also effects on buyer disposition toward banks. As the client utilization has been added more passionate direction, later deal administration and recuperation activity become an imperative element affecting the degree of fulfillment and dependability from client. The client concern such a lot of how specialist co-ops treat them and give them sufficient remuneration when administration disappointment. This review has commitments for administration recuperation and client faithfulness research writing by analyzing the necessities of administration recuperation on expanding the degree of fulfillment and devotion from buyers under three sorts of equity in financial help: intuitive equity, procedural and distributive equity. It additionally gives new exact proof of the viability of administration recuperation with regards to banking administration in Turkey and a few ramifications for specialist organizations can be conveyed dependent on scientific outcomes.

## 5.9. Conclusion

This segment incorporates information investigates and their discoveries. The primary reason, administration recuperation and program, empowers the business in Turkey to profit from the decisions without passing on Turkish Banking to profit from its reasonable client. First the segment qualities of the respondents that shape their

reaction to the inquiries brought will be introduced up in brief. Then, at that point, dependability test led by test examiner to assess the inner unwavering quality of the instrument all in all just as in every factor is introduced. The reaction given with the impact of every autonomous variable on the presentation of the organization will be introduced in both general terms and furthermore on each property of the variable. At last a thorough investigation of connection, different relapses and one way ANOVA is led to assess reaction of the representatives.

# 6. CHAPTER 6: CONCLUSION

The previous chapter discusses the practical results of our study and test its hypotheses. This chapter discusses the obtained results which have been analyzed by using SPSS, explains the implications of this study and provides recommendations for future research.

## 6.1. Conclusion

This study aimed to richness the literature and fill the gap of prior associated studies which seek to analyze the service recovery and justice strategy adopted by banks. This study analyzed the regional perspective adopted by the banks for long period in term of service recovery when they come to handle the complaints of the customers. The study has guided and answered the research questions mentioned in the beginning chapter regarding the justice and recovery strategy. Target population, 772 different administrative and non-administrative personnel in enterprises. This population was chosen because people have daily contact with one or more of the marketing strategy tools and can observe its impact on identified indicators of performance and marketing effectiveness. Stratified proportional random sampling technique was used in sample selection. Stratification aimed to reduce the standard error by providing some control over the variance. Accordingly, 264 respondents from the two tiers were from 89 executive positions and 175 from non-management professionals. The researcher used the data for this study and collected it through questionnaires. Quantitative analysis in this disease was analyzed with the package designed for the social sciences (SPPS). Descriptive statistics include behavior for the mean, frequency standard deviation and profile sample behaviors, and key patterns that emerge from the view. A multivariate regression model was applied to determine the relative importance of each of the four variables in terms of banks' customer loyalty and satisfaction.

The study found that justice strategy and activities conducted by the banks or service provider institutions affect the customer loyalty and satisfaction significantly

in a positive manner. This goes in line with the literature as well as the conceptual framework of the study. The study concluded that interactional, procedural and distributive justices influenced service recovery process to a great extent. The regression analysis shows an increase in a unit of justices provided by the banks or service provider will increase overall performance and marketing efforts by 0.296 units. All the mentioned activities of justices identified in the study affect the customer loyalty to a great extent. This leads to the conclusion that efforts made on these activities have a positive and immediate effect and is where the service provider or bank should focus on for maximum return in the short run.

The effect of service recovery and justice activities are mixed on customer value and service provided and satisfaction the customer gets after the service provided to him. This thesis has empirically investigated the impact of three first-order dimension of service recovery on satisfaction and loyalty of customer. As a result, it is important for the bank or any service provider to focus more on the service recovery and handling complaints with different types of justices at the given moment while trying to have a professionally designed and careful approach for the customer to gain their loyalty and satisfaction with the services provided to them. The findings obtained by this study has an important implication for both developed and developing countries especially which need to benefit from the services. The results of this study are considered as a corner stone for comprehensive studies in terms of the effect of service recovery and justice strategy on the customers.

## 6.2. Recommendation

Generally speaking, the effect of service recovery and justice to performance and facilitate the customers has been rather insignificant based on the finding of the survey. However, the study was able to demonstrate that there is a positive relationship between service recovery and customer satisfaction after the recovery. Furthermore, believe that the importance of recovery and justice are overly critical in theory and this is supported by the literature in previous sections. So, it is important to

consider for the corporation further examination of as to how this effect can be raised to a significant level as to how to pass consistent, effective, and persuading messages on both the importance of banks and any organizational level in all forms . It is also important for the banks to channel its use to specific segments to identify its long- and short-term effect based on the level of response to a particular service by each customer segments.

## 6.3. Recommendations for Further Studies

The Future studies should be carried out in a magnified manner with examples of quality improvement such as process purchasing quality, product quality. In addition to targeting the service is well thought out to grow as well as targeted and product type. This work is working on the sector of service recovery and justice. Service recovery and justice in general cannot continue to improve this situation. In this study, to be trained to create jobs to work and cultivate good customer service, and to propose the preparation of various reforms in other organizations. At the end of the study, nothing will be done to search for service and justice.

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