The effects of distributive, procedural, and interactional justice on customer retention: An empirical investigation in the mobile telecom industry in Tunisia

Nedra Bahri-Ammari[a,*,1], Anil Bilgihan[b]

[a] Department of Marketing, IHEC, Carthage, Tunisia
[b] Department of Marketing, Florida Atlantic University Boca Raton, FL, USA

A R T I C L E   I N F O

A B S T R A C T

The framework offered in this study provides empirical evidence concerning the interaction between distributive, procedural and interactional perceived justice and loyalty program satisfaction on relational satisfaction in the mobile telecommunication context. Firms that rely on justice perception for strategy implementation are able to attain customer retention. This study suggests a theoretical model of customer retention that aims at investigating the role of satisfaction with loyalty program on relationship marketing. The structural equation modeling was used to test the hypothetical relationships. A self-administered questionnaire was distributed to a total of a convenience sample of 520 customers of multiple mobile phone companies. The target population includes customers who have subscribed to a loyalty program. Results show that distributive justice moderates the relationship between satisfaction with the loyalty program and relational satisfaction. The results highlight the need to focus on distributive justice in order to nurture satisfaction and loyalty. Satisfaction with the loyalty program is a key predictor of a satisfactory relationship with the operator and customer retention.

1. Introduction

Loyalty programs have been the subject of several previous studies (e.g. Kandampully et al., 2015; Söderlund and Colliander, 2015; Kreis and Mafael, 2014; Pez, 2009; García-Gómez et al., 2006; Mimouni and Volle, 2003; Lewis, 2004; Verhoef, 2003; Meyer-Waarden, 2007). The focus of such research includes themes from the role of loyalty programs in behavioural and affective loyalty (Söderlund and Colliander, 2015; García-Gómez et al., 2006; Mimouni and Volle, 2003) to the influence of loyalty programs and short-term promotions on customer retention (Verhoef, 2003; Lewis, 2004). On one hand, loyalty programs, whether in the form of membership cards (Tanford et al., 2011) or rewards programs (Hu et al., 2010), were predicted to

have direct influences on customer loyalty, parallel to the effect of switching costs (Baloglu, 2002). On the other hand, other frameworks show that the influence of such programs on loyalty behaviour is transient (e.g. Sharp and Sharp, 1997). Moreover, loyalty programs have been criticized, as researchers have posited doubt as to whether they actually work because they fail to understand customer behaviours and expectations (Xie and Chen, 2014). Loyalty program members do not necessarily engage in an on-going relationship with the firm. According to Söderlund and Colliander (2015), in some cases, customers may even feel frustrated and unfairly treated because they fail to collect the promised rewards, to misunderstand the procedures or to perceive a discriminatory interpersonal behaviour. Keropyan and Gil-Lafuente, (2012) highlight that mobile telecommunication companies

---

* Corresponding author.
  E-mail addresses: nedrabahri@yahoo.fr (N. Bahri-Ammari), abilgihan@fau.edu (A. Bilgihan).

[1] **Nedra Bahri-Ammari Nedra Bahri-Ammari** is an associate professor of Marketing and Management at the IHEC of Carthage, Tunisia. She is member of the LRM laboratory and the Co-Director of the Master "Marketing" at IHEC Carthage. She holds a Doctorate in marketing and a master degree in Marketing form ISG of Tunisia, University of Tunis. She is a graduate of marketing from ISG of Tunis, University of Tunis. Dr. Bahri's researches include: business-to-customer and business-to-business marketing, customer relationships management (CRM), social-CRM, digital Marketing, customer satisfaction, loyalty, retention, technology's implementation, firm profitability, enterprise Resource Planning (ERP) and Supply Chain Management. She has published in International peer-reviewed academic journals as: *International Journal of Contemporary Hospitality Management; Journal of Hospitality and Tourism Technology; Journal of Research in Marketing and Entrepreneurship; Management Research review; Journal of Marketing Research and Case Studies; International Journal of Customer Relationship Marketing and Management;* An *International Journal of Science, Engineering and Technology.* She has published a book on CRM and loyalty strategy also participated in the writing of books on tourism and social CRM. She has published in international and national academic conferences proceedings (AFM, EUROMED, World Research Summit for Hospitality and Tourism, Marketing Trends, WASET, IBIMA, Academy of Marketing Science...).

should spare no effort in seeking solutions to keep their own customers satisfied and thus loyal to the company.

Social justice may offer valuable insights for customer loyalty programs since it refers to the idea that an action or decision is morally right. If a loyalty program is perceived as fair and just, it could potentially increase customer loyalty. Creating a positive justice perception within customers' minds is an important task of service companies. If a customer feels he/she perceived an unjust treatment, it will trigger the customer to switch the service provider (Gohary et al., 2016). Söderlund and Colliander (2015) underscore that rewards through loyalty programs affect the perceived justice, which was measured in their study through distributive justice and, ultimately, affects the satisfaction. Furthermore, they believe that the preferential treatment to certain customers as part of a loyalty program is the ideal condition to activate a situation of perceived justice.

A significant number of previous studies in perceived justice have been devoted to service recovery, retailing context, switching behaviour and complaint process (e.g. Nikibin et al., 2012; Tax et al., 1998; Blodgett et al., 1993). In the same view, Pez (2009) demonstrated the moderating effect of perceived justice in the link between satisfaction with the loyalty program and relationship satisfaction in the French mobile phone sector. In the context of healthcare public services, Vinagre and Neves (2010) have attempted to validate the impact of perceived justice and emotions on patient satisfaction. Their results suggested the relevance of positive emotions, procedural and relational justice in patients' satisfaction process. In their framework, Aurier and Siadou-Martin (2007) investigated the role of perceived justice components on the evaluation process in a dining consumption experience. The findings highlighted both direct and indirect impacts on satisfaction through perceived quality and a notable link with trust. Several studies investigated the role of perceived justice facets on consumer responses (e.g. Aurier and Siadou-Martin, 2007) in the case of Northern European countries. As an example, these have a high number of service providers and a large market size (Söderlund and Colliander, 2015). Nevertheless, no studies have focused on perceived justice in emerging countries. This study focuses on the impact of the perceived justice in the mobile telecommunication services context in Tunisia. Tunisia has a developed telecommunications infrastructure with a 76% mobile penetration. This sector has shown an exceptional growth following the integration of two competing operators. In this context, several important steps have been made to renovate the regulatory framework. These include the passage from the oligopoly system (i.e., Tunisie Telecom) to an open market. Three operators share the market of mobile communication are Tunisie Telecom, Ooredoo and Orange Tunisie which offer different loyalty programs to their customers, hence, making it a suitable context to study loyalty programs.

In sum, the current research aims at underscoring the role of perceived justice dimensions (i.e. distributive, procedural and interactional) and satisfaction with the loyalty program in explaining customer's relational satisfaction and retention. The first objective is to identify, in the case of Tunisia, which perceived justice component moderates the interaction between satisfaction with the loyalty program and relationship satisfaction in the service context. The second objective is to reveal the role of this interaction and its contribution to predicting consumer retention process.

2. Theoretical background

This research is structured into four parts. Firstly, a review of the literature in this context is presented along with the conceptual framework of this research. Secondly, a conceptual model of the determinants of retention is proposed and then research hypotheses are presented. Next, we introduce the research methodology. Finally, the analysis is presented and discussed and then theoretical and managerial implications offered for future research directions are proposed.

2.1. Justice theory

The rational decision-making approach is derived from the economics literature, and it is valuable in predicting economic outcomes (Stevenson et al., 1990). However, economics research has also acknowledged that fairness theory is important in understanding customer decision making (Kagel and Wolfe, 2001). Thus, customer fairness perceptions, as opposed to the rational decision-making perspective, also explains the customer repatronage and recommendations (Humphrey et al., 2004).

The theory of justice has been well investigated in various contexts including marketing (Söderlund and Colliander, 2015; Smith et al., 1999; Tax et al., 1998) and information systems (Fu et al., 2015). The fundamental notion of justice suggests that organizations' actions are assessed by customers/employees on the basis of fairness and they responded according to their fairness perceptions (Wetsch, 2006). People are attentive to the justice of events and situations in their everyday lives, across a variety of contexts (Tabibnia et al., 2008). They react to actions and decisions made by organizations every day. A customer's perceptions of these decisions as fair or unfair can influence the customer's subsequent attitudes and behaviours. In other words, customers' satisfaction and loyalty are based on whether or not they felt that they were treated fairly, whether or not justice was done (Murphy et al., 2015). Fair offers led to higher happiness ratings and activation in several reward regions of the brain (Tabibnia et al., 2008) which suggests justice would play an important role in investigating loyalty and rewards programs.

The conceptual framework of the current research draws from the equity theory (Adams, 1963), which hypothesized that judgments of equity and inequity were the result of comparison between oneself and others based on inputs (i.e., what a person perceives to contribute) and outcomes (i.e., what a person gets out of an exchange). Much later, Greenberg (1987) presented the organizational justice theory which stems from the equity theory as well. It focused on how an employee judged the behaviour of the organization and the resulting employee's reaction (e.g. attitude or behaviour). Perceived justice has been lately treated in several relationship marketing studies to explain the customer satisfaction process (Pez, 2009; Aurier and Siadou- Martin, 2007). Previously, this construct has often been adopted in theory to deal with service failure occurrence (Sabadie, 2000; Tax et al., 1998; Blodgett et al., 1993). Tax and Brown (1998) considered that justice provided a global framework for understanding the complaint process from the beginning to the end, hence the relevance of the phenomenon. Perceived justice is viewed as a pledge of the continuity of partner's relationship and is meant to develop high customer loyalty intentions. Many investigations deduced that perceived justice had a significant effect on positive and negative emotions of customers in case of a service recovery (Lopes and da Silva, 2015; Vinagre and Neves, 2008; DeWitt et al., 2007). Earlier research has shown that perceived justice has often been conceptualized as a construct consisting of three dimensions namely, distributive justice, procedural justice and interactional justice (Aggarwal and Larrick, 2012; Maxham and Netemeyer, 2003; Blodgett et al., 1997).

2.1.1. Distributive justice

The principle of distributive justice (Greenberg and Tyler, 1987) suggests that fairness perceptions are induced when an individual compares an outcome (e.g. membership points) with a comparative other's outcome (Nguyen and Klaus, 2013). In organizational behaviour, distributive justice is defined as perceived fairness of how rewards and costs are shared by group members. For instance, when customers of the same telecommunication company are received different benefits, customers may feel that distributive justice has not occurred. According the principle of distributive justice, loyalty program members' outcomes (e.g. discounts, more data) should be based upon their inputs (e.g. years of commitment). Therefore, a customer