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Customer Citizenship Behavior in Small and Medium-Sized Enterprises: The Role of Justifiable Price and Product Quality

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ABSTRACT

This study examines the impact of justifiable price (JP) and product quality (PQ) on customer citizenship behavior (CCB) in small and medium enterprises (SMEs) operating at rest areas along the Batticaloa District. A quantitative research design was used, creating a structured questionnaire consisting of 21 items on a five-point Likert scale. Data were collected from 132 customers of Small and medium food establishments through convenience sampling. Reliability analysis, correlation analysis and regression analysis were conducted using SPSS to measure the strength and direction of relationships between variables. The findings show that customers exhibit moderate to high levels of price justice mean value is 3.94, product quality mean value is 3.94 and customer citizenship behavior mean value is 3.96. Reliability shows the Cronbach alpha for all variables were high, confirming measurement consistency. Correlation analysis showed strong positive relationship between product quality and customer citizenship behavior ($r = 0.818$), justifiable price and customer citizenship behavior ($r = 0.680$) and price justice and product quality significantly predicts CCB ($\beta = 0.665$, $p < 0.001$), explaining a substantial portion of its variance. Justifiable price, however, did not; customers who perceive higher product quality are more likely to engage in discretionary behaviors such as recommending products, providing feedback, and helping existing customers. The study highlights the strategic importance of maintaining high product quality standards to foster voluntary customer behaviors that enhance business reputation, loyalty, trust and long term performance in the SME sector.

INTRODUCTION

In today's highly competitive business environment, small and medium sized enterprises facing various challenges in maintaining sustainable performance and cultivating customer loyalty and trust. One critical factor that can positively impact small and medium enterprise performance is customer satisfaction and the development of voluntary customer related behaviors. When customers experience dissatisfaction, it may lead to reducing the business performance, making it essential for SME operators to thoroughly understand the variables that influence business performance and customer responses (Shiratina, Utama, & Ali, 2025). Price is a fundamental factor in consumer decisions, directly affecting how customers perceive value and their satisfaction levels. Small and Medium business operators must carefully consider fair and affordability when setting prices, as consumers and customers are attracted to products with reasonable prices that reflect justifiable price.

Justifiable Price refers to customer evaluations and emotions regarding whether prices are considered fair or justifiable (Rady, Abdelaziz, & Touni). When customers perceive prices as unfair, this perception has been associated with dissatisfaction, termination of business trade relationships, and spread of negative rumors detrimental to the seller's reputation (Ali, 2023). Conversely, fairness of price strategies significantly

contribute to customer satisfaction and (Budur & Poturak, 2022). Customer satisfaction is influenced by trust, loyalty and can affect their perceptions with concluding that satisfaction mediates the interconnection between justifiable price and customer retention.

Product quality, defined as the ability of a product to perform its functions including durability, reliability, accuracy, ease of repair and operation, is another factor of customer satisfaction and behavioral intentions (Kotler & Keller, 2016). Customers select goods based on quality, indicating the price and quality are key factors of satisfaction. Research reveals product quality plays a vital role in shaping customer satisfaction (Teresa, Suryani, & Listyarti, 2024). Both determinants significantly influence customer mindset, perception, behavior and satisfaction. Customer citizenship behavior reveals to discretionary actions by customers and buyers that fall outside formal role expectations but benefit the organization (Mitrega, Klezl, & Spacil, 2022). CCV can be classified into four parts, sharing opinions, extending help, supporting the brand and showing patience (Yi, Gong, & Lee, 2013). Antecedents of customer citizenship behavior include customer satisfaction with products and services which encourages customers to offer beneficial information for service development and improvement. Loyalty, satisfaction and trust drive customers to advocate for the company by recommending products or services.

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In the Indonesian context, research finding CCB in relation to pricing strategies and product quality remains scarce with most research studies conducted abroad and focused on large industries. The Batticaloa district serves as a vital transportation artery with numerous rest areas hosting SME food establishments. These businesses face significant challenges including high rental price policies and negative perception of customers related pricing. These policies have lead several SMEs to close, as high rental costs forced price increases. Frequent customer complaints regarding high menu prices and unsatisfactory service reveal that price fairness and product quality play important roles in shaping customer satisfaction and citizenship behavior. This study finds this gap by exploring factors influencing CCB among small and medium enterprises in the Batticaloa district area.

LITERATURE REVIEW

Customer Citizenship Behavior refers to voluntary actions by customers not explicitly included in their expected roles. Voluntary conduct represents an individuals desire to support others inside and outside their organization. The concept of organizational citizenship behavior was firstly introduced by Barnard (1938), who find that for organizational goals to be achieved, employees must contribute to the corporate system. Organizational citizenship behavior involves actions beyond established job criteria, often not driven by incentive schemes. According to Mitrega *et al.* (2022), customer citizenship behavior refers to discretionary actions by customers outside formal role expectations. Yi and Gong (2013) classified CCB into four aspects such as sharing opinions, supporting the brand, extending help and showing patience. Feedback reveals that information provided by customers, favorable or unfavorable, aimed at helping employees enhance service delivery. Advocacy involves customers recommending the company through word of mouth. Assisting reveals to customers providing assistance to others facing challenges. Tolerance reflects willingness to remain patient when service doesnot meet anticipated standards.

Customer satisfaction represents feelings of joy or disappointment arising from comparing perceived performance or results with expectations (Kotler & Keller, 2016). Based on different studies (Badur & Poturak, 2022), key factors of satisfaction include good customer relationships, conflict resolution methods, service quality and positive brand experience. Impacts of satisfaction are evident in customer loyalty, trust, attraction of new customers, competitive advantages and increased financial performance. Price justice or fairness refers to customer interpretation of whether product price is reasonable. Perceptions can be grouped into actual price and perceived price (Rady *et al.*, 2023). Price fairness involves assessment of fee paid in exchange for goods. Perceived price justice consists of monetary sacrifice (nominal cash spent) and non-monetary sacrifice (time and effort expended). Product quality is defined as the

ability of a product to perform its functions, including attributes such as reliability, durability, accuracy, ease of operation and ease of repair (Kotler & Keller, 2016). According to Kotler and Keller (2016), indicators of product quality include performance, features, reliability, compliance, durability, serviceability, aesthetics and perceived quality. Similarly, Hoe (2018) divided quality as excellence, value for money, conformity to requirements and meeting customer expectations.

The relationship between justifiable price and customer satisfaction is important, especially for small and medium owners. Customers are more likely to be satisfied when they are finding the price of a product is reasonable and commensurate with its value, which leads to repeat purchases and referrals. Conversely, unfair pricing can reduce customer satisfaction, reduce loyalty, and diminish the reputation of MSMEs (Chen & Hooker, 2023). Several researches has revealed that justifiable price considerably increases customer satisfaction (Yaqub, Halim, & Shehzad, 2019). Further customer perception of price fairness directly influence their satisfaction, contributing to customer loyalty (Yuliasari, Karno, & Syaiful, 2023). Quantitative studies find that product quality contributes to customer satisfaction. Research studies on batik garments consumers revealed that high quality batik designs, aligned with customer expectations, enhance satisfaction levels (Wantara & Tambrin, 2019). A research study on customer satisfaction among smart phone users found that product quality improves customer trust and fosters a sense of satisfaction during product use (Diputra & Yasa, 2021). Recent evidence further supports this relationship (Teresa, Suryani, & Listyarti, The impact of product quality and price perception on customer satisfaction, 2024). An inquiry on overall satisfaction in Indonesia found that product price quality influences customer satisfaction (Andri, Ayu, & Putri, 2022).

Justifiable price plays a vital role in shaping voluntary customer behavior. When customers perceive that the price aligns with the value they receive, they are more likely to respond positively, such as making favorable recommendations for specific brand or product. Customer perceptions are especially influential when customers first engage with or utilize a product and these perceptions have been shown to positively influence CCB (Ali H. , 2023). Further study suggested that customer perception of cost and fairness in processes can strongly influence customer trust and loyalty, resulting in voluntary consumer actions towards the business (Akgunduz, Nisari, & Sungur, 2023).

High quality product brands drive increased consumer citizenship behavior toward the business and other customers. Through satisfaction, trust, loyalty customers act as corporate citizens by providing feedback and recommending the business (Pham Thi & Ho, 2024). CCB is determined by customers sense of quality and employee interactions during initial service encounters. Customer satisfaction influence voluntary behavior. When consumers feel satisfied after using a product this

influences their voluntary activities. Behaviors such as making suggestions, helping customers and providing feedbacks are motivated by emotional connection to positive product value.

Based on the literature review, this research study proposes the following hypothesis

H1: Justifiable price has positive significant impact on customer citizenship behavior.

H2: Product quality has positive significant impact on customer citizenship behavior.

MATERIALS AND METHODS

This study used a quantitative research approach and utilized a survey method to collect quantitative data. The research population comprised customers who have used the Batticaloa district area specifically those who have purchased food products from MSMEs within the past year. Since the exact population was unknown, this study employed convenience sampling a non probability sampling technique, to determine the research sample. The sample size was calculated using the formula for an unknown population $n = Z^2pq/e^2$. Applying the formula with a 5% confidence level and 10% margin of error, the minimum required sample was 96 respondents. However 132 respondents completed the questionnaire for this survey. Exceeding the minimum requirement. A survey method was used as the main strategy, utilizing a structured questionnaire as the data collection tool. The questionnaire included 21 items to measure the three main constructs : Justifiable price, product quality, and customer citizenship behavior, using a five-point Likert scale ranging from strongly disagree to strongly agree. Further demographic questions were added to gather information on respondents' gender, age, education and frequency of service usage. Data were collected through Google Forms.

CCB reveals to voluntary customer actions that are not explicitly included in their expected roles. CCB can be categorized into four parts it explained on literature review part. Customer satisfaction represents an individuals sense of happiness or dissatisfaction that arises from comparing the perceived performance or outcome of a product or service with their expectations (Kotler & Keller, 2016). Key variables of customer satisfaction include positive customer relationships, effective conflict resolution, high service quality and strong brand experience (Budur & Poturak, 2022). Price perception of justice represents customers' point of view towards the price paid in return for goods or services (Da Silva, Lages, & Lages, 2019). Product quality is the capacity of goods to perform their intended functions, connecting general durability, accuracy, efficiency, ease of use and repair along with other product attributes. (Kotler & Keller, 2016).

Data were analyzed using SPSS. The analysis included reliability testing using cronbach's alpha to ensure the internal consistency of the measurement items followed

by descriptive statistics to examine respondent profiles and variable means, correlation analysis to assess the relationships between variables and linear regression analysis to test the research hypothesis.

RESULTS AND DISCUSSION

The univariate analysis showed that respondents demonstrated moderate to high levels across all variables. CCB exhibited the highest mean, 3.96 followed by Justifiable price mean is 3.94 and product quality mean is 3.94. The relatively low standard deviations suggest consistent responses across the sample. Demographically male respondents respond for 60.6% of the study participants, with the largest age group being above 36 years 28% and 31 to 35 years 26.5%. Educational background data indicate that 26.5% of respondents held senior high school qualifications, while 24.2% held bachelor's degrees. In terms of usage frequency, participants in the one to three times category represented the largest segment 49.2% indicating that these customers may be travellers rather than regular patrons.

Reliability analysis was conducted to ensure the internal consistency of the measurement tools. The reliability scores for all variables exceeded the acceptable threshold of 0.70 confirming high internal consistency. CCB demonstrated the highest reliability ($\alpha = 0.926$), followed by justifiable price ($\alpha = 0.911$) and product quality ($\alpha = 0.832$). These results show that the measurement tools are reliable for further analysis.

Correlation analysis shows several important findings. There was a very strong positive correlation between product quality and customer CCB ($r=0.818$, $p<0.01$), suggesting that customers who perceive higher product quality are more likely to engage in voluntary, supportive behaviors. There was a strong positive correlation between justifiable price and customer citizenship behaviour ($r = 0.680$, $p < 0.01$), indicating that fair pricing is associated with higher levels of CCB. Further there was a very strong positive correlation between product quality and justifiable price ($r = 0.807$, $p < 0.01$), suggesting that customers who perceive higher product quality also tend to perceive as fair.

Multiple linear regression analysis was conducted to assess the influence of justifiable price and product quality on customer citizenship behavior. The regression model was significant ($F = 88.162$, $p < 0.001$) and explained 67.4% of the variance in CCB ($\beta = 0.665$, $t = 5.655$, $p < 0.001$ indicating that higher product quality leads to greater CCB. However justifiable price did not have a significant influence on CCB ($\beta = 0.066$, $t = 0.774$, $p = 0.440$), suggesting that price justice does not significantly affect CCB when considering alongside product quality. The research findings highlight the product quality significantly CCB, complementing the role of price fairness. This suggests that customers' voluntary actions are not solely driven by perfect service or justifiable price. High quality service offerings serve as a driving force that enhances customers' civic attitude toward the company

and other customers (Xie & Patrick Poon, 2017). These findings connected with previous empirical researches, which reveals that customer can act as company citizens by offering feedback, recommending the company to others and supporting the brand voluntarily (Shafiee & Tabaeelian, 2021). This behavior typically occurs when customer experience positive or emotional interactions. Interestingly even when there are customer complaints about price discrepancies, customers may still remain loyal, trust or uphold the SME'S reputation. This phenomenon shows that positive consumer experiences play a vital role in fostering (Kurhayadi, Rosadi, & Yusuf, 2022). In cases where customers experience price discrepancies or poor services, their loyalty or voluntary actions may persist due to satisfaction with other aspects of the service or product, trust in the brand or the convenience in the shopping experience (Ing, Ru, Ivan, & Osman, 2019). The evidence shows that product quality plays a vital role in determining CCB which reflects customers' voluntary actions to support and promote a company without coercion. The non significant finding for justifiable price on CCB in the multiple regression analysis suggests that while justifiable price independently contributes to CCB, its effect is overshadowed by product quality when multiple factors are considered together. This finding partially contradicts previous research suggesting that customers' initial perceptions of service quality significantly influence their CCB (Ali, 2023; Qiu *et al.*, 2021). However it aligns with the understanding that in contexts where customers have limited alternatives, product quality may be more powerful driver of voluntary behaviors than pricing perceptions. From a marketing perspective, this underlines the fact that customers are not satisfied with product quality, they are more likely to demonstrate loyalty, provide suggestions and maintain ongoing connections with the business. This signifies that deep satisfaction, rooted in product quality, makes an emotional relationship that encourages customers to act as citizens of the business, voluntarily supporting and enhancing the brand's reputation. A business that understands and maintains high product quality not only gains loyal customers but also builds deeper relationships that lead to a sustainable positive point of view.

CONCLUSION

This study examined the impact of justifiable price and product quality on CCB in the SME sector at Batticaloa District. The results indicate that respondents demonstrate moderate to high levels of justifiable price perception, and CCB. High reliability scores for all variables confirm the consistency of the measurements. Correlation analysis find very strong positive relationships between product quality and CCB ($r=0.818$), justifiable price and CCB ($r=0.680$) and justifiable price and product quality ($r=0.807$). Regression analysis indicated that product quality significantly predicts CCB ($\beta = 0.665$, $p < 0.001$), explaining 67.4% of its variance. Justifiable price however did not show significant influence on CCB when

considered alongside product quality. These findings suggest that customers who perceive higher product quality are more likely to engage in voluntary, supportive behaviors such as recommending products, providing feedback, and helping fellow customers. This supports the hypothesis regarding product quality but does not support the hypothesis regarding justifiable price.

Based on the findings, several recommendations can be created. First SME operators should focus on maintaining high product quality standards to enhance CCB. This includes ensuring product consistency, reliability, durability and aesthetic appeal. Second while justifiable price may not be the primary driver of CCB in this context, SME operators should still maintain fair and transparent pricing strategies while effectively communicating value to customers. Third by maintaining high product quality standards, SME's can build emotional connections with customers that encourage voluntary behaviors such as recommendations and positive word of mouth. Policy makers should consider the challenges faced by SME's in Batticaloa district areas, particularly regarding high rental costs that force businesses to increase prices. Supporting SMEs through fair rental policies could enable them to maintain competitive pricing while sustaining product quality. Future research should expand the sample to include various industries and geographical areas, investigate other factors that might influence the relationship between justifiable price, product quality and CCB and conduct longitudinal studies to monitor changes in customer perceptions and behaviors over time.

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