

Fairness in Complaint Handling: Exploring a Cross-Cultural Perspective

Autoria: Cristiane Pizzutti dos Santos, Jagdip Singh

RESUMO

Drawing from fairness theory, this paper develops a theoretical framework for understanding complaint resolution processes in a cross-cultural setting. The proposed framework links three streams of research – fairness theory, complaint handling processes, and cultural dimensions. In terms of fairness theory, we discuss the role of its three distinct dimensions– distributive, procedural and interactional fairness – elucidating the key complaint handling attributes that act as antecedents. In terms of complaint handling processes, we draw from the recent studies in the literature to specify inter-relationships among fairness dimensions, satisfaction (with complaint handling) and loyalty. Finally, in terms of cultural factors, we utilize the dimension of individualism/collectivism to theoretically develop hypotheses that propose the influence of cross-cultural differences on fairness and complaint handling processes. We discuss that these hypotheses illuminate the underlying processes and extend our understanding of complaint resolution processes. We provide several directions for empirically testing the hypothesized model and indicate why such pursuit is likely to be fruitful.

INTRODUCTION

Rooted in the social exchange literature, fairness theory provides a rich foundation to probe how conflicts and complaints are resolved (Lind and Tyler 1988; Goodwin and Ross 1992, Tax et al. 1998). Because complaint resolution processes play a significant role in restoring customer satisfaction, enhancing brand loyalty and avoiding negative word-of-mouth, it is not surprising that fairness theory has attracted the attention of researchers and managers interested in studying the complaint handling phenomenon. Overall, empirical studies have provided strong support for the relevance of fairness theory, and its potential to illuminate how consumers form fairness judgments, and how these judgments in turn shape their satisfaction and loyalty (e.g., Goodwin and Ross 1992; Blodgett et al. 1997; Tax et al. 1998; Smith et al. 1999).

Despite the large number of studies, our understanding of complaint resolution has been limited to the U.S. context. This is surprising since cultural factors can play important role in shaping fairness judgments. For example, in an individualistic society (e.g., the United States), where individual-centered values dominate and promptness is of significant concern, the speed of complaint resolution may be more central to fairness judgements relative to a collectivistic culture (e.g., Brazil), where those values are not so important. Thus, the concept of culture becomes crucial for understanding issues of human diversity in social conflicts, and psychological processes. From a managerial standpoint, understanding how complainers in different cultures perceive and weigh the recovery attributes, formulate fairness judgments, and how these judgments impact their satisfaction is fundamental in developing effective complaint handling strategies across societies.

The primary aim of this paper is to develop a framework drawn from fairness theory for understanding complaint handling processes in a cross-cultural setting. In that sense, this paper links three streams of research – fairness theory, complaint handling processes, and cultural dimensions. Specifically, it is organized around four sections. First, we examine the fairness theory applied to social exchanges, discussing each one of the three dimensions of fairness – distributive, procedural and interactional. Second, we analyze the cultural factors that can influence fairness judgments. One dimension is particularly important to this framework – individualism/collectivism. Next, based on the complaint handling literature, we

propose a framework for understanding complaint handling processes using fairness theory in a cross-cultural context. In particular, we investigate the influence of six recovery attributes on customers' fairness perceptions, thereby effecting satisfaction with complaint handling and customer loyalty. We hypothesize how would be these influences in a cross-cultural context. Finally, we close with a discussion on the proposed framework.

FAIRNESS THEORY IN SOCIAL EXCHANGES

Rooted in the social exchange literature, fairness theory provides a rich foundation to probe how conflicts and complaints are resolved (Lind and Tyler 1988). The most fully articulated fairness theory that has generated the most interest and research is the equity theory. Equity theory, introduced by Adams (1965) and reformulated by Walster and her associates (1973), proposes a view of social interaction as reciprocal exchange, governed by a norm of distributive justice. This norm postulates that individuals in exchange relationships compare with each other the ratios of their inputs into the exchange to the outcomes obtained to determine the degree to which the exchange is equitable or fair. Inequity exists when one perceives that the result from this comparison is unfavorable. That is, when the perceived inputs and/or outcomes are inconsistent with the perceived inputs and/or outcomes of the referent (Adams 1965).

Studies in marketing have found support for the role of equity evaluations in consumer-seller exchanges (e.g., Mowen and Grove 1983; Oliver and Swan 1989). Essentially, the inputs from the consumers perspective are information, effort, money, or time exerted to make an exchange possible, and the outcomes are the benefits received from the exchange (e.g., product performance, satisfaction feelings). If they perceive that their ratio of inputs to outcomes is worse than the seller's, they experience inequity, and this feeling of inequity may lead to dissatisfaction. Satisfaction occurs when the ratios of outcomes and inputs for each party to the exchange are approximately equal.

Folger (1986) states that because equity theory only specifies a criterion for distributive fairness, or the fairness of outcomes received, paying less attention to the way outcomes are achieved, it fails to characterize justice adequately.

Extending this logic, researchers have sought to shed some light on the other facets of the fairness concept. The current literature on this topic proposes that fairness can be evaluated along three dimensions: distributive, procedural and interactional (e.g., Bies and Moag 1986; Clemmer 1993). Procedural fairness refers to policies and criteria used by decision makers for resolving disputes and allocating outcomes (Thibaut and Walker 1975). Finally, distributive fairness refers to the outcomes of the process (Adams 1965). We will discuss each dimension next, following the chronological order that they appear in the literature.

Distributive Fairness

Distributive fairness, emphasized by the equity theory, refers to the allocation of benefits and costs between parties of an exchange. According to Deutsch (1985) and Leventhal (1976), a person judges receiver's deservingness by using three different justice rules: contribution or equity, need and equality rules. Equity rule defines fair exchange as one in which each party to an exchange perceives that the ratio of each parties' outcomes to inputs are equal (Walster et al. 1973). As long as this rule clearly represents the principle underlying equity theory, the importance of the contribution rule in determining an individual's perception of fairness has been stressed by equity theorists (e.g., Adams 1965; Walster et al. 1973). By contrast, the need rule is applied when a person evaluates fairness on the basis of whether receiver's legitimate needs and desires have been satisfied. The need rule is likely to have greater impact when there is a close, friendly relationship between the parties. Finally,

the equality rule dictates that people should obtain similar outcomes regardless of differences in their contributions or needs. So, it might lead a person to give all workers equal pay in spite of the fact that they differ in accomplishments or needs. An individual is likely to give high weight to the equality rule when maintenance of harmony and solidarity among receivers is important. While research based on the contribution rule has been profuse, research into equality and need rules is still limited.

Procedural Fairness

Thibaut and Walker (1975) and Leventhal (1976) were pioneers to stress the distinctions between procedural justice and distributive justice, and the importance of studying procedural as well as distributive fairness. They use the term “procedural justice” to refer to fair, peaceful methods of managing, moderating or resolving disputes (Thibaut and Walker 1975). In other words, this dimension is related to the “means” by which the ends are accomplished.

The dominant model of procedural fairness, stimulated by Thibaut and Walker (1975), focuses on people’s reactions to different dispute resolution procedures in terms of whether a third party or the disputants themselves control (a) the presentation of information and evidence (b) the decision. Their investigations compared people’s reactions to simulated dispute-resolution procedures that differed with respect to two types of control: the amount of control they offered the disputants over the procedures used to settle their grievances (referred to as “process control”), and the amount of control they had over directly determining the outcomes (referred to as “decision control”). These studies have found that verdicts resulting from procedures offering disputants process control were perceived as fairer and were better accepted than identical decisions resulting from procedures that denied process control.

Therefore, process control has been the most heavily researched element of procedural justice (e.g., Thibaut and Walker 1975; Lind and Tyler 1988; Lind et al 1990). Process control effect describes how perceptions of procedural fairness are enhanced when individuals are provided an opportunity to express themselves. This is not surprising because people believe that they can use the opportunity for expression to persuade the decision-maker to render a favorable decision (Lind et al. 1990).

Besides *voice*, others variables related to procedural justice have been also investigated. In analyzing critical service encounter incidents, Clemmer (1993) identifies a set of procedural rules that cover a broad spectrum of issues, including items related to efficiency, flexibility, accuracy, objectivity and timing. The perception of waiting time to get some benefit becomes a relevant element among the procedural ones.

Interactional Fairness

Introducing the communicational aspect of fairness perceptions, Bies and Moag (1986) suggest that the interactional style used to obtain information and communicate outcomes will also affect perceptions of fairness. As the first attempt to identify criteria or principles of fairness in communication, Bies conducted two studies in which he asked MBA job candidates, in an open-ended way, for their reactions to corporate recruiting practices. He found that rude interviews and embarrassing or inappropriate questions led to increased perceptions of unfairness, regardless of whether the interview led to a job offer.

Bies and Moag (1986) propose that an analysis of interactional concerns should be separated from an analysis of the procedure itself. In taking this perspective, they view an allocation decision as a sequence of events in which a procedure generates a process of interaction and decision making through which an outcome is allocated to someone. Each part of the sequence is subject to fairness considerations and thus, every aspect of an organizational decision (procedure, interaction, outcome) may create a potential justice

episode. Furthermore, in light of these findings, other scholars have examined interactional elements as well. Clemmer (1993), for instance, sought to gain a better understanding of the principles of interactional justice by focusing on the role of fairness in customer satisfaction with services. She identifies six interaction justice principles: politeness, friendly, interested, sensitive, honest and bias.

CULTURAL FACTORS AND THEIR RELEVANCE IN FAIRNESS JUDGMENTS

Researchers have offered several definitions of culture. As a matter of fact, the classic study of Kroeber and Kluckhohn, developed 47 years ago, identifies over 160 concepts of culture (Coney et al. 1998). This is not surprising because culture is a multi-dimensional and multi-layered concept that permeates several fields of study. We adopt Kluckhohn's definition (1951, p.86), where culture "consists of patterned ways of thinking, feeling, and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values".

Several scholars have focused their attention on the role culture plays in the market exchanges. They have addressed issues related to how cultural differences impact perceived risk (Hoover et al. 1978), organizational performance (Nemetz and Christensen 1996), development of trust (Doney et al. 1998), word-of-mouth referral behavior (Money et al. 1998) and advertising appeals (Mueller 1987). More importantly, the topic of justice has also been explored cross-culturally in the context of conflict resolution procedures (e.g., Leung and Lind 1986; Leung 1987; Bond et al. 1992; Pearson and Stephan 1998). However, as far as we know, only one study has investigated the justice concept applied to complaint handling episodes in cross-cultural settings, in this case comparing Canadians and Chinese consumers (Hui and Au, 2001).

The majority of the cross-cultural studies of fairness have focused on the individualism-collectivism dimension to conceptualize differences among societies. Such a dimension has been acknowledged as a powerful indicator of diversity among cultures (e.g., Hofstede 1980; Triandis 1988; Gudykunst et al 1996). Because of its significance and theoretical foundation, we utilized this dimension to understand cross-cultural perspective on fairness in complaint resolution.

Individualism/Collectivism Dimension

The key component of individualism/collectivism is the subordination of individual goals to those of the collective (e.g., Hofstede 1980; Triandis 1988; Hofstede and Usunier 1996). Individualists give priority to self-interests relative over those of their collective, whereas collectivists do not distinguish between the two, that is, a collective goal *is* the individual's goal, and if self and collective interests differ, he or she will subordinate personal interests to those of the collective. As such, an individualistic culture is one in which self-concept is defined in individual or trait terms, while a collectivistic society is one in which an individual is defined with reference to societal and cultural norms.

In individualistic societies, goals emphasizing individual accomplishment, autonomy, internal locus of control and equity in exchanges are salient, whereas collectivists emphasize norms for behavioral conformity, interdependence and the well-being of their ingroup.

Collectivism is also associated with emphasis on harmony and low levels of competition. In China, for example, where confrontation is highly undesirable, Leung (1987) found that people prefer mutual face-saving conflict resolution styles. Thus, mediation and negotiation appear to be more effective in leading to animosity reduction and interpersonal harmony. People in individualistic cultures, on the other hand, prefer direct styles of dealing

with conflict, such as, dominating, controlling, and solution-orientation. This stark contrast in conflict resolution styles has been supported in empirical research (Ting-Toomey 1988).

Although individualism and collectivism exists in all cultures, usually a single pattern tends to dominate. Specifically, individualistic values dominate in North-American and West European countries, such as, the United States, United Kingdom, the Netherlands, and Canada, whereas collectivistic characteristics dominate in Asian and Latin American countries, such as, Hong Kong, Japan, India, Brazil and Mexico (Hofstede 1980). It is worth noting that Hofstede (1980) found a generally high positive correlation of individualism with gross national product, demonstrating that this dimension is related to the wealth and economic development of societies.

The communication patterns can be highlighted as an important aspect that distinguishes collectivistic and individualistic orientations Hall (1976) divides cultures into high-context and low-context groups based on the extent to which the social context of interactions is important in a culture. A high-context communication is one in which “most of the information is either in the physical context or internalized in the person, while very little is in the coded, explicit, transmitted part of the message” (Hall 1976, p.79). Consequently, people in a high context culture rely upon the context of a situation, the relationship between individuals, the purpose of the conversation and the nonverbal activity, in addition to the words. The social and temporal context of communications is key to understanding the meaning intended by the content of the messages. In contrast, a low-context communication is one in which “the mass of information is vested in the explicit code” (Hall 1976, p. 70). People in this context rely upon words to convey precise meanings. As such, high-context communication is characterized as being indirect and ambiguous, while low-context communication is characterized as being direct, precise, and as being consistent with one’s feelings.

These two patterns of communication are manifested in the collectivism and individualism orientations, respectively. People in Asian and Latin American societies tend to use high-context messages, because they are more concerned with avoiding hurting or imposing on others than are member of individualistic cultures. In other words, they communicate in ways that maintain harmony in their ingroups. Individualistic people, in contrast, are more concerned with clarity in conversations, transmitting messages that are consistent with their feelings even if it risks damaging the relationship (Hall 1976; Gudykunst et al 1996).

An important issue that has been linked to the context dimension developed by Hall (1976) is the differences in the way of “time” is handled. Hall and Hall (1987) identify two time systems in the world - monochronic (M-time) and polychronic (P-time). According to them, low-context cultures are typically monochronic, that is, treat time as a tangible asset, divide it into small units, and use it in a linear way. M-time cultures focus on one activity at a time and take deadlines and schedules seriously. In these cultures, the social context of interactions is relatively less important. Instead, the emphasis is on promptness, saving time, and keeping to schedules. High-context cultures, on the other hand, are typically polychronic, and have a completely different attitude toward time. In P-time cultures, multiple activities are performed at the same time, deadlines and schedules are considered secondary, and promptness is based on the relationship. In these cultures, social context of interactions is more important than keeping schedules. Consequently, high-context cultures of developing countries tend to handle time in a polychronic manner compared to low-context cultures of developed countries (with the exception of Japan) that handle time in a monochronic way (Manrai and Manrai 1995).

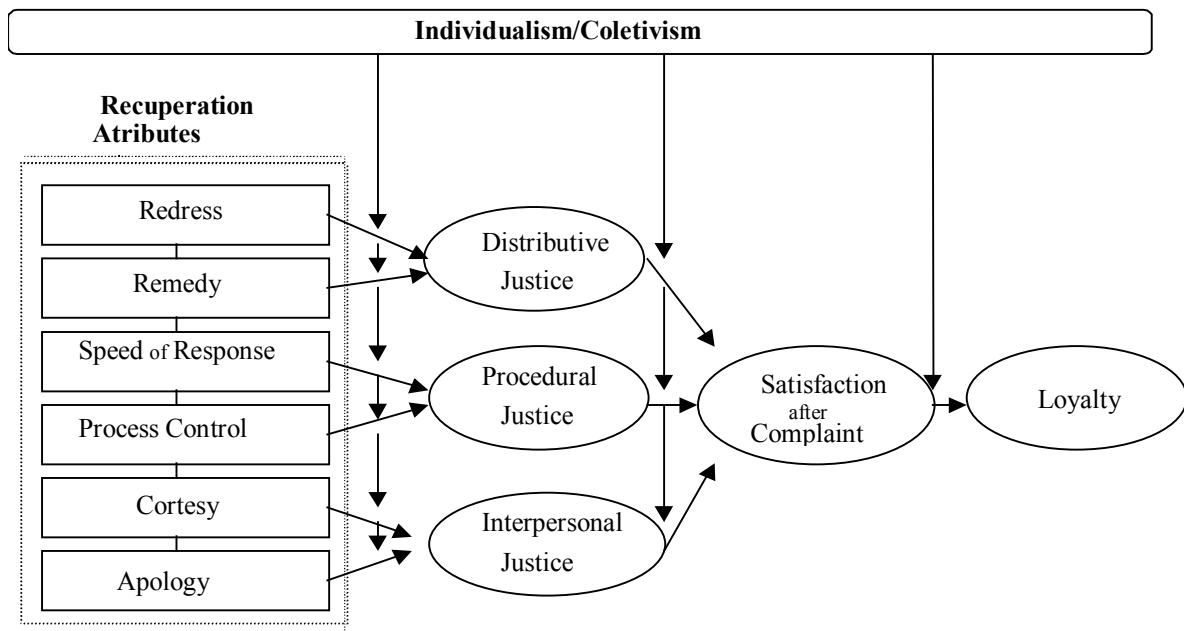
We recognize that several other cultural dimensions have been explored. For example, in the Hofstede’s study (1980), three additional dimensions were identified: power distance,

masculinity/femininity, uncertainty avoidance. Including these dimensions in our model is possible; however, it would make the model significantly more complex. More importantly, so doing is likely to be conceptually tedious as theoretical foundation in lacking to propose hypotheses of their effects. Thus, for the purpose of this initial study, the focus on the individualism/collectivism dimension – the major dimension of cultural variability isolated by theorists across disciplines (Ting-Toomey 1988; Triandis 1988) – will provide useful starting-point for the development of a theoretically grounded framework.

FAIRNESS THEORY IN A CROSS-CULTURAL CONTEXT: A PROPOSED FRAMEWORK FOR UNDERSTANDING COMPLAINT HANDLING PROCESSES

A complaint handling process starts with a consumer's complaint and typically generates interactions between the complainer and company or its representatives resulting in outcomes (Tax et al. 1998). Interpersonal treatment, process elements and benefits will shape the consumer's perception of fairness that, in turn, results in (dis)satisfaction feelings and post-complaint attitudes and behaviors. Drawing on Tax et al. (1998) and Smith et al. (1999), a framework to study the influence of fairness evaluations on complaint outcomes is depicted in the Figure 1. Specifically, this model considers how different recovery attributes (e.g., response speed and apology) influence customer evaluations through perceived fairness, thereby affecting satisfaction with complaint handling and customer loyalty.

Figura 1: A Model for Understanding Fairness Applied to Complaint Resolution Processes, in a Cross-Cultural Context



We examine the influence of six recovery attributes on customer's fairness perceptions: direct/indirect redress, response speed, process control, respect/courtesy and expression of apology. Each element is hypothesized to influence one of the three dimensions of fairness evaluations – distributive, procedural or interactional. These attributes were included for two reasons. First, they have received relatively strong support in complaint handling literature as important elements influencing evaluations of fairness and satisfaction (e.g., Goodwin and Ross 1992; Blodgett et al. 1997; Tax et al. 1998). Second, the specified recovery attributes appear to be relevant for studying the moderating effects of cultural dimension – individualism/collectivism.

We discuss the influence of recovery attributes next, and in a later section develop the hypotheses for cross-cultural effects.

Recovery Attributes and Their Consequences

The *redress* offered by the company to solve the complainers' problems (e.g., letter, refund, exchange) refers to the allocation of resources, that is, distributive fairness. Such a redress has been considered an important recovery dimension in restoring the equity to an exchange relationship when one party has been "harmed" by the other (e.g., Adams 1965; Walster et al. 1973; Smith et al. 1999). Studies have found a relatively strong impact of type of redress on satisfaction with complaint handling and other outcome variables. In general, tangible compensations, such as, discount, refund, coupons and replacement, tend to enhance satisfaction (Gilly and Gelb 1982; Smart and Martin 1992; Goodwin and Ross 1992; Tax et al. 1998) and increase repurchase intentions and behavior (Conlon and Murray 1996; Blodgett et al. 1997).

Besides redress, we utilize the *remedy* construct in our framework. Remedy relates to the actions taken by companies to prevent the reoccurrence of the problem in future businesses with all customers. In any service recovery situation, sellers may or may not respond by instituting changes that affect future exchange and/or customers. To the best of our knowledge, no study has addressed this element in examining perceived fairness in complaint handling episodes.

Process control and *response speed* are considered important recovery attributes used by consumers to assess the procedural fairness of the complaint experience (Clemmer and Schneider 1993; Blodgett et al. 1997; Tax et al. 1998; Smith et al. 1999). Process control is related to the consumers' sense of control on complaint handling processes. The preference for process control is consistent with social exchange theory (e.g., Thibaut and Kelly 1959), which states that individuals seek to obtain and maintain control over decisions that might affect their outcomes. In the complaint setting, voice is present when customers have opportunity to express their feelings and opinions and/or present information relevant to the decision-making process. Overall, the growing consumers' sense of control over the process increases the consumer's perception of procedural fairness, and ultimately her/his satisfaction with the conflict resolution (Folger 1977; Walker et al. 1974; Lind et al. 1990; Goodwin and Ross 1992; Tax et al. 1998).

Response speed is related to the speed with which complaints are handled. Both empirical evidence and logic argues that there is a negative correlation between waiting time and a customer's evaluation of the quality of a service. In the case of complaints, it seems that this relationship is even stronger, because the consumer is already dissatisfied and wants an appropriate solution as fast as possible. Conlon and Murray (1996) detected that when the response speed is dissatisfactory, the level of satisfaction with the explanation and repurchase intentions are lower.

Courtesy/respect and *apology* are recovery attributes related with the way employees treat and communicate with the consumers during the complaint episode. Consequently, they will influence customers' perceptions of interactional fairness. Researchers have sought to closely examine these dimensions involving complainer-front line employee interactions. Martin and Smart (1994), for instance, report that a personal and cordial style of communication had significant positive effect on customer satisfaction and service quality perceptions.

The provision of an apology has also been considered a relevant aspect to redistribute esteem in an exchange relationship, enhance interpersonal judgments and satisfaction with the complaint handling (Walster et al. 1973; Goodwin and Ross 1989, 1992; Blodgett et al. 1997; Smith et al. 1999). Studies have found that complainers who received an apology reported higher satisfaction level than those who did not receive an apology (e.g., Martin and Smart

1994) and also greater likelihood to do future business with the company (Conlon and Murray 1996).

Fairness Dimensions and Satisfaction with Complaint Handling

In light of the previous discussion, it is acknowledged that customers' satisfaction with complaint episodes is a result of their evaluations of distributive, procedural and interactional elements (e.g., Goodwin and Ross 1992; Blodgett et al. 1997; Tax et al. 1998; Smith et al. 1999).

Measuring these three dimensions of company's response - distributive, interactional and procedural, Tax et al. (1998), found that each of these aspects is related positively and uniquely to satisfaction with complaint handling, and altogether account for 88% of satisfaction. The positive effect of these dimensions on consumer satisfaction has also been detected by Goodwin e Ross (1992), Blodgett et al. (1997), Smith et al. (1999) and Santos (2001).

Satisfaction with Complaint Handling and Customer Loyalty

As depicted in Figure 1, satisfaction with complaint handling has been considered as a mediator that links perceptions of the complaint resolution process to loyalty, including repurchase attitudes and behavior. Consistent with this idea, scholars have found that satisfaction with company's responses positively impacts the complainants' repurchase intentions and behavior (e.g., Gilly and Gelb 1982; Martin and Smart 1994), word-of-mouth intentions and behavior (e.g., Blodgett et al. 1993; Blodgett et al. 1997), and relationship variables, such as, trust and commitment (Tax et al. 1988; Santos 2001).

Influence of Cultural Factors on Fairness Processes in Complaint Resolution

Based on the preceding review of the literature and the conceptual model derived from past fairness research, we develop a set of propositions for examining the influence of cultural factors in complaint resolution processes. In so doing, we specifically focus on the cultural dimension of individualism/collectivism. Moreover, in order to illustrate the conceptual arguments, we utilize United States and Brazil as examples of individualistic and collectivist cultures respectively. This will allow us to concretize our logic by linking our propositions to past research in the United States and extending the argument to a cross-national context of Brazil that differs systematically across the focal cultural dimension utilized.

Redress and Remedy. Different allocation rules can be applied to evaluate the redress obtained. Particularly, the equality rule specifies that a distribution is fair when individuals receive equal reward, regardless of other considerations. The equity rule, on the other hand, stipulates that a distribution is fair when persons with greater contributions receive higher rewards. While the first rule will be preferred when the goal is to enhance harmonious social relations, the latter will be preferred when the goal is to reward individual efforts and abilities (Leventhal 1976). In that sense, Brazilians who are more concerned about collectivist values would likely prefer the equality rule to a allocation based on the equity rule. By contrast, Americans, who place a lower value on interpersonal harmony and group solidarity and a higher value on individual rewards would likely prefer equitable distribution over an allocation based on the equality rule.

However, researchers (e.g., Marin 1981; Berman et al. 1985; Leung 1987) argue that when outgroup members are involved in conflict situations (e.g., business transactions), collectivists may behave like individualists and use the equity norm to distribute resources and/or assess the favorability of the outcomes. In that sense, we predict that both collectivists and individualists will use equity as the principal rule to evaluate the compensation obtained, that is, the distributive fairness of the complaint episode. Such a rule reflects an expectation

that “you get what you deserve” in a complaint situation, based on a comparison of your input/outcome ratio and some relevant comparison other (e.g., organization or another complainant).

In contrast to redress, remedy involves the actions taken by companies to prevent the reoccurrence of the problem in future encounters with all customers. For consumers concerned with externalities and social well being, this could be an important outcome. People in collectivistic societies are more concerned with others’ outcomes, needs and interests. Therefore, the results accrued to the group by the individual’s efforts toward conflict resolution might be of significant relevance. They are more likely to use the equality rule to evaluate these outcomes, that is, all people should receive similar benefits regardless of differences in their contributions. For example, if Brazilian complainers obtain favorable outcomes for themselves such as, refund or replacement of a defective/harmful product, but the company does not demonstrate willingness to take any action to eliminate defects and/or avoid future occurrence of the harm, it is likely that complainers will find such redress distributively unfair. On the contrary, American consumers tend to be self-oriented, that is, more concerned with their individual goals and outputs in the exchange and relatively less concerned with the consequences of their behaviors on people in the social environment. In that sense, they will be more concerned with individual compensations, while companies’ remedy actions will not have such significance on their judgments of distributive fairness. On the basis of this logic, we propose:

H₁: *Redress will have a(positive effect on customers’ perceptions of distributive fairness regardless of collectivistic or individualistic cultures.*

H₂: *Remedy will have stronger (positive) impact on customers’ perceptions of distributive fairness in collectivistic than individualistic cultures.*

Process Control and Voice. Some authors have sought to understand the importance of process control—the “voice” effect—across cultures (Lind and Tyler 1988; Bond et al. 1992). Leung and Lind (1986) have found a pancultural and positive voice effect on procedural justice judgments among the Hong Kong Chinese. That is, Chinese and Americans respondents showed a positive correlation between perceived control and procedural preference.

Having in mind that social status in a collectivist society is, many times, more important than individual competence, to allow a complainant to tell his/her case to the company may indicate that he/she has some social prestige and, consequently, mitigate a possible discomfort and enhance his/her perception of justice. In fact, Hui and Au (2001) found that the voice opportunity has promoted a stronger impact on procedural fairness among Chinese than among Canadians.

Nevertheless, we believe that the notion of control over fairness outcomes through the use of voice in negotiations is consistent with individualistic values of autonomy and independence. Moreover, the confrontation that can arise when opposing parties exercise process control should appeal to members of individualistic societies, who typically favor competition (Leung and Lind 1986). By contrast, collectivists put less emphasis on self-rule and independence, and more emphasis on harmony-enhancing mechanisms. As such, they may see the use of process control as less valuable and inherently beneficial than individualist complainers. In other words, the voice effect will be reduced among collectivist people. This leads to our third proposition:

H₃: *Process control will have higher (positive) impact on consumers’ perceptions of procedural fairness in individualistic than in collectivistic cultures.*

Response Speed. Since the way of handling time is related to the culture's basic value system, conceptions of "time" can reveal fundamental differences among societies (Friedman 1990).

In individualistic cultures that exhibit monochronic approach to time, people place a strong emphasis on promptness and attach less importance to the social context of interactions. By contrast, collectivistic cultures that evidence polychronic approach to time, people and relationships take priority over schedules, and activities occur at their own pace rather than according to a predetermined timetable (Hall and Hall 1987). Consistently, the prevailing values in the United States emphasize the immediacy of accomplishment and the urgency of using time efficiently, making every minute count (Levine et al. 1980). Likewise, Hall (1959) points out that promptness is valued highly in American life. If a people are not prompt, it is often taken either as an insult or as an indication that they are not responsible.

Levine et al. (1980) investigated the perceptions of time and punctuality in Brazil and in the United States. Four noteworthy findings emerged including: (1) both public clocks and private watches were less accurate in Brazil than in the United States; (2) Brazilians were more flexible in their definitions of both early and late; (3) United States subjects had more negative overall impressions of a person who was frequently late, and (4) Brazilians rated friendliness as a more important trait in a business person than punctuality while United States respondents thought otherwise. Based on the preceding evidence, we expect that individualistic cultures, with greater concerns about time, life speed and punctuality, will place more value on the promptness of the company's response to the complaint relative to collectivistic cultures. This leads to our fourth proposition:

H₄: *The speed of companies' response to complaints will have higher (positive) impact on consumers' perceptions of procedural fairness in individualistic than in collectivistic cultures.*

Respect and Courtesy. We expect that individualism/collectivism dimension of culture is likely to influence the importance given to this interactional element. According to Hall (1976), people in high context cultures believe that the manner of communication is as important or even more important than what is conveyed. Collectivists tend to rely upon contextual elements to interpret words, such as gestures and face expressions of the other party. Perhaps because of this, face-to-face interactions may be preferred over written or telephone communications by high context people. Moreover, collectivists try to communicate in ways that maintain harmony reduce tension/animosity between parties, and expect the same from the other person involved in the interaction.

By contrast, low context people are more direct and concerned with the precision and explicitness of the message, even if this can harm the relationship. In that sense, we predict that high context people will put more value in employees' demonstrations of courtesy/respect during the complaint episode than individualistic societies. In addition, the importance of interactional aspects for collectivistic cultures is emphasized by Triandis et al. (1984). They state that among Hispanics and Latin American societies (predominantly collectivist ones), the general avoidance of interpersonal conflict and negative behaviors, and the externalization of positive feelings are evidenced by the high value placed upon loyalty, friendless, respect, dignity and, mainly, *simpatia* toward others - enhancing positive feelings in positive situations and diffusing negative feelings in negative situations. *Simpatia* refers to a "permanent personal quality where an individual is perceived as likeable, attractive, fun to be with, and easy-going" and is considered by the authors as a pattern of social interaction that characterizes this cultural group (Triandis et al. 1984, p. 1363).

Moreover, as collectivists strive to maintain harmonious relationships with others, and avoid conflicts while subtly pursuing relevant personal goals, we can also anticipate that it is more difficult for them to engage in a conflict situation. We suggest that the emotional costs

to collectivists in dealing with conflicting situations may be higher than for individualists. As such, expressions of concern, respect and politeness on the part of the company's employees can mitigate the consumers' emotional distress and increase fairness perceptions and satisfaction. They may feel that the company is not treating them as "enemies" or someone who is promoting discord. On the bases of this logic, we propose:

H₅: *Cordial and respectful style of communication will have higher (positive) impact on consumers' perceptions of interactional fairness in collectivistic than in individualistic cultures.*

Apology. Consistent with the preceding, collectivists may perceive higher psychological costs in a conflict situation, and may be more hesitant to trigger a complaint process. This notion of emotional cost is closely related to the importance of apology to restore the "psychological equity" (Walster et al. 1973). An expression of apology by the service provider can minimize customers' psychological costs because it signals that the company is willing to assume the responsibility for the failure and to solve the complaints. Consequently, an apology is likely to help to create a face-saving climate that is important to collectivistic consumers in mitigating their psychological costs. Individualistic cultures, by contrast, are driven by values, such as, competition, assertiveness, and self-reliance. People in these cultures tend to use more direct, face-threatening conflict styles. Such styles are associated with relatively lower psychological costs such that an apology may be less important to individualistic compared to collectivistic consumers. This leads to our next proposition:

H₆: *Expression of apology will have higher (positive) impact on consumers' perceptions of interactional fairness in collectivistic than in individualistic cultures.*

Fairness and Satisfaction. Like the relevance of each recovery attribute in enhancing justice dimensions, the importance of each dimension in enhancing consumer's satisfaction may vary in a cross-cultural context.

Although both collectivists and individualists evaluate the redress offered by company based on the same rule – equity – the goals sought in markets transactions can influence the impact of distributive judgments on consumer satisfaction. Collectivists tend to seek stable and trustworthy relationships, where consumers and company's employees become increasingly familiar, the interactional ties become stronger, and the risks associated with outgroup relationships are reduced. Besides, maintaining an on-going relationship decreases the psychological costs in future conflict situations, because the partners know each other better and can rely on each other. Individualists, on the contrary, are driven by values of self-interest, autonomy and independence. They seek to maximize their gains from any chance that presents itself, engaging more easily in opportunistic behavior (Doney et al. 1998). Overall, individualistic people are more concerned with the outcomes of the specific episode, and less with the possibility of enhancing relationship with the company. As such, they are inclined to view each transaction independently, while collectivists see each transaction as a possibility for building a long-term relationship.

In developing enduring relationships, an exclusive focus on outcome favorability in a specific situation may be insufficient. Thus, even when the transaction outcomes are not favorable, if collectivistic consumers perceive that companies utilized fair procedures and interactional aspects, they may assume that over time they are likely to benefit from the application of the same procedures and communication style. By contrast, individualists, who are less interested in building long-term relationships, may use the distributive judgments as a powerful predictor of their satisfaction with the specific complaint resolution in question.

In addition, two other variables may interfere on this relationship. The first one is the emphasis on materialistic values in affluent and individualistic societies may enhance the importance of the distributive fairness for complainers. Essentially, materialism can be defined as the tendency to seek happiness through ownership of objects (Mowen and Minor 1998). Thus, in U.S., for example, where a relevant component of one's self-concept is one's connections to the material world, the tangible outcomes of a complaint handling process appears to be highly important relative to collectivists.

The second one has to do with the difference on consumer rights awareness. It is undeniable that in the developing countries, like Brazil, this awareness is still low comparing to the developed countries. That leads to the existence of a large number of people that just look for an opportunity to vent their frustration, through the complaints, without even knowing that they could be financially restituted by the company. Hui e Au (2001) corroborate this idea.

On the bases of the previous reasoning, we hypothesize that:

H₇: *Distributive fairness will be the more strongly associated with satisfaction with complaint handling in individualistic relative to collectivistic cultures.*

Consistent with the idea that collectivists tend to seek long-term relationships, the manner in which consumers are treated during the conflict will be strongly relevant to collectivists. This is not surprising because communicational attributes can signal critical collectivistic values, such as, friendless, respect, and dignity. Moreover, companies' expressions of politeness and courtesy can mitigate the emotional tension from engaging in a dispute. Consequently, the fairness of interactional aspects will significantly enhance consumers' satisfaction with the complaint resolution among collectivists. That is, collectivists are likely to evidence stronger association between interactional fairness and satisfaction with complaint handling relative to individualists, regardless of tangible outcomes. As such, we predict that:

H₈: *Interactional fairness will be the more strongly associated with satisfaction with complaint handling in collectivistic relative to individualistic cultures.*

In terms of procedural fairness, we believe that the judgments of the company's procedures and policies in arriving to the outcomes will be the less important criterion to assess the satisfaction with the complaint episode. This idea is consistent with the findings of previous studies on complaint handling processes (Blogdett et al. 1997; Tax et al. 1998; Smith et al. 1999; Santos 2001). Furthermore, understanding that individualists are more concerned with the promptness of response, efficiency, and control through the voice over the procedures, whereas collectivists place less value on these issues (see hypotheses 3 and 4), we can expect that procedural justice will be more important to individualistic than collectivistic people. Based on this discussion, we hypothesize that:

H₉: *Among the three dimensions of fairness, procedural fairness will be less strongly associated with satisfaction with complaint handling in individualistic and collectivistic cultures.*

H₁₀: *Procedural fairness will enhance consumer's satisfaction with the complaint handling to a greater extent in individualistic than in collectivistic cultures.*

Satisfaction and Loyalty. We expect that the relationship between satisfaction with complaint handling and customer loyalty (e.g., Blogdett et al. 1993; Blogdett et al. 1997) will be affected by cultural factors. The logic of this relationship is based on the social exchange theory (Thibaut and Kelly 1959) that suggests that both parties to the exchange are motivated to reciprocate the treatment and benefits obtained from the exchange. As such, complainers

can reciprocate the companies' efforts in restoring their satisfaction by repeating purchase or positive word-of-mouth, for instance.

However, the reciprocity behavior can be differently valued in distinct cultures. Individualistic people tend to exhibit looser interpersonal ties, low loyalty to institutions, and are expected to attempt to maximize the gains from any opportunity. Consequently, the likelihood of self-serving behavior may be high in individualist societies (Doney et al. 1998). By contrast, as collectivistic people show stronger interpersonal ties and high loyalty to other people and institutions, the likelihood that they will engage in opportunistic behavior is low. They may prefer to reciprocate the fair outcomes from past exchanges, doing business with the same provider or telling friends positive things about the company, for instance. Furthermore, collectivistic values, such as, conformity, emotional dependence, social orientation, will lead to a need for stable and enduring relationships, so the negotiations can be carried out among persons who have become familiar with each other over a long time (Hofstede 1984; Triandis et al. 1988; Doney et al. 1998). Based on this reasoning, we hypothesize that:

H₁₁: *Satisfaction with complaint handling will have higher (positive) impact on consumer loyalty, in collectivistic than individualistic cultures.*

DISCUSSION

The concept of fairness has been widely and successfully employed to explain individuals' reactions to a variety of conflict situations, including complaint resolution processes. Consumer's fairness evaluations of an episode, however, are formulated within a context defined by the values, beliefs and behavior patterns adopted by the society at large. Despite the importance of the cultural context in understanding fairness judgments, the literature lacks theoretical and empirical research on this question. To the best of our knowledge, only one study so far has explored the issues of fairness in complaint resolution in a cross cultural context (Hui e Au, 2001).

In the attempt to fill this gap, the aim of this paper has been to provide a theoretical model and draw hypotheses to spur empirical research. The proposed model affords valuable implications for managers and researchers. From the managerial perspective, the model can help managers understand how cultural factors can impact complainers' evaluations of different recovery attributes, and how these evaluations influence the satisfaction with complaint handling and the loyalty. In Brazil, for example, the importance of interpersonal aspects, such as, courtesy and friendless, may lead consumers to heavily emphasize the way company's employees treat them. In the United States, on the other hand, autonomy, individual achievement and internal control orientations drive consumers to give high importance to procedural elements, such as, voice and speed of response. In understanding these differences, practitioners will be able to identify effective complaint resolution mechanisms across culturally diverse societies.

From a theoretical standpoint, the model attempts to contribute to the growing area of complaint handling phenomenon. To date, the research in this area has been restricted to U.S. context, paying little attention to the effect of contextual or cultural factors. Our model describes a culture-oriented framework that explains how cultural values can affect some elements identified in previous models of complaint resolution processes using fairness bases (e.g., Tax et al. 1998; Smith et al. 1999; Santos 2001). Our theoretical model encourages the exploration of this phenomenon in a variety of cultural settings. An important characteristic of this model is that it utilizes well developed constructs. That is, its constructs have been examined and validated in the complaint handling, fairness and/or culture domains. Therefore, appropriate measurements of these constructs would be provided. Furthermore,

experimental and cross-sectional designs can be employed to investigate empirically the proposed model.

Since we consider our framework to be a starting-point for further theory development into this issue, the inclusion of other cultural dimensions, such as, uncertainty avoidance and power distance, can help improve the model further, as well as enhance our understanding about the relationships between cultural factors and consumers' evaluations of complaint resolutions.

The introduction of other recovery attributes explored in the complaint handling literature, such as, accessibility (i.e., ease of engaging a process), employees empowerment and explanation provision, can also provide enhancements in the framework. Brazilians, for example, typically want to maintain harmonic relationships and avoid conflicting situations and, consequently, may value the provision of effective communicational channels (e.g., toll free numbers) because this reflects the willingness of the company to receive their complaints. The perception that the company is offering easy ways for consumers to communicate their dissatisfactions and complaints may make collectivistic consumers more comfortable with the conflict situation.

Nevertheless, the model proposed here is theoretically meaningful and empirically testable. As such, it can offer a solid foundation to initiate a program of research on cross-cultural differences in complaint handling processes and their influence on loyalty. If pursued, this program of research is likely to yield important insights not only for the role of cultural factors but also hold the potential to illuminate fairness mechanisms. We urge future researchers to pursue such a program of research and enrich our understanding of fairness and complaint resolution in a cross-cultural context.

REFERENCES

- Adams, J.S. (1965), "Inequity in Social Exchange". In L. Berkowitz (Ed.), *Advances in Experimental Social Psychology* (Vol. 2, 267-299). New York, Academic Press.
- Berman, J.J., Murphy-Berman, V., and Singh, P. (1985), "Cross-Cultural Similarities and Differences in Perceptions of Fairness", *Journal of Cross-Cultural Psychology*, 16, 55-67.
- Bies, R.J. and Moag, J.S. (1986), "Interactional Justice: Communication Criteria of Fairness". In Lewicki, Sheppard and Bazerman (eds.). *Research on Negotiation in Organizations* (43-55), Connecticut, Jai Press Inc.
- Blodgett, J.G., Granbois, D.H., and Walters, R.G. (1993), "The Effects of Perceived Justice on Complainants' Negative Word-of-Mouth Behavior and Repatronage Intentions", *Journal of Retailing*, 69 (4), 399-427.
- Blodgett, J.G., Hill, D.J. and Tax, S.S. (1997), "The Effects of Distributive, Procedural, and Interactional Justice on Postcomplaint Behavior", *Journal of Retailing*, 73 (2), 185-210.
- Bond, M.H., Leung, K., and Schwartz, S. (1992). "Explaining choices in Procedural and Distributive Justice Across Cultures", *International Journal of Psychology*, 27, 211-25.
- Clemmer, E.C. (1988). *The role of fairness in customer satisfaction with services. Doctoral Dissertation*. University of Maryland, Maryland. 242p.
- Clemmer, E.C. (1993), "An Investigation Into the Relationship of Fairness and Customer Satisfaction with Services". In R. Cropanzano (ed.). *Justice in the Workplace* (193-207), Hillsdale, New Jersey, Lawrence Erlbaum Associates.
- Clemmer, E.C. and Schneider, B. (1996), "Fair Service", *Advances in Service Marketing and Management*, 5, 109-126.
- Conlon, D.E. and Murray, N.M. (1996), "Customer Perceptions of Corporate Responses to Product Complaints: The Role of Explanations", *Academy of Management Journal*, 39 (4), 1040-1056.

- Deutsch, M. (1985), *Distributive Justice*, New Haven, CT: Yale University Press.
- Doney, P.M., Cannon, J.P., and Mullen, M. (1998), "Understanding the Influence of National Culture on the Development of Trust", *Academy of Management Review*, 23 (3) , 601-620.
- Folger, R. (1986), "Rethinking Equity Theory", In Bierhoff, H., Cohen, R., and Greenberg, J. (eds). *Justice in Social Relations* (145-162), New York, Plenum Press.
- Folger, R. and Greenberg (1985), "Procedural Justice: An Interpretive Analysis of Personal Systems", in *Research in Personal and Human Resources Management*, vol. 3, K. Rowland and G. Ferris (eds.). Greenwich, CT: JAI Press, 141-183.
- Friedman, W. (1990), *About Time: Inventing the Fourth Dimension*, Cambridge, The MIT Press.
- Gilly, M.C. and Gelb, B. (1982), " Post-Purchase Consumer Processes and the Complaining Consumer", *Journal of Consumer Research*, 9 (December), 323-328.
- Goodwin, C. and Ross, I. (1992), "Consumer Responses to Service Failures: Influence of Procedural and Interactional Fairness Perceptions", *Journal of Business Research*, 25, 149-163.
- Gudykunst, W.B., Ting-Toomey, S., and Nishida, T. (1996), *Communication in Personal Relationships Across Cultures*, CA: Sage.
- Hall, E.T. (1959), *The Silent Language*, Garden City, NY: Doubleday.
- Hall, E.T. (1976), *The Hidden Dimension*, Garden City, NY: Doubleday.
- Hall, E.T. and Hall, M.R. (1987), *Hidden Differences: Doing Business with the Japanese*, Garden City, NY: Anchor Press-Doubleday.
- Hofstede, G. (1980), *Culture's Consequences: International Differences in Work-Related Values*, Beverly Hills, CA: Sage.
- Hofstede, G. e Usunier, J. (1996), "Hofstede's Dimensions of Culture and their Influence on International Business Negotiations", In P. Ghauri and J. Usunier (eds.), *International Business Negotiations*, New York, Pergaman.
- Hoover, R.J., Green, R.T., and Saegert, J. (1978), "A Cross-National Study of Perceived Risk", *Journal of Marketing*, 42 (July), 102-108.
- Hui and Au (2001). "Justice Perceptions of Complaint-handling: A Cross-cultural comparison between PRC and Canadian Customers", *Journal of Business Research*, 52, 161—173.
- Kluckhohn, C. (1951), "The Study of Culture", In S. Tax (ed.), *Anthropology Today*, Chicago: University of Chicago Press.
- Leung, K., and Lind, E.A. (1986). "Procedure and Culture: Effects of Culture, Gender, and Investigator Status on Procedural Preferences", *Journal of Personality and Social Psychology*, 50, 1134-1140.
- Leung, K. (1987), "Some Determinants of Reaction to Procedural Models for Conflict Resolution: A Cross-Cultural Study", *Journal of Personality and Social Psychology*, 53, 898-908.
- Leventhal, G. (1976), Fairness in Social Relationships, In Thibaut, Spence and Carson (eds.). *Contemporary Topics in Social Psychology* (211-239), New Jersey, General Learning Press.
- Levine, R.V., West, L.J., and Reis, H.T. (1980), "Perceptions of Time and Punctuality in the United States and Brazil", *Journal of Personality and Social Psychology*, 38 (4), 541-550.
- Lind, E.A., Kanfer, R., and Earley, P.C. (1990), "Voice, Control, and Procedural Justice: Instrumental and Noninstrumental Concerns in Fairness Judgments", *Journal of Personality and Social Psychology*, 59, 952-959.
- Lind, E.A. and Tyler, T.R. (1988), *The Social Psychology of Procedural Justice*, New York, Plenum.

- Manrai, L.A. and Manrai, A.K. (1995), "Effects of Cultural-Context, Gender, and Acculturation on Perceptions of Work versus Social/Leisure Time Usage", *Journal of Business Research*, 32, 115-128.
- Marin, G.(1981), "Perceiving Justice Across Cultures: Equity vs. Equality in Colombia and in the United States", *International Journal of Psychology*, 16, 153-159.
- Martin, C.L. and Smart, D.T. (1994), "Consumer Experiences Calling Toll-Free Corporate Hotlines", *The Journal of Business Communication*, 31 (3), 195-212.
- Money, B.R., Gilly, M.C., and Grahman, J.L. (1998), "Explorations of National Culture and Word-of-Mouth Referral Behavior in the Purchase of Industrial Services in the United States and Japan", *Journal of Marketing*, 62 (October), 76-87.
- Mowen, J.C. and Grove, S.J. (1983), "Search Behavior, Price Paid, and the Comparison Other: An Equity theory Analysis of Post Purchase Satisfaction", in *International Review in Consumer Satisfaction and Complaint Behavior*, R. Day and H. Hunt (eds.). Bloomington, Ind.: Indiana University School of Business, 57-63.
- Mowen, J.C. and Minor, M. (1998), *Consumer Behavior*, New Jersey, Prentice-Hall.
- Muller, B. (1987), "Reflections on Culture: An Analysis of American and Japanese Advertising Appeals", *Journal of Advertising Research*, (June-July), 51-59.
- Nemetz, P.L. and Christensen, S.L. (1996), "The Challenge of Cultural Diversity: Harnessing a Diversity of Views to Understand Multiculturalism", *Academy of Management Journal*, 21:434-462.
- Oliver, R.L. and Swan, J.E. (1989), "Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach", *Journal of Marketing*, 53 (April), 21-35.
- Pearson, V.M. and Stephan, W.G. (1998), "Preferences for Styles Negotiation: A Comparison of Brazil and the U.S.", *International Journal of Intercultural Relations*, 22 (1), 67-83.
- Santos, C. P. (2001) O impacto do gerenciamento de reclamações na confiança e na lealdade do consumidor, no contexto de trocas de serviços relacionais: construção e teste de um modelo teórico. *Doctoral Dissertation*. UFRGS, Porto Alegre. 253p.
- Smart, D.T. and Martin, C.L. (1992), "Manufacturer Responsiveness to Consumer Correspondence: An Empirical Investigation of Consumer Perceptions", *Journal of Consumer Affairs*, 26 (1), 104-128.
- Smith, A.K, Bolton, R.N., and Wagner, J. (1999), "A Model of Customer Satisfaction with Service Encounter Involving Failure and Recovery", *Journal of Marketing Research*, 36 (August), 356-372.
- Tax, S.S., Brown, S.W., and Chandrashekar, M. (1998), "Customer Evaluations of Service Complaint Experiences: Implications for Relationship Marketing", *Journal of Marketing*, 62 (April), 60-76.
- Thibaut, J. and Kelley, H.H. (1959). *The Social Psychology of Groups*. New York, Wiley.
- Thibaut, J. and Walker, L. (1975). *Procedural Justice: A Psychological Analysis*. Hillsdale, NJ: Lawrence Erlbaum Associates.
- Ting-Toomey, S. (1988), "A Face Negotiation Theory", In Y. Kim and W. Gudykunst (eds.), *Theories in Intercultural Communication*, Newbury Park, CA: Sage.
- Triandis, H.C., Marin, G., Lisansky, J., and Betancourt, H. (1984) "Simpatia as a Cultural Script of Hispanics", *Journal of Personality and Social Psychology*, 47 (6), 1363-1375.
- Triandis, H.C. (1988), Collectivism vs. Individualism, In G. Verma and C. Bagley (eds.), *Cross-Cultural Studies of Personality, Attitudes, and Cognition*, London: Macmillan.
- Walster, E., Berscheid, E., and Walster, G. W. (1973), "New Directions in Equity Research", *Journal of Personality and Social Psychology*, 29, 151-176.