



SEEK WISDOM, ELEVATE YOUR INTELLECT AND SERVE HUMANITY !



The Effect of Service Recovery on Customer Satisfaction: The Case of Omedad plc.

A Proposal Submitted to Department of Marketing Management, for the Partial Fulfillment of the Requirement for the Award of Masters of Arts Degree in Marketing Management

By

Firanoli Dereje

Research Advisor: Dr. Hailemariam Kebede (PhD)

Addis Ababa University

School of Commerce

Marketing Management Post Graduate Program

OCTOBER, 2020

Addis Ababa, Ethiopia

Addis Ababa University

School of Commerce

Marketing Management Graduate program unit

This is to certify that the thesis is prepared by Firnaoli Dereje. The Effect of service recovery on a customer satisfaction the case of Omedad plc., in partial fulfillment of the requirements for the award of the Master's degree of Arts in Marketing Management with the regulation of the university and the accept standards with respect to originally.

“The Effect of service recovery on customer satisfaction The Case of OMEDAD PLC”

Firanoli Dereje

Approved by Board of Examiners

Thesis Advisor Signature Date

Internal Examiner Signature Date

External Examiner Signature Date

Statement of Declaration

I, Firanoli Dereje hereby to declare that the work in this research entitled “The Effect of the service recovery on customer satisfaction the case of Omedad plc” ,its originally my own work that all the sources of materials used for this study have been identified and acknowledge as complete reference. This research study has not been previously submitted in full or partial fulfillment for any degree in this university or any other recognized education institution. This research study is being submitted in partial fulfillment of the requirement for Master of Arts degree in Marketing Management.

Firanoli Dereje

Date: _____

Table of Contents

ACKNOWLEDGEMENTS	VII
Abstract.....	VIII
Chapter One	1
INTRODUCTION	1
1.1 Background of the study	1
1.2 Background of the organization.....	3
1.3 Statement of the problem	3
1.4 Research Questions.....	5
1.5 Objective of the Study.....	5
1.5.1 General Objective	5
1.5.2 Specific Objective	5
1.6 Significant of the study	6
1.7 Scope of the Study	6
1.8 Limitation of the study.....	7
1.9 Definition of Terms.....	8
1.10 Organization of the study	10
CHAPTER TWO	11
REVIEW OF RELATED LITRATURE.....	11
Introduction.....	11
2.1. Theoretical literature	11
2.1.1 Service.....	11
2.1.2 Characteristics of Service.....	13
2.1.3 Service Failure	14
2.1.4 Service Severity failure	16
2.1.5 Service Recovery	16
2.1.6 Service Recovery Paradox	19
2.1.7 Theoretical framework to service recovery.....	20
2.1.7.1 Justice theory	20
2.1.7.1.1 Distributive justice	20

2.1.7.1.2	Procedural justice	22
2.1.7.1.3	Interactional justice	22
2.1.8	Relationship Marketing.....	23
2.1.9	Customer Satisfaction	24
2.1.10	Customer loyalty	26
2.1.11	Behavioral intention.....	27
2.1.11.1.1	Repurchase intentions.....	27
2.1.11.1.2	Word of mouth.....	28
2.2.	Empirical Literature	28
2.3.	Conceptual Framework.....	30
Chapter Three.....		32
RESEARCH DESIGN AND METHODS		32
Introduction.....		32
3.1.	Research Approach	32
3.2.	Research Design.....	32
3.3.	Population and Sampling Technique	33
3.3.1	Population	33
3.3.2	Sampling Technique	33
3.4.	Sample Size.....	34
3.5.	Types of Data and Instrument of Data Collection	35
3.5.1	Types of Data.....	35
Primary Source.....		35
Secondary Source.....		35
3.5.2	Data Collection Instrument	35
3.5.3	Procedure of Data collection.....	36
3.6.	Method of Data Analysis	36
3.7.	Ethical Considerations	36
3.8.	Reliability and Validity Test.....	37
3.8.1	Test of Reliability.....	37
3.8.2	Test of Validity	38

Chapter Four	39
RESULTS AND DISCUSSIONS	39
4.1. Descriptive Analysis	39
4.1.1. Demographic Profile of Respondents	39
4.1.2. Compensation for Service failure	42
4.1.3. Time taken to compensate.....	43
4.2. Service recovery dimensions and customer satisfaction with the Enterprise’s service failure recovery intentions.....	44
4.2.1 Procedural Justice	44
4.2.2 Distributive Justice.....	46
4.2.3 Instructional Justice.....	49
4.2.4 Customer satisfaction with Service recovery dimensions.....	51
4.2.5 Trust and loyalty	52
4.2.6 Recommending OMEDAD to other friends	53
4.2.7 Relative importance of service recovery dimensions.....	54
4.3. Correlation	55
4.4. Test of Assumptions	56
4.4.1 Normality test.....	56
4.4.2 Linearity.....	58
4.4.4 Homoscedasticity	61
4.5. Regression Analysis.....	62
4.6. Testing of Hypothesis	64
4.7. Discussion on Findings	65
Chapter Five.....	66
CONCLUSION AND RECOMMENDATION	66
5.1 Conclusion	66
5.2 Recommendation	67
REFERENCE.....	69
APPENDICES	73
Appendix- 1 Questionnaire	73
Appendix- II.....	80

List of Tables

Table 3 1 Reliability Analysis of variables.....	37
Table 4. 1: Respondents by Demographic and Socioeconomic Characteristics.....	39
Table 4. 2: Respondents Previous Experience at OMEDAD	40
Table 4. 3: Respondent' Service failure experience	41
Table 4. 4: Respondents' Service failure type.....	41
Table 4. 5: Response of OMEDAD employee during service failure	42
Table 4. 6: Whether respondents are compensated or not	42
Table 4. 7: Time of Compensation	43
Table 4. 8: Reliability Statistics Procedural Justice.....	44
Table 4. 9: Item Statistics Procedural Justice	44
Table 4. 10: Response on questions under Procedural Justice.....	45
Table 4. 11: Reliability Statistics for Distributive Justice	46
Table 4. 12: Item Statistics distributive Justice	47
Table 4. 13: Statistics of distributive Justice Questions	48
Table 4. 14: Reliability Statistics Instructional Justice.....	49
Table 4. 15: Item Statistics Instructional Justice	49
Table 4. 16: Statistics of Instructional Justice questions	50
Table 4. 17: Reliability Statistics Customer satisfaction	51
Table 4. 18 : Item Statistics Customer satisfaction.....	52
Table 4. 19: Reliability Statistics Trust and Loyalty	52
Table 4. 20: Item Statistics Trust and Loyalty.....	53
Table 4. 21: Reliability Statistics Recommending OMEDAD to Others	53
Table 4. 22: Item Statistics Recommendation	53
Table 4. 23 Reliability statistics Relative importance of service recovery dimensions.....	54
Table 4. 24: Item statistics Relative Importance.....	54
Table 4. 25: Correlation analysis	55
Table 4. 26: Tests of Normality	56
Table 4. 27: Correlations.....	58
Table 4. 28: Graphs of variables	59
Table 4. 29: Collinearity Statistics.....	60
Table 4. 30: Collinearity Diagnosticsa.....	60
Table 4. 31: Residuals Statistics	61
Table 4. 32: Summary Regression Analysis	62
Table 4. 33: ANOVA table for regression analysis	63
Table 4. 34: Coefficients of Regression.....	63

List of Figure

Figure 2. 1: The conceptual framework on the relationship between service recovery and customer satisfaction.....	31
Figure 4. 1: Histogram	56
Figure 4. 2: Q-Q Plots	57
Figure 4. 3: Normal Q-Q Plot	57
Figure 4. 4: Scatter plot of residuals	61

ACKNOWLEDGEMENTS

First and foremost, I would really like to express my deepest gratitude to the almighty God for his blessing and making me accomplish this huge achievement. Secondly, I would like to thank my thesis advisor, Dr. Hailemariam kebede, for his big help and time. His office were always open to help me and I also want to thank all participants, individuals and companies who have willing to share their precious time during the data gathering process.

Very special thanks for my Mother (Workinesh Regassa) that have been very supporting and always available to cheer me up and motivate me whenever I needed a help

Thank you so much.

Abstract

The objective of this study is to examine the effect of service recovery on a customer satisfaction in omedad plc. Customer satisfaction is vital for success. However, in many businesses, service failure may surface despite consistent avoidance efforts. Although predominant attention on service recovery has been assessed on omedad plc. Data was gathered through a survey using a structured questionnaire with a sample of 348 but mean while only the returned 298 instruments where analyzed using regression analysis through the use of statistical package for social science (SPSS) version 20. Convenience sampling technique was used for this study and the respondents were selected from 5 selling branches that are allocated in only Addis Ababa city. A conceptual framework and three prepositions were developed indicating that customer satisfaction is influenced by three justice dimensions of service recovery which is distributive justice, procedural justice and interactional justice. This study only contained household customer because it was easy and adequate to get customer respond faster.

Key words: *Service Recovery, Customer satisfaction, conceptual framework*

Chapter One

INTRODUCTION

This chapter includes background of the study, Back ground of the organization, statement of the problem, Basic research questions, and objective of the study, hypothesis, and definition of terms, significance of the study, scope and limitation and organization of the research report.

1.1 Background of the study

Customer satisfaction can be described as how happy the customer is with the buying and selling transaction and every experience's they have with the company.(Bejou and Palmer, 1998).Also it shows the intimacy that the customers derived from doing business with the firm. Customer satisfaction is an important step to gain customer trust and loyalty. It is key outcome of the marketing process (Bateson, 1995) which leads to the ultimate goal of most organizations, profitability.

There are different methods and approaches to measure customer satisfaction and loyalty. Customer Satisfaction Score (CSAT) is a basic measurement of a customer's satisfaction with a brand's product and/or services (Dom Nicasro, 2018) Marketers and brands can use CSAT to determine a customer's level of satisfaction at key interaction times, such as the moment of purchase, the on boarding process, a support ticket exchange and a phone or digital conversation with customer service.Net Promoter Score (NPS) is the leading global assessment indicator for consumer loyalty. It poses the question, "How likely is it that you will suggest another friend or colleague the product or the service?" Customer Effort Score (CES) is a single-item indicator of how much effort a customer needs to make to fix a problem. It demonstrates the buyer's willingness to deal with a problem (Schweikart1993).

If an organization wants a long term relationship with the customers, its top priority and major essential objective should be identifying its customers and knowing how much they are satisfied with the firms and how long their commitment is? (Belas&Gabcova, 2014, Belas, Cipovova & Demjan, 2014) Contacting customers are one of the most core business processes.

(Lovelock and Wright 1999) defines perceived service quality for the perspective of customers, evaluation of a company's service delivery and customer satisfaction a short term reaction to specific service performance, Meanwhile customers evaluate the level of satisfaction or dissatisfaction over each service encounter to argue the satisfaction is by default experience dependent and used this information to update customer perception on service quality. A good service recovery can be described as a company turning a potential negative situation into a positive one. It is a reaction to a mistake, turning mistakes into a positive and profitable situation.

Service recovery is a company's resolution of a problem from a dissatisfied customer, converting them into a loyal customer. It's also a response of a service failure for taking a fast action. Company/ services make a through-out plan, process of returning and turning of angry and frustrated customer into a loyal one by the process of service recovery. The difference between service recovery and compliant management service recovery is more focused on service failure and company's immediate reaction to the service failure while compliant management is based on customer complaints which in turn , triggered by service failure.(Rotalsky 1995; Kelley, Hoffman, and Davis 1993)

One of service recovery's benefits is while customer feels much greater sense of trust and commitment to the relationship and provides a much greater future commitment (Maxham and Netemeyer, 2002). A good service recovery can be described as a company turning a potential negative situation into a positive one. It is a reaction to a mistake, turning mistakes into a positive and profitable situation (Berry and Parasuraman, 1991).When service failed or when customer state of the service is less than they expected customer dissatisfaction occur, to reduce those kind of customer dissatisfaction service recovery is the best way to return aggrieved customers to the state of satisfaction with the organization (Zemke and Bell, 1990)

1.2 Background of the organization

OMEDAD plc. Was established in October 1992 out of the united will of five Ethiopia entrepreneurs. They are senior members of the business community OMEDAD was incorporate with the business objective of serving office, homes ,hotels ,hospitals and educational institution.

The acronym OMEDAD represents this major filled of activity

O for office, M for machine, E for electronic, D for domestic, A for appliances, D for distributors

OMEDAD started with a single outlet in a small house in Addis Ababa. Currently it is operating from 22 outlets in the capital and major commercial centers all over the country. All branch offices are well organized, have an efficient distribution service as well as an efficient technical backup service. Each outlet supports a dealer network. They can proudly say OMEDAD leads the sector both in its distribution outlets and it's efficient after sales service to its customers

Today OMEDAD provides employment opportunity to greater than 600 young men and women Ethiopians.

1.3 Statement of the problem

Omedad face a very specific Problem that could influence their relationships with customers, namely that they offer multiple opportunities for mistakes to occur during service delivery. Some Omedad's Service failures might be shown in number of ways including unavailability of service, error in delivery, slow service, mismatching of a products (Brand), Penetration of Price, unavailability Technical Man Powers, insufficient stock of spare parts to repair, Damage of a product, lack of manpower of maintenance and repairs so on. Through a recovery process, service failure can be transformed into a positive act which creates increasingly strong attitudes of customers towards a supplier. Service recovery consists of all the actions people may take to move a customer from a state of dissatisfaction to a state of satisfaction.

When service failures happen service recovery involve in service provider. The service failure can happen in supplementary or in core service. When service failure happens organization should respond to timely immediately. Resolving those kinds of failures as quick as possible will help retain customers and also service recovery will help not to lose customer to the competitors very easily. If customer are went to their homes with the service failure, for competitor will get easy to win over the dissatisfied customer or organization which fails to meet customer expectation (Weun2004)

A number of service recovery studies have been conducted towards service organization. For instance, in hotel customers (Karatepe 2006), and airline passengers (kibra 2014) and in Postal Service (Tegene 2019) despite the potential importance of these findings, to the researcher's best knowledge, no previous studies have investigated service recovery in consumer product retail store like Omedad plc. Thus, this study aims to contribute to a growing body of service recovery knowledge to examine the effects of service recovery on a customer satisfaction in Omedad plc.

The researcher has used this topic is to clearly shows that service recover helps us to putting right what went wrong (Gavin Eccles & Phlip Durand,1998) Omedad plc is one of an import and export company , service failures are unavoidable for such organization which are engaged in this track. Omedad plc Have many competitors like Sony, Panasonic, LG, Samsung so on. Which shows that customers have a plenty options to move from one organization to another if they felt unsatisfied by many reason which indicated above, but service recovery plays a big role in a relationship marketing nowadays. It has been found that cost of attracting new customers is more expensive than retaining an existing customer therefore Omedad should build long term relationship with its customer by understanding the degree of failure to develop efficient and effective service recovery program to their customers.

1.4 Research Questions

- 1, what was the major service failures faced by the company?
- 2, which service recovery dimension is the most important in the eyes of the customer of Omedad plc?
- 3, what are the service recovery measures taken by the organization?
- 4, How successful the measures taken in bringing the anticipated customer satisfaction

1.5 Objective of the Study

1.5.1 General Objective

The general objective of the study is to assess the effects of service recovery on a customer satisfaction in the case of OMEDAD PLC

1.5.2 Specific Objective

The specific objectives of the study include:

- To identify the major service failures of the company
- To assess the relative importance of the service recovery dimensions provided by Omedad plc.
- To review the service recovery efforts of OMEDAD from different dimensions of service recovery,
- To examine the effects of service recovery measures taken on the level of satisfaction of Omedad plc.'s customers from each of service recovery dimensions.

1.6 Significant of the study

Even if there are few documents about the effectiveness of service recovery on customer satisfaction with regard to other Business sectors, there are no previous research works which covers the Omedad plc. This research is thus intended to fill the literature gap related to service recovery and customer Satisfaction in consumer retail sector where OMEDAD is working.

This study will give a good implication to all involved in the service delivery process, starting from the front line personnel up to the higher management for a better customer service and complaint handling other of theoretical significant as below

- To relate the theoretical part with practice in the real word and to get knowledge, skill and experience of conducting

The study will also be a good input for further studies. More specifically this study will serve as preliminary work or a stepping stone for further studies on the issue.

1.7 Scope of the Study

There are many organizations which engaged in the trade activities of domestic and foreign manufactured product but, the researcher focus on Omedad Plc. Beside all the Business sectors we are looking forward for the service recovery aspect in the consumer retail store area. Omedad plc has 5 different branches in Addis Ababa and more than 10 branches in region larger trade centers. But the research is focused on the 5 branches in Addis Ababa.

1.8 Limitation of the study

No research study is complete by itself. Some of the limitations of this study were:

- Shortage of time
- Despite the existence of several instruments, the researcher is only using questionnaire as a data collection instrument. With this method some forms of information like changes of emotions, behaviors and feelings were not well understood.

1.9 Definition of Terms

- ❖ **Customer satisfaction:** (McCollough 2000; Magnini and Ford, 2004) describe measurement of how products and service supplied by a company meet or surpass customer expectation. Mostly customer satisfaction is defined as the number of customers or percentage of total customers, which reported experience with the firm, its products or its service, exceeds specified satisfaction goals.
- ❖ **Service recovery:** (Gro'nroos, 1988) define service recovery as a company resolution of a problem from dissatisfied customers, converting them into loyal customer. It brings the action a service provider takes in respond to service failure
- ❖ **Service failure:** (Maxham 2001) describe service failure is an incident that causes customer dissatisfaction during a service encounter or service delivery.
- ❖ **Service quality:** (Zeithmal and Bitner 2003) to the clients expectation it is known well delivered as per the expectations. To order to improve their services business does assess the service quality provide and also for a better satisfaction service quality are identify
- ❖ **Customer loyalty**(Adam toporek 2011) is face of alternative economics activities and regular patronage of business to attempts to disrupt the relationship
- ❖ **Customer Trust** :(Reichheld and Sasser, 1990) when you understand customer need, respect customers reciprocal behaviour of what they receive. Having customer trust is essential in the business sectors because having the customer's trust not only the customer to come back but also they will refer and recommend other to work with the business
- ❖ **Service Intangibility:** (Onkvisit and Shaw 1991) Service intangibility defines as the things or service that cannot be seen tasted, felt, heard or smelled before bought. Intangibility is the one of the most basic and universally cited characteristic of services while service are performances or actions rather than objects cannot be seen, felt, tasted or touched.

- ❖ **Service Inseparability:** (Onkvisit and Shaw 1991) at the same time the service are produced and consumed, the services that cannot be separated from their providers. Service inseparability are service that cannot be separated from the person or providing it. A service is provided by person to person who possesses a particular skill.
- ❖ **Service Variability:** Depending on who provide them or when or how the quality of service can vary greatly depend because of the lab or-intensive nature of service. Even by the same provider a difference in the quality of service provide by various providers
- ❖ **Service Perishability:** Perish ability defines as one of the main significant characteristics of the service, service that are not for later use or that cannot be stored and also service that cannot be inventoried. The major impact of service perishability is on financial results.
- ❖ **Service Severity failure:** Defines to solve a problem service severity as perceived customer intensity. The more the sever the service failure and more intense it gets, when a sever failure perceived loss when a sufficient recovery has place the greater the customer perceived loss
- ❖ **Service Recovery paradox** :.(McCollough and Bhardwaj, 1992) a situation where company corrected a problem when the customers are dissatisfied,. If non faulty service has provided it a way the commit would fix the dissatisfied customers. Successful recovery of faulty service increases the assurance and the confidence from the customer it can be received as one of the main reason for service recovery.

1.10 Organization of the study

This research paper will include five chapters. The first chapter is all about the background of the study, statement of the problem, basic research questions, (general and specific) objectives of the study, significance of the study and scope and limitation of the study.

The second chapter will include different Literature review's in relation to the study. In the third chapter Research design, variables of the study, population and sampling technique, sample size, types and instruments of data collection, procedures of data collection method of data analysis. The fourth chapter includes the final results, analysis and discussions of the final results of the study. Finally, the paper has a Conclusion and recommendation based on the results and discussions of the study. Summarizing theoretical and practical contributions as well as presenting the recommendations for omedad plc.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter is all about the reviewed literatures. Literatures regarding service, characteristics of service, service failure, service recovery, service recovery paradox Relationship marketing, customer satisfaction, customer loyalty and behavioral intentions are reviewed in this chapter.

2.1. Theoretical literature

2.1.1 Service

Service is performances, process, and deeds in the service sector that has given a rise in interest. Distinctive subjective area accompanied but considerable disagreement and debates as to what describe in service marketing .various researchers and scholars defined to have clarity on service as a concept over the years (Vargo and Lusch 2004).American Marketing Association (1960) was the first to define service as activities, benefits or satisfaction which gives a transaction. Service is offered only in a connection of sales of goods.

The other is By (Regan 1963) describe service in intangible directly or jointly, for the directly (transportation , housing etc.) for the jointly (credit, delivery etc.) with a purchased either with commodities or other services. In this chapter service were for the first time were beings to thinks as pure intangibles means of cable of giving satisfaction to the customer to be shown as tangible products

Service defined as “a market transaction by an enterprise or entrepreneur where the object of the market transaction is other than the transfer of ownership of a tangible commodity”(Robert Judd 1990).The more valuable or satisfaction provided by customer Service are activities that cannot be performed or acted by itself, service need to be chosen to perform and make a relevant satisfaction for provided customer(Bessom 1973)

Service are good that are in a form of physical change that yields benefits and satisfaction, (Stanton 1974) define service as industrial users which are not necessarily tied to the sale of product, define as service as identifiable, intangible activities which gives satisfaction when marketed to consumer. Service is intangible and which does not result in the ownership of anything, activities or benefits that one party can offer to another. The service production may be with to the product or not (Kotler and Bloom in 1984).

Service is kind exchange or transaction which is encounter by the seller and buyer or the organization. Service becomes a moment of truth while the employees train and expert are testes to order to meet or exceed the customer expectations of the tangible and intangible of the service encounter (Czepiel, Soloman, Suprenant and Gutman1960s.,). While may research have been found and recognizes a countless definition and theories for the definition of a service, the most widely accepted definition of the service are

- 1) A service encounter is an interpersonal relationship between the organization and the customer
- 2) It is a critical moment of truth that involves either satisfying or dissatisfying the customer

The importance of service is increasing in developed countries, in many developed countries the increase of importance of service to nation economic and to consumers too. If we see European countries for example let's take US, Japan if we see those countries as what their service encounter is more people are employed in\$ service than other sectors of the economy puts together. If we take a look the difference between public and private sector between 60 % and 75% of gross domestic output gives out, While in International trade service gives up one fourth of all the international trade like banking. Insurance, communication, transportation, travel and entertainments. Now in developed countries for about 60% of the economy is developed in service transaction while in some countries service occupation have been forecast to contribute to all net job growth in the next 5 years (Kotler, 2005).

2.1.2 Characteristics of Service

Main characteristics of services from goods that create unique challenge for service is: Perishability, intangibility, variability, and inseparability.

1. Service Perishability: The consumer will become known for the service when insufficient supply and waiting for the service of perishability are the primary source (Onkvisit and Shaw 1991). It is the most difficult to appreciate as the characteristics in service provider and classifications of the service. They describe service are time dependent and which makes them perishable.

There are some examples which shows that service are perishable, which they cannot be stored let say for an airline, if an airline does not sell all the seats on a flight, those seats the sale revenue of filling of them would be carried immediately an irreversible gone.(Armstrong & Kotler, 2011).States that service are perishable compared to physical products. Service perishability is due to its inability to hold inventory is the primary issue that marketers face in relation to the service. Demanding and forecasting are the most important and challenging of decisions in service capacity utilization. Kurtz and Boone) observed that the utility of most service is short lived so that they can be produced a time and stored for periods of a peak demand (Sasser1987) states service from its demand and supply views. From the demand side, the organization puts different in pricing, cultivating non-peak demand and developing complementary service. On the supply side the firm makes part time employees to serve, peak time efficiency routines introduced and also to facilitate future expansion to developed increase consumer participation can be encouraged.

2. Service Intangibility: - Service intangibility is the idea of being activities, benefits or satisfaction which is found for sale. (Darby and Karni 1973 and Zeithaml 1981) argued service and products can be evaluated with the degree of tangibility for ease with consumer. (Onkvisit and Shaw,1991) define intangibility as one of the most basic and universally characteristics of service while service are performances rather than objects that cannot be seen, felt, tasted or touched. For example when we pay fees for a semester in the university we are paying for the benefits of deriving knowledge skills. Also intangibility is over-emphasized that they believe that service provider's offer is their productive capacity on the tangible nature of the life.

3, Service Inseparability: -according to (Grönroos 1978 and Zeithaml 1981) services cannot be separated from their providers if the providers are people or machines. This implies any employees providing service become part of the service. (Onkvisit and Shaw 1991) this is because that service reflects the simultaneous delivery and consumption of service, where service is provided by person to person who possesses a particular skill (singer, doctor, etc.). The relationship between production and consumption, therefore dictates that production and marketing are highly integrated processes.

4, Service variability: - The provision of service, however, invariably includes a large measure of the human element. Because of this it is often very difficult for both supplier and consumer to ensure a consistent product or quality of service. Restaurants vary from time to time, service were intangible if they would not be a variable. Additionally services are intangible, these are variable too, and you may have noticed how services provided by stewards in airplanes vary from airline to airline.

2.1.3 Service Failure

Customer satisfaction is one of the key survival factors of any business organization. While experiencing failure because of mistakes in service are unavoidable. This kind of failures result to customer to be came dissatisfied. The breakdown of such relationship between customer and organization raise a complaints, negative communication and defections. (Zemke, 1999). Describe that dissatisfied customers may communicate their bad experience with such companies and organization as bad service provider to more people.

Service fails because of doing something, and at the other time because of not doing anything. (Bitner1990). Service failure is service performance that fails to meet a customer expectation. When service failure occurs, a customer will expect to be compensated for the inconvenience in the form of any combination of refunds, credits, discounts, or apologies. Customer satisfaction is the opposite of service failure, while service failure can range from bad quality to rude behavior and late delivery.

In service failure can create upset between customers' and service provider in two ways

- by diminishing the outcomes to the customer's
- by lowering the customer's perception of the service provider's efforts

When the service failure occurred in organization, the organization recovery efforts can composite for the failure by increasing the customer perceptions of both the customer outcomes and service provider's inputs. (Oliver and Swan 1989).

(Weiner 1985) stated that the major reasons for service failures include strategy of the management, leadership quality of managers, and natural instincts of employees.

Strategy of the management: Management should be able to plan and strategize company policies and operations so that every aspect of the business is well-organized to reduce the chances of service failure.

Leadership quality of managers: Managers should be able to apply their leadership skills in motivating, supervising, and correcting the operations and actions in the organization to ensure higher customer satisfaction and minimum service failure.

Natural instincts of employees: The behavior of leadership and management towards employees often incongruent with the customer service initiative, thus employees must be well-skilled and trained to work efficiently and effectively. A large part of service relies on the employees as they are the one to provide service and interact with the customers

One of the most challenging tasks in recovering from service failure is taking appropriate immediate measure and ensuring that whether its worsens or improve the customers' perception.

2.1.4 Service Severity failure

Service failures severity is perceived intensity of service problem. The greater the customer perceived loss the more intense or severe the service failure. (Beatty,& Jones 2004). (Smith 1999) severity of failure as the magnitude of loss that customer experience due to failures. Such losses could be tangible or intangible. There is variety of service failure that affects customer outcomes. (Oliver and Swan 1989) service severity found to be critical for customer evaluating an exchange also incurred service sever is greater than the loss of the minor failure and more substantial recovery is need to restore equity.

The severity of the failure is positively related to customers' service recovery expectations. Attributions of control ability will be positively related to customers' service recovery expectations. When the cause of a failure is uncontrollable, the failure will occur regardless of the level of the service provider's inputs. For example, - blizzard that causes flight delays to be uncontrollable because no level of airline input can eliminate the cause of the delays. In contrast, when a controllable failure occurs, customers perceive that more in- put (i.e., effort or skill) on the part of the service provider might have prevented the failure. Thus, customers assume lower service provider inputs for controllable compared with uncontrollable failures, and they therefore expect greater recovery efforts by the service provider in order to restore equity to the exchange. This logic is consistent controllable failures create more anger toward the organization (Folkes 1984; Folkes 1987) and a rise in adequate expectations (Zeithaml et al.1993).

2.1.5 Service Recovery

Service Recovery is a company resolution of a problem from a dissatisfied customer into loyal customers and also described as service provider in response to take place of a service failure by concluding customer satisfaction into a service recovery. (James A, Fitsimons 2011). Service recovery is thought-out planners, process of returning aggrieved/ dissatisfied customer to state of satisfaction with the organization or service.

Complete avoidance of a service failure is inevitable. Service failure occurs when a service provider as organizations are not able to give the service the customer expected. When service failure occurs it might result in a loss of customer forever. From the organization points, any service organization puts maximum efforts in retaining old or regular customers to enhance customer loyalty. It is known that attracting new customers is costlier than retaining old customers. Service failure may invoke feelings of mistrust in customer's perception about service delivery. (Oliver and Swan 1989).

Service failure can happen both in a core service and supplementary service. In any service failure happens in organization if it's not timely respond to the customer's problem. Resolving the problem quickly and as soon as possible will help in avoiding second service failure and helps in retaining customers. Due to low entry barriers and high competition, it is very easy for the competitor to win over the dissatisfied customer or organization which fails to meet the customer's expectation. (Weun 2004)

During service failure, if a customer complain, it's a good opportunity to recovery and its very important for the organization to attend customer complain and to encourage and fix the problem as soon as possible. The situation will be become worst if customers do not complain at all. Unsatisfied customer will spread bad word of mouth which may result in loss of any potential customer also. It is very important to understand why customers may feel reluctant to complain. (Zeithaml1981).

There are some service recovery strategies that organization should follow,

Encourage customers to complain when they are not satisfied with service. The service organizations can have toll-free numbers for complaints and general queries and/or can offer rewards for suggestions. Effective complaint handling can help in improving customer loyalty.

The service organizations can take preventive action by anticipating the needs of service recovery. While designing service delivery process in service blueprint, service organizations can anticipate the potential failure points. Devising proper procedures to handle such failure points and providing training to the employees regarding such procedures will help in Effective service recovery.

Training and empowering employees who are directly involve in handling the complaints. They must be trained regarding the potential problems they may face related to service failures. The employees need to be trained for good communication skills and decision making skills. At the same time empowering them by giving authority to take corrective actions on time. This can be practiced by encouraging simulated situations of possible service failures and role playing methods to explore the methods of resolving problems pertaining to service failures.

Close the loop from generation of complains to effective recovery of service failure.

There can be three possibilities to respond to the complaints as given below:

- The service organization cannot solve the problem. In such case give full explanation to the customer to close the loop
- The service organization can solve the problem by bringing some change in the service delivery system. Close the loop by informing the customer about the changes in service delivery system.

Service recovery is 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 is designed.” In response to service defects or failures, service providers take actions and implement activities to return “aggrieved customers” to a state of satisfaction (Johnston &Hewa, 1997).

The major concern for service provider is perceived service failure of customer experience because of the potential impudence of the service outcome. On this kind of problem compliant handling is critical moment of truth in maintaining and developing the customer relationships (Berryand Parasuraman,1991; Dwyer 1987).A good service recovery is the one who turns a negative situation into positives one. Service recovery is about how one reacts to a mistake. Service recovery also is using tools to turn a mistake into positive and profitable situation.

Customer will feel greater sense of trust and increase their commitment when a company implements service recovery from failure successfully. These customers will more likely patronize the service providers in the future and to share their positive experience with others.(Maxham and Netemeyer, 2002), (Río-Lanza 2001), commonly develop theory on the three –dimensional view of concepts of fairness that evolves overtime Distributive Justice, Procedural justice, Interactional Justice.

2.1.6 Service Recovery Paradox

Service recovery as a situation which the customer thinks of as company corrected as problem with their services to how they would show the company if non-faulty service has been provided. Successful recovery of faulty service increases the assurance and confidence from the customer (1992 by McCollough).

The term service recovery paradox was first coined in 1992 by McCollough and Bhardwaj which describe a situation when customer's post-failures satisfaction exceeded per-failure satisfaction. The service recovery paradox contends that Omedad service recovery can go beyond merely marinating customer satisfaction, but can also elevate it to a higher level, winning customer and engendering long term customer loyalty. They defined it as ‘A situation in which a consumer has experienced a problem which has been satisfactory resolved.

For example, a traveler's flight is cancelled when she calls the airline, they apologies and offer her another flight of her choice on the same day, and discount voucher against future travel. Under the service recovery paradox, the traveler is now happier with the airline, and more loyal to it, than she would have been had no problem occurred.

Since the concept was introduced in the early 1990' a number of empirical studies have sought to establish when and under what circumstance the paradox operates in practice. However, these studies report mixed findings.

The service recovery paradox is more likely to occur when:

- The failure is not considered by the customer to be severe
- The customer has not experienced prior failures with the firm
- The cause of the failure is viewed as unstable by The customer
- The customer perceives that the company had little control over the cause of the failure
- Conditions must be just right in order for the recovery paradox to be present!

2.1.7 Theoretical framework to service recovery

(DeRuyter and Wetzels, 2000; Smith1999) shows the evaluate of the fairness of service recovery involving the three-dimensional approach to perceived justice i.e. Distributive justice, Procedural justice and Interactional justice.

2.1.7.1 Justice theory

(McColl- Kennedy & Sparks, 2003) Researchers have utilized justice theory as the main framework for examining service recovery procedures. A justice theory is popularity in explaining in how customer evaluates service providers; reactions to service failure/recovery.(Tax and Brown, 2000) Customer can be evaluated the fairness of service recovery along these three factors: Distributive justice, Procedural justice and Interactional justice.

2.1.7.1.1 Distributive justice

Distributive justice is distribution of benefits and costs in gaining unbiased exchange in relationships (Smith1999). And also (Lewis, 2012; Mattila, 2001; Sparks & McColl-Kennedy, 2001) Distributive justice usually means that the customers are compensated during service recovery this form of the compensation derived in the form of monetary rewards, discounts, coupons, adjustments or substitutions. (Chebat&Slusarczyk, 2005; Lin & Huang, 2010; Smith 1999) Distributive justice is in service usually measured by fairness, need, value, reward of the given compensation.

Goodwin and Ross (1992) Distributive Justice is described as perceived fairness of how reward and costs are shared by distributive across group members. For example, when some workers work more hours but receive the same pay, group members may feel that distributive justice has not occurred. To determine whether distributive justice has taken place, individuals often turn to the behavioral expectations of their group. We can say distributive justice has occurred when reward and costs are allocated according to the designated distributive norms of the group.

Five types of distributive norm are defined by [Donelson R. Forsyth](#)

- **Equality:** Regardless of their inputs, all group members should be given an equal share of the rewards/costs. Equality supports that someone who contributes 20% of the group's resources should receive as much as someone who contributes 60%.
- **Equity:** Members' outcomes should be based upon their inputs. Therefore, an individual who has invested a large amount of input (e.g. time, money, and energy) should receive more from the group than someone who has contributed very little. Members of large groups prefer to base allocations of rewards and costs on equity.
- **Power:** Those with more authority, status, or control over the group should receive less than those in lower level positions.
- **Need:** Those in greatest needs should be provided with resources needed to meet those needs. These individuals should be given more resources than those who already possess them, regardless of their input.
- **Responsibility:** Group members who have the most should share their resources with those who have less.

2.1.7.1.2 Procedural justice

Procedural Justice is defined as perceived justice policies, procedural and criteria used by service firms in achieving the outcome of negotiation. (Back, & Shanklin, 2005). Also Procedural justice is a customer's perception of fairness in various phases of procedures and processes needed to recover the failed service.

(Chebat & Slusarczyk, 2005; Kim 2009; Lin & Huang, 2010) shows that procedural justice in service by timeless, promptness, flexibility, procedural control and right policy and execution.

2.1.7.1.3 Interactional justice

(Tax 1998) Interactional Justice is described as perceived fairness of interpersonal treatment that customer receive during the enactment of procedures. (Sparks & McColl-Kennedy, 2001) Also IJ is also defined as the fairness of manner in which customers are treated during the process of recovery efforts such as politeness, apology or explanations. (Kuo & Wu, 2011; Lin & Huang, 2010; Mattila, 2001; Smith 1999) the proper measurement for interactional justice could be courtesy, respect, listening, effort, explanation, empathy, apology and communication

There are two specific types of interpersonal treatment that interactional justice of a subcomponent of organizational justice to be seen;

The first labeled interpersonal justice reflects the degree to which people are treated with politeness, dignity, and respect by authorities or third parties involved in executing procedures or determining outcomes.

The second, labeled informational justice, focuses on the explanations provided to people that convey information about why procedures were used in a certain way or why outcomes were distributed in a certain fashion. Where more adequacy of explanation is prevalent, the perceived level of informational justice is higher (Sam Fricchione, 2006).

(Chebat&Slusarczyk, 2005) Customers will feel some kind of injustice while the firm fail to deliver the service as promised not only customers perceived justice and customer satisfaction with recovery as promised and consequently they would expect to receive proper compensation from the firm. Based on the level of quality customer usually have different perception of the service recovery that offered by the firm. (Blodgett, Hill & Tax, 1997; Kim 2009; Lai & Zhao, 2010; Lin & Huang) If the customers are satisfies or delighted, the offer meets or goes beyond the customers' expectations, or else they will be dissatisfied if the offers does not fulfill their expectations.

2.1.8 Relationship Marketing

Dwyer 1987; Morgan and Hunt, 1994) describe relationship marketing has been emerging in the marketing literatures with trust and commitment. Also relationship marketing are conductive to service with a given unique nature of service as intangibility, heterogeneity and interaction intensity.

(Morgan and Hunt 1994,) defines that trust and commitment is key variable for relationship marketing success. Trust defined as service of a confidence that the customer are willing to rely, Commitment is desire to maintain a relationship with service provider as customer's enduring.

(Hart 1990)For the increasing of satisfaction and building customer relationships a good service recovery is an important element. Trust result from the exchange of partners' reliability and confidence in the exchanging partner. Commitment is more likely to occur when customer can identify service provider goals and values.

Service failure and recovery encounter evoke strong emotional reaction from customers in which influence the decisions of whether to remain in relationship with the company directly or indirectly (Morgan and Hunt, 1994; Singh and Sirdeshmukh, 2000; Sirdeshmukh 2002; Weun 2004; Pina e Cunha 2009)

2.1.9 Customer Satisfaction

Customer satisfaction defines as number of customers, percentage of total customers whose reported experience with a firm and its products or its services (rating) exceed specific satisfaction goals. (Parasuraman 1988) Describe Customer satisfaction often abbreviated as CSAT is used in marketing, measured of how products and service supplied by a company meet or surpass customer expectation. Consumer purchasing and loyalty are the indicators of providing customer satisfaction.

1, “Within organizations, the collection, analysis and dissemination of these data send message about the importance of tending to customers and ensuring that they have positive experience with the company’s good and service.

2, “ Although sales or market share can indicate how well a firm is performing currently, satisfaction id perhaps the best indicators of how likely it is that the firm’s customers will make further purchases in the future. Much research has focused on the relationship between customer satisfaction and retention. Studies indicate that the ramifications of satisfaction are most strongly realized at the extremes in literature antecedents of satisfaction are studied from different aspects. The consideration extends from psychological to physical and from normative positive aspect. However, in most of the cases the consideration is focused on two basic construct as customer expectation prior to purchase or use of a product and his relative perception of the performance of that product after using it.

(Andreassen, 2000) Describe satisfaction as a consumer’s fulfillment response. Satisfaction is relating to subjective evaluation emotions. Satisfaction can be considered as the consumer evaluation of the products or service received. The important of the consumer evaluation comes from the Omedads that satisfaction is posited to have ones consumer behaviors as loyalty.

(Breitsohlt2010) shows that if any of the organization manage their delivery services as an expected performance or quality’ s all the time the resulting of the negative disconfirmation will be handled equally. And also organization responds or takes actions for the any service failure independently of the customer reactions or direct functions of customer complaints.

(Andreassen, 2000) Service recovery refers to the actions a supplier takes to seek out dissatisfaction and in response to poor service quality, i.e. service failure

Satisfaction is only of value to firms if it elicits some kind of positive financial outcome (Augusto de Matos 2009). Loyalty and satisfaction are related, although also clearly distinct. (Morrisson and Huppertz 2010) and (Sousa and Voss 2009), in their studies, consider several conceptual bases for this distinction, but, in general, higher satisfaction has been proposed to be related to higher loyalty. The service management literature suggests that profitability and growth are largely determined by loyalty, and that behavioral loyalty itself is a direct result of customer satisfaction. In each reporting period, a firm's market share comes from three sources. First, those customers who switch to the company from other firms; second, new customers to the market who choose the company for their initial purchase; and, third, those customers retained by the company from the previous time period (Morrisson and Huppertz, 2010).

By the nature of service encounter service failure can be determine and the cause of the problem and the psychographics of the individual involved (Du 2010). Organization need to recover from the dissatisfied customer to the problem that encounters in or the problem that the customer being in relation to service or service provider.

To maintain a long-term relationship a best critical factor to establish is a high level of trust. (Garbarino&Slonim, 2003; Johnson, Sivadas&Garbarino, 2008; Krause&Ellram, 1997; Sirdeshmukh, Singh&Sabol, 2002). A customer who already has a service integrity and reliability can emerge trusted and have a full confidence in the firm.

(Andreassen, 2000) To measure the customer satisfaction most organization has been in a wide debate, Customer satisfaction can be showed in a very variety of situations by the means of connections through the goods and services. Customer expectation is a very highly personal assessment that a customer gives too. Personal outcomes and contact with the organization give customer a god customer experience with the organization those points will give customer satisfaction. Some researchers define a satisfied customer within the private sector as one who receives significant added value to his/her bottom line a definition that may apply just as well to public services. Customer satisfaction differs depending on the situation and the product or service. A customer may be satisfied with a product or service, an experience, a purchase decision, a salesperson, store, service provider, or an attribute.

2.1.10 Customer loyalty

Customer Loyalty can be described as extent to which customer are devoted to be the organization service and how strong there are to a selected brand over competitor.(Garbarino&Slonim, 2003; Kim 2009)

Brand loyalty steams out the firm's consistent effort to deliver the same product, every time at the same product, every time, at the same rate of success. (Bae Suk2009) Organization give special attention to customer service seeking to retain their existing current base by increasing customer rewards to the most loyal customers as an expression of appreciation for doing repeat business with them.

(McIlroy, Barnett, 2000) For the adoption of relationship marketing lies in the building of client loyalty in dynamic business environments. (McIlroy, Barnett, 2000) describe that loyalty is the customer's commitment to do business with a particular organization which shows a repeat purchase of goods and service of the organizations.(Dowling and Uncles 1997) for the overall value of the products or service loyalty programs are the important enhancement as to motivate buyers to make their next purchase. (Liu 2007) defines loyalty program as a program run by the marketer that allows consumers to accumulate free rewards as incentives for making repeat purchases with a firm. Such a program is not beneficial to the consumer for a single purchase as it aims achieving loyalty over time.

(Thakur 2016) defined loyalty as customer intention to a specific provider by repeating their purchasing experience. (Casidy and Wymer 2016) define customer loyalty as one of the feelings of devoted attachments to the loyal on objects rather than repeated commercial transactions. On the other hand Oliver defines loyalty as a deep held commitment to rebury or patronize a product or service consistently in the future, In the effort of having the potential cause of switching behavior, repetitive same brand or same brand set purchasing , despite situational influence”

In fact, Customer loyalty is built from the company to the customer. The more satisfied the customer, the more like to do repeat business with a firm Then, Customer loyalty encourages customers to shop particular brands regularly , to spend more money, to advertise the brand with a mouth-to mouth advertising and to have a positive shopping experience.

Loyalty refers to a deeply held commitment to re-buy or re-patronize a preferred product or service consistently in the future (Oliver 1997; Bae Suk 2009). A loyal customer feels an obligation to persevere with a personal relationship through good and bad times (Reynolds and Arnold, 2000). The central theme that runs through customer loyalty relates to the proportion of expenditure devoted to a specific brand or store (Gee 2008).

In other words, customer loyalty is a situation where repeat purchase behavior is accompanied by a psychological bond and repeat purchase intentions and behaviors.

(Swanson and Kelley, 2001; Halstead, 2002) Conflict handling has been recognized as critical and main task for the service managers. The main thing that separates successful firms from the other might be found in the manner of service recovery failure. Some studies have indicated evidence recovering Omedadively from the serve failure to a positive customer evaluation of firms.

(E.g. Andreassen, 2001; Tax and Brown, 2000)For Customer loyalty, service recovery has been identified as the key ingredients. For customer retention initiatives, service recovery has become an important focus.

2.1.11 Behavioural intention

(Fishbein and Ajzen, 1975) Describe behavioral intention as a subjective probability of performing a certain behavioral act. These customer behaviors are: word of mouth and repurchase intension.

2.1.11.1.1 Repurchase intensions

Repurchase intention refers to the subjective probability that an individual will continue to purchase products from the service provider or store in the future (Yu- Hui, Chao-Min, & Wang 2011). Many researchers have found a positive association between satisfactions and repurchase intention (Bitner 1990; Jones and Suh, 2000; Cronin and Taylor, 1992). Anton (1996) demonstrated that “customers switch suppliers because they are not satisfied with the company’s perceived value, relative to the competition”.

2.1.11.1.2 Word of mouth

According to Ball (2004), communication such as letters, direct mail. Web site interactions, other machine-mediated interactions and e-mails or in person communication during and after service transactions.

Communication is also defined as helpful, positive, timely, useful and pleasant. While the service provider information in such ways that the customer personally benefits with minimum of effort necessary to decode the communication and determine its utility. WOM is often personalized or delivered in a person-person format (Ball 2004; Michel and Meuter, 2008).

2.2. Empirical Literature

(Syed Taimoor Hassen and Tehseen Azhat 2017) tested empirically the Omedad of service recovery on customer satisfaction in hospitality industry of Pakistan and the study used the theory of perceived justice to examine the relationship between perceived justice, emotions, satisfaction and post-behavioral intention during service recovery.

The reason behind this research is to identify and assess the outcome of service recovery on customer satisfaction in hospitality industry of Pakistan. The research aimed to highlight the significant relationship between the system recovery and satisfaction of customer. This study has been conducted in two twin cities of Pakistan i.e. Islamabad and Rawalpindi. This study has used two methods of data collection which is primary and secondary data. Furthermore, the questionnaire method technique is used for primary data and whereas for secondary data collection is gathered from online journals and research articles. Convenience sampling has been employed as the sampling strategy for this study. Sample size taken is 240. Results have clearly shown that service recovery has positive effect on customer satisfaction as far as hospitality industry is concerned. Results have also shown that employee empowerment moderates relationship between service recovery and customer satisfaction. This study is of great significance as it provides a plan of action, which if employees of hotels adopt, it will assist them to be at a better position to resolve issues related.

Eminejomo(2011) conducted studied the effect of service recovery satisfaction on customer behavioral intention. A total of 500 questionnaires were developed and distributed to customers in one of five-star hotel in Cyprus and the study finding showed that among the service recovery dimension, atonement and tangibles do not have positive effect on the service recovery satisfaction of customers. While a positive relationship exists between feedback, empowerment, explanation and communication on service recovery satisfaction. It was also found that recovery satisfaction does not have positive effect on trust.

WalaMirani and KambizHeidarzadeh(2015) tested empirically the factors that affect the Post behavior in the Banking Industry by Iranian customers and the study used the theory of perceived justice to examine the relationship between perceived justice, emotions, satisfaction and post-behavioral intention during service recovery. Using structural equation analysis, the proposed relationships were tested in banking industry. Survey was involving total of 385 customers of the branches of Melli bank of Iran and also confirmatory factor analysis was used to determine the measurement efficacies. The findings showed that distributive justice and procedural justice influence positive emotion positively and distributive justice, procedural justice and interactional justice effect negative emotion negatively, but the effect of interactional justice on positive emotion was not significant. Moreover, the results indicated that positive and negative emotions have influence on customer satisfaction and also customer satisfaction has effect on trust, positive word of mouth and repurchase intention.

2.3. Conceptual Framework

H1: Distributive justice has a positive effect on customer satisfaction with the recovery.

When a consumer experienced a good service recovery, then they are likely to perceive a high level of justice, creating a positive attitude to service providers and increase the likelihood of repurchase intention in the future (Gustaffson2009). In contrast, consumers who have a low service recovery tend to perceive a low justice. Other Empirical studies also stated that perceived distributive justice improves the effectiveness of service recovery (Goodwin & Ross, 1992, Smith 1999).

H2: Procedural justice has a positive effect on customer satisfaction with the recovery. Procedural justice (PRJ) is the idea of fairness in the process that resolve dispute and allocate resources and it's also related to discussions of the administration of justice and legal proceedings. It is expected to have positive impact or effect on customer satisfaction.

A consumer may satisfy with one type of service recovery strategy offered by service provider but became dissatisfied when the process of obtaining compensation runs slowly (Kelley 1993). Thibaut and Walker (Hocutt 2006) stated that procedural justice theory is one of the reactive process theories. Procedural justice is very important in service recovery. It can be said that the faster service recovery procedures, the higher the perceived procedural justice (Blodgett, 1997).

H3: Interactional justice has a positive effect on customer satisfaction with the recovery.

There are three elements served as independent variable which consists of outcomes justices, interactional justice, procedural justice and distributive justice Those elements are used to assist the study in investigating the effect of service recovery on a customer satisfaction on omedad plc.

The higher service provider staffs interact to customers, the higher consumer perceptions of interactional justice will be (Hoffman & Kelley, 2000; Ha & Jang, 2009). (Bitner, 1990) put more emphasis on interaction in the form of hospitality of service provider staffs. He said that consumers will react positively if the service failure from the early be complemented with friendly service recovery.

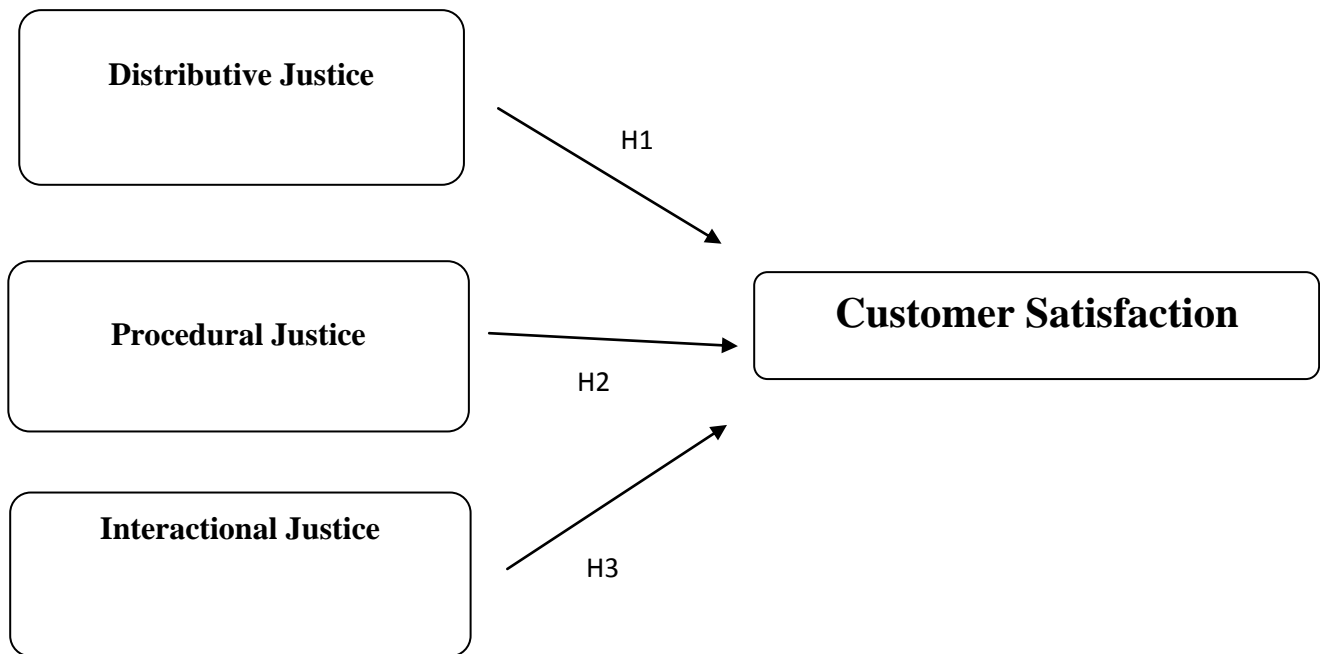


Figure 2. 1: The conceptual framework on the relationship between service recovery and customer satisfaction

Source: Tax & Brown (2000)

Chapter Three

RESEARCH DESIGN AND METHODS

Introduction

The aim of this chapter is to discuss the overall methodological considerations of the research. In this chapter the research method, research design, population of the study, sample and sampling techniques, sample size, sources of data collection, and method of data analysis and instruments of data collection will be discussed thoroughly.

3.1. Research Approach

For approaching a research problems there are different ways According to Creswell (2003), three research methods are involves these are quantitative, qualitative and combination of the two which is the mixed method. Qualitative Research methods helps to make a complete picture of the situation by increasing the understanding of social process an interrelations while Quantitative research helps to determine their relationship between and independent variable and dependent variable in a population., Based on the available information and the objectives of the study these research is used quantitative research method which will helps to arrive at possible research final destination efficiently. These research methods were applied to examine the relationship between the dependent variable (i.e. customer satisfaction) and the independent variable (procedural justice, distributive justice, and interactional justice).

3.2. Research Design

Research design is a blueprint for fulfilling the research objectives and answering the research questions (AnolBhattacharjee, 2012). The function of research design is to provide for the collection of relevant information with minimal expenditure of effort, time and money.

According to Farhadi (2009) broadly classified the research design as exploratory, descriptive, and explanatory. The author further defined exploratory research as a research approach which has a primary objective to insights into and understanding of the problem situation tackling the research and descriptive research as a type of a research approach that has a purpose to describe

something. Moreover, if the research is concerned with learning of why (i.e. how one variable produces changes in another) the research is said to be explanatory. And hence to address the research questions, this study has used both descriptive and explanatory research design.

3.3. Population and Sampling Technique

3.3.1 Population

A population can be defined as all people or items with the characteristics that one wishes to study.(AnolBhattacharjee, 2012).

As mention of the background of the organization, Omdad plc. is an export and import company work on retail of consumer goods. Omedad plc. has more than 22 Branch's in Outlets and 5 Branches in the capital cities. This paper focused on branches only in Addis Ababa because it's hard and not affordable to cover all the outlets branches. Therefore, the targets Population of the research were household customers who purchase service from Omedad plc.

3.3.2 Sampling Technique

Sampling is the statistical process of selecting a subset of a population of interest for purposes of making observations and statistical inferences about that population. (AnolBhattacharjee, 2012)

Samples are taken by convenient sampling. Convenience sampling also called accidental or opportunity sampling is a technique in which a sample is drawn from that part of the population that is close to hand, readily available, or Convenient. (AnolBhattacharjee, 2012).Also used to obtain a sample of element because it is impossible to estimate or calculate the probability of the selection for each element in the population. Convenience sampling is where the respondents are selected because they happen to be at the right place and at the right time. It is also because the sampling units tend to be easily accessible

Therefore, the respondents are going to be selected at the Addis Ababa cities of 5 branches Omedad plc. The main reason the researcher used convenience sampling is because the population is too large and it is impossible to include every individual and because of their convenient accessibility and proximity to the researcher.

3.4. Sample Size

A total sample of 384 respondents will be included in this survey. The samples were selected from household Customers of Omdadple of every 5 branch's buying and selling exchanging sections.

Cochran's Sample Size Formula was applied. Cochran (1977) developed a formula to calculate a representative sample for Proportions.

According to Cochran (1977) a large population's sample size can be calculated by using the formula:

Cochran (1977) developed a formula to calculate a representative sample for proportions as

$$n_o = \frac{Z^2 pq}{e^2}$$

Where,

n_o = size of Sample

Z is the selected critical value of desired confidence level,

p is the estimated proportion of an attribute that is present in the population,

q = 1 – p and

e is the desired level of precision

The sample size will be:

$$n_o = \frac{1.96^2 * 0.5 * 0.5}{0.05^2}$$

$$n_o = \frac{0.9604}{0.0025}$$

$$n_o = 384$$

3.5. Types of Data and Instrument of Data Collection

3.5.1 Types of Data

Both primary and secondary sources of data collection are going to be used in the study.

Primary Source- primary source of the study were the questionnaire responses of 384 household customers and the personal observation of the researcher.

Secondary Source—is a source of data that has already been collected and tabulated by other sources (AnolBhattacharjee, 2012). Significant documents in relation to the study are collected and used to support the study. Articles, books, journals and websites were used as a secondary source for the study.

3.5.2 Data Collection Instrument

The researcher used administered questionnaire because it was helpful to collect large amount of information in short period of time with larger sample size. Second, it was also the easiest method to analyse scientifically than other forms of research methods. This method was a relatively cost effective and also can be carried out by the researcher. Questionnaire was distributed to 384 customers of omedad plc during service delivery process. The questionnaire consists of a set of questions intended to capture responses from respondents in a standardized manner. Structured questions used to ask respondents to select an answer from a given set of choices.

Likert scale consist of word statement which response indicate agreement or disagreement on five or seven-point scale ranging from “strongly disagree” to “strongly agree” were used in the study. Questionnaires using 5-point scale with anchor of (1) ‘strongly disagree’ to (5) ‘strongly agree’ can reduce variability in the results that may be differences and enhances reliability of the responses. Besides, it also simplifies coding, analysis and interpretation of data.

3.5.3 Procedure of Data collection

A structured type of questionnaire was prepared to conduct the study. The questionnaire was tested using both expert and convenience sampling before administering it to respondents. A total of 384 questionnaires were distributed to the potential respondents. However, 47 (11.57%) questionnaires were not returned. From the returned 337 questionnaires, 39 (11.57%) were not filled complete. The remaining 298 questionnaires were analyzed for the intended purpose.

3.6. Method of Data Analysis

The collected data was encoded, cleaned in order to remove errors and was analysed. Statistical package for social sciences SPSS version 20 was used to analyse the data. Descriptive statistics (descriptive and frequencies) analysis and cross tabulation, standard deviation, regression analysis was used to analyse the data based on the needed results and objectives of the study.

3.7. Ethical Considerations

According to William d.crano and Marilyn b. brewer (2002) research ethics includes deception and participant well-being, explaining the study to participants at the end, protecting confidentiality of data , and methodology as ethics(Honesty in Reporting Methods and Results). Based on this the below ethical considerations were applied,

Informed consent: - all the participants were informed for what purpose the information was needed. All participants were participated voluntarily and the information taken was with the participant's full approval and consent.

3.8. Reliability and Validity Test

3.8.1 Test of Reliability

Reliability is the consistency of your measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. Reliability is the degree to which the measure of a construct is consistent or dependable (AnolBhattacharjee, 2012). Cronbach's alpha was used to measure the reliability of the study. A reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations. (Sekaran, 2003) A measure is considered reliable if a person's score on the same test given twice is similar. It is important to remember that reliability is not measured, it is estimated.

MEASUREMENTS	No. of Items	Cronbach's alpha
DISTRIBUTIVE JUSTICE	4	.754
PROCEDURAL JUSTICE	4	.787
INTERACTIONAL JUSTICE	4	.742
OVERALL SATISFACTION	9	.705
ALL MEASUREMENTS TOGETHER	21	.757

Table 3 1 Reliability Analysis of variables

3.8.2 Test of Validity

Validity is about the accuracy of a measure in quantitative study. For example, survey design to measure anxiety which is not considered but also explore depression. The second measure in a qualitative study is accuracy of an instrument or reliability. In other word which reassures used the same situation on a repeated occasion the same result occurred.

Validity is the extent to which the results really measure what they are supposed to measure. (William d.crano and Marilyn b. brewer, 2002) also refers it to degree of relationship or overlap between the construct to measure.

(Julie pallant 4th edition) Content validity refers to the adequacy with which a measure or scale has sampled from the intended universe or domain of content. Measurements were mainly adopted from prior studies to ensure content validity and also examined through expert review.

The validity of the test was done through bivariate correlation between indicator scores and a total score of constructs .If each indicator to the total score of the construct shows significant results, it can be concluded that each question is a valid indicator (Imam Widodo 2006: 46)

Chapter Four

RESULTS AND DISCUSSIONS

This chapter is about the results of the study. The results of the study are presented and discussed in detail. The first part of the chapter will discuss about the distributed and returned questionnaires. The second part is all about the responses received and the analysis made along with the interpretations of the results. All the data presentation and analysis was done using SPSS 20.

4.1. Descriptive Analysis

From the total of 384 questioners, 47 (11.57%) were not returned, 39 (11.57%) were not filled complete. The analysis was performed on the remaining 298 responses.

4.1.1. Demographic Profile of Respondents

Table 4. 1: Respondents by Demographic and Socioeconomic Characteristics

	Row Labels	Female	%	Male	%	Total	%
Age	18-30	108	57%	57	53%	165	55%
	30-45	47	25%	29	27%	76	26%
	45-60	26	14%	22	20%	48	16%
	Above 60	9	5%	0	0%	9	3%
		190	100%	108	100%	298	100%
Education	1st degree	79	42%	35	32%	114	38%
	2nd degree	18	9%	9	8%	27	9%
	Diploma	45	24%	35	32%	80	27%
	High school	24	13%	13	12%	37	12%
	Primary	24	13%	16	15%	40	13%
		190	100%	108	100%	298	100%
Occupation	Gov. employee	21	11%	15	14%	36	12%
	Other	33	17%	29	27%	62	21%
	Private employed	42	22%	20	19%	62	21%
	Self employed	70	37%	33	31%	103	35%
	Student	24	13%	11	10%	35	12%
		190	100%	108	100%	298	100%

Source: researcher's Survey 2020

Among the respondents participated in this research, 190 (63.8%) of them were female and 108 (36.2%) were male. The largest share regarding age and gender, 108 (36.24%) of respondents were females between 18 and 30 years old. As the age increases the ratio from the total respondents form both sex decreases.

Among the respondents participated in this research, 190 (63.8%) of them were female and 108 (36.2%) were male. The largest share regarding age and gender, 108 (36.24%) of respondents were females between 18 and 30 years old. As the age increases the ratio from the total respondents form both sex decreases.

In both male and female, the significant proportions of respondents were between 18 and 30 years old. Jointly they account 55% of the total population. 35% of respondents were self-employed (agents or owners) followed by 21% each by private sector employee and other groups.

Regarding the education of respondents, the largest shares (38%) have their first degree followed by 27% diploma holders.

Table 4. 2: Respondents Previous Experience at OMEDAD

Previous Experience at OMEDAD					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1st Time	54	18.1	18.1	18.1
	2nd time	43	14.4	14.4	32.6
	3rd time	120	40.3	40.3	72.8
	more than 3 times	81	27.2	27.2	100.0
	Total	298	100.0	100.0	

Source: researcher’s Survey 2020

The other question raised to respondents was if they purchase previously from OMEDAD? Only 18.1% were their first visit at OMEDAD, 14.4% were their second visit, 40.3% were for the third time and the remaining 27.2% visited OMEDAD for more than 3 times. From this we can say that OMEDAD is known for its outlets and have loyal customers. 288 out of 298 or more than 81% respondents purchased more than once previously from OMEDAD. Only 18.1% were their first visit at OMEDAD.

Table 4. 3: Respondent' Service failure experience

Service failure experience					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	12.1	12.1	12.1
	No	262	87.9	87.9	100.0
	Total	298	100.0	100.0	

Source: researcher's Survey 2020

The respondents were asked whether they faced service failure previously or not. The proportion of respondents who previously encounter service failure accounts only 12% the remaining 87.9 % faced service failure for the first time. This implies that service failure is common in customer durable market and should be handled with clear procedures and approach.

Table 4. 4: Respondents' Service failure type

Service failure type					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Damage of a product	74	24.8	24.8	24.8
	Delay in delivery	87	29.2	29.2	54.0
	Error in delivery	46	15.4	15.4	69.5
	Other Service Failure	25	8.4	8.4	77.9
	slow service	41	13.8	13.8	91.6
	unavailability Technical Man Powers	25	8.4	8.4	100.0
	Total	298	100.0	100.0	

Source: researcher's Survey 2020

The common types of service failure are Damage of a product, Delay in delivery, Error in delivery, Other Service Failure, slow service and unavailability Technical Man Powers.

Delay in delivery is accounts the highest ratio (29.2%) of service failure followed by (24.8%) that of damage of products.

Table 4. 5: Response of OMEDAD employee during service failure

What Kind of a response did you Get from the Employee's					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I received a fast Action of a failure	65	21.8	21.8	21.8
	I received an apology	66	22.1	22.1	44.0
	I received an explanation for the failure	54	18.1	18.1	62.1
	I received compensation	55	18.5	18.5	80.5
	I received nothing	58	19.5	19.5	100.0
	Total	298	100.0	100.0	

Source: researcher's Survey 2020

An Immediate response from an employee worth in service recovery process. More than 40% of customers either received an apology or fast action during the situation. 18.5% were received compensation and other 19.5% received nothing. The ratio of customers who does not receive an apology or compensation facing problem of service failure is high. This needs improvement in service delivery and customer handling.

4.1.2. Compensation for Service failure

Table 4. 6: Whether respondents are compensated or not

Have it been compensated for the Failure					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	108	36.2	36.2	36.2
	Yes	190	63.8	63.8	100.0
	Total	298	100.0	100.0	

Source: researcher's Survey 2020

Respondents were asked whether they were compensated or not for the service failure in general and majority of the respondents facing loss of value accounting for 63.8% of the total number of respondents get compensated for the failure but the rest 36.2% of the respondents didn't compensated for the failure.

4.1.3. Time taken to compensate

Table 4. 7: Time of Compensation

Did you get the compensation on time					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		108	36.2	36.2	36.2
	No	47	15.8	15.8	52.0
	Yes	143	48.0	48.0	100.0
	Total	298	100.0	100.0	

Source: researcher's Survey 2020

Based on the results on table 7, all the respondents who were compensated were asked whether they were compensated on time or not, 48 % received the compensation on time and the majority (15.8%) out of the respondents who received the compensation didn't get compensated on time. This shows the customers lose value on their purchase and again they lose time dealing they should be compensated. It implies that either the customer handling problem or problem on procedure and policy of handling service failure.

4.2. Service recovery dimensions and customer satisfaction with the Enterprise's service failure recovery intentions

On every dimension, before further analysis it is better to see the reliability of the group data for the respective dimensions.

4.2.1 Procedural Justice

Table 4. 8: Reliability Statistics Procedural Justice

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.787	.767	4

Source: researcher's Survey 2020

In this group 4 propositions were raised. The Cronbach Alpha test result was 0.787 which is more than 0.7 and acceptable. According to the responses the highest Mean was concerning the policy and procedures are flexible (2.9866). The lowest mean was 2.6711 for the policy and procedures are appropriate with the problems encountered.

Table 4. 9: Item Statistics Procedural Justice

Item Statistics			
	Mean	Std. Deviation	N
the policy and procedures are simple and adequate	2.8624	.80269	298
the policy and procedures are flexible	2.9866	1.01163	298
the policy and procedures are appropriate with the problems encountered	2.6711	1.12182	298
The policy and procedures are consider my class and my status with handling inconvenience	2.7483	1.12235	298

Source: researcher's Survey 2020

OMEDAD plc.'s Policies and procedures are easy and adequate, the policies and procedures are flexible, policies and procedure are appropriate with the problems encountered and the policy and procedures consider my class and my status with handling inconvenience were the propositions.

Table 4. 10: Response on questions under Procedural Justice

		Frequency	Percent	Valid Percent	Cumulative Percent
the policy and procedures are simple and adequate	Strongly Disagree	6	2.0	2.0	2.0
	Disagree	101	33.9	33.9	35.9
	Neutral	119	39.9	39.9	75.8
	Agree	72	24.2	24.2	100.0
	Total	298	100.0	100.0	
the policy and procedures are flexible	Strongly Disagree	24	8.1	8.1	8.1
	Disagree	82	27.5	27.5	35.6
	Neutral	66	22.1	22.1	57.7
	Agree	126	42.3	42.3	100.0
	Total	298	100.0	100.0	
the policy and procedures are appropriate with the problems encountered	Strongly Disagree	40	13.4	13.4	13.4
	Disagree	132	44.3	44.3	57.7
	Neutral	12	4.0	4.0	61.7
	Agree	114	38.3	38.3	100.0
	Total	298	100.0	100.0	
The policy and procedures are consider my class and my status with handling inconvenience	Strongly Disagree	42	14.1	14.1	14.1
	Disagree	106	35.6	35.6	49.7
	Neutral	37	12.4	12.4	62.1
	Agree	111	37.2	37.2	99.3
	Strongly Agree	2	.7	.7	100.0
	Total	298	100.0	100.0	

Source: researcher's Survey 2020

All have mean ranging from 2.6711 to 2.9866 which is skewed to right, towards the agreement with the propositions. The simplicity and adequacy should be one area of improvement because even if the mean is skewed towards agreement, its aim is to persuade customers and let them solve their issues easily. The following table shows the statistics of each question under procedural Justice.

Looking in to each propositions in detail, simplicity of the policy and procedures highly disagreed or disagreed by 107(35.9%) of respondents and agreed by 24.4%. the majority 39.9% is between agreement and disagreement or neutral.

The flexibility of the policies and procedures in placed are accepted by 42.3% of respondents whereas 35.6% disagreed that the policy and procedures are flexible. The ratio of those disagreed is significantly high 35.6%. It shows the policy and procedures are set but do not give employees alternative ways to solve problems.

This question rose to let customers say on whether the policy and procedures considered the respondent’s class and status with handling inconvenience. From the table we can see that the largest percent 61.1% of respondents disagreed (disagree + strongly disagree) that the policy and procedures are considered their status with handling inconvenience. Only 38.3 % the policy and procedures are considered their status with handling inconvenience.

4.2.2 Distributive Justice

The Cronbach's Alpha reliability of the data concerning Distributive Justice is 0.754 which is above 0.7. This indicates the data collected and the result from the analysis is reliable.

Table 4. 11: Reliability Statistics for Distributive Justice

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.754	.752	4

Source: researcher’s Survey 2020

Table 4. 12: Item Statistics distributive Justice

Item Statistics			
	Mean	Std. Deviation	N
the treatment I received is fair considering the efforts made by the company to make customers happy	2.82	1.130	298
The compensation I received is adequate	2.46	1.060	298
I receive what I deserve	2.90	1.104	298
while service experiencing with Omedad plc products I was treated more likely than I expected	2.47	1.155	298

Respondents were asked four questions regarding distributive justice and they described their level of agreement and disagreement. According to the responses the highest agreement was concerning that the customer has received what he/she deserves with mean 2.9. The highest disagreement was with mean 2.46 is on the compensation they received is adequate. the response for two propositions the treatment I received is fair considering the efforts made by the company to make customers happy and I receive what I deserve are above 2.5 that indicates the responses are skewed towards agreement and the response for the remaining two is below 2.5 indicated the disagreement.

Table 4. 13: Statistics of distributive Justice Questions

Statistics of distributive Justice questions		Frequency	Percent	Valid Percent	Cumulative Percent
The treatment I received is fair considering the efforts made by the company to make customers happy	Strongly Disagree	42	14.1	14.1	14.1
	Disagree	95	31.9	31.9	46.0
	Neutral	35	11.7	11.7	57.7
	Agree	126	42.3	42.3	100.0
	Total	298	100.0	100.0	
The compensation I received is adequate	Strongly Disagree	83	27.9	27.9	27.9
	Disagree	36	12.1	12.1	39.9
	Neutral	144	48.3	48.3	88.3
	Agree	29	9.7	9.7	98.0
	Strongly Agree	6	2.0	2.0	100.0
	Total	298	100.0	100.0	
I receive what I deserve	Strongly Disagree	42	14.1	14.1	14.1
	Disagree	72	24.2	24.2	38.3
	Neutral	59	19.8	19.8	58.1
	Agree	125	41.9	41.9	100.0
	Total	298	100.0	100.0	
while service experiencing with Omedadplc products I was treated more likely than I expected	Strongly Disagree	25	8	8	8
	Disagree	64	21	21	21
	Neutral	67	22	22	22
	Agree	142	48	48	100
	Total	298	100	100	

Source: researcher’s Survey 2020

This question was raised to let customers say on whether the efforts made by the company to make customers happy or not. From the table we can see that 61.1% of respondents disagreed (disagree + strongly disagree) that efforts made by the company to make customers happy. Only 42.3 % rate the efforts made by the company to make customers happy. Regarding the adequacy of the compensation made to the service failure, 39.9% disagreed it is adequate; the majority 48.3% are neutral and only 11.7% agreed it is adequate. Leaving the respondents which are neutral (19.8%) aside, 41.9 agreed that they are compensated a much as they deserved and 38.3 disagreed that the got what they deserved. Customer’s expectation is a key in marketing.

When they get below what they expect they create negative attitude towards the service. Here 21% disagreed that they get what they expected, 48% got what they expected and the remaining 22% are in between.

4.2.3 Instructional Justice

Respondents were asked their level of agreement and disagreement regarding the interactional justice. The Cronbach Alpha result shows the data is 0.742 which is above the threshold of 0.7 and acceptable.

Table 4. 14: Reliability Statistics Instructional Justice

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.742	.743	4

Source: researcher's Survey 2020

Table 4. 15: Item Statistics Instructional Justice

Item Statistics			
	Mean	Std. Deviation	N
The employees were calm and apologized for the failure and handle the problem in professional way	2.4966	.98558	298
The personnel gave me an honest explanation for my question	2.5134	1.08315	298
The employees gave me good service during overall process	2.6208	1.11638	298
The personnel were active and will go extra mile to solve my problems.	2.4497	1.02452	298

Out of the four questions in the group, the personnel gave me an honest explanation for my question and the employees gave me good service during overall process have mean above 2.5 and The employees were calm and apologized for the failure and handle the problem in professional way and The personnel were active and will go extra mile to solve my problems below 2.5. Those having meant of above 2.5 lean towards agreement.

Table 4. 16: Statistics of Instructional Justice questions

Statistics of Instructional Justice questions		Frequency	Percent	Valid Percent	Cumulative Percent
The employees were calm and apologized for the failure and handle the problem in professional way	Strongly Disagree	66	22.1	22.1	22.1
	Disagree	59	19.8	19.8	41.9
	Neutral	132	44.3	44.3	86.2
	Agree	41	13.8	13.8	100.0
	Total	298	100.0	100.0	
The personnel gave me an honest explanation for my question	Strongly Disagree	38	13	13	13
	Disagree	47	16	16	29
	Neutral	67	22	22	51
	Agree	142	48	48	99
	Strongly agree	4	1	1	100
	Total	298	100	100	
The employees gave me good service during overall process	Strongly Disagree	54	18.1	18.1	18.1
	Disagree	47	15.8	15.8	33.9
	Neutral	96	32.2	32.2	66.1
	Agree	101	33.9	33.9	100
	Total	298	100	100	
The personnel were active and will go extra mile to solve my problems.	Strongly Disagree	59	19.8	19.8	19.8
	Disagree	60	20.1	20.1	39.9
	Neutral	73	24.5	24.5	64.4
	Agree	106	35.6	35.6	100
	Total	298	100	100	

Source: researcher's Survey 2020

Apology and polite treatment is the first winning approach in handling service failure. 41.9% of respondents disagreed that employee of OMEDAD employee were calm and apologized for the failure and handle the problem in professional way. Majorities (44%) are neutral with regard to that employees were calm and apologized for the failure and handle the problem in professional way.

Good and honest explanation to the situation is the first treatment during grievance and service failure. The respondents requested whether OMEDAD’s employee gave them good service during overall process. 29% disagreed, 48% agreed and 22% stayed neutral that the employees gave them good service during overall process.

The overall service delivery process asked by the proposition “The employees gave me good service during overall process”. 33.9% disagreed, 32.2 indifferent and 33.9% agreed to that the employees gave good service during overall process.

This question is about the employees’ effort to solve customers’ problem during service failure. 39% disagreed, 24.5% stayed neutral and 35.5% agreed to the proposition to the personnel were active and will go extra mile to solve my problems.

4.2.4 Customer satisfaction with Service recovery dimensions

The Cronbach Alpha test for the reliability of the data is shown on the following table. The value 0.756 shows the data and the result from analysis of the data is reliable

Table 4. 17: Reliability Statistics Customer satisfaction

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.756	.756	4

Source: researcher’s Survey 2020

Table 4. 18 : Item Statistics Customer satisfaction

Item Statistics			
	Mean	Std. Deviation	N
I am very satisfied with the service recovery outcome	2.72	1.495	298
I am satisfied with the interactions I had with the personnel of the company during the overall process	2.84	.959	298
I am satisfied with the policies and procedures used to handle the problems I have	2.70	.951	298
I am satisfied with the overall service recovery process	2.79	.988	298

Source: researcher's Survey 2020

To identify the level of satisfaction of the respondents with regard to the three dimensions of service recovery (distributive, interactional and procedural) respondents were asked to mention their level of agreement and disagreement with regard to the dimensions of service recovery in relation to the service failure they faced in OMEDAD. In all the four questions the mean is higher than 2.5, indicating the response is skewed towards agreement. The highest mean is for I am satisfied with the interactions I had with the personnel of the company during the overall process with 2.84 and the lowest is for 2.70

4.2.5 Trust and loyalty

The Cronbach Alpha test for this group appeared to be 0.719, which is higher than the threshold 0.7 found acceptable

Table 4. 19: Reliability Statistics Trust and Loyalty

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.791	.719	3

Source: researcher's Survey 2020

Table 4. 20: Item Statistics Trust and Loyalty

Item Statistics			
	Mean	Std. Deviation	N
I am satisfied with the service recovery that I can trust them and re-purchase Again	3.00	1.079	298
I am satisfied with the service recovery it gives me more of to stay for further long term relations.	2.68	.910	298
I am satisfied with the service recovery it makes me stay loyal to the organization.	2.74	.696	298

Source: researcher’s Survey 2020

Regarding the item statistics, in all the three questions, the mean is above 2.5. This shows the customers’ response is leaned towards agreement. The highest mean (3.0) is found on the proposition “I am satisfied with the service recovery that I can trust them and re-purchase Again” and the lowest (2.68) on “I am satisfied with the service recovery it gives me more of to stay for further long term relations”.

4.2.6 Recommending OMEDAD to other friends

As usual the Cronbach Alpha is above the threshold 0.7, hence it is acceptable.

Table 4. 21: Reliability Statistics Recommending OMEDAD to Others

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.741	.749	2

Source: researcher’s Survey 2020

Table 4. 22: Item Statistics Recommendation

Item Statistics			
	Mean	Std. Deviation	N
I will recommend Omedad organization’s products to my family, friends and companies that I have contact with	2.78	1.157	298
I will tell everyone who asks for information to use Omedadplc	3.32	.969	298

In both questions the mean is well higher than the threshold 0.5 that customers’ response is deviated towards agreement.

4.2.7 Relative importance of service recovery dimensions

In order to identify the level of importance of the three service recovery dimensions (distributive, procedural and interactional justices) from the customer’s perspective the respondents were asked to rank starting from most important to least important.

Table 4. 23 Reliability statistics Relative importance of service recovery dimensions

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.705	.704	4

Source: researcher’s Survey 2020

The Cronbach’s Alpha test result for the data is well above 0.7 threshold and acceptable

Table 4. 24: Item statistics Relative Importance

Item Statistics			
	Mean	Std. Deviation	N
The Effort the company’s handles customer’s problem	3.05	.631	298
The company’s policies and procedures used to handle the failure	2.80	.719	298
The company’s Service recovery’s Outcome Process’s	2.78	.650	298
The Effort the company made to ensure of the recovery process’s	2.98	.678	298

Source: researcher’s Survey 2020

In all the four propositions regarding the importance of the service recovery, the respondents agreed that the mean of all is well above 2.5.

Based on the result, the most important dimension with mean 3.05 is ‘The Effort the company’s handles customer’s problem’ followed by ‘The Effort the company made to ensure of the recovery process’s’ with mean 2.98. The least importance is shown on ‘The Company’s Service Recovery’s Outcome Process’s with mean 2.78.

4.3. Correlation

Table 4. 25: Correlation analysis

Correlations					
		Mean Procedural Justice	Mean Distributive Justice	Mean Instructive Justice	Mean Overall Satisfaction
Mean Procedural Justice	Pearson Correlation	1	.677**	.562**	.480**
	Sig. (2-tailed)		.000	.000	.000
	N	298	298	298	298
Mean Distributive Justice	Pearson Correlation	.677**	1	.662**	.542**
	Sig. (2-tailed)	.000		.000	.000
	N	298	298	298	298
Mean Instructive Justice	Pearson Correlation	.562**	.662**	1	.634**
	Sig. (2-tailed)	.000	.000		.000
	N	298	298	298	298
Mean Overall Satisfaction	Pearson Correlation	.480**	.542**	.634**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	298	298	298	298

** . Correlation is significant at the 0.01 level (2-tailed).

Source: researcher's Survey 2020

The correlation matrix below displays correlation between the dependent variable (satisfaction with the overall service failure recovery mechanisms by OMEDAD versus the independent variables service recovery dimensions (distributive, procedural and interactional justices).

The table shows that the three variables the service recovery dimensions (Procedural Justice, Distributive justice, Instructive Justice) have correlation higher than 0.4 are correlated with acceptable significance level ($p < 0.05$) that the changes in the independent variables will bring a significant change on the dependent variable.

4.4. Test of Assumptions

Test of assumptions is important because it indicates the results are valid to conclude from results. Before starting the regression analysis it is important test for every multivariate analysis assumptions (normality, linearity, multicollinearity, and homoscedasticity) are ensured.

4.4.1 Normality test

Both the Kolmogorov-Smirnov and Shapiro-Wilk tests show the dependent variable is normally distributed. Where the significant p value for both is greater than 0.05, we cannot reject the null hypothesis that the data is normally distributed. The histogram also shows more or less the data is belle shaped or normally distributed.

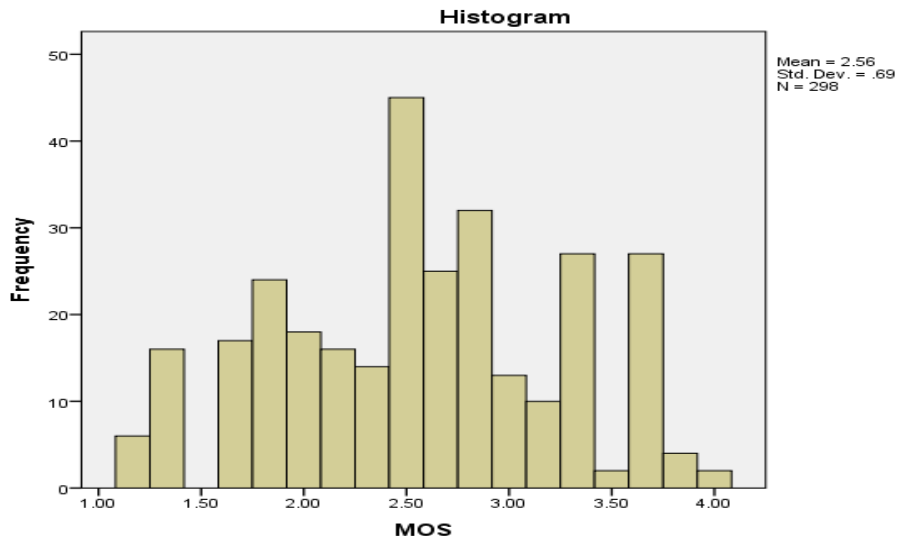
Table 4. 26: Tests of Normality

Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
MOS	.091	298	.056	.972	298	.054

a. Lilliefors Significance Correction

Figure 4. 1: Histogram



4.4.2 Linearity

On the Correlation result the coefficients are not higher enough to suspect the existence of linearity problem.

The p-value with * indicates the result is significant at 0.05 level and ** shows it is significant at 0.01 level. The significance indicates the linearity of the relation. All the constants are significant at 0.05 or 0.01 level

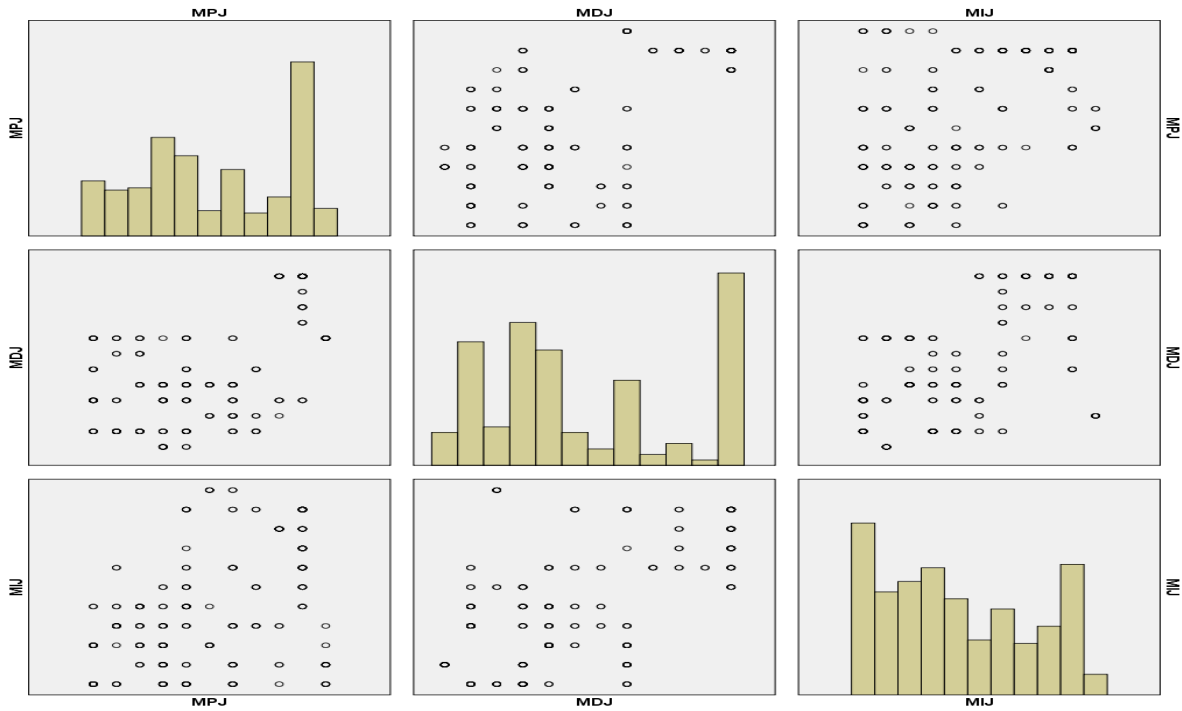
Table 4. 27: Correlations

Correlations					
		Mean Procedural Justice	Mean Distributive Justice	Mean Instructive Justice	Mean Overall Satisfaction
Mean Procedural Justice	Pearson Correlation	1	.677**	.562**	.480**
	Sig. (2-tailed)		.000	.000	.000
	N	298	298	298	298
Mean Distributive Justice	Pearson Correlation	.677**	1	.662**	.542**
	Sig. (2-tailed)	.000		.000	.000
	N	298	298	298	298
Mean Instructive Justice	Pearson Correlation	.562**	.662**	1	.634**
	Sig. (2-tailed)	.000	.000		.000
	N	298	298	298	298
Mean Overall Satisfaction	Pearson Correlation	.480**	.542**	.634**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	298	298	298	298

** . Correlation is significant at the 0.01 level (2-tailed).

The other method to detect the linearity problem to look at the graphs of each independent variable.

Table 4. 28: Graphs of variables



4.4.3 Multicollinearity

The first indicator for existence of multicollinearity is high coefficient of correlation. From the correlation table we can see that the higher coefficient is 0.667 which is below the threshold 0.9.

The VIF in the following table for all the three independent variables is well below 10, indicates that there is no reason to suspect the existence of Collinearity problem among the independent variables. On the same table the tolerance (>0.1) for all the three variables also indicates that there is no multicollinearity problem

Table 4. 29: Collinearity Statistics

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.880	.123		7.138	.000		
MPJ	.096	.053	.111	1.832	.068	.519	1.927
MDJ	.144	.062	.157	2.335	.020	.426	2.348
MIJ	.408	.052	.467	7.811	.000	.537	1.862

a. Dependent Variable: MOS

The third indicator on the Collinearity Diagnostics table, collinearity index <15, proved that there is no suspecting of the existence of Collinearity problem among the variables.

Table 4. 30: Collinearity Diagnostics

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	MPJ	MDJ	MIJ
1	1	3.896	1.000	.00	.00	.00	.00
1	2	.047	9.068	.83	.00	.03	.30
1	3	.035	10.575	.16	.53	.04	.52
1	4	.022	13.305	.00	.46	.92	.19

a. Dependent Variable: MOS

4.4.4 Homoscedasticity

The following residual statistic table and scatter plot diagram witnessed the homoscedasticity of the data.

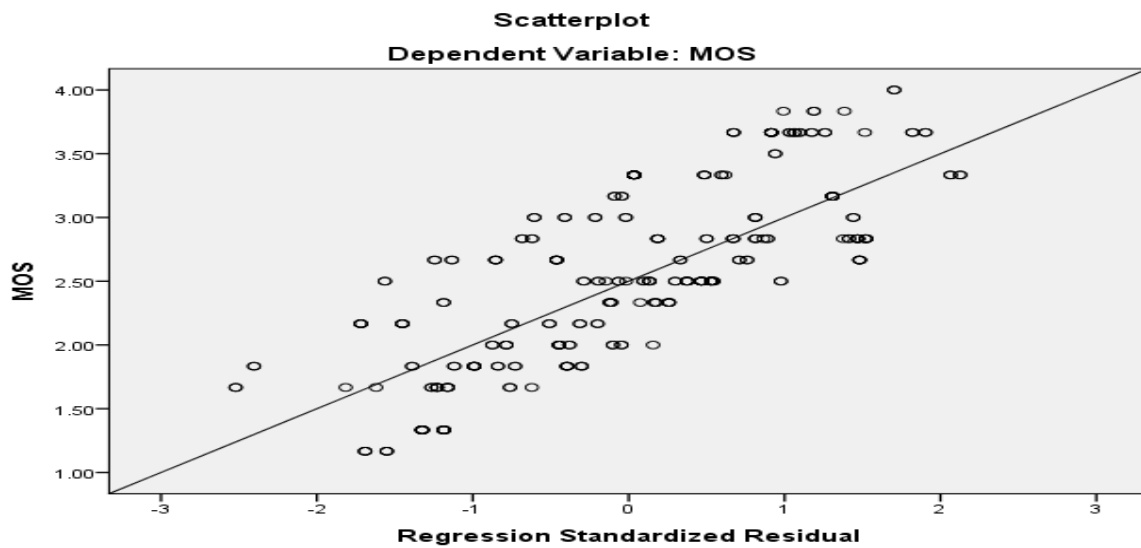
Table 4. 31: Residuals Statistics

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8946	3.3158	2.5632	.45505	298
Residual	-1.31466	1.10894	.00000	.51884	298
Std. Predicted Value	-1.469	1.654	.000	1.000	298
Std. Residual	-2.521	2.127	.000	.995	298

a. Dependent Variable: MOS

Figure 4. 4: Scatter plot of residuals



4.5. Regression Analysis

As one can see from the following Model Summary table the adjusted R Square statistic tells us the proportion of variance in the dependent variable that is accounted for by the independent variables. In this case the coefficient of determination adjusted (R²) was 0.429. This implies that about 42.9% of the dependent variable (i.e. customer satisfaction) can be explained by the variation in independent variables (i.e., procedural justice, interactional justice and distributive justice). In other words, over 42% of the variance in customers' satisfaction with service recovery is described by the customer's perception of the service recovery dimensions provided.

Table 4. 32: Summary Regression Analysis

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.659 ^a	.435	.429	.52148	1.777
a. Predictors: (Constant), Mean Instructive Justice, Mean Procedural Justice, Mean Distributive Justice					
b. Dependent Variable: Mean Overall Satisfaction					

Source: researcher's Survey 2020

In the regression model for level of satisfaction of customers with the OMEDAD's service failure recovery against the independent variables service recovery dimensions (distributive, procedural and interactional justices).

Table 4. 33: ANOVA table for regression analysis

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	61.499	3	20.500	75.384	.000 ^b
	Residual	79.949	294	.272		
	Total	141.449	297			
a. Dependent Variable: Mean Overall Satisfaction						
b. Predictors: (Constant), Mean Instructive Justice, Mean Procedural Justice, Mean Distributive Justice						

While interactional justice and distributive justice have strongly significant influence actually to the error level less than 1% error, procedural justice have been found to be significant to 5% level of error.

Table 4. 34: Coefficients of Regression

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	.880	.123		7.138	.000	.637	1.123
	Mean Procedural Justice	.096	.053	.111	1.832	.068	-.007	.200
	Mean Distributive Justice	.144	.062	.157	2.335	.020	.023	.265
	Mean Instructive Justice	.408	.052	.467	7.811	.000	.305	.510
• Dependent Variable: Mean Overall Satisfaction Source: researcher's Survey 2020								

4.6. Testing of Hypothesis

Hypothesis 1

H0: Procedural justice has significant effect on customer satisfaction with the recovery.

HA: Procedural justice has no significant effect on customer satisfaction with the recovery.

According to the results where $\beta = 0.096$ and $p = 0.068$, since p value 0.068 is greater than 0.05, we reject the null Hypothesis that Procedural justice has significant effect on customer satisfaction with the recovery and accept the alternative hypothesis Procedural justice has no significant effect on customer satisfaction with the recovery.

Hypothesis 2

H0: Distributive justice has significant effect on customer satisfaction with the recovery

HA: Distributive justice has significant effect on customer satisfaction with the recovery

According to the results where $\beta = 0.144$ and $p = 0.020$, since p value 0.020 is less than 0.05, we accept the null Hypothesis that Distributive justice has significant effect on customer satisfaction with the recovery.

Hypothesis 3

H0: Instructive justice has significant effect on customer satisfaction with the recovery

HA: Instructive justice has no significant effect on customer satisfaction with the recovery

According to the results where $\beta = 0.408$ and $p = 0.00$, since p value 0.00 is less than 0.05, we accept the null Hypothesis that Instructive justice has significant effect on customer satisfaction with the recovery.

4.7. Discussion on Findings

From the above data presentation and result of the analysis, the major service failures faced by the OMEDAD are 29.2% delay in delivery, 24.8% damage of goods, 15.4% error in delivery, 13.8% slow services and 8.4% unavailability of technical manpower and other problems each.

The most important service recovery dimension in the eyes of the customer of OMEDAD plc are the effort the company's to handle customer's problem, the effort the company made to ensure the recovery process's, the company's policies and procedures used to handle the failure and the company's Service Recovery's Outcome Process's ranked first to fourth successively.

OMEDAD have been taking different service recovery measures. The plc has policy and procedures applicable during service failure, employees are accepting complain about service failures, try to explain the situation honestly and when needed, they apply procedures to compensate for the loss of value of the customer.

From the regression analysis and the hypothesis testing, we found that distributive justice and instructive justice affect the customer satisfaction after service failure significantly whereas procedural justice affects the satisfaction but not significantly.

The goal of these service failure measures is to regain the trust and loyalty of the customer after service failures and bringing the anticipated customer satisfaction. Customers faced service failures were satisfied from the measures taken by the employees of OMEDAD after service failure. They promised to tell their friends about their experience and how they were satisfied from the effort of OMEDAD employees' to make them happy. This is what anticipated from the overall policy and procedures of service recovery implemented at the plc. We can say that OMEDAD is successful in its service recovery efforts.

Chapter Five

CONCLUSION AND RECOMMENDATION

Based on the results and findings of the study, this chapter will discuss the conclusions and recommendations of the study along with the limitations of the study in detail.

5.1 Conclusion

This chapter will discuss the summary conclusions and recommendations of the study. Based on the response from the collected questioner, the study reached the following conclusion.

According to the finding, the major service failures of OMEDAD Plc were damage of goods and delay in delivery. The Level of satisfaction of OMEDAD Plc customers was assessed from the three service recovery dimension. Based on the results found, distributive justice was highly perceived by the company's customers. Whereas out of the three-dimension procedural justice was perceived least satisfactory.

Voice Recovery is a recovery procedure in which consumers are given the opportunity to select or specify the desired recovery in the process of obtaining compensation. It is expected that with giving a voice to consumers will make them more satisfied. The emphasis in this statement is the importance of procedural fairness in dealing with service failure. Procedural fairness is important in service recovery because when consumers are satisfied with one type of recovery offered, may dissatisfied because the process to get the compensation disappoint

This study also confirms previous studies that perceived interactional justice is very important because it has a big influence on customer satisfaction. When customers experience service failure and they get a friendly and respectful treatment from service providers, they likely to continue repurchase the brand. Information and communication with consumers should always be maintained in order to avoid misunderstandings. Furthermore, consumers are given the opportunity to be able to follow the ongoing recovery process, so that the consumers will feel safe.

The relative of importance of the three service recovery dimensions (distributive, procedural and interactional justices) were assessed from the customer's perspective. Based on the results the most important dimension is interactional justice followed by distributive justice which and the least important dimension mentioned by the respondents was procedural justice. Regarding the perceived justices and their overall satisfaction over 42.9% of the variance in customers' satisfaction with service recovery is explained by the customer's perception of the service recovery dimensions provided. Interactional justice took a significant position for the variation in customer satisfaction in service recovery. According to the findings, satisfaction with service recovery dimensions has a positive relationship. As the result of this relationship, interactional justice and distributive justice have strong significant influence on customer satisfaction.

5.2 Recommendation

Based on the conclusion of the study, the following points are recommended. Based on the results of this study the major problem that customers complain were delay is delivery and damage of goods. Due to the value the goods OMEDAD sale,

- The company has a responsibility to deliver on time and keeps the goods safe to reduce the rate of damage. Therefore, much emphasis should be given on delivery time and sorting activity to avoid any damage during moving and maintenance.
- The company should arrange continues training for its employee on aftersales services.
- From the three service recovery dimension, interactional justice was perceived least satisfactory by the organizations' customers. It indicates that there is uncaring attitudes by the organization employee to treat customers. It is well known that the effectiveness and success of an organization lies on the people who form and work within the organization. Therefore, the organization should have to know that employees are the most valuable assets of any organization, with the machines, materials and even the money; nothing gets done without manpower. Therefore, OMEDAD should encourage, reward and arrange training on customer service in order to keep and satisfy.

- From the three service recovery dimension, procedural justice was the most disagreed by customers'. Therefore, the company should create different compensation mechanism. It can take be the form of actual monetary compensation, an apology, future free service, reduced charges and replacement which is the same value of the damage to regain the trust and loyalty of its customers.

Proper compensation on time is also the disagreed by customers. Late response given by the company makes its customer more dissatisfied. Therefore, the company should develop prompt service recovery activity so as to satisfy its customers. In the procedural Justice, majority of the customers were responded disagree. It indicates that the company policy and procedure are not comfortable for customers. The organization should implement a system of getting and analyzing customers' complaints on a periodic basis, should there be a common reoccurring problem. Therefore, a standard solution should be put in place.

REFERENCE

- Anderson, E. W., & Sullivan, M. (1993). The antecedents and consequences of customer-satisfaction, market share, and profitability: findings from Sweden. *Journal of Marketing*, 58 (3), 53-66
- Amy k . Smith, Ruthn. Bolton, and Janet Wagner (1999). Service encounters involving failure and recovery with model of customer satisfaction
- Ajzen, I. (1991). Human decisions and Organizational behavior on a theory of planned behavior Processes, 50, 179-211.
- Ah-KengKau and Elizabeth Wan-YiunLoh(2006). Comparison between complaints and non complaints and non complaints: the Omedad of service recovery on consumer satisfaction National University of Singapore, Singapore
- Blodgett, 1997 *Services Marketing: Integrating Customer Focus Across the Firm*, (5th ed.). New York: McGraw-Hill
- Bowen, D.E. and Johnston, R. (1999). Developing new construct in service recovery International Journal of Service Industry Management, 10 (2), pp. 118-31
- Berry, L.L., & Parasuraman, A. (1991). Productive resources on a pilot study and strategic implication Marketing service Journal of Business Strategies, 18(1), 18(1), 47-69.
- Barbara R. Lewis and Sotiris Spyropoulos(2001). Service failures and recovery in retail banking: the customers' perspective. Manchester School of Management, UMIST, Manchester, UK
- Beer, Michael (2003) TQM Transformation Decision science , Why total quality Management program.
- Bhattacharjeend, A. (2012) Social science research: principles, methods, and practices. 2nd edition. Switzerland
- (Bejou& Palmer 1998). *Services marketing: people, technology, strategy* 6th ed. 2007
- (Belas& Gabcova, 2014; Belas, Cipovova& Demjan, 2014; Chavan& Ahmad, 2013)
- Christo Boshoff. (1996) University of port customer reaction to service failure and recovery. An expertimental study of service recovery options
- Cronin, J. R., Brady, KM. K. and Hulrt, T. M. (2005). Internal service recovery; developing a new construct on assessing the Omedad of quality , value and customer satisfaction on consumer behavioral intentioens ins service environments, (Czepiel, Soloman, Suprenant and Gutman 1960s. In 1985,)

Davis, D., 2000, Business Research for Decision Making, Canada Brooks/Cole: Thomson : consumer reaction to service failure and recovery Journal of Services Marketing, 23(7), pp. 462–475

(Darby and Karni 1973) and (Zeithaml 1981)The perceived service quality concept – Managing Service Quality

Edwin Thwaites and Christine Williams(2006). Service recovery: a naturalistic

Ekaterina Tolpa(2012). Measuring Customer Expectations of Service Quality: Aalto University School of Economics.

Farhadi, M., 2009, Improving Profitability Model In Insurance Industry, Considering Inflation: The Case Study Of Automobile Insurance In Iran. Unpublished Master Thesis, Lulea University of Technology Iran

Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American Customer Satisfaction Index: Nature, purpose, and findings. Journal of Marketing, 60(4), 7–18.

Fornell, Claes (1992), "A National Customer Satisfaction C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The America, (Folkes 1984; Folkes 1987)

Gerpott, T.J., Rams, W., and Schindler, A. (2001) loyalty and customer satisfaction in mobile market Policy, 25, 249 – 269.

Grönroos, C. (1988).Criteria of a good service recovery Review of Business, 9, 10-30. Güney, S. (2008).Behavioral sciences. Ankara: Nobel.

Gronroos, C. (2001), “The perceived service quality concept – Managing Service Quality, Vol. 11 No. 3, and Bank of Abyssinia

(Gohray, Ali, Hamzeli and Alizedh The study of Iranian Online 2016) value and customer satisfaction on consumer behavioral intentions in service

Hoffman, D., & Kelley, S. (2000)Consumer Behaviour, 3rd ed., Boston, Houghton Mifflin Company. Perceived justice needs a recovery evaluation: Hoffman, D., & Kelley

Hoffman, D. and Chung, B. (1998).Cornell Hotel and Restaurant Administration Quarterly, 39(3), pp. 66-71. Critical Incidents: Service Failures That Matter Most.

Hart, C. W. L., Heskett, J. L. and Sasser, Jr. W. E. (1990).The profitable art of service recovery.Harvard Business Review, 68 (4), pp. 148-156

John w. Creswell (2007) Qualitative enquiries and research design: choosing among five approaches: USA: University of Nebraska, Lincoln

Johnson, Michael D. and ClaesFornell (1991), "A Framework for Comparing Customer Satisfaction Across Individuals and Product Categories," *Journal of Economic Psychology*, 12 (2), 267-86.

Kau, A. K., &Loh, E. W. Y. (2006). The Omedads of service recovery on consumer satisfaction: A comparison between complainants and non-complainants. *Journal of Services Marketing*, 20(2).101-111

Lovelock and wirtz 2011 *Services Marketing: People, Technology, Strategy (7th Edition) 7th Edition 2011*

Lovelock, C.H., Patterson, P.G. and Walker, R.H. (2001). *Services Marketing: Australia and New Zealand*. Pearson Education Australia, French's Forest.

Lovelock, Christopher H. And JochenWirtz. *Services marketing: people, technology, strategy 6th ed.*2007

(Maxham and Netemeyer, 2002) and (Tax 1998).*International Journal of Public Sector Management*, 23(2), 124–140

Marczyk, DeMatteo, D; &Festinger, D, 2005, *Essentials of Research design and Methodology*, 1st ed John Wiley & Sons, Inc; Hoboken, New Jersey.

Maxham, J.G (2001) Service recovery on consumer satisfaction, positive word-of mouth, and purchase intention, *journal of business research* 54, 11-24

Morrisson and Huppertz 2010 Productive resources on a pilot study and strategic implication *Marketing serviceJournal of Business Strategies* 45, 22-28

Muhammad and Fauziah(2013) service recovery and customer satisfaction in co-created retail industry international business school, university of technology kualalampurMalasia(McCollough 2000; Magnini and Ford, 2004)

Munteanu, C., Ceobanu, C., Bobalca, C. and Anton, O. (2010). An analysis of customer satisfaction in a higher education context, *International Journal of Public Sector Management*, 23(2), 124–140 Anderson, E.A. and Sullivan, M.W. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms.*Journal of Marketing Science*, 12, 125-43.

Namkung, Y. and Jang, S. S. (2010). Service Failures in Restaurants: Which Stage of Service Failure Is the Most Critical? *Cornell Hospitality Quarterly*, 51(3), pp. 323-343.

Namkung, Y. and Jang, S.C.S. (2010).Omedads of perceived service fairness on emotions, and behavioral intentions in restaurants.*European Journal of Marketing*, 44(9/10), pp. 1233-1259

Oliver, R. and Swan, J. (1989). "Consumer perceptions of interpersonal equity and satisfaction in transactions: a field survey approach". *Journal of Marketing*, Vol. 53

Oliver, R. L. (1999). Whence consumer loyalty? *Journal of Marketing*, 63, pp. 33-44.

(Rotalsky 1995; Kelley, Hoffman, and Davis 1993)

Seungoo Weun Sharon E. Beatty and Michael A. Jones (2004). The Omedad of service failure severity on service recovery evaluations and post-recovery relationships.

Stefan Michel, David Bowen and Robert Johnston (2008). Why service recovery fails. Tensions among customer, employee, and process perspectives

Stefan Michel and Matthew L. Meuter. The service recovery paradox: true but overrated

(Schoefer & Diamantopoulos 2008; Smith, Bolton & Wagner 1999).

Spreng, R. A., Harrell, G. D., & Mackoy, R. D. (1995). Service recovery: Omedad on satisfaction and intentions. *Journal of Service Marketing*, Vol. 9 (1), 15

Stefan Michel, David Bowen and Robert Johnston (2008). Why service recovery fails. Tensions among customer, employee, and process perspectives

Swan, J. and Combs, L. (1976). Product performance and consumer satisfaction: a new concept, *Journal of Marketing*, 40(7), 25–33

Thibaut and Walker (Hocutt 2006) *International Journal of Public Sector Management*, 23(2), 124–140 Anderson, E.A. and Sullivan, M.W. (1993)

Tavakol, M. & Dennick, R. (2011) Making sense of Cronbach „s alpha. *International Journal of Medical Education*. 2. p.53-55

Taegoo (Terry) Kim, Joanne Jung-Eun Yoo and Gyehee Lee (2011). Post-recovery customer relationships and customer partnerships in a restaurant setting. *Kyung Hee University toward complaining*. Brazil University of Minnesota.

William d. Crano and Marilyn b. Brewer (2002). *Principles and methods of social research*, second edition. Lawrence Erlbaum associates, publishers, Mahwah, New jersey London. Cochran, W.G. (1977), *Sampling Techniques*, 3rd ed., Jhon Wiley & Sons.

(Yu- Hui, Chao-Min, & Wang 2011). service recovery and customer satisfaction *International Journal of Medical Education*. 2. p.53-55

Zeithaml, V.A., Bitner, M.J. and Gremler, D.D., (2009). *Services Marketing: Integrating Customer Focus Across the Firm*, (5th ed.). New York: McGraw-Hill

Zeithmal V. And Bitner M. (2004) *Service Marketing* 7 west patal Nagar, New Delhi Armstrong and kothler *Principles of Marketing* 2011

Zemke, R. (1999). Service recovery: Turning oops into opportunity. In *Best practices in customer service*, ed. R. Zemke and J. Woods, 279-88. New York: AMA Publications.

APPENDICES

Appendix- 1 Questionnaire

Addis Ababa University School of Commerce

Department of Marketing management

Post graduate program

Instruction

Dear Respondent

I would like to express my sincere appreciation and deepest gratitude than in advance for your precious time and prompt response. The purpose of the study and questionnaire is to identify the effect of service recovery on customer satisfaction on OmedadPlc. at Addis Ababa City.

Thank you for your valuable support in responding to these questions to the success of the study.

I want to assure you that this research finding is only for academic purpose thus you're idea and comments are high honored and kept confidential please put (x) marks for questions that are delivered with choice for those delivered with blank space.

SECTION I:

1. Gender

Male female

2. Age group

18-30 31-45 46-65 more than 65

3, Education Background

12 Grade Completed Diploma 1st Degree Above Degree

4, Occupation

Student Private Company Government Self Employed Other

5, how many Times have you Purchase from OmedadPlc.

First Time Twice Third More Than Three Times

6, Have you ever encounter any pervious service failure?

Yes No

7, please indicate the service failure you encountered on

unavailability of service error in delivery

slow service unavailability Technical Man Powers

insufficient stock of spare parts to repair Damage of a product

lack of manpower of maintenance and repairs

Other Service Failure Please Specify.....

8, What Kind of a response did you Get from the Employee's

I received compensation I received a fast Action of a failure

I received an apology I received an explanation for the failure

I received nothing

9, have it been compensated for the Failure

Yes I have been compensated No I haven't been compensated

10, if the answer for the above question is "yes" did you get the compensation on time

Yes, I received my compensation right away

No, it took them a while to give me the compensation

SECTION II

Service Recovery Dimensions

Instruction: please indicate your degree of agreement or disagreement against each question by encircling the appropriate please

Put (x) marks for questions that are delivered with choice for those delivered with blank space.

Distributive justice

11. Do you think the whole service recovery process was fair?

S. No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
11.1	The effort that has made by the company to make me happy was fair					
11.2	while service failure I have received a Good compensation					
11.3	I Received what I expected from the service					
11.4	While service experiencing with Omedad plc. products I was treated more likely than I expected					

Procedural justice

12. What do you think about the company's policies and procedures considering the service failure you encountered?

S. No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12.1	Omedad plc.'s Policies and procedures are easy and adequate					
12.2	Omedad plc.'s policies and procedures are flexible					
12.3	Omedad plc.'s policies and procedure explained the problem that I went in					
12.4	while conflicting I received an answer right away					

Interactional justice

13, how did the Omdad plc Personnel handle the failure?

S. No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
13.1	The employees were calm and apologized for the failure and handle the problem in professional way					
13.2	The personnel gave me an honest explanation for my question					
13.3	The employees gave me good service during overall process					
13.4	The personnel were active and will go extra mile to solve my problems.					

SECTION III

Overall satisfaction

14, Are you satisfied with the overall failure handling process?

S. No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
14.1	I am very satisfied with the service recovery outcome					
14.2	I am satisfied with the interactions I had with the personnel of the company during the overall process					
14.3	I am satisfied with the policies and procedures used to handle the problems I have					
14.4	I am satisfied with the overall service recovery process					

15. Do you provide a Trust and Perceived loyalty form the recovery

S. No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
15.1	I am satisfied with the service recovery that I can trust them and re-purchase Again					
15.2	I am satisfied with the service recovery it gives me more of to stay for further long term relations.					
15.3	I am satisfied with the service recovery it makes me stay loyal to the organization.					

16. Do you recommend Omedad plc to others?

S. No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
16.1	I will recommend Omedad organization's products to my family, friends and companies that I have contact with					
16.2	I will tell everyone who asks for information to use Omedad plc					

SECTION IV

Importance of Major Decisions of Service Recovery

17, which one of the below do you think was the most-important regarding the service failure and recovery process? Please rank 1 to 3, (where 1-most important 2- Important 3- least important).

17.1 The Effort the company's handles customer's problem _____

17.2 The company's policies and procedures used to handle the failure _____

17.3 The company's Service recovery's Outcome Process's _____

17.4 The Effort the company made to ensure of the recovery process's _____

Appendix- II

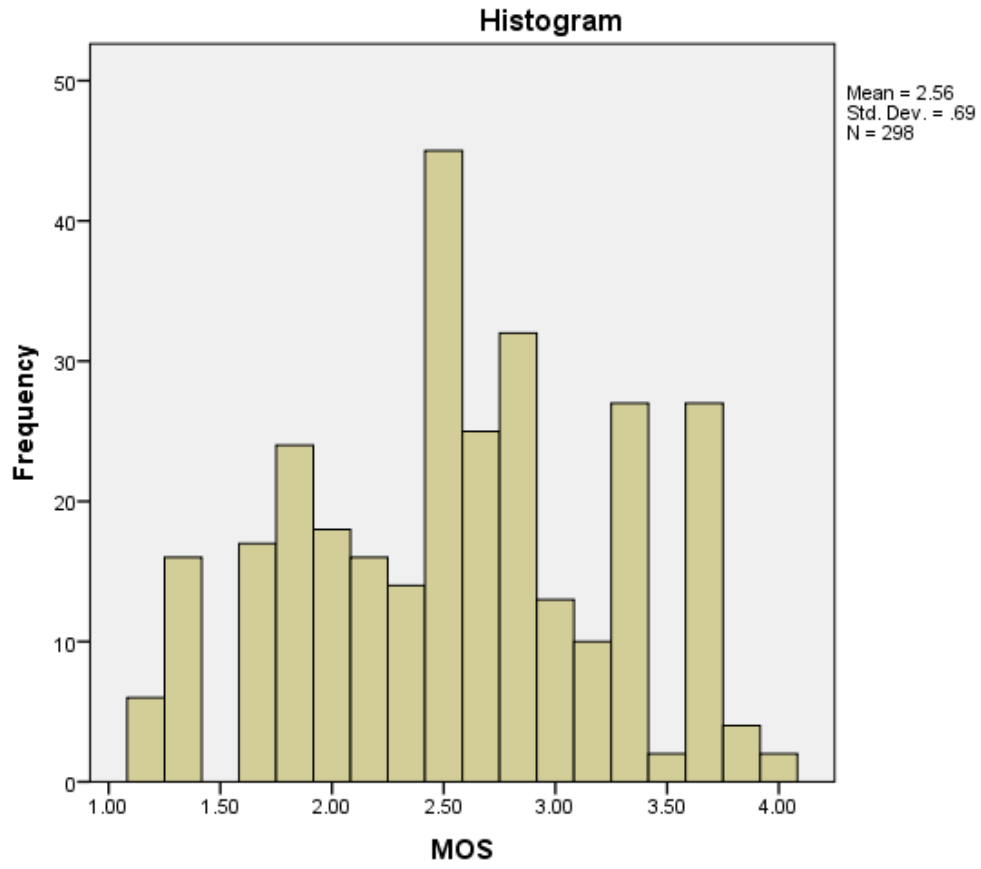
Descriptives

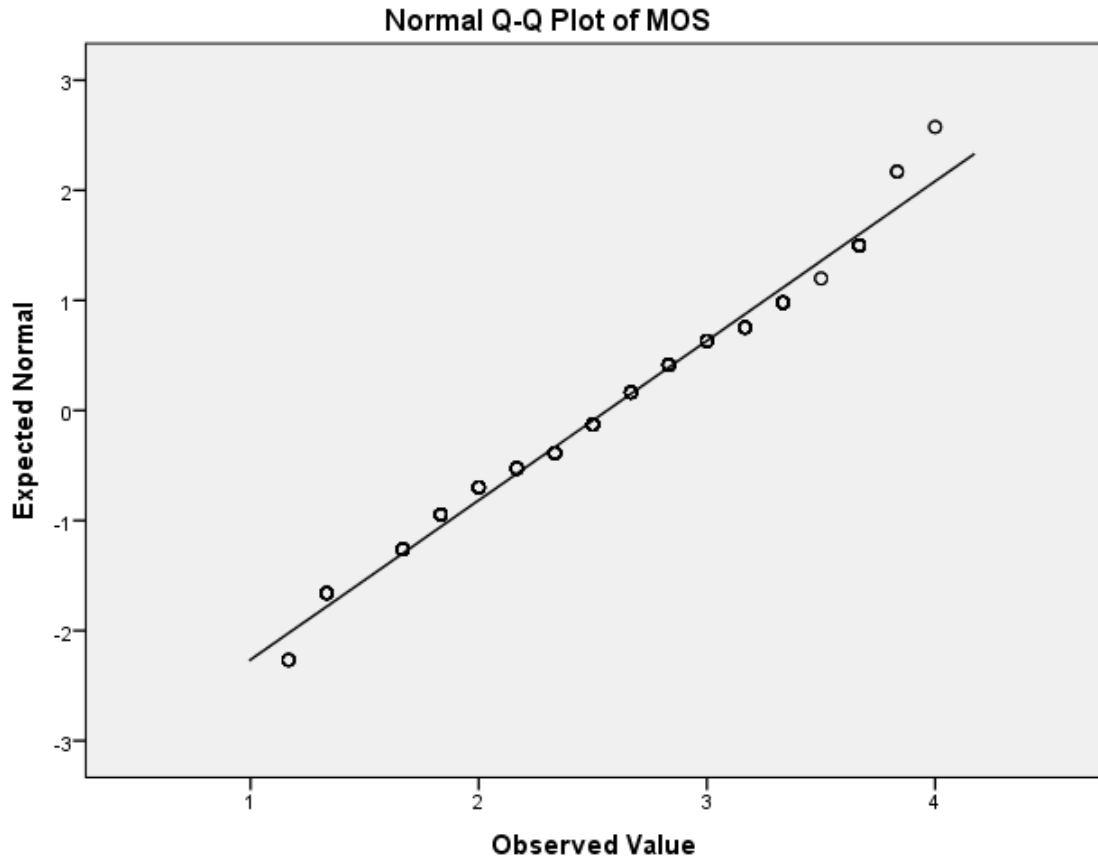
		Statistic	Std. Error	
MOS	Mean	2.5632	.03998	
	95% Confidence Interval for Mean	Lower Bound	2.4845	
		Upper Bound	2.6419	
	5% Trimmed Mean	2.5690		
	Median	2.5000		
	Variance	.476		
	Std. Deviation	.69011		
	Minimum	1.17		
	Maximum	4.00		
	Range	2.83		
	Interquartile Range	1.00		
	Skewness	-.039	.141	
	Kurtosis	-.737	.281	

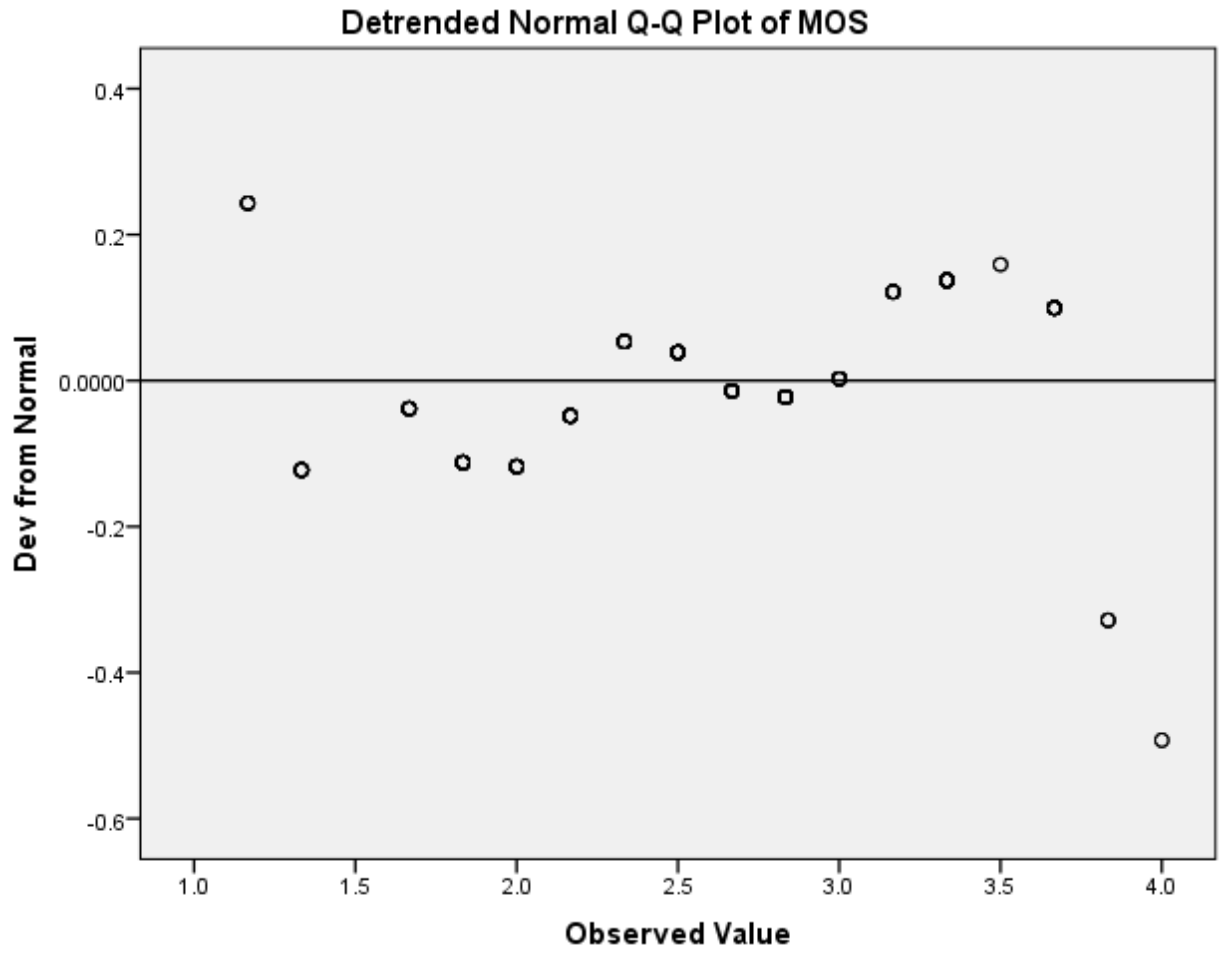
Tests of Normality

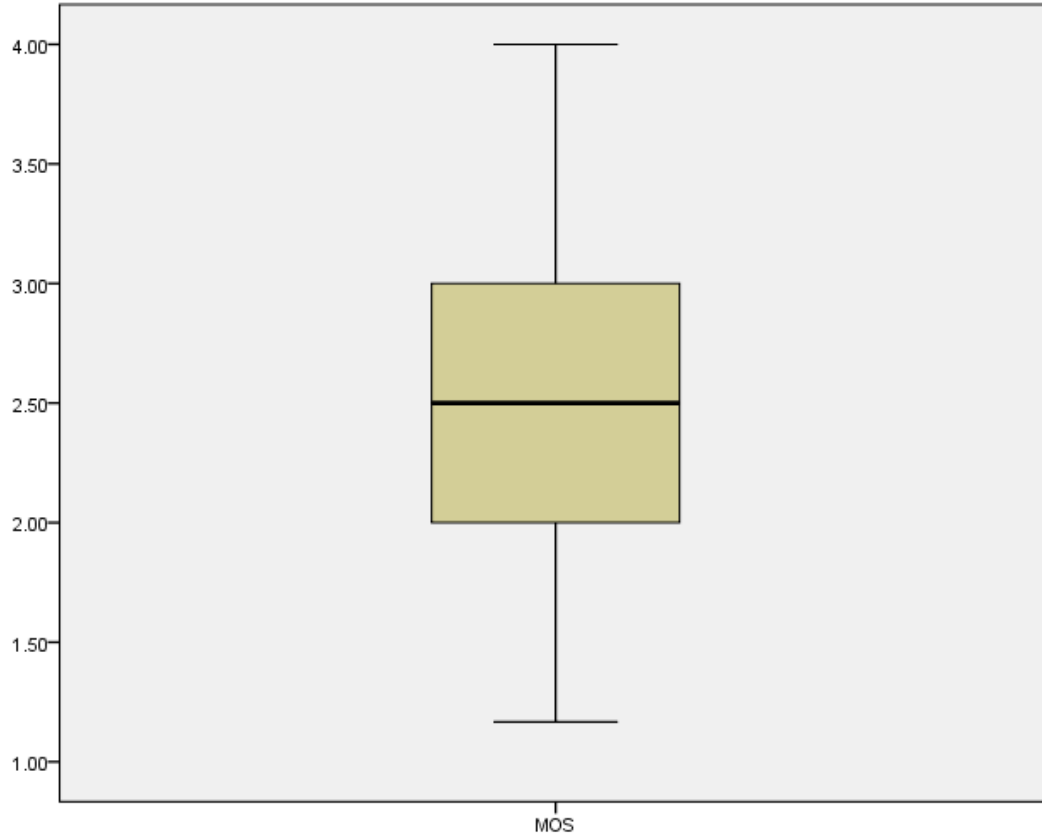
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	Df	Sig.
MOS	.091	298	.000	.972	298	.061

a. Lilliefors Significance Correction









Multicollinearity

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	.880	.123		7.138	.000		
	MPJ	.096	.053	.111	1.832	.068	.519	1.927
	MDJ	.144	.062	.157	2.335	.020	.426	2.348
	MIJ	.408	.052	.467	7.811	.000	.537	1.862

a. Dependent Variable: MOS

Collinearity Diagnostics

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	MPJ	MDJ	MIJ
1	1	3.896	1.000	.00	.00	.00	.00
	2	.047	9.068	.83	.00	.03	.30
	3	.035	10.575	.16	.53	.04	.52
	4	.022	13.305	.00	.46	.92	.19

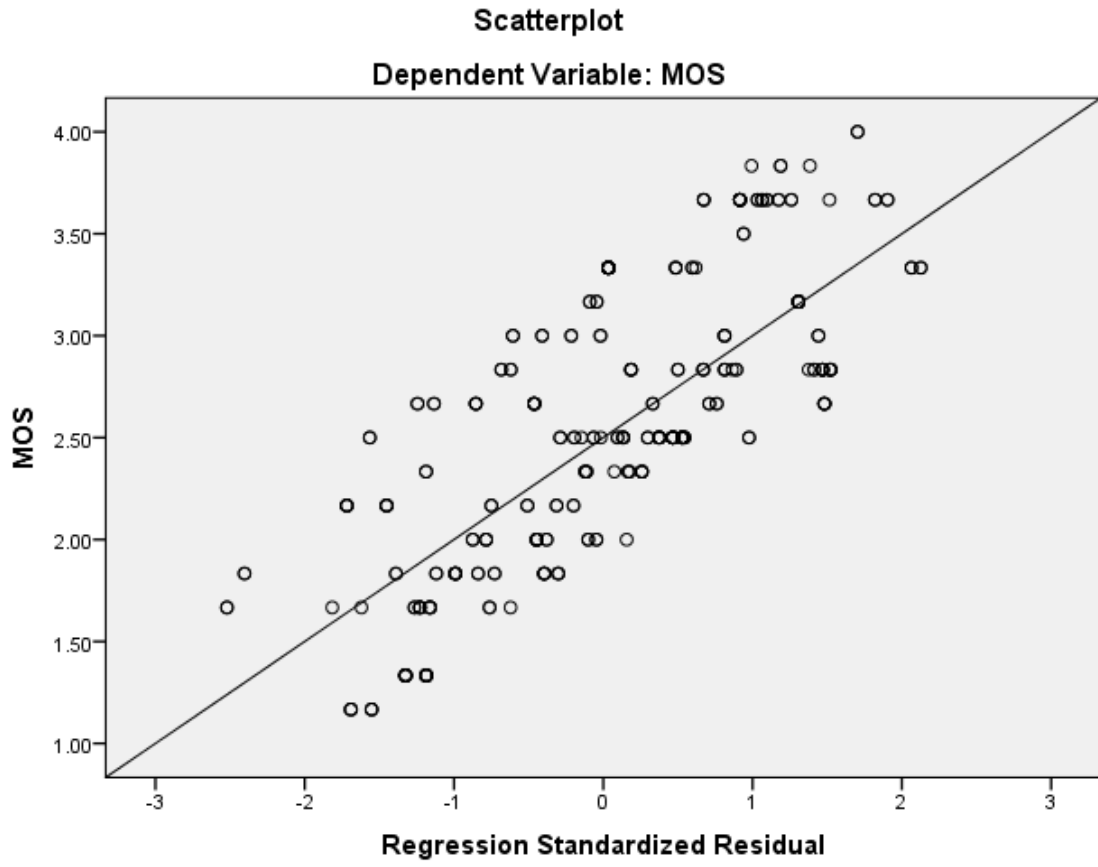
a. Dependent Variable: MOS

Homoscedasticity

Residuals Statistics

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.8946	3.3158	2.5632	.45505	298
Residual	-1.31466	1.10894	.00000	.51884	298
Std. Predicted Value	-1.469	1.654	.000	1.000	298
Std. Residual	-2.521	2.127	.000	.995	298

a. Dependent Variable: MOS



Linearity

Correlation result significance level or graph for each dependent variable

