**The missing link - fairness as the ultimate determinant of service profitability**

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**Abstract**

Fairness is a widely considered a key driver of human behavior. Organizational behavior research focuses on fairness as an employee attitude driver. Marketing research highlights fairness perceptions as a key determinant of both purchase intentions and purchase behavior. Yet, to our best knowledge, no explicit attempt has been made to bridge the two phenomena. Using deductive reasoning and delineation methods, we posit that, through the diffusion of customer experience, value perception, attitudes, and behaviors, a symbiosis of organizational behavior and marketing research ultimately influences organizational performance. Our corresponding conceptual framework determines fairness perceptions’ influence on employee attitudes and service productivity by means of proposition development. In turn, this leads to an increase in customer satisfaction, consumer purchasing and re-purchasing behavior, and – ultimately – profitability.

**Keywords**

Consumer behavior, fairness, justice, multidisciplinary, work attitudes.

# Introduction

For service delivery to be successful, it is not enough to hire the *right* service-oriented people ([Berry et al., 1990](#_ENREF_17)) : In order to deliver the best customer experiences, employees also need to be treated fairly in the company. Such treatment ultimately leads to an all-important increase in service profitability.

As services are interactive by nature, a frontline service employee’s performance often influences the customer’s service experience (e.g., [Klaus, 2014](#_ENREF_85); [Kahn et al., 2014](#_ENREF_84)). The construct of fairness, as well as its relationship to both customer experience and employee behavior, has recently received attention in service marketing research and organizational behavior literature. While some researchers seek to understand the link between employees’ fairness perceptions and service behaviors ([e.g., Bettencourt and Brown, 1997](#_ENREF_18)), others explore the effects of customers’ fairness perceptions on trust and loyalty ([Nguyen et al., 2014](#_ENREF_121)).

The literatures of management studies (MS) and industrial psychology (IP) in the talent management context offer ample studies that focus on the concepts of procedural and distributive justice ([Alexander and Ruderman, 1987](#_ENREF_9); [Greenberg and Colquitt, 2013](#_ENREF_70)). Management studies, in particular organizational behavior (OB) research highlights anticipated links between these justice concepts and fairness, as well as the related outcomes of fairness perceptions ([Blader and Tyler, 2005](#_ENREF_19)). Possible consequences of fairness perceptions are employee attitudes such as organizational commitment, satisfaction, motivation, and the resulting employee performance (e.g., [McFarlin and Sweeney, 1992](#_ENREF_108); [Bowling et al., 2015](#_ENREF_27); [Collins et al., 2012](#_ENREF_41)). This line of research tends to focus on the relationship between employees and their line managers, or their attitudes towards the organization (e.g., identity, loyalty, see [Gittell et al., 2010](#_ENREF_65); [Kahn et al., 2014](#_ENREF_84); [Sluss and Ashforth, 2007](#_ENREF_150)).

Fairness-related research highlights the importance of customer experiences and customer behavior. For instance, researchers explore whether customers who are treated fairly in their specific service encounter experience better service than unfairly treated customers ([e.g., Nguyen et al., 2015](#_ENREF_122)), if these customers are more loyal than unfairly treated customers ([Nguyen et al., 2014](#_ENREF_121)), or how fairness perceptions influence the acceptance of price increases ([Xia et al., 2004](#_ENREF_179)).

While the two different literatures are typically studied in isolation from each other, we argue that they are complementary, representing two major stakeholders that should be related ([Bosse and Coughlan, 2016](#_ENREF_23)). This will help to bridge the significant knowledge gap in the silo approach to management, which stands in contrast to calls to integrate knowledge from different managerial perspectives.

In the past, researchers predominantly explored fairness either within an intra-organizational context (OB) by focusing on the firm and the employee, or within an extra-organizational context (service marketing) by focusing on customer perceptions and their influence on behavior. We explicate the intra-organizational fairness construct by arguing that employees carry their experienced intra-organizational fairness into the service encounter, thus influencing the customer service experience. Bringing the two together allows us to suggest that, as a key construct for employers, employees, and the customer experience, fairness is a crucial link.

By synthesizing the OB, IP, and marketing research into a single framework, we posit that the psychological contract between a customer and a firm serves as a mediator between the employee’s and the customer’s fairness perceptions (does this offer constitute a ‘fair deal’?). As we have seen, the value-in-use perception serves as a result of the antecedents and perceptions of a ‘fair deal.’ The employees’ role in service delivery is critical because of the labor-intensive character of the service business; thus, it is important to treat employees fairly. At the same time, employees’ fairness has a “spillover effect” on customers ([Bowen et al., 1999](#_ENREF_24)). Our framework provides guidance to service firms seeking to maximize employee-perceived fairness so that consumers’ fairness is influenced by the final objective to optimize employees’ productivity, retain them, and ultimately ensure the firm’s profitability. Researchers found customer experience to be a key determinant of purchasing behavior ([e.g., Lemon and Verhoef, in press](#_ENREF_94)). By utilizing interdisciplinary knowledge, we link the fairness construct and its influences within the company to company performance. This not only extends and expands the service-profit chain notion, but bridges both internal and external viewpoints of the psychological contract through the fairness concepts.

The conceptual model suggests that the treatment of employees will be reflected in the treatment of customers. We offer explanatory mechanisms to explain how, in turn, this will have an indirect but critical high impact on service delivery, since it alters customer experiences, and, ultimately, company performance.

The proposed model has important consequences for companies. The contributions of this paper to management studies are unique since it combines knowledge from OB and IP, supporting the first part of the model, and knowledge from marketing theory, supporting the second part of the model, and introducing fairness as a bridging concept between both bodies of scholarly research.

Our study underscores the need to consider perceived employee and customer fairness as a complementary link that has an impact on firm performance. This insight is helpful when designing and evaluating internal marketing practices and policies to improve firm performance. Moreover, our work highlights the need to revise the service-profit chain rationale that firms should maximize employee satisfaction and external service quality in order to optimize firm performance ([Hogreve et al., 2017](#_ENREF_78)). As such, capitalizing on employees’ fairness will have multiple effects. We provide a comprehensive framework that informs companies how to enhance firm performance through intra- and extra-organizational activities with the prominent role of a fairness bridge, which promotes a theoretical understanding of the service-profit chain. In this sense, we respond to recent calls to provide more guidance to managers on how to improve internal and external organizational practices. As a future research avenue, ([Hogreve et al., 2017](#_ENREF_78)) suggest the effects that bridge an organization’s internal and external domains since this point of view has received little research attention to date.

Our study differs from the work by Hogreve et al. ([2017](#_ENREF_78)), who focus on meta-analytic models demonstrating internal service quality as translated into service performance through various mechanisms beyond employee satisfaction. In contrast, our work concentrates on the fairness issues that employees experience and how this is connected to consumers’ perceptions of fairness in the service-profit chain. Our framework guides service firms to maximize their employees’ perceived fairness, thus allowing them to influence consumers’ perception of fairness; the final objective is to optimize employee productivity, their retention, and, ultimately, firm profitability. In addition, our study responds to the need to reappraise the service-profit chain structure, suggesting that firms should maximize employee satisfaction and their external service quality in order to optimize firm performance ([Hogreve et al., 2017](#_ENREF_78)). This revised version of our fairness framework, which includes the fairness bridge, emphasizes the importance of both internal and external organizational practices for sustainable success. Moreover, it introduces a new angle on how to enhance employee–customer interaction. Furthermore, from a managerial point of view, the fairness bridge calls for closer collaboration between marketing and human resources. Marketing managers can suggest investing in employees’ fairness practices, because they are closely linked to positive customer behavior ([Maxham et al., 2008](#_ENREF_106)), while human resource managers need to consider the fairness bridge when designing and implementing HR policies, because customer fairness is an important indicator of firm performance ([Bowen et al., 1999](#_ENREF_24)).

# Methodological Approach

In order to comprehend the meaning and foundations of fairness as a bridging concept to address the gaps in literature, we employ a three-step analytical procedure consistent with MacInnis’s ([2011](#_ENREF_102)) typology of conceptual contributions : summarization, integration, and delineation.

The goal of the first step (summarizing) is to take stock of existing knowledge and reduce it to a manageable set of key takeaways ([MacInnis, 2011](#_ENREF_102)). To best capture the thoughts regarding both marketing and organizational behavior with respect to fairness, this paper aims to provide an evolutionary perspective from both literature streams discussing fairness. To evaluate the state of fairness research, we search for and analyze conceptual and empirical articles published between 1964 and 2016. Several scientific databases help us identify relevant academic work (e.g., Emerald, Science Direct, JSTOR, Google Scholar). Among others, we make use of the following search terms : ‘fairness perception,’ ‘justice perception,’ ‘service fairness,’ ‘service experience,’ and ‘consumer experience.’ We supplement our search with screenings of the major marketing and organizational behavior journals and draw on the reference lists of the articles selected. Additionally, we utilize the publication lists from major publishers (e.g. Wiley, New York) to identify business books and writings that discuss fairness. Our literature review, however, is not limited to marketing and organizational behavior. The concept of fairness has been debated for many centuries and is deeply rooted throughout the scientific disciplines. Consequently, we adopt a multi-paradigm perspective to yield a more comprehensive view of the concept ([Brown et al., 2005](#_ENREF_30)). More specifically, we examine publications in the fields of philosophy, psychology, and sociology. This meta-perspective approach allows for a multidimensional representation of the topic area and a deeper understanding of fairness.

The diverse positioning adopted in this paper helps to overcome the diversity of positions ([Mele et al., 2015](#_ENREF_109)). It also makes it possible to summarize current knowledge on the characteristics of fairness and enables the development of corresponding propositions integrated into a conceptual framework.

The second step, integration, aims to draw connections between what was already known to find a novel, higher-order means of perceiving the connections between multiple themes and elements in the literature ([Mele et al., 2015](#_ENREF_109)). It involves synthesis (creating a bigger whole from the diverse available parts), which leads to an overarching set of propositions that accommodate previous findings and resolve existing contradictions or puzzles. In so doing, integration addresses complexity by offering a simple perspective of a specific phenomenon ([MacInnis, 2011](#_ENREF_102)). In this paper, we integrate the findings from the summarization step to develop an overall definition of fairness as a bridging concept, describe its uniqueness, and establish eight fundamental propositions. We aim to provide a rounded yet succinct assessment of fairness as a bridging concept and a foundation for further discussion on fairness perceptions.

Finally, step three (delineation) requires that a specific entity be portrayed and that it be shown how it relates to the wider conceptual world around it. The goal is to increase our understanding of a central entity – fairness – by understanding its relationship with other concepts. Delineation results in the creation of a roadmap to permit a greater understanding of the processes that underlie an entity and detail how it connects to other conceptual entities ([MacInnis, 2011](#_ENREF_102)).

The [MacInnis (2011)](#_ENREF_102) framework for delineation mentions that a conceptual framework with a corresponding propositional inventory requires literature that is detailed, charted, and descriptive in order to explore the entity – fairness in this case – and its relationship to other entities, which constitute our contribution. We subsequently focus our literature review on research into how fairness works, which refers to fairness’ antecedents, processes, and moderating factors ([MacInnis, 2011](#_ENREF_102)). The application of logical reasoning, facilitated by mapping, is an appropriate method to gain these insights ([MacInnis, 2011](#_ENREF_102)). Four researchers analyze the fairness constructs in both, the OB, and service marketing literature, in order to delineate fairness, considering the factors that limit the construct, and the conditions that may affect it ([Alba and Hutchinson, 1987](#_ENREF_6))). Delineating requires the use of deductive reasoning; each researcher thus first develops a content map of all the existing and proven fairness relationships by following the guidelines described by ([Novak, 2010](#_ENREF_124)). Once they could no longer identify any new relationships, the existing maps are merged into a one- image map. Next, the researchers use the existing map to build propositions from which to draw conclusions about other relationships. For example, the researchers find evidence connecting fairness with consumers’ perception of service quality in the context of service failure ([Goodwin and Ross, 1992](#_ENREF_67)). Perceptions of service failure have been linked to customer experience perceptions ([Klaus and Maklan, 2013](#_ENREF_87)). The researcher subsequently develop a premise connecting fairness with customer experience by applying deductive reasoning. In a subsequent process, all the premises are mapped out again, after which all the researchers scrutinize them, reaching consensus if a premise and its outlined relationship were logically sound. The qualifying premises are converted into a proposition and mapped accordingly, eventually leading to the framework presented in Figure 1.

Through delineation, this paper confines fairness and demonstrates how it acts as a driving force of both employees’ and customers’ perceptions. In so doing, this work details the specific grounds of fairness, shows how it is continuously presented in the organizational and customer environment, and argues why a clear understanding of fairness is crucial.

# Theory and model development

In their seminal work, [Fishbein and Ajzen (1975)](#_ENREF_54) suggest that individual values, beliefs, and norms lead to certain attitudes, triggering subsequent intentions, which then drive de facto behaviors (see also [Ajzen and Fishbein, 1980](#_ENREF_3); [Ajzen and Fishbein, 2005](#_ENREF_4)). Scholars recognize the presence of other behavior-influencing factors. Within the organizational context, on the one hand, these are the policies, rules, procedures, and regulations, and, on the other hand, training and development invested in employees; both shape the ways firms operate (e.g., [Kahn et al., 2014](#_ENREF_84); [Gittell et al., 2010](#_ENREF_65)).

Our model has two parts. Based on organizational research (part 1), we show how human factors relating to talent management lead to an environment that enables the delivery of positive customer experiences. Based on service marketing research (part 2), we explain how customer experiences and perceptions of value for money drive their fairness perceptions and subsequently influence their purchase decisions, loyalty, and word of mouth (WOM).

To properly understand a complex phenomenon, one should explore it from multi-level, multi-stakeholders’ perspectives. Recent work suggests that organizational investments in specific practices are linked to the outcomes of the organization, its employees, and the customer ([Van Vaerenbergh and Orsingher, 2016](#_ENREF_161)). It is argued that employing multilevel methods could lead to more rigorous and fruitful research ([Wong, 2016](#_ENREF_174)), because these levels are interconnected. An example of this interconnectedness is the aggregate level of employees’ attitudes, which the organizational culture and performance generally reflect. The influence is mutual, because the organizational culture can also influence individuals’ attitudes ([Ostroff, 1993](#_ENREF_131)). We subsequently follow this multi-level approach and introduce the emerging propositions that guide our framework, starting with the inter-organizational view.

## Intra-organizational Fairness

Derived from organizational research, part 1 of our model highlights the strong associations of both distributive justice and procedural justice to fairness perceptions. *Distributive justice* here refers to the perceived fairness of the amounts of compensation employees receive, while *procedural justice* refers to the perceived fairness of the means used to determine these amounts ([Folger and Konovsky, 1989](#_ENREF_58)). The impacts of fairness perception on employees attitudes and de facto behaviors are well documented ([De Cremer et al., 2010](#_ENREF_47); [Goldman and Cropanzano, 2015](#_ENREF_66)), and this is valid across geographies ([e.g., Salleh et al., 2013](#_ENREF_144)). The impacts may be moderated by various factors ([De Cremer et al., 2010](#_ENREF_47)).

An example that shows how the impact is transformed is the role of trust. The term ‘culture of trust’ refers to “the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization” ([Deshpande and Webster, 1989: 4](#_ENREF_50); [see also Moorman et al., 1993](#_ENREF_112)). Employees’ trust in their employer’s fairness is positively associated with employees’ commitment to that employer ([Vanhala et al., 2016](#_ENREF_163)). When employees perceive that their organization conducts procedures unfairly, they will accordingly develop negative attitudes, such as lower trust ([Cohen-Charash and Spector, 2001b](#_ENREF_38)), toward the organization. Procedural justice, which describes the general way in which the organization operates its business, predicts organizational trust ([Folger and Konovsky, 1989](#_ENREF_58); [Konovsky and Pugh, 1994](#_ENREF_88)). [Podsakoff et al. (1990)](#_ENREF_137) assert that interactional justice appears to influence an appraisal of supervisor trust because it focuses on the supervisor’s actions. Therefore, a culture of trust generates strong perceptions of justice and fairness among employees ([Tzafrir et al., 2004](#_ENREF_159)). It describes “the pattern of shared values and beliefs that help individuals understand organizational functioning and that provides norms for the behavior in the organization” ([Deshpande and Webster, 1989: 4](#_ENREF_50)). Trust leads to appreciation of justice and fairness ([Holtz, 2013](#_ENREF_79)). A culture of trust can be developed and enhanced by appropriate use of HRM practices ([Tzafrir, 2005](#_ENREF_158)). Similarly, strong leadership would lead to perceptions of fairness, particular when leaders serve as role models ([Brown and Treviño, 2014](#_ENREF_29)). Individuals’ abilities to express themselves are another factor that enables stronger perceptions of fairness and justice ([Lind et al., 1990](#_ENREF_100)).

[Moorman (1991)](#_ENREF_113) establishes fairness perceptions as the link between organizational justice and employee attitudes towards the organization and other constituencies. Fairness and justice are critical factors in work, but are sometime used interchangeably in the literature ([Cohen, 2015](#_ENREF_40); [Goldman and Cropanzano, 2015](#_ENREF_66)). There is sufficient data, including overall support by meta-analyses, that suggests that while there are several, interrelated dimensions of justice, all are associated with perceived fairness. The relationships are such that, combined, they have better explanatory power than fairness perceptions ([Colquitt et al., 2001](#_ENREF_43)). Colquitt and colleagues also show strong and significant relationships between the dimensions of justice (distributive, procedural, interpersonal, and informational) and several organizational outcomes, including organizational commitment, performance, and elements that form part of the psychological contract ([e.g., organizational citizenship behavior and withdrawal – see for example Podsakoff et al., 2014](#_ENREF_136)). The term ‘psychological contract’ refers to mutual beliefs, perceptions, and informal obligations between an employer and an employee ([Rousseau, 1989](#_ENREF_142)). However, these relationships are complex ([Poon, 2012](#_ENREF_138)).

Social exchange theory ([Emerson, 1976](#_ENREF_52)) underlines this understanding and provides insight into the variables that might mediate the distinct effects of procedural and interactional justice on employees’ fairness perceptions ([Masterson et al., 2000](#_ENREF_104)). Social exchange relationships, unlike those based on purely economic exchange, highlight the importance of the obligations that the parties in a social exchange have to each other. They are often unspecified, and the standards for evaluating what contributes to these perceptions are often unclear. [Blau (1964)](#_ENREF_20) states that social exchange relationships develop between two parties through a series of mutual exchanges, which yields a pattern of reciprocal obligation in each party.

The literature offers ample support for the idea that when an employee believe that there is fairness within their organization, via the existence of procedural and distributive justice, the psychological contract will be more positive and stronger ([Judge and Bretz, 1992](#_ENREF_82); [Rousseau, 1996](#_ENREF_143)). Conversely, a lack of fairness leads to a breach of the psychological contract ([Morrison and Robinson, 1997](#_ENREF_115)). Perceived fairness can lead to a strict view about guarding organizational procedures ([Judge and Martocchio, 1995](#_ENREF_83)).

*Relationship 1 : Employee perceptions of fairness will lead to a stronger psychological contract.*

The ability to create and sustain positive psychological contract leads to high organizational commitment, while breaking it might reduce organizational commitment ([Cassar and Briner, 2011](#_ENREF_33)). This perspective is complimented by studies that highlight that perceived unfairness can lead to negative attitudes and actions against an employer, owing to a breaking of the psychological contract ([e.g., Cohen-Charash and Mueller, 2007](#_ENREF_36)). Indeed, there is a direct association between the psychological contract that individuals develop with their employing organizations, and their attitudes towards it, in particularly organizational commitment and loyalty ([Conway and Briner, 2005](#_ENREF_45); [Rousseau, 1996](#_ENREF_143)). This association can have a positive impact ([Cohen, 2003](#_ENREF_39)) or can lead to negative actions ([Baruch, 1998](#_ENREF_14)). High organizational commitment and loyalty have been proven to be essential to generating performance outcomes as well as the retention of employees, job satisfaction, and organizational satisfaction ([Vandenberghe and Tremblay, 2008](#_ENREF_162)). It also leads to a strong organizational identity ([Zagenczyk et al., 2011](#_ENREF_182)), which is a complex process that builds on several stages of employee associations with an organization ([Gioia et al., 2010](#_ENREF_64)). When the mutual relationships between members are strong, their identity is established in a coherent manner ([Brickson, 2007](#_ENREF_28)), whereas the breach of a psychological contract has a clear and negative impact on organizational identity ([Restubog et al., 2008](#_ENREF_139)). Thus, we offer the following proposition to delineate the anticipated relationships between the strength of the psychological contract and its relevant outcomes :

*Relationship 2a : The strength of the psychological contract leads to higher organizational commitment.*

*Relationship 2b : The strength of the psychological contract leads to stronger organizational identity.*

*Relationship 2c : The strength of the psychological contract leads to higher loyalty.*

Investing in employees has significant benefits for both employees and employers. For example, ([Baruch, 2004](#_ENREF_15)) and ([Wright and McMahan, 2011](#_ENREF_176)) confirm that investing in employees increases their human capital. This, in turn, further strengthens the bond between employers and employees ([Andersson, 2012](#_ENREF_10)), ultimately improving the level of organizational commitment ([Tremblay et al., 2010](#_ENREF_154)). Employees perceive their employers’ commitment to invest in their personal development and training as a stimulus, reciprocating this commitment with a stronger employee identity ([Andersson, 2012](#_ENREF_10)). This upsurge in employees identifying with an organization reduces their concerns about injustice ([Smith et al., 2003](#_ENREF_151)). Ultimately, this perception will lead to higher commitment ([Cohen, 2015](#_ENREF_40)), identification ([Ashforth and Mael, 1989](#_ENREF_13)), and employee loyalty ([Rousseau, 1996](#_ENREF_143)).

*Relationship 3 : Investment in training and knowledge transfer leads to higher organizational commitment, identity, and loyalty.*

Enhancing customer experiences by identifying ways to develop organizational cultures that better stimulate and engage service employees is a key issue for service organizations and a top priority in services research ([Ellinger et al., 2013](#_ENREF_51)). A major proposition of internal marketing is that, in order to provide superior experiences for external customers, organizations must first ensure that the needs of their internal employee customers are effectively met ([Wirtz and Lovelock, 2016](#_ENREF_172)). Since service employees’ abilities to satisfy customers largely depends on the support and guidance they receive from the organization, these needs must be met ([George, 1990](#_ENREF_62)). gaining customer satisfaction is a critical factor for organizational success ([O’Connell and O’Sullivan, 2011](#_ENREF_125)). There is ample evidence that customer satisfaction is a valid and reliable predictor of organizational success in terms of performance (e.g., [Nagar and Rajan, 2005](#_ENREF_117); [Roth and Jackson, 1995](#_ENREF_141)). It is suggested that employee attitudes and behaviors – directly or indirectly – influence customer experiences (e.g., [Nishii et al., 2008](#_ENREF_123); [Schneider and Bowen, 1995](#_ENREF_145)).

In the service industry, the success of the customer experience is based on the quality of the host/employee-customer connection ([Walls et al., 2011](#_ENREF_167)). The customer experience is made up not only of a variety of physical dimensions, but also human components (employees) that trigger reactions to the consumption of goods and services ([De Keyser et al., 2015](#_ENREF_48)). In most service settings, the production, adaptation, communication, and delivery of the service offer lies primarily with employees; thus, employee participation directly influences the customer experience during the service delivery process ([Sousa and Coelho, 2013](#_ENREF_152)).

Further, positive working conditions strengthen employee values, attitudes, and behaviors in relation to customers by demonstrating the organization’s value and support for its employees ([Zablah et al., 2012](#_ENREF_181)). Employees who are satisfied with their job, in reciprocation, will become more loyal to the organization and committed to deliver superior performance when interacting with the company’s customers ([Gounaris and Boukis, 2013](#_ENREF_68)). Employees who enjoy their job and are committed to it will exhibit a higher predisposition to meet, listen, and help customers as well as to put extra effort into serving the needs of the customers they interact with ([George, 1991](#_ENREF_61); [Sousa and Coelho, 2013](#_ENREF_152)). [Ellinger et al. (2013)](#_ENREF_51) suggest that organizational investments in social capital can transform employee commitment to the firm into commitment to service quality, which ultimately leads to superior overall performance. As a result, employees become more resourceful towards customers, understand their emotions ([Yoo and Arnold, 2016](#_ENREF_180)), anticipate their requirements and expectations, and provide better customer service ([Carter and Baghurst, 2014](#_ENREF_32)), enhancing the overall customer experience.

Furthermore, organizational identification helps employees to make sense of their surroundings, reducing ambiguity and uncertainty, and guides their behaviors with customers ([Vignoles et al., 2006](#_ENREF_165)). [Liden et al. (2014)](#_ENREF_97) find that employee identification with the organization they work for is positively related to their in-role performance, creativity, customer service behaviors, and customer experiences, and negatively related to turnover intentions. Based on the discussion above, we propose :

*Proposition 1 : The higher the organizational commitment, identity, and loyalty, the better customer experience will be.*

## Extra-organizational Fairness

While OB and IP scholars focus on internal fairness perceptions, service marketing scholars focus more and more on external fairness perceptions by examining the influence of customers’ fairness perceptions on their behavior ([e.g., Frow et al., 2011](#_ENREF_59)). These studies often revolve around perceived justice’s influence on consumer behavior and their emotional responses in the context of service failures (e.g., [Wirtz and Mattila, 2004](#_ENREF_173); [Blodgett et al., 1997](#_ENREF_22)).

## Customer experiences, value-in-use, and fairness perceptions. Service marketing research posits the two main drivers of customer fairness perceptions as price ([Xia et al., 2004](#_ENREF_179); [Tuzovic et al., 2014](#_ENREF_155)) and service quality ([Johnston, 1995](#_ENREF_81)). The validity of these two cornerstones of fairness perceptions have recently been substituted by constructs better capable of describing the key drivers of perceptions : customer experience – promoted as the next evolutionary step after service quality ([e.g., Klaus and Maklan, 2012](#_ENREF_86)) and value-in-use perceptions – which describes price perceptions in a more sophisticated way ([e.g., Vargo and Lusch, 2008](#_ENREF_164)). Both constructs are closely intertwined and are crucial to our new conception of the impact of fairness on service profitability.

Customer value is a key marketing concept, driving consumer behavior at subconscious and conscious levels ([Chandler and Lusch, 2015](#_ENREF_34)). Traditionally, customer value is conceptualized as a tradeoff between price and quality (e.g., [Alderson, 1957](#_ENREF_8); [Leroi-Werelds et al., 2014](#_ENREF_95); [Zeithaml, 1988](#_ENREF_183)). In recent years, value discussions have progressed towards a customer-grounded view, considering value as inherently experiential ([Higgins, 2007](#_ENREF_76)). Thus, value does not reside within a specific product or service, but rather in the experiences derived therefrom ([Vargo and Lusch, 2008](#_ENREF_164)).

In line with these scholars, we take a psychological view on *customer value*, defining it as an evaluative motivational force that is the direct result of customer experiences. Customer value can be considered as a direct reflection upon CX, in which a customer answers the question, “Do I get better in some respect, be it functional, economic, emotional, social, ethical or environmental?” If the answer is *yes*, the customer positively values a specific CX and feels attracted to it; if the answer is *no*, the customer negatively values a specific CX and feels repulsed by it ([Gronroos and Voima, 2013](#_ENREF_71)). We argue that a positive value stems from the combination of experienced physical, intellectual, sensorial, emotional, spiritual, and social benefits, outweighing the corresponding costs of a service exchange, while negative value occurs when the costs outweigh the benefits ([Higgins and Scholer, 2009](#_ENREF_77)).

In line with ([De Keyser et al., 2015](#_ENREF_48)), we maintain that customer value accumulates over time as people become better or worse off ([Gronroos and Voima, 2013](#_ENREF_71)). Customer value is therefore always a function of past, present, and/or future experiences ([Helkkula et al., 2012](#_ENREF_73)). In other words, no value judgment can be made without any CX. If there is no experience, be it imaginary of actual, there is simply nothing the customer can value ([Helkkula et al., 2012](#_ENREF_73)).

Just as CX is dynamic, value accumulates over time through experiences as people become better or worse off over time ([Woodruff, 1997](#_ENREF_175)). Thus, customer value always appears as a function of past, present, and/or future experiences ([Gronroos and Voima, 2013](#_ENREF_71)). For instance, [Walls (2013)](#_ENREF_166) found that the customer experience, created by both the physical environment and the human interactions in a service setting, have a significant and positive relationship with perceived value. In other words, no value judgment can be made without any experience taking place. If there is no experience, be it imaginary or actual, there is nothing the customer can value ([Gronroos and Voima, 2013](#_ENREF_71)).

*Relationship 4 : Better customer experiences will increase value- in-use perceptions.*

## Fairness perceptions and behavioral intentions. Both CX and value perceptions influence customers’ fairness perceptions. Customers’ perceptions of fairness reflect their evaluations of what is right versus what is wrong in the exchange of value with service providers ([Oliver, 1997](#_ENREF_126)). Further, customers compare their experiences with contemporary norms of fairness ([Lee-Wingate and Corfman, 2011](#_ENREF_93); [Xia and Kukar-Kinney, 2014](#_ENREF_177)). Service practitioners should therefore value their understanding of customer experiences, because these are linked to the their customers’ fairness perception and their future purchase intentions ([Severt et al., 2006](#_ENREF_146)). By meeting their customers’ expectations under the prevailing norms, they increase their perceptions of fairness, thus increasing the likelihood that they will remain loyal.

*Proposition 2 : Better customer experiences will increase customer fairness perceptions.*

Scholars demonstrate that positive fairness perceptions lead to higher satisfaction ([Oliver and Swan, 1989](#_ENREF_128)), loyalty ([Xia and Kukar-Kinney, 2014](#_ENREF_177)), and positive WOM ([Namkung and Jang, 2010](#_ENREF_118)). Subsequently, [Nguyen and Klaus (2013)](#_ENREF_120) suggest managing fairness perceptions as an important priority for all firms, via its crucial link to profitability. Although interactional justice could be a suitable and intriguing form of fairness perception for our model, this paper utilizes a more inclusive perspective to explore the different facets of fairness perceptions ([Colquitt, 2001](#_ENREF_42); [Colquitt et al., 2001](#_ENREF_43); [Blodgett et al., 1997](#_ENREF_22)). The behavioral intentions in the extra-organizational part of the model draw on literature in the fields of willingness to purchase (WTP), loyalty intention, and WOM.

The marketing literature examines fairness and its relationship to WTP mainly from a pricing perspective (e.g., [Maxwell, 2002](#_ENREF_107); [Sheng et al., 2007](#_ENREF_148); [Xia and Monroe, 2010](#_ENREF_178)). Price evaluations are generally based on comparative judgments ([Monroe, 2003](#_ENREF_111)). Price fairness perceptions are evoked by price comparisons ([Xia and Monroe, 2010](#_ENREF_178); [Monroe, 2003](#_ENREF_111)), and studies mainly focus on situations in which customers are price-disadvantaged (e.g., [Xia et al., 2004](#_ENREF_179); [Herrmann et al., 2007](#_ENREF_75); [Tuzovic et al., 2014](#_ENREF_155)). While some research finds that price advantage can also lead to (un)fairness perceptions, recent papers have emphasized the difference between price and value for fairness evaluations (e.g., [Nguyen and Klaus, 2013](#_ENREF_120); [Xia and Monroe, 2010](#_ENREF_178)). However, the model we present supports the examined relationship between fairness perceptions and WTP, underlining previous findings.

In a dyadic service encounter, psychological benefit or belief and trust is more important than any special treatment or social benefit ([Gwinner et al., 1998](#_ENREF_72)). Fairness acts as a dimension of trust ([Morgan and Hunt, 1994](#_ENREF_114)); thus, customers have good reasons to maintain a relationship with the service provider. Specifically, fairness heuristic theory (e.g., [Lind, 2001](#_ENREF_99); [Van den Bos et al., 2001](#_ENREF_160)) suggests that fairness is an important clue for the fundamental social dilemma of being vulnerable to possible exploitation ([Lind, 2001](#_ENREF_99); [Lind, 1995](#_ENREF_98)). As a result, one party seek evidence of trustworthiness from the other party, and fairness is an important clue that provides such information ([Li and Cropanzano, 2009](#_ENREF_96)).

Although positive WOM has repeatedly been shown to have a major effect on purchase decisions ([Arndt, 1967](#_ENREF_12); [Herr et al., 1991](#_ENREF_74); [Richins, 1983](#_ENREF_140)), it has received less attention than negative WOM or complaining behavior. A substantial part of the literature suggests that individuals tend to react to unfairness in different forms of retaliatory behavior, for instance by venting their negative emotions to others or seeking revenge ([Fitness, 2001](#_ENREF_55); [Ward and Ostrom, 2006](#_ENREF_169)). Thus, spreading negative WOM can be viewed as an indirect form of retaliation (e.g, [Wangenheim, 2005](#_ENREF_168); [Weinberg and Davis, 2005](#_ENREF_170); [Blodgett et al., 1993](#_ENREF_21)). However, our model contains both negative and the positive WOM and supports previous findings.

For instance, customers’ perceived fairness of a company’s actions can influence customer retention ([Chebat and Slusarczyk, 2005](#_ENREF_35)). According to [Kwortnik and Han (2011)](#_ENREF_91), customer perceptions of service fairness influence loyalty in the lodging context. Their findings confirmed the multidimensional nature of service fairness, which has three dimensions. Two of these dimensions, distributive justice (fair outcomes) and interactional justice (fair treatment by staff), had larger effects on customer loyalty than the third dimension, procedural justice (fair processes and procedures). In the same vein, [Blodgett et al. (1997)](#_ENREF_22) found that interactional and distributive justice explained much more variance than procedural justice on customers’ re-patronage intentions or on their negative WOM intentions. Further, [Xia and Kukar-Kinney (2014)](#_ENREF_177) found that meeting customer expectations will enhance fairness perceptions and will minimize the negative effect on loyalty, thereby building loyalty through fairness.

*Proposition 3 : Customer fairness perceptions will positively influence their purchase decisions, loyalty, and WOM.*

## Externalizing the Intra-Organizational Fairness

Organizational fairness is an important factor that influence employees’ job satisfaction ([Jeon and Choi, 2012](#_ENREF_80); [Netemeyer et al., 1997](#_ENREF_119)). High levels of job satisfaction reflect fairness cognitions ([Organ, 1988](#_ENREF_130)). Conversely, when employees are not treated fairly by the organization, they re-examine their relationship with the employer and as a result may opt for limiting their contributions to terms that are contractually binding ([Organ, 1988](#_ENREF_130)). In line with Adam’s ([1963](#_ENREF_1)) equity theory, employees might opt to restore such unfairness, for example, by reducing voluntary behaviors. These can be additional efforts that would otherwise be directed at customers ([Sousa and Coelho, 2013](#_ENREF_152)). Previous research on the link between employee-perceived fairness and customer-perceived fairness has either focused on a specific company function (e.g., [Bowen et al., 1999](#_ENREF_24); [Bowen and Ostroff, 2004](#_ENREF_25); [Folger and Cropanzano, 1998](#_ENREF_56)) or has stopped at the border between intra-organizational behaviors and extra-organizational perceptions (e.g., [Bettencourt and Brown, 1997](#_ENREF_18); [Testa, 2001](#_ENREF_153)).

Summarizing and synthesizing the literature, most scholars aim to explore fairness either in an intra-organizational context (OB), focusing on the firm and the employee, or an extra-organizational context (service marketing), focusing on customer perceptions and their influence on behavior. Even research connecting the internal and external perspectives focus on one of the contexts (OB) or use constructs that have been or are being replaced by emerging ones, such as service quality (vs. customer experience) and price (vs. value-in-use).

A recent literature stream supporting the model presented here focuses on employee behaviors, organizational climate ([Bowen and Schneider, 2014](#_ENREF_26)), and interpersonal identification (e.g., [Ahearne et al., 2013](#_ENREF_2); [Bell and Menguc, 2002](#_ENREF_16); [Tyagi, 1982](#_ENREF_156)). While fairness results in employee trust ([Li and Cropanzano, 2009](#_ENREF_96)), [Bowen et al. (1999)](#_ENREF_24) note that fairly treated employees feel emotionally committed to their organization and would go the extra mile to behave conscientiously and altruistically toward customers. In turn, this behavior results in customers feeling that they were treated fairly ([Masterson, 2001](#_ENREF_103); [Maxham and Netemeyer, 2003](#_ENREF_105); [Maxham et al., 2008](#_ENREF_106)).

The model we presented here posits that the traditionally proposed drivers of fairness perceptions in the service encounter context – service quality and price perceptions – need to be replaced by two constructs that better reflect the new, dynamic, and value-driven nature of customer perceptions – customer experiences and value-in-use. In updating the relationship, earlier research built the link between organizational commitment and customer experience ([e.g., Oliver and Swan, 1989](#_ENREF_128)) and overcame the border between organization and customer. Employee fairness perceptions determine perceived fairness on the customer side and confirm the “treat your employee fairly and they will treat the customer fairly” paradigm ([e.g., Bowen et al., 1999](#_ENREF_24)).

Customers’ evaluation of a service depends not only on specific service outcomes, but also on how they feel they were treated by employees ([Kwortnik and Han, 2011](#_ENREF_91)). Thus, the ways **customers**were received during service delivery turned out to strongly impact on justice **perceptions (**[**Pérez-Arechaederra et al., 2010**](#_ENREF_134)**)**.

*Proposition 4 : Employees’ perceptions of fairness will positively determine customers’ perceptions of fairness.*

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INSERT FIGURE 1 ABOUT HERE

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Applying the knowledge of both bodies of literature, we introduce fairness as the key bridging concept between intra-organizational perceptions (influencing the strength of the psychological contract), their external consequences, as perceived in customer experiences and moderated by value-in-use, and the customers’ overall perceptions and subsequent behavior, ultimately determining the firm’s performance. The corresponding conceptual framework is visualized in Figure 1. Table 1 embeds the framework and its steps in related constructs, provides a general overview, and proposes future research directions.

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INSERT TABLE 1 ABOUT HERE

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# Discussion and conclusions

We introduce fairness as bridging concept for management studies, and combining multiple streams of interdisciplinary literature. Our model offers a robust depiction of reality, and can help one to manage holistically, rather than looking at the workplace environment from distinct and often contrary perspectives. We strongly encourage researchers to test our model with empirical data to evaluate its character in more detail.

## Theoretical Contributions

Organizational justice has become “a central concept in the psychology of work and organizations” ([Gilliland and Chan, 2001: 144](#_ENREF_63)). Numerous studies and several meta-analyses have shown that employees’ justice perceptions relate positively to organizational trust, commitment, citizenship behavior, and job performance (e.g., [Cohen-Charash and Spector, 2001a](#_ENREF_37); [Collins et al., 2012](#_ENREF_41); [Olkkonen and Lipponen, 2006](#_ENREF_129)). Yet, these models tend to remain at the organizational level, neglecting to explore the impact of these attitudes to external stakeholders. Our model suggests a projection process that links intra- and extra- organizational relations, thus following earlier studies ([e.g., Morgan and Hunt, 1994](#_ENREF_114)). Ideas, such as the resource conscious view, imply that marketing theory’s theoretical progress may rely on wider behavioural perspectives ([Kumar, 2015](#_ENREF_90)).

Our framework bridges not only the gap between two research fields, but also offers a holistic perspective on intra-organizational and extra-organizational fairness perceptions and their respective outcomes. Complementing the outcome of work and organizational research with customer behavior perspectives allows for meticulous reality depiction from a theoretical perspective. Thus, our model provides first insights into the ways justice and fairness factors influence employee attitudes to the workplace, which – in turn – influence their behaviors and performance (as perceived in CX). Reflecting the understanding of the importance of employees in facilitating their customers’ desired experiences and their crucial role in achieving organizational outcomes, our model provides a strong foundation for the mantra “Treat me well and, in turn, I will treat my customer well”.

Extending and expanding the guiding principle of the service-profit chain, we linked the well-known intra-organizational fairness construct and its influences on company performance. Thus, our theoretical model suggests that the treatment of employees will strongly impact service delivery, as it alters customers’ experience.

## Managerial Implications

Our framework allows for an enhanced theoretical perspective on employees’ and customers’ behaviors, while focusing on company performance. We posit that, based on our framework, performance in the service industry (and elsewhere) connects strongly to behavioral perceptions in internal and external relationships. These preliminary implications, which are based on our contribution’s theoretical nature, need to be further developed once our model has been tested empirically.

Managers need to appreciate the importance of how they treat their employees and the dyadic customer-employee relationship. To successfully deliver desirable, positive-behavior-driving customer experiences, it is not enough to hire the right, motivated, and service-oriented people. Employees need to also perceive that they are treated fairly by the company. Only then are they willing to take deliver the best service experience to customers. What employees experience in their workplace will influence how customers perceive their value-in-use, their loyalty intentions, WOM, and – in turn – company performance.

## Limitations and Further Research Avenues

The current trend is to encourage and promote interdisciplinary works, because one field of study can learn and benefit from others. Phenomena once examined separately are now presented as interlinked issues, which ([Davis, 1971](#_ENREF_46)) called the “That’s Interesting” effect. Scholars working in different silos, even within the same institution, focus on the two sides — OB and marketing — of organizational issues. Future work can benefit by applying knowledge from one discipline to the other. We suggest that, from employment relationships, there is a process of projection, which generates a culture of commitment and loyalty to, as well as organizational identification with the organization, to employees’ relationships with external stakeholders. The first of these external stakeholders are the customers. Future research could focus on the actual transformation process from an internal culture to a customer experience by means of, for example, trust ([Morgan and Hunt, 1994](#_ENREF_114)) or corporate social responsibility ([Korschun et al., 2014](#_ENREF_89)). The link could involve mediating factors and moderating constructs. Mediation could include the impact of culture, for example, Western vs. Eastern culture ([Zhang et al., 2014](#_ENREF_184)).

This paper is one of the first to tackle the theoretical gap between the psychology of work and organizations and the role of employees in service delivery. Naturally, when closing the distance between two formerly distinct concepts, limitations from both research fields apply to our model. Thus, we only highlight a few limitations which, in our view, highlight huge opportunities for further research. These directions will allow scholars to deepen research on the border of both fields in order to benefit from the knowledge in OB and customer behavior.

In our model, we discussed some work-related attitudes such as competence and knowledge. Some of these can be attained via training and development, which we assume will influence employee performance in the dyadic service experience. However, we are aware of the roles other supporting components in the workplace can play. Social capital might have a strong influence, either as a micro-level phenomenon focusing on individuals, or as a macro-level phenomenon at the intra-organizational and inter-organizational level ([Lazarova and Taylor, 2009](#_ENREF_92); [Payne et al., 2011](#_ENREF_133)).

Further, employees perceive some of the related constructs very differently. For instance, workload is a very subjective construct and has recently attracted the attention of OB researchers. For instance, [Shah (2000)](#_ENREF_147) has demonstrated the importance of friendships for performance, highlighting the facilitating role of social capital drawn from an ‘extra quality’ in the relationships between colleagues. Several other sub-dimensions of social capital come into play here and offer numerous research opportunities in both research fields, including workload and affective commitment ([e.g., Parzefall and Kuppelwieser, 2012](#_ENREF_132)). We therefore encourage scholars to further explore the links between intra-organizational and extra-organizational behaviors. Building on this paper, we expect to see influences on employee behaviors in service encounters, complaint management, and service recovery, among others. In addition, externalizing the intra-organizational fairness principle might also be a very fruitful research avenue in theory development, for instance in the young and growing field of transformative service research.

Similarly, any purchase decision is influenced not merely by perceived fairness. Several constructs come into play that influence customer behaviors in many contexts. The proposed fairness framework might alter the influences of other customer-related variables in these contexts. Yet, bringing together the complementary literatures, future studies should be able to better understand the processes leading to organizational effectiveness and performance, as well as the relevance of fairness in the process.

Finally, quantifying and measuring the model seems like a very fruitful step. We introduce fairness as a bridging concept for management studies that combines multiple streams of interdisciplinary literature. Our model offers a comprehensive depiction of reality and supports holistic management, rather than looking at the workplace environment from specific, and often contrary, perspectives. We strongly encourage researchers to take the opportunity to test our model with empirical data in order to evaluate its character in more detail.

Following this research avenue requires data from the sides of both the employee and the customer but could start with a single case study. In a next step, cross-sectional data would enhance the model’s validity and support its theoretical assumptions. Not only will it then be possible to challenge our propositions, but measuring also opens the opportunity to discuss the direction of the effects. The question of causality is often a problem in models such as the one we proposed, but has already been intensively discussed in some of the model’s relationships ([see, e.g., Piening et al., 2013](#_ENREF_135)). Further research should try to shed light on the causality of the proposed relationships.

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**Employees’ Fairness Perception**

**Psychological Contract Strength**

**Organizational Commitment, Identity & Loyalty**

**Training and Knowledge Transfer**

**Customer Experience (CX)**

**Value-in-use Perceptions**

**Customer’s Fairness Perceptions**

**Customer’s Purchase Decision**

**Customer’s WOM**

**Customer’s Loyalty**

P3

P3

P3

P2

R4

P1

R3

R2

R1

P4: Fairness Bridge

*Intra-organizational*

*(OB Research Focus)*

*Extra-organizational*

*(Marketing Research Focus)*

*Figure 1*. The Conceptual Framework

Note : For the sake of better readability, we refrain from distinguishing between organizational commitment, identity, and loyalty (P2) in this figure.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Theoretical propositions | Identified constructs and their relationships | | Related constructs | Supportive literature | Future research directions |
| *Intra-organizational fairness* | |  |  |  |  |
| A fair environment enables the formation of organizational commitment, identity, and loyalty. | * Employee perceptions of fairness will lead to strong psychological contract (P1). |  | * Psychological contract | * [Rousseau (1996)](#_ENREF_143) * [Demerouti et al. (2010)](#_ENREF_49) | * Transform perception of fairness and justice into a strong psychological contract |
| * The strength of the psychological contract leads to organizational commitment, identity, and loyalty (P2). |  | * Organizational identity | * [Ashforth and Mael (1989)](#_ENREF_13) | * Associate psychological contract and identification |
| Training and knowledge transfer is an important factor in employees’ organizational commitment, identity and loyalty. | Investment in training and knowledge transfer leads to organizational commitment, identity, and loyalty (P3). |  | * HRM high practices * Knowledge transfer * Organizational commitment and loyalty | * [Tzabbar et al. (2016)](#_ENREF_157) * [Akbar (2003)](#_ENREF_5) * [Cohen (2003)](#_ENREF_39) * [Baruch (1998)](#_ENREF_14) | * HRM impact and its moderation / mediation on work performance * Knowledge management connection with people management * Organizational commitment as a mediator in the exchange of work practices |
| *Extra-organizational fairness* | |  |  |  |  |
| Customer experience and value-in-use perceptions are crucial to the impact of fairness on service profitability | * Employees’ organizational commitment, identity, and loyalty influence customers’ experiences (P4). |  | * Social capital and quality perceptions * Employee behavior and value creation efforts * Employee satisfaction * Human interactions * Employee extra effort and procurement * Employee attitudes and behaviors and customer satisfaction | * [Ellinger et al. (2013)](#_ENREF_51) * [Liden et al. (2014)](#_ENREF_97) * [Gounaris and Boukis (2013)](#_ENREF_68) * [Walls et al. (2011)](#_ENREF_167) * [Sousa and Coelho (2013)](#_ENREF_152) * [Nishii et al. (2008)](#_ENREF_123) | * Disentangle and prioritize organizational constructs in their ability to shape CX * Test the effect of the three dimensions on facets of CX |
| * An individual’s experience is crucial for value-in-use (P5) |  | * Physical environment and perceived value * Human interactions and perceived value * Value creation * Service-dominant logic * Value propositions and service experiences | * [Walls (2013)](#_ENREF_166) * [Gronroos and Voima (2013)](#_ENREF_71) * [Vargo and Lusch (2008)](#_ENREF_164) * [Chandler and Lusch (2015)](#_ENREF_34) | * Further debate on how far CX is the appropriate approach to identify value-in-use * Focus on how the value resides in the experiences derived therefrom |
| Both CX and value perceptions impact on customers’ fairness perceptions. | * An individual’s experience is crucial for fairness perceptions (P6) |  | * Experience satisfaction * interactional fairness * distributive fairness * procedural fairness * Unfair consumption experiences | * [Severt et al. (2006)](#_ENREF_146) * [Lee-Wingate and Corfman (2011)](#_ENREF_93) | * Examine how experiences influence the different fairness levels |
| Fairness perceptions impact on customer behaviors. | Customer fairness perceptions will positively influence their purchase decisions, loyalty, and WOM (P7) |  | * Perceived fairness * Negative and positive WOM * Service fairness * Customer loyalty * Re-patronage * Behavioral intention * Equity perceptions and satisfaction * Retail fairness and profitability * Justice * Price fairness * WTP * Consumer purchase | * [Xia and Kukar-Kinney (2014)](#_ENREF_177) * [Kwortnik and Han (2011)](#_ENREF_91) * [Blodgett et al. (1997)](#_ENREF_22) * [Namkung and Jang (2010)](#_ENREF_118) * [Oliver and Swan (1989)](#_ENREF_128) * [Nguyen and Klaus (2013)](#_ENREF_120) * [Chebat and Slusarczyk (2005)](#_ENREF_35) * [Maxwell (2002)](#_ENREF_107) * [Sheng et al. (2007)](#_ENREF_148) | * Examine justice perceptions and customers’ post-complaint behavior. |
| The fairness bridge between employees and customers | Employees’ perceptions of fairness will determine customers’ perceptions of fairness (P8) |  | * Employee behaviors, customer orientation, job satisfaction * **Staff treatment, customer** fairness perceptions * Service fairness * Employee fairness perceptions, attitudes to the organization, and subsequent influence on customers * Value chain * Customer satisfaction * Customer spending * Sales growth * [Organizational justice](http://journals.ama.org/keyword/Organizational%20Justice) * Customer justice | * [Sousa and Coelho (2013)](#_ENREF_152) * [Pérez-Arechaederra et al. (2010)](#_ENREF_134) * [Bowen et al. (1999)](#_ENREF_24) * [Masterson (2001)](#_ENREF_103) * [Maxham and Netemeyer (2003)](#_ENREF_105) * [Maxham et al. (2008)](#_ENREF_106) | * Further develop the fairness principle towards a theory |

*Table 1*. Overview of Theoretical Propositions and Future Research Directions

*Appendix 1.* Overview of the constructs’ definitions and related findings in the literature

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Construct | Definition of construct | References | Sample | Main Results |
| Employees’ Fairness Perception | [Folger and Greenberg (1985: 176)](#_ENREF_57) describe the relevance of *justice and fairness* for employees regarding performance appraisal, compensation, participative decision making, and conflict resolution. | * [Sousa and Coelho (2013)](#_ENREF_152) | 182 responses from front-line service employees working in retail banking | * Resultant conservation and self-enhancement influence employees’ customer orientation * Job satisfaction and autonomy moderate effects |
|  |  | * [Pérez-Arechaederra et al. (2010)](#_ENREF_134" \o "Pérez-Arechaederra, 2010 #140) | 64 undergraduate students who were customers of health care services | * A content analysis of fair and unfair experiences that customers of health care services related * Comments about waiting times and the physical and emotional consequences of patients’ encounters with health services played a major role in their fairness perception and assessment of their experience |
|  |  | * [Bowen et al. (1999)](#_ENREF_24) | Theoretical paper without sample | * Theoretical model showing that fair HRM leads to fair service |
|  |  | * [Masterson (2001)](#_ENREF_103) | 187 instructors and 2,172 students | * Fair treatment of employees has serious organizational consequences, due to customers' attitudes and future intentions toward key service employees. |
|  |  | * [Maxham and Netemeyer (2003)](#_ENREF_105) | 320 responses from online customers who registered telephone complaints about the electronic equipment purchased from and serviced by a well-established electronics retailer | * Employees' perceptions of shared values and organizational justice affect their customer-directed extra-role behaviors. * Extra-role behaviors have significant effects on customers' perceptions of justice * These behaviors mediate the effects of shared values and organizational justice on customers’ perceptions of justice * Customers’ ratings of justice affect the outcomes of their satisfaction with recovery, the overall firm satisfaction, purchase intent, and word of mouth. * Customers' perceptions of justice mediate the effects that extra-role behaviors have on customer outcomes |
|  |  | * [Maxham et al. (2008)](#_ENREF_106) | Three matched samples of 1,615 retail employees, 57,656 customers, and 306 stores of a single retail chain were used | * Three retail employee job perceptions (conscientiousness, perceived organizational justice, and organizational identification) have significant effects on three dimensions of employee job performance (in-role performance, extra-role performance toward customers, and extra-role performance toward the organization). * These performance dimensions influence customers’ evaluations of the retailer (satisfaction, purchase intent, loyalty, and word-of-mouth). * Employee perceptions influence customer evaluations, and customer evaluations impact the retail store performance (customer spending and comparable store sales growth) |
| Psychological Contract Strength | The term ‘*psychological contract’* refers to an individual's beliefs regarding the terms and conditions of a reciprocal exchange agreement between that focal person and another party ([Rousseau, 1989: 123](#_ENREF_142)). | * [Rousseau (1996)](#_ENREF_143) | Theoretical paper without sample | * Psychological contracts need to change to retain employees. * Service, quality, and innovation require higher contributions from people and a new psychological contract involving commitment and trust |
|  |  | * [Demerouti et al. (2010)](#_ENREF_49) | Literature review | * Focus on the relationship between work engagement and job performance. |
| Organizational Commitment, Identity & Loyalty | *Organizational commitment* is defined as the relative strength of an individual’s identification with and involvement in a particular organization and can be characterized by a strong belief in and acceptance of the organization’s goals and values, willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership of the organization” ([Mowday et al., 1982: 27](#_ENREF_116)).  [Albert and Whetten (1985: 264)](#_ENREF_7) define *organizational identity* as that which is central, enduring, and distinctive about an organization's character.  *Organizational loyalty* is defined as the identification with and allegiance to organizational leaders and the organization as a whole, transcending the parochial interests of individuals, work groups, and departments. Representative behaviors include defending the organization against threats, contributing to its good reputation, and cooperating with others to serve the interests of the whole ([Graham, 1991: 255](#_ENREF_69)). | * [Ashforth and Mael (1989)](#_ENREF_13) | * Theoretical paper without sample | * Antecedents and consequences of social identification in organizations |
| Training and Knowledge Transfer | *Training* is the systematic process that aims to help employees enhance their knowledge and skills, and develop positive behavior through a learning experience that is expected to help employees achieve greater performance ([Buckley and Caple, 2009](#_ENREF_31)).  *Knowledge transfer* in organizations is the process through which one unit is affected by the experience of another ([Argote and Ingram, 2000: 151](#_ENREF_11))  [Singley and Anderson (1989: 1)](#_ENREF_149) define *transfer* at the individual level as “how knowledge acquired in one situation applies (or fails to apply) to another.” | * [Tzabbar et al. (2016)](#_ENREF_157) | Moderating meta-analysis of 89 studies related to human resource management practices | * Training has significant positive relationships with organizational performance |
|  |  | * [Akbar (2003)](#_ENREF_5) | Theoretical paper without sample | * Confirms the link between knowledge creation and individual learning, as well as the coherence between the knowledge creation view and single and double-loop learning models |
|  |  | * [Cohen (2003)](#_ENREF_39) | A textbook without sample  . | * The book discusses multiple commitments in the workplace |
| Value-in-use Perceptions | *Value-in-use* is defined as a customer’s outcome, purpose, or objective achieved through service ([Macdonald et al., 2011: 671](#_ENREF_101)). | * [Walls (2013)](#_ENREF_166) | 451 hotel travelers in the US | * Consumer experience created by the physical environment and the human interactions has a significant relationship with the perceived value in the hospitality sector |
|  |  | * [Gronroos and Voima (2013)](#_ENREF_71) | Theoretical paper without sample | * The firm’s and the customer’s actions can be categorized by spheres (provider, joint, customer), and their interactions are direct or indirect, leading to different forms of value creation and co-creation. |
|  |  | * [Vargo and Lusch (2008)](#_ENREF_164) | Theoretical paper without sample | * Highlights the service dominant logic * Updates the original foundational premises (FPs) and adds a new FP |
|  |  | * [Chandler and Lusch (2015)](#_ENREF_34) | Theoretical paper without sample | * Theoretically links three service constructs: value propositions as invitations from actors to one another to engage in service, engagement as alignment of connections and dispositions, and service experience as a many-to-many engagement. |
| Customer Experience | Customer experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provokes a reaction. This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial, physical, and spiritual) ([Gentile et al., 2007: 397](#_ENREF_60)).  Customer Experience is the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs during purchase, use, and service, and is usually initiated by the customer. Indirect contact mostly involves unplanned encounters with representatives of a company’s products, service or brands, and takes the form of word-of-mouth recommendations or criticisms, advertisement, news reports, reviews and so forth. ([Meyer and Schwager, 2007: 118](#_ENREF_110)). | * [Ellinger et al. (2013)](#_ENREF_51) | 407 customer-facing employees from multiple service firms | * Organizational investments in social capital positively affects service employees' commitment, job performance, and organizational citizenship behavior |
|  |  | * [Liden et al. (2014)](#_ENREF_97) | 961 employees working in 71 restaurants of a chain | * A serving culture is positively related to restaurant performance and employee job performance, creativity, and customer service behaviors, but negatively related to turnover intentions, both directly and through employee identification with the restaurant. |
|  |  | * [Gounaris and Boukis (2013)](#_ENREF_68) | 183 first line employees and 604 customers from 15 branches of a single bank | * Employee job satisfaction affects customers’ perception of quality, customer satisfaction, and the development of high relational switching cost |
|  |  | * [Walls et al. (2011)](#_ENREF_167) | Theoretical paper | * A company connects with consumers by creating experiences through physical environment dimensions, as well as emotional/human interaction dimensions. |
|  |  | * [Sousa and Coelho (2013)](#_ENREF_152) | 182 front-line service employees working in retail banking | * The resulting conservation and self-enhancement influence employees’ customer orientation * Job satisfaction and autonomy moderate these effects |
|  |  | * [Nishii et al. (2008)](#_ENREF_123) | 4208 employees and 1010 department managers from 95 stores of a supermarket chain | * Employees attribute the same human resource practices differently, and these attributions are differently associated with commitment and satisfaction. * These attitudes become shared within units and they are related to unit-level organizational citizenship behaviors and customer satisfaction |
| Customer’s Fairness Perceptions | Fairness is defined as a “global perception of appropriateness —a perception that tends to lie theoretically downstream of justice” ([Colquitt and Zipay, 2015: 76](#_ENREF_44)). | * [Severt et al. (2006)](#_ENREF_146) | 302 customer service encounters | * The relationship between prior experience and fairness for customers with a positive or a negative prior experience with a service business. * Whatever their experience, customers appeared more likely to have the same type of experience during future visits. |
|  |  | * [Lee-Wingate and Corfman (2011)](#_ENREF_93) | Two experiments. In the first 67 undergraduate students participated and in the second 118 students | * Consumers deal with an unfair consumption experience by expressing how they feel about it. * Writing about their experiences improves consumers’ fairness perceptions and satisfaction. |
| Customer’s Loyalty | Customer loyalty is described as a deeply held commitment to consistently rebuy or repatronize a preferred product/service in the future, thereby causing repetitive same-brand, or same brand-set, purchasing, although situational influences and marketing efforts have the potential to cause switching behavior ([Oliver, 1999: 34](#_ENREF_127)). | * [Xia and Kukar-Kinney (2014)](#_ENREF_177) | 206 participants who recalled an incident of preferential treatment which they had received in the past | * When treated unfavorably, fairness concerns arise, which negatively affect consumers' subsequent behavioral response toward the firm. * When treated favorably, consumers experience feelings of gratitude, which positively influence their purchase behaviors and word-of-mouth |
|  |  | * [Kwortnik and Han (2011)](#_ENREF_91) | 601 customers of six hotels in China | * Multidimensional view of service fairness that comprises three dimensions. * Two of these, distributive justice and interactional justice, have a greater significant influence on customer loyalty than the third dimension, procedural justice. |
|  |  | * [Blodgett et al. (1997)](#_ENREF_22) | Quasi-experimental design with 12 different scenarios, each describing a situation in which a customer returned a product to a retail store. 265 respondents | * Of the three justice dimensions (distributive, interactional, and procedural), interactional justice had the greatest impact on complainants' repatronage and negative word-of-mouth intentions. |
|  |  | * [Namkung and Jang (2010)](#_ENREF_118) | 326 consumer responses from 2 casual dining restaurants | * Of 4 different fairness dimensions (price, procedural, outcome, and interactional) price and interactional fairness had the strongest impact on behavioral intentions |
|  |  | * [Oliver and Swan (1989)](#_ENREF_128) | 184 buyers of cars. | * Fairness is a distinct component of post-transaction dispositions. |
|  |  | * [Nguyen and Klaus (2013)](#_ENREF_120) | 36 in-depth interviews with shoppers and buyers at various retailers. | * Consumers’ perceptions of fairness are an outcome of a retailer’s marketing tactics |
|  |  | * [Chebat and Slusarczyk (2005)](#_ENREF_35) | 186 customers who complained to the bank during the previous 12 months. | * Received justice and emotions’ significant effects on loyalty in service recovery situations. |
|  |  | * [Maxwell (2002)](#_ENREF_107) | Experimental design. 414 students participate in study 1 and 296 in study 2 | * Price fairness influences the inferred fairness of the seller’s pricing process, which accordingly affects buyers’ attitude toward the seller and their willingness to purchase |
|  |  | * [Sheng et al. (2007)](#_ENREF_148) | Three experiments | * The significance of a surcharge on the base price affects consumers' perception of fairness, which subsequently influences their purchase intentions. |
| Customer’s Purchase Decision | The *purchasing decision* refers to the process used by consumers regarding market transactions before, during, and after the purchase of a good/service ([Engel et al., 1968](#_ENREF_53)) | * [Oliver and Swan (1989)](#_ENREF_128) | 184 buyers of cars | * Fairness is a distinct component of post-transaction dispositions. |
|  |  | * [Maxwell (2002)](#_ENREF_107) | Experimental design. 414 students participate in study 1 and 296 in study 2 | * Price fairness influences the inferred fairness of the seller’s pricing process, which accordingly affects buyers’ attitude toward the seller and their willingness to purchase |
| Customer’s WOM | *WOM* describes all informal communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services, or their sellers ([Westbrook, 1987: 261](#_ENREF_171)). | * [Kwortnik and Han (2011)](#_ENREF_91) | 601 customers of six hotels in China | * When treated favorably, consumers experience feelings of gratitude, which positively influence their purchase behaviors and word-of-mouth. |
|  |  | * [Blodgett et al. (1997)](#_ENREF_22) | Quasi-experimental design with 12 different scenarios, each describing a situation in which a customer was returning a product to a retail store. | * Multidimensional view of service fairness comprising three dimensions. * Distributive justice and interactional justice have a greater significant influence on customer loyalty than the third dimension, procedural justice. * Interactional justice had the largest impact on complainants' repatronage and negative word-of-mouth intentions. |