Analysis of Service Recovery Toward Corporate Image at PT PLN (Persero) ULP Banjarnegara

Ery Dwi Santosa[1*], Suliyanto[2], Nur Choirul Afif[3]

[1*]Universitas Jenderal Soedirman, erysantosa87@gmail.com, Indonesia
[2]Universitas Jenderal Soedirman, suliyanto@unsoed.ac.id, Indonesia
[3]Universitas Jenderal Soedirman, nur.choirul.afif@unsoed.ac.id, Indonesia
*Ery Dwi Santosa

ABSTRACT

In the mean time, electrical energy has become a major need for the society, so that if there is a service failure in electrical energy distribution, it will cause customer complaints that affect the corporate image. Service failure which is followed up with corporate's good service recovery and understanding to customers will have a big impact not only in customer response but also customer loyalty. The purpose of this study was to measure the satisfaction of service recovery felt by customers as a result of service failure and its impact on the corporate image. Data were collected using questionnaire with 5-point Likert scale on customers who had made complaints to PLN ULP Banjarnegara. The results of this study showed that perceived justice had positive effect on service recovery satisfaction and in the end service recovery satisfaction had a positive effect on corporate image. The managerial implication of this research was about emphasizing justice and perceived recovery satisfaction in order to improve the corporate image.

Keywords: perceived justice; service recovery; corporate image.

1. Introduction

Corporate image is a reflection of customer perception of an organization, this perception is generated from one's experience or impression of the corporate which in turn contributes to the overall image of the corporate (Andreassen 2001). PT. PLN (Persero) as one of the energy providers and distribution service providers (or selling) to customers, even though there is no competitor (monopoly) at the lowest or retail level to the hands of customers, but it is an obligation for the corporate to provide the best service quality in order to improve corporate image. Service failures in electrical energy distribution may not be completely eliminated by the corporate recorded in the performance of SAIDI (Standard Average Interupt Duration Index) and SAIFI (Standard Average Interupt Frequency Index). Service failure occurs when the service received does not meet customer expectations (Zeithamal et al., 2006). Service providers must strive for excellence in service or "never go wrong" and the ability to get the best at the first opportunity. However, in fact, it is difficult to achieve this goal. Handling complaints need to be seen as a "moment of truth" from a service business. Currently, at PLN ULP Banjarnegara, handling complaint is measured in Response Time and Recovery Time performance. In this context, this service business in electrical energy distribution must be a reliable and continuous as an effort to fulfill needs, satisfy, and retain customers.

Based on data on the Integrated Complaints and Application, there was an increase in the number of complaints every year. The number of complaints increased up to 21% in 2018 and 2019, while the highest complaints increase was in 2020 up to 55% from the previous year. As a result of the increasing complaints, the performance of service standards on performance indicators for response time and recovery time for complaints has not been achieved in 2020. The average target response time for complaints in the current period in 2020 was 11 to 12 minutes, while the realization was 36 to 60 minutes, achieving a performance value of -129.25%, while the target average recovery time for complaints in the current period was 23.19 minutes while the realization was 44 to 43 minutes achieving a performance value of 8.37%.

Then, the presence of PLN's superior service with customers in the form of electricity services in hand, the New PLN Mobile Application makes it easier for customers to make service failure complaints, this can be seen by an increase in complaints through the New PLN Mobile Application which has increased significantly from only 82 complaints through PLN Mobile in 2019 to 981 complaints in 2020.

From the data above, it can be concluded that the service failure toward the consumer's need proven by the increase in complaints which was measured by the performance of service standards for response time and recovery time was not achieved. It resulted in a bad corporate image in customers point of view.

Then, the release of the New PLN Mobile application which is integrated to management through the Virtual Command Center (VCC) application and Technical Service Mobile is expected to improve the corporate's image in giving the ease to customers to make complaints, also increase the acceleration of response time and recovery time by technical service officers. Efforts from PLN to provide services that ease the customers are expected to fulfill the justice perceived by customers through the description of recovery services so that the corporate's image can be improved.
This study was conducted to reveal how the image of PLN according to customer perceptions in Banjarnegara Regency in communicating with PLN in terms of service failure as measured by perceptions of justice and satisfaction of recovery services provided by PLN. It was expected that PLN's efforts to improve customer service as an effort to recover service failure by presenting the New PLN Mobile Application, Virtual Command Center and Technology Service Mobile could improve customer satisfaction and corporate image.

2. Literature Review

2.1 Justice Theory and Service Recovery

During the service exchange process, there are things that cause unavoidable service failures between the customer and the service provider. If there has been a service failure, both parties expect equal behavior and evaluate based on perceived justice. The theory of justice (Adam, 1963) described the theory of exchange, dissonance, and social comparison in determining estimates about an individual managing his or her relationships with other people or organizations. An exchange that is considered "equal" is an exchange that is balanced between them, but if the results do not meet the expectations of each party, it will lead to inequality. Previous research on service

failure and recovery has provided many evidences of the appropriateness of the equality concept as a basis for understanding the service recovery process and its results (Blodgett et al., 1997; Goodwin & Ross, 1992; Smith et al., 1999).

2.1.1. Distributive Justice

Distributive justice refers to the job of tangible resources by a corporate to repair and compensate for service failures (del Río-Lanza, 2009). In the context of service failure/recovery, it refers to the perceived justice of service failure/recovery outcomes (Holloway et al., 2009). When an individual perceives that benefits are not equal, he or she experiences difficulties (Walster et al., 1973), which in turn motivates him or her to get distributive justice. Studies have provided empirical evidence that the perceived justice of tangible outcomes has a positive effect on the evaluation of recovery (Boshoff, 1997; Goodwin & Ross, 1992; Hoffman et al., 1995; Smith et al., 1999).

2.1.2. Procedural Justice

Procedural justice refers to the methods that are used by a corporate to deal with problems that arise during service delivery in aspects such as accessibility, time/speed, process control, delays, and flexibility to adapt to consumer recovery needs (del Río-Lanza, 2009). Procedural justice also includes the policies, procedures, and tools that the corporate uses to support communications with customers specifically also about the time it takes to process complaints.

2.1.3. Interactional Justice

Interactional justice focuses on interpersonal interactions during the service delivery process. This means an evaluation of how customers have experienced justice in the human interactions of service organization employees during the recovery process (Sparks & McCol-Kennedy, 2001). Previous literature stated that there are six subdimensions of Interactional justice. These subdimensions are: courtesy, honesty, explanation offering, empathy, effort, and apology (Clemmer, 1988; Tax et al., 1998; McCol-Kennedy & Sparks 2003; del Rio-Lanza et al.)

2.2 Service Recovery Satisfaction

The effect of the perceived justice dimension on recovery satisfaction has also been mentioned in the past literature. Many researchers had found that all three forms of justice including distributive, procedural, and interactional justice have positive effect on overall service recovery satisfaction (Patterson et al., 2006; dos Santos & Fernandes, 2008; Kim et al., 2009; Karande et al., 2009). ., 2007; Karatepe, 2006; Ok et al. .., 2005; Smith et al., 1999; Tax et al., 1998; Clemmer & Schneider, 1996; Kau & Loh, 2006). The effect of the justice dimension on customer recovery satisfaction had been studied in different service industries as well, including, hotel customers, (Karatepe 2006), mobile phone shoppers (Kau & Loh 2006), students, hotel customers (Smith et al., 1999) and Airlines passangers (McCollough et al., 2000). So, based on the discussion above, this study proposed the following hypothesis:

H1: Distributive justice has a positive effect on service recovery satisfaction
H2: Procedural justice has a positive effect on service recovery satisfaction

H3 : Interactional justice has a positive effect on service recovery satisfaction

2.3 Corporate Image

A corporate image, assumed as a corporate association held by customers (cf. Brown et al. 2006), can be affected by the actions of contact service personnel (Nguyen and Leblanc 2002), and often these actions include equal treatment of customers as corporate signature to position itself in public as a party that "treating all stakeholders equally" (Bies and Greenberg 2002, p.322). In addition, because service recovery is considered crucial in consumers' evaluations of services and organizations (de Matos, Henrique, and Rossi 2007), the researchers expect the service recovery process to have a positive effect on corporate image.

H4 : Service recovery satisfaction has positive effect on corporate image.

Figure 1. Research Model
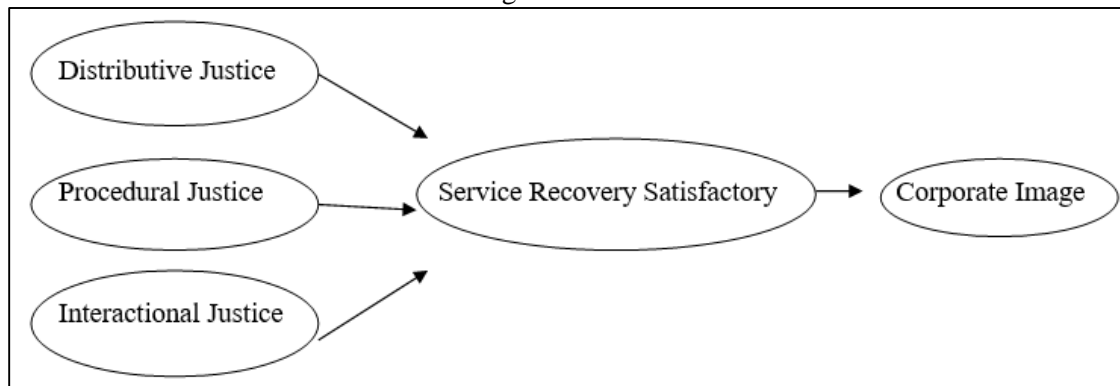
3. Research Method

3.1 Data Collection

The target population in this study were PLN ULP Banjarnegara customers who had made complaints in 2020. The sampling technique used was random sampling method, with 30 respondents as the samples. Data collection was done using a questionnaire.

3.2 Measurement

Measurements on each variable adopted from several previous studies. For variables perceived justice, service recovery satisfaction, and corporate image were adopted from (Mostafa et al., 2014). Measurements were made on a 5-point Likert scale, in which 1 means "strongly disagree" to 5 means "strongly agree", while 3 means "neutral"

3.3 Analysis

In this study, Cronbach's alpha was used to test the reliability of the variables (Cronbach, 1951), while the validity was tested using Composite Reliability (CR) and Average Variance Extracted (AVE) (Fornell & Larcker, 1981). Structural Equation Modeling validity test using Partial Least

Square (PLS) was used to test the causal relationship between constructs. SEM was used because it had several advantages, such as: (1) it can clearly show errors that occur during measurement; (2) it can estimate unobserved variables through observed variables; and (3) it has model testing in which the structure can be measured according to the data (Kaplan, 2008)

4. Result

4.1 Profile of Respondents

Based on the 33 respondents who filled out the questionnaire, all of them were customers of PLN ULP Banjarnegara who had made complaints, it could be seen that most of them were 23 male respondents and 10 female respondents. Then, most of them have been become customers for more than 3 years as many as 28 people and 4 people have been become customers for 1 to 3 years, and 1 person has been become costumer in less than 1 year. In submitting complaints, 17 of them used the PLN Mobile application and 12 of them used the Contact Center PLN 123, and 3 of them came directly to the office and only 1 person used PLN 123 e-mail. From this profile, it could be seen that PLN customers were aware of fast, practical, and cost-effective communication media to make complaints due to perceived service failures and have long been become PLN customers.

Table 1.Profil of Respondents

Profil of Respondents	Total
Gender	
- Male	23
- Female	10
Period of being customer	
- Less than 1 years	1
- 1 - 3 years	4
- More than 3 years	28
Communication media	
- PLN Mobile Application	17
- PLN 123 Contact center	12
- Office visit	3
- PLN 123 Email	1

4.2 Validity and Reliability Test

The validity and reliability tests used in this study were Cronbach's Alpha, Composite Reliability, and Average Variance Extracted. Based on table 2, it was known that Cronbach's alpha for all variables was above 0.6, so all variables were valid (Hair et al, 2010). Composite reliability (CR) for all variables was higher than 0.7 so that the instrument reliability of all research variables was acceptable or reliable (Hair et al., 2010) and the average variance extracted (AVE) of all variables was higher than 0.7 so that the instrument reliability of all variables was acceptable. (Hair et al., 2010).

Table 2. Validity and Reliability Test

Variable	Cronbach Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Distributive Justice	0,906	0,955	0,914
Interactional Justice	0,915	0,940	0,798

Procedural Justice	0,951	0,964	0,871
Service Recovery Satisfaction	0,947	0,966	0,904
Corporate Image	0,920	0,950	0,864

4.3 Findings

Hypothesis testing using SmartPLS version 3.3.3 was known as the inner model test. This test included a test of the significance of direct and indirect effects as well as measuring the magnitude of the effect of exogenous variables on endogenous variables. Multiple linear regression analysis produced various outcomes that could be used for testing with various methods. One of them was the coefficient of determination to determine the value of the contribution of the two independent variables to the dependent and the T test for the significance of the simultaneous effect, and the T test for the significance of the effect of the independent variable. However, prior to that, a correlation test was conducted to ensure that there was a relationship between each independent variable and the dependent variable.

Figure 2. Hypothesis Test Result
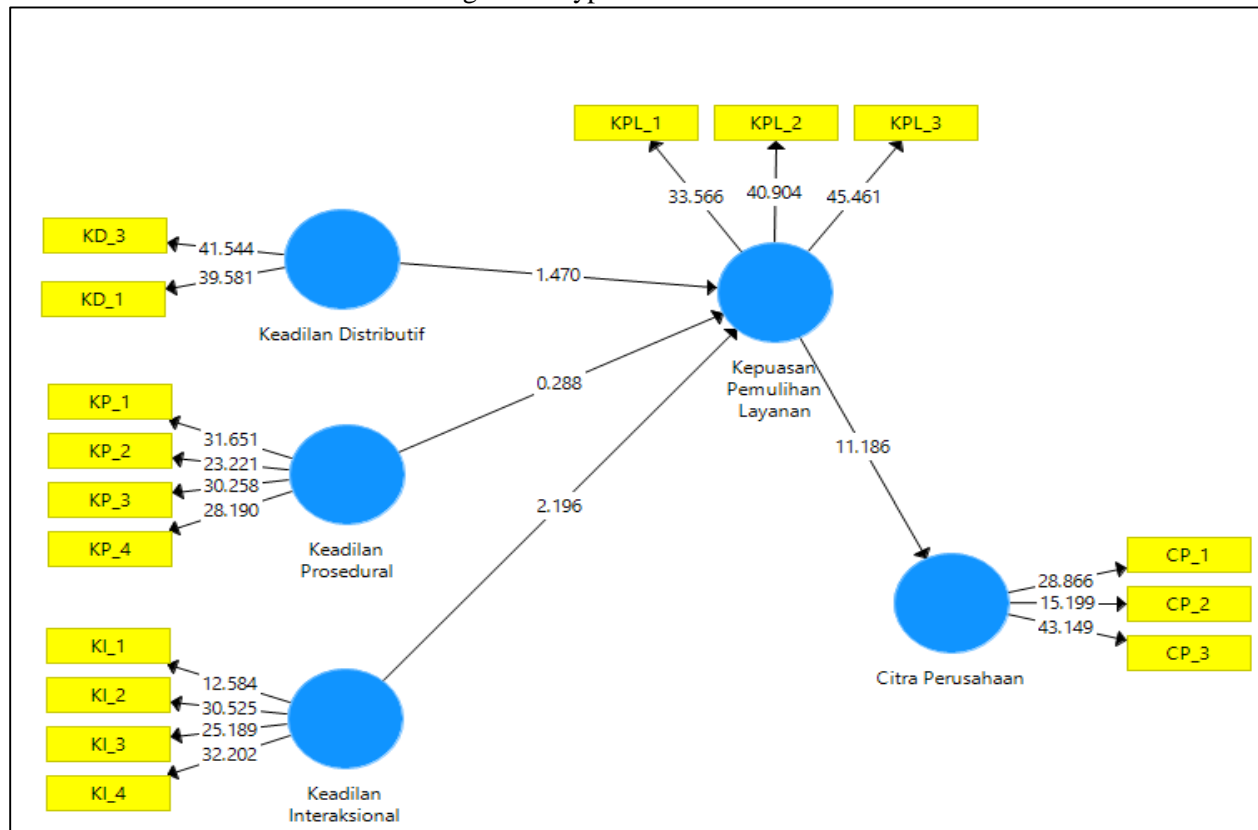
The results of hypothesis testing can be seen in Figure 2 and Table 3

Table 3. Hypothesis Test Result

Hipotesis	T Statistic	P Values
Distributive Justice -> Service Recovery Satisfaction	1.470	0,142
Procedural Justice -> Service Recovery Satisfaction	0,288	0,773
Interactional Justice -> Service Recovery Satisfaction	2,196	0,029

Service Recovery Satisfaction -> Corporate Image	11,186	0,000

Regression analysis was done for the dimensions of distributive justice and procedural justice respectively resulted in P values of 0.142 and 0.773 which were higher than 0.050 so it could be said that perceptions of distributive and procedural justice had no positive effect on service recovery satisfaction. As a result, hypothesis 1 and hypothesis 2 were not accepted. These results could be interpreted that policies, procedures, communication media, and time/speed of completion did not affect the satisfaction of service recovery.

In the dimension of interactional justice, the regression analysis was done, resulted in a P value (P value) of 0.029 which meant lower than 0.050, so it could be said that interactional justice had a positive effect on service recovery satisfaction. As a result, hypothesis 3 was accepted. This meant that when customers who experienced service failures and made complaints tend to interact interpersonally. They wanted to be served with courtesy, honesty, explanations provided, empathy, effort, and apology, so that they felt more appreciated, respected, and understood. These results were in line with research (Ellyawati et al., 2013).

Furthermore, in the 4th hypothesis, regression analysis was done, resulted in a P value (P value) of 0.000 which meant lower than 0.050, so it could be said that service recovery satisfaction had a positive effect on corporate image. In other words, when a service failure occured, customers tend to want interactional justice in the service recovery process which in turn would have an impact on the corporate image. These results were in line with research (Mostafa et al., 2015).

5. Discussion

The results of the variable test showed some of variables had significant and insignificant effects. The relationship between distributive justice and procedural justice did not have significant relationship with service recovery satisfaction. This indicated that although procedures, communication media, and customer complaint solving times had become easier and were supported by tangible resources such as Mobile technology services and Virtual Command Centers, this did not make customers who experience service failures had more positive attitude towards service recovery satisfaction.

Meanwhile, the relationship between interactional justice variables had positive effect on service recovery satisfaction, which indicated that human interaction had more influence on service recovery satisfaction.

A strong relationship was also seen in the effect of service recovery satisfaction attitudes on corporate image in terms of service failure recovery because service recovery was highly important in consumers' evaluations of services and organizations (de Matos, Henrique, and Rossi 2007), the results of this study showed that the better the recovery services by prioritizing interactional justice, the better the corporate image.

6. Conclusion

Service failures felt by customers were showed by the increase in complaints to PLN and those complaints must be followed up by PLN officers immediately. Then, it was necessary for the corporate to respond toward those complaints more quickly by innovating the New PLN Mobile

application service that was integrated to the management through the Virtual Command Center (VCC) application which sent command of complaint resolution through the Technical Service Mobile. These inovations helped the customers to make complaints, also increased the acceleration of response time and recovery time by technical service personnel. These efforts from PLN to provide services that made it easier for customers were expected to fulfill the perception of interactional justice felt by customers through satisfaction of recovery services, so that the corporate image would improve. The insignificant effect of distributive justice and procedural justice can be the focus of further research to find the causes and solutions for the corporate in order to have a significant influence.

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