

EFFECT OF ADVANCE EXPLANATIONS ON CUSTOMER- PERCEIVED JUSTICE, SATISFACTION AND LOYALTY ENHANCEMENT

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Providing explanation in mitigating employee response to negative events has been widely discussed and used as an economic tool in organizational behavior (e.g., Gilliland, 1994). This concept was applied examining the advance/post-explanation effect with 300 samples in a service industry. The result, based on ANOVA analysis, indicates that the advance explanation effect on enhancing customer-perceived justice, satisfaction and loyalty is powerful and significant (Table 1).

We concluded that it is important that managers of companies should be providing advance explanations to customers to maintain this relationship economically and efficiently. The relationships among justice, satisfaction, and loyalty under two types of explanation (excuse and justification) will be studied in further research.

Keywords: customers, justice, satisfaction, loyalty enhancements, employee response.

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TABLE 1
ANOVA RESULTS

Effect	Mean		Between/ Within Groups	Sum of Squares	df	Mean Square	F
	Advance Explanation	Post Explanation					
Distributive Justice	4.96	4.51	Between Within	15.11 164.13	1 298	15.11 0.55	27.44*
Procedural Justice	5.12	4.74	Between Within	10.58 163.97	1 298	10.58 0.55	19.23*
Interactional Justice	5.06	5.03	Between Within	0.05 242.69	1 298	0.05 0.81	0.07
Satisfaction with Explanation	4.81	4.50	Between Within	7.26 159.11	1 298	7.26 0.53	13.60*
Overall Firm Satisfaction	5.19	4.55	Between Within	30.72 200.96	1 298	30.72 0.67	45.55*
Consumer Loyalty	5.10	4.31	Between Within	46.28 117.63	1 298	46.28 0.39	117.25*

Note: * $p < 0.05$

REFERENCE

Gilliland, S. W. (1994). Effects of procedural and distributive justice on reactions to a selection system. *Journal of Applied Psychology*, **79**, 691-701.