



The Effect of Complaint Handling and Service Recovery on Customer Loyalty at Lion Air Indonesia

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Abstract – The aviation industry is quite vulnerable to service failures, including flight delays or delays. Therefore, there have been many studies on service recovery and complaint handling. This research aims to understand how complaint handling and service recovery affect customer loyalty at Lion Air Indonesia. This study uses three variables divided into X1 complaint handling, X2 service recovery, and Y customer loyalty. As for the systematic literature review and descriptive verification method with multiple linear tests to measure research results. Based on these results, complaint handling affects customer loyalty, while service recovery is not highly correlated with customer loyalty.

Keywords: complaint handling, service recovery, customer loyalty, Lion Air

I. INTRODUCTION

One type of transportation that is most needed by the community as a means of connecting long distances is an aeroplane. The Association of Indonesian National Airline Companies report noted that the number of domestic flights reached 33.36 million passengers, with Lion Air Indonesia as the airline with the largest share of the domestic aviation market (INACA, 2021) [17].

This is supported by customer loyalty in choosing the airline. Nevertheless, judging by the reality on the ground, it turns out that this state-owned airline is based on the results of a global survey from the Bounce agency for the global region (Bounce, 2022) [18]. This assessment is based on a number of indicators, such as timeliness, flight cancellation rates, quality of food and in-flight entertainment, quality of staff service, aircraft seat comfort, and baggage policy (Bounce, 2022). Therefore, complaint handling is needed, and good service recovery is needed to provide optimal quality and maintain consumer loyalty. Handling company complaints can significantly affect customer loyalty and satisfaction [1]. The problem of complaint handling and service recovery has become more critical with the development of technology and communication because it increases the negative risk of customer complaints and the importance of effective company recovery [2]. Complaint handling can also significantly affect customer loyalty [3]. When providing services, satisfaction has a close relationship to service quality (Hendrayati, 2020). In addition, the right complaint handling and service recovery can effectively generate better customer loyalty. This gives rise to the importance of academic research in this field.

Complaint handling and service recovery have been researched in various industries and fields. For example, in the hospitality and tourism industry, "Evolution of Service Failure Research" by Kim & So (2023), "The Influence of Complaint Handling and Service Recovery on Customer Satisfaction, Customer Loyalty, and Customer Retention" by Zhibek Adzhigalieva (2021), to the field of air airlines namely "Perspective of Service Recovery in Developing an Effective Flight Delay Management Toward A Market Oriented Air Transport System" by Ayuwandira Febriana Sadu (2015), however, there has been no research on complaint handling and service recovery in the field of airlines after Covid-19 pandemic. This research aims at Lion Air customers and aims to determine the influence of complaint handling and service recovery on customer loyalty.

II. LITERATURE REVIEW

There are various definitions of "complaint" because a complaint expresses customer dissatisfaction with the company [4]. When a customer experiences a service failure, the actions taken by the customer can be very broad and varied. Customers can complain to the company, complain to third parties, move to other services, and tell others about their dissatisfaction experience (Word of Mouth), or customers can also not take any action [5].



Fig 1. Classification of Consumer Complaint Behavior

There are also various reasons for customers to complain. Wirtz believes that overall, customers have four reasons for filing a complaint: a) obtaining restitution or compensation; b) giving vent to anger; c) helping improve services; d) for altruistic reasons – to help other customers [6]. To handle complaint handling, companies develop complaint management, which can be described as companies managing, acting, responding to and, afterwards, reporting customer complaints [7]. The dimensions of complaint handling, according to (Gorton, 2005), are quality improvement, open disclosure, commitment, accessibility, responsiveness, transparency & accountability, and privacy & confidentiality.

Service recovery is a specific action taken to ensure that customers get an appropriate level of service after a problem occurs in normal service (Peelen & Boshoff, 2005). Another definition of service

IV. RESULT AND DISCUSSION

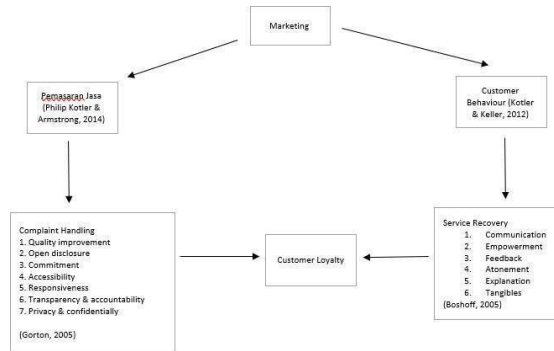
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	0.471	0.222	0.174	2.67261	0.222	4.572	2	32	0.018

- a. Predictors: (Constant), Manajemen_Komplain, Service_Recover
- b. Dependent Variable: Customer_Satisfaction

recovery is a systematic effort to fix problems caused by employees to continue to get the goodwill of customers (Lovelock & Jochen, 2016). Service recovery results from thoughts, plans, and processes to make up for customer disappointment to be satisfied with the organization after the service provided experienced a problem (failure) (Peelen & Boshoff, 2005). Service recovery has several dimensions: communication, empowerment, feedback, atonement, explanation and tangibles.

Customer satisfaction is very influential on customer loyalty. Customer loyalty has received attention because of its contribution to creating competitive and sustainable advantages [8]. Customer loyalty can be defined as the commitment to consistently repurchase or re-subscribe goods from the same service provider in the future [1].



III. METHODOLOGY

The method used is a quantitative descriptive method. This study obtained information from respondents through a questionnaire. Scores for alternative answers in this questionnaire are given for each choice using a Likert scale. Respondents in this study totalled 100 people who were distributed to Lion Air users in Indonesia from May to June 2023. The data analysis technique was a multiple linear test ($Y = \alpha + \beta_1X_1 + \beta_2X_2$).

R is the relationship between X1 X2 and Y. Meanwhile, R Square is the effect of X1 X2 on Y. It is known that the effect of X1 and X2 on Y is 0.222 or an effect of 22.2%. So, the effect of X1 X2 on Y is 22.2%.

ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.314	2	32.657	4.572	0.018

- a. Dependent Variable:
Customer_Satisfaction
- b. Predictors: (Constant), Manajemen_Komplain, Service_Recovery

Residual	228.572	32	7.143		
Total	293.886	34			

It is known that the F test is not significant because it has a Sig value. 0.18, which means greater than 0.05. Simultan F or together X1 and X2 have no significant effect on Y.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error				Zero-order	Partial	Partial	Tolerance	VIF
1	(Constant)	17.054	4.956		3.441	0.002					
	Service Recovery	0.207	0.074	0.434	2.779	0.009	0.444	0.441	0.433	0.996	1.004
	Manajemen Complaint	0.060	0.059	0.158	1.011	0.320	0.186	0.176	0.158	0.996	1.004

T-test = it is known that the value of T is 3.441, greater than Sig. that is 0.002. so that the partial T test itself becomes X1 has an effect or significant effect on Y, and X2 has a significant effect on Y. Based on the research results of the R test, namely the relationship X1 and X2 to y, it is known that the coefficient of determination (R Square) is 0.222 or if presented, it becomes 22.2%. So, it can be seen that the effect of complaint handling and service recovery on customer loyalty is 22.2%, while the rest is influenced by other factors not examined in this study. The results of this study are supported by research which shows that the basis of customer loyalty depends on fast and flexible complaint handling, encouraging positive word of mouth.

V. CONCLUSIONS

Based on the results of the R test, namely the relationship of X1 and X2 to Y, it is known that the coefficient of determination (R Square) is 22.2%. This means that there is an influence of complaint handling and service recovery on

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