



The Impact of Bank Responses to Recovery Service Satisfaction

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ABSTRACT

In the context of harsh competition in the retail banking sector in Vietnam, how to retain existing customers through effective responses to service failure has become a critical focus point of bank executives. Satisfactory responses to customer complaints may help to increase repurchases and positive word of mouth about the bank. Understanding the effects of organizational responses to customer complaint helps commercial banks develop more effective service recovery strategies and enhance customer satisfaction. This research explores the impacts of organizational responses to customer complaints in the Saigon Commercial Bank (SCB). The study investigates the impact of apologies, attentiveness, explanation, facilitation, promptness and redress on satisfaction with service recovery. The effect of recovery satisfaction on post purchase behavioral intentions (repurchase intentions and positive word of mouth intentions) is also examined. Structural equation model analysis reveals that organizational responses including apologies, attentiveness, explanation, promptness and redress have a significantly positive relationship on satisfaction with service recovery.

Keywords: Organizational responses, Complainant satisfaction, Commercial banks, Vietnam.

1. Introduction

The Vietnamese economy has recently generated a growth opportunity for banking service providers due to the high economic growth rates and low penetration levels. Only 20% of the country's population has bank accounts, according to Viet Nam's Retail Banking Report (Year 2012). In line with the WTO requirements, the Vietnamese Government has undertaken a restructuring of the banking system, a gradual opening to foreign investments through granting licenses for establishing wholly foreign-owned banks, the partial privatization of state owned banking institutions by reducing government ownership and raising the maximum stake holding rate of a single strategic foreign investor in domestic banks. Vietnam's retail banking industry has become a potential market for both local and foreign banks. As a result, competition among the banks has sharply increased.

Customer satisfaction with high quality services has become much more important to banks. Banks try to provide high quality services to satisfy their customers. Despite their best efforts, complaints are inevitable because "mistakes are unavoidable features of service delivery" (Boshoff, 1997, p 110). Service recovery involving in proactive and immediate efforts to minimize bad effects on service assessment needs more serious attention (Michel, 2001). Most banks are aware of facilitating their customers to actively use bank websites, call centers, emails, postal mail and suggestion boxes. However, studies concerning the relationship between organizational responses to service failure and post-purchase intentions have been limited in Vietnam, especially in the retail banking sector. This research studies the impacts of

organizational responses to service failures on post-purchase behavioral intentions. This research focused on six types of responses (apologies, attentiveness, explanation, facilitation, promptness and redress) to customer complaints. The respondents are customers who have experienced service failures and complained to Saigon Commercial Bank Branches in Ho Chi Minh City.

2. Literature Review

2.1. Service Failure

Service failure is defined as failing to meet the customer's expectations (Hoffman & Kelly, 1995). Understanding the root causes of service failure may help the firm to identify the most effective response. Lewis and Spyropoulos (2001) identified some types of service problems and recovery strategies in Greek retail banking. In New Zealand and Australia's retail banking, Colgate and Hedge (2001) classified service problems into different groups in order to investigate the impact of each category of service problems on the switching decisions of banking customers. Service failure leads to customer dissatisfaction, negative responses to third parties and increasing negative word-of-mouth intentions, or defecting to another service provider (Kelly et al., 1993; McCollough et al., 2000). Offering appropriate responses to service failures is necessary to rectify any problems and maintain customers to stay with the service providers.

2.2. Customer Complaints

When service failure occurs, customers raise their voice about these problems. Complaints can be defined as the customer's protest reaction to performance (Singh and Widing, 1991). A complaint is an action taken by an individual who involves communicating something negative regarding a product or service, either to the firm manufacturing or marketing that product or service, or to some third party organizational entity (Garrett, Meyer, and Camey, 1991). According to Day and Ash (2007), only a few of dissatisfied customers probably voice their complaints directly to firms while others are likely to tell others or even engage in spreading something bad about the firm to their friends or their acquaintances. Encouraging dissatisfied customers to raise their voice directly to the service providers has become more crucial. Exploring the importance of customer complaints, Crie and Ladwein (2002) reported that constructive information coming from customers' complaints is likely to help the firm recognize problems, limit service failures and maintain customer loyalty to the firm. Service recovery refers to an opportunity for the firm to create satisfied customers (Johnston, 2001). This is receiving increasing attention in practice.

2.3. Service Recovery

Service recovery involves proactive and immediate efforts to minimize bad effects of service assessments (Michel, 2001). Bell and Ridge (1992) define service recovery as all the actions that should be taken by organizations to move a customer from a state of disappointment to a state of satisfaction. Crie and Ladwein (2002) indicate that without customers' complaints, firms will not recognize their mistakes and think about how to retain their customers. Effective service recovery is crucially important to seek successful solutions to solve service failures and customer complaints (Boshoff 1999). The benefit of service recovery is that after service failure has occurred and change customer satisfaction and the loyalty of customer is higher. (Bailey 1994). Lovelock (2002) claimed that service recovery plays a crucial role in achieving and recovering customer satisfaction.

2.4. Organizational Responses

Lewis and McCann (2004) identify actions taken by service providers in response to a service failure may comprise a combination of psychological and tangible activities. The organizational responses are behaviors that firms take, in response to failures including a combination of perception and behavior efforts (Cengiz et al., 2007). In the retail banking sector, according to Lewis and Spyropoulos (2001), different banking responses are more effective for particular service failures. The strategic organizational responses in this research can be classified as: apologies, attentiveness, explanation, facilitation, promptness and redress.

2.4.1. Apology

Providing a sincere apology to a customer is one of the most effective techniques in service recovery. According to Davidow (2003), an apology is a psychological compensation given by an organization to acknowledge the customer's inconvenience. Another definition provided by Ekiz and

Arasli (2007), an apology is a psychological exchange or what is offered by service providers in place of the problem or distress which the customer suffered. Boshoff and Leong (1998) emphasized that an apology is the necessary first step in service recovery. The relationship between an apology and customer's service recovery satisfaction has been well documented, for example, Boshoff and Leong (1998) found that an apology has a strong effect on service recovery satisfaction. Similarly, Johnston and Fern (1999) found an apology and emphasized that an apology plays an important role in customers' satisfaction with a bank's service recovery efforts.

2.4.2. Attentiveness

Attentiveness is defined as the interaction and interpersonal communication between an organization (and its representative) and unhappy customers (Davidow, 2000). In the research on organizational responses to customer complaints, Davidow (2003) indicated that attentiveness refers to the care and attention by which a company demonstrates empathy for the customer's problems caused by a service failure and a willingness to help them. Previous researches reported that this dimension of recovery strategy contains a service provider's willingness to listen to the complainant (Plymire, 1991; Whitely, 1994, as cited in Davidow, 2000), their respectful treatment of complainants (Bossone, 1995; C.L. Martin & Smart, 1994, as cited in Davidow, 2000), the empathy for the complainant's inconveniences and the organizational representative's efforts in resolving the clients' problem (Cengiz et al., 2007). According to Davidow (2000), the interaction between customers and organizational representatives has the largest impact of any dimension on customer satisfaction and repurchase intention. He also concluded that it is a very complex recovery strategy because it depends primarily on people, especially front staff employees who directly deal with the complainants.

2.4.3. Explanation

Explanation is related to the information provided by an organization to explain why a problem happened and what the firm will do to avoid the same problem again (Ekiz & Arasli, 2007; Davidow & Dacin, 1996). According to Bitner, Booms and Tetreault (1990), demonstrating the acknowledgement that the problem occurred and giving a clear explanation can help to increase recovery satisfaction. The same finding is given by Boshoff and Leong (1998). The best approach is taking blame by service providers themselves, rather than blaming a third party. Davidow (2003) also concluded that explanations could increase an organization's credibility for customers. In determining the post-complaint customers' behavior, Davidow (2000) found that explanation has strong effects on recovery satisfaction, repurchase and word-of-mouth intentions. Moreover, the way the explanation is interpreted can play an important role in restoring the complainant's satisfaction. Baer and Hill (1994) claimed that explanations in written responses could help to increase satisfaction. Martin and Smart (1994) reported that higher level managers who offer explanations have a positive effect on recovery satisfaction and repurchase intentions. In retail banking service, Johnston and Fern (1999), found that most of the customer who had negative experiences with bank required written assurances that problems would not happen again and full explanations of why the errors occurred.

2.4.4. Facilitation

Davidow (2000) defined facilitation which refers to the policies, procedures, processes and structure that an organization has in place to encourage dissatisfied customers to raise their complaints. He also described some elements of facilitation in his research including clear complaint handling policies, a toll-free number and a consumer-friendly reputation. The importance role of facilitation in service recovery was investigated by many previous researches. Blodgett et al. (1995) found that the opportunity for customers to express inconvenient feelings and opinions to a company had a strong negative effect on negative word-of-mouth intentions and a positive effect on repurchase intentions. The same result was drawn from the surveys of Nyer (2000). Facilitation caused increased levels of customer satisfaction with service recovery. In the survey on Turkish bank's customers, Cengiz et al. (2007) pointed out those facilitating customers to present feelings and opinions impacts positively on customers' satisfaction with service recovery.

2.4.5. Promptness

According to Davidow (2003), promptness refers to the speed that the company responds to the customer's complaints. Prompt responses are considered as a key successful factor in customer complaint

management (SOCAP, 1994). Previous research showed that the amount of time taken to deal with the customer's complaint had a significant impact on recovery satisfaction and post-complainant behavior (Kincade, Redwine & Hancock, 1992). Davidow (2000) also emphasized that promptness had a positive relationship with customer satisfaction with service recovery.

Stressing the importance of promptness in retail banking sector, a study of UK bank customers, Johnston and Fern (1999) pointed out that most of the customer expected that the problem should be put right immediately or quickly. In the context of Greek banks, Lewis and Spyropoulos (2001) posited that prompt response had a positive effect on recovery satisfaction. The same result was provided by Cengiz et al. (2007) in their study on Turkish banks' customers.

2.4.6. Redress

According to Diener and Greysen (1978), redress refers to the "fair settlement or fix" of the problem caused by service failure. After service failures have occurred, the complainants expect to receive some value added atonement for their inconvenience caused by service failures and this also shows that the service providers demonstrate some understanding (Zemke & Bell, 1990). Davidow (2003) found that redress included "the benefits or response outcome" that a complainant received from service provider in response to the complaint. Redress may be refunds, discounts, coupons, gifts, replacement and other forms of atonement offered to customers following a service failure (Blodgett et al. 1997; Goodwin & Ross, 1992; Tax et al., 1998). A fair fix of the problem (redress) had a dramatic impact on customers' recovery satisfaction (Blodgett et al., 1995). Similar results were reported by McCollough (2000); fairness in fixing the problem had a positive effect on recovery satisfaction.

On the importance of redress in retail banking, Johnston and Fern (1999) explored banking customers' expectations and indicated that banking customers who had suffered financial loss by the problem expected that the bank should provide something "extra" in compensation. Redress is one of the most effective responses that were expected by banking customers. Lewis and Spyropoulos (2001) also reported that the most successful way of recovering from a service failure is to make things right, eliminate the cause of dissatisfaction with the initial service, even if this involves exceptional treatment.

2.5. Customer Satisfaction

According to Maxham (2001), customer satisfaction is an emotive evaluation of the experience associated with service performance. It can be defined as a customer's evaluation on a specific transaction (Bitner et al., 1990) or as a cumulative evaluation including a linear combination of satisfaction experiences associated with specific service encounters of a particular firm. The relationship between service recovery and customer satisfaction has been explored in past research (Kelley et al., 1993; Tax et al., 1998; Zemke & Bell, 1990; Maxham, 2001). Zemke and Bell (1990) concluded that prompt and effective responses to customer's complaints increase customer's perceptions of the firm's competence and the quality of all products or services provided by the firm. Similarly, Smith and Bolton (1998) found that customers would express higher levels of satisfaction and increase their post-purchase intentions when they received excellent service recovery from the firm. Investigating the correlation between satisfaction and service recovery in retail banking sectors, Dove and Robinson (2002) indicated that banking customers who believe their problems have been resolved have much higher levels of satisfaction. Duffy et al. (2006), also studied the relationship between banks' problem resolutions and banking customers' satisfaction, concluded that excellent and effective service recovery efforts leads to enhanced customer satisfaction.

2.6. Post-Purchase Intentions

According to Davidow (2003), complaint handling is judged not by satisfaction with the organization's response, but by post-complaint customer behavior such as repurchase intentions and word-of-mouth intentions. Post-purchase intentions are usually as a signal of future behaviors of the customers (Kuo et al., 2009). It can be defined as customers' future behavior commitment to repurchase a product or a service and demonstrate their experience associated with purchasing or using the product or service to their relatives (Zeithaml et al., 1996; Rundle-Thiele, 2005; Kim and Chen, 2010). The relationship between customer satisfaction and post-purchase behavioral intentions has been documented. For instance, Blodgett et al. (1995) pointed out that satisfaction or dissatisfaction with service recovery efforts provided by the firm would affect whether the customer would stay with or defect from the firm and whether that person would spread positive or negative word-of-mouth about the firm. In addition, Kincade et al., (1992) also

reported that banking customers who raised their complaints to the bank and are satisfied with service recovery efforts offered by the bank are three times more likely to spread positive word-of-mouth about the bank to their friends and to increase their business with the bank.

2.6.1. Repurchase Intention

Repurchase intention can be defined as the propensity of customers to continue to purchase/use products/services from the same service provider in the future. (Fornell, 1992; Maxham & Netemeyer, 2002). It can be viewed as customer loyalty which is the biggest concern by any organization (Qureshi et al., 2009). There is a significant positive relationship between repurchase intentions and customer satisfaction (Spreng et al., 1995; Yu & Dean, 2001; Maxham & Netemeyer, 2002). Kelly et al. (1993) and Stauss (2002) also reported that satisfaction with service recovery can lead to an increased willingness to purchase from the same service provider again.

2.6.2. Positive Word-Of-Mouth Intention

Swanson and Kelley (2001) defined word-of-mouth intentions as the act of telling to others about a satisfactory or unsatisfactory experience of the service or service provider. Information from word-of-mouth is highly reliable that can help to influence customers' intentions to purchase products/services from the firm, as well as their perceptions about a particular firm (Zeithaml et al., 1993, as cited in Maxham, 2001). The positive relationship between word-of-mouth and satisfaction with service recovery has been mentioned in several previous researches (Blodgett et al., 1997; Swanson & Kelley (2001)). Maxham (2001) similarly confirmed that customers who perceived fair and effective responses to their service failure by the firm would be engaged in positive word-of-mouth behavior.

2.7. Research Model

Based on the preceding discussed literature, the following conceptual model (Figure 1) and hypothesis were proposed:

- H1: Apologies have a significant positive impact on customer satisfaction.
- H2: Attentiveness has a significant positive impact on customer satisfaction.
- H3: Explanations have a significant positive impact on customer satisfaction.
- H4: Facilitation has a positive significant impact on customer satisfaction.
- H5: Promptness has a positive significant impact on customer satisfaction.
- H6: Redress has a positive significant impact on customer satisfaction.
- H7: Customer satisfaction has a significant positive impact on repurchase intentions.
- H8: Customer satisfaction has a significant positive impact on word-of-mouth intentions
- H9: Repurchase intentions have a significant positive impact on word-of-mouth intentions.

2.8. Research Methodology

The study used a quantitative approach. The research questionnaires were sent to complaint customers by email. Respondents are current customers whose complaint responded by SCB. The sample of 293 is not too large but it can be validated for research purposes. The information obtained from the survey was processed by SPSS18.0 and the AMOS18. SPSS software was used to analyze descriptive statistics, to test reliability of scales (Cronbach's Alpha), and to do Exploratory Factor Analysis (EFA). AMOS soft was utilized to conduct Confirmatory Factor Analysis (CFA) and Structural Equation Model (SEM) analysis. The following structural equations were tested in the research.



Figure-1. Conceptual model

2.8.1. Measurement Scales

From nine constructs which are measured by twenty eight variables. Table 1 shows all items utilized in this study.

Table-1. Construct and measurement items

Code	Items	Source
Apology AP	AP1- I received a sincere "I'm sorry" from SCB. AP2- SCB gave me a genuine apology. AP3- I did not receive any form of apology from SCB.	Davidow, 2000
Attentiveness AT	AT1- SCB's employees treated me with respect. AT2- SCB's employees paid attention to my concerns. AT3- SCB's employees were quite pleasant to deal with.	Davidow, 2000
Explanation EX	EX1- SCB did not give me any explanation at all. EX2- I did not believe SCB's explanation of why the problem occurred. EX3- SCB's explanation of the problem was not very convincing.	Davidow, 2000
Facilitation FA	FA1- It was easy to determine where to lodge my complaint. FA2- SCB's policies made it clear how to complain. FA3- It was hard to figure out where to complain in SCB.	Davidow, 2000
Promptness PR	PR1- It took longer than necessary to react to my complaint. (R) PR2- SCB was very slow in responding to my problem. (R) PR3- The complaint was not taken care of as quickly as it could have been. (R)	Davidow, 2000
Redress RED	RED1- SCB completes every correction when a failure occurs. RED2- SCB offers fair and expedient fixes to my problem's solution. RED3- SCB's response left me in a similar or improved position to where I was before the problem. RED4- The outcome that I have received from SCB returned me to a situation equal to or greater than before the complaint.	Cengiz et al, 2007
Satisfaction with service recovery SA	SA1- In my opinion, SCB provided a satisfactory resolution to my banking problem. SA2- I am satisfied with SCB's handling of the particular problem. SA3- Regarding the particular event (most recent banking problem), I am satisfied with SCB.	Maxham &Netemeyer (2002)
Repurchase intention RI	RI1- I intend to use SCB's services in the future. RI2- If I were in the market for additional banking services, I would be likely to use those services from SCB. RI3- I will use SCB as my service provider in the near future.	Maxham &Netemeyer (2002)
		<i>Continue</i>

Positive word-of-mouth intention WOM	WOM1- I would recommend SCB to my friends. WOM2- I am likely to spread positive word-of-mouth advertisements about SCB. WOM3- If my relatives or friends were looking for a banking service provider, I would tell them to use SCB's services.	Maxham & Netemeyer (2002)
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2.8.2. Data Collection

Collecting data was carried out by structured questionnaires with two parts. The first part included questions related to respondents' detailed information, such as age, gender, education which are only used in this research and strictly confidential. The second part consisted of questions related to key research concepts, such as organizational responses, satisfaction with service recovery and post-purchase behavioral intentions. Each concept was measured by a number of different observed variables (items). The seven-point Likert scale – from (1) “strongly disagree” to (7) “strongly agree” was utilized. All questions were translated into Vietnamese. The researcher has paid much attention on the wording used in the questionnaires in order to make sure that it is easy for participant to understand and fulfill. To ensure that respondents have the right meaning of questionnaires, the pre-test stage with ten respondents chosen was conducted for further adjustment.

2.8.3. Sample Description

Table 2 presents the structure and characteristics of the sample as below.

Table-2. Descriptive statistics of qualitative variables

Attributes	Characteristics	Frequency	Percent (%)
Gender	Female	149	50.9
	Male	144	49.1
Age	Less than 22	18	6.1
	From 22 to less than 30	90	30.7
	From 30 to less than 50	128	43.7
	Over 50	57	19.5
Education	High school	15	5.1
	College	93	31.7
	University	133	45.4
	Postgraduate	52	17.7
Income	Less than 5 millions	42	14.3
	From 5 to less than 10 millions	78	26.6
	From 10 to less than 20 millions	127	43.3
	Over 20 millions	46	15.7
Job	Officer	133	45.4
	Entrepreneur	90	30.7
	Student	36	12.3
	Housewife	11	3.8
	Other	23	7.8
Length of relationship	Less than 06 months	22	7.5
	From 06 months to less than 12 months	48	16.4
	From 1 year to less than 3 years	127	43.3
	Over 3 years	96	32.8

3. Data Analysis and Findings

This part presents all the results of data analysis and hypothesis testing.

3.1. Descriptive Statistics of Variables

The result of descriptive statistics in Table 3 shows that the majority of items in this research have mean values higher than four, except RED1 (SCB does every correction when a failure occurs) receiving the least mean value of 3.87. Item AP2 (SCB gave me a genuine apology) obtained the highest mean of 5.3, and the standard deviation of these variables is from 1.557 to 1.893. The dependent variables in this research are three variables: satisfaction with recovery (SA), repurchase intentions (RI), and positive word-of-mouth intentions (WOM). Each variable was constructed from three measurement items. Table 3

indicates that all measurement variables obtained high mean values ranging from 4.25 to 4.76, and the range of standard deviation of these items was from 1.617 to 1.893.

Table-3. Descriptive statistic of quantitative variables

Items	Mean	Std. Deviation
AP1	5.17	1.557
AP2	5.30	1.579
AP3	5.10	1.573
AT1	4.71	1.685
AT2	4.82	1.674
AT3	4.81	1.735
EX1	4.79	1.597
EX2	4.97	1.615
EX3	4.93	1.709
FA1	4.68	1.692
FA2	4.63	1.732
FA3	4.53	1.803
PR1	4.54	1.646
PR2	4.59	1.582
PR3	4.69	1.709
RED1	3.87	1.656
RED2	4.55	1.847
RED3	4.39	1.807
RED4	4.24	1.685
SA1	4.57	1.784
SA2	4.70	1.851
SA3	4.76	1.809
RI1	4.25	1.833
RI2	4.25	1.843
RI3	4.29	1.893
WOM1	4.47	1.675
WOM2	4.41	1.617
WOM3	4.51	1.711
Valid N (listwise)		

3.2. Reliability Testing

Factor analysis and Cronbach’s Alpha were used to test the reliability of the measurement. The items which had a Corrected Item-Total Correlation less than 0.5 were eliminated. The results are shown in Table 4.

3.3. Confirmatory Factor Analysis

Confirmatory Factor Analysis was conducted to confirm the constructs that were extracted from the EFA analysis. Model fitness which referred to the fitness between the hypothetical model and the sample data is the most concern in implementing the CFA. The results of unidimensionality, convergent validity, discriminant validity as well as construct validity are displayed as follows:

- **Unidimensionality**

The test results that all the model fit indices satisfied common acceptance standards, indicating that

the measurement model obtained a good fit with the sample data. The model has CMIN = 426.072, df = 288 and P-value = 0.000. All measures are satisfied because of CMIN/df = 1.479 (< 2), TLI = 0.977, CFI = 0.981 and IFI = 0.981 (> 0.9), RMSEA = 0.041 (<0.08). Therefore, the model fitness is acceptable, and all measurement scales in the measurement model exhibited unidimensionality.

- **Convergent Validity**

Convergent validity refers to the degree to which a measure is correlated with other measures. According to Anderson and Gerbing (1988), a measurement scale obtains convergent validity if all its standard regression weights are greater than 0.5 and statistically significant at p-values less than 0.05. In this study, all standard regression weights satisfy the above respective standard demonstrating that all measurement scales in this research model attained convergent validity.

- **Discriminant Validity**

Koufteros (1999) reported that testing discriminant validity is one important analysis which should be conducted. Discriminant validity means that measures of different constructs or concepts that should not be related are not in reality related. According to Fornell and Larcker (1981), one can assess discriminant validity by comparing the Average Variance Extracted (AVE) and Shared variance. AVE measures the amount of variance in the specified indicators accounted for by the latent construct. If they are, this indicates that the measured variables have more in common with the construct they are associated with than they do with the other constructs. From the results shown at Table 4, the AVEs for the latent variables range from 0.779 to 0.905 and the AVE for each construct is significantly higher than its individual squared correlation. It can be concluded that discriminant validity between each two constructs is supported.

- **Construct Validity**

Construct reliability (or also called composite reliability – CR) is a measure of the overall reliability of a collection of heterogeneous but similar items. The construct reliability estimates the extent to which a set of latent construct indicators share in their measurement of a construct. Construct reliability can be computed using the pattern coefficients estimated by exploratory or confirmatory factor analysis. Construct reliability also offers a more retrospective approach in overall reliability estimates consistency of the construct itself including stability and equivalence of the construct (Hair et al., 2010). Table 4 shows that all indices utilized to evaluate the reliability of the constructs exceeded the respective common acceptance levels. Particularly, Cronbach’s alpha of each factor is greater than 0.7; the composite reliability of all constructs is greater than 0.7; and the value of AVE of each factor is also greater than 0.5. Hence, all constructs in the hypothetical model reach a high reliability.

Table-4. Construct Reliability, Factor Loading and AVE in CFA

Item	Standardized factor loading	Construct Reliability ^a	AVE ^b
Apology – AP			
AP3	.871	0.913	0.779
AP2	.852		
AP1	.923		
Attentiveness - AT			
AT3	.919	0.94	0.839
AT2	.937		
AT1	.891		
Explanation - EX			
EX3	.884	0.917	0.786
EX2	.918		
EX1	.857		
Facilitation - FA			
FA3	.910	0.93	0.815
FA2	.914		
FA1	.884		
Promptness - PR			
			<i>Continue</i>

PR3	.830	0.918	0.79
PR2	.936		
PR1	.897		
Redress - RED			
RED4	.899	0.927	0.808
RED3	.912		
RED2	.885		
Customer Satisfaction - SA			
SA3	.902	0.942	0.845
SA2	.931		
SA1	.924		
Repurchase Intention - RI			
RI3	.961	0.966	0.905
RI2	.941		
RI1	.952		
Positive WOM Intention - WOM			
WOM3	.908	0.926	0.807
WOM2	.893		
WOM1	.894		

3.4. Estimating Hypothetical Model

Similarly, to measure the structural model fitness is also based on specific standards used in the measurement model. The results in Figure 2 present the goodness-of-fit indices of the full model. Estimation of the model shows a good value of 2.066 in the Chi-square/df, acceptable. The model fit was assessed by using other common fit indices: IFI = 0.955, TLI = 0.949, CFI = 0.954 and RMSEA = 0.060. Briefly, the full structural model is considered to fit the sample data reasonably. Table 5 presents regression weights of organizational responses with satisfaction with recovery, of recovery satisfaction with both repurchase intentions and positive word-of-mouth intention. From this, only the relationship between facilitation and recovery satisfaction is not statistically significant at the 95% confidence interval. Consequently, this relation should be eliminated from the model to attain a better one.

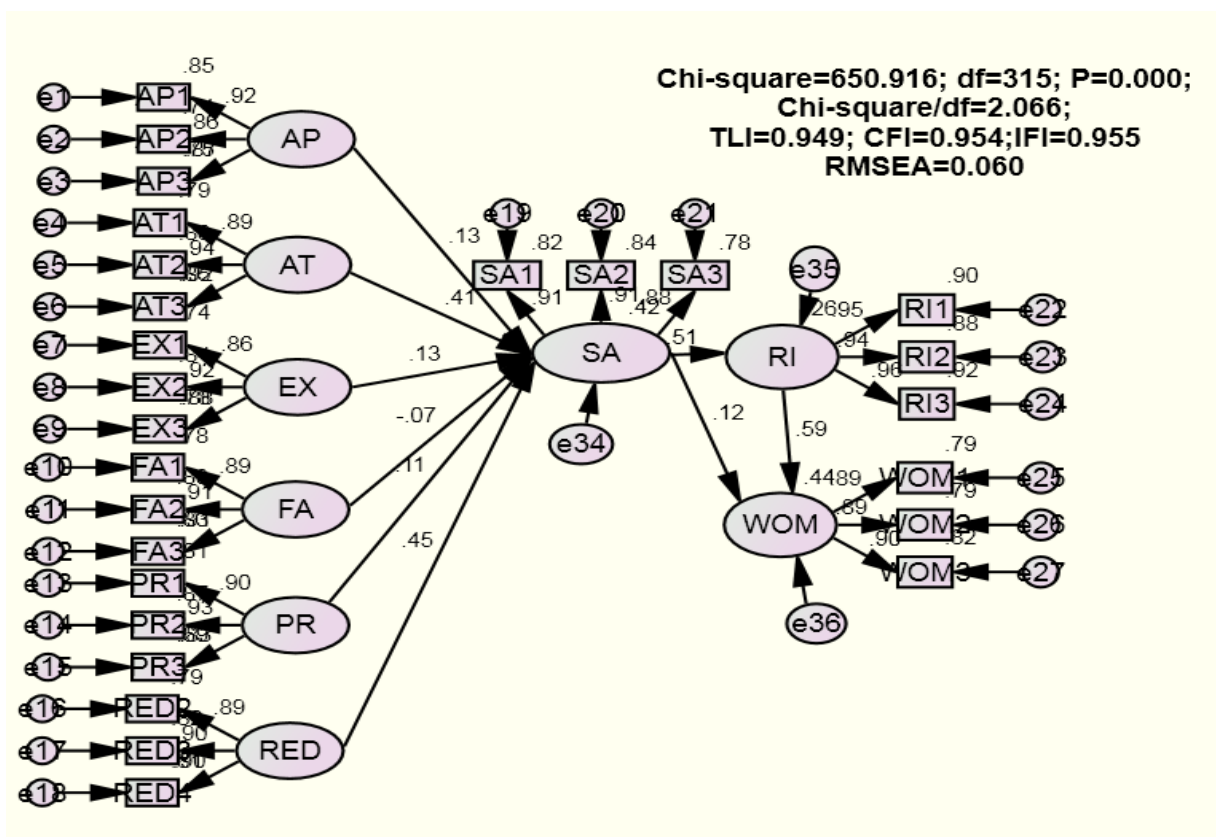


Figure-2. The hypothetical model (standardized)

Table-5. Regression Weights of the hypothetical model

Parameters	Standardized regression weights	Regression weights	S.E.	C.R.	P
Satisfaction with recovery ← Apology	.128	.138	.055	2.532	.011
Satisfaction with recovery ← Attentiveness	.408	.376	.047	7.918	***
Satisfaction with recovery ← Explanation	.135	.132	.049	2.667	.008
Satisfaction with recovery ← Facilitation	-.072	-.064	.045	-1.430	.153
Satisfaction with recovery ← Promptness	.107	.111	.052	2.127	.033
Satisfaction with recovery ← Redress	.450	.436	.051	8.546	***
Repurchase intentions ← Satisfaction with recovery	.509	.585	.065	9.056	***
Positive WOM intentions ← Satisfaction with recovery	.124	.124	.058	2.125	.034
Positive WOM intentions ← Repurchase intentions	.588	.509	.052	9.752	***

3.5. Estimating Adjusted Model

In Figure 3, after deducting the relation between facilitation and recovery satisfaction out of the hypothetical model, most of the model fit indices of the adjusted model are acceptable, with CMIN/df=2.065 (<3), TLI=0.949, CFI=0.954, IFI=0.954, RMSEA= 0.06 (>0.8). It is easy to find that the fit measures of the adjusted model are not much different from the former one. As a result, it is obvious that the adjusted model acceptably fits the sample data.

Table 6 shows that at the 95% significance level, all the relations between the five components of organizational responses to complaints (including apologies, attentiveness, explanation, promptness and redress) and recovery satisfaction, between recovery satisfaction and post purchase intentions (including repurchase intention and positive word of mouth intention) and between repurchase intentions and positive word of mouth intentions are statistically significant. With the p-value being much less than 0.05, the hypothetical positive relationship between recovery satisfaction and repurchase intentions is supported ($\beta_7 = 0.504$). Both hypothesis eight and hypothesis nine are acceptable at the significant level $p < 0.05$. This means that both recovery satisfaction and repurchase intentions have a positive influence on positive word of mouth significantly. The research results can be summarized as below:

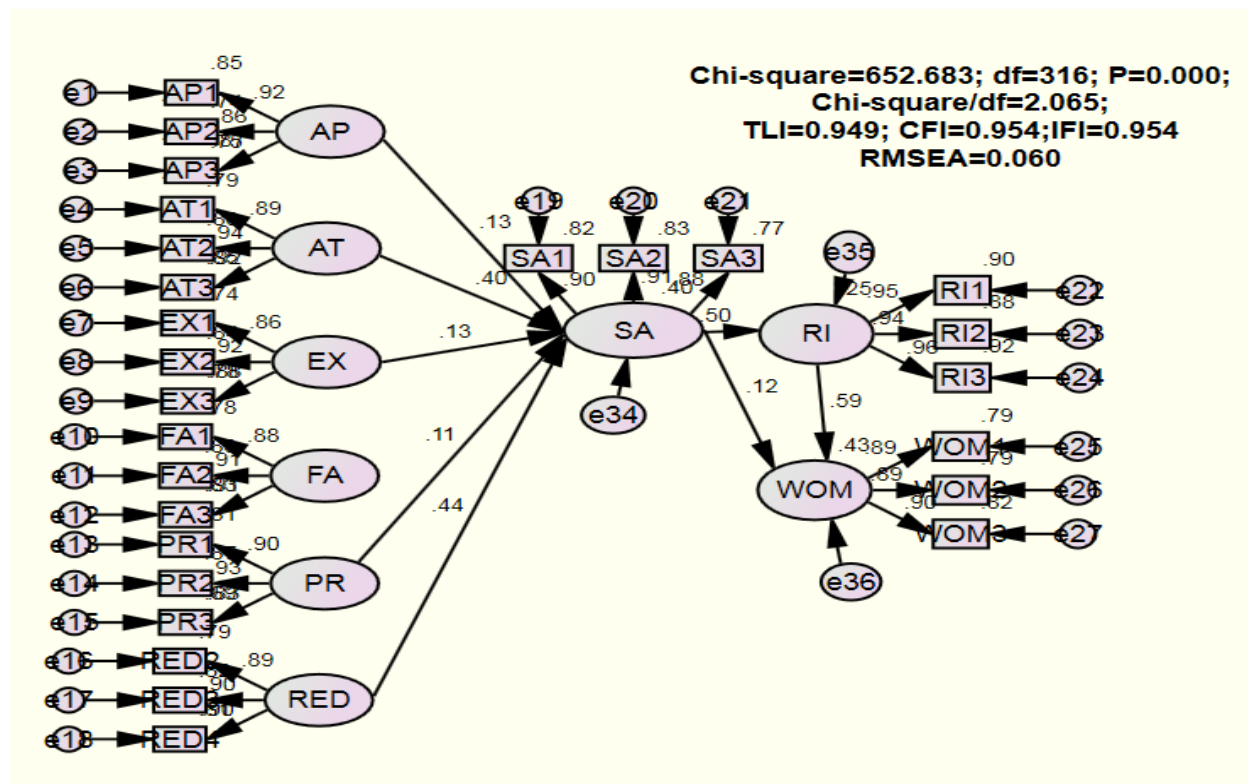


Figure-3. The adjusted model (standardized)

Table-6. Regression Weights of the adjusted model

Parameters	Standardized regression weights	Regression weights	S.E.	C.R.	P
Satisfaction with recovery ← Apology	.133	.141	.055	2.582	.010
Satisfaction with recovery ← Attentiveness	.402	.365	.047	7.696	***
Satisfaction with recovery ← Explanation	.126	.121	.049	2.452	.014
Satisfaction with recovery ← Promptness	.107	.109	.052	2.088	.037
Satisfaction with recovery ← Redress	.439	.420	.051	8.233	***
Repurchase intentions ← Satisfaction with recovery	.504	.585	.065	8.933	***
Positive WOM intentions ← Satisfaction with recovery	.122	.123	.059	2.097	.034
Positive WOM intentions ← Repurchase intention	.587	.510	.052	9.754	***

4. Implications for the Case of Saigon Commercial Bank (SCB)

From the research findings, there is strong evidence showing that a model incorporating five components of organizational responses to customer complaints is supported (Table 6). These findings would help to develop and improve the complaint recovery responses in the context of SCB in order to restore customers from a dissatisfied state to a satisfied one.

Given the highest effect of redress on satisfaction with service recovery, the attention should be paid to the dimension of a fair fix for problems or added value compensation/ atonement. There is strong evidence showing that attentiveness and explanations exert strong impacts on satisfaction with service recovery. This implies the major importance of interpersonal skills of frontline employees who are directly facing and dealing with customer complaints. From the findings of this research, the impact of an apology on recovery satisfaction is not as strong as the impacts of redress, attentiveness and explanations. However, Boshoff and Leong (1998) emphasized that an apology is the necessary first step in service recovery attempts. Davidow (2000) also reported that an apology, in particular, is important because it costs nothing yet significantly increases positive word-of-mouth activity. It implies that providing an apology to complainants should be given a high priority and be accompanied by other responses such as attentiveness, explanations or compensation. Finally, it is likely to state that customer complaints contain constructive information which can help the bank to recognize their problems, recover their service failures and maintain customers' loyalty. Therefore, establishing clear complaint procedures can help customers to know how to complain and where to log complaints, should be highly considered.

5. Limitations and Future Research

While this research's results help to deeply understand about the effects of organizational responses to customer complaints on recovery satisfaction as well as the effect of recovery satisfaction on post purchase behavioral intentions, some limitations also exist. Firstly, chosen target respondents in this research have only included the customers who have raised their complaints to SCB branches in Ho Chi Minh City. This situation might lead to the limitation of generalization of the results for the whole SCB. Indeed, respondents in different regions in Vietnam might cause differences in psychology and behaviors of customers. Therefore, future research should expand the respondents throughout the country. Additionally, to obtain generalized findings for the whole of Vietnam's retail banking system, it is possible to conduct a replicate study with the inclusion of other commercial banks' respondents. Another, complainants are required to evaluate their experience about service failures and organizational responses occurred within one year. As such, the result might be biased due to customers not remembering exact memories or feelings of past events. Zikmund (2003) has reported that conducting a survey with the same group of respondents over a period of time might help to look at changes in responses that happen over time. Thus, a longitudinal study should be required.

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