

Does Relationship Quality Affect Customer Satisfaction when Service Failure Occurs? Evidence from Customers of Commercial Banks in Eldoret Town, Kenya

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Abstract

In a service experience the customers will react to the service outcome to show their satisfaction or dissatisfaction. In a situation where the service fails the customers may show dissatisfaction actively by complaining to the service firm or spreading negative word of mouth to inform others about a dissatisfactory experience. This study examined the effect of service failure severity and relationship quality on customers' satisfaction. This study also evaluated the interactive role of relationship quality on the relationship between service failure severity and customer satisfaction. This research was grounded by social exchange and disconfirmation theory. The study employed explanatory design. A sample of 316 customers from selected commercial banks was selected while individual respondents were identified using systematic sampling technique. A self-administered questionnaire was used to collect primary data. Factor analysis was used to validate preconceived variables while Regression analysis was utilized to test the hypotheses. The results of this study reveal that service failure severity ($\beta = -0.517$, $p < 0.001$) and relationship quality ($\beta = 0.211$, $p < 0.01$) are significant determinants of customer satisfaction; they accounted for 34.1 % of the variation in customer satisfaction. Furthermore, relationship quality was found to moderate the effect of service failure severity on customer satisfaction; the interaction terms accounted for a significant proportion of the variance in customer satisfaction, $\Delta R^2 = .061$, $F = 17.107$, $p < .001$. From the findings, it is recommended that service firms should purpose to provide quality services capable of satisfying customer needs and in the event of service failure, the severity of the failure is an important determinant of satisfaction. However, the negative outcome of service failure can be attenuated by the quality of the relationship quality the firm has with its' customers. Therefore, firms are advised to invest in building quality relationship with their customers to buffer them from negative consequence of service failure.

Keywords: Service failure severity, relationship quality and customer satisfaction

INTRODUCTION

The negative effect of service failure is well documented in literature. Findings show that service failure results in negative outcomes for the firm such as customer dissatisfaction (Weun *et al.* 2004,) customer complains (Blodgett *et al.*, 1995) and desire to end the relationship with the firm (Swanson and Hsu, 2011).

According to Blodgett *et al.*, (1995), dissatisfied customers who are reluctant to seek redress are more likely to get even by sharing negative service experience which could be detrimental to the performance of the service firm. Given the

negative consequences of service failure, this remains an important phenomenon to understand in the service domain. While a great deal of research shows the undesirable effects of service failure, we still do not know as much as we should about how people respond to failure and why they respond in a certain way. Certainly, it cannot be expected that every customer will respond in exactly the same way to service failure.

It is common knowledge that service failure in many cases is inevitable thus the best a service firm can do is put in place measures to mitigate the negative outcomes should it occur. One way in which the negative consequences of service failure can be attenuated is through building strong relationship with customers. Many researchers in services marketing have suggested that the quality of a customer-organization relationship affects customers' responses to service failures (Hess *et al.*, 2003; Hess, 2008; Swanson and Hsu, 2011). Some propose that customer relationships provide an important buffer to service firms when service failures occur, resulting in less customer dissatisfaction. When service offered to a customer is personalized and customized to the level where social relationship is build, the customer will be more understanding during failures, (Berry, (1995). Similarly, positive prior service experience was found to reduce the negative outcomes of service failure as well as how the service complain is handled by the service firm as well as customer level of trust and commitment, (Tax *et al.*, 1998).

In contrast, other researchers have also shown that customer relationships exacerbate the negative customer responses following failures. Goodman *et al.* (1995) found that dissatisfaction with the service led to greater dissatisfaction with the organization for highly involved customers compared with less involved customers. In sum, researchers agree about the importance of relationship quality during service failure, but they do not present consistent or conclusive findings as to whether relationships serve to buffer or magnify the negative impact of failures on overall satisfaction. To recap, the main purpose of the current study was to examine the effects of service failure severity and relationship quality on customer satisfaction and negative word of mouth.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Customer satisfaction is becoming an increasingly salient topic in many firms and in academic research. The reason behind such interest is the general believe that satisfied customers will directly contribute towards attainment of the service firm's bottom line for the perspective of the service firm. This assertion is collaborated by empirical studies. For instance, a positive association has been observed between customer satisfaction and loyalty (Taylor and Baker, 1994) and between customer satisfaction and the tendency by customers to refer supplier's offer to other customers (Hartline and Jones, 1996). Research has shown that there is a link between service experience evaluation and customer satisfaction (Fisk *et al.*, 1993). A favourable service encounter results in customer's satisfaction, where value meets or exceeds the expectations of the service (Schneider and Bowen, 1999). A company's attainment of successful and long term competitiveness is primarily determined by its ability to offer services that meet customer expectation if not exceed (Henning-Thurau and Klee, 1997) and it is for this reason that Satisfaction has been deemed as an important concept in the services marketing literature (Oliver, 1997).

Organizations strive for flawless customer service, but service failures are inevitable and unavoidable. This is so because of the unique characteristics of service. Differentiation of service failure by type and degree of severity provides companies with insights into determinants and consequences of customer response (Bhandari *et al.*, 2007). As the severity of a failure is based on individual perceptions (Mattila, 2001), it has been proposed that differentiation of service failure by the intensity can provide service organizations with the insight into the determinants and the outcomes of customer response (Bhandari *et al.*, 2007).

Marketers are faced by duo pronged situation of spending their limited budgets on building strong customer relationships with existing customers and acquisitions new relationships (Palmatier *et al.*, 2008). In attempt to understand relationship quality, several authors have operationalized it in different ways; for instance Hennig-Thurau and Klee's (1997) postulated relationship quality as how appropriate the relationship is in fulfilling the needs of the customers in that relationship. De Wulf *et al.*, (2001) operationalized relationship quality as the overall assessment of the strength of a relationship. Hewett *et al.*, (2002) defined relationship quality as a buyer's level of trust and commitment to a seller firm. Based on social exchange theory empirical literature has shown that a customer's commitment and trust in the seller are key antecedents of performance (Doney and Cannon 1997).

Theoretical Foundation

Social Exchange Theory

Social exchange theory by Blau (1964) and as reviewed by other researchers informs this study, this theory is premised on the principles of interdependent social exchange of rewards and the belief and norm of reciprocity. This study posits that relationship exchange exist between partners (customers and service firms) where the service firms offer to meet customer needs whereas customers reciprocate by trusting the service provider as well as committing into long term relationship with the firm referred to as building relationship quality. However, in situations of service failure the firm falls short of customers' needs which results in customer dissatisfaction.

Disconfirmation Theory

Disconfirmation theory argues that 'satisfaction is related magnitude and direction of the service experience that occurs as a result of weighing the service performance against expectations' prior to consumption of the service. This assertion is further supported by Ekinici & Sirakaya, (2004) that disconfirmation paradigm is an important determinant of customer satisfaction. Satisfaction is as a result of customer personal judgment that a service meets expectation and delights the customer, in other words the service fulfills customer consumption expectation by either under-fulfilling or over fulfilling (Mattila & O'Neill, 2003).

Empirical review

Service failure occurs when service performances fall below customers' expectations (Hoffman and Bateson, 1997). The severity of failure is the magnitude of loss that customers feel from a failure (Hess *et al.*, 2003), and this can be either tangible or intangible. A tangible failure represents losses in monetary or service/product value. On the other hand, an intangible failure includes anger, inconvenience, or time (Smith *et al.*, 1999). Past research findings shows that more severe service failures lead to greater customer (dis)satisfaction than mild failures

such that the more severe service failures are the lead to lower levels of satisfaction (Dunning *et al.*, 2004; Hoffman *et al.*, 1995; Sparks & Fredline, 2007). As such, customers who experience a high severity service failure are more likely to be more dissatisfied (Swanson & Hsu, 2011).

Thus we can conclude that;

H1: Service failure severity has significant effect on customer Satisfaction.

Research has shown that relationship quality contributes to customer satisfaction. Exchange partners who have strong relationships enjoy confidence, social, and special treatments benefits that lead them to develop intentions to engage in further exchanges (Forrester and Maute, 2001; Gwinner, *et al.* 1998). Other scholars have posited that strong relationship quality between customer and service firm may in fact magnify customer responses following a service failure experience due to greater disconfirmation experienced, the customer will deem the service provider to have reneged on the service promise thus the betrayal hypothesis (Kelley and Davis, 1994; Goodman *et al.*, 1995; Singh and Sirdeshmukh, 2000; Mattila and Patterson, 2004). It is further supported by Oliver, (1980) who alluded that the raised expectations associated with strong relationships lead to greater negative disconfirmation when a failure occurs (Oliver, 1980).

Hess *et al.*, (2003) argued that the relationship between customer and service supplier inform the customers attribution as well as expectation in service failure situation. This point of argument is consistent to Berry (1995), who suggested that customers involved in affective and social service relationships might exhibit higher tolerance when failures occur. Furthermore, partners with high expectations of future interactions tend to believe that inequities caused by a partner's unsatisfactory performance will equalize during' future transactions (Ganesan 1994).

From aforementioned review the following hypotheses are formulated for testing;

H2: Relationship quality has significant effect on customer Satisfaction.

H3: Relationship quality moderates the relationship between service failure severity and customers' satisfaction.

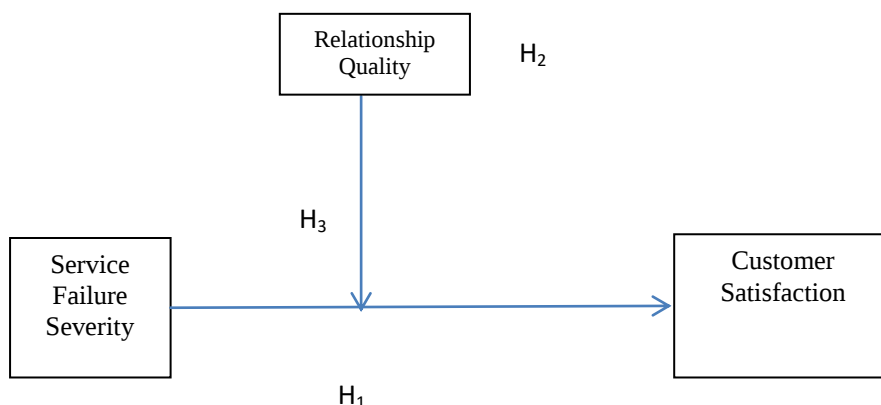


Figure 1: Conceptual framework

Source; Researcher, 2020

METHODOLOGY

The overall research design used in this was explanatory. This design has been used often in service failure research (Spreng *et al.*, 1995; Tax *et al.*, 1998). In this study the target population constituted customers of commercial banks in Eldoret town Kenya estimated to be over 10,000. The sampling frame thus consisted of the customers of commercial banks. Systematic quasi-random sampling was used to select every second customer to enter the bank on each day of the survey, starting with the first to come to the station at 9.00 am. This sampling method was chosen because it permits analysis of possible selection bias or error (Sher and Trull, 1996). It was also chosen to overcome the problems of high sampling cost associated with simple random sampling and the frequent unavailability of practical sampling frame for individual elements. The sample size selected for this study was 316.

The data collected was quantitatively measured in interval scale using the 7-point likert scale. However, the background information is in nominal as well as ordinal categorical data. Data was collected using structured self-administered questionnaire. The items in the questionnaire used to measure the construct dimensions are mostly adapted from previous studies: Satisfaction was measured on a scale adapted from Oliver (1997) and Hennig-Thurau *et al.* (2002). To measure relationship quality two dimensions were used, that is, trust and commitment. Trust was measured with items from Morgan and Hunt (1994) and from Doney and Cannon (1997), and commitment will be measured with items from Hennig-Thurau *et al.* (2002) and Smith (1998) commitment and trust being dimensions of relationship quality. Service failure severity was measured on a scale adapted from Weun *et al.* (2004).

Reliability and Validity of Research Instrument

To ensure validity and reliability measures of variables used are adopted from previous research. Face validity was verified by the clearness and understandability of the research instrument by respondent. A thorough literature review in the prior research stage formed the basis of content validity. To test convergent validity confirmatory factor analysis using Nunally (1978) criterion was used whereas discriminant validity was assessed using correlation and covariance as explained by Fornell and Larcker (1981). The assumptions of Factor analysis observed in the study include use of quantitative data at the interval or ratio level, normality and adequate sample size. Kline (1994) recommends a sample size of more than 100; a view supported by Hair *et al.*, (2006). The sample size for this study (N=316) satisfied the required sample size conditions.

Cronbach's alpha was used to examine internal consistency of items within each factor used in regression model. The alpha coefficient is considered appropriate because of the multi-item scales used to measure most of the variables in this study; thus the need to measure internal consistency (Cooper & Schindler, 2001). Cronbach's alpha values range from zero to 1.0: where values tending to 1.0 are usually considered more reliable. Alpha level of 0.5 and above was used to check for internal consistency among the items in this study (Sekaran, 2003). The researcher also consulted experts for advice on reliability and validity of the instrument.

Model Specification

In order to reveal the support or lack of it for the hypotheses, the two factors (relationship quality and service failure severity) hypothesized (H1 and H2) to influence Customers' Satisfaction were used in a multiple regression analysis as shown in equation i.

The equation for customer satisfaction was expressed in the following equation:

$$Y = \beta_0 + C + \hat{e} \dots\dots\dots i$$

$$Y = \beta_0 + \beta_1 X_1 + \hat{e} \dots\dots\dots ii$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \hat{e} \dots\dots\dots iii$$

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 Z + \beta_3 ZX + e \dots\dots\dots iv$$

Y- The dependent variable (customer satisfaction)

X – Service failure severity

Z – Relationship quality

ZX- interaction between service failure severity and relationship quality

$\beta_1, \beta_2, \beta_3$, - are regression coefficients or change induced in Y by X_1 , Z and ZX respectively

β_0 - the constant

C- Control variables were included: age, length of time of service and education level of the customers

$\hat{e}$ - Error term

Hypotheses H3 tested using Hierarchical multiple regression analysis in the framework provided by Aiken and West (1991), where all predictor variables and their interaction term are centred prior to model estimation to improve interpretation of regression coefficients. A single regression equation forms the basic moderation model:

RESULTS

The Response Rate

Of the targeted 316 respondents, 300 managed to fill the questionnaire thus yielding to a response rate of 85.13%. However, after data preparation only 269 questionnaires were useful for analysis. 31 were excluded either because of incomplete data or because they were outliers.

The Customers' Profile

The sample size used in analysis consists of data from 269 respondents. The gender distribution of the survey respondents was 41.6 per cent males and 53.9 per cent females, 4.5 per cent did not specify their gender. The results also indicated that the sample had age predominantly below 30 years, which was 52 percent. Followed by respondents who were between thirty and forty years at 28.6 percent and those between forty and fifty years at 14.9 percent only 4.5 percent were between fifty and sixty and none of the respondents was sixty and above years.

Majority of the respondents had college or higher education level: 26.8 per cent are certificate, diploma or advanced diploma holder, 62.1 per cent had bachelor's degree level and 4.1 per cent had postgraduate level of education. Only 0.7 per cent and 9 per cent of respondents had attained primary and high-school level respectively. Majority of the respondents had been served for between one and five years at 49.8 per cent. Respondents who had been served between five and ten years constituted 31.6 per cent of the total respondents. Respondents who had been

served for a period less than one year comprised 11.9 per cent and those who had been served for fifteen and above was only 2.6 per cent.

Descriptive Statistics on Independent Variables

This section presents the descriptive statistics for the variables; service failure severity, satisfaction, relationship quality, personal values and customers' response.

Descriptive Statistics of the variables

The rule of thumb suggests that kurtosis and skewness should range from between -1 to 1 for the assumption of normality to be fulfilled. From the tables below it is evident that all the variables except service failure severity (only kurtosis) are deemed normally distributed as per the results of kurtosis and skewness in the table 1 below.

Table 1: Summary of Descriptive Statistics of the Variables

Item	Mean Statistic	Std. Deviation Statistic	Skewness Statistic	Kurtosis Statistic
SFS	4.6654	2.16906	-.356	-1.414
SAT	3.5119	1.61236	.420	-.563
RQ	4.2139	1.35736	-.299	-.248

Valid N (listwise) N=269

Results of Factor Analysis and Reliability Analysis

The reliability of the questionnaire was tested using Cronbach α measurements. The reliability coefficients (α) of each independent variable are as follows: service failure severity (0.783); customer satisfaction (0.769) and relationship loyalty (0.846). The reliability coefficients of all the independent variables are above 0.70, which concurs with the suggestion made by Nunnally (1978).

Construct validity measures "the degree to which a scale measures what it intends to measure" (Garver and Mentzer, 1999) and it is assessed by factor analysis in this research. In order to assess the construct validity, 24 items are examined by principal components extraction with varimax rotation. The Kaiser-Meyer-Olkin (KMO) has a measure of 0.684, which is above the threshold of 0.5 (Field, 2005). The Bartlett's test is significant in this study with $\chi^2=3774.128$, $df=465$ (p-value, 0.001). Therefore, the KMO value of 0.684 and significance of Bartlett's statistic confirm the appropriateness of the factor analysis for the data set.

Tables 2 show the factor loading for each item. Any item that fails to meet the criteria of having a factor loading value of greater than 0.5 and loads on one and only one factor was dropped from the study (Liao et al., 2007). Table 4.8 shows that 18 items are sorted and clustered into three components: Factor 1 (service failure severity), Factor 2 (relationship quality), and Factor 3 (customer satisfaction).

Tables 2: factor Analysis Results

Scale Items	1	2	3
The problem was very unpleasant	.852		
The problem made me very angry	.907		
The problem was very severe	.605		
My choice to use this bank was a wise one			.741
I am always delighted with the bank's service			.817
I think I did the right thing when I decided to use this bank provider			.577
This bank can be trusted		.508	
This bank can be counted on to do what is right		.758	
This bank has high integrity		.773	
This bank is trustworthy		.713	
This bank keeps their promises		.545	
My relationship with the bank is something that I'm very committed to		.800	
My relationship with the bank is very important to me		.859	
My relationship with the bank is something I really care about		.769	
My relationship with the bank deserves my maximum effort to maintain		.644	
I have a strong sense of loyalty to this bank		.551	
This bank prepared to make short term sacrifices to maintain our relationship		.845	
I believe the bank and I view our relationship as a long-term partnership		.620	
Eigen values	3.73	9.978	1.053
Variance %	10.93	31.61	7.76
Cumulative Variance %	22.0	42.54	50.30
Reliability Apha (α)	.783	.846	.769
The Kaiser-Meyer-Olkin (KMO) = 0.684, Bartlett's test $\chi^2=3774.128$, df= 465 (p-value<0.001).			

Results of Correlation Analysis

Since a single construct in the questionnaire was measured by multiple items, the average score of the multi-items for a construct was computed and used in further analysis such as correlation analysis and multiple regression analysis (Wang and Benbasat, 2007). Pearson correlation analysis was conducted to examine the relationship between the variables (Wong and Hiew, 2005; Jahangir and Begum, 2008). According to Field (2005), correlation coefficient should not go beyond 0.8 to avoid multi-collinearity. Since the highest correlation coefficient is -0.531 which is less than 0.8, there is no multi-collinearity problem in this research (Table 3).

The results indicated that there was a significant negative relationship between customer satisfaction response and the service failure severity ($r = 0.531$, $p < 0.001$) and a significant positive with relationship quality ($r = 0.256$, $p < 0.01$).

Table 3: Pearson Correlation Coefficients

	Sat	SFS	RQ
SAT	1		
SFS	-.531**	1	
RQ	.256**	-.048	1

Notes: SFS= Service Failure Severity; SAT= Satisfaction; RQ= Relationship Quality

N=269

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

* . Correlation is significant at the 0.05 level (2-tailed).

Hypothesis Testing

Hierarchical multiple regression analysis was employed to test the hypotheses. Multiple regression analysis is applied to analyse the relationship between a single dependent variable and several independent variables (Hair et al., 2005). Multiple regression analysis was therefore selected as it is viewed as an appropriate method for this study.

To establish the effect of service failure severity and relationship quality on customer satisfaction, hypotheses H1 and H2 were tested. To test the whether relationship quality moderated the relationship between service failure severity and customer satisfaction hypothesis H3 was tested. The results are presented in Table 4.

In the first step, the control variables were included: age, length of time of service and education level of the customers. In the second model the independent variable (service failure severity) was introduced and R² changed by 0.267, $p < .001$ with F of 27.252. In the third model the moderator was introduced (relationship quality) which accounted for a significant amount of variance in customer satisfaction, R² changed by 0.046, $F = 19.072$, $p < .01$. Lastly, the interactions were introduced in model four, the interaction term accounted for a significant proportion of the variance in customer satisfaction, $\Delta R^2 = .061$, $F = 17.107$, $p < .001$.

To avoid potentially problematic high multicollinearity with the interaction term, the variables were centered and an interaction terms between service failure severity and relationship quality were created (Aiken & West, 1991). It is worth noting that all the models except model one were significant as shown by the significance of F ratio which means they achieved a satisfactory level of goodness of fit in predicting the variance of level of customer satisfaction in relation to service failure severity and relationship quality controlling for age of the customer, education level of the customer as well as the length of time the bank has served the customer. Thus appropriate for the testing of the hypotheses.

The beta coefficient in the regression analysis is useful in explaining the relative importance of each of the independent variable in contributing to customer satisfaction which is the dependent variable. Using model four; service failure severity has a significant negative effect on customer satisfaction ($\beta_2 = -0.543$, $p < 0.001$) whereas relationship quality has a significant positive effect on customer satisfaction ($\beta_1 = 0.127$, $p < 0.01$). Examining the interactive effects of relationship quality, it is evident that it has a significant moderating effect ($\beta = 0.264$, $p < .001$).

In conclusion, these results of multiple regression analysis support hypotheses H1 and H2 and H3; thus, service failure severity and relationship quality have

significant effect on customer satisfaction in situation of service failure. Service failure severity has significant negative effect on customer satisfaction while relationship quality has significant positive effect on customer satisfaction. On the other hand, relationship quality as a moderator is significant in attenuating the negative consequences of service failure.

The results are presented in the table 4 below.

Table 4: Results of Regression Analysis on the Effect of Service Failure Severity on Satisfaction and the Moderating Effect of Relationship Quality

Predictor Variable		Model I	Model II	Model III	Model V
Control Variables	Age	.085	-.057	.009	-.037
	educational level	-.154*	-.124*	-.126*	-.128*
	length of service by the bank	.005	.018	.000	-.011
Independent Variable	Service Failure Severity		-.535***	-.517***	-.543***
Moderators	Relationship Quality		.	.211**	.127**
Interactive terms	Relationship Quality* Service Failure Severity				.264***
	R ²	.027	.295	.341	.402
	Adj R ²	.016	.284	.323	.378
	F	2.457	27.252***	19.072***	17.107**
	R ² Change	-	.267***	.046**	.061***

N/B: Dependent Variable: Satisfaction

* $P < 0.05$

** $P < 0.01$

*** $P < 0.001$

DISCUSSION

The findings of this study support past research findings that more severe service failures lead to greater customer (dis)satisfaction than mild failures such that the more severe service failures are the lead to lower levels of satisfaction (Sparks & Fredline, 2007; Dunning et al., 2004; Hoffman et al., 1995). This is evidenced by the significant negative coefficient from the results of the analysis. The service failure severity is evidence by how unpleasant the failure was according to the customer as well as how angry the customer was after experience the service failure.

Customers who experience service failure will evaluate the expectation they had before consuming the service and the experience when utilizing the service and after the service, this informs how the customer reacts to the experience. The customer will evaluate the choice of consumption of the service as well as the service provider in the future. In addition, service failure will inform on whether the customer will be delighted with the service provider's service. The customer may regret on having decided to use this service provider whenever there is service failure. The general feel of the customer towards service provider will definitely be affected.

The interaction term between service failure severity and relationship quality accounted for a significant proportion of the variance in customer satisfaction. These results imply that customers must have trust on the retail outlet before any meaningful loyalty can be achieved, it is at this point that the customer is willing to

rely on an exchange partner in whom one has confidence, this supports the argument by Moorman et al (1993) that if the customer trusts the service provider then the customer will be willing to rely on an exchange partner in whom one has confidence. These findings support the argument of Berry (1995) that customers will be, more understanding in situation where a service fails to meet expectation if previously the service firm had served the customer in a tailored way that lead to establishing of social relationship. Similarly, Tax et al., (1998) found that positive confirmation of an earlier service experience cushioned the service firm against the negative effects of poor complaint handling on customer relationship quality.

CONCLUSION

The results of regression analysis results showed that, service failure severity and relationship quality significantly determine customers' negative word of mouth response in service failure situation. Furthermore, relationship quality moderated the relationship between service failure severity and customer satisfaction. These findings imply that negative consequences of service failure can be attenuated through building strong relationship with customers. Customer satisfaction has been found as an important consequence of service failure; the more severe the service failure is the more the dissatisfied the customers will be. However, the negative consequence of service failure severity can be buffered by relationship quality. All in all, service firms should strive to build a strong relationship with its customers given that service failure is inevitable because of the unique characteristics of services to buffer the firm against the negative consequences of the service failure. Furthermore, it is important to manage the intensity of the failure, this study provides insight to service failure; customers do not see failure just as failure but how bad the failure is, this determine the customers level of dissatisfaction and response to dissatisfaction which could include spread of negative word of mouth.

POLICY RECOMMENDATIONS OF THE STUDY

As for practical implication of the study, the first recommendation is that firms wishing to mitigate the negative consequence of service failure should build strong relationship with its customers. In this regard the banks and by extension other service sectors should be trustworthy and committed to the service ethic. Service firms should as much as possible strive to produce high quality service so as to meet customer expectation. However, research has shown that service failure is inevitable because of unique characteristics of services thus mitigating the service failure outcomes becomes crucial for the continued growth and survival of service firms. Building a strong relationship with customers by service firms will eliminate unnecessary loss and inconvenience to customers. It has been suggested that strong relationship leads to customers being loyal thus valuable communicators of favourable word of mouth about organization and its products to which they feel loyal. Such loyalists can attract new customers for the organisation and may even increase their own consumption collectively to the benefit of its sales, revenue and profit.

Theoretical Implication of the study

The findings of the study provide understanding and knowledge in as far as antecedents of customer satisfaction and negative word of mouth is concerned in the circumstance of service failure. This research adds to existing knowledge and

literature since few other researches has jointly considered the impact of customers' values and relationship quality on the effect of service failure severity on customers' word of mouth response. Moreover, in customer complaining behaviour literature: this study integrates service failure severity, satisfaction, the role of personal values and relationship quality into one model. In satisfaction literature this research is important because it has considered the moderation of relationship quality and personal values and considering the severity of the service failure in explaining satisfaction and exploring the moderating role of relationship quality and personal values in attempt to unearth if they buffer or magnify the negative consequences of service failure.

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