

## **The Effects of Service Fairness on Customer Recovery Satisfaction and Loyalty towards Internet Services: A Comparative Study between Kenya and South Korea**

**Ann Muthoki Kiio and Phanasan Kohsuwan, Panyapiwat Institute of Management, Thailand**

Date Received: 15 June 2020

Revised: 7 September 2020

Accepted: 8 September 2020

### **Abstract**

A comparative study was conducted among consumers in Kenya and South Korea to determine the effects of perceived service fairness on customer recovery satisfaction and subsequent customer loyalty toward Internet services. Multimodal surveys were obtained from each country ( $N = 401$  and  $475$ , respectively). The findings revealed that informational fairness, trust, and commitment had significant influences on recovery satisfaction in South Korea, and customer recovery satisfaction had a significant relationship with customer loyalty in both countries. Significant differences in responses occurred between the two countries, possibly due to customer behaviors and cultures. Management might build up trust to increase the level of customer satisfaction through honesty, open communication, and thoroughly described procedures. Management could sustain customer loyalty by offering responsive solutions to customer complaints. Future research may reveal more factors that influence recovery satisfaction, such as relationship quality and compensation.

**Keywords:** *Service fairness, recovery satisfaction, trust, customer loyalty*

### **Background**

The Internet is an indispensable part of our lives and provides us with powerful functions within reach. Such precious and affordable resources are available to many people, which is unprecedented in history (Stewart, 2020). Presently, there are over 4.54 billion active Internet users worldwide, encompassing 59% of the global population (Clement, 2020). Consequently, the Internet is a universal and vital service. The speed of data and information distribution is critical in modern society. In 2017 South Korea's average Internet speed was 28.6 Mbit/s surpassing that of the world mean of 7.2 Mbit/s by four times (Akamai, 2017; Internet in South Korea, 2020). The South Korean government has formulated policies and plans that have enabled the rapid expansion of broadband use enabling it to be ranked first in the United Nations Information Communication Technology (ICT) Index (Internet in South Korea, 2020). In particular, South Korea's mobile business is due largely to the simultaneous release of 5G by many local telecom companies, and also fiber optic connections, a basis for gigabit fixed broadband (McKetta, 2019).

Similarly, Kenya's Internet speed development is also very good. The broadband market in Kenya has changed, mainly due to increased investment by major providers in network upgrades and government support for four submarine optical cables (Businesswire, 2019), leading to lower wholesale prices. According to Akamai (2017), Kenya has a fast Internet connection speed averaging 12.2 Mbps, outperforming the global average of 7.2 Mbps, with mobile Internet speeds averaging 13.7 Mbps. Birir (2020) reported that Google Loon aims to provide wider Internet coverage to empower Kenya to maintain its competitive advantage in ICT and innovation during the Covid-19 crisis, and to lay a foundation for further development. In 2019, an estimated 46,870,422 Kenyans used the Internet, a penetration rate of 89.7% (Internet World Stats, 2019). By contrast, in January 2020 there were 49.21 million Internet users in South Korea, a penetration rate of 96% (Kemp, 2020; Statistica Research Department, 2020).

According to Kwach (2019), it is almost impossible to imagine a world without the Internet. Basic pursuits such as communications and entertainment bank heavily on it. Businesses and individual customers need an agile, trustworthy Internet connection (McKetta, 2019). However, regardless of the advancements in Internet technology and despite the hard work of Internet Service Providers (ISPs), companies still encounter risks online, and the Internet may go down periodically. When the

connection fails, consumers have a right to lodge a complaint due to the inability to access and use communication services (Consumers and Public Affairs, 2018). The magnitude of use increases the possibility of service failure, so there is an increasing need to understand the impact of service fairness as a recovery strategy on satisfaction and customer loyalty.

### **Research Objectives**

1. To determine the effects of perceived service fairness (distributive, procedural, interpersonal, and informational) on customer recovery satisfaction toward Internet services among consumers in Kenya and South Korea.
2. To determine the effects of customer recovery satisfaction on customer loyalty toward Internet services among consumers in Kenya and South Korea.
3. To examine significant differences in the above influences (such as service fairness on customer recovery satisfaction; customer recovery satisfaction on loyalty) among consumers in South Korea (a developed country) and Kenya (a developing country).

### **Literature Review and Hypothesis Generation**

Justice theory, which will be referred to as service fairness, provides a strong theoretical basis for service recovery research. Studies have shown that perceived fairness has an important impact on establishing customers' key judgments on the recovery process (Wen & Chi, 2013). Organizational justice theory is rooted in fairness theory (Adams, 1965), which expresses the extent to which consumers feel fairly treated through service failures and recovery efforts (Blodgett et al., 1993; Ding & Lii, 2016; Maxham & Netemeyer, 2002; Tax et al., 1998) and how this impacts satisfaction through exchanges between an individual and a firm (Colquitt et al., 2005). An exchange happens when a customer swaps a cost for a service from a provider. Customer service is altered when the service is interrupted through provider service failure. When there is a service failure, chances are the customer will evaluate the recovery efforts of the service provider in a bid to estimate the fairness performance level of the provider, given that the customer incurred a cost for the service, and also based on how crucial the service is to the customer. In equity literature, four different dimensions of justice are described: 1) distributive fairness; 2) interpersonal fairness; 3) procedural fairness; and 4) informational fairness. The idea of perceived justice proposes that the fairness of recovery procedures, interpersonal communications and activities, and the outcome are the key antecedents of customer evaluations. Therefore, perceived justice can be viewed as a three-dimensional construct that includes distributive, procedural, and interactional justice (Blodgett et al., 1997; Clemmer & Schneider, 1996; Ding & Lii, 2016).

*Distributive Fairness* denotes the perceived fairness that the service provider implements to allocate the resources to resolve and make restitution for a service failure. Generally, it focuses on the tangible recompense given to consumers through service recovery, including financial rewards such as refunds, discounts on future purchases, coupons, and swapping goods or services (Blodgett et al., 1997; Ding & Lii, 2016; Homburg & Fürst, 2005; Maxham & Netemeyer, 2002; Tax et al., 1998). In this study, the definition adopted was the customer's perception of fairness of outcome allocations after service failure in Internet services.

*Procedural Fairness* is about the perceived fairness of the precise policies, processes, and methods followed by the service provider in taking care of the service problem and restoring the failed service (Blodgett et al., 1997; Ding & Lii, 2016; Maxham & Netemeyer, 2002). This included timeliness, process control, accessibility, and flexibility to adjust to the customer's recovery needs. In this study, procedural fairness was taken as the customer's perception of fairness of the policies, processes, and methods used by the Internet service provider in handling a complaint.

*Interactional Fairness* refers to the way customers are treated during the complaint process. This fairness displays itself as showing interpersonal understanding, dealing with consumers with politeness and respect, or providing appropriate justifications for the service failure (Blodgett et al.,

1993; Ding & Lii, 2016; Maxham & Netemeyer, 2002, 2003; McColl-Kennedy & Sparks, 2003; Smith et al., 1999).

Nearly all studies on service failure and recovery use the three-dimensional approach to perceived justice (del Río-Lanza et al., 2009; Ding & Lii, 2016; Kim et al., 2009; Maxham & Netemeyer, 2002; Wirtz & Mattila, 2004). Greenberg (1993) asserted that *Interactional Justice* involved two forms of treatment. Their effects on customers' perceptions are different; therefore, they should be addressed as two distinct dimensions.

*Informational Fairness* is about consumers receiving satisfactory and truthful explanations and justifications for their recovery treatment (Colquitt, 2001; Mattila & Cranage, 2005). In this study, it was defined as the customer's evaluation of explanations by the Internet service provider concerning the procedures used, or why outcomes were distributed in a certain fashion.

*Interpersonal Fairness* refers to the extent to which consumers are treated with courtesy, respect, and dignity by organizations or staff who are involved in carrying out the recovery processes or deciding on outcomes. In this study, it was the customer's perception of the degree to which they were treated with politeness, dignity, and respect by the staff of the Internet service provider in executing procedures or determining outcomes. A four-dimensional perception of justice provides a better fit to the data compared to the three-dimensional approach (Colquitt, 2001). Hence, this study adopted the four-dimensional framework by taking into account distributive, procedural, interpersonal, and informational justice as distinct dimensions of service fairness perceptions.

### **Commitment-Trust Theory**

Morgan and Hunt (1994) stated that both commitment and trust are critical for effective relationship marketing. Their study revealed that exchange partners are more committed to their relationship when they have shared values. The concept of trust was popularized by Parasuraman et al. (1985), who proposed that customers ought to be able to trust their service providers, feel safe in their transactions with them, and be confident that their transactions were confidential (Coulter & Coulter, 2002). Trust is how the customer regards the integrity, honesty, and competency of the service provider (Morgan & Hunt, 1994). In this study, it consisted of the customer's perception to believe in their Internet service providers' integrity, honesty, and competence. Commitment is the belief that an ongoing relationship with another is significant enough to require considerable efforts in sustaining it (Morgan & Hunt, 1994). In this study, it was the customers belief that an ongoing relationship with an Internet service provider was so important as to warrant maximum efforts at maintaining it. It is vital to assess the trust and commitment factors in promoting long-term relationships following service recovery.

### **Service Recovery**

Service recovery refers to the process that a service provider initiates after a service failure to recover discontented customers, and it is aimed to maintain a business relationship with the customer (Boshoff, 1997; Zemke & Bell, 1990). In this study, it was the extent to which aggrieved customers were brought back to a state of satisfaction with the Internet service provider after experiencing a service failure. Service failure happens when a customer experiences a loss due to a failure of service provision. Consequently, the service provider endeavors to provide a gain, in the form of the recovery effort, to make restitution for the customer's loss (Smith et al., 1999).

Oliver (1999) defined customer loyalty as a deeply held commitment to re-buy or re-patronize a preferred product/service steadily in the future, and by that means cause repetitive same-brand or same brand-set buying. The anticipated result of service recovery models is customer loyalty (DeWitt et al., 2008). Customer loyalty has assured financial dividends because the cost to appeal to a new customer is substantially higher than retaining an existing one (Boshoff, 1997; Fornell & Wernerfelt, 1987). In this study, it was defined as the extent to which customers are committed to re-buy Internet services from the same provider consistently in the future, despite circumstantial influences and marketing attempts prejudicing the conversion of customers to competitors.

Customers' trust is obtained through fair service recovery (DeWitt et al., 2008). Consumers possibly will perceive a service provider as untrustworthy when the service recovery they get is inadequate. It also is probable that consumers who are satisfied with the service recovery will display a greater trust position than those who are dissatisfied (Coulter & Coulter, 2002; Kau & Loh, 2006; del Río-Lanza et al., 2009; Tax et al., 1998). Research conducted by Kim et al. (2009) and de Witt et al. (2008) indicated that service recovery had an impact on trust in the hospitality industry. In situations where there is strong trust between a service provider and customer, it is predictable that there will be a long-term relationship (Kim et al., 2009). Therefore, it is hypothesized that a positive influence is exerted on trust toward Internet services among consumers in Kenya and South Korea by Distributive Fairness ( $H_{1a}$ ), Procedural Fairness ( $H_{2a}$ ), Interpersonal Fairness ( $H_{3a}$ ), and Informational Fairness ( $H_{4a}$ ).

Customer satisfaction with service recovery indicates a customer's overall emotional response to a service firm's process, and the consequences of recovering after a service failure (Kim et al., 2009). In their model, Smith et al. (1999) tested customer satisfaction with service failure/recovery in the context of hotels. They found that the three justices (distributive, procedural, and interactional) accounted for a high percentage of customer satisfaction after the service recovery. According to Boshoff (1997), the outcomes of service recovery are better service quality perceptions and better customer satisfaction, culminating in deliberate loyalty and repeat purchases. Hence, it was hypothesized that a positive influence is exerted on recovery satisfaction toward Internet services among consumers in Kenya and South Korea by Distributive Fairness ( $H_{1b}$ ); Procedural Fairness ( $H_{2b}$ ); Interpersonal Fairness ( $H_{3b}$ ); and Informational Fairness ( $H_{4b}$ ).

According to Nusair (2010), if a customer has a service recovery experience that they consider positive, their commitment probably will be improved. Andreassen (2001) pointed out that exemplary service recovery compliments relationships in nearly all cases. On the other hand, service recovery that is managed unsatisfactorily has the possibility to damage loyalty (McDougall & Levesque, 1998). Service recovery is positively correlated to customer commitment. Thus, the following hypotheses are suggested. Four categories of fairness have a positive influence on commitment toward Internet services among consumers in Kenya and South Korea as follows: Distributive Fairness ( $H_{1c}$ ); Procedural Fairness ( $H_{2c}$ ); Interpersonal Fairness ( $H_{3c}$ ); and Informational Fairness ( $H_{4c}$ ).

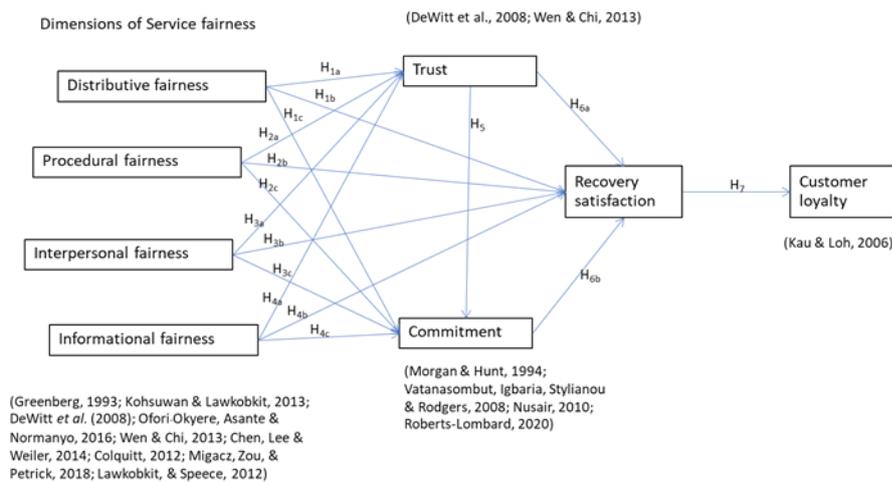
For trust to occur, a customer must trust in a company's integrity and be willing to rely on it (Morgan & Hunt, 1994). For robust relationships to prevail, trust plays an important part (Sirdeshmukh et al., 2002). According to Chiou (2004), the Internet-related business involves numerous intangible service features. Consequently, managing customer trust is significant to customer satisfaction. This can apply to recovery satisfaction. It was therefore hypothesized that Trust has a positive influence on recovery satisfaction toward Internet services among consumers in Kenya and South Korea ( $H_{6a}$ ).

According to Morgan and Hunt (1994), when customers develop trust in a given company, they possibly will commit to repurchase actions, and tell others positive things about the company. Trust strongly affects relationship commitment. When trust is part of a relationship, the relationship is held in high esteem, and partners find it desirable to commit to these relationships (Li et al., 2011; Vatanasombut et al., 2008; Wang & Head, 2007). Hence, the hypothesis developed was that Trust has a positive influence on commitment toward Internet services among consumers in Kenya and South Korea ( $H_5$ ).

Both Dwyer et al. (1987) and Morgan and Hunt (1994) acknowledged that, in addition to trust, commitment was a vital antecedent for thriving inter-organizational relationships. Commitment influences a customer to a strong intent to establish and maintain a relationship with a supplier (Kartiwi et al., 2013; Ryssel et al., 2004). As a result of the significant role of commitment in relationship marketing, it was hypothesized that commitment had a positive influence on recovery satisfaction toward Internet services among consumers in Kenya and South Korea ( $H_{6b}$ ).

The final result of service recovery models is customer loyalty (DeWitt et al., 2008; Oliver, 1999). Hence, it was suggested that recovery satisfaction had a positive influence on loyalty toward Internet services among consumers in Kenya and South Korea ( $H_7$ ).

**Figure 1 Conceptual Framework**



## Methodology

Based on previous research, a structured questionnaire was developed and used to collect data using both paper and online platforms such as e-mail, Facebook, WhatsApp, and Line. The first section was an introduction to the research, followed by three screening questions, and then six demographic and general questions adapted from Shah and Shah (2010). Finally, 27 scale items were measured on a 5-point Likert scale anchored from *strongly disagree* (1) to *strongly agree* (5). The questionnaire included distributive and procedural fairness items (four each) adapted from Maxham and Netemeyer (2003); interpersonal fairness items (three) adapted from Colquitt (2001), Ding and Lii (2016) and Maxham and Netemeyer (2003); informational fairness items (three) adapted from Colquitt (2001), Ding and Lii (2016); satisfaction with service recovery items (three) adapted from Maxham and Netemeyer, (2003); trust items (three) adapted from Morgan and Hunt (1994); commitment items (three) adapted from Morgan and Hunt (1994); and customer loyalty items (four) adapted from Kau and Loh (2006). Data were analyzed using the Item Objective Congruence (IOC) test for content validity, and revised according to expert opinion. A pilot study was conducted to test the reliability of the questionnaire with 30 and 34 sample respondents from Kenya and South Korea, respectively.

Data were collected over a period of 10 months between September 2018 and July 2019 using a convenience sampling technique. A total of 401 and 475 respondents were involved from Nairobi and Seoul cities, respectively. Cronbach's alpha was used to analyze the reliability of the scales used to measure all variables. Confirmatory Factor Analysis (CFA) was used to establish convergent and discriminant validity in the measurement models (Hair et al., 2010). Finally, Structural Equation Modelling (SEM) was used to test the fit of the structural model. Kenya and South Korea were chosen for comparisons between a less advanced and a more advanced economy, both with a high Internet penetration rates of 87.2% and 96%, respectively (Internet World Stats, 2019). In addition, both countries are leaders in Internet average connection speed, with Kenya rated among top 10 in Africa and South Korea rated among top 10 worldwide (Akamai, 2017), hence providing a familiar context for respondents.

## Results of Analyses

For Kenya, a majority of the respondents were male (81.5%) whereas in South Korea, women accounted for 68.6%. Young adults aged from 18–27 years accounted for more than 82% of the respondents in both countries. Undergraduates accounted for 75.6% and 45.1% of the respondents in Kenya and South Korea, respectively. Students accounted for 83.3% in Kenya and 56.4% in South Korea. The majority of respondents in Kenya (85%) earned Kes.10,000 and below, and in South Korea, 55.6% of respondents earned Krw500,000 and below. Sixty-seven percent of respondents in Kenya

had used the Internet for 6–10 years, while 42% of respondents in South Korea had used the Internet for 11–15 years.

To confirm the hypothesized relationships among variables and their underlying constructs, confirmatory factor analysis (CFA) was used, together with an exploratory factor analysis (EFA) as a preliminary analysis. Two groups of factors were involved in the CFA measurements: Group 1: distributive fairness, procedural fairness, interpersonal fairness, and informational fairness; and Group 2: satisfaction with service recovery, trust, commitment, and customer loyalty. The variables within a group were related to one another, and thus were refined to obtain the acceptable model fit indices. In SEM, specific measures were calculated to determine the goodness of fit using acceptable thresholds along the lines adopted in previous research (Baumgartner & Homburg, 1995; Doll et al., 1994; Hu & Bentler, 1999; MacCallum et al., 1996; Savci & Griffiths, 2019). Some scale items were deleted to improve the model fit indices, with the final models having 23 and 20 scale items to measure the eight variables for Kenya and South Korea, respectively.

The required goodness of fit level was achieved in the proposed model. Table 1 shows that the data fitted the hypothesized model well, as all the fit indices met the requirements for SEM analysis. Therefore, the proposed structural model has a good fit for both Kenya and South Korea.

**Table 1** Fit Index of Confirmatory Factor Analysis and Structural Equation Modeling

Item		$\chi^2/df$	PCLOSE	GFI	AGFI	CFI	NFI	RMR	RMSEA
Fit criteria		< 0.5	≤ 0.05	> .80	≥ .80	≥ .95	≥ .80	≤ .08	≤ .05
CFA (Set 1)	Kenya	2.175	.000	.96	.93	.98	.96	.05	.05
	South Korea	2.329	.000	.95	.93	.97	.95	.03	.05
CFA (Set 2)	Kenya	2.177	.000	.96	.93	.98	.96	.05	.05
	South Korea	3.042	.000	.95	.92	.97	.96	.02	.07
SEM model	Kenya	2.336	.000	.91	.88	.96	.93	.06	.06
	South Korea	2.142	.000	.94	.92	.97	.94	.03	.05

*Note.* GFI = Goodness-of-Fit Index; AGFI = Adjusted Goodness-of-Fit Index; CFI = Comparative Fit Index; NFI = Normed Fit Index; RMSEA = Root Mean Square Error of Approximation; RMR = Root Mean Square Residual;  $\chi^2/df$  = Chi-Square

### Hypothesis Testing

Model fit results were used to evaluate whether hypothesis paths were supported or rejected in the model (Table 2). To find out if the hypotheses were supported or rejected, the standardized path coefficient and critical ratio (*t*-value) of each hypothesis were checked. According to the standard criteria of statistical significance testing, a hypothesis is supported if its critical ratio (*t*-value) exceeds 1.96 and the *p*-value is less than .05, and vice versa (Byrne, 2013).

**Table 2** Summary of Hypotheses Testing Results

	Hypothesized Path	Country	Standardized Coefficient( $\beta$ )	CR/ <i>t</i> -value	<i>p</i> -value	Results (Supported/ Not Supported)
<i>H</i> <sub>1a1</sub>	Dist → Tru	Kenya	-.218	0.802	.423	Not supported
<i>H</i> <sub>1a2</sub>	Dist → Tru	South Korea	.019	0.131	.896	Not supported
<i>H</i> <sub>1b1</sub>	Dist → Sat	Kenya	.133	0.493	.622	Not supported
<i>H</i> <sub>1b2</sub>	Dist → Sat	South Korea	.045	0.35	.726	Not supported
<i>H</i> <sub>1c1</sub>	Dist → Com	Kenya	.228	1.382	.167	Not supported
<i>H</i> <sub>1c2</sub>	Dist → Com	South Korea	.192	1.273	.203	Not supported
<i>H</i> <sub>2a1</sub>	Pro → Tru	Kenya	.920	1.069	.285	Not supported
<i>H</i> <sub>2a2</sub>	Pro → Tru	South Korea	.704	3.121	.002**	Supported
<i>H</i> <sub>2b1</sub>	Pro → Sat	Kenya	-.302	-0.496	.62	Not supported
<i>H</i> <sub>2b2</sub>	Pro → Sat	South Korea	-.155	-0.586	.558	Not supported
<i>H</i> <sub>2c1</sub>	Pro → Com	Kenya	-.032	-0.064	.949	Not supported
<i>H</i> <sub>2c2</sub>	Pro → Com	South Korea	.681	2.54	.011**	Supported

	Hypothesized Path	Country	Standardized Coefficient( $\beta$ )	CR/t-value	p-value	Results (Supported/ Not Supported)
<i>H</i> <sub>3a1</sub>	Int → Tru	Kenya	-.321	0.558	.577	Not supported
<i>H</i> <sub>3a2</sub>	Int → Tru	South Korea	-.142	0.573	.567	Not supported
<i>H</i> <sub>3b1</sub>	Int → Sat	Kenya	.44	1.071	.284	Not supported
<i>H</i> <sub>3b2</sub>	Int → Sat	South Korea	-.170	-0.77	.441	Not supported
<i>H</i> <sub>3c1</sub>	Int → Com	Kenya	.083	.248	.804	Not supported
<i>H</i> <sub>3c2</sub>	Int → Com	South Korea	-.241	-0.882	.378	Not supported
<i>H</i> <sub>4a1</sub>	Inf → Tru	Kenya	.481	2.362	.018**	Supported
<i>H</i> <sub>4a2</sub>	Inf → Tru	South Korea	.248	2.047	.041*	Supported
<i>H</i> <sub>4b1</sub>	Inf → Sat	Kenya	.447	1.423	.155	Not supported
<i>H</i> <sub>4b2</sub>	Inf → Sat	South Korea	.296	2.719	.007**	Supported
<i>H</i> <sub>4c1</sub>	Inf → Com	Kenya	-.264	-1.54	.123	Not supported
<i>H</i> <sub>4c2</sub>	Inf → Com	South Korea	-.105	-0.846	.398	Not supported
<i>H</i> <sub>5a</sub>	Tru → Com	Kenya	.943	5.741	.001***	Supported
<i>H</i> <sub>5b</sub>	Tru → Com	South Korea	.423	4.305	.001***	Supported
<i>H</i> <sub>6a1</sub>	Tru → Sat	Kenya	-.549	-0.674	.500	Not supported
<i>H</i> <sub>6a2</sub>	Tru → Sat	South Korea	.415	3.892	.001***	Supported
<i>H</i> <sub>6b1</sub>	Com → Sat	Kenya	.953	1.196	.232	Not supported
<i>H</i> <sub>6b2</sub>	Com → Sat	South Korea	.640	3.473	.001***	Supported
<i>H</i> <sub>7a</sub>	Sat → Cus	Kenya	.841	12.574	.001***	Supported
<i>H</i> <sub>7b</sub>	Sat → Cus	South Korea	.855	15.006	.001***	Supported

Note. \* =  $p$ -value < .05, \*\*  $p$ -value < .01, \*\*\*  $p$ -value < .001

As displayed in Table 3, a  $t$ -test of independent samples was used to examine if there were any significant differences in variable means between the two countries. The responses between Kenya and South Korea were statistically different, since their  $p$ -values were less than .05.

**Table 3** Summary of the Compared Means Test Result

Averages	Kenya vs South Korea (All Scale Items for Each Variable)		Kenya vs South Korea (Scale Items for Final Model for Each Variable)	
	F- Value	Sig	F- Value	Sig
Distributive Fairness	55.592	.000***	39.976	.000***
Procedural Fairness	42.871	.000***	43.895	.000***
Interpersonal Fairness	111.616	.000***	111.737	.000***
Informational Fairness	92.159	.000***	55.655	.000***
Customer Recovery Satisfaction	63.692	.000***	75.961	.000***
Trust	36.306	.000***	28.799	.000***
Commitment	70.808	.000***	90.899	.000***
Customer loyalty	114.502	.000***	105.759	.000***

Note. \* =  $p$ -value < .05, \*\*  $p$ -value < .01, \*\*\*  $p$ -value < .001

## Discussion

As described below, this research reveals important similarities and differences among Internet users in Kenya (a developing economy) and South Korea (a developed economy).

### **Effects of Distributive Fairness on Trust, Commitment, and Recovery Satisfaction**

The distributive dimension of service fairness did not influence trust, commitment, and recovery satisfaction in either Kenya, a developing economy, or in South Korea, a developed economy. This is consistent with the results of Ofori-Okyere et al. (2016), who indicated that the majority of respondents did not agree that the overall schemes studied provided satisfaction after service failure. Our data are similar to those of Wen and Chi (2013)—distributive justice had no significant direct

impact on customer trust. This may suggest that customers in both developing and developed economies expect service providers to put in effort to fix their problems and distribute outcomes fairly. It could also be that consumers in both economies considered distributive fairness to be common practice in handling their complaints, and in the same way, this could apply to other developing and developed economies.

#### ***Effects of Procedural Fairness on Trust, Commitment, and Recovery Satisfaction***

On the other hand, procedural fairness had a significant influence on trust and commitment in South Korea; this was consistent with previous research, which revealed that the procedural justice variables were strong predictors of organizational commitment and trust in supervisors (Colquitt, 2012; Wen & Chi, 2013). These findings demonstrate that factors of procedural fairness, such as receiving quick response from their service provider and fair policies in handling the problem, were highly correlated with trust and commitment towards Internet services among consumers in South Korea. Procedural fairness did not influence trust and commitment in Kenya or recovery satisfaction in Kenya and South Korea, which mirrored the findings of Lawkobkit and Speece (2012). Contrary to these findings, other studies have shown that procedural fairness can influence recovery satisfaction (Kohsuwan & Lawkobkit, 2013; Migacz et al., 2018). A plausible explanation could be a lack of knowledge in procedural fairness for consumers in Kenya, and in developing economies generally.

#### ***Effects of Interpersonal Fairness on Trust, Commitment, and Recovery Satisfaction***

Notably, the interpersonal dimension of service fairness did not influence trust, commitment, and recovery satisfaction in Kenya or South Korea. Previous research showed that there was no significant relationship between social fairness and satisfaction (Lawkobkit & Speece, 2012). As may be the case in countries at either level of economic development, this could be because customers in both countries considered interpersonal fairness to be a common practice in handling their complaints. This means that when aggrieved, consumers do not perceive staff honesty, courtesy, and caring communication as considerations for rebuilding trust, commitment, and recovery satisfaction.

#### ***Effects of Informational Fairness on Trust, Commitment, and Recovery Satisfaction***

With regards to informational fairness, it influenced trust in both countries. This is an indication of the importance of trust in any economy. Informational fairness also influenced recovery satisfaction in South Korea, but not in Kenya. This is in agreement with DeWitt et al. (2008) who, in their study of relationships between perceived justice and trust, suggested a positive effect. It also is consistent with the previous research findings of Kohsuwan and Lawkobkit (2013), where a significant influence was found between structural fairness and social fairness on recovery satisfaction. Migacz et al. (2018) replicated the findings of this study in that the level of satisfaction of service recovery was impacted by all three justice dimensions. However informational fairness neither influenced recovery satisfaction in Kenya (similar to the data obtained by Lawkobkit and Speece, 2012), nor commitment in both countries. This may suggest that honest communication, thorough explanation of procedures, and communicating details, are essential in building trust both in developed and developing economies.

#### ***Effects of Trust on Commitment***

Trust was found to have a significant effect on commitment in both Kenya and South Korea; consequently, it is significant in both developing and developed economies. This finding is similar to that of Vatanasombut et al. (2008) and Nusair (2010), whose studies found that trust had a positive effect on relationship commitment. It was replicated also by Roberts-Lombard (2020), who found that trust and relationship expectations significantly and positively influenced customer commitment. The results imply that the Internet services providers in both countries can be trusted completely, and that the service providers can be counted on to do what is right. Hence, they have high integrity, which leads to consumers to commit to the relationships that they have with their providers.

### ***Effects of Trust and Commitment on Recovery Satisfaction***

Trust and commitment had a significant relationship on recovery satisfaction in the context of South Korea, but not in Kenya. A similar finding also was highlighted in Roberts-Lombard's (2020) study in an Islamic African country.

### ***Effects of Recovery Satisfaction on Customer Loyalty***

Finally, recovery satisfaction was significantly related to customer loyalty in both countries, which is similar to Kau and Loh's (2006) findings in a different context. This indicates that providing a satisfactory resolution in either a developing or developed economy can lead to customer satisfaction being retained, and in turn lead to their willingness to stay with their Internet service provider.

There was a significant difference in variable means between the two countries. A possible explanation would be the variability in customer behavior between different cultures.

### **Theoretical Contributions**

This study adds to the existing literature on the relationships between service fairness dimensions (distributive, procedural, informational and interpersonal) and recovery satisfaction. Many studies (Lawkobkit & Speece, 2012; Ofori-Okyere et al., 2016) have been unable to show an influence of these factors on recovery satisfaction. However, other studies (del Río-Lanza et al., 2009; Ding & Lii, 2016; Kohsuwan & Lawkobkit, 2013) have shown that these factors may indeed influence recovery satisfaction. Therefore, this study is meaningful in that it showed that some service fairness dimensions have a significant influence on recovery satisfaction. Moreover, the data obtained in this study supports previous work (Kau & Loh, 2006) highlighting the link between recovery satisfaction and customer loyalty. The present study indicated that, among the dimensions of service fairness, only informational fairness had a positive influence on recovery satisfaction in South Korea. Elsewhere, similar findings have been obtained (Kohsuwan & Lawkobkit, 2013; Migacz et al., 2018).

### **Managerial Implications for Kenya**

Management can use the results of this research to put in place equitable outcome allocation strategies that would influence distributive fairness delivery in developing economies. It is suggested that management might investigate additional outcomes that influence trust, commitment, and recovery satisfaction, as the current outcomes may not be adequate to secure trust, commitment, and recovery satisfaction in developing economies. For example, training their staff in procedural fairness approaches would enable proficiency in time management, and create an awareness of the rights of their customers. Management may track customer expectations and enable specific policies through feedback mechanisms, such as suggestion boxes or website reviews. Management may improve trust through staff training to enable them to handle complaints, be knowledgeable, honest, and reliable. Management could increase the level of commitment by maintaining high ethical standards, such as continuing to do what is right. Management could sustain customer loyalty by offering continuous satisfactory and responsive resolutions to Internet service problems, including continuous improvement of the overall handling of complaint processes.

### **Managerial Implications for South Korea**

Management might research what other outcomes would positively influence trust, commitment, and recovery satisfaction, as the current outcomes may not be adequate in developed economies. Management can build trust and commitment through training staff to enable proficiency in time management, and knowledge of fair policies in handling service failure. This would improve responsiveness to customer complaints. In addition, management can build trust and commitment by offering feedback mechanisms to customers such as suggestion boxes or through website reviews. Management might investigate further what interpersonal factors influence trust, commitment, and recovery satisfaction in developed economies. Management can build trust and increase the level of satisfaction by giving honest and thorough explanations of their procedures and promptly

communicate the details. Management can increase commitment and recovery satisfaction by maintaining high ethical standards, by being consistent, and doing what is right for the customer. Furthermore, management can sustain customer loyalty by continuing to offer solutions that satisfy them.

### Limitations and Recommendations for Future Research and Conclusion

Although this study expands our knowledge of service fairness and recovery satisfaction, several limitations were identified. This study used quantitative methods to collect data and focused on a single industry, with an emphasis on Internet services in Kenya and South Korea. It involved a cross-sectional survey that has been commonly used in service failure and recovery studies (Kohsuwan & Lawkobkit, 2013). Future research should consider a longitudinal design using both qualitative and quantitative methods, with consideration to other regions of these countries to strengthen the applicability of the findings. In conclusion, this study indicated that the informational dimension of service fairness is critical in customer recovery satisfaction, and therefore industry players should take steps to ensure that it is practiced in addressing service failure. Furthermore, proper recovery satisfaction has been found in many studies to lead to customer loyalty—hence, its importance. In addition, practitioners in the service industry could find additional use for these research findings to improve the level of service recovery satisfaction.

### References

- Adams, J. (1965). Inequity in social exchange. *Advances in Experimental Social Psychology*, 2, 267–299. [https://doi.org/10.1016/S0065-2601\(08\)60108-2](https://doi.org/10.1016/S0065-2601(08)60108-2)
- Akamai. (2017). *The State of the Internet, Q1 2017 executive summary*. <https://www.akamai.com/us/en/multimedia/documents/state-of-the-internet/q1-2017-state-of-the-internet-connectivity-executive-summary.pdf>
- Andreassen, T. (2001). From disgust to delight: Do customers hold a grudge? *Journal of Service Research*, 4(1), 39–49.
- Baumgartner, H., & Homburg, C. (1996). Applications of structural equation modeling in marketing and consumer research: A review. *International Journal of Research in Marketing*, 13(2), 139–161.
- Birir, C. (2020). *Two loon balloons arrive in the country: Standard digital*. <https://www.standardmedia.co.ke/article/2001366646/two-loon-balloons-arrive-in-the-country>
- Blodgett, J., Granbois, D., & Walters, R. (1993). The effects of perceived justice on complainants' negative word-of-mouth behavior and repatronage intentions. *Journal of Retailing*, 69(4), 399–428.
- Blodgett, J., Hill, D., & Tax, S. (1997). The effects of distributive, procedural, and interactional justice on postcomplaint behavior. *Journal of Retailing*, 73(2), 185–210.
- Boshoff, C. (1997). An experimental study of service recovery options. *International Journal of Service Industry Management*, 8(2), 110–130.
- Businesswire. (2019, June 17). Kenya fixed broadband market statistics and analyses 2019. <https://www.businesswire.com/news/home/20190617005781/en/Kenya-Fixed-Broadband-Market-Statistics-Analyses-2019>
- Byrne, B. (2013). *Structural equation modeling with AMOS: Basic concepts, applications, and programming (3<sup>rd</sup> edition)*. Routledge.
- Chiou, J. (2004). The antecedents of consumers' loyalty toward Internet service providers. *Information & Management*, 41(6), 685–695.
- Clement, J. (2020). *Global digital population as of January 2020: Worldwide digital population as of January 2020*. <https://www.statista.com/statistics/617136/digital-population-worldwide/>
- Clemmer, E., & Schneider, B. (1996). Fair service. In T. A. Swartz, D. E. Bowen, & S. W. Brown (Eds.), *Advances in services marketing and management* (pp. 109–126). JAI Press.
- Colquitt, J. (2001). On the dimensionality of organizational justice: A construct validation of a measure. *Journal of Applied Psychology*, 86(3), 386–400.
- Colquitt, J. (2012). *Organizational justice*. In S. Kozlowski (Ed.), *Oxford library of psychology. The Oxford handbook of organizational psychology, Vol. 1* (p. 526–547). Oxford University Press.
- Colquitt, J., Greenberg, J., & Zapata-Phelan, C. (2005). What is organizational justice? A historical overview. In J. Greenberg, & J. A. Colquitt (Eds.), *Handbook of organizational justice* (pp. 3–56). Lawrence Erlbaum Associates.

- Consumer and Public Affairs. (2018). How to make a complaint regarding communication equipment or service. <http://www.ca.go.ke/index.php/how-to-make-a-complaint>
- Coulter, K., & Coulter, R. (2002). Determinants of trust in a service provider: The moderating role of length of relationship. *Journal of Services Marketing*, 16(1), 35–50.
- del Río-Lanza, A., Vázquez-Casielles, R., & Díaz-Martín, A. (2009). Satisfaction with service recovery: Perceived justice and emotional responses. *Journal of Business Research*, 62(8), 775–781.
- DeWitt, T., Nguyen, D., & Marshall, R. (2008). Exploring customer loyalty following service recovery: The mediating effects of trust and emotions. *Journal of Service Research*, 10(3), 269–281.
- Ding, M., & Lii, Y. (2016). Handling online service recovery: Effects of perceived justice on online games. *Telematics and Informatics*, 33(4), 881–895.
- Doll, W., Xia, W., & Torkzadeh, G. (1994). A confirmatory factor analysis of the end-user computing satisfaction instrument. *MIS Quarterly*, 18(4), 453–461.
- Dwyer, F., R., Schurr, P., & Oh, S. (1987). Developing buyer-seller relationships. *Journal of Marketing*, 51(2), 11–27.
- Fornell, C., & Wernerfelt, B. (1987). Defensive marketing strategy by customer complaint management: A theoretical analysis. *Journal of Marketing Research*, 24(4), 337–346.
- Greenberg, J. (1993). The social side of fairness: Interpersonal and informational classes of organizational justice. In R. Cropanzano (Eds.), *Justice in the workplace: Approaching fairness in human resource management* (pp. 79–103). Lawrence Erlbaum Associates.
- Hair, J., Black, W., Babin, B., & Anderson, R. (2010). *Multivariate data analysis* (7<sup>th</sup> ed.). Prentice-Hall.
- Homburg, C., & Fürst, A. (2005). How organizational complaint handling drives customer loyalty: An analysis of the mechanistic and the organic approach. *Journal of Marketing*, 69(3), 95–114.
- Hu, L., & Bentler, P. (1999). Cutoff criteria for fit indexes in covariance structure analysis: Conventional criteria versus new alternatives. *Structural Equation Modeling: A Multidisciplinary Journal*, 6(1), 1–55.
- Internet in South Korea. (2020, September 9). In *Wikipedia*. [https://en.wikipedia.org/wiki/Internet\\_in\\_South\\_Korea](https://en.wikipedia.org/wiki/Internet_in_South_Korea)
- Internet World Stats. (2019, November 16). *Kenya: Internet usage stats and market reports*. <https://www.internetworldstats.com/af/ke.htm>
- Internet World Stats. (2020). *Usage and population statistics: World Internet users and 2020 population stats*. <https://www.internetworldstats.com/stats1.htm>
- Kartiwi, M., Rfieda, A., & Gunawan, T. (2013, July 1–4). *A conceptual framework for assessing electronic banking continued use*. 8th International Conference on Information Technology in Asia (CITA). Kota Samarahan, Malaysia.
- Kau, A., & Loh, E. (2006). The effects of service recovery on consumer satisfaction: A comparison between complainants and non-complainants. *Journal of Services Marketing*, 20(2), 10–111.
- Kemp, S. (2020, February 18). *Digital 2020: South Korea* [PowerPoint slides]. SlideShare. <https://datareportal.com/reports/digital-2020-south-korea>
- Kim, T., Kim, W., & Kim, H. (2009). The effects of perceived justice on recovery satisfaction, trust, word-of-mouth, and revisit intention in upscale hotels. *Tourism Management*, 30(1), 51–62.
- Kohsuwan, P., & Lawkobkit, M. (2013). The focal determinants of service fairness and service recovery satisfaction in cloud computing. *AU-GSB e-JOURNAL*, 6(1), 12–20.
- Kwach, J. (2019). Importance of Internet in our life and education. <https://www.tuko.co.ke/263579-importance-internet-our-life.html>
- Lawkobkit, M., & Speece, M. (2012, May 30–June 1). *Integrating focal determinants of service fairness into post-acceptance model of IS continuance in cloud computing*. 2012 IEEE/ACIS 11th International Conference on Computer and Information Science. Shanghai, China.
- Li, X., Troutt, M., Brandyberry, A., & Wang, T. (2011). Decision factors for the adoption and continued use of online direct sales channels among SMEs. *Journal of the Association for Information Systems*, 12(1), 1–31.
- MacCallum, R., Browne, M., & Sugawara, H. (1996). Power analysis and determination of sample size for covariance structure modeling. *Psychological Methods*, 1(2), 130–149.
- Mattila, A., & Cranage, D. (2005). The impact of choice on fairness in the context of service recovery. *Journal of Services Marketing*, 19(5), 271–279.
- Maxham, J., & Netemeyer, R. (2002). Modeling customer perceptions of complaint handling over time: The effects of perceived justice on satisfaction and intent. *Journal of Retailing*, 78(4), 239–252.

- Maxham, J., & Netemeyer, R. (2003). Firms reap what they sow: The effects of shared values and perceived organizational justice on customers' evaluations of complaint handling. *Journal of Marketing*, 67(1), 46–62.
- McColl-Kennedy, J., & Sparks, B. (2003). Application of fairness theory to service failures and service recovery. *Journal of Service Research*, 5(3), 251–266.
- McDougall, G., & Levesque, T. (1998). The effectiveness of recovery strategies after service failure: An experiment in the hospitality industry. *Journal of Hospitality & Leisure Marketing*, 5(2–3), 27–49.
- McKetta, I. (2019). In-depth analysis of changes in world Internet performance using the Speedtest Global Index. <https://www.speedtest.net/insights/blog/global-index-2019-internet-report/>
- Migacz, S., Zou, S., & Petrick, J. (2018). The “terminal” effects of service failure on airlines: Examining service recovery with justice theory. *Journal of Travel Research*, 57(1), 83–98.
- Morgan, R., & Hunt, S. (1994). The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58(3), 20–38.
- Nusair, K. (2010). Examining the relationship among service recovery, affective commitment, calculative commitment, and trust for e-travel retailers. *Information Technology & Tourism*, 12(4), 317–330.
- Ofori-Okyere, I., Asante, D., & Normanyo, S. (2016). An examination of customers' evaluation of the justice theory as a basis for understanding the process of service recovery and satisfaction with recovery in the provision of national health insurance in Ghana. *European Journal of Business and Innovation Research*, 4(4), 28–47.
- Oliver, R. (1999). Whence consumer loyalty? *Journal of Marketing*, 63(4), 33–44.
- Parasuraman, A., Zeithaml, V., & Berry, L. (1985). A conceptual model of service quality and its implications for future research (SERVQUAL). *Journal of Marketing*, 49(4), 41–50.
- Roberts-Lombard, M. (2020). Antecedents and outcome of commitment in Islamic banking relationships—an emerging African market perspective. *Journal of Islamic Marketing*, Vol. ahead-of-print No. ahead-of-print. <https://doi.org/10.1108/JIMA-09-2018-0164>
- Ryssel, R., Ritter, T., & Gemünden, H. (2004). The impact of information technology deployment on trust, commitment and value creation in business relationships. *Journal of Business & Industrial Marketing*, 19(3), 197–207.
- Savci, M., & Griffiths, M. (2019). The development of the Turkish Social Media Craving Scale (SMCS): A validation study. *International Journal of Mental Health and Addiction*, 1–15. <https://doi.org/10.1007/s11469-019-00062-9>
- Shah, N., & Shah, S. (2010). Relationships between employee readiness for organisational change, supervisor and peer relations and demography. *Journal of Enterprise Information Management*, 23, 640-652. <https://doi.org/10.1108/17410391011083074>
- Sirdeshmukh, D., Singh, J., & Sabol, B. (2002). Consumer trust, value, and loyalty in relational exchanges. *Journal of Marketing*, 66(1), 15–37.
- Smith, A., Bolton, R., & Wagner, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of Marketing Research*, 36(3), 356–372.
- Statistica research department. (2020). Internet usage in South Korea – Statistics & facts. *Statistica*. <https://www.statista.com/topics/2230/internet-usage-in-south-korea/>
- Stewart, W. (2020). *Internet history*. [https://www.livinginternet.com/i/ii\\_summary.htm](https://www.livinginternet.com/i/ii_summary.htm)
- Tax, S., Brown, S., & Chandrashekar, M. (1998). Customer evaluations of service complaint experiences: Implications for relationship marketing. *Journal of marketing*, 62(2), 60–76.
- Vatanasombut, B., Igarria, M., Stylianou, A., & Rodgers, W. (2008). Information systems continuance intention of web-based applications customers: The case of online banking. *Information & Management*, 45(7), 419–428.
- Wang, F., & Head, M. (2007). How can the web help build customer relationships? An empirical study on e-tailing. *Information & Management*, 44(2), 115–129.
- Wen, B., & Chi, C. (2013). Examine the cognitive and affective antecedents to service recovery satisfaction: A field study of delayed airline passengers. *International Journal of Contemporary Hospitality Management*, 25(3), 306–327.
- Wirtz, J., & Mattila, A. (2004). Consumer responses to compensation, speed of recovery, and apology after a service failure. *International Journal of Service Industry Management*, 15(2), 150–166.
- Zemke, R., & Bell, C. (1990). Service recovery: Doing right the second time. *Training*, 27(6), 42–48.