

# EXTENDING THE HIRSCHMAN MODEL: WHEN VOICE AND EXIT DON'T TELL THE WHOLE STORY

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## ABSTRACT

Hirschman established the terms exit, voice, and loyalty as associated with consumer dissatisfaction. We propose that exit and voice need clarification and that Hirschman's meaning of loyalty differs from most readers' meaning of loyalty. We also propose that retaliation, grudgeholding, avoidance, and loyalty are useful in representing and explaining consumers stories of responses to dissatisfaction and satisfaction.

## INTRODUCTION

In the opening paragraph of his often quoted book, *Exit, Voice, and Loyalty: Response to Decline in Firms, Organizations, and States*, Albert O. Hirschman says:

Under any economic, social, or political system, individuals, business firms, and organizations in general are subject to lapses from efficient, rational, law-abiding, virtuous, or otherwise functional behavior. No matter how well a society's basic institutions are devised, failures of some actors to live up to the behavior which is expected of them are bound to occur, if only for all kinds of accidental reasons. Each society learns to live with a certain amount of such dysfunctional or mis-behavior; but lest the misbehavior feed on itself and lead to general decay, society must be able to marshal from within itself forces which will make as many of the faltering actors as possible revert to the behavior required for its proper functioning. This book undertakes initially a reconnaissance of these forces as they operate in the economy; the concepts to be developed will, however, be found to be applicable not only to economic operators such as business firms, but to a wide variety of noneconomic organizations and situations. (Hirschman, 1970, p. 1)

Then, on page four, we are introduced to the concepts of "exit" and "voice."

The deterioration in performance is reflected most typically and generally, that is, for both firms and other organizations, in an absolute or comparative deterioration of the *quality* of the product or service provided. Management then finds out about its failings via two alternative routes:

(1) Some customers stop buying the firm's products or some members leave the organization: this is the *exit option*. As a result, revenues drop, membership declines, and management is impelled to search for ways and means to correct whatever faults have led to exit.

(2) The firm's customers or the organization's members express their dissatisfaction directly to management or to some other authority to which management is subordinate or through general protest addressed to anyone who cares to listen: this is the *voice option*. As a result, management once again engages in a search for the causes and possible cures of customers' and members' dissatisfaction. (Hirschman, 1970, p.4)

Hirschman's dedication of his book is "To Eugenio Colorni (1909 - 1944), who taught me about small ideas and how they grow" (Hirschman, 1970, p. v.) In his book Hirschman launched a "small idea" which has grown to great usefulness across many fields of inquiry. To the many of us who cite the book frequently but have just reading more of the book than we have ever read before, I extend the invitation to read; this thoughtful, intriguing, and short book.

As the search continues for understanding of the outcomes of consumer satisfaction and dissatisfaction and the causes of consumer complaining behavior, we as a discipline again and again come back to Hirschman's "little idea" of voice and exit. In the three most recent volumes (Volumes 3-5) of the *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior* Hirschman is cited in 16% of the

articles. The "little idea" of voice and exit has become a cornerstone to much work in the field. As we have spent our time talking to consumers and as our students have collected stories from consumers about satisfaction, dissatisfaction and complaining behaviors, we have found the concepts of "exit" and "voice" to be excellent descriptors of what we have heard.

These consumer stories have pushed us beyond "exit" and "voice" to consider additional complicating factors which, when explicated, have the possibility of substantially expanding "exit" and "voice" into many branches, with each branch illustrated and evidenced by numerous stories. The purpose of this paper is to call attention to the expansion of "voice" and "exit," and how this expansion creates a more useful understanding of satisfaction, dissatisfaction, and complaining behavior.

In each extension in the following discussion our methodology has been similar. Earlier stories alert us to the possibility of a new extension. We next talk informally to consumers to confirm the general occurrence of the "extended" behavior. Then, in a class project in the undergraduate consumer behavior class we use that "extension" as the primary topic of the course research project in which students obtain stories of actual behavior of the extension. A simple mental factor analysis of the stories usually shows sets of stories that are more similar to stories within the set and more dissimilar to stories outside the set -- resulting in sets of responses which seem to be characteristic ways consumers respond. This process is explained in the case of retaliation and then only alluded to in later extensions.

### **RETALIATION**

As we gathered consumer satisfaction/dissatisfaction stories and complaining behavior stories we began to see examples of consumers not just voicing or exiting but of deliberate, intentional efforts to in some way get even with the seller for what went wrong. Initially we thought of them as "consumer vigilantes," -- individuals who took justice into their own hands to be sure "their" justice occurred. We now call this consumer retaliation.

After personal introspection, talking to several

consumers generally and hearing their stories and discussing the matter explicitly in class and hearing students' stories, we (the class members and professor) thought there might be enough actual cases of retaliatory consumer behavior to provide a base for a study. For our first effort we decided to gather stories from a variety of people, hoping to "catch" retaliation stories by casting our net widely and indiscriminately. The stories were given anonymously, of course, since several of the retaliations were explicitly illegal and most were outside the bounds of social propriety. It worked. We received numerous retaliation stories. The stories were easy to obtain and people enjoyed recounting them.

From this first retaliation study we documented that consumer retaliation against sellers definitely occurs, thus establishing that retaliation fits with exit and voice as an additional possible response to consumer dissatisfaction. Further, in doing our simple mental grouping of responses, we found the following types of retaliation.

#### Destruction

1. Destruction - Damage or destroy product so no longer saleable by store.
2. Destruction - Damage or destroy physical equipment or building.

#### Theft

3. Theft - Actual stealing, taking merchandise without paying.
4. Theft - Leaving without paying.
5. Theft - Doing something to cost the seller money.

#### Against Individual

6. Retaliate against individual salesperson, not against company

#### Legal

7. Legal action.

#### Negative Word of Mouth

8. Negative Word of Mouth - Blackball, spread negative word of mouth, not in store.
9. Negative Word of Mouth - In store

Disruption

10. Disruption - Put items in wrong place
11. Disruption - Trashing
12. Disruption - Miscellaneous, but such great stories we kept them, all were disruptive

Psychological

13. Psychological - Overt action intended to offend/hassle seller, no disruption or destruction.

We have established that retaliation clearly occurs. The stories collected also show that retaliation may occur as a lone behavior but that it more likely occurs in combination with voice and/or exit. Thus, we reason that retaliation needs to become a third consumer behavioral outcome given consumer dissatisfaction.

After reading the stories many times we are impressed that in almost every retaliation story there is a strong emotional component. We propose that this emotional component will become one of the keys to understanding consumer retaliation. The key to defusing and removing the need to retaliate probably lies in neutralizing the emotional component in the event or situation.

**AVOIDANCE**

Hirschman introduced the concept of "exit." We are raising the question of how long exit continues. As we worked with the topic, "exit" became less correct at denoting the full meaning of what Hirschman and we were studying so we changed to the more satisfactory term "avoidance." Hirschman's "exit" is the avoidance of that seller in the future. Stating it this new way begs the question of "how long" in the future -- short term, intermediate, or long term.

**Grudgeholding**

Previously we have discussed the matter of extended exit (Huefner & Hunt 1992). There has already been substantial discussion of extended, long-term avoidance. It is called grudgeholding in the literature (Hunt et al 1988; Hunt & Hunt 1990). These studies clearly establish that grudgeholding occurs. And, similar to our new finding on retaliation, most grudgeholding cases

are imbued with a heavy emotional component. People continue to carry the consumer grudge because, upon recall, the emotional upset is still there at immediate recall.

**Avoidance**

In our work reported earlier (Huefner & Hunt 1992) we found nine different categories of reasons for brand/store avoidance.

1. "Product Quality" includes poor quality, the product didn't work, was contaminated, tasted bad or wrong, made me sick, etc.
2. "Repair" includes refusal to repair, slow, incorrectly done, poor quality, etc.
3. "Return" includes wouldn't allow return, allowed it grudgingly, or replaced but still didn't work.
4. "Atmosphere" includes dirty, dark, dingy, crowded, poor layout, wrong kind of people shop there, etc.
5. "Personnel" includes rudeness, incompetence, aggressiveness, unfriendliness, untruthfulness, embarrassed me, or tried to sell me items I didn't need.
6. "Service" included slow and poor.
7. "Price/Payment" includes costs too much, no saving, no price tags, charged higher than agreed, check problems, etc.
8. "Self-caused" includes problems caused primarily by the consumer.
9. "Misc." includes environmental concerns, distance from store, store refused to do business, foreign manufacturer, and untruthful or stupid ads.

Consumer stories of brands/stores they avoid clearly show there is a considerable amount of avoidance. Indeed, we get the impression from some stories that actual brand/store choice is as much a matter of avoidance as it is of preference.

Some times by the time the consumer has eliminated all the stores being avoided there is a very limited set of reasonable alternatives remaining from which to choose.

For some purchases the whole set of brand/store alternatives may fall in the to-be-avoided category and the consumer is left with the difficult task of deciding which of the unacceptable alternatives is least unacceptable. Perhaps some day a consumer behavior text will show a multiattribute attitude model in which every brand/store alternative has a negative score and the consumer is seeking to choose the least negative alternative. Or, perhaps in an advertising text we will see an ad claiming that all brands/stores in the category are unacceptable "but we are the least unacceptable so buy from us." The point is, we seldom acknowledge that in the market place consumers are sometimes faced with no positive alternative, and this condition is sometimes (perhaps usually) caused by avoidance.

### LOYALTY

Voice and exit, while less than precise in Hirschman's original formulation, at least are close enough that they have continued in use. Loyalty, Hirschman's third behavioral response, is no longer an acceptable word choice.

Hirschman does not use loyalty in its usually defined sense. A quick look at a thesaurus shows allegiance, constancy, devotion, faithfulness, fealty, and fidelity to be synonyms for loyalty. These terms would be common matches for most people. Hirschman, on the other hand, defines loyalty in his model as nothing more than not exiting. Under this definition the counterintelligence mole passing secrets to the enemy would be considered loyal. The subordinate who undermines the organization's productivity and department well-being is loyal. A church member who actively teaches against his or her church but stays a member is loyal. It is a most unsatisfactory word choice. It is very important to keep in mind when reading Hirschman that his loyalty is non-exit and nothing more. Unfortunately, many who use Hirschman's terminology don't bother to read Hirschman and make the easy mistake of thinking Hirschman's meaning of loyalty is the same as the standard

North American meaning of loyalty.

We are not very far along on understanding consumer loyalty. Our one study asked for stories when the consumer did something nice for a brand or store. Several of the stories included a positive equivalent of retaliation -- the store had done something nice for them, maybe many nice things for them, and the consumer was doing something nice to at least partially repay the store. We hope to be able to report more on consumer loyalty in coming volumes.

### CONCLUSION

Hirschman's excellent book (1970) has provided a an excellent basic understanding and vocabulary for thinking about consumer dissatisfaction and complaining behavior. Additional terms, such as retaliation, grudgeholding, avoidance will allow us to be more precise in our writing and thinking about dissatisfaction and complaining behavior. A whole new meaning of loyalty is needed for adequate communication.

### REFERENCES

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