



How do firms benefit from customer complaints?



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ABSTRACT

The study explores the effects of two sets of factors relating to complaint management on firm performance, namely, (1) customer response factors and (2) organizational learning factors, thereby integrating organizational learning into the conceptualization of complaint management. Symmetric testing using hierarchical regression analysis of data obtained from complainants and firm managers revealed the joint effects of the two main paths on firm performance, independently from one another. Learning from complaints is shown to influence both short- and long-term firm-level performance measures positively. However, contrary to expectations, complainants' and managers' perceptions of fairness in the complaint handling processes of firms are found to (1) be nonrelated to short-term firm performances and (2) influence long-term performance expectancies negatively. Asymmetric analyses involving contrarian cases and further utilizing the fuzzy-set qualitative comparative analysis (fsQCA) disclosed distinct sets of antecedents that are sufficient for explaining short- and long-term firm performance.

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Extending the exit-voice theory of Hirschman (1970), a complainant has long been viewed in the marketing literature as a dissatisfied customer bearing the costs associated with submitting a complaint to the firm in order to receive a solution to an experienced problem and/or initiate a change in the practices, policies, or offerings of the firm. A complainant, thus, chooses to communicate with the firm regarding a problematic consumption experience, rather than simply withdrawing from being a customer, giving the firm an opportunity to provide some form of remedy and/or to take some corrective action regarding its processes (Folkes, Koletsky, & Graham, 1987; Maxham, 2001). Despite the implications in this conceptualization for firms to not only “take an action for a solution” in response to customer complaints but at least on occasion also to “change something,” the notion of customer complaint management continues to be viewed rather narrowly as a reactive strategy in marketing just aiming to lower complainant defection rates and prevent damaging word of mouth (Blodgett, Hill, & Tax, 1997; Fornell & Wernerfelt, 1987; Richins, 1983). That is, the conceptual boundaries and practical applications of customer complaint management are somehow limited to include the processes through which a firm registers and handles customer complaints to produce *immediate* reactions for the purpose of resolving the issues raised. Consequently, research on effective customer complaint management has focused

extensively on the perceived fairness of the conflict resolution efforts with complaining customers and on how such processes relate to customer satisfaction and loyalty (Homburg & Furst, 2005; Homburg, Fürst, & Koschate, 2010; Hui & Au, 2001; Orsinger, Valentini, & Angelis, 2010; Tax, Brown, & Chandrashekar, 1998).

Alternatively, from the *firm as a learning organism* perspective (e.g., Argyris & Schon, 1978), customer complaints present a valuable opportunity to gain strategic marketplace information on how to improve internal processes and focus managerial attention on specific problem areas (Slack, Chambers, Harland, Harrison, & Johnston, 1998). Understanding the root causes of customer problems and achieving complaint-based improvements facilitate competitive success (Johnston, 2001). This rather critical role of customer complaints seems to have been largely overlooked in prior empirical research and in the practice of complaint management. As Homburg and Fürst (2007, p. 523) state firmly, “many firms do not use the information inherent in complaints to facilitate systematic improvements.”

Relatedly, it has been established in the extant research that return on investments from an effective customer complaint management system can be substantial (Gupta, Lehmann, & Stuart, 2004; Harmon & McKenna-Harmon, 1994; Luo, 2007). More important, whereas such performance impacts may take place through a variety of processes and mechanisms, as the preceding discussion elucidates, the *customer response path* and the *organizational learning path* are categorically the most prominent ones (i.e., Homburg & Furst, 2007; Tax et al., 1998). Firms may benefit from effective customer complaint management practices (1) through creating satisfied customers, that is, the *customer response path*, and (2) through improving business processes and

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practices based on insights derived from customer complaints, that is, *the organizational learning path*. Therefore, from the firm's perspective, an effective customer complaints management system should involve more than a complaint handling design (high quality formal guidelines and a supportive internal environment for complaint handling), and further incorporate systems facilitating the management of (1) customer-level (i.e. justice perceptions and satisfaction) and (2) firm-level outcomes of complaint handling (i.e., learning). Considering the individual roles of the customer response path and the organizational learning path, questions such as “which path offers what specific benefits as a result of which form of complaint handling design independently from each other” constitute the main research issues focused in the present study.

The study aims to shed light on the aforementioned issues by exploring the relative effects of the customer response path and the organizational learning path of complaint handling on firm performance. Following Homburg and Furst (2005), we make a distinction between the organic approach to complaint handling, that is, an organizational culture supporting effective complaint handling, and the mechanistic approach to complaint handling, that is, formal guidelines regulating and facilitating complaint handling, and explore the specific effects of each approach on firm performance *through both the customer response path and the learning path*. We further differentiate between immediate performance effects and long-term performance effects and explore the effects of complaint handling constructs through the customer response path and the learning path separately for each temporal span of firm performance. We explore the relationships of interest using both traditional symmetric analyses (i.e., hierarchical regression analyses) and asymmetric configural analyses. The latter sets of analyses are based on the tenets of the complexity theory, which acknowledges the complex nature of reality and focuses on patterns in phenomena under investigation.

Two tenets of complexity theory are particularly of interest in the customer complaints management domain. The first one is the “*equifinality*” principle, which states that a few (not just one) of the many possible paths (configurations of antecedent factors) may lead to the same outcome (Woodside, 2014; Wu, Yeh, Huan, & Woodside, 2014). More specifically, alternative asymmetric combinations of complaint management practices and perceptual factors (i.e., algorithms) are sufficient but no one combination is necessary for accurately predicting, for instance, highly positive firm performance. The second tenet is the “*causal asymmetry*” principle, which proposes that configurations leading to negative outcomes are not the mirror opposites of configurations leading to positive outcomes (Woodside, 2014; Wu et al., 2014). An important implication of causal asymmetry for complaint management is that the recipes for failure in complaint management may not be the mirror opposites of recipes for success. Accordingly, for a nuanced understanding of how complaint management practices relate to firm performance, a method of configural analysis that grounds on the tenets of complexity theory and an asymmetrical way of thinking about relationships among antecedent conditions, namely, fuzzy-set qualitative comparative analyses (fsQCA), is employed (Ragin, 2009; Woodside, 2014). fsQCA is a relatively new methodological approach that follows a “causes-of-effects” approach seeking to explain individual cases, unlike the traditional “effects-of-causes” approach that seeks to estimate net effects of independent variables (Mahoney and Goertz 2006, p. 229). Given that firms subject to customer complaints are meaningful yet complex configurations of complaint management practices (Ragin, Drass, & Davey, 2006), in addition to the traditional symmetric analyses, fsQCA is utilized to explore combinatory statements of antecedents that relate to high and low levels of firm performance (Feurer, Baumbach, & Woodside, 2015).

Another distinctive nature of the study is that multiple source data are obtained and used in the analyses, both from firms in the sample and from their complaining customers. An online complaint website provided data regarding real complainants' fairness perceptions of the

complaint handling processes of respective firms and their after-complaint loyalty. In addition, multiple correspondents from the firms in the sample provided data regarding the complaint handling approaches, fairness perceptions of complaint handling practices, learning, and immediate and long-term performance assessments of firms. We now continue with a brief overview of the customer complaint management literature and the foundations that form the conceptual framework upon which we base our analyses.

1. Conceptual background

1.1. Complaint management and the customer response path

Drawing upon the principles of the behavioral theory of the firm (Cyert & March, 1992) and the justice theory (Gilliland, 1993; Lind & Tyler, 1988), and synthesizing the accumulated knowledge in the field of service recovery (e.g., Blodgett et al., 1997; Goodwin & Ross, 1992; Messick & Cook, 1983; Smith, Bolton, & Wagner, 1999), Homburg and Furst (2005) offer a comprehensive theoretical framework for customer complaint management. This framework suggests that two organizational complaint handling approaches affect customer fairness evaluations regarding a firm's complaint management, which in turn predict complainant satisfaction and re-patronage intentions (e.g., Kelley, Hoffman, & Davis, 1993; Homburg & Furst, 2005; Tax et al., 1998). *First*, adopting an *organic approach*, firms can influence employee behavior with respect to complaint handling by creating a supportive internal environment, mainly through motivational processes as well as by creating shared values and norms (Maxham & Netemeyer, 2003). Such a supportive organizational environment requires a customer-oriented corporate culture (e.g., Deshpandé & Webster, 1989). Employee customer orientation in general and customer orientation toward complainants in particular should be supported and motivated (e.g., Bulut, Yilmaz, & Alpan, 2009; De Ruyter & Brack, 1993; Maxham & Netemeyer, 2003). *Second*, based on the *mechanistic approach*, firms can influence employee behavior by developing and installing formal organizational policies for complaint handling processes. Homburg and Furst (2005) group formal organizational policies for complaint handling processes into three categories: (1) *Processes* for registering and processing customer complaints, (2) *outcomes* designed as remedies and compensations, and (3) *behavioral guidelines* dealing with employee attitudes and behaviors toward complainants. The quality of the three categories of guidelines—assessed based on their degree of customer orientation, clarity, and simplicity—predicts complainant justice evaluations. Accordingly, and following the traditional approach, justice perceptions are conceptualized as a three-dimensional construct involving (1) *procedural justice* (perceived fairness of the end-to-end complaint-handling process) (2) *distributive justice* (perceived fairness of the tangible outcome), and (3) *interactional justice* (perceived fairness of the treatment the complainant receives during the resolution process). Customer satisfaction and loyalty are then posited as outcomes of justice perceptions. Drawing on this framework, we expect the quality of complaint handling guidelines and supportiveness of the internal environment to exert positive influences on firm-level performance through justice evaluations, i.e., the customer response path.

Observe that the aforementioned justice-theory based framework guiding the majority of the studies in this domain focuses mainly on complainant perceptions and responses as a result of the firm's complaint handling practices. Indeed, despite the fact that Tax et al. (1998) define complaint management as “the strategies firms use to *resolve and learn* from service failures in order to (re)establish the organization's reliability in the eyes of the customer” (p.61), extant empirical works has focused almost exclusively on the customer response path to understand outcomes of complaint management practices (see Orsinger et al., 2010 for a meta-analysis of satisfaction with complaint handling), largely overlooking potential performance implications of learning from complaints. Considering the fact that firms can

learn even from extremely negative complaints with a sole revenge orientation, this lack of attention on the learning path simply restrains our understanding of the true role of customer complaints on effective functioning of business firms. That is, for a complete understanding of the true role of the customer response path, the individual effects of justice perceptions on firm performance after controlling for the effects of learning need to be revealed.

1.2. The organizational learning path

Organizational learning refers to the collective capability of an organization to acquire, share, accumulate, and utilize knowledge, resulting in an on-going, two-way process of knowledge transfer among individuals, groups, and the organization (Huber, 1991; Hult & Ferrell, 1997; Slater & Narver, 1995). Strategic management literature regards organizational learning as a critical source of competitive advantage (Bapuji & Crossan, 2004), as it positively relates to organizational performance (Bell, Mengüç, & Widing, 2010).

Organizational learning is a vital component for innovativeness (Akgün, Lynn, & Yilmaz, 2006) because innovation relies on the integration of new and different information, knowledge, and resources (Iansiti & West, 1997). New information can encourage creativity and prevent firms from being locked into prior knowledge (Cohen & Levinthal, 1990). A learning organization may acquire information from a variety of internal and external sources. Conventional methods for acquiring market intelligence from customers include informal meetings and discussions with customers as well as formal market research methods such as interviews, focus groups, surveys, problem-solving sessions, etc. (Kohli & Jaworski, 1990; Von Hippel, 1986). Customer complaints constitute another external source for acquiring customer-based market information, encapsulating market intelligence framed in the form of complaints. The role of complaints in aiding firm-level learning is based on the variety of information provided by the customer within the complaint message. Firms do learn from customer complaints not only about issues of dissatisfaction with respect to business practices and offerings but also about competitors' offerings, consumption contexts, and customer expectations. Such rich forms of information can be combined and utilized to facilitate organizational learning in pursuit of development and launch of new products, services and markets (e.g., Rubera & Kirca, 2012).

In driving organizational learning, while information spillover may occur spontaneously, we expect that the realization of the true potential of the market-based information embedded within customer complaints requires both installation of formal guidelines for handling complaints (i.e. registering, processing, disseminating, and utilizing information content of complaints), in other words, the mechanistic approach to complaint handling, and firm-wide acknowledgement of the importance of complaints as an aid for innovation, that is, the organic approach to complaint handling. Thus, both approaches to complaint handling should facilitate organizational learning, thereby fostering performance outcomes.

Specifically, in Homburg and Furst's (2005) framework, quality of process guidelines for complaint handling mainly measures the extent to which formal instructions exist to register and process complaints, including statements such as "...instructions to record complaint information in a fast, complete, and structured manner, ..." "instructions to forward complaint information to the person in charge in a fast, complete, and structured manner," and whether these instructions are clearly defined and relatively simple. This construct, which previously has only been associated with customer justice perceptions, should also be pivotal in establishing a strong focus on standard operating procedures in knowledge management, in other words, empowering identification and integration of new and different information in a systematic manner. Yet, for complaints to get timely and genuinely registered and recorded into the organizational knowledge management system and to be relied upon as valuable packages of marketplace

information, human resource practices and the organizational culture should also favor a positive attitude toward complaints and a constructive attitude toward failures (Tax et al., 1998). Otherwise, it is likely that employees would perceive an incompatibility between role expectations and complaints (Singh, Verbeke, & Rhoads, 1996). The supportiveness of internal environment for complaint handling construct (Homburg & Furst, 2005) adequately captures these crucial elements of organizational culture. Therefore, in addition to their effects on fairness perceptions, we expect both the mechanistic and organic approaches to complaint handling to exert positive influences on firm performance through facilitating firm level learning from complaints, i.e. the organizational learning path.

Presented in Fig. 1 is the conceptual framework that we propose for the purpose of exploring the effects of customer complaint management practices of firms on short- and long-term performance outcomes. Observe that the model posits the customer response path and the learning path as separate routes leading to performance outcomes, probably involving a set of distinct configurations of complaint management practices, learning, and justice evaluations for high and low firm performances. Observe also that some of the constructs in the framework are measured based on data obtained from managers of firms in the sample while others are evaluations obtained directly from complaining customers (the latter displayed in italics in Fig. 1). Using symmetric testing, we expect to reveal positive relationships across the constructs within each one of the four main components (factor sets) constituting the framework, namely, (1) complaint handling approaches, (2) fairness perceptions, (3) organizational learning, and (4) immediate and long-term performance outcomes. Revealing relative magnitudes of these effect sizes is the core purpose of our symmetric analyses. Next, focusing on contrarian cases and using asymmetric configural analyses, we expect to disclose combinatory statements of antecedents that relate to high and low levels of firm performances, separately, thereby revealing further insights regarding the relationships of interest.

2. Method

The study is based on a multiple source dataset that integrates firms' and complaining customers' perspectives. Complainant-level data are obtained from the most popular online consumer complaint platform in Turkey (Sikayetvar.com). This platform allows consumers to post publicly accessible complaints. Firms are then permitted to respond to the complaints either publicly on the web site or privately with the complaining customer. Complainants are then contacted by Sikayetvar.com, one week after the first-time posting of the complaint, to collect data about perceptions with regard to the complaint handling practices of the firm (fairness perceptions). Sikayetvar.com provided data about such complaint handling perceptions of complainants regarding firms in five different industries; two of them in the larger manufacturing category (automobile industry and durable household appliances and utilities industry, i.e., refrigerators, laundry machines, and dishwashers), two belonging to the services category (commercial banking and cargo services), and one from the corporate retailing category (chain ready-to-wear retailing corporations). These industries produce the largest number of complaints respectively in the services, manufacturing, and retailing categories at Sikayetvar.com. Specific measures of complainants' fairness evaluations provided by Sikayetvar.com involve single item questions regarding the three dimensions of the justice framework (processes, interpersonal treatments, and outcomes). The total number of firms in the four industries with at least one complaint posted at Sikayetvar.com was 216 and the total number of complaints posted with regard to these firms during the last quarter of the year 2012 (the study period) was 12,415, providing on average 57.47 complainant evaluations per each firm in the sampling frame. These firms were then contacted and solicited for a visit to collect face-to-face data. Firms that agreed to participate in the study were visited by one of the researchers and firm-level data were collected from

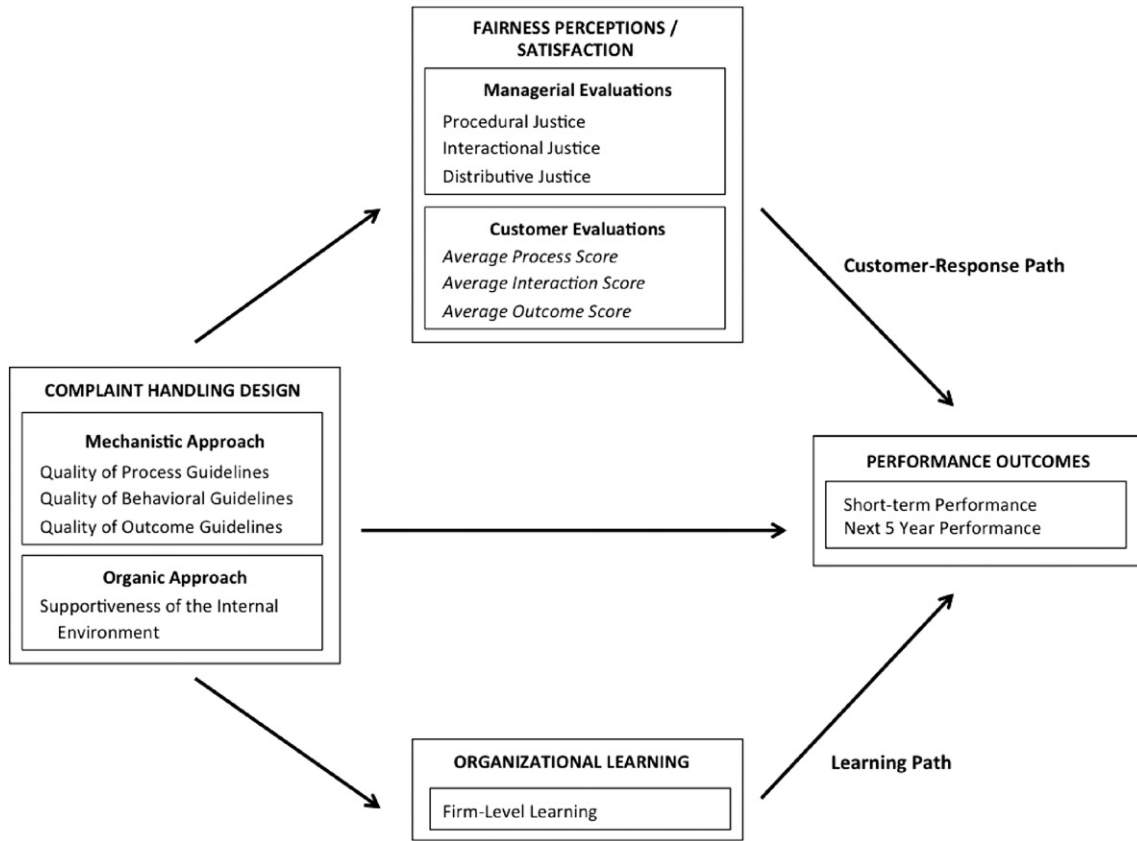


Fig. 1. Conceptual framework for the effects of customer complaint management on firm performance.

middle- or upper-level managers responsible for customer complaints management. Specific attention was paid to collect data from multiple respondents (at least two) at each firm. However, due to several unexpected burdens experienced during the data collection process, only 80% of the firms in the final sample were represented by multiple informants. In total, we collected 115 useable questionnaires, representing 62 firms, reflecting a firm-level response rate of 29%. A comparison of nonresponding firms with firms in the sample in terms of number of complaints and average scores of complainant evaluations (i.e., procedural justice, interactional justice, and distributive justice) indicate that nonresponse bias may not be a problem in this sample.

For data analyses, complainant responses to the justice perceptions questions are averaged within each firm to create aggregated (firm-level) measures of fairness evaluations with regard to the complaint handling practices. Multiple respondent data obtained from managers are also averaged within each firm to create firm-level constructs. These latter data include measures of firm performance at the time of data collection and expected firm performances after five years, mechanistic and organic complaint management measures, managerial perceptions concerning procedural, behavioral and distributional justice in complaint handling (as counterparts of complainant perceptions), as well as a measure of organizational learning. Note that the intra-class correlation estimates for both complainants' responses and managers' responses indicate good levels of within-firm consistencies, enabling the aggregation of measures to the firm-level.

2.1. Measures

At Sikayetvar.com, complainants' assessments of their satisfaction with the fairness of the outcome of the complaint handling

(distributive justice), the organizational processes through which their complaint is handled (procedural justice), and interpersonal treatment they received during the handling of their complaint (interactional justice) are obtained using 11-point single-item scales each anchored at *extremely dissatisfied* (0) and *extremely satisfied* (10).

Measures of constructs based on data obtained from managers in firms are adopted from prior research. Organizational learning is measured using a four-item scale developed by [García-Morales, Lloréns-Montes, and Verdú-Jover \(2007\)](#), which is general in nature rather than being contextualized to complaints-based learning. Whereas this approach may create additional variance in the learning construct due to unaccounted exogenous factors, such a general measure of organizational learning rather than one that is contextualized to complaints-based learning is preferred in order to minimize leading effects and demand artifacts. Quality of guidelines for complaint handling, supportiveness of the internal environment, and managerial justice perceptions of the complaint handling practices of firms are measured using the scales in [Homburg and Furst \(2005\)](#). Measures of quality of process guidelines, quality of behavioral guidelines, and quality of outcome guidelines each includes 6 items. Nineteen items are used for the measurement of supportiveness of the internal environment, 3 items for procedural justice, 4 items for interactional justice, and 4 items for the measurement of distributive justice. Finally, [Denison's \(2000\)](#) scale is used to measure immediate (short-term) and long-term firm performances. Performance assessments are obtained in the form of comparisons relative to competition. All measurement items in the managers' questionnaire are 5-point Likert scales anchored at 1 (Strongly Disagree) and 5 (Strongly Agree), except for the [Denison \(2000\)](#) firm performance scale, which is anchored at much worse than competition (= 1) and much better than competition (= 5). Measurement items are provided in [Appendix A](#).

2.2. Measure assessment

Concerning the managers' surveys, the total number of respondents in our data is 115 and our firm-level sample size is 62. We have assessed our measures based on the nonaggregated data ($n = 115$). While this sample size might be acceptable for an exploratory study, the fact that the sample size is smaller than generally accepted threshold levels constrains the nature and variety of analyses available for measure assessments and subsequent analyses. For instance, due to sample size restrictions, we had to assess the psychometric properties of the measures obtained from managers employing a separate Principal Axis Factoring using Oblimin Rotation within each of the four main sets of constructs in Fig. 1, namely, (1) quality of complaint handling design factors (36 items representing 4 factors), (2) justice evaluations (11 items representing 3 factors), (3) organizational learning (4 items representing 1 factor), and (4) performance outcomes (12 items representing 2 factors). A number of items were eliminated during this process due to low factor loadings and/or high cross-loadings (2 items from the quality of outcome guidelines scale, 3 items from the supportiveness of the internal environment scale, 2 items from the interactional justice scale, and 2 items from the distributional justice scale). A closer investigation of these items indicates that the contents of the measures do not change after the eliminations (please see Appendix A). After the purifications, the coefficient alpha estimates for each measure exceeded the recommended threshold value of .7, providing evidence for internal consistency (Nunnally, 1978). In addition, standardized factor loadings for each measure exceeded the recommended threshold value of .5, providing evidence for convergent validity. Finally, all inter-factor (construct) correlations are modest in magnitude (highest inter-factor correlation is between organizational learning and supportive organizational environment with a magnitude of .67), providing evidence for discriminant validity. A detailed overview of measurement items, factor loadings, and internal consistency estimates are displayed in Appendix A. In addition, for a general overview of the constructs and relationships of interest, provided in Appendix B are the descriptive statistics and intercorrelations across the factors measured. Overall, these results indicate good psychometric properties for the constructs measured using managers' questionnaires.

At this point, it is necessary to note that our measures obtained from *Sikayetvar.com* capturing complainant evaluations of procedural, interactional, and distributive justice are all single-item measures and therefore could not be included in the preceding measure assessment processes. The intercorrelations across these measures were rather high (0.78, 0.86, 0.89). In addition, an exploratory factor analysis yields a single-factor solution for the three justice perceptions, with an eigenvalue of 2.7, explained variance approaching to 90%, and all factor loadings being larger than .87. Therefore, there is strong reason to believe that the three measures of justice perceptions cannot discriminate between specific forms of justice (i.e., procedural, interactional, and

distributive). We therefore decided to create a composite justice perceptions score by summing these three components and continue with our subsequent analyses with a general measure of complainant justice perceptions. Likewise, in order to remain consistent throughout the analyses and discussions, we decided to summate the managerial perceptions of justice measures and create a composite justice score for managers' evaluations as well.

3. Analyses and results

3.1. Symmetric analyses

We have employed a set of hierarchical regression analyses using the firm-level data ($n = 62$) to assess the relative effect sizes and the statistical significance levels of the potential links among the sets of factors in the conceptual framework (Fig. 1). Results are depicted in Tables 1, 2, and 3.

The results shown in Table 1 concerning the effects on the customer response path factors of justice evaluations suggest that, among the mechanistic approach factors, quality of process guidelines ($B = .20$, $p < .05$) and quality of output guidelines ($B = .21$, $p < .05$) have positive effects on managers' perceptions of justice, while only quality of output guidelines ($B = .20$, $p < .1$) appears to have a weak positive effect on the summated complainant assessments score of justice in complaint handling processes. Quality of behavioral guidelines do not relate significantly to any of the justice evaluations. Supportiveness of the internal environment (the organic approach) is found to exert a significant positive effect only on managers' assessments of justice in complaint handling ($B = .42$, $p < .001$), while its effect on the summated complainants' assessment of justice is nonsignificant.

Concerning effects on organizational learning, among the mechanistic approach factors, quality of process guidelines appears to have a significant positive effect ($B = .19$, $p < .05$) while quality output guidelines seems to have a significant negative effect on firm-level learning ($B = -.21$, $p < .05$). The estimated effect size concerning the role of quality of behavioral guidelines is nonsignificant. Supportiveness of the internal environment (the organic approach) is found to exert a strong positive effect on organizational learning ($B = .70$, $p < .001$).

Observe that in the preceding analyses supportiveness of internal environment appears to have stronger effects on both justice perceptions (i.e., the customer response path) and firm-level learning (i.e., the organizational learning path) than those of the mechanistic approach factors. The findings indicating that quality of outcome guidelines positively influences fairness perceptions while at the same time exerting a negative effect on organizational learning probably suggests that over-emphasizing systematized solutions to complaint issues may facilitate an enhanced perception of justice in remedies yet may at the same time impede firm-level learning from complaints.

Table 1
Effects of complaint handling approaches on justice evaluations and organizational learning.

	Complainant evaluations of justice ($n = 60$)	Managers' evaluations of justice ($n = 63$)	Organizational learning ($n = 62$)
Mechanistic approach			
Quality of Process Guidelines	0.01	0.20 ²	0.19 ²
Quality of Behavioral Guidelines	0.18	0.06	−0.10
Quality of Outcome Guidelines	0.20 ¹	0.21 ²	−0.21 ²
Organic Approach			
Supportiveness of Internal Environment	−0.04	0.42 ³	0.70 ³
R ²	9.30%	51.40%	47.40%

Note: Coefficients are standardized regression coefficients.

¹ $p < .1$.

² $p < .05$.

³ $p < .001$.

Table 2
Effects of complaint handling approaches, fairness evaluations, and organizational learning on short-term firm performance.

	Model 1	Model 2	Model 3	Model 4
Mechanistic approach				
Quality of Process Guidelines	-0.24 ⁵	-0.28 ⁵	-0.26 ⁵	-0.27 ⁵
Quality of Behavioral Guidelines	0.04	0.05	0.07	0.06
Quality of Outcome Guidelines	0.13	0.17	0.20	0.19
Organic approach				
Supportiveness of Internal Environment	0.55 ⁶	0.40 ⁵	0.41 ⁵	0.42 ⁵
Customer response path				
Complainants' Evaluations of Justice		0.04	-	0.04
Managers' Evaluations of Justice		-	-0.09	-0.10
Organizational learning path				
Organizational Learning		0.23 ⁴	0.25 ⁴	0.25 ⁴
R ²	30.60%	33.50%	33.30%	34.00%

Note: The dependent variable is short-term firm performance in all models and coefficients are standardized regression coefficients.

⁴ p < .1.
⁵ p < .05.
⁶ p < .001.

Next, displayed in Table 2 and Table 3 are the effects of the customer response path factors and the organizational learning path factors on short-term and long-term firm performance measures, respectively. In both tables, Model 1 depicts direct effects of complaint handling approaches on measures of firm performance, while Model 2 and Model 3 reveal joint effects of all three sets of antecedents (i.e., complaint handling approaches, justice perceptions, and organizational learning). Model 4 includes both complainants' and managers' fairness evaluations as independent variables, along with other antecedents, in order to assess the independent effect of managerial justice evaluations when customer justice evaluations are also controlled for.

As shown in Model 1 at Table 2, concerning the effects of complaint handling approaches on short-term firm performance measures, among the mechanistic approach variables, only quality of process guidelines seems to exert a significant (yet negative) effect on short-term firm performance ($B = -.24, p < .05$). Organic approach factor of supportiveness of the internal environment, on the other hand, exerts a strong positive effect ($B = .55, p < .001$) on short-term firm performance. In Model 2 and Model 3, after organizational learning and either complainants' (Model 2) or managers' (Model 3) justice evaluations are included in the analyses, quality of process guidelines continues to exert a significant negative effect on short-term performance ($B = -.28, p < .05$ in Model 2 and $B = -.26, p < .05$ in Model 3), and supportiveness of the internal environment continues to facilitate short-term performance

Table 3
Effects of complaint handling approaches, fairness evaluations, and organizational learning on long-term firm performance.

	Model 1	Model 2	Model 3	Model 4
Mechanistic approach				
Quality of Process Guidelines	-0.08	-0.14	-0.08	-0.10
Quality of Behavioral Guidelines	-0.06	0.02	0.01 ⁹	0.04
Quality of Outcome Guidelines	-0.05	0.08	0.08	0.15
Organic approach				
Supportiveness of Internal Environment	0.47 ⁸	0.26 ⁷	0.32 [*]	0.31 ⁷
Customer response path				
Complainants' Evaluations of Justice		-0.34 ⁸	-	-0.32 ⁷
Managers' Evaluations of Justice		-	-0.28 ⁷	-0.25 ⁷
Organizational learning path				
Organizational Learning		0.30 ⁷	0.34 ⁸	0.37 ⁸
R ²	14.70%	29.40%	21.10%	32.10%

Note: The dependent variable is short-term firm performance in all models and coefficients are standardized regression coefficients.

⁷ p < .1.
⁸ p < .05.
⁹ p < .001.

Table 4
Contrarian case analyses of organizational learning and long-term firm performance.

		Long-term firm performance				
		Lowest	Low	Middle	High	Highest
Learning	Lowest	3	4	2	1 ¹⁰	0
	Low	3	2	4	0	4 ¹⁰
	Middle	2	0	6	2	0
	High	1 ¹¹	2 ¹¹	4	7	4
	Highest	1 ¹¹	4 ¹¹	0	3	3

¹⁰ Indicates negative contrarian cases (13% of all cases).

¹¹ Indicates positive contrarian cases (8% of all cases).

in a rather strong sense ($B = .40, p < .05$ in Model 2 and $B = .41, p < .05$ in Model 3). Interestingly, among the intervening factors of justice perceptions and organizational learning, only organizational learning ($B = .23, p < .1$ in Model 2 and $B = .25, p < .1$ in Model 3) appears have a significant positive effect on short-term firm performance. Neither complainant nor managerial justice evaluations relate significantly to short-term firm performance. These patterns of findings are replicated in Model 4 as well.

Regarding effects on long-term firm performance (Table 3), results in Model 1 indicate that organic approach to complaint handling (i.e., supportiveness of the internal environment) exerts a significant positive effect on long-term firm performance expectancies ($B = .47, p < .05$), while the effects of mechanistic approach factors are nonsignificant. In Model 2 and Model 3, after the inclusion of customer response path and organizational learning path factors into the analyses, the supportiveness of internal environment continues to exert a significant but weaker direct effect on long-term performance ($B = .26, p < .1$ in Model 2 and $B = .32, p < .1$ in Model 3), and organizational learning seems to exert a positive significant effect ($B = .30, p < .05$ in Model 2 and $B = .34, p < .05$ in Model 3). Contrary to expectations, however, the regression estimates linking measures of complainant perceptions (Model 2) and managers' perceptions (Model 3) of fairness in complaint handling to long-term firm performance expectancies are both negative and significant ($B = -.34, p < .05$ in Model 2 and $B = -.28, p < .1$ in Model 3). The fact that this unexpected finding holds for both complainants' evaluations of justice and managers' evaluations of justice is rather interesting, particularly considering that the summated complainants' justice perceptions measure and firm performance measures are obtained from different sources. Also note that these findings are fully replicated in the results of Model 4, whereby complainants' and managers' evaluations of justice are included together in the analyses, along with all other antecedents. These remarkably unexpected (yet robust) findings indicating negative effects of customer response path factors (i.e., of fairness judgments regarding complaint handling) on long-

Table 5
Fuzzy-set coding schemes of study variables.

Variable	Full non-membership	Ambiguous membership	Full membership
Mechanistic approach			
Quality of Process Guidelines	3.98 (16%)	4.50 (52%)	4.95 (85%)
Quality of Behavioral Guidelines	3.95 (14%)	4.34 (52%)	4.98 (75%)
Quality of Outcome Guidelines			
Quality of Output Guidelines	2.70 (16%)	3.52 (49%)	4.45 (84%)
Organic approach			
Supportiveness of Internal Environment	3.60 (16%)	4.10 (51%)	4.55 (84%)
Customer response path			
Managerial Justice Evaluations	3.90 (16%)	4.45 (51%)	4.73 (84%)
Customer Justice Evaluations	3.00 (89%)	4.00 (93%)	5.00 (96%)
Organizational learning path			
Organizational Learning	3.80 (15%)	4.25 (52%)	4.80 (82%)
Firm-performance			
Short-term Performance	3.40 (18%)	3.90 (40%)	4.33 (83%)
Long-term Performance	3.98 (16%)	4.26 (54%)	4.75 (83%)

Notes. Cumulative percentage figures are shown in brackets.

Table 6
Truth table for high short-term firm performance – intermediate solution.

Path no.	Antecedent							Coverage		Consistency	Solution	
	Process guidelines	Behavioral guidelines	Output guidelines	Supportiveness	Complainants' justice eval.	Managers' justice eval.	Learning	Raw	Unique		Coverage	Consistency
1							•	0.68	0.26	0.75	0.81	0.77
2			•					0.55	0.13	0.84		

Notes. Black circles “•” indicate the presence of antecedent conditions. The blank cells represent ambiguous conditions.

term firm performance expectancies of managers unquestionably deserve specific attention for a sound understanding of the effects of customer complaint management practices on managerial perceptions and expectations of firm performance.

Overall, findings from the symmetric testing processes suggest that, different sets of antecedents (i.e., justice evaluations regarding complaint handling and organizational learning factors) may exert differing impacts on firm performance depending on the temporal orientation of the performance measure (i.e., short-term performance versus long-term performance). Supportiveness of the internal environment appears to (1) be a significant positive driver of justice evaluations and firm-level learning and (2) further exert direct positive effects on both short- and long-term firm performances. Firm-level learning also seems to be a critical determinant of short-term firm performance assessments and long-term performance expectancies. Complainants' and managers' evaluations of fairness in complaint handling processes of firms, on the other hand, are found to be unrelated to short-term and inversely related to long-term performance expectancies. Another interesting issue concerns the finding that quality of behavioral guidelines does not exert significant effects on any of the justice perceptions, learning, or firm performance measures. It appears that how issues are resolved is generally more important than how the complainants are treated during complaint handling (i.e., processes and outcomes are more critical than behaviors) as far as firm-level performance indicators of complaint handling are concerned.

3.2. Asymmetric analyses

In a symmetrical relationship high values of an antecedent X are both necessary and sufficient for high values of an outcome Y to occur and that low values of an outcome Y occur with low values of an antecedent X (Woodside, 2013). Contrarian case analyses allowed us to gauge into the asymmetrical nature of the aforementioned interrelationships to reveal that there are both positive and negative contrarian cases in the sample (Wu et al., 2014). For instance, the symmetrical tests suggest that high values of long-term firm performance are associated with (1) high levels of organizational learning, (2) low levels of complainant justice evaluations, and (3) low levels of managerial justice evaluations. However, as the results of the contrarian case analyses depicted in Table 4 indicate, high values of learning are sufficient but not necessary conditions for high values of long-term firm performance. The fact that high values of firm performance is obtained in 5 cases with low levels of learning (i.e., negative contrarian cases indicated with * in Table 4) and low levels of firm performance is obtained in 8 cases with high levels of learning (i.e., positive contrarian cases indicated with # in

Table 4) suggests that several additional “causal recipes” exist for high firm performance (Ragin, 2009; Woodside, 2013). In order to identify and explore these causal recipes, fuzzy set comparative qualitative analyses using the fsQCA software are employed. A comprehensive description of the method of fsQCA, a user's manual, and the software for fsQCA are available at www.fsQCA.com.

To perform fsQCA, we first specified the degree of membership for each case through generating a fuzzy-set score based on Boolean set theory and fuzzy-sets (Zadeh, 1965), with scores between 0 (full non-membership) and 1 (full membership). A membership score of .50 marks the ambiguous score between non-membership and membership (Ragin, 2009). All factors were calibrated according to full non-membership, the cross-over point of maximum membership ambiguity, and full membership points. Table 5 displays the calibration summary of study variables into fuzzy-set scores.

Next, in order to analyze the results of our multiple fuzzy-set assessments, the raw data matrix is transformed into truth tables using the fsQCA software. We used 0.80 consistency level as the threshold level for identifying configurations showing only high consistency (Ragin, 2009). We set the frequency threshold to 2, meaning that only combinations that are displayed by more than two cases are classified as empirically relevant (covering 61% of all cases). Tables 6, 7, 8, and 9 present the resulting truth tables, each of which contains the seven antecedents that are under investigation (columns) and combinations of antecedents or paths (rows), each of which sufficiently explains the presence of high (low) levels of short-term (long-term) firm performance. Following Ragin (2009), we report the intermediate solutions. Note that black circles indicate the presence of an antecedent condition, white circles indicate the negation of antecedents, and blank cells represent ambiguous levels or “don't care” conditions (Feurer et al., 2015).

Table 6 presents the prominent configurations of antecedents for high levels of short-term firm performance. As seen in Table 6, two distinct paths are identified for high short-term firm performance. The first path consists of only learning and has the highest unique coverage. It seems that increased capacity for firm-level learning is sufficient for high short-term performance expectancies. The second path puts forth another possible recipe that includes high levels of supportive internal environment and quality of output guidelines and works independently from the level of firm-level learning, a factor shown as being critically important in terms of driving short term performance in symmetric tests. A supportive environment coupled with well-defined, clear, and customer oriented output guidelines seems to result in high short-term performance expectancies, irrespective of process or behavioral guidelines, justice evaluations, and organizational learning.

Table 7
Truth table for low short-term firm performance—intermediate solution.

Path no.	Antecedent							Coverage		Consistency	Solution	
	Process guidelines	Behavioral guidelines	Output guidelines	Supportiveness	Complainants' justice eval.	Managers' justice eval.	Learning	Raw	Unique		Coverage	Consistency
1	○	○	○		○		○	0.38	0.16	0.84	0.44	0.82
2	○	○	○		○	•		0.22	0.01	0.85		
3	○	○	○	•	○			0.25	0.01	0.83		

Notes. Black circles “•” indicate the presence of antecedent conditions. White circles “○” indicate the negation of antecedent conditions. The blank cells represent ambiguous conditions.

Table 8
Truth table for high long-term firm performance – intermediate solution.

Path no.	Antecedent							Coverage		Consistency	Solution	
	Process guidelines	Behavioral guidelines	Output guidelines	Supportiveness	Complainants justice eval.	Managers' justice eval.	Learning	Raw	Unique		Coverage	Consistency
1	○						•	0.42	0.08	0.78	0.69	0.69
2				•	○			0.48	0.02	0.73		
3		•	•		○			0.44	0.08	0.76		

Notes. Black circles “•” indicate the presence of antecedent conditions. White circles “○” indicate the negation of antecedent conditions. The blank cells represent ambiguous conditions.

Table 7 presents the prominent configurations of antecedents for low levels of short-term firm performance. As seen in the table, all three paths for low short-term firm performance include negation of quality of process, behavioral, and output guidelines, and negation of complainant justice evaluations. It seems that all factors of mechanical approach to complaint handling and complainants' evaluation of fairness are necessary for avoiding low short-term performance. This finding represents a unique contribution of asymmetric configural analysis, which shows that low short-term performance is not a mirror opposite of high short-term performance. Another unique contribution would be based on the third path, which suggests that the organic approach (i.e. a supportive environment) in the absence of mechanical factors (i.e. quality process, behavioral, and output guidelines) might be a dangerous path to follow, leading to low levels of short-term firm performance.

Table 8 presents the prominent configurations of antecedents for high levels of long-term firm performance. The three paths depicted in Table 8 for high long-term firm performance expectancies contribute to the understanding of the unexpected negative effects of complainant justice evaluations observed in symmetric testing. Path 2 and Path 3 respectively show that at least in two ways long-term performance expectancies can be positive even when customer justice evaluations are unfavorable: (1) the firm has a supportive internal environment for effective complaint handling and well-defined, clear, and customer-oriented output guidelines and (2) the firm has a focus on the quality of both behavioral and output guidelines. The fact that in the first path process guidelines are of low quality and in the second and third paths the quality of process guidelines is irrelevant indicates that overemphasis in standardizing the complaint handling process may have little even negative impacts on long-term performance expectancies. Specifically, Path 1 suggests that in case of a learning firm, unstandardized and flexible processes for complaint handling may work better for sustaining long-term success.

Finally, Table 9 presents the prominent configurations of antecedents for low levels of long-term firm performance. Paths for low long-term firm performance reveal intriguing insights regarding the intricate relationship between complainants' justice evaluations and long-term firm performance expectancies of managers. Path 1 suggests that there are firms with favorable customer justice evaluations and well-defined, clear, and customer-oriented output guidelines producing negative long-term performance expectancies, regardless of other factors. Path 2 shows the importance of the organizational learning path such that in the absence of learning low customer and managerial evaluations of justice in complaint handling may lead to worsened performance expectancies in the long-term. Path 3 suggests that failure to

excel in any of the complaint handling design factors, regardless of learning capacity, makes the firm suffer from both customer and managerial justice evaluations and long-term performance expectancies.

4. Discussion

The present research, although exploratory in nature, puts forth several important findings, which contribute to the relevant literature in at least four major ways. First and foremost, in an attempt to incorporate a secondary mechanism besides the customer response path through which effective customer complaint management practices may lead to higher levels of firm performance, that is, the organizational learning path, we provide evidence that the mechanistic and organic approaches to complaint handling exert significant effects on firm performance through both paths. Interestingly, however, these effects are found to be diversified based on the temporal orientation of the performance measure. These findings are in support of our theoretical claim that, for a better understanding of how firms benefit from customer complaints to improve performance outcomes, the predominantly justice theory based complaint handling framework (Goodwin & Ross, 1992; Homburg & Furst, 2005; Homburg et al., 2010; Maxham & Netemeyer, 2003; Tax et al., 1998) should be extended to incorporate organizational learning. Furthermore, the study also demonstrates that the organic approach, that is, supportiveness of the internal organizational environment, is clearly more important than the mechanistic approach factors for organizational performance since (1) its effect sizes are larger, (2) it exerts significant positive effects on firm performance through both customer response path factors and organizational learning path factors, and, (3) considering its coupling with high long-term firm performance expectations even when the customer justice evaluations are negative in the configural analyses, obviously, the organic approach measure should have effects on organizational performance through additional mechanisms not examined in the present study. It is for instance possible that a supportive environment for complaint handling might improve employee morale and motivation, which would reflect upon firm-level performance outcomes as a result of increased productivity. This possible explanation and alternative explanations for this finding may open new avenues for future research attempting to reveal further insights regarding the specific impacts of customer complaint management practices on firm-level outcomes.

Second, contrary to the extant focus in the literature, findings of the present study indicate that the learning path through which effective complaint management might lead to superior firm performance can be much more critical than the customer response path. Specifically,

Table 9
Truth table for low long-term firm performance—intermediate solution.

Path no.	Antecedent							Coverage		Consistency	Solution	
	process guidelines	behavioral guidelines	output guidelines	supportiveness	complainants justice eval.	managers' justice eval.	learning	Raw	unique		coverage	consistency
1			•		•			0.16	0.13	0.73	0.47	0.79
2	○		○	○	○	○	○	0.29	0.17	0.82		
3	○	○	○	○	○	○		0.17	0.06	0.85		

Notes. Black circles “•” indicate the presence of antecedent conditions. White circles “○” indicate the negation of antecedent conditions. The blank cells represent ambiguous conditions.

effect sizes across the learning path are greater when compared to those obtained across the customer response path. More importantly, the learning path fosters both immediate and long-term performance. As a novel insight, results of the configural analyses shows that in case of a learning firm, unstandardized and flexible processes for complaint handling may work better for sustaining long-term success (see Table 8, Path 1). The important role of learning in the context of customer complaint management identified in the present research, in effect, is consistent with decades of research in marketing which posits that competition is an ongoing and never-ending process of learning and systematic improvements, and that firms that learn better and faster than the competitors are going to outperform competition (Hunt, 2000). It is therefore important that future research in the domain of complaint handling, particularly empirical works, should incorporate the learning path processes in their analyses.

Third, there is some evidence in the findings that complaining customers are more sensitive to the outcome of the resolution process than the way they are treated during the complaint handling process. Further, both findings of the symmetric tests (i.e., the significant negative effect of process guidelines on short-term firm performance) and the asymmetric configural analyses (i.e., firm-level learning coupled with negated process guidelines resulting in high long-term firm performance expectancies) indicate that overemphasis on standardizing the processes through which complaints are handled may have impeding effects on firm performance expectancies. Indeed, the growing literature on service recovery and customer relationship management suggest that most customers take the complaining process as a personal issue and the process through which complaints are resolved is loaded with emotional experiences (e.g., Gelbrich & Roschk, 2010; Stauss, 2002).

Fourth, the results indicate rather consistently that the effects of factors in the customer response path on managerial expectations of long-term firm performance, those of both customer perceptions of justice and managerial perceptions of justice in complaint handling, are negative in direction. Given that the sample sizes in the regression analyses are as low as sixty-two, the fact that the estimated effect sizes are negative in direction and are statistically significant is unquestionably remarkable. It is also critical to note at this point that short-term performance effects of the customer response path factors are found to be nonsignificant in symmetrical analyses. Further, results of the configural analysis reveal that high quality output guidelines coupled with high levels of customer perceptions of justice is a distinct recipe that is *sufficient* for low long-term firm performance expectancies (see Table 9, Path 1). Plus, two out of the three paths to superior long-term performance expectancies include low-levels of customer justice evaluations. While being remarkably unexpected, these findings are robust in nature and provide several additional insights with regard to a possible “dark side” of customer complaint management systems.

One possible explanation for the negative effects of the fairness perceptions in complaint handling on long-term firm performance expectations may relate to the fact that the long-term performance measures are all obtained from managers of firms. Managers or employees might have deliberately and somehow defensively indicated relatively lower long-term performance expectancies for those firms that put higher emphasis on the justice element of complaint management practices. Apparently, the responding managers prefer to indicate poor long-term performance expectations due to some form of concern or dissatisfaction with regard to justice focus in complaint handling processes. Homburg and Furst (2007) recently introduced the concept of defensive organizational behaviors and asserted that “individuals in organizations perceive complaints as a source of threat to esteem, reputation, autonomy, resources, or job security” (p. 526). Thus, it is possible that the managers in our research context may have perceived a threat in their respective organizations’ perceived (over)emphasis on just handling of customer complaints, and that poor long-term performance expectations voiced might be reflections of such concerns. In effect, if the observed

negative long-term effect is a result of negative employee reactions to the firm’s oversensitivity to customer demands, as such oversensitivity would obligate employees to extend beyond formal role requirements, it might be possible to rectify these negative effects through making complaint-handling processes more “staff friendly” (Johnston, 2001).

Yet, a more plausible explanation for the unexpected negative effects on long-term firm performance rests on the notion that responding managers may have sincere performance assessments and that they may also believe that their respective firms are employing somewhat exceptionally complainant-directed approaches. Indeed, managers’ assessments of procedural ($M = 4.43$), interactional ($M = 4.42$), and distributive ($M = 4.11$) justice in the complaint handling practices of firms in the sample are all larger than four out of a possible maximum value of five. If this is the case, then, it is plausible that such oversensitivity in firm practices to complainant demands may also have impeding effects on the long-term performance expectations. A firm reacting sensitively to customer complaints and yielding to all demands might be inhibiting its long-term standing in the competitive arena because of a possible loss of strategic direction or marketplace myopia. Managers of such firms would have more pessimistic performance expectations for the future, since mid- or upper-level managers are generally more cognizant in terms of realizing loss of direction at an early phase.

It is important to highlight the observed complex nature of the relationship between complaint handling success and firm success at this point. Unique strengths of the fsQCA methodology were instrumental in the current study in identifying the patterns underlying this phenomenon. Note that the configural analyses revealed a path that leads to superior short-term firm performance consisting of high levels of supportive internal environment and quality of output guidelines (see Table 6, Path 2). Further, this recipe also leads to superior long-term performance when customer evaluations of justice are low (see Table 8, Path 2). Additionally, configural analyses reveal another interesting insight regarding these specific three factors. When the internal environment is not supportive but the firm still emphasizes clarity and standardization of distributive aspects of complaint management, it is possible to worsen employee expectations of long-term firm success, despite positive justice evaluations on the part of complainants (see Table 9, Path 1). Cumulatively, these findings highlight the dark side of complaint management processes and warn practitioners against oversensitivity to complainant demands and overreliance on mechanistic factors in complaint management.

Also note that organizational learning factors do in effect exert positive effects on both short- and long-term performance measures. It is also reasonable to expect that sensitivity to complainant demands may still foster organizational learning and improvements, most probably regarding internal processes (efficiency), and in an overall sense positively influence long-term firm performances. Nonetheless, as the results indicate, a highly customer- or complainant-directed approach to handling customer complaints may create employee resistance or move the firm away from its long-term strategic vision (effectiveness problem) and somehow hinder long-term performance expectancies. Organizational mechanisms that minimize defensive employee approaches and/or keep the firm in the correct strategic track should therefore be instated in order to maintain long-term performance while at the same time benefiting from firm-level learning from complaints. Future research should explore the specific nature of and coping mechanisms with such internal negative effects (*the employee response path?*) of complaint handling practices.

5. Limitations and future research directions

Limited generalizability of the results to broader contexts due to the small firm-level sample size and the specific sampling context is a major

Appendix A

Measurement items and results of exploratory factor analyses.

Items	Loading	VE	CA
Complaint Handling Design			
Mechanistic Approach		.63	
Quality of Process Guidelines			.87
<i>In our company/business unit. Guidelines for registering and processing customer complaints</i>			
•Are clearly defined.	.704		
•Are relatively simple.	.763		
•Include time standards that define the normal or maximum duration of the entire process.	.714		
•Include instructions to inform customers about the current status of their complaint within a reasonable period of time.	.607		
•Include instructions to record complaint information in a fast, complete, and structured manner.	.799		
•Include instructions to forward complaint information to the person in charge in a fast, complete, and structured manner.	.812		
Quality of Behavioral Guidelines			.93
<i>In our company/business unit. Guidelines for employees' behavior toward complaining customer</i>			
•Are clearly defined.	.601		
•Are relatively simple.	.588		
•Include instructions to be polite and helpful.	.849		
•Include instructions to show concern and understanding.	.984		
•Include instructions to take responsibility for the problem.	.839		
•Include instructions to behave in a customer-oriented way.	.861		
Quality of Outcome Guidelines			.85
<i>In our company/business unit. Guidelines for providing compensation to complaining customers...</i>			
•Are clearly defined. (D)			
•Are relatively simple. (D)			
•Give employees who are responsible for complaint handling the decision authority which is necessary for a satisfactory problem resolution.	.475		
•Empower frontline employees to award redress up to a certain degree.	.849		
•Allow for a generous redress.	.928		
•Include instructions that the type of redress should be in line with complainants' needs.	.790		
Organic Approach		.46	
Supportiveness of the Internal Environment			.92
<i>In our company/business unit.</i>			
•The training of employees who are responsible for complaint management aims at assuring their sensitivity to the importance of customer complaints.	.829		
•Employees who are responsible for complaint management are trained how to deal with complaining customers.	.692		
•Managers regularly communicate complaint management goals, customer satisfaction goals, and customer retention goals to employees who are responsible for complaint management.	.878		
•Managers include complaint management goals, customer satisfaction goals, and customer retention goals into the target definition for employees who are responsible for complaint management.	.713		
•The performance evaluation of employees who are responsible for complaint management includes the achievement of complaint management goals, customer satisfaction goals, and customer retention goals.	.643		
•Employees are recognized for outstanding achievements regarding complaint management. (D)			
•Managers set a good example in terms of high customer orientation in general and effective complaint management in particular.	.600		
•Managers regularly communicate the benefits of an effective complaint management to employees who are responsible for complaint management.	.762		
•Managers are, with regard to customer complaints, primarily interested in preventing failures from reoccurring rather than blaming employees for problems.	.629		
•All employees display a high level of customer orientation. (D)			
•The thinking and actions center around the customer.	.592		
•Customer-oriented values and norms are deep-seated.	.605		
•Employees have a rather negative attitude toward customer complaints. (R)	.620		
•Employees tend to regard customer complaints as personal criticism rather than as an opportunity to restore customer satisfaction. (R)	.750		
•Managers tend to regard customer complaints as a result of own wrong decisions rather than as an opportunity to prevent failures from reoccurring. (R)	.539		
•Complaining customers are sometimes seen as troublemakers or petitioners. (R) (D)			
•Employees are not fully aware of the benefits of an effective complaint management. (R)	.749		
•Managers and employees openly talk about organizational problems and failures.	.566		
•Employees try to solve organizational problems and to prevent failures from re-occurring.	.697		
Fairness Evaluations/Satisfaction			
Managerial Evaluations		.67	
<i>Procedural Justice</i>			.79
•The company quickly reacts to customer complaints.	.790		
•The company gives the customer the opportunity to explain her point of view of the problem.	.818		
•Overall, the company's complaint handling procedure is fair.	.728		
<i>Interactional Justice</i>			.80
•The employees are interested in customers' problems. (D)			
•The employees strive to understand customers' problems.	.891		
•Complainants are treated rudely by the employees. (R)	.654		
•Overall, the employees' behavior during complaint handling is fair. (D)			
<i>Distributive Justice</i>			.84
•Customers receive an adequate compensation from the company.	.650		
•Customers receive about as much compensation from the company as in the context of their previous complaints.	.927		
•In solving customers' problems, the company gives the customers' exactly what they need. (D)			
•Overall, the compensation complainants receive from the company is fair. (D)			
Customer Evaluations		.85	
<i>Summated Customer Justice Score</i>			.94
•Please indicate your level of satisfaction with the overall fairness of the procedures through which your complaint has been handled.	.87		
•Please indicate your level of satisfaction with the overall fairness of the interpersonal treatment of the employees during the handling of your complaint.	.98		
•Please indicate your level of satisfaction with the overall fairness of the compensation you received from the firm.	.90		

(continued on next page)

Appendix A (continued)

Items	Loading	VE	CA
Learning		.63	
<i>Firm-level Learning</i>			.87
•The organization has learned or acquired much new and relevant knowledge over the last three years.	.881		
•Organizational members have acquired some critical capacities and skills over the last three years.	.830		
•The organization's performance has been influenced by new learning it has acquired over the last three years.	.638		
•The organization is a learning organization.	.852		
Firm Performance Outcomes		.77	
<i>Short-term Performance</i>			.92
•Sales Growth	.902		
•Market Share	.865		
•Overall Customer Satisfaction	.858		
•Return on Sales	.839		
•Return on Assets	.828		
•Overall Profitability	.506		
<i>Long-term Firm Performance</i>			.94
•Sales Growth	.918		
•Market Share	.909		
•Overall Customer Satisfaction	.899		
•Return on Sales	.856		
•Return on Assets	.825		
•Overall Profitability	.691		

Notes. D: Deleted items. R: Reverse coded items. CA: Cronbach alpha. VE: Variance extracted.

drawback of the present study. On the other hand, given the importance of the research questions explored and the rather intriguing implications of the findings for future research, we believe the study is capable of contributing substantially to the extant research in this area. Findings from the configural analyses also yielded meticulous explanations with regard to the issues explored. The observations that significant correlations exist across variables obtained separately from complainants and managers and that much variance exists across the observed correlation coefficients within each set of data suggest that same source bias may not be a major problem in the study. Therefore, the three major findings of the present study, (1) that both customer-response path and learning-path factors partially mediate the effects of mechanistic and organic approach variables on performance outcomes, (2) that customer-response path factors may exert negative effects on long-term performance expectations, and (3) that learning path factors exert positive effects on both immediate and long-term performance outcomes promise fruitful avenues for future research.

From a theoretical perspective, the exploratory nature of the analyses in the present study precludes us from offering causal explanations for the observed effects across the customer response and organizational learning paths linking complaint handling design approaches and firm-level performance outcomes. Therefore, the present research probably raises more questions than it fills gaps in the complaint handling literature. Yet we believe these questions has the potential to extend

and expand the predominantly justice theory based conceptual boundaries of complaint handling research to include organizational processes and employee responses through which firm performance is linked to complaint handling design, allowing researchers and practitioners to better understand the nature and impact of effective complaint handling strategies. Identifying the ways for balancing the conflicting effects occurring through the two paths on long-term organizational performance expectancy, or eliminating the causes of the negative effects occurring through the customer response path stand out as future research issues with great normative importance.

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Appendix B

Descriptive statistics and construct intercorrelations.

	Mean (St.Dev)	1	2	3	4	5	6	7	8	9
1	4.93 (.53)	1								
2	4.39 (.51)	0.49 ¹²	1							
3	3.51 (.83)	0.31	0.34 ¹²	1						
4	4.06 (.49)	0.50 ¹²	0.63 ¹²	0.44 ¹²	1					
5	1.35 (1.64)	0.14	0.24	0.26 ¹³	0.18	1				
6	4.33 (.44)	0.51 ¹²	0.50 ¹²	0.48 ¹²	0.66 ¹²	0.23	1			
7	4.32 (.51)	0.43 ¹²	0.37 ¹²	0.12	0.64 ¹²	0.09	0.55 ¹²	1		
8	3.94 (.56)	0.10	0.31 ¹³	0.31	0.51 ¹²	0.14	0.32 ¹³	0.40 ¹²	1	
9	4.28 (.50)	0.11	0.19	0.10	0.35 ¹²	−0.25	0.10	0.38 ¹²	0.51 ¹²	1

Notes. (1) Quality of Process Guidelines, (2) Quality of Behavioral Guidelines, (3) Quality of Outcome Guidelines, (4) Supportiveness of Internal Environment, (5) Summated Customer Justice Score, (6) Summated Managerial Justice Score, (7) Firm-Level Learning, (8) Short-term Firm Performance, (9) Long-term Firm Performance.

¹² p < .001.

¹³ p < 0.05.

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