

Theorizing the Mediating Role of Customer Citizenship Behavior on the Relationship between Perceived Service Fairness and Customer Loyalty: A proposed Model

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Abstract

This paper aims at proposing a conceptual model explaining the link between perceived service fairness and customer loyalty. Specifically, the primary objective of the paper is to propose a conceptual model depicting the possible mediating role of customer citizenship behavior on the relationship between perceived service fairness and customer loyalty. Relevant journal articles where consulted for the development of the conceptual model. The model proposes that customer citizenship behavior may play a mediating role between perceived service fairness and customer loyalty.

Keywords: *Customer Loyalty, Perceived Service Fairness, Customer Citizenship Behavior, Conceptual Model.*

Introduction

Customer loyalty is increasingly becoming an important concept in the marketing literature. Several factors drawn from different theoretical perspectives have been advanced by researchers in an attempt to explain the underlying antecedents of customer loyalty. To date, some of the factors identified include, relationship marketing (Al-Zu'bi, Sweidan, Dmour, & Aldmour, 2012), competitiveness (Baumann, Hoadley, Hamin, & Nugraha, 2017), service quality (Bloemer, De Ruyter, & Wetzels, 1999; Kheng, Mahamad, Ramayah, & Mosahab, 2010), value co-creation (Cossío-Silva, Revilla-Camacho, Vega-Vázquez, & Palacios-Florencio, 2016), customer satisfaction (Jiang & Zhang, 2016; Kasiri, Guan Cheng, Sambasivan, & Sidin, 2017), company reputation (Merta, 2016), trust (Singh & Sirdeshmukh, 2000), and service convenience (Kaura, Durga Prasad, & Sharma, 2015).

Research has also identified perceive service fairness as playing a significant role in understanding why and how customers overtime establish lasting relationships with organizations (Su, Swanson, & Chen, 2016; Zhao, Zhang, & Kong, 2010). Perceived service fairness represents customers' perception of the degree of justice in a service firm's behavior (Seiders & Berry, 1998). Interestingly, despite evidences predicting the role of service fairness in explaining customer loyalty, less attention has been paid to understanding the fundamental reason leading to this relationship. Thus, suggesting the need for more studies that will look into the possible mediating effect of other variables.

Hence, the primary purpose of this paper is to propose a model to test if customer citizenship behavior plays a mediating role on the relationship between perceived service fairness and customer loyalty.

Literature Review

Perceived Service Fairness and Customer Loyalty

Customers' judgment about the behavior of a service firm, which could either be positively or negatively, is what is known as perception of service fairness. (Giovanis, Athanasopoulou, & Tsoukatos, 2013). Customers' judgment of service fairness surface when their experience is compared to their fairness standards and they identify themselves as being either fairly or unfairly treated. Satisfied relationship tends to be the outcome of perceived service fairness (Giovanis et al., 2013).

The literature suggests that perceived service fairness is a multidimensional construct consisting of three dimensions (Clark, Adjei, & Yancey, 2009; Friman, Gärling, Millett, Mattsson, & Johnston, 2002; Meng & Elliott, 2008; Yen, Wu, & Wu, 2010). These dimensions include: distributive, procedural and interactional fairness or justice. Previous studies have reported significant relationship between service fairness and customer loyalty. For example, Namkung and Jang (2010), in a study on the effects of perceived service fairness on emotions, and behavioral intentions in restaurants, confirmed that two dimensions of service fairness where significantly related to customer loyalty.

A similar study by Kwortnik Jr and Han (2011) also uncovered that two out of the three dimensions of service fairness; distributive and interactional fairness had more effect on customer loyalty than the procedural dimension. Consistent with this finding is the study of Giovanis et al. (2013) on the role of service fairness in the service quality and loyalty chain. The findings confirmed that service fairness has the overall effect on customer loyalty. In the same vein, the study of Kaura et al. (2015) on the Indian retail banking provided support for the significance of quality, convenience and perceived price fairness in achieving customer loyalty. Hence, the following proposition is advanced in order to replicate the previous findings:

Proposition 1: Perceived service fairness is significantly related to customer loyalty.

Customer Citizenship Behavior and Customer Loyalty

Empirical support for the relationship between customer citizenship behavior and customer loyalty have been reported, although the studies seemed to be relatively few. For instance, Tung, Chen, and Schuckert (2017) in a study on customer citizenship behavior, examined the moderating roles of employee responsiveness and organizational reassurance. The findings strongly suggested that customer citizenship behavior leads to customer loyalty. The finding was found to be consistent with previous studies that established a positive and significant relationship between customer citizenship behavior and customer loyalty (Abbasi, Ziv, & Armoghbeli, 2014; Shahsavari & Faryabi, 2013; Van, Chi, Chi, & Van Quang, 2016). Interestingly, a contradictory finding was revealed by Merta (2016) which confirmed a negative relationship between customer citizenship behavior and customer loyalty.

Proposition 2: Customer citizenship behavior is significantly related to customer loyalty.

Customer Citizenship Behavior as a Mediator

As noted in the introductory part of the paper, less attention has been paid to understanding the fundamental reason why service fairness predicts customer loyalty. This suggests the need for mediator variable. Hence, we suggest the incorporation of customer citizenship behavior as a potential mediating variable into the proposed model. Customer citizenship behavior represent a bundle of voluntary, extra role behavior that a customer exhibit which has positive impact on the overall performance of the organization (Patterson, Razzaque, & Terry, 2003).

Empirical evidence on the relationship between customer citizenship behavior and customer loyalty has been documented. For instance, Tung et al. (2017) in a study on customer citizenship behavior, examined the moderating roles of employee responsiveness and organizational reassurance. The findings strongly suggested that customer citizenship behavior leads to customer loyalty. The more service firms acknowledge and expressed their gratitude and appreciation to customers for the citizenship behavior, the more they become satisfied and loyal. The finding was found to be consistent with previous studies that established a positive and significant relationship between customer citizenship behavior and customer loyalty (Abbasi et al., 2014; Shahsavari & Faryabi, 2013; Van et al., 2016).

While extant studies have shown significant relationship between customer citizenship behavior and customer loyalty, the mediating effect of customer citizenship behavior on the relationship between perceived service fairness and customer loyalty was not tested. Hence, it is hereby proposed that customer citizenship behavior might play a mediating role on this relationship. The social exchange theory (Blau, 1964) provides theoretical support for this argument. Customers who perceive a service firm to be just and fair in its dealings will exhibit citizenship behavior. The firm equally reciprocates by appreciating customers for the citizenship behaviors. Acknowledging customer citizenship behavior is prerequisite to ensuring customer loyalty (Tung et al., 2017). Based on the aforementioned theoretical and empirical evidence, the following proposition is advanced:

Proposition 3: Customer citizenship behavior will mediate the relationship between perceived service fairness and customer loyalty.

Relying on the theoretical and empirical evidence advanced (Abbasi et al., 2014; Blau, 1964; Giovanis et al., 2013; Kaura et al., 2015; Tung et al., 2017), A conceptual Model has been developed (Figure 1). The proposed model shows the role of customer citizenship behavior in affecting perceived service fairness – customer loyalty relationships.

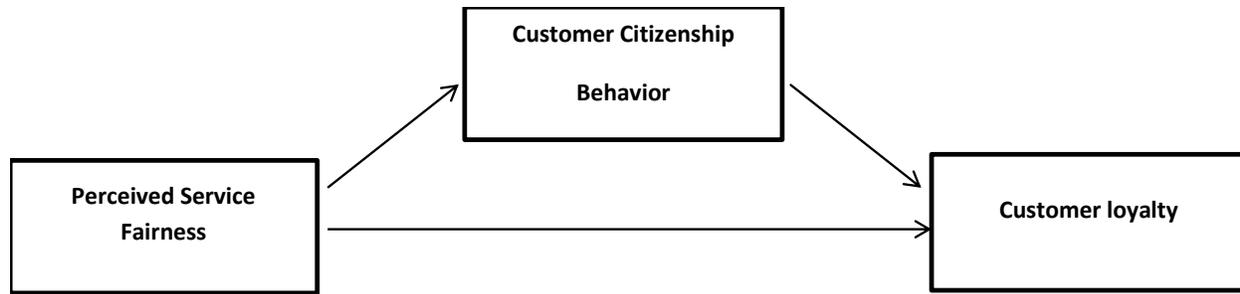


Figure 1 Conceptual Model of the Study

CONCLUSION

The primary objective of this paper is to propose a conceptual model depicting the possible mediating effect of customer citizenship behavior on the relationship between perceived service fairness and customer loyalty. While extant studies have looked into the direct relationship between perceived service fairness and customer loyalty, the findings suggest the need to understand the fundamental mechanism influencing this relationship. To bridge the gap in the literature, the paper proposes the introduction of a mediator variable. Hence, the basic contribution of the paper rests on the identification and the incorporation of customer citizenship behavior as a mediator between perceived services fairness and customer loyalty. The proposed conceptual model provides an opportunity for a good research.

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