



RESEARCH ARTICLE

The Role of Perceived Justice within the Service Recovery Context in the Online Marketplace Moderated by Failure Severity

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ARTICLE INFO**ABSTRACT**

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In the rapidly evolving landscape of online marketplace (e-marketplace), customers' loyalty is a critical determinant of long-term success. Service failure often affects customers' loyalty negatively, leading to the need for an effective service recovery process. This study fills existing gaps by exploring the role of failure severity as a moderator variable in the relationship between perceived justice and recovery satisfaction. The study procedures were carried out using convenience sampling and a total of 320 responses were obtained. The data collected were then analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to test the hypotheses. The results showed that perceived justice dimensions played an essential role in recovery satisfaction. The dimension of procedural justice had the greatest effect, followed by distributive and interactional justice. The results also revealed that recovery satisfaction positively affected customers' trust. In addition, customers' trust enhanced loyalty, as indicated by repurchase intention and positive word-of-mouth (PWOM). Failure severity was reported to moderate the relationship between distributive justice and satisfaction, while interactional and procedural justice had no moderating effect. This study contributed to the theoretical understanding of service recovery and loyalty in global customers' behavior, offering practical implications for e-marketplace management teams. In addition, monetary compensation (distributive justice) was identified as the critical dimension of service recovery in e-marketplace, where satisfaction increased with compensation that matched or exceeded expectations

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INTRODUCTION

The rapid development of e-marketplace business has led to a significant increase in online shopping transactions (Phan et al., 2021). According to Tay and Wintels (2023), e-marketplace in Indonesia is the ninth largest business in the world, with a value of US\$ 43 billion. This represents approximately six times the value recorded in 2018 (US\$ 8 billion). Ganbold (2023) also showed that the Indonesian e-marketplace was expected to generate US\$ 160 billion in e-retail sales by 2030 compared to US\$ 58 billion in 2022. By 2030, the country is also expected to account for more than 42% of the market value in Southeast Asia. This is likely due to the growing middle class and increasing internet access. Several studies have shown that there are five major players in the e-marketplace industry in

Indonesia, including Shopee, Tokopedia, Blibli, Lazada, and BukaLapak (Ahdiat, 2024). The phenomenon makes Indonesia one of the countries with sustained growth in online shopping.

Along with the rapid growth of e-marketplaces, there has been an increase in shopping complaints and service failures, which have become a significant issue (Kussusanti et al., 2019). Data from Indonesia Ministry of Trade (2024) showed that customers' complaints from electronic trading system transactions accounted for 91% (7,019) of cases addressed in 2023. Cognitive dissonance can occur in online purchasing since users have limited control and cannot physically engage with the merchandise. (Simanjuntak et al., 2024). These cases are related to several issues, including goods received that are not suitable or damaged, goods lost and not received by customers, warranty claims to service centers, balance top-up problems, Buy Now Pay Later (BNPL), credit card payment systems, refunds, cancellations from sellers, including fraud, and the use of non-functional platform applications or social media. Due to the increase in complaints, there is a pressing need to develop further studies to create sustainable satisfaction and trust.

Service failure is a company's inability to meet customers' needs and expectations regarding the products or services provided (Harrison-Walker, 2019; Huang et al., 2020). Several studies have shown that it can have serious negative consequences by causing dissatisfaction, negative word-of-mouth (WOM) publicity, and decisions to switch to competitors ((Liu et al., 2021) in (Wei et al., 2021)). Service failure has also been reported to have a direct relationship with customers' dissatisfaction. This indicates that e-marketplace service providers must find ways to make dissatisfied customers happy to ease dissatisfaction and enhance repurchases (Shafiee & Bazargan, 2018). Ineffective improvements often lead to repeated dissatisfaction (Mashaqi et al., 2020), showing the need for efficient strategy and improved quality (Phan et al., 2021).

In the context of e-marketplaces, the issue of customer loyalty is a crucial area of focus for digital marketing experts. Previous studies showed that customer loyalty significantly impacted online shopping satisfaction (e-satisfaction) (Giao et al., 2020; Kaya et al., 2019). Loyal customers typically generate higher revenue than "regular" customers (Fang et al., 2016). In e-marketplace, there is significant empirical support for a positive relationship between satisfaction and constructs associated with e-loyalty, such as site attachment, repurchase intention, and continuity intention (Lova & Budaya, 2023). With intense satisfaction, customers are often loyal to service providers. Digital marketing experts believe that satisfaction affects loyalty while using electronic services (Giao et al., 2020; Kaya et al., 2019; Lova, 2021).

According to Cantor and Li (2019), service failure severity significantly impacts satisfaction. Service providers must adopt distinct recovery strategies contingent on failure severity. Different levels of failure severity have been reported to affect the image of companies significantly (Tsao et al., 2020). In addition, some form of justice must be applied after service failure to facilitate the recovery of relationship with customers (Albrecht et al., 2019; Bhandari et al., 2007). To develop a successful service recovery strategy, several studies have explored the dimension of perceived justice (Kuo & Wu, 2012; La & Choi, 2019; Msosa & Fuyane, 2020). Previous reports showed that perceived justice comprised more than just monetary rewards (distributive justice), policies, and procedures (procedural justice) but also included service recovery efforts (interactional justice). Online service providers in the e-marketplace must be prepared to handle service issues that are interactional, procedural, and distributive to maintain high-quality perceptions of customers (Phan et al., 2021).

The primary objective of service recovery management is to appease disgruntled customers through recovery strategies and mitigate the damage to relationships caused by service failure. This is done to minimize service failure's negative impact on customers and encourage loyalty. E-service recovery represents an alternative for companies seeking to maintain loyalty in the event of service failure. Therefore, companies need to identify ways of making customers happy and take steps to avoid conditions that might lead to the transfer of negative WOM (Mashaqi et al., 2020; Shafiee & Bazargan,

2018). E-marketplace management must also take steps to mitigate the impact of service failure (Kussusanti et al., 2019).

Ampong et al. (2021) found that perceived distributive and procedural justice had no relationship with satisfaction and service recovery. However, interactional justice significantly influenced satisfaction and service recovery in Ghana's hospitality industry. Cheng et al. (2018) also found that perceived justice in the multi-dimensional context of service recovery (distributive, procedural, and interactional justice) positively and directly influenced satisfaction. Procedural and interactional justice were also reported to have a significant influence on the tourism industry in Malaysia. La and Choi (2019) revealed that distributive and procedural justice played a pivotal role in enhancing perceptions of CSR, affecting student satisfaction in the USA. According to Chebat et al. (2020), customers' anger can be mitigated through 2 forms of justice, namely procedural (i.e., rapid failure recovery) and distributive (monetary compensation), particularly in the restaurant industry.

Service failure severity significantly impacts customers' assessment of companies (La & Choi, 2019). The higher the level of failure severity, the greater the perceived loss recorded (Zhu et al., 2020). In addition, Kussusanti et al. (2019) reported that post-recovery satisfaction positively affected repurchase intention and positive word-of-mouth (PWOM). The study also revealed that higher service failure severity could decrease satisfaction. Service failure severity moderated the relationship between post-recovery satisfaction and behavioral intentions, including repurchase intention and PWOM. However, the study only raised an additional dimension of perceived justice, namely informational justice, moderated by service failure severity on repurchase intention and PWOM.

In the context of online shopping activities, Phan et al. (2021) reported that the quality of e-service recovery played a significant role in influencing customers' satisfaction and loyalty. The study found that interactional, distributive, and procedural justice significantly impacted customers' satisfaction and loyalty. In addition to the role of product quality, companies' reaction when service failure occurs also impacts customers' attitudes toward the provider. As the online shopping market has added more emotional orientation, after-sales service, and recovery actions are becoming indispensable factors affecting satisfaction and loyalty. Despite the results, Phan et al. (2021) did not consider the failure severity of the phenomenon raised.

Based on the results, existing studies do not indicate that customers' trust can mediate the relationship between recovery satisfaction, repurchase intention, and PWOM behavior in the e-marketplace industry. Ampong et al. (2021) revealed there was a positive influence between recovery satisfaction, loyalty, and trust. Another study by Matikiti et al. (2020) found that customers' trust and satisfaction were antecedents of commitment, affecting PWOM. This is also supported by Juliarta (2019) that satisfaction can increase customers' trust and intentions to continue using service and PWOM. Therefore, this study aims to explore the role of failure severity as a moderator variable in the relationship between perceived justice and recovery satisfaction ((Bambauer-Sachse & Rabeson, 2015) in (Kussusanti et al., 2019)). During the procedures, the most influential dimension of perceived justice was determined. This current study builds on existing literature by examining the relationship between perceived justice and customers' loyalty. It also considers the dimensions of perceived justice and their influence on customers' loyalty, including repurchase intention and WOM, which have not been previously explored (Swanson & Hsu, 2011).

Previous studies have been conducted in limited contexts and frameworks, and this gap provides comprehensive insights into the specific effects of perceived justice and effective service recovery strategies on recovery satisfaction. The results showed that the level of failure severity significantly impacted perceived justice and recovery satisfaction. In turn, perceived justice in the service recovery dimension significantly influenced post-recovery satisfaction, affecting trust, repurchase intention, and PWOM.

In practice, this current study provides a comprehensive overview of the impact of online service failure in e-marketplaces from a customer's perspective. This enables businesses and e-retailers to develop effective service recovery strategies in the evolving digital transaction landscape.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Perceived justice

Adams (1965) introduced the concept of perceived justice through Equity Theory, positing that individuals assessed justice by comparing effort and results. Perceived justice can be achieved through appropriate action to alleviate negative emotions (Msosa, 2022).

Several studies have shown that the concept significantly influences various aspects of human behavior across different contexts. Perceived justice is crucial in shaping customers' perceptions of corporate social responsibility (CSR) after service recovery (La & Choi, 2019). Leclercq et al. (2020) studied the effect on members' contributions to e-communities. Perceived justice also positively influences customers' forgiveness, which leads to satisfaction (Muhammad, 2020).

The concept is often used as a conceptual framework based on social psychology to explain customers' evaluation of the service recovery process (Blodgett et al., 1997). Service recovery efforts can be evaluated by assessing perceived justice, as customers who receive equitable service are more satisfied, loyal, and supportive (Ahmad et al., 2024). The type of service recovery strategies also significantly affect the perception of the process fairness (Liao et al., 2022).

The three dimensions of perceived justice that can be applied are 1) distributive justice, which centers on the fairness of outcomes; 2) interactional justice, which focuses on interpersonal treatment in conflict resolution; and 3) procedural justice, which emphasizes fairness from policies and procedures ((Clemmer & Schneider, 1996) in (Blodgett et al., 1997)).

Service recovery and recovery satisfaction

Service failure arises when companies do not fulfill customers' desires, disrupting the experience during the pre-purchase, purchase, or post-purchase stages (Fouroudi et al., 2020; Van Vaerenbergh et al., 2019). In this context, service recovery is a response to customers' dissatisfaction, starting at initial contact and ending when a satisfactory recovery has been achieved or when efforts are ceased due to inadequate response (Van Vaerenbergh et al., 2019). Customers' perception of forgiveness directly results from the service recovery process, which is the foundation of the process's success (Ma et al., 2020). Effective recovery through perceived justice recovery efforts can enhance satisfaction and loyalty to maintain good emotional connections (Arsenovic et al., 2021; Harun & Rokonzaman, 2021; Kamath et al., 2020).

Satisfaction is a response to fulfilling expectations and is essential in a long-term relationship with customers (Ali et al., 2023). Service recovery satisfaction is a cognitive evaluation of the recovery process and the outcome (Gidaković & Čater, 2021). Perceived justice felt can significantly impact satisfaction and future behavior intention, which determines the success of the process (Carrillo et al., 2019; Russo et al., 2022)—stated that perceived justice (distributive justice, interactional justice, and procedural justice) significantly influenced recovery satisfaction in e-commerce.

According to previous studies, distributive justice is implemented through the provision of compensation and the rectification of service failure (Gidaković & Čater, 2021). These actions demonstrate that companies value the welfare of customers and provide fair treatment (Radu et al., 2020). The concept of distributive justice shows the importance of providing fairness to customers as the main factor influencing satisfaction and subsequent behavior (Ahmad et al., 2024; Carrillo et al., 2019).

Interactional justice is an interpersonal treatment customers receive from company staff (Aguilar-Rojas et al., 2024). Aside from the interpersonal aspects (politeness, empathy, attentiveness, and diligence), it is essential to prioritize apologies and explain service failure (Olson & Ro, 2020). By paying attention to the way it is done during the service recovery process, the company can significantly influence satisfaction (Chen & Kim, 2019).

Procedural justice is executed through expeditious service recovery timelines, convenient customer service accessibility, and various elements to foster customers' sense of involvement in service recovery procedures (Gidaković & Čater, 2021). Procedures and policies supported by the flexibility of customers' needs will give rise to a sense of fairness in the service recovery process (Aguilar-Rojas et al., 2024). Previous studies showed that procedural justice implemented through flexible, fast, and fair complaint-handling processes could affect customer satisfaction (Ahmad et al., 2024).

Those mentioned above subsequently result in the formulation of the subsequent hypothesis:

H1(a): Distributive justice affects recovery satisfaction.

H1(b): Procedural justice affects recovery satisfaction.

H1(c): Interactional justice affects recovery satisfaction.

The moderating role of failure severity

Failure severity refers to customers' perception of the severity level, and the worse the perceived service failure, the more customers feel lost. Therefore, customers demand a good service recovery. Customers' evaluation of service providers after a failure depends on failure severity (Zhu et al., 2020). Several studies have shown that failure severities are often critical in in-service recovery (La & Choi, 2019). Mafael et al. (2022) Companies must consider failure severity when deciding recovery strategy to improve customers' satisfaction.

Previous studies showed that failure severity moderated distributive, procedural, and interactional justice and recovery satisfaction (La & Choi, 2019; Zhu et al., 2020). Customers who were satisfied with the dimensions of perceived justice were more likely to view service recovery as fair (Zou & Migacz, 2022). Disappointment was smaller when customers had a minor problem with the service perceived, but when service failure worsened, the chances of frustration were greater (Zhu et al., 2020). High failure severity triggered customers to evaluate the causes and effects of service failures and became more involved in troubleshooting efforts ((Sengupta et al., 2015) in (Sofia et al., 2023)).

Failure severity significantly impacted perceived distributive justice. Customers viewed distributive justice less favorably when service failure was severe (Zhu et al., 2020; Zou & Migacz, 2022). Service failure could cause more loss than recovery received. Thus, service failure still hurts customers despite service recovery efforts. Distributive justice as recovery effort activities helped develop long-term partnerships (Zhu et al., 2020).

This study validated the moderation of failure severity in service recovery by revealing several severity levels (Zou & Migacz, 2022). This supported earlier studies by suggesting causal links between distributive, procedural, and interactional justice that needed more study (La & Choi, 2019). The aforementioned factors consequently led to the development of the following hypothesis:

H2(a): Failure severity moderates the influence of perceived distributive justice on recovery satisfaction

H2(b): Failure severity moderates the influence of perceived interactional justice on recovery satisfaction

H2(c): Failure severity moderates the influence of perceived procedural justice on recovery satisfaction

Customers' trust

Trust is a psychological state of vulnerability based on expectations or behavior that favors others ((Fang et al., 2016) in (Juliarta, 2019)). Trust in service was vital since it had varied and intangible qualities that made customers evaluate and select the same service ((Ding et al., 2015; Liljander & Roos, 2002; Singh & Sirdeshmukh, 2000) in (Mohd-Any et al., 2019)).

According to several studies, recovery satisfaction could affect customers' trust (Ampong et al., 2021; Juliarta, 2019; Matikiti et al., 2020; Mohd-Any et al., 2019). Recovery satisfaction also boosted customers' trust by instilling favorable emotions [106]. Customers trusted the company more when satisfied with their complaint response [107]. Additionally, customers who were satisfied with recovery satisfaction could increase their perception of the provider's reliability and integrity, which in turn contributed to the formation of customers' trust (Ampong et al., 2021). The aforementioned factors consequently led to the development of the following hypothesis.

H3: Recovery satisfaction is positively linked to customers' trust.

Customers' loyalty

Customers' loyalty was expected behavior toward a firm based on repurchase, brand, and WOM behavior ((Zeithaml et al., 1996) in (Molinillo et al., 2022)). Recurring purchases based on decision-making were also called customer loyalty. Griffin (2005) in Khairawati (2020) defined loyalty as purchasing regularly, purchasing from the same place, recommending to others, and not being influenced by competitors. According to the explanation, repurchase intention and PWOM could represent customers' loyalty.

Repurchase intention

Repurchase intention was a strongly positioned construction in online shopping (Tandon et al., 2021). This was the leading indicator of customers' loyalty in general (Mendoza, 2021). In the literature, there was a consensus that customers' trust significantly influenced repurchase intention (Asti et al., 2021; Juliarta, 2019; Lukito & Ikhsan, 2020; Mendoza, 2021; Tandon et al., 2021; Trivedi & Yadav, 2020). Customers' trust was regularly utilized to predict repurchase intention (Mendoza, 2021) derived from previous user experience and could help predict what was gotten when making e-transactions (Lukito & Ikhsan, 2020). In the context of e-marketplace, online trust also drives purchase intention (Aidrin et al., 2022). Customers repurchase intention after a positive encounter and gain confidence in the excellent service (Asti et al., 2021), and customers' trust generates a strong desire for customers to transact again (Xie et al., 2020). Therefore, we derived the subsequent hypothesis.

H4: Customers' trust is positively linked to repurchase intention.

Positive-word-of-mouth (PWOM)

WOM helped attract new customers and kept existing ones to maintain a competitive advantage (Al-Adwan et al., 2020). PWOM was the customers' loyalty dimension that identified customers' behavior in terms of speaking, commenting, and spreading positive experiences after buying and using products or services (Parasuraman et al., 2005) (Garcia et al., 2020; Liao et al., 2019). Several studies have confirmed a positive relationship between customers' trust and PWOM (Garcia et al., 2020; Liao et al., 2019; Song et al., 2019). This increased significantly with customers' trust (Bernarto et al., 2024) and led to PWOM due to customers' satisfaction with how the company handles complaints

(Song et al., 2019). The aforementioned factors contributed to the development of the following hypothesis.

H5: Customers' trust is positively linked to PWOM.

THEORETICAL FRAMEWORK

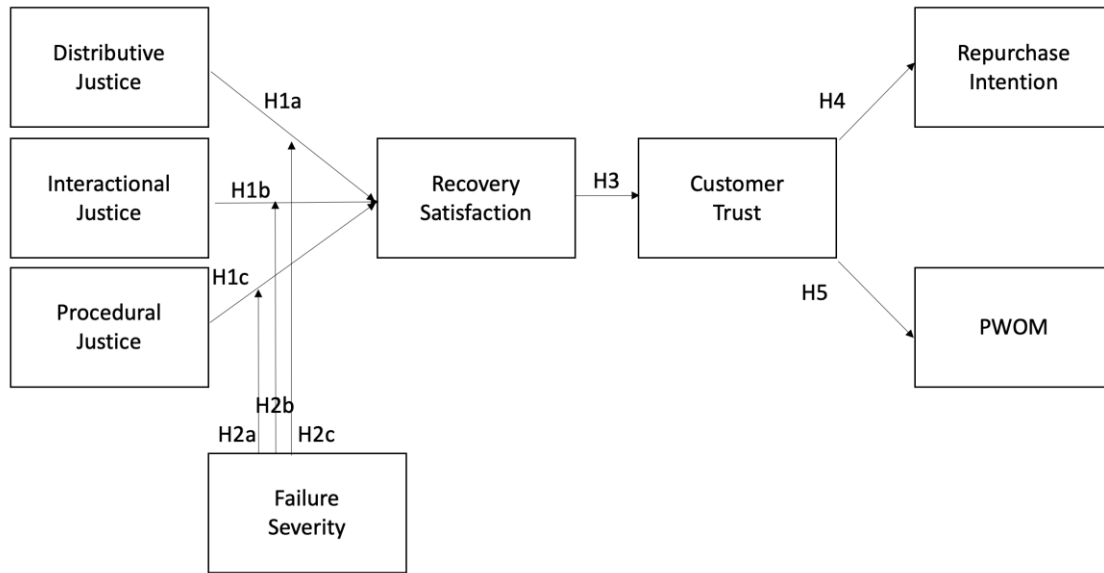


Figure 1: Theoretical framework

STUDY METHODS

A quantitative method was employed to analyze March-April 2024 cross-sectional data to assess the relation between the proposed variables. A survey questionnaire was created to collect primary data from e-marketplace platform users who experienced service failure during transactions to determine how failure severity moderated service recovery experience and the effects on repurchase intention and PWOM.

Each latent variable was measured using 5 question items, a total of 40 question items (See appendix). In addition, to measure distributive justice, interactional justice, and procedural justice, we adapted 15 indicators from Ampong et al. (2021), Cheng et al. (2018), La and Choi (2019), Phan et al. (2021), and Zaid et al. (2021). Failure severity as the moderating variable used 5 indicators adapted from Zhu et al. (2020) and Kussusanti et al. (2019). Then, for recovery satisfaction, customers' trust, repurchase intention, and PWOM, we adapted 20 indicators from Ampong et al. (2021), Bahadur et al. (2018), Harun et al. (2019), Kim et al. (2009), La and Choi (2019), and Mohd-Any et al. (2019).

All variables were measured using a 6-point Likert Scale from "very disagree" (1) to "very agree" (6) using Google Forms. According to Hair's "10-times rule" (Hair et al., 2011), 200-400 samples were needed.

The pre-test was performed to test the validity and reliability of all question items by sampling 100 respondents. Sample collection continued, and hypothesis testing with multivariate analysis was

done to simultaneously identify the relationship between variables using PLS-SEM (Partial Least Square Structural Equation Modeling) method on SmartPLS 4.0.

RESULTS AND DISCUSSION

RESULT

A total of 444 respondents, 384 met the screening criteria, and 320 respondents' data could be used after data cleaning. Respondents were 153 (48%) males and 167 (52%) females who used e-marketplace application for < 6 months (65 respondents/20%) and > 6 months (255 respondents/80%). The majority were in the age range of 28-43 years (50%), 12-27 years (40%), and 44-78 years (10%). The majority of respondents with bachelor's degrees (63%) and employed as private employees (56%) resided in Greater Jakarta area (53%).

This study found that groceries (27%) and digital products (23%) were the transactions most likely to experience service failure. Related to the range of losses, 151 respondents (47%) lost less than US\$30, 81 respondents (26%) lost US\$30 to US\$60, 68 respondents (21%) lost more than US\$60, and 20 (6%) suffered immaterial loss.

Digital wallets (33%) and credit cards (23%) were the most popular transaction methods. In the event of a service failure, 182 respondents (57%) preferred face-to-face complaints, 119 respondents (37%) by chat, and 19 respondents (6%) communicated complaints through social media.

As many as 121 respondents (38%) want an immediate solution (low tolerance), 125 respondents (39%) could wait 1-2 days (moderate tolerance), 54 respondents (17%) could wait 3-7 days (high tolerance), and 20 respondents (6%) could wait more than 7 days (very high tolerance).

Table 1 showed that the collected data met the convergent validity and reliability test requirements. Reliability test results indicated that all measurement items had met Cronbach's Alpha and Composite Reliability criteria (> 0.7). The convergence validity test results indicated that Factor Loading of the entire measuring item > 0.708 and AVE > 0.5, proved the validity (Hair et al., 2021).

Table 1: Convergent validity and reliability test result

Variable	Item	Outer Loadings	Cronbach's Alpha	Composite reliability	AVE
Distributive Justice (DJ)	DJ1	0.899	0.923	0.942	0.766
	DJ2	0.899			
	DJ3	0.877			
	DJ4	0.817			
	DJ5	0.880			
Interactional Justice (IJ)	IJ1	0.826	0.909	0.931	0.730
	IJ2	0.878			
	IJ3	0.882			
	IJ4	0.849			
	IJ5	0.836			
Procedural Justice (PJ)	PJ1	0.809	0.918	0.939	0.754
	PJ2	0.893			
	PJ3	0.882			
	PJ4	0.879			
	PJ5	0.876			
Failure Severity (FS)	FS1	0.833	0.885	0.906	0.659
	FS2	0.897			
	FS3	0.792			
	FS4	0.754			

Variable	Item	Outer Loadings	Cronbach's Alpha	Composite reliability	AVE
	FS5	0.776			
Recovery Satisfaction (RS)	RS1	0.894	0.939	0.953	0.804
	RS2	0.892			
	RS3	0.888			
	RS4	0.909			
	RS5	0.899			
Customer Trust (CT)	TR1	0.835	0.907	0.930	0.728
	TR2	0.854			
	TR3	0.867			
	TR4	0.871			
	TR5	0.839			
Repurchase Intention (RI)	RI1	0.870	0.906	0.930	0.727
	RI2	0.809			
	RI3	0.856			
	RI4	0.830			
	RI5	0.894			
Positive-Words-of-Mouth (PWOM)	PWOM1	0.899	0.940	0.954	0.807
	PWOM2	0.914			
	PWOM3	0.908			
	PWOM4	0.866			
	PWOM5	0.903			

Based on the discriminant validity test results in Table 2, it was known that HTMT Ratio value of each latent variable was ≤ 0.85 , and the condition for discriminating validity based on HTMT was met (Henseler et al., 2015).

Table 2: Discriminant validity test result

HTMT Matrix

Variable	DJ	IJ	PJ	FS	RS	CT	PWOM	RI
DJ								
IJ	0.175							
PJ	0.844	0.228						
FS	0.064	0.691	0.057					
RS	0.865	0.210	0.877	0.112				
CT	0.685	0.168	0.802	0.079	0.853			
PWOM	0.672	0.181	0.684	0.094	0.848	0.863		
RI	0.484	0.065	0.641	0.086	0.683	0.885	0.764	

The hypothesis testing was run using PLS-SEM method, and the structural model test output was produced in Figure 2.

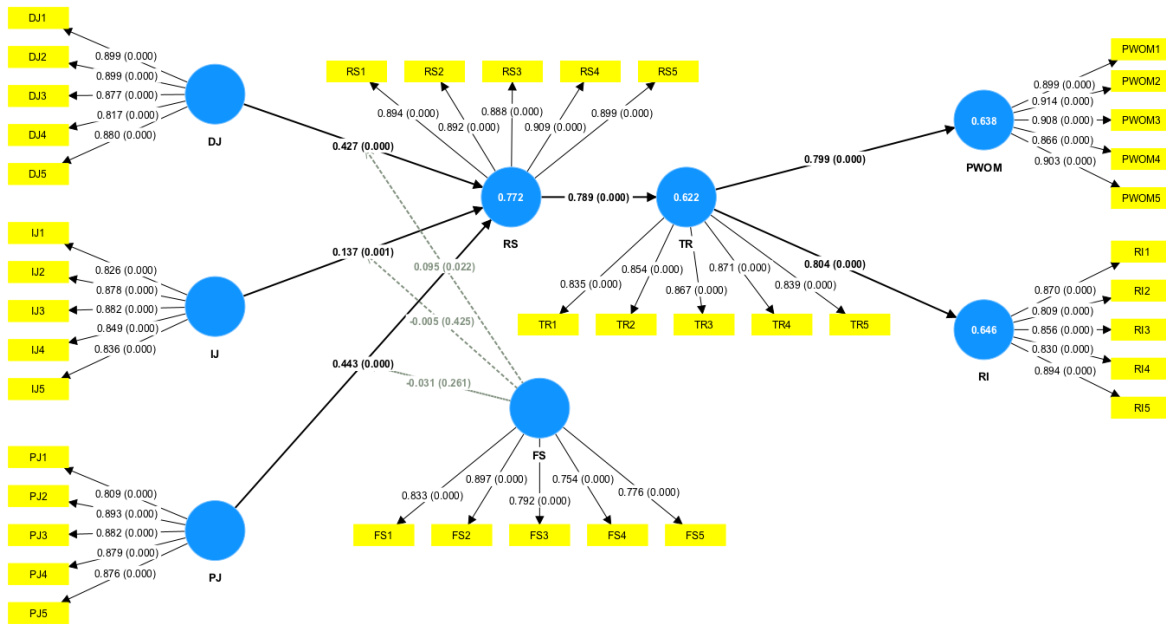


Figure 2: Output model structural bootstrapping PLS-SEM (Path coefficient and p-value)

Table 3 showed the results of the test of the hypothesis that supported 7 hypotheses, but not for the moderation effect hypothesis H2(b) (FS x IJ → RS, P Value = 0.261, P value > 0.05) and H2 (c) (FS x PJ → SR, P Value = 0.425, P Value > 0.05).

Table 3: Hypothesis test result

Hypothesis	Path Coefficient	t-value	f-square	P Value	Conclusion
DJ → RS	0.427	7.764	0.301	0.000	Supported
IJ → RS	0.137	2.974	0.048	0.001	Supported
PJ → RS	0.443	7.674	0.317	0.000	Supported
RS → CT	0.789	23.816	1.645	0.000	Supported
CT → RI	0.804	30.703	1.826	0.000	Supported
CT → PWOM	0.799	21.774	1.760	0.000	Supported
FS x DJ → RS	0.095	2.017	0.023	0.022	Supported
FS x IJ → RS	-0.031	0.640	0.002	0.261	Rejected
FS x PJ → RS	-0.005	0.189	0.000	0.425	Rejected

The significant influence of the perceived justice dimension on recovery satisfaction came from procedural justice ($\beta = 0.443$), followed by distributive justice ($\beta = 0.427$), and interactional justice ($\beta = 0.137$). The results supported the initial hypothesis by showing a strong moderating effect of failure severity on the relationship between Distributive Justice and Recovery Satisfaction (P Value < 0.05, t-value > 1.645, and $\beta = 0.095$).

According to the coefficient of determination in Table 4, the three dimensions of perceived justice also proved to have a strong predictive ability toward recovery satisfaction ($R^2 = 0.772$).

Table 4: Coefficient of determination test result

Variable	R-square
RS	0.772
CT	0.622
PWOM	0.638
RI	0.646

DISCUSSION

Out of the 384 respondents studied, 246 respondents (64%) demonstrated low to moderate tolerance in their ability to receive responses to resolve issues. This indicated that these respondents were impatient, disliked waiting or needed help. As most of the respondents were Generation Y, immediate feedback was preferred, as individuals rapidly progressed and timely actioned (Bencsik et al., 2016). However, respondents' responses did not fully reflect the characteristics of customers in the broader online shopping industry.

Of 384 respondents, 182 (57%) preferred to lodge complaints directly without using chatbots or similar technologies. This preference was attributed to Generation Y's tendency to communicate in shorter messages rather than through emails or phone calls ((ExecutiveVoice, 2016) in (Kussusanti et al., 2019)).

This study revealed that procedural justice had the highest path coefficient value on recovery satisfaction ($\beta = 0.443$) compared to the distributive and interactional justice hypotheses. Respondents with the majority characteristics of Generation Y preferred consistent procedure with the speed of service recovery, which was in line with the findings that procedural justice significantly reduced anger in individualist customers.

The variable of procedural justice had a more significant impact on customers' satisfaction than the other 2 variables in the service recovery dimension. This was because it aligned with the impatient nature of respondents, who expected a swift resolution to any failures.

A total of 151 respondents (47%) experienced material losses of less than US\$30 due to service failures. However, this study found that only businesses with material compensation (distributive justice) had a positive relationship with company success in recovering customers' satisfaction when moderated by failure severity. Consequently, it was hypothesized that small losses directly or indirectly experienced by customers indicated a relatively minor failure severity, which tended to make customers overlook company efforts through procedural and interactional justice. Customers were sufficiently satisfied with the monetary compensation provided by e-marketplace companies to disregard the other two variables in service improvement efforts.

CONCLUSION, IMPLICATION/LIMITATION AND SUGGESTIONS

CONCLUSION

In conclusion, this study aimed to develop empirical dimensional testing of service recovery on recovery satisfaction, customers' trust, repurchase intention, and PWOM in the e-marketplace for customers who had experienced service failure and identified the most effective service recovery

strategy for these conditions. This study also examined the moderating effect of failure severity on perceived justice on recovery satisfaction. The test results showed that:

- a. Distributive, interactional, and procedural justice all positively affected recovery satisfaction.
- b. Customer satisfaction with the recovery process positively affected customers' trust.
- c. Customers' trust had a positive effect on repurchase intention and PWOM.
- d. The relationship between distributive justice and recovery satisfaction was moderated by failure severity, which strengthened the relationship.
- e. Failure severity did not moderate the relationship between interactional justice and recovery satisfaction.
- f. Failure severity did not moderate the relationship between procedural justice and recovery satisfaction.

THEORETICAL IMPLICATIONS

This study contributed to the development of various previous studies in several ways. First, using a simple model, prior studies discussed the effect of service recovery on service failure, which affected customers' behavior. This study seeks to enrich previous reports with the conditional process of the moderating effect of the severity level on failure severity. Second, this study became more complex and complete, examining how customers' satisfaction after service recovery affected customers' trust, repurchase intention, and PWOM.

Second, the level of customer satisfaction from successful service recovery efforts significantly impacted the success of building customers' trust ($\beta = 0.789$) and positive sentiment towards the dimensions of loyalty, specifically towards repurchase intention ($\beta = 0.799$) and PWOM ($\beta = 0.804$). These results indicated that customers' trust was a crucial mediator of the positive effect on customers' loyalty of the effort given to e-marketplaces to achieve successful customer satisfaction.

McIntyre et al. (1999) highlighted that a unidimensional method of measuring service recovery could only partially capture the complexity and dimensions, particularly in the context of e-service and e-marketplace. The e-environment was constantly evolving and had a diverse nature (Gregory, 2007). This was consistent with the results in the second implication, which found that the one-dimensionality of service recovery positively affected customers' satisfaction, build customers' trust, and positively impacted the dimensions of customers' loyalty.

The unidimensional context of service recovery, with the effect of failure severity level, was no longer relevant. The results indicated that only service recovery efforts through material compensation (distributive justice) positively affected customers' satisfaction, which affected customers' loyalty. Most customers expect to receive transparent compensation for service failures experienced, specifically as service failure severity increases.

Fourth, testing the moderating role of failure severity on the justice theory dimensions of the recovery satisfaction relationship revealed that failure severity did not moderate the relationship between procedural and interactional justice and recovery satisfaction. This aligned with the statement that service recovery was a fundamental factor when customers experienced service failure. Therefore, businesses should understand effective strategies for handling service failure.

MANAGERIAL IMPLICATION

This study provided insight into the mediating role of customers' trust between recovery satisfaction and customers' loyalty on repurchase intention, as well as PWOM behavior. This confirmed previous

report findings that customers' trust was an essential factor influencing repurchase intention and PWOM (Ampong et al., 2021; Juliarta, 2019; Matikiti et al., 2020).

This study also identified the most central dimension of service recovery efforts in the context of e-marketplace, specifically in terms of compensation for service failures. Monetary compensation, or distributive justice, was a crucial aspect of service recovery. The compensation must be adjusted according to the severity of the failure or customers' perception (failure severity). The more severe the failure, the higher customer satisfaction, provided the compensation meets or exceeds customer expectations. Consequently, companies must exercise greater caution when offering compensation for low/ insignificant and high/significant failure severity. This was because the severity of the service failure could negatively impact customers' satisfaction and PWOM intentions, notably when the level of failure severity increased.

This study indicated that the dimensionality of service recovery from service failures between an e-marketplace and customers was a significant factor in determining relationship quality, trust, and loyalty. This study recommended that e-marketplace companies be attentive to handling relationship recovery with customers after service failures. This entailed comprehensive efforts, including disseminating policies and processes for handling straightforward returns and information about compensation when products or services were not delivered on time or in other unsatisfactory ways. E-marketplace companies must also respond promptly and effectively to customers' queries and complaints in the transaction process.

This study must interest businesspeople, specifically those involved in e-marketplace application service provision. The service failure perspective could be used as an analytical tool to evaluate the types of service failures experienced by e-marketplace application users. This report had practical implications for e-marketplace application service providers, who must use it to improve their service continuously. Service providers must use the results to identify and address service failures, enhancing their performance in meeting customers' needs.

LIMITATION AND SUGGESTIONS FOR FUTURE RESEARCH

In addition to this study's contributions, there were a few limitations to note. First, this study found an imbalance of respondents with a higher level of failure severity (through the nominal loss parameter of \$61 and above). Additionally, to gain a more balanced result between the relativity of high and low levels of loss (failure severity) to each variable in the service recovery dimension, further reports could measure a diverse number of respondents from a broader financial stratum.

Second, the scope of this study was quite broad, and it analyzed the antecedent variables, namely the dimensions of justice theory to recovery satisfaction, moderated by the level of failure severity with the mediator of customers' trust and the outcomes of repurchase intention and PWOM. However, to expand the scope of this report, it could be beneficial to consider measuring the antecedent (on justice theory) to the success of the level of customer satisfaction with the moderating factor of the level of failure severity. This made the test and analysis can cover both the antecedents and the consequences. Therefore, it was recommended that future studies re-select effective measurement variables with a sharper and more congruent analysis, both from the antecedent side and the consequences side, in this framework, with more significant uniqueness and novelty.

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APPENDIX

OPERATIONALIZATION OF THE VARIABLES

We adopted the list of questions from indicators validated in previous studies. The indicators we used have been rewritten to adapt to the context of this research.

Variable	Definition	Items	Sources	Measurement Instrument
<i>Distributive Justice</i>	How the company provides fair compensation in the settlement of problems (La & Choi, 2019)	DJ1	(Cheng et al., 2018)	The e-marketplace platform can offer appropriate compensation for the service failure I encountered.
		DJ2		The compensation given by the e-marketplace platform meets my expectations.
		DJ3	(Phan et al., 2021)	In settling my complaint, the e-marketplace platform provided what I needed.
		DJ4		Such e-marketplaces have various forms of compensation for customers. (Replacing products, discount vouchers, etc...).
		DJ5	(La & Choi, 2019)	Overall, the response (service recovery or economic compensation) I received from the e-marketplace has been appropriate
<i>Interactional Justice</i>	Related to means of communication that show politeness and empathy to customers who experience service failure (La & Choi, 2019)	IJ1	(Zaid et al., 2021)	The e-marketplace's agent/customer service has a decent pattern in dealing with the online transactions I've been experiencing.
		IJ2		Agent/customer service e-marketplace interacted with empathy in the process of handling the online transaction problem that I faced
		IJ3	(Ampong et al., 2021)	Agent/customer service e-marketplace accurately indicates concern about the online transaction problem I encountered.
		IJ4		Agent/customer service e-marketplace is very excited to solve the problem I'm facing
		IJ5		Overall, the treatment given by Agent/Customer Service e-marketplace is fair enough in the process of dealing with the online transaction problems that I have experienced.
<i>Procedural Justice</i>	Related time, responsiveness, and recovery policies in troubleshooting (La & Choi, 2019)	PJ1	(Phan et al., 2021)	The e-marketplace platform adapts their complaint handling procedures to meet my needs
		PJ2		Overall, platform e-marketplace has good procedures in handling complaints

Variable	Definition	Items	Sources	Measurement Instrument
		PJ3	(Zaid et al., 2021)	The e-marketplace platform is on time in dealing with the problem I'm facing.
		PJ4	(Ampong et al., 2021)	Regarding the policies and procedures, it has, the e-marketplace platform deals with my problem in a fair way
		PJ5		Overall, the procedure applied by the e-marketplace platform in dealing with my problem is quite appropriate
<i>Recovery Satisfaction</i>	Customer satisfaction over effective service recovery (Cheng et al., 2018) in (Ampong et al., 2021)	RS1	(Ampong et al., 2021)	I'm satisfied with the treatment of e-marketplace's agency/customer service in solving the online transaction problem I encountered.
		RS2		I am satisfied with the efforts made by deploying the resources available in solving my online transactions on the e-marketplace.
		RS3	(Harun et al., 2019)	I got a satisfactory solution to my online transaction complaint on the e-marketplace
		RS4	(La & Choi, 2019)	Overall, I am satisfied with the way e-marketplace's agency/customer service deals with complaints about online transaction constraints that I encountered.
		RS5	(Kim et al., 2009)	The response from the e-marketplace platform to the online transaction service failure that I've experienced is more (even better) than what I expected.
<i>Failure Severity</i>	The intensity of service failure perceived by the customer (Zhu et al., 2020)	FS1	(Zhu et al., 2020)	The service failure on the transactions on the e-marketplace platform that I've experienced is quite severe.
		FS2		The service failure on the transactions on the e-marketplace platform that I experienced made me angry.
		FS3		The service failure on the transactions on the e-marketplace platform that I encountered was a major problem
		FS4	(Kussusanti et al., 2019)	The problem of transaction service failure on the e-marketplace platform is an unpleasant thing for me.
		FS5		The severity of the transaction service failure on the e-marketplace platform is a serious matter for me.

Variable	Definition	Items	Sources	Measurement Instrument
<i>Customer Trust</i>	Antecedent of loyalty when the perception of justice and service satisfaction recovery occurs between customers and service providers (Mohd-Any et al., 2019)	TR1	(Mohd-Any et al., 2019)	I'm sure the e-marketplace platform can provide the recovery service customers need.
		TR2		I believe that the e-marketplace platform can provide high-quality recovery services to customers
		TR3		I believe that the e-marketplace platform can effectively solve the problem caused by the service failure
		TR4		I'm sure the e-marketplace platform can keep its promise to customers.
		TR5		I put quite a lot of confidence in the e-marketplace platform.
<i>Repurchase Intention</i>	Re-purchase plans that are influenced by one customer satisfaction (Mägi, 2003; Yi & La, 2004) in (Park & Thangam, 2021)	RI1	(La & Choi, 2019)	When choosing the same product category, I still consider the e-marketplace platform to be my first choice over the others.
		RI2		I will continue to visit the e-marketplace platforms, even when there are alternatives to other e-marketplaces that are also available.
		RI3	(Kim et al., 2009)	I consider the e-marketplace platforms to remain my first choice compared to the other.
		RI4	(Bahadur et al., 2018)	In the future, I will continue to use this e-marketplace platform for further online transactions.
		RI5		In the future, I have a strong intention to return to trading on the e-marketplace platform.
<i>Positive-Word-of-Mouth (PWOM)</i>	Consumer involvement in disseminating positive information (Harun et al., 2019)	PWOM1	(Bahadur et al., 2018)	After this recovery service process, I've been through, I can say positive things about the e-marketplace platform to others.
		PWOM2		After this recovery service process, I've been through, I can recommend the e-marketplace platform to someone who asks for my advice.
		PWOM3	(Harun et al., 2019)	After this recovery service that I've been through, I'll recommend the e-marketplace platform to my friends.
		PWOM4		After this recovery service process, I've been through, I'll talk positive about this e-marketplace to others.
		PWOM5		After this recovery service process, I've been through, I'll say good things about the e-marketplace.