

Opportunistic customer claiming during service recovery

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Abstract Although a potentially significant issue to managers and academics alike, opportunistic customer behavior in the service recovery context has been largely ignored. A multi-stage research program, comprising actual customer claims (Study 1), in depth customer interviews (Study 2) and three experimental studies (Studies 3, 4, 5), explored opportunistic customer claiming behavior during service recovery and yielded robust findings across methods, contexts and samples. Potential determinants of opportunistic claiming in a service recovery context were identified by drawing on the justice, self-concept maintenance and neutralization theories. The findings support the hypothesis that when experiencing lower distributive, procedural and interactional justice, respondents were more likely to be opportunistic in their claiming. Furthermore, consumers were more likely to be opportunistic when dealing with large compared to small firms, and when they were in one-time transactions compared to when they had an established relationship with the firm. Finally, increased claiming in general, and opportunistic claiming in particular, did not lead to increased satisfaction with the service recovery.

Keywords Opportunistic customer behavior · Cheating · Claiming · Service recovery · Justice

Effective service recovery is important to retain the goodwill of customers who experience a service failure, and providing fair compensation for perceived damages is essential for recovery (Tax et al. 1998). As perceived damages are subjective, service recovery situations may be open to abuse. Feedback from practitioners suggests that at least some consumers take advantage of service recovery situations, making the most of the opportunity to claim unreasonably from the firm, taking what they can, rather than what they should (c.f., Chu et al. 1998; Harris and Reynolds 2004). This is echoed in the small yet growing literature on dysfunctional customer behavior, suggesting that opportunistic customer behavior is not uncommon (Fisk et al. 2010).

Opportunistic claiming behavior

Opportunistic consumer behavior can take several forms, including inflated and fake insurance claims (estimated to be 10% of total claims in the U.S. property and casualty insurance industry; Accenture Inc. 2003), intellectual property theft (e.g., music, film and software piracy), tax deception (e.g., omitting income and inflating deductions; IRS estimates a noncompliance rate of over 15%; Herman 2005), “wardrobing” (i.e., the purchase, use and return of clothing; Chu et al. 1998; Harris 2008), shoplifting (Cox et al. 1993), coupon misredemption, writing compensation letters knowingly exploiting service recovery policies (Harris and Reynolds 2004), and cheating on service guarantees (Wirtz and Kum 2004).

A growing body of research has started to explore dysfunctional and deviant customer behaviors (e.g., Fullerton and Punj 2004; Harris and Reynolds 2003), also called jaycustomer behavior (Lovell 1994), of which fraudulent returns and complaining (e.g., Reynolds and Harris 2005;

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Harris 2008) are a subset and are related through the complaints handling process in service recovery. However, this literature largely approaches this topic from pro-active customer behavior whereby customers knowingly and incorrectly report service failures or make illegitimate complaints (e.g., Reynolds and Harris 2005). Our study extends this line of enquiry by exploring customer behavior within the context of service failures where a genuine service problem has occurred. We explore customers' reactive opportunistic responses to service failures, with such behavior being different from premeditated fraudulent complaining, or purposefully causing failures to obtain material gain. Our study is firmly rooted in the service recovery literature, and extends knowledge by exploring a new aspect of consumer behavior—that of opportunistic behavior in a service recovery context.

Opportunistic behavior can be defined as seeking self-interest with guile (c.f., Ping 1993), taking advantage of opportunities as they arise, exploiting opportunities with little regard to principles or consequences (Merriam-Webster Online Dictionary), giving preference to what *can* rather than what should be done in a context, that is, being able to “get away” with it (Concise Oxford Dictionary), and as taking advantage, often unethically, of any circumstance of possible benefit (The Free Dictionary.com). In a service recovery context, an opportunist has been described as someone who “may not be a chronic gold digger, but rather just someone who recognizes an opportunity to take financial advantage of a company's service failure and recovery efforts” (Berry and Seiders 2008, p. 34). Some claimants may try to maximize the compensation they seek to obtain, but many opportunistic claims are likely to be less than the maximum amount possible in order for claimants to maintain their positive self-concept (Mazar et al. 2008a). The ambiguity associated with what constitutes a fair compensation enables a self-serving interpretation (Babcock and Loewenstein 1997), while allowing claimants to perceive themselves as not being dishonest (Mazar et al. 2008b).

Service failures by their very nature are potentially conflictful. But not all individuals use avoidance, obliging or compromising strategies in handling interpersonal conflict (Rahim 1983). Yet, it has been implicitly assumed in much of the service recovery literature that customers take a relatively passive role when it comes to the level of compensation sought. A notable exception is recent work on recovery voice, that is, asking what the customer wants the firm to do to rectify a service problem, which has been shown to enhance satisfaction with recovery (Karande et al. 2007). Nonetheless, no study has yet investigated customer claiming behavior during service recovery. This is surprising as many firms offer a multitude of communication channels for dissatisfied customers to complain so that the firm can recover and retain a potentially long-term

profitable customer relationship (Keaveney 1995). Furthermore, it has become accepted practice in many firms to honor customer claims with the motto, “give the customer the benefit of the doubt and compensate with well-dosed generosity” (Lovell and Wirtz 2007, p. 400). Some firms such as the Ritz-Carlton go as far as doing “everything you possibly can to never lose a guest” (Tax and Brown 1998). Firms seem to be in a “catch 22” situation, where on the one hand many service recovery attempts fail (past research showed that 40% to 60% of customers reported dissatisfaction with a service recovery experienced; e.g., Tax et al. 1998) with serious implications for customer satisfaction and retention (Keaveney 1995). Yet, on the other hand, service recovery policies are open to abuse.

Although the issue is important to managers, the service recovery literature is largely silent on opportunistic customer claiming behavior during service recovery. The present study begins to address this gap by exploring the nature and determinants of such behavior.

Conceptual framework and hypotheses

When things go wrong in service delivery, firms are advised to implement service recovery, defined as “the actions of a service provider to mitigate and/or repair the damage to a customer that results from the provider's failure to deliver a service as designed” (Johnston and Hewa 1997, p. 476). Considerable research has focused on what constitutes effective recovery (Karande et al. 2007; Wirtz and Mattila 2004). Justice theory and its three dimensions of distributive, procedural and interactional justice are widely accepted as the conceptual foundation for modeling customer assessments and responses to service recovery. Distributive justice refers to the outcomes of service recovery, such as the compensation offered to the customer. Procedural justice relates to the policies and procedures used, such as the convenience of the process, and the timeliness and responsiveness of the firm's recovery actions. Interactional justice refers to interaction quality provided to the customer, such as concern and friendliness exhibited by service staff during the recovery process (Smith et al. 1999; Tax et al. 1998).

We argue that the three dimensions of justice and two contextual variables (firm size and customer-firm relationship) explain opportunistic claiming behavior. Justice theory is a useful framework for the present study as justice dimensions have consistently been shown to be key determinants of service recovery satisfaction (Smith et al. 1999; Tax et al. 1998), and moreover, real or imagined unfairness perceptions have been identified in other fields as important triggers of opportunistic behaviors (c.f., Fullerton and Punj 2004). Firm size and customer-firm

relationship were included to extend our model beyond the justice framework to show that variables that are not directly related to the service recovery can affect opportunistic claiming. Furthermore, both variables have been shown in other fields to affect opportunistic behavior (e.g., Fullerton and Punj 2004; Wirtz and Kum 2004). An overview of the conceptual model is provided in Fig. 1. Formal hypotheses are developed next.

Fairness perceptions and claiming behavior

Voorhees and Brady (2005) explored the effects of fairness perceptions on intentions to complain, demonstrating that distributive and interactional justice have positive direct effects on satisfaction and reduce future intentions to complain. In related areas of customer rage and customers “getting back” at service firms, perceptions of being treated unfairly play an important role in explaining abusive behavior of customers (McCull-Kennedy et al. 2009), and consumers sometimes view misbehavior as revenge for real or imagined injustice (Fullerton and Punj 2004). These findings are consistent with literature in other fields. For instance, perceived injustice has been found to motivate employee theft (Greenberg 1990) and corporate crime (Paternoster and Simpson 1996). It is therefore reasonable to argue that perceptions of unfairness can also enhance opportunistic claiming in a service recovery context.

Furthermore, the theory of neutralization holds that individuals justify dishonest behavior to deflect self-disapproval and disapproval from others (Sykes and Matza 1957) and deny responsibility in order to neutralize the anticipated costs of violating one’s own internalized values (Schwartz and Howard 1980). In other words, individuals

use arguments to insulate themselves from self-blame and to appear acceptable, or at least excusable, allowing them to cheat without feeling that they are inherently dishonest (Strutton et al. 1994). Perceived unfairness during service recovery is therefore expected to encourage self-serving interpretations of what constitutes a fair compensation, allowing customers to generously interpret the perceived damage and take advantage of the opportunity while still maintaining a positive self-concept (c.f., Mazar et al. 2008a). Hence, customer perceptions regarding the three forms of justice (distributive, procedural, and interactional) are expected to enhance opportunistic customer claiming behavior as follows:

- H1: Consumers will be more likely to claim in an opportunistic manner when they are offered a less generous compensation compared to when they are offered more generous compensation.
- H2: Consumers will be more likely to claim in an opportunistic manner when they experience less procedural justice compared to when they experience more procedural justice.
- H3: Consumers will be more likely to claim in an opportunistic manner when they are treated with less interactional justice compared to when they are treated with more interactional justice.

Firm size and claiming behavior

We also argue that in addition to justice perceptions, at least two important contextual factors (firm size and customer-firm relationship) help explain opportunistic claiming. Individuals are sensitive to social utility and care for

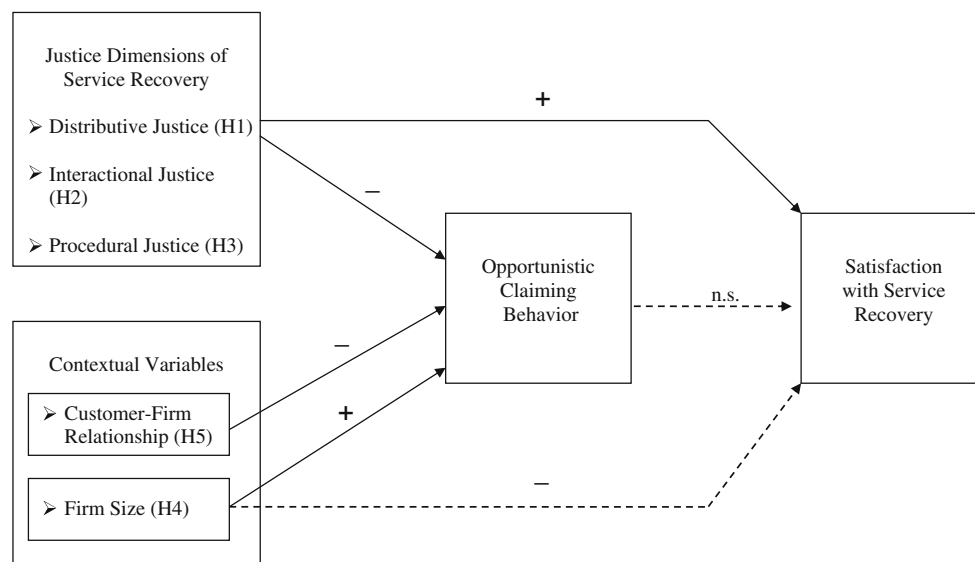


Figure 1 Conceptual model. Note: Solid lines show the hypothesized relationships; intermittent lines show relationships established during the analysis.

another party's consequences of opportunistic behavior (Gneezy 2005). People tend to be more dishonest when they deal with a wealthier counterpart and where the cost of deception appears low for that other party (Mazar and Ariely 2006). For example, shoplifting behavior was considered justifiable by college students if it took place in a large as opposed to a small store (Hayes 1996). Earlier work found that some consumers felt protective of stores owned by local individuals, but did not feel this way about large chains (Stone 1954). Customers feel that large institutions can easily absorb the losses due to their sheer size, and that these firms budget for this through their raised prices and insurance policies.

Furthermore, customers may have learned to expect more from large firms when it comes to service recovery due to their formalized service recovery and refund/return policies, such that misconduct becomes inadvertently ingrained as part of the consumption culture (Fullerton and Punj 2004). In the service recovery context, customers may learn to exploit service recovery policies of companies that engage in what is widely considered best practice service recovery as these firms make it easy to claim refunds (Berry and Seiders 2008).

These findings are consistent with work in psychology on neutralization and moral intensity. Consumers explain away their negative behavior by invoking “denial of injury,” arguing that their actions cause no or only insignificant harm (Strutton et al. 1994). The perceived “degree of harm” was found to be related to the level of acceptance of unethical behavior (Muncy and Vitell 1992), and moral intensity theory (Jones 1991) suggests that the magnitude of the consequences is one of the most important dimensions of moral intensity in influencing ethical decision-making (Frey 2000). The denial of injury neutralization and the resulting low level of moral intensity experienced together help to explain why consumers should be more likely to claim in an opportunistic manner when the “victim” is a large as opposed to a small firm. Hence:

H4: Consumers will be more likely to claim in an opportunistic manner when they claim from a large firm compared to when they claim from a small firm.

Customer-firm relationship and claiming behavior

Research in organizational behavior has demonstrated that employees who are more committed to an organization are less likely to steal from that firm than employees who are less committed (Grover and Hui 1994). Similarly, customers with repeat purchase intentions showed less cheating on service guarantees than customers in one-time transactions (Wirtz and Kum 2004). It seems likely that opportunistic claiming is inhibited (1) by the trust developed over time in an exchange

relationship (as has been shown in the organizational behavior context, c.f., Salamon and Robinson 2002), (2) by higher concern for the other party as predicted by dual concern theory (Rahim 1983), (3) by the potential loss or impairment of a valued relationship due to opportunistic behavior (e.g., it was found that channel members expecting an ongoing relationship behaved more cooperatively than those expecting only a one-time transaction, e.g., Young and Wilkinson 1989), and (4) by the emotional costs of behaving in an opportunistic manner in an established customer-firm relationship (Wirtz and Kum 2004). Further, it may be argued that it is more difficult to maintain a positive self-concept when behaving opportunistically in a relationship compared to a one-time encounter (c.f., Mazar et al. 2008a). Extending this line of argument to a service recovery context, we advance the following:

H5: Consumers will be more likely to claim in an opportunistic manner in one-time transactions with a service firm compared to when they expect to continue doing business with that firm.

Claiming behavior and satisfaction with the service recovery

We would not expect that succeeding with an opportunistic claim increases satisfaction with the recovery. Customers would probably attribute any gains to their own opportunistic behavior rather than to the firm. However, one cannot exclude that the service recovery paradox may be triggered when customers push for an unreasonably high compensation and then receive it, or that customers who claim opportunistically will be more satisfied than customers who did not push for a higher compensation. As there is no prior literature on how opportunistic claiming may affect satisfaction, we do not advance a hypothesis here but explore this issue in our analysis. Specifically, we examine whether claiming behavior mediates service recovery attributes on satisfaction, and whether claiming behavior independently explains satisfaction.

Overview of studies 1 to 5 and operationalization of opportunistic claiming

Table 1 provides an overview of the five studies conducted as part of this research program. Study 1 content analyzed actual customer claims to a third party government office across a wide range of services to explore the nature of claiming and contrast opportunistic and legitimate claiming. Study 2 followed up with in-depth customer interviews to explore the relationships between the variables in our hypotheses and to probe the reasoning behind the behaviors

Table 1 Research program overview and summary findings

	Study 1	Study 2	Study 3	Study 4	Study 5
Method	Observation of actual customer claims	In-depth interviews	Experiment	Experiment	Experiment
Data and context	Claims across many services filed with a government office	Self-reported claims across many service categories	Scenario set in a lost baggage context	Scenario set in a birthday party catering context	Scenario set in a birthday party catering context
Operationalization of opportunistic claiming	Third party expert assessment of actual claims filed	Self-reported opportunistic claims	Third party assessment of reported value and age of lost items claimed	Renegotiated dollar claim compared to self-reported fair claim	Dollars claimed compared to self-reported fair claim
Sample size (N)	500 claims, of which 35 were opportunistic and 30 contained sufficient data for analysis	17 working adult interviewees with 25 incidents of opportunistic claiming	360 student respondents	261 working adult respondents	82 working adult respondents
Hypothesized relationship with opportunistic claiming	Findings				
H1: Distributive justice	√ (–)	√ (–)	√ (–)	√ (–)	–
H2: Procedural justice	√ (–)	√ (–)	√ (–)	–	–
H3: Interactional justice	√ (–)	√ (–)	√ (–)	–	–
H4: Firm size	√ (+)	√ (+)	–	√ (+)	√ (+)
H5: Customer-firm relationship	–	√ (–)	–	√ (–)	√ (–)
Mediation of opportunistic claiming on satisfaction	–	–	n.s.	n.s.	n.s.
Direct effects of opportunistic claiming on satisfaction	–	–	n.s.	n.s.	n.s.

‘√’—hypothesis was supported; the signs in parentheses show the hypothesized relationships; ‘–’—relationship was not tested in that study; n.s.= not significant.

None of the interaction effects in Studies 3, 4 and 5 reached significance at $p < .05$.

observed in Study 1. Studies 3 to 5 used experiments to directly test the hypotheses. Together, the series of studies not only richly describes our focal variable opportunistic claiming behavior (Studies 1 and 2), but also statistically establishes causality between the variables of interest (Studies 3, 4 and 5).

Operationalizing opportunistic claiming is a challenge because the distinction between an “opportunistic” and a “legitimate” claim can be difficult in a service recovery context. For example, respondents who claim in an opportunistic manner may engage in neutralization processes to justify their behavior (Sykes and Matza 1957) and make their inappropriate behaviors appear acceptable to themselves and others (Strutton et al. 1994). Research has shown that people behave dishonestly if it pays, but most people do this only to the extent that they can do so without violating their perception of themselves as being honest (Mazar et al. 2008a). People exploit ambiguity, interpret information in self-serving ways and ignore evidence where possible to allow cheating to “fly below the radar”. Furthermore, given sufficient motivation, people seem to be able to convince themselves of almost anything, including why a certain

behavior is unethical in general, but then develop arguments on why it is not really wrong in the perpetrator’s specific situation (c.f., Fullerton and Punj 2004). People tend to conflate what is fair and ethical with what is in their own best interest (Babcock and Loewenstein 1997). The outcome is an active but frequently unconscious misrepresentation of undesirable behavior to the conscious mind (Trivers 2000), allowing people to maintain an unrealistically positive view of themselves (Mazar et al. 2008a). This means in a service recovery context that respondents may reframe and reinterpret opportunistic claiming into something that is socially acceptable, and as a result under-report, deny and not even admit to themselves that their behavior is opportunistic.

As such, operationalizing opportunistic claiming is challenging as it is difficult to differentiate (and therefore measure) whether respondents lie to others, to themselves, or to both, and to what extent the participants’ behaviors were conscious and motivated (Monterosso and Langleben 2008; Sackeim and Gur 1979). However, whether a behavior is seen as fair or not does not have to be judged solely from the customer’s perspective (Berry and Seiders

2008). A second way to operationalize opportunistic claiming, and at the same time address the issue of self-perception and reporting biases of respondents, is to compare the observed behavior to a generally accepted norm. For example, one can ask a third party to assess the degree of norm violation, that is, whether the observed claim is proportional to the severity of service failure experienced (c.f., Thio 2004). The shortcoming of this method is that the third party cannot assess true fairness perceptions and motivations of the claiming individual.

A third way to operationalize the concept is to observe opportunistic claiming behavior indirectly by asking customers to provide data that are associated with the compensation sought (e.g., the reported age and dollar value of lost baggage) rather than asking for a specific dollar amount claimed. This approach reduces potential social desirability effects from direct questioning and provides an objective standard to compare claiming against (e.g., the actual age of a lost item). One can then observe (or ask a third party to assess) whether the data provided are correctly reflecting or stretching the truth. As each of these operationalizations has its particular strengths and shortcomings, we used all three methods to triangulate our findings.

Study 1—analysis of actual claims

Given the paucity of literature on customer claiming behavior and to help us better understand the nature and characteristics of opportunistic and legitimate claiming, an analysis of actual written customer claims was undertaken. Study 1 investigated written claims to a third party government office in a major city. Two researchers independently read 500 actual claims. Each claim contained the following components: (1) a written claim by the customer; (2) actions taken by the government department to make contact with the firm to seek redress, if appropriate, on behalf of the customer; (3) the firm's response; and (4) the government department's recommendation to the customer regarding any further action ranging from no further action (that is, the claim is denied) to seeking redress through the courts.

Method

Claims were classified by two independent judges as either "opportunistic" (defined as the customer appearing to be taking advantage of the firm given the context; see introduction for a more detailed definition) or as "legitimate." "Legitimate claims" is a term used widely by assessors to mean claims that are viewed as "reasonable in the circumstances", "what the customer should get", "fair and

proper" and "conforming to recognized or accepted rules and standards." "Legitimate" is synonymous with "valid", "acceptable", "fair", "just", "legal", "proper", "rightful", and "reasonable" (Merriam-Webster Online Dictionary).

Both judges were graduate students with training in qualitative research. A high level of inter-judge reliability (90% agreement) was obtained. Only claims with 100% inter-rater agreement were retained for further analyses. We expected that consumers would be less opportunistic in claims escalated to a government department because claimants knew that their claims would be assessed by a government representative. Nevertheless, 35 claims (representing 7% of the sample) were assessed as opportunistic by both judges. Five claims contained considerable missing data, leaving 30 claims for analysis. These 30 "opportunistic" claims were paired with a random draw of 30 "legitimate" claims from similar service and price categories. The claims covered a wide range of services (including banking, retail, tourism, entertainment, training and utilities) and spanned a wide dollar value, ranging from as little as \$15 (although this represented a full refund) to several thousand dollars. For illustrative purposes samples of "opportunistic" and "legitimate" claims are provided in Tables 2 and 3, respectively.

Findings

The content analysis of the claim reports showed that legitimate claims typically fell into two main categories, claims related to core service failures (e.g., sofas that were poorly re-upholstered), and to services that were not delivered although paid for (e.g., a course which the customer paid for was cancelled). In contrast, for opportunistic claims, the core service or product was typically delivered, although sometimes with (minor) defects, yet customers wanted more than what was agreed to, paid for, or quoted, and they appeared to inflate their claims. Consistent with the definition of opportunistic claiming, they were seen to take advantage of the firm with little regard to principles. In many cases, customers had changed their mind, had unrealistic expectations or ignored quotations and contracts. Examples of opportunistic claims included claiming a full refund even after the service had been consumed (for instance, claiming a full refund for an island vacation for which the customer had unreasonably high expectations), and claiming almost one thousand dollars from an electricity utility for alleged damage to food in a refrigerator resulting from a two minute power cut. Opportunistic claimers typically wanted a full refund or more as compensation.

Justice dimensions

Analysis revealed that while all three dimensions of justice (distributive, procedural and interactional) were used in

Table 2 Study 1: sample of 10 opportunistic^a claims made to a third party government office

Product/Service	Organization	Size of firm	Claim	Customer claim
Magazines	Newsagent	Small	\$22	Wanted full refund for magazines which the customer had used for two weeks. The magazines could not have been restocked as they had clear signs of wear and tear (including water damage).
Haircut	Hair salon	Small	\$2,762	Did not like a haircut and wanted a full refund plus compensation for psychological and emotional damages which the customer claimed were caused by the haircut.
Birthday party	Party organizer	Medium	\$234	Did not like the birthday cake which was a small part of a significant party package. Although all parts of the service were delivered as per quotation, the customer wanted a full refund.
Soil test	Builder	Large	\$350	Did not want to pay for a soil test after the work had been done as the customer was withdrawing from the house purchase contract and therefore had no further need for the test results.
Pram	Baby furniture & accessories retailer	Large	\$384	Used pram and after 12 months wanted to return it to the retailer and receive a full refund as the customer claimed it did not meet her needs anymore.
Tour to island	Travel agent	Large	\$586	Did not like the student discount holiday accommodation and experience (boat was crowded) and wanted full refund for a travel tour package.
Electricity cut	Electricity supply utility	Large	\$957	Experienced a 2 minute power cut and claimed full cost of refrigerator repairs. The damage could not have been done by a power cut of such short duration.
Curtains	Home decor and clothing retailer	Large	\$1,500	Ordered custom made curtains. Although the curtains fitted perfectly, the customer did not like the color and wanted a full refund. The firm had clearly stated at the point of purchase that made-to-order curtains cannot be exchanged.
Legal secretary course	Business/ Secretarial institute	Large	\$2,200	Expected to get a job by doing the course. Upon failing to secure a job, the customer wanted a full refund of the course fees.
Hire-purchase loan	Bank	Large	\$2,600	Could not make installment payments, but still wanted to retain the vehicle for use.

^a As assessed by expert panel. Independent of the panel assessment, these claims were all rejected by the consumer complaint tribunal as not legitimate.

both legitimate and opportunistic claims, legitimate claims tended to be written in objective language focusing on actual costs in terms of money, time and effort wasted as a direct consequence of a service failure. In contrast, about 50% of opportunistic claims used emotional language and elaborations of violations to one's self as shown in the following quotes: "I was humiliated", "they really hurt me", "I was mortified", and "pain and suffering experienced." This is further illustrated in the following excerpt relating to a hair style. Not only did the customer demand a full refund, she wanted compensation of \$2,762:

"I feel my person has been violated and this has had a devastating effect on my emotional and mental well-being ... my loss of identity and my new inhibitions both sexually and physically...the disgust I feel when I look in the mirror ... I am a mess, I am horrified by it all and I feel just so damn miserable." (Female, 20–25 years¹)

Similarly, a customer hired a medium-sized party organizer for her five-year-old daughter's birthday party. Even though the party had been organized with a birthday cake, a "live" fairy, face painting, party games and treats, as stated in the quote, the customer wanted a full refund of \$243. This was because she believed the birthday cake was not of a sufficiently high standard, despite all other aspects of the order being delivered as promised. Furthermore, she said that she felt cheated and humiliated in front of her friends and family. To quote:

"I was absolutely mortified...The cake was two slabs of chocolate cake with chocolate frosting and joined together with white frosting, on the left side it was covered with shredded coconut with a plastic pirate eye patch embedded in the corner and "Happy 5th Birthday Jessica"². I could have made a better cake myself! I was angry and upset and did not want to

¹ We report the age category of the respondent wherever it was available. Not all respondents ticked the age category box on the claim form.

² Actual names in quotes of Studies 1 and 2 and of respondents in Study 2 have been changed to protect their identities, and only pseudonyms are used.

Table 3 Study 1: sample of 10 legitimate^a claims made to third party government office

Product/Service	Organization	Size of firm	Claim	Customer claim
Repair of CD player	Electrical retailer	Small	\$106	Took CD player to registered service work shop; returned numerous times but the CD player was still not working. Customer wanted refund of total repair costs.
Cane chair	Furniture retailer	Small	\$120	Several canes were broken in a chair. Chair appeared faulty, and customer wanted a replacement chair.
Fitness course	Fitness training	Small	\$250	Course was cancelled by the trainer, and customer wanted firm to refund her deposit.
Gym membership	Gymnasium	Small	\$830	Canceled gym membership after three months of a 20 months membership due to scoliosis and spinal disc degeneration. Customer supplied medical certificate as outlined in contract for provision to cancel and wanted a refund for the remaining 17 months
Ring	Jeweler	Small	\$980	Supplied photo of ring to be made; when customer received the ring, it was significantly different from the original photo. Customer requested the ring to be remade according to the photo, or the ring to be returned with full refund
Sofa re-upholstery	Upholsterer	Small	\$1,430	Customer asked for full refund as padding was showing through the fabric due to poor workmanship.
Car re-sprayed	Panel beater	Small	\$1,540	Customer wanted paintwork redone as there were visible marks on the paintwork due to faulty workmanship.
Curtains and blinds	Curtain and blinds retailer	Small	\$1,580	Customer had ordered and paid for blinds which after seven months still had not been installed. Customer requested installation within a reasonable time frame or a full refund.
Furniture removal	Removalists (national and international)	Medium	\$6,211	Household goods were damaged/stolen during transport as driver took detour during transit and had left the truck unattended and unlocked overnight. Customer requested compensation of balance that was not covered by insurance.
Watch repair	Jewelers	Medium-large	\$400	Took slightly water damaged watch for repair and was quoted a maximum of \$420 for resealing and water testing the watch. The final bill was \$966. When customer disputed the bill, the jeweler offered to reduce the bill to \$800. The customer asked for the bill to be reduced to the original maximum quote.
Air conditioner	Electrical retailer	Large	\$1,049	Was advised that the air-conditioning unit would be sufficient to chill the room, but it turned out to be ineffective for area to be covered. Customer asked for a reinstallation of an air-conditioning unit with sufficient capacity.

^a As assessed by expert panel. Independent of the panel assessment, these claims were all assessed by the consumer complaint tribunal as legitimate.

cause a scene in front of my children, their friends and their parents ... I expressed my disappointment... She offered to reimburse me the difference for the cake (\$34) ... I flatly refused ... I wanted a full refund (for the whole party).” (Female, 20–25 years)

It is unclear whether customers who claimed opportunistically actually did perceive higher emotional costs compared to customers who submitted legitimate claims. The government office had rejected these claims as not legitimate and our judges unanimously classified them as opportunistic in nature. Therefore, the reported emotional costs potentially may have been used to compensate for a mismatch of the perceived costs (including financial, inconvenience and effort involved) with the claim

amount, and reporting strong emotions may have allowed customers to justify inflated claims to the government office and perhaps at the same avoid hurting their self-concept.

While we found evidence for all three justice dimensions in the claims, by far the most commonly cited reasons given to support opportunistic claims related to distributive justice. Indeed, in 100% of opportunistic claims the customers reported that they did not get the outcome they felt they were entitled to and argued along distributive justice lines. In 64% of the claims there was evidence of two or even all three forms of justice: 30% shared distributive and interactional justice combinations, 27% distributive and procedural justice combinations, and 7% used all three forms of justice to support their claim.

In the claims with combined distributive and procedural justice arguments, customers referred to being unhappy with the policies and procedures (procedural justice). For example, a customer blatantly rejected a firm's refund policy, believing she was entitled to a full refund for "made to measure" curtains from a multinational decor and clothing store. The customer acknowledged in her claim that the curtains were not faulty, they fitted perfectly in terms of size, and were exactly as ordered. But when they were hung, she did not like them and demanded a full refund. The firm's policy stated that they would *not* refund "made to measure" items. This customer appeared to be trying to shift the blame in an attempt to recover an expensive error. As illustrated:

"When they [curtains] were hung, I could immediately tell they were the wrong color. I have been left with curtains I cannot use...I asked for a full refund. But, < name of firm >, refuses to allow me to return the curtains as they are "made to measure." I am left with a very expensive set of curtains I cannot use from a multi-million dollar global company... I believe I have been unfairly treated." (Female, 36–50 years)

A perceived lack of interactional fairness is illustrated where a customer purchased magazines and then returned them two weeks later demanding a full refund even though the magazines were used and water damaged. The retailer could not put them back on the shelves. Despite this, the customer wanted a full refund and shifted her argument to the way the claim was handled by the shop owner. As illustrated:

"The conduct of <shop owner> was publicly defamatory... I was mortified by her unwarranted hostility... she began yelling at me, 'You're not getting a refund'... She had publicly ridiculed and humiliated me.' (Female, 36–50 years)

Firm size

A large firm was defined as a multi-national, national, or a firm with presence in all major cities in the country of study. Small businesses, in contrast, included single-site "Mom and Pop" type of businesses, and family-owned businesses that employed only a handful of additional staff (e.g., Gilmore et al. 2004). The analysis showed that the majority of opportunistic claims (i.e., 25 of 30 claims) were made against medium to large firms, and only five were made against small businesses. In contrast, 18 of the 30 legitimate claims were made against small firms. A Chi-square test using frequency counts revealed a significant difference between opportunistic and legitimate claims by firm size ($X=11.9$; $df=1$; $p=.001$).

In sum, the findings from Study 1 suggest that of the three forms of justice, distributive justice is likely to be the most common justification for engaging in opportunistic claiming, with minor service defects and substantial perceived emotional damage rather than core service failure being the most common justification for opportunistic claims. In contrast, legitimate claims related to core service failures and services that were not delivered although paid for, and claimants used factual information to argue their case. Furthermore, customers were more opportunistic in their claiming when they claimed from large compared to small firms.

Study 2—in-depth claimant interviews

The claiming bureau did not collect data on the relationship the customer had with the firm, so we could not establish whether the customer had bought from the firm before or whether it was a one-time transaction. Furthermore, Study 1 data are based on escalated claims which may be systematically biased against opportunistic claims (i.e., customers may be more reluctant to file opportunistic claims with a government office) and are susceptible to stronger rationalization (which may explain the high emotional costs reported to the government office) compared to claims presented to firms directly. To address these limitations, we conducted semi-structured in-depth interviews in Study 2 to draw rich insights from the detailed analysis of a small sample of participants. Of the 40 interviewees approached, 17 admitted to opportunistic claiming. Respondents were recruited by asking graduate students to interview working adults they have a close relationship with (e.g., relatives and friends) to facilitate an open and trusting interview atmosphere. As for Study 1, we employed two independent judges to classify claims as opportunistic. With each interviewee, up to a maximum of three claiming incidents were discussed, leading to a total number of 25 opportunistic claims.

To avoid social desirability effects and to put respondents at ease, the interview commenced by assuring absolute confidentiality and anonymity in the reporting of results and by first talking generally about service recovery situations they had experienced. Respondents were asked to describe the circumstances and motivations for opportunistic claiming incidents. Our 17 respondents talked relatively freely about specific incidents where they admitted that they took advantage of a service failure situation and made claims for personal gain, and that their claims were not in proportion to the magnitude of the service failure.

Roughly equal numbers of female and male working adults participated in the study. The age of respondents

ranged from 21 to 53 years. Respondents were probed on the amount of compensation sought and received, perceived fairness (distributive, procedural and interactional justice), size of firm, and whether the claim was in a one-time transaction or in an ongoing relationship. The range of services and dollar values involved was similar to those of Study 1. Most of the claimants sought full refunds or more irrespective of the price paid, ranging from \$10 for a telephone charge card, to \$1,300 refund for an air ticket, and to \$5,000 for a desktop computer purchase and installation.

Perceived justice

As in Study 1, fairness perceptions featured in all 25 claims, with distributive justice being mentioned most, followed by procedural and interactional justice either alone or in combination with distributive justice. Perceived injustice of the service recovery was the most frequently mentioned trigger and subsequent justification for an opportunistic claim. Examples of quotes featuring fairness are:

“The number one thing is solving my problem ... Number two is fairness... Fairness among other passengers, and mine and their obligation. It’s all about fairness.” (Marc, 40 years, large international airline)

“It’s the principle that counts. You should get a fair deal when they are trying to fix it.” (Sienna, 21 years, large telecommunications service provider)

It is noteworthy that respondents admitted at the beginning of the interview that they had asked for more in compensation than what they themselves considered fair, and yet they later used justice-based arguments to support their claims. Furthermore, about half of the sample reported emotions associated with their claiming behavior and also said that they used emotions when negotiating with the firm. They used terms such as “I was just so angry”, “upset” and “disappointed”. These findings are consistent with our observation in Study 1 that perceived injustice can trigger excessive claims, which in turn may be rationalized retrospectively with self-serving justice perceptions using fairness and emotion-based arguments.

Firm size

Only two of the 25 opportunistic claims involved small businesses. The vast majority of claims were made against large service firms ranging from a global airline and an international hotel chain to national department store and restaurant chains. Most respondents felt that large firms could afford to pay higher compensation and they had higher expectations dealing with them com-

pared to small firms, as illustrated by the following quote:

“I feel that the profit margins for big firms are so high that they can afford to lose this. I don’t feel bad benefiting from them as compared to a small firm.” (Jill, 25 years, large restaurant chain)

In addition to having more funds, large firms were seen as having formal service recovery policies and systems in place that made opportunistic claiming emotionally and procedurally easier. For example:

“[Large firms] make provision for these things in their plans... they have the policy on customer refunds, customer service at a certain standard.” (Austin, 30 years, multinational retail store)

“It was a large nation-wide chain, so I would have thought they would have had better customer complaint handling procedures in place. I mean, I know that [waiving] a \$200 bill is a bit over the top but I thought ... I’ll give it a go... they are such a large company. ... If it was a family owned business I would have toned it down.” (Maria, 22 years, national restaurant chain)

The combined effects of perceived low damage caused to the firm and established procedures seemed to have the effect of customers being willing to give opportunistic claiming a try. For example, Ava admitted that it was a stretch but she asked for the penthouse when a large international hotel chain messed up her booking.

“I wanted the penthouse...it was a bit much to expect an upgrade of that magnitude...a bit of a stretch asking for the penthouse but I thought I’d give it a go and see what happens. They’re a big company. ” (Ali, 23 years, large hotel chain)

Customer–firm relationship

The nature of the customer-firm relationship was explored with the interviewees. We found evidence in most interviews that customers are more opportunistic in their claiming in one-time transactions compared to ongoing relationships. This is illustrated in the following quotes:

“I’d only been there once and was not likely to ever return, so I thought why not ask for a full refund. It’s a bit much to expect them to give me a full refund but ... I thought what’s the harm in going for it.” (James, 52 years, serviced apartment)

“I thought it was worth a shot because I wasn’t intending to go back. I guess I wouldn’t have been embarrassed

about having to deal with the same people again... So I thought what the heck. If I was a regular customer there I would not have done it.” (Kate, 24 years, international hair and body products retailer)

Study 3—experiment on justice dimensions

The two qualitative studies provided rich insights into our hypotheses. However, both studies have limitations as respondents may have supported their opportunistic claims using justice arguments with the government department in Study 1, or with post-rationalization for socially undesirable behavior as one would expect from self-concept maintenance and neutralization theories in both Studies 1 and 2. That is, causality may flow in two directions, unfairness perceptions may encourage opportunistic claiming as hypothesized in H1 to H3, and at the same time opportunistic claiming may also lead to unfairness arguments being used to justify such claims. To test our hypotheses, experiments were developed for Studies 3 to 5.

Method

The first experiment, a 3 (distributive justice) × 2 (procedural justice) × 2 (interactional justice) between subjects factorial design, focused on the impact of the three justice dimensions on opportunistic claiming. Care was taken to develop realistic scenarios using an airline service failure involving lost baggage. This setting allowed realistic compensation scenarios to be developed, and it also allowed the claiming behavior of subjects to be captured when they filed claims. To reduce potential social desirability biases, a scenario cum role-playing approach was used providing respondents with a projective task (Wirtz and Bateson 1999). Reducing social desirability effects was important as opportunistic claiming behavior might be seen as socially undesirable by at least some respondents. For similar reasons, the role-playing scenario approach has been used in research on unethical decision making and behavior in the past (e.g., Paternoster and Simpson 1996; Wirtz and Kum 2004).

Manipulations Distributive justice was manipulated at three levels through the presentation of an airline’s compensation policy (see Table 4). Procedural justice was operationalized as the amount of inconvenience one had to go through to receive compensation and was manipulated at two levels, that is, highly convenient: “The check will be sent to the traveler once the airline has processed the claim form,” and inconvenient: “The traveler will have to collect the check from the airline office personally and will have to bring along both travel documents and the ticket for identification

purposes.” Lastly, interactional justice was operationalized as the degree of concern and friendliness shown by the airline staff and was manipulated at two levels, high concern and friendly versus indifferent and businesslike.

Experimental sessions A written scenario was presented to participants that included the encounter with the airline staff in which interactional and procedural justice were manipulated. Presented next was a table describing items that were lost as part of the entire missing suitcase. For example, “...You think you bought the suitcase about three to four years ago and it was still in a relatively good condition except for a few scratches here and there. You believe an identical suitcase would now cost about \$140 to \$200.” The item descriptions intentionally offered a price and age range to allow respondents to claim in an opportunistic manner without being forced to lie outright. Next, subjects were asked to turn the page and read the firm’s lost baggage form (Fig. 2). Actual airline and travel insurance compensation claim forms served as the basis for this simplified claim form. The form first stated the lost baggage compensation policy in which distributive justice was manipulated. Then, respondents were asked to list and briefly describe each of the lost items. Next, they were asked to state the price they paid for the item and its age (both variables were used to measure opportunistic claiming behavior).

Measures Measures included manipulation checks for distributive, procedural and interactional justice, and the dependent variables—consumer claiming behavior and satisfaction with the service recovery. The manipulation check scales for the three justice manipulations were adopted from Blodgett et al. (1997). These were included in a random half of the questionnaires to allow testing and controlling for potential demand effects. The three-item scale for satisfaction with the service recovery ($\alpha = .82$) was adapted from Oliver and Swan (1989) and Goodwin and Ross (1992). A sample item is “How satisfied are you with the way the airline handled this particular incident?” anchored by “extremely satisfied”/“extremely dissatisfied.”

Opportunistic claiming behavior was operationalized by observing claims filed. First, the claimed purchase price and the age reported for each of the lost items were used as dependent variables to understand what drives claiming. Higher dollar values and lower age claims were considered as more opportunistic claims than lower dollar and higher age claims. Second, we used observations on whether facts were slightly altered or overstated (c.f., Ping 1993). To obtain a combined cut off value for age and dollars claimed that can be assessed as opportunistic we used a consumer panel. Semi-structured interviews with 20 respondents drawn from the same population as Study 3 explored which values

Table 4 Study 3: distributive justice manipulations

Level		Experimental manipulations of distributive justice
Low	1. Compensation based on the following criteria:	<ul style="list-style-type: none"> a. Items less than 6 months old: 100% of the original purchase price of the lost item. b. Items between 6 months to 1 year old: 50% of the original purchase price of the lost item. c. Items more than 1 year old: 25% of the original purchase price of the lost item. 2. Traveler is not required to provide receipts as proof of purchase.
Med	1. Compensation based on the following criteria:	<ul style="list-style-type: none"> a. Items less than 1 year old: 100% of the original purchase price of the lost item. b. Items 1 year old or older: 50% of the original purchase price of the lost item. 2. Traveler is not required to provide receipts as proof of purchase. 3. In addition, for inconvenience and other non-monetary cost due to lost baggage, the airline will pay \$100 to the passenger affected.
High	1. Compensation is based on 100% of the original purchase price of the lost item.	2. Traveler is not required to provide receipts as proof of purchase. 3. In addition, for inconvenience and other non-monetary cost due to lost baggage, the airline will pay \$300 to the passenger affected.

Figure 2 Lost baggage claim form used in Study 3.

Lost Baggage Claim Form

	Detailed Item Description		Age (yr/mth)	Price (\$)
E.g.	<i>Description of the item:</i>	1 pair of Nike running shoes	2 years	120.00
	<i>Condition/State of the item:</i>	Seldom used and were in very good condition.		
1	<i>Description of the item:</i>			
	<i>Condition/State of the item:</i>			
2	<i>Description of the item:</i>			
	<i>Condition/State of the item:</i>			
3	<i>Description of the item:</i>			
	<i>Condition/State of the item:</i>			
4	<i>Description of the item:</i>			
	<i>Condition/State of the item:</i>			
5	<i>Description of the item:</i>			
	<i>Condition/State of the item:</i>			

would be seen as legitimate or opportunistic in nature. We focused the discussion on the claim for the suitcase itself; as it was the first item on the lost item list, it was a significant item and the quantity, and age and value, could be easily understood. We then queried specific claim scenarios, including, “How would you feel about the claim if the traveler stated that the Samsonite suitcase was 3 years old and cost \$200,” and then administered a Likert-type scale on their perceptions of the various claim scenarios. The pretest showed that claims where either the age or the dollar value was at the upper limit of the range shown in the suitcase description, and the second variable was below this limit, were still seen as legitimate. However, once a claim reached or exceeded the maximum level of the ranges in the manipulation (i.e., 3 years or less and \$200 or more) the panel felt that claimants were taking advantage of the firm by stretching the truth, hence opportunistic (e.g., responses to “the claim is correct” were $M=5.60$, $STD=.99$, and to “the customer tries to take advantage of the situation” were $M=1.38$, $STD=.60$, both were measured on a 7-point scale, with 7=“strongly disagree”). We therefore classified all claims of 3 years or less and at the same time \$200 or more as opportunistic and then conducted logistic regression analysis to test our hypotheses.

Finally, as past studies have shown that demographics and personality variables can be related to opportunistic behavior, we added control measures for gender, age and Machiavellianism. The latter was measured using a seven-item scale adapted from the Mach Scale (IV) Likert-type scale (Christie and Geis 1970). The alpha was .69 and two sample items are: “It is safest to assume that all people have a vicious streak and it will come out when they are given the chance,” and “There is no excuse for lying to someone else” (reverse coding).

Sample The questionnaire was administered to undergraduate students who were screened to be familiar with air travel. A total of 360 usable responses were obtained with 62.5% of the sample being female and the majority (95.8%) being between 19 and 24 years old.

Analysis and findings

Manipulation checks ANOVAs were conducted with all three manipulations as the independent variables and one of the manipulation checks as the dependent variable in each ANOVA. All three manipulations had significant main effects on their respective manipulation checks and the means were in the intended direction: distributive justice ($F(2, 168)=47.5$, $p<.01$, $\bar{X}_{low} = 3.08$, $\bar{X}_{medium} = 3.96$, $\bar{X}_{high} = 4.95$, Bonferroni test: $p < .05$ for all contrasts), procedural justice ($F(1, 168)=137.9$, $p<.01$, $\bar{X}_{low} = 2.26$,

$\bar{X}_{high} = 4.08$), and interactional justice ($F(1, 168)=1,191.3$, $p<.01$, $\bar{X}_{low} = 1.95$, $\bar{X}_{high} = 5.99$). No other main or interaction effect reached significance in any of the three ANOVAs. These findings suggest that the manipulations were effective and clean.

Testing for demand effects of manipulation checks A t-test was conducted to compare the difference in means for the two key dependent variables (i.e., dollars claimed and age of goods claimed) between subjects with and without manipulation checks. The results showed that there was no significant difference in reported levels of dollars claimed ($t=.02$; $df=358$; $p=.98$) and age claimed ($t=-.20$; $df=358$, $p=.84$) between the two groups. This suggests that both dependent variables were independent of the presence or absence of the manipulation checks and that no demand effects were observed.

Hypothesis testing A $3 \times 2 \times 2$ full factorial MANOVA was used to assess the effects of distributive, procedural and interactional justice on dollars and age claimed. To control for potential gender, age and Machiavellianism effects, we added these variables one by one into our MANOVA model. The effects of gender and age were insignificant ($p>.05$). Machiavellianism was significant as a covariate and therefore included in our model.

All multivariate main effects were significant (although one of the univariate effects was insignificant, see sub-model 1 in Table 5), and all means were in the hypothesized direction. Specifically, the cell means for dollars claimed were \$675, \$631 and \$608, for the low, medium and high distributive justice conditions, \$641 and \$616 for the low and high interactional justice conditions, and \$636 and \$622 for the low and high procedural justice conditions. The average age of the baggage claimed was 1.65 years, 1.80 years, and 2.08 years, for the low, medium and high distributive justice conditions, respectively, 1.76 years and 1.94 years for the low and high interactional justice conditions, and 1.78 years and 1.91 years for the low and high procedural justice conditions.

Our findings show that perceptions of injustice lead to higher claims. However, high claims do not necessarily have to be opportunistic. We therefore used the assessment of the consumer panel to classify claims as opportunistic in nature when the claims for age were 3 years or less and \$200 or more (see Method section). According to this classification, half of the claims (i.e., 180) were considered opportunistic. This proportion does not seem unreasonable as Mazar et al. (2008a) concluded in their experiments using student respondents that cheating was not only likely for a few “bad apples,” but that given the opportunity to engage in beneficial dishonesty, individuals engage in such behavior. Next we conducted a logistic regression to predict

Table 5 Study 3: MANOVA results on claiming behavior

Independent variables	F	df	Sig.	Dollar claim			Age claim		
				F	df	Sig.	F	df	Sig.
Sub-model 1: direct effects on claiming behavior									
Machiavellianism	5.8	2	.003	4.8	1	.03	9.4	1	.002
Distributive justice	15.8	4	< .001	6.3	2	.002	31.6	2	< .001
Procedural justice	3.6	2	.03	1.3	1	.25	6.9	1	.009
Interactional justice	8.8	2	< .001	6.6	1	.01	13.9	1	< .001
Sub-model 2: direct effects on satisfaction									
				Satisfaction					
				F	df			df	Sig.
Distributive justice				43.3	2				<.001
Procedural justice				5.2	1				.02
Interactional justice				57.2	1				<.001
Sub-model 3a: dollar claim as covariate									
Dollar claim				1.8	1				.18
Distributive justice				39.8	2				<.001
Procedural justice				4.7	1				.03
Interactional justice				53.4	1				<.001
Sub-model 3b: age claim as covariate									
Age claim				1.7	1				.20
Distributive justice				41.6	2				<.001
Procedural justice				6.0	1				.02
Interactional justice				58.9	1				<.001

None of the interaction effects reached significance at $p=.05$

opportunistic claiming as defined by our consumer panel. The findings replicated the MANOVA results with significant effects in the hypothesized direction for three justice dimensions (see Table 6). Machiavellianism was included as a covariate and again was significant. Taken together, these findings support H1 to H3 that lower distributive, interactional and procedural justice lead to a higher likelihood of opportunistic claiming.

Does claiming behavior affect customer satisfaction? Because of a lack of prior research we did not advance hypotheses on whether claiming behavior mediates fairness perceptions on satisfaction or contributes independently to

satisfaction, but we wanted to explore these relationships. We therefore asked subjects to imagine that the airline accepted their claim form as submitted and then measured their satisfaction with the service recovery effort. We examined both whether claiming in general and opportunistic claiming in particular mediated the relationship between perceived justice and satisfaction with the recovery effort.

Machiavellianism did not have a significant main effect on satisfaction ($F=.54; p=.58$) and was therefore dropped from the mediation test. Baron and Kenny's (1986) three sub-model approach was used to test for possible mediation by claiming behavior. Sub-model 1 shows that claiming

Table 6 Studies 3 and 4: logistic regression results on opportunistic claiming

Independent variables	Beta	Standard error	Wald	Sig.	Exp. (B)
Study 3					
Machiavellianism	.57	.14	16.9	< .001	.56
Distributive justice (medium=1)	.79	.28	7.9	.005	2.21
Distributive justice (low=1)	1.14	.28	16.5	< .001	3.13
Procedural justice (low=1)	.49	.23	4.7	.03	1.63
Interactional justice (low =1)	.75	.23	10.7	.001	2.10
Study 4					
Distributive justice (medium=1)	2.32	1.07	4.7	.03	10.2
Distributive justice (low=1)	2.46	1.06	5.4	.02	11.7
Firm size (large=1)	1.10	.51	4.6	.03	3.0
One-time transaction (yes=1)	1.02	.51	3.9	.047	2.8

The Betas predict increased likelihood of opportunistic claiming.

behavior is driven by the three justice dimensions as shown by the ANOVA results used for hypothesis testing. Sub-model 2 shows that the fairness dimensions have significant direct effects on satisfaction (see Table 5). In sub-model 3, two separate ANCOVAs were performed with the three justice manipulations as the independent variables, dollars claimed and age claimed as covariates, and service recovery satisfaction as the dependent variable. With dollars claimed as a covariate, the main effects for distributive, procedural and interactional justice remained significant, and dollars claimed was insignificant. The ANCOVA results for age mirrored the findings for dollars claimed.

Next, we tested whether opportunistic claiming showed the same results. Instead of the continuous variable of claiming, we added opportunistic claiming (as defined by our consumer panel and used for the logit regression) into the ANCOVA sub-model 3. Opportunistic claiming was not significant ($F=.15$; $p=.86$). The results suggest that neither claiming in general nor opportunistic claiming in particular mediate the effects of fairness on satisfaction. Furthermore, claiming behavior also did not independently contribute to explaining satisfaction responses.

Study 4—experiment on firm size, customer-firm relationship and compensation

The second experiment was designed to test the effects of firm size (H4) and customer-firm relationship (H5) on opportunistic claiming behavior. Opportunistic claiming was operationalized as claiming over and above what respondents themselves thought was fair, rather than a third-party assessment of what level would be considered as opportunistic as in Study 3. Distributive fairness was included in this study again as it was mentioned by all respondents in Studies 1 and 2 as a trigger for opportunistic behavior and is generally seen as the most important of the three justice dimensions (Tax et al. 1998).

Method

A 3 (compensation policy) \times 2 (firm size) \times 2 (customer-firm relationship) between-subjects factorial design was used. A scenario cum role-playing approach was used in the context of a catering service failure involving a 1 hour 15 minutes delay in food delivery for a birthday party. The severity of the failure was standardized across all scenarios through describing that the guests had arrived and the host was worried and frustrated about the late delivery.

Manipulations The company compensation policy manipulation had three levels: no rebate, 25% rebate and 50%

rebate off a \$600 bill. A sincere apology was offered in all compensation policy scenarios to standardize perceptions of interactional justice. A sample manipulation read: “The company sincerely apologizes and offers you a 25% discount (\$150) off your \$600 bill.”

Firm size was manipulated at two levels (large and small). The small condition was “Happy Catering Services is a small business operated solely by five family members.” The large firm condition was “Happy Catering Services is one of the largest caterers in the downtown area with over 600 staff. It provides catering services to institutions such as schools, hospitals, corporations and households.” To avoid price and quality inferences based on firm size, both were controlled for by stating that “the food was known to be of high quality” and that the company “charged a reasonable price of \$15 per head for its services.”

Relationship with the firm was manipulated at two levels. In the one-time purchase condition, respondents were told: “This is your first time patronizing this caterer but you have heard good comments about the company. You are unlikely to require the services of this caterer in the future since this party is an exceptional event.” In the established relationship condition, respondents were told that “You have been patronizing this caterer regularly for years and have a good opinion of the company. You intend to continue using this caterer for future events.”

Experimental sessions The questionnaire consisted of three sections. The first section contained the scenario, manipulations and manipulation checks. Before the compensation scenario was shown, the amount respondents thought would be a fair compensation was measured. As with Study 3, the manipulation checks were only included in a random half of the questionnaires to control for potential demand effects. Our dependent variable was measured next by asking respondents about the claim amount that they would actually claim (or “renegotiate”) after learning about the company’s compensation policy. Here, respondents were given the option to either accept the apology and amount offered by the firm or to claim a higher amount. In the second section, respondents were told that the company gave them the amount of compensation that they had either accepted or asked for, and then rated their satisfaction with the service recovery. The last section captured demographics.

Measures The manipulation check items were “How generous do you feel is the company’s compensation policy?” anchored in “not at all generous”/“extremely generous” for compensation policy (Wirtz and Kum 2004), “Happy Catering Services is a large caterer” anchored in “strongly agree”/“strongly disagree” for firm size (Doney and Cannon 1997), and “So far, I have been a loyal customer of this caterer”, anchored in “strongly

agree”/“strongly disagree” for the relationship with the firm (adapted from Bettencourt 1997). Consumer claiming behavior was measured by asking respondents the dollar amount that they would claim after hearing the firm’s compensation policy. A three-item satisfaction ($\alpha=0.84$) was modeled after that used in Study 3. As the seven-item Machiavellianism scale had a marginally acceptable Cronbach alpha in Study 3, we used Christie and Geis’ (1970) full 20-item scale ($\alpha = 0.75$) in Study 4. The amount considered as fair compensation was measured by asking “Given what has happened, how much discount off your \$600 bill do you think would be a fair compensation for the inconvenience you and your guests suffered?” The response options were “No compensation is needed, a sincerely apology would be sufficient,” and “I feel a compensation of \$ _____ would be fair, in addition to a sincere apology.”

Sample The working adult respondents were screened for familiarity with the study context (i.e., catering services). A total of 261 usable responses were obtained, resulting in cell sizes ranging from 20 to 25. The majority of respondents were female (57.1%), and 46.0% were 21 to 30 years old, 25.3% were 31 to 40 years old, while 24.5% were over 40 years old.

Preliminary analysis The test for demand effects related to the inclusion/ exclusion of manipulation checks on our dependent variables was insignificant for both dollars claimed ($t=.57, p>0.10$) and satisfaction ($t=.66, p>.10$), suggesting that no demand effects were present. ANOVAs were used for the manipulation checks with the three manipulations as the independent variables and one of the manipulations checks as the dependent variable in each of the three ANOVAs. The intended manipulations were successful (compensation policy: $F=116.0, p<0.001, \bar{X}_{Low} = 1.80, \bar{X}_{Medium} = 4.07, \bar{X}_{High} = 5.30$, Bonferroni test: $p < 0.01$ for all contrasts; size of firm: $F=925.6, p<0.001, \bar{X}_{Small} = 2.00, \bar{X}_{Large} = 5.85$; and relationship with firm: $F=644.1, p<0.001, \bar{X}_{One-time} = 1.99, \bar{X}_{Relationship} = 5.77$). No other main or interaction effect reached significance.

Hypothesis testing

We explored opportunistic claiming behavior first through ANOVA, with the dependent variable being the amount claimed over and above the compensation offered by the firm. Second, we used logistic regression to test what drove claiming over and above the compensation offered, and at the same time, over and above what respondents themselves considered fair.

Claiming behavior A 3 (compensation policy)×2 (firm size)×2 (relationship with the firm) ANOVA was conducted

on the amount customers claimed (or renegotiated) over and above the compensation initially offered by the firm. To control for potential gender, age and Machiavellianism effects, we added these variables one by one into our ANOVA model. As all effects were insignificant ($p>.05$), they were not included in our final models.

We also explored whether perceived fairness fully mediated the effects of our manipulations on claiming as might be expected when claims are motivated to establish fairness, but not when claims are motivated by material gain beyond a fair level. We added the amount respondents thought to be fair compensation as a covariate and this was highly significant ($F=152.5, p<.001$; see sub-model 1 in Table 7). But all manipulation main effects also were significant, indicating that fairness explained some but not all of the variance. This suggests that there was opportunistic claiming over and above what respondents self-reported as fair.

The detailed results show that compensation policy had a significant main effect on claim amount ($F=73.3, p<.001$). With increasingly higher compensation policies, the amounts claimed over and above the offered compensation decreased from \$126 to \$48 to – \$21 for the low, medium and high compensation conditions, respectively. In the high compensation condition, respondents actually asked for less (i.e., minus \$21) than the \$300 compensation offered. An examination of the cell means shows that this finding is explained by a restraint in the small firm, high compensation condition only (i.e., no other cells showed negative dollar values), where customers, on average, asked for \$51

Table 7 Study 4: ANOVA results: hypotheses and mediation testing

Independent variables	F	df	Sig.
Sub-model 1: hypotheses testing			
Claiming behavior			
Fair compensation	152.5	1	< .001
Compensation policy	73.3	2	< .001
Firm size	5.9	1	.02
Relationship with firm	11.5	1	.001
Sub-model 2: testing of direct effects			
Customer satisfaction			
Fair compensation	16.1	1	.05
Compensation policy	39.7	2	< .001
Firm size	10.2	1	.002
Relationship with firm	.4	1	.46
Sub-model 3: claiming behavior as covariate			
Claiming behavior	.7	1	.41
Fair compensation	13.1	1	< .001
Compensation policy	23.2	2	< .001
Firm size	9.6	1	.002
Relationship with firm	.6	1	.45

None of the interaction effects reached significance at $p=.05$

less than the \$300 the firm had offered. In contrast, respondents in the large firm condition claimed on average an additional \$9 over and above the \$300 compensation offered. This finding is consistent with past work that shows that customers can prefer lower compensation if there are perceptions of inequity and subsequent feelings of remorse or guilt (e.g., Smith et al. 1999; Sparks and McColl-Kennedy 2001), as may be the case with small firms when they are seen as less able to absorb the cost.

Firm size had a significant effect on the amount claimed over and above the amount offered by the firm ($F=5.1$, $p=.02$). Respondents asked for more from large firms (\$79) than small firms (\$30). Finally, the relationship with the firm condition was significant ($F=11.5$, $p=.001$), with subjects claiming more in the one-time transaction condition (\$75) than in the ongoing relationship condition (\$33). None of the interaction effects reached significance.

Logistic regression to explain opportunistic claiming Next, we conducted a logistic regression and coded respondents into two groups. Group 1 claimed less than or equal to what they themselves considered fair compensation (or equal or less than the compensation offered if the firm's offer was higher than the amount considered as fair). Group 2 claimed more than the compensation offered by the firm and, at the same time, more than they self-reported as a fair compensation amount. That is, in this study we used a conservative operationalization of opportunistic claiming as self-reported fairness perceptions are likely to be self-serving and inflated. Accordingly, this conservative classification categorized only 21 of the total of 261 claims as opportunistic. The logistic regression used dummy variables for the three manipulations. The results replicated the findings of the ANOVA with significant effects in the expected direction for distributive justice, firm size and relationship with the firm (see Table 6), again supporting Hypotheses 1, 4 and 5.

Impact of claiming behavior on satisfaction As in Study 3, subjects were asked to imagine that the firm honored their claim and paid the full amount. Then, their satisfaction with the service recovery was measured. Again, Baron and Kenny's (1986) three sub-model approach was used to examine whether claiming behavior mediated the impact of the three manipulations on satisfaction. The amount perceived as fair was added as a covariate to control for the effect of fairness perceptions on satisfaction. The ANOVA in sub-model 2 shows that the manipulations plus the fairness covariate had significant direct effects on satisfaction with recovery (see Table 7). The main effects were all significant with none of the interactions approaching significance. The results show that respondents were more satisfied with a higher compensation policy ($F=39.7$, $p<.001$, $\bar{X}_{Low} = 3.36$, $\bar{X}_{Medium} = 4.19$, $\bar{X}_{High} = 4.78$), and with small firms rather

than large ones, suggesting that they expected more from the latter ($F=10.2$, $p=.002$, $\bar{X}_{Small} = 4.58$, $\bar{X}_{Large} = 3.41$). Interestingly, firm relationship had no effect on service recovery satisfaction ($F=0.4$, $p=.46$, $\bar{X}_{One-time} = 4.27$, $\bar{X}_{Relationship} = 4.39$).

In sub-model 3, an ANCOVA was performed with the three manipulations as independent variables, fairness and the amount renegotiated as covariates, and service recovery satisfaction as the dependent variable. With the amount claimed as a covariate, the main effects for compensation policy, relationship with the firm, firm size and fairness remained significant, and claiming behavior did not reach significance ($F=.7$, $p=.41$). This finding shows that claiming behavior in general did not mediate the effects of our manipulations and of fairness perceptions on satisfaction. Next, we tested explicitly whether opportunistic claiming produced the same results. Instead of the continuous variable of claimed amount, we added the categorical opportunistic claiming variable into the ANCOVA model. The findings show that opportunistic claiming had no significant effect on satisfaction ($F=.90$; $p=.34$).

In sum, the results of the mediation tests suggest customer claiming behavior in general, and opportunistic claiming in particular, did not mediate the impact of compensation policy, firm size, customer-firm relationship and fairness perceptions on service recovery satisfaction. These results are consistent with Study 3 and again suggest that satisfaction with service recovery is independent of consumer claiming behavior.

Study 5—experiment on firm size and customer-firm relationship

The final experiment was designed to directly test the effects of firm size (H4) and customer-firm relationship (H5) without manipulating compensation policy to allow for a more parsimonious operationalization of opportunistic claiming. The method used was the same as for Study 4, with the exception that we did not manipulate compensation policy. Rather, the compensation policy described was the same for all respondents and read: "The company sincerely apologizes and lets you decide how much discount off your \$600 bill should be given to you." Opportunistic claiming was then operationalized as the claimed dollar amount exceeding what respondents had self-reported as fair.

Sample, measures and manipulation checks

Questionnaires were administered to working adults who were screened to be familiar with the study context (i.e., catering services). A total of 82 usable responses were obtained, resulting in cell sizes ranging from 20 to 21, with similar demographics to Study 4. The satisfaction ($\alpha=.75$)

and Machiavellianism ($\alpha = .74$) scales showed good reliability. The test for demand effects related to the inclusion/ exclusion of manipulation checks on our dependent variable was insignificant ($F=.2, p=.68$). Two-way ANOVAs on the manipulation checks showed that the manipulations were successful (size of firm: $F=297.1, p<0.001, \bar{X}_{Small} = 2.00, \bar{X}_{Large} = 5.80$; and relationship with firm: $F=159.1, p<0.001, \bar{X}_{One-time} = 2.03, \bar{X}_{Relationship} = 5.83$). No other main or interaction effect reached significance.

Hypothesis testing

The dependent variable was the amount asked for over and above the amount respondents themselves considered fair compensation. Of the 82 respondents 49 asked for exactly what they had considered as fair, and 33 asked for more than that. A 2 (firm size) \times 2 (relationship with the firm) ANOVA was conducted. To control for potential gender, age and Machiavellianism effects, we added these variables one by one into our ANOVA model. As none of the effects reached significance ($p>.05$), the control variables were not included in the final model.

The ANOVA results showed significant main effects for the two manipulations. Firm size had a significant effect ($F=4.4, p=.04$), and the cell means showed that respondents claimed more than they themselves considered fair from large firms (\$69) than from small firms (\$32). The relationship with the firm effect was also significant ($F=8.9, p=.004$), with subjects claiming more in the one-time transaction (\$77) than in the ongoing relationship condition (\$25). The interaction effect was insignificant. In sum, the F -values and means provide support for H4 and H5.

As in Studies 3 and 4, subjects were asked next to imagine that the firm paid the full amount claimed. Then, their satisfaction with the service recovery was measured. We first tested whether the manipulations had significant direct effects on satisfaction with the recovery. The results showed insignificant results for both firm size ($F=2.7, p=.11; \bar{X}_{Small} = 5.93, \bar{X}_{Large} = 5.59$) and for relationship with the firm ($F=.3, p=.60; \bar{X}_{One-time} = 5.81, \bar{X}_{Relationship} = 5.70$), showing that mediation did not take place. Unlike in the previous two experiments, we did not manipulate the quality of the service recovery (i.e., its fairness) as respondents could adjust their compensation amounts to what they considered fair given the firm size and their relationship with the firm, and we therefore did not expect that the manipulations would affect satisfaction with the service recovery. Next, we added the categorical opportunistic claiming variable into the ANOVA model to test for potential direct effects of opportunistic claiming on satisfaction. Neither the opportunistic claiming main effect ($F=.55, p=.50$) nor any of the interaction effects with our manipulations reached significance.

Conclusions and discussion

Theoretical implications and further research

As a first attempt to systematically explore opportunistic customer claiming behavior in a service recovery context, this multi-method, multi-phased study provides rich insights into this phenomenon. The extant service recovery literature largely portrays consumers as passive participants, not influencing the firm's service recovery process in general and compensation in particular. However, in practice, consumers do make claims and (re)negotiate compensation and other aspects of service recovery. Furthermore, it has become accepted practice in many service firms to honor customer claims as it is thought that paying what customers demand will lead to greater levels of satisfaction and repeat patronage (e.g., Tax and Brown 1998). As much of the customers' cost due to a service failure is subjective (e.g., value of lost time, inconvenience and emotional costs), what constitutes a fair compensation is subjective and opens the door to self-serving fairness perceptions and potentially opportunistic claims. However, the service recovery literature is silent on what drives opportunistic claiming, and whether honoring opportunistic claiming would lead to greater satisfaction with recovery. Our paper addresses this gap.

Perceived fairness and opportunistic claiming Studies 1 and 2 showed with "real-world" data that justice plays a key role in opportunistic claiming. It seems that the justice dimensions function both as a trigger of opportunistic claims as well as a justification to support such claims. Interestingly, Study 1 revealed that opportunistic claims were often couched in emotive language. In contrast, legitimate claims used more matter of fact arguments regarding core service failures and services that were not delivered although paid for. In Study 2, respondents openly admitted to taking advantage of the firm and yet still used justice arguments, frequently based on emotional costs as a trigger of and justification for their claims. The subjectivity of justice perceptions and emotional costs may make them convenient to use to justify and rationalize opportunistic claiming to customers themselves (to maintain their positive self-concept), to the firm and to other parties (e.g., the third party government office in Study 1).

Studies 3 and 4 used experiments to test the causal flow from fairness manipulations to opportunistic claiming. The findings show that customers were more opportunistic when experiencing lower distributive (i.e., unfair compensation policy), procedural (i.e., inconvenient process) and interactional fairness (i.e., low levels of concern and friendliness). The effects of the three justice dimensions were found to be additive rather than interactional,

suggesting that a shortcoming in one dimension can to some degree be compensated for by the other two. This finding is consistent with work in organizational behavior (Ambrose et al. 2002). In sum, our findings show that fairness perceptions not only drive satisfaction with the recovery as had been shown by many studies in the past, but also affect customer claiming in general and opportunistic claiming in particular.

Firm size and opportunistic claiming We explored the effects of firm size as an important contextual variable for explaining opportunistic claiming. The frequency counts in Study 1, analysis of quotes in Study 2, and experimental results of Studies 4 and 5 show that respondents were more opportunistic when dealing with large firms. This finding is consistent with denial of injury neutralization theory (Sykes and Matza 1957) and empirical findings in other fields (c.f., Hayes 1996; Mazar and Ariely 2006). Interestingly, respondents not only claimed less from small firms, but they were also more satisfied with their service recovery (Study 4). This suggests that customers have lower expectations of small firms given their limited resources, which is consistent with the findings from our in-depth interviews (Study 2).

Customer-firm relationship and opportunistic claiming Findings from our experiments in Studies 4 and 5 show that respondents were more likely to claim in an opportunistic manner when they were in one-time service transactions compared to when they had an established relationship with a firm. The in-depth interviews in Study 2 suggest that our empirical findings reflect the hypothesized inhibiting effects of trust (Salamon and Robinson 2002), fear of harming a valued business relationship (Young and Wilkinson 1989) and emotional costs (including shame) of betrayal in a relationship (Wirtz and Kum 2004).

Opportunistic claiming and satisfaction Claiming behavior in general and opportunistic claiming in particular did *not* mediate the relationship between our independent variables (i.e., justice perceptions and firm size) and service recovery satisfaction. Rather, satisfaction was directly linked to fairness manipulations (Studies 3 and 4) and firm size (Studies 4 and 5). Interestingly, respondents who claimed in a more opportunistic manner (and whose claims were honored) were *not* more satisfied than those who claimed less. These findings suggest that honoring opportunistic claims does not recover an inadequate service recovery attempt. It may be that successful opportunistic claimers attribute achieving a high level of compensation to their own effort in either obtaining restitution or in managing to obtain an unreasonably high compensation, and not to the firm.

In sum, experiencing an unfair service recovery attempt, dealing with a large firm, or not intending to go back to a firm may offer the excuse needed to induce customers to claim in an opportunistic manner, and such claiming is unrelated to satisfaction with the service recovery.

Managerial implications

Past studies on service recovery have suggested that managers should offer fair compensation, as defined by the customer, to achieve satisfaction and encourage repurchase (Smith et al. 1999; Tax and Brown 1998). Although not specifically stated, there is an assumption that customers in turn are reasonable in their claiming. Yet, our studies show that customers do not always act in a legitimate manner when asked to claim. Rather, they may have self-serving fairness perceptions and engage in opportunistic claiming. Our paper contributes to the growing literature on how to deal with dysfunctional customer behavior, and as Berry and Seiders (2008, p. 37) put it, “Companies must acknowledge the unfair behavior of certain customers and manage them effectively. ... Denying the existence and impact of unfair customers erodes the ethics of fairness upon which great service companies thrive.”

Our findings show that when a service recovery attempt is perceived as fair, customers tend to be less opportunistic in their claiming. This important finding provides additional weight to the argument that firms should have fair service recovery policies and processes in place so that they avoid facing opportunistic claims. Our findings suggest a subtle yet important shift from “offer a fair recovery and customers will be satisfied” to “offer a fair recovery and customers will be less likely to take advantage of the situation, claim less, and be satisfied.”

In our studies, opportunistic claiming was not only driven by the three justice dimensions of service recovery, but also by the contextual variables of firm size and customer-firm relationship. Large firms need to recognize that customers tend to claim (and expect) more from them. This suggests a difficult balance to strike—on the one hand, large firms are expected to pay a reasonable compensation, and on the other hand, they tend to be more open to potential customer abuse. A good rule of thumb would be to offer reasonably generous compensation upfront when dealing with service failure, and then resist the temptation of paying out unreasonable sums in subsequent claims. In contrast, small firms can place more focus on procedural as well as interactional justice elements in order to achieve cost-effective customer satisfaction with the recovery as their customers expect lower compensation, tend to claim less and be less opportunistic in their claiming. Customers in one-time transactions compared to ongoing relationship contexts seem more prone to abuse service recovery policies

and be more opportunistic in their claiming. Firms that deal with a large proportion of one-time transactions such as restaurants in prime tourist areas and service firms in airports may need to have tight service recovery policies in place. The focus here should be on interactional and procedural justice to achieve appropriate service recovery satisfaction.

Finally, the lack of mediation and direct effects of claiming on satisfaction have important managerial implications. Getting a proactive up-front recovery right was the main driver of satisfaction with the service recovery (Studies 3 and 4). Subsequent claims honored by the firm did not contribute to satisfaction. These findings suggest that firms are likely to achieve high customer satisfaction with a service recovery only when the compensation is part and parcel of the firm's service recovery policy and is proactively offered upfront, not when customers negotiate compensation after the event. Furthermore, entertaining opportunistic claiming only rewards misbehavior and encourages future incidents (Berry and Seiders 2008). The lesson is clear—offer an appropriate amount of compensation upfront rather than waiting for customers to claim or renegotiate.

Future research

This study opens various avenues for further research. First, the role emotions play in justifying opportunistic claiming would be an interesting field for further investigation. For example, strong negative emotions directed at the firm may avoid opportunistic claimants experiencing guilt and shame. In Study 1, we noted that emotional costs were used to support opportunistic claims that otherwise would look unreasonably high. In Study 2, respondents admitted to being “over the top” and pretended to be upset to get an upgrade, a higher refund and the like. Emotions have been shown to moderate fairness perceptions (Smith and Bolton 2002) and may offer an easy way to justify excessive claims to oneself and others. Thus, it would be valuable to establish the role of emotions in opportunistic claiming in more depth.

Second, personality trait variables could be explored as moderators of opportunistic claiming. For example, the majority of customers may file modestly inflated claims which can still be justified by self-serving fairness perceptions to allow self-concept maintenance. However, a minority of customers may try to cheat for maximum benefit. It would be interesting to look at individual differences and psychological processes that underlie such behavior (e.g., Muncy and Vitell 1992).

Third, Fullerton and Punj (2004) argue that customers can be “trained” by firms' marketing activities and be socialized to have rather jaundiced perceptions of fairness. The generous return and service recovery policies reinforce

tendencies of customer misbehavior, “inadvertently ensuring that misconduct becomes ingrained as part of the culture of consumption” (Fullerton and Punj 2004, p. 1244). It would be interesting to investigate to what extent and under what conditions firms “train” their customers to become self-serving in their fairness perceptions and opportunistic in their claiming, and conversely, how firms can educate their customers to become less so.

Finally, despite a carefully designed and executed research program we acknowledge some limitations, including the use of projective role-playing in our experiments and small sample sizes in some of our studies. Notwithstanding these limitations, our findings are reassuringly robust across methods, operationalizations, contexts and samples. To our knowledge, this is the first study on opportunistic claiming following a service failure. Our findings provide rich insights into relationships between justice, the contextual variables of firm size and customer-firm relationship, claiming and opportunistic claiming, and subsequent satisfaction with the recovery. We hope future research will extend this research program and offer further insights into this intriguing topic.

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