

## An Empirical Study of Service Recovery with Perceived Justice Impact on Customer Loyalty: A Pakistan's Commercial Aviation Industry Perspective

<sup>1</sup>Farooq Khurram\*

<b>Article History:</b>	<b>ABSTRACT</b>
<b>Received:</b> 19 Mar, 2021	<b>Purpose:</b> The objective of the study is to analyze the effect of service recovery by applying the three dimensions of perceived justice (Justice Theory). Also, the mediating role of co-creating service recovery and moderation of culture was applied and measured. This study complements the prior literature by the mediating role of co-creation and moderation of culture.
<b>Revised:</b> 23 Dec, 2021	<b>Design and Methodology:</b> The population of the study is the passengers of the metropolitan city (Rawalpindi/Islamabad) of Pakistan who faced any service failure from Pakistan's commercial airline. Data is gathered through a structured questionnaire from 357 respondents and a convenience sampling technique is used to gather the data. SPSS 20.0 is used for analysis.
<b>Accepted:</b> 26 Dec, 2021	<b>Findings:</b> The findings of the study confirmed the previous studies and all three dimensions of perceived justice i.e., procedural, interactional, and distributive justice showed a positive relationship with customer loyalty with the mediating role of co-creation of service recovery. The interactional justice dimension strengthened the relationship more positively while the other two dimensions i.e., informational and distributive justice didn't show a significant impact on customer loyalty when moderated by culture. <b>Implications:</b> Co-creation of service recovery is recommended for Pakistan's airline industry with a large focus on interactional justice i.e., empathy, apology, and problem-solving behavior while interacting with the customers who faced the service failure. <b>Keywords:</b> Perceived Justice, Customer Loyalty, Co-Creation of Service Recovery.

### 1. Introduction:

Organizations always strive for achieving a delighted experience of product and service to retain and stimulate repeat purchases. Service failures are inevitable sometimes due to unavoidable circumstances and increased complexities of service deliveries which may result in a bad name for the company and dissatisfied customers (Zaid et al., 2021). Service failure and its recovery is the center of focus for marketers in today's competitive environment. Even the big and experienced companies cannot guarantee a 100% error-free service delivery but they ensure an efficient service

<sup>1</sup>Assistant Manager ICT, Pakistan International Airlines: Email: [khurram.piac@yahoo.com](mailto:khurram.piac@yahoo.com)

recovery in case of service failure (Iglesias et al., 2020). Etemad-Sajadi and Bohrer (2019) argued that customers who are treated nicely and intelligently upon the service failure by communicating the cause of failure and recovery strategy or compensation being offered in response results in a higher level of customer satisfaction. Dissatisfaction may occur if handled in a non-resolving behavior and non-professional way like a delayed response. While describing the fact, an organization no matter how efficiently and effectively it is organizing its operations may sometimes encounter service failures. These service failures whether high or low in magnitude can make or break the relationship with customers (Hazée et al., 2017). If the company makes the right decision to satisfy the customer, they can make the relationship more loyal and trustworthy. Service failures in the airline industry are unavoidable due to different factors like dangerous weather conditions, the technicality of the equipment, security hazard, etc. According to the report of the US Department of Transportation (2016), 70,000 flights were delayed and 7000 cancelled out of 423,889 flights in 2016 in the US. As in commercial aviation, service blunders and failures are the main drivers of dissatisfaction (Knox & Van Oest, 2014). To handle these situations managers have come up with several service recovery options proposed by researchers which include compensation, apology, empathy to name a few (Gelbrich & Roschk, 2011). In many studied cases by researchers, the main issue in dissatisfied or angry customer context is not the failure itself but the treatment of the service provider in that situation. A company with good customer service and superlative service recovery in case of service failure, the customer will always trust the company in addition to loyalty and repurchase.

The importance of customer satisfaction has become the prime factor of marketing and is being largely studied and researched (Gurcan et al., 2019). The purchase behavior is influenced by perceptions and expectations. Companies are there to fulfil those expectations profitably, keeping them satisfied with their product or services. Vázquez-Casielles et al. (2017) argues that service failures may trim down general consumer satisfaction, it is crucial to realize the availability of taking corrective measures and creating service recovery. The literature has identified two essential requirements in the service recovery process. First, the failure recovery procedure requires an operational approach to handle the complaints effectively. Secondly, the service recovery procedure requires to have a strategic approach, which suggests that the firm should seek guidance and learn from complaints and must undergo a critical review of all activities of service steps to find the actual reason of failure and find solutions to rectify those reasons of failure and take corrective action to avoid the same occurrence in future. The execution of recovery measures to reconstruct the relationship with the customer has various impacts on satisfaction, loyalty, and brand advocacy (Gelbrich & Roschk, 2011; Wirtz & Mattila, 2004; Nikbin et al., 2013). Satisfaction and loyalty depend upon the magnitude of failure, quality of relationship, and compensation offered (Cambra-Fierr et al., 2015; Vázquez-Casielles et al., 2007).

Since keeping the customer satisfied is always a challenge, Saadat et al. (2018) argue that the recent decade has witnessed large-scale system and structural changes due to globalization and

these changes have also affected the aviation industry. As compared to the past, passengers/customers have different perceptions and expectations from the airlines. Therefore, all the functions of departments should be synced to keep the passengers satisfied. Passengers encounter three stages while traveling i.e., pre-flight, in-flight and post-flight and all these stages should be a delightful experience for the customer as they may face service failure or blunder at any stage. Hazée et al. (2017) and Gelbrich and Roschk (2011) explained that according to the literature of service marketing, service delivery, failure, and service recovery contribute to the brand image and the quality of service being provided. In the recent past, the researchers have explained the viable advantages of co-creating (also called co-recovering) the service by involving the customer in the recovery process. Bagherzadeh et al. (2020) explained the idea of co-creation as to offer the customer a feeling of empowerment and control in the situation of failure and they feel a higher level of justice and fairness when they are involved in the decision making of the solutions in case of service failure.

## **2. Literature Review:**

### **2.1 Customer Loyalty**

Customer satisfaction is the key to customer retention which ultimately improves the profitability of the firm by expanding its customer equity and market share (Lawkobkit & Larpsiri, 2015; Bin Mohd Amin & Piaralal, 2020). Attitudinal and behavioural loyalty is fundamental in most of the known models of marketing Dick & Basu, (1994) as well as Oliver (1999), like customer equity (Zeithaml et al., 2001), brand equity (Yoo & Donthu, 2001) and service recovery (Orsingher et al., 2010). Loyalty fabricates the customer commitment which is of prime importance in relationship marketing because it influences the purchase decision as well as helps in engaging a long-term relationship (Bilgihan et al., 2013).

Loyalty is a mirroring of commitment and trust (Zaid et al., 2021). In today's business world, loyalty is the most desired condition for firms. Loyal customers will go for a repeat purchase over and over for a longer time (Khoa, 2020; Cheng et al., 2019; Pandey et al., 2020; Schirmer et al., 2018; Wu et al., 2020). Loyalty depends upon the consumer experience during the consumption of a product or service which in turn cultivate an emotional bonding between consumer and company (Nastasoiu & Vandenbosch, 2019; Bricci et al., 2016). Loyalty in the service sector is very much based on interpersonal relationships as compared to tangible products so, intangible features like trust and reliability play an important role in nurturing and maintaining loyalty. Loyal customers are the most precious asset of the company, the company tries to retain those loyal customers and attract new ones. Now the marketing paradigm has shifted from conventional satisfaction to loyalty. Previously companies were focused on satisfaction, price reductions, market share, whereas the contemporary marketing central point is the retention of existing customers in addition to the new

customers, lifelong customers, loyal customers (Budianto, 2019). Previous literature has shown that commitment is a multidimensional construct, this study will explore the customer loyalty dimension after facing a service failure.

## **2.2 Perceived Justice:**

Justice theory firmly establishes the notion that consumer's loyalty is pedestaled on the experience and feeling that they were treated with justice (Murphy et al., 2015). Justice theory is being investigated for more than three decades in different contexts including information systems and marketing (e.g., Smith et al., 1999; Söderlund & Colliander, 2015; Tax et al., 1998; Fu et al., 2015). The primary idea of justice is the same in all disciplines which affirms that actions taken by the firms are evaluated based on fairness and just treatment by the consumers and employees and they react in line with fairness and justice perception (Wetsch, 2006). Greenberg, (1987) devised the justice theory which originates from the equity theory. Justice theory postulates that employees of an organization observe the behavior of the organization which shapes employee's behavior and attitude. Perceived justice is being studied in various relationship marketing studies to elaborate on customer satisfaction and the loyalty process. This construct, in most cases, is used to deal with service failure manifestation. Tax et al. (1998) argued that the justice framework provides a deep understanding of the complaint process from emergence to the end. The theory assumes that consumers gauge the exchange partner's fairness between contribution-reward value and equality. Perceived justice is considered as a promise of continuity of consumer-firm relationship which develops higher consumer loyalty (Bahri Ammari & Bilgihan, 2019). Perceived justice in most of the previous literature is a three-dimensional construct i.e., distributive, procedural, and interactional justice. Distributive justice is the justice value between the cost incurred and benefits received in return by the consumer, procedural justice is the justice value in the reliability of the complaint launching process and interactional justice is the justice value that the consumer notices and perceive during the interaction with the company during the service recovery procedure (Babin et al., 2021; Bacile et al., 2018; La & Choi, 2019).

The Chinese consumer is influenced by perceived justice and positive perception can enhance a positive word of mouth and loyalty towards the brand. (Zielke, 2014). Quality is the centre of focus for consumers in the service industry, the stability of attribution can affect the relationship between brand equity and repurchase intentions. Lee et al., (2020) revealed that the perception of distribution and interactional justice has a positive effect on repurchase intentions in the situation of service failure. The study also explains that the relationship of brand equity and repurchase became weaken when moderated by the stability of attribution (Lee et al., 2020). The contribution of this study to the existing literature is the analysis of the moderating effects of perceived justice and attribution in the brand equity and repurchase intention relationship with a sample of Chinese consumers. Sparks & McColl-Kennedy, (2001) argues that if the customer has the perception of

injustice when received compensation or alternative in case of service failure, customer intentions of repurchase will be weak. Enhancing the technology and training of employees to minimize service failure will enhance the customer's trust and repurchase intentions.

Muhammad & Gul-E-Rana, (2020) argues that the effect of perceived justice on customer satisfaction in the situation of service failure has been widely discussed in the literature. This study observes the mediating effect of forgiveness between the justice dimensions and customer satisfaction in Pakistan's banking industry context (Vázquez-Casielles et al., 2017). The previous literature confirms the importance and critical role of service recovery in retaining the existing customers in the banking sector and expanding the customer equity (dos Santos & Basso, 2012). There are some contradictions also in the previous literature like, interactional justice has more significant impact than distributive justice in the South African banking industry while in Spain, all three dimensions of perceived justice i.e. distributive, interactional, and procedural justice have a positive effect on customer satisfaction but procedural justice has a most significant effect on customer satisfaction followed by distributive and interactional justice (Petzer et al., 2017). Customer forgiveness influence on customer satisfaction after service recovery is recently being argued by the researchers (Yagil & Luria, 2016). SBP, (2017) Pakistan has 33 banks with 13,628 branches across the country but the industry's research on customer recovery aspect in Pakistan has limited literature (Lakhi Muhammad et al., 2017). Bin Mohd Amin & Piaralal, (2020) explored that the service recovery aspect is an ignored area in higher education. This study focuses on the students of Malaysia who became dissatisfied when service delivery fails and don't get effective service recovery in return. The study explores the relationship between the justice dimensions (i.e., procedural, interpersonal, informational, and distribution justice) and service recovery satisfaction along with behavioural outcomes.

### **2.3 Culture**

Individualist (US-Canada, Etc.) and collectivist (Japan, East Asia, etc.) cultures are bipolar in nature. Individualist first cares about themselves and immediate family whereas collectivists care for the whole group of society from which they belong (Hofstede & Bond, 1984). Service failure attribution varies in different cultures (Schoefer et al., 2019). Consumers of individualist cultures focus on internal factors of failure, whereas consumers of collectivist cultures focus on the situation and factors that are uncontrollable by the firm like bad luck (Choi et al., 1999; Mattila & Patterson, 2004; Menon et al., 1999; Pacheco, Geuens, & Pizzutti, 2018). That doesn't mean that collectivists are more loyal to the company, they are less likely to express their negative emotions because of the strong bond with the society as compared to individualist society (Chebat, Roth, & Chebat, 2020a). Chebat et al. (2020) explores the effects of cultural differences on customer satisfaction when experienced a service failure in the context of an individualist society like Canada and a collectivist society like Japan. As services are provided by humans, service failures are unavoidable.

Effective handling of failure is the only way to retain an angry customer. If the service recovery is followed by recovery failure, it will make the existing customers dissatisfied, have a negative word of mouth, and negative impact on repurchase. The recovery process involves much more than offering a new service to angry customers (Chebat et al., 2015). It includes handling customer's negative emotions with empathy and care. This dimension is mainly culturally influenced which is the focus of this research. This cultural dimension makes service recovery more complex. The study discussed that individualists care for themselves and their immediate family, whereas collectivists are mutually dependent and think for the collective gains of the group. Social harmony is at the core. E. Chebat et al., (2020a) results showed the moderating effect of procedural justice on the relationship between service failure and anger depend upon the customer's culture. Secondly, the presence of procedural justice has the positive effect on service recovery and reduce the anger of customer. Procedural justice reduces the anger on failed services more effectively for an individualistic customer than for collectivist customers. Chebat et al., (2020a) confirms that negative emotions of the customers like disloyalty, negative word of mouth are due to their negative emotion (anger) mainly rather than service failure. Consumer anger can be reduced through procedural justice and distributive justice. Both of these forms reduce anger in individualist societies. Since collectivist societies like Japan are sensitive to the signals of respect, politeness, and empathy. Interactional justice seems to be appropriate for collectivists.

## **2.4 Co-creation**

Lee et al., (2020) In the competitive environment of today's market of the service industry, only a good complaint handling system is not enough, for regaining customer-firm relationships in case of low-quality service or service failure. Jin et al., (2020) explains that the participation of customers in the service recovery process has gained much importance in recent years and has limited literature available in this area of service recovery. This study analyzes customer controllability in respect of service failure to determine customer satisfaction. Previous literature discussed the two types of failure i.e., outcome and process failure (Mattila & Ro, 2008). Outcome failure is the actual service failure that the customer that customer receives and the process failure is the unappreciated way of delivering the services. Controllability attribution had a different process and outcome failure, for instance, a dirty room of the hotel is an outcome failure and the customer controllability is low in this situation and it's the full responsibility of the firm and it will ignite the anger and dissatisfaction of the customer. Therefore, a sense of lack of control over the service failure will attribute the failure to the service provider (Balaji et al., 2018). Jin et al. (2020) argued that customer's higher control over the service failure situation will lead to customer satisfaction, positive word of mouth, and positive repurchase intension as compared to lower controllability over the situation of service failure. The contribution of this study to the commercial aviation sector research literature is specifying that both service failure types and customers' perceived service

failure controllability have the scope to influence their level of participation in the service recovery process. Service failure where customers perceive lesser control over the situation is better handled by the increased participation of the customer in the recovery process. Iglesias et al., (2020) showed that customer participation in the growing concept in the service area in case of service failure.

This study demonstrates that the participation of customers at the beginning of the service delivery leads to higher expectations of service recovery and results in low satisfaction. According to the recent literature, treating customers as passive recipients of service recovery does not give them a perception of control Cova & Dalli, (2009), in contrast, customers engaged in the service recovery process get a higher feel of control which results in satisfaction (Ind et al., 2017). The study also argued that there are more studies of successful customer participation than failed customer participation in the process of service recovery. Customer participation can damage the image and generate negative word of mouth in case of failure which will act as a double-edged sword in case of failure. Greater the participation of co-creating the service, the chances of failure are unavoidable. The study attempts to explore that which service recovery strategy in online hotel booking is more effective and analyze three types of service recovery strategies i.e., company, customer, and joint recovery. Iglesias et al. (2020) examines the effect of a transparent, more connected, and digitalized environment which is a pressure point from the customer towards brands to make sure the corporate social responsibility (CSR) practices and co-creation. The study indicates that CSR and co-creation are interlinked with each other and extensive research is going on between their interrelations. To identify the outcomes of the research and to identify the impact of CSR on customer loyalty assuming as the mediator between co-creation and customer trust. Results show that directly and indirectly customer loyalty is influenced by co-creation and customer trust and CSR. But the indirect impact is comparatively stronger among the two that embracing co-creation and developing customer trust which makes CSR practices much easier enhancing customer loyalty and directly impacting co-creation and customer trust.

### **3. Methodology:**

The current study is quantitative research to determine the relationship between the variables as when the data is required from a large number of respondents, the quantitative research method is more appropriate (Matikiti et al., 2019). The convenience sampling technique is used which a technique of non-probability sampling. This sampling technique is easy to use and understand and the researcher has control over the sampling process. Due to COVID-19, face-to-face interaction is discouraged by strangers, convenience sampling is used.

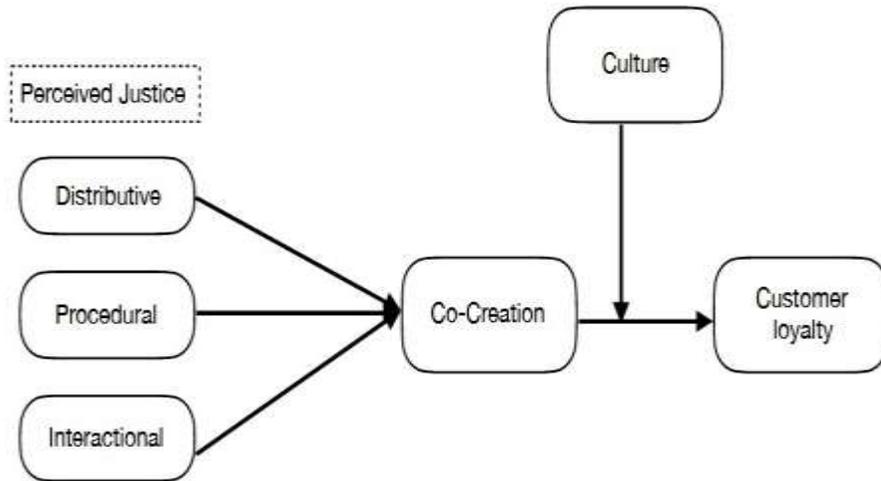
In the current study sample size is determined by using the Krejcie and Morgan table which is very useful in determining the sample size of a finite population. As the population size of the study is around 5000 who faced the service failure of Pakistani airlines in June 2019-June 2020, so according to the table, the sample size is 357.

In the current study self-administered questionnaire is used to gather the data and responses were obtained through 5 points Likert scale starting from 1) strongly agree to 5) strongly disagree. The Likert scale is an important psychometric response scale for the researcher because it can measure attitudes and opinions more effectively. Response collected from the Likert scale can effectively be used in SPSS to analyze the reliability and other statistical analysis. Questions included in the questionnaire were according to the variables of the study and mostly derived from the previous literature for authenticity. Service recovery and perceived justice (8 items) were measured with the scale adopted from (Harrison, 2018), co-creation (04 items) were adopted from (Jin et al., 2019) and (Jin et al., 2020), customer loyalty (2 items) was adopted from (Harrison, 2018) and cultural effect (02 itmes) was adopted from the study (Chebat et al., 2020b).

### **3.1 Framework:**

In this empirical study, the topic of research is the impact of perceived justice in service recovery on customer loyalty in Pakistan's commercial aviation industry. Mediation of co-creation and moderation of culture is also analyzed. To evaluate the impact of service recovery, three Dependent variables were induced along with one mediator and one moderator to analyze its effect on the dependent variable. In the current study Distributive, Procedural and interactional justice (Perceived Justice) serves as independent variables which are also known as controlled inputs, following by mediator and moderator variable which shows there impact along with the independent variables to see the result on dependent variable which is customer loyalty (Dependent variable) as it is the output or outcome resulting from altering those inputs. In this study Co-creation is a mediator variable that mediates the Independent and dependent variables with each other. The moderator variable which enhances the relationship between independent and dependent variables is Culture in the current study. This study is an attempt to contribute the moderation effect culture between the perceived justice and customer loyalty and mediation effect of co-creation between perceived justice and customer loyalty.

Figure -1: Research Framework of the Study

**Hypothesis:**

H1: Distributive justice has a positive relationship with customer loyalty.

H2: Procedural justice has a positive relationship with customer loyalty.

H3: Interactional Justice has a positive relationship with customer loyalty.

H4: Co-Creation mediates the relationship between perceived justice and customer loyalty.

H5: Culture moderates the relationship between perceived justice and customer loyalty.

**4. Results and Discussion:**

After the analysis, it was observed that among the 357 respondents, 32% respondents were female and 68% were male. 35% of respondents were of the age between 20-30 years, 34% were of the age between 31-40 years, 31% were of the age between 41-50 years. Only 2% of respondents were having a Metric - Intermediate qualification, 45% were graduates, 52% had Master's degrees, and 1% having Doctorate. 57% of respondents were having up to 1 lack monthly income and 39% were having up to 2 lack monthly income. Only 3% were having more than 2 lack monthly income. Table 1 shows the summary of respondent's profile.

**Table 1: Respondent Profile**

Characteristic	Classification	Frequency	Percentage
Gender	Male	141	39.49
	Female	216	60.5
Age	20-30 years	127	35.57
	31-40 years	154	43.14
	41-50 years	76	21.28
Education	Matric-Inter	49	13.73
	Graduate	103	28.85
	Masters	188	52.66
	Doctorate	17	4.76
Monthly Income	Up to 1 Lack	79	22.12
	Up to 2 Lack	218	61.06
	More than 2 Lack	60	16.81

Correlation results show a positive relationship between customer satisfaction and interactional justice by the resultant value of 0.253. This shows that the customers who have faced service failure are very much concerned about the way the organization interacts with the customers. Their apology, empathy, and willingness to solve the problem are important considerations to comply with. The results also show a weak but positive relationship between procedural justice and customer satisfaction with a value of 0.185. This shows that customers get happy with an easy procedure of service recovery or compensation but it is less important than interactional justice. The result of distributive justice and customer satisfaction is 0.221 which shows a moderate positive relationship between customer loyalty and distributive justice. This means that informing the reasons for failure along with compensation for the customers is important i.e., which alternates or compensation are being provided in case of service failure. Co-creation and culture results show a strong relationship with customer satisfaction with the values 0.341 and 0.681 simultaneously. This shows that customers are more satisfied when they are involved (Co-creation) in the service recovery process. Culture also plays an important moderation role between the three dimensions of perceived justice. The results show that customers are more concerned with interactional justice and distributive justice than procedural justice. The resultant value of 'R' is shown which indicates that all three dimensions of perceived justice (3 independent variables) i.e., distributive, procedural, and interactional justice explains customer satisfaction (dependent variable) by around 45 percent.

The ANOVA model values showed that the model of the study was stable and all the values of the significance column are within the stability range. The coefficient measures the strength and stability of a linear between the variables. In the current study, the Spearman correlation coefficient was applied to measure the strength between the justice dimensions and customer loyalty and

satisfaction. The results show that interactional justice has the most significant value than procedural and distributive justice when dealing with customers who have faced a service failure. Cultural moderation is also positive in the results (Järvi et al., 2018). To keep the customers satisfied, the firm should interact with customers in a friendly empathetic, and problem-solving way. E. Chebat et al., (2020a) Results confirm that the customer's behavioral intentions are directly dependent on the emotions, anger can be reduced by the speedy recovery of service and compensation. Results confirm the cultural cues responses like politeness and courteousness. The culture of the region also moderates the relationship between perceived justice and customer loyalty. Albrecht et al., (2019) analyze the effect of group service recovery (GSR/co-creation) on customer satisfaction and hypothesized that co-creation has always a strong positive relationship on customer satisfaction but results indicated a low positive relationship at low compensation level and opposite relationship at high compensation level. Malshe and Friend (2018) results confirm the viability of co-creation in customer satisfaction when faced with a service failure.

## **5. Conclusion**

The main objective of this study is to form an understanding of the direct effect of co-created service recovery on customer loyalty in the commercial aviation industry of Pakistan. This research is to build the probable causal relationship among the variables which are customer loyalty as the dependent variable, perceived Justice is the independent variable, and culture is a moderating variable to enhance the relationship and co-creation as mediating variable between the dependent variable (customer loyalty) and independent variable (Perceived Justice).

In this study, the population is the airline passengers of Pakistan who have faced any kind of service failure related to Pakistani airline in June 2019-June 2020 in Rawalpindi/Islamabad, A questionnaire-based survey was used as the primary data collection tool. A convenience sampling technique is used in the sampling process. Based on the above theoretical and empirical evidence, the following hypothesis has been developed. H<sub>1</sub>: Distributive justice has the positive relationship with customer loyalty, H<sub>2</sub>: Procedural justice has the positive relationship with customer loyalty, H<sub>3</sub>: Interactional Justice has the positive relationship with customer loyalty, H<sub>4</sub>: Co-Creation mediates the relationship between perceived justice and customer loyalty, H<sub>5</sub>: Culture moderates the relationship between perceived justice and customer loyalty. From the academic study's initial findings, the model was developed and it's revealed that perceived justice and co-creation have a positive and significant direct effect on customer loyalty. The empirical testing was performed since it is not easy to justify the superiority of any model theoretically. This study suggested the model to empirically test and to verify that have a positive direct relationship among perceived justice, co-creation, and culture on customer loyalty.

Customer loyalty is operationalized by two concepts the passenger's commitment to repeat purchase and their willingness to tolerate a price increase, a delay, or cancellation of a flight. The

findings of this study suggested that customer loyalty is increased even in failure when dealt with justice and co-creation should be strengthened and implemented by involving the effected passengers in recovery to boost customer satisfaction which will ultimately result in loyalty in the commercial aviation industry in Pakistan.

The results of this study also show higher positive results for one dimension of perceived justice i.e. interactional justice, it showed a high positive relationship with customer satisfaction and loyalty (Waheed & Khan, 2019). The customers who are treated in the best manner on the front desk with proper alternatives and information of service failure show a higher level of brand loyalty and satisfaction. Skourtis et al. (2019) also confirm the results of co-creating and suggest that customers are more willing to involve in co-creating, it increases their intrinsic motivation. Bin Mohd Amin and Piaralal (2020) analyzed the justice dimensions and service recovery satisfaction and contribute to the literature by adding that better treatment and policies and procedures to overcome the service failure assist the service provider to satisfy the customer profitably and retain that customer to increase the consumer base. The current study has also few limitations on analytical techniques being used, Future researchers are expected to use more robust techniques for analysis to confirm or reject the results more authentically.

### **5.1 Implications**

The findings of the study contribute to airline industry of Pakistan. A serious handling is required from commercial aviators in terms of service recovery in case of service failure. Airlines of Pakistan should frame their service recoveries by focusing on co-creation and offer the compensation or alternatives jointly which airlines can offer. Higher management should closely focus on the effective complaint management system of the airline as lack of commitment may result in unwanted results like negative word of mouth and lower profits. Employees who are involved in service recovery should have the empowerment to deliver alternate or compensation to passengers in case of service failures. The employees should have proper training sessions and refreshers to identify the problems efficiently and prompt responses. Airline's after-sales services should also be easily accessible as in case of a post-flight problem like lost baggage, exchanged baggage, theft of an item from baggage or feedback, the passenger must know whom to contact and how. Passengers must be provided with the correct and accurate information in case of any delay or service failure. To handle the annoyed customers, employees must be chosen and trained with the importance of empathy and carefulness apologetic behavior even if the customer is wrong. They must be trained on interactional justice according to the regional culture. Employee's skills must be enhanced from time to time on interactional justice. Airlines should constantly monitor the performance of employees while handling complaints and angry customers. Airline service recovery should be strategically based on controllability. If the service failure is beyond the scope of the airline, then the monetary compensation may affect customer loyalty. A superior distributive justice

accompanied by a superior interactional justice can be a competitive advantage for the regional airline which will result in higher profits.

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