



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT**

**The Influence of Service Recovery on Customer Satisfaction: The
Case of AAU School of commerce**

**A Research Project Submitted to School of Graduate Studies of Addis Ababa
University, School of Commerce for the Partial Fulfillment for the Degree of
Masters of Art in Marketing Management**

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Advisor: Tewodros Mesfin (PhD)

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(Approval Sheet)

The Influence of Service Recovery on Customer Satisfaction: The Case of AAU School of commerce

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Declaration

I, Ermias Bekele Hailegiorgis, declare that this project entitled “The influence of service recovery on customer satisfaction: The case of AAU School of Commerce” is my original work and has not been used by others for any other requirement in any other university, and all sources of information in the study have been appropriately acknowledged.

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Statement of Certification

This is to certify that **Ermias Bekele** has carried out a research work entitled “**The influence of Service Recovery on Customer Satisfaction: The case of Addis Ababa University School of Commerce**”. This thesis is his original work and is suitable for submission for the award of Masters Degree in Marketing Management.

Advisor: Tewodros Mesfin (PhD)

May 2018

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Acronyms

SR- Service Recovery

SRP-service recovery paradox

SF- Service Failure

CS- Customer Satisfaction

WOM- Word of Mouth

AAU-Addis Ababa University

AAUSC-Addis Ababa University School of commerce

PJ- Procedural Justice

DJ- Distributive Justice

IJ- Interactional Justice

Abstract

The main objective of this study is to investigate the influence of service recovery on customer satisfaction the case of Addis Ababa University: School of Commerce. Service recovery is the action taken by a service provider to solve a customer complaint concerning perceived service failure. A survey questioner used for the purpose of data collection. The sample size of this study was 341 undergraduate regular and extension students of school of commerce in the year 2017/2018G.C and determined by, Yamane (1967) finite and large populations sample size formula with 95% confidence level employed. The researcher adopted a probability (stratified sampling method) and non-probability (purposive sampling) methods in combination. Multiple linear regression analysis used to determine the relationship among dependent and independent variables. The major limitation of this study is focusing only in Addis Ababa University specifically school of commerce. This makes it difficult to identify the position of school of commerce in relation to other competing universities in the country. The three perceived justice dimensions-distributive, procedural and interactional justices (independent variables) have positive effect on the overall customer satisfaction (dependent variable).As per the finding of this study; the most important dimension is interactional justice, followed by procedural and distributive justices. Based on the results distributive justice is the major contributor, interactional justice is the second and procedural justice is the third (least) contributor to boost customer satisfaction in the case of AAUSC. Based on the findings of this study; very large number of students prefer 'AAUSC' by its brand name than the quality of service given by the school. The major service failure areas in school of commerce identified by this study are-registrar staffs miss conduct, discomfort on library service, problem on learning and teaching process, communication problem and instructor's performance level consecutively. The study recommends the need for school of commerce to work closely with different stakeholders like instructors, student council, staffs, committee of student's families and even from the responsible government bodies to minimize the stated service failures on this study and to achieve the vision, mission and values of the university.

Key words: *Service Recovery, Customer Satisfaction, Perceived Justices, School of Commerce, Service Failure*

CHAPTER ONE

INTRODUCTION

This chapter presents an introductory discussion of Service recovery and customer satisfaction from literatures related to this study. The elements that are included on this part are Background of the study, Background of the company, Statement of the problem, Research question, Research objectives, Significance of the study, Scope of the study and Definition of terms.

The purpose of this study was to identify the effect of service recovery dimensions on customer satisfaction in Addis Ababa University the case study of School of Commerce.

1.1. Background of the Study

One might expect that satisfaction with the process of problem resolution will be more important than initial service attributes in influencing overall satisfaction and those intentions (Bitner *et al.*, 1990; Hart *et al.*, 1990). Specifically, the role of customer-contact personnel during service recovery is expected to be a key factor in determining overall satisfaction (Martin, 1993). Past research has found evidence that complainers who were satisfied with the recovery response have higher repurchase intentions than those who were satisfied and did not complain (Gilly, 1987). Service recovery efforts are likely to be very salient to consumers, due to heightened attention and evaluation because of the service failure. In addition, the recovery processes likely to be the last experience the consumer has had with the company, resulting in a decency effect. Thus, when the consumer contemplates a service provider for the next transaction, the effectiveness of the service recovery effort may have a greater effect on intentions than the original service failure. (Richard A. Spreng, Gilbert D. Harrell, Robert D and Mackoy, 1995).

Further, ineffective service recovery efforts have the potential of increasing dissatisfaction. Hart *et al.* (1990, p. 150) found that “More than half of all efforts to respond to customer complaints actually *reinforce* negative reactions to service” (emphasis in original).

Justice theory originally posited as having three dimensions, namely, distributive, interactional and procedural justice (Tyler, 1994). Distributive justice focuses on the fairness of an exchange by comparing their inputs to outcomes to form an equity score. An exchange judged as fair when this equity score is proportional to the scores of a referent point. The reference point could be the output other consumers obtain (Maxham, 2001). When applied to service recovery research,

distributive justice focuses on the outcomes of the recovery attempt (solution) such as compensation, exchange or replacement compared to the input (purchase, consumer's time and effort during the recovery process), or the outcomes that one consumer gets compared to other consumers. (Doan T. Nguyen, Janet R. McColl-Kennedy, Tracey S and Dagger, 2012).

Procedural justice focuses on fairness of the processes leading to the outcome (Tax et al., 1998). An outcome perceived as fair when involved parties perceive that they have an input into the final decision. In a service recovery context, procedural justice focuses on the process of resolving the failure, that is, whether the company appears to have fair policies or whether the customer's interests are considered in the firm's policies (Smith et al., 1999).

Interactional justice refers to the manner in which individuals treated during the exchange process. An exchange considered as fair when involved parties interact and treat one another in a decent manner (Tyler, 1994). Thus, in a service recovery context, interactional justice focuses on the way customers treated throughout the service recovery process such as courtesy, respect, concern and empathy shown by the provider (Blodgett et al., 1993, 1997). Interactional justice has been divided into interpersonal justice and informational justice (Colquitt, 2001). Applying these two concepts to service recovery, interpersonal justice refers to the interactions between the customer and the service provider and includes courtesy and politeness during the interaction, and informational justice refers to the quantity and quality of the information exchanged between the service provider and the customer. (Doan T. Nguyen, Janet R. McColl-Kennedy, Tracey S and Dagger, 2012).

In general, by applying justice theory to service recovery, researchers assume that when the provider invests less (more) input in the recovery process than expected by the customer, then the customer will perceive the recovery effort to be unjust (just), and in turn will be dissatisfied (satisfied) with the recovery attempt (Weiss et al., 1999).

Furthermore, this perspective does not take into account the customer's perspective in terms of their money, time, effort or emotion. In other words, it is assumed that customers passively receive the recovery attempt, and then evaluate whether the recovery effort is appropriate or otherwise. This evaluation in turn will drive customer satisfaction with the recovery attempt and other key behavioral variables such as word of mouth and repurchase intentions. (Doan T. Nguyen, Janet R. McColl-Kennedy, Tracey S and Dagger, 2012).

A service industry that can greatly benefit from the application of marketing principles in the area of service recovery is higher education (Iyer&Muncy, 2008). According to authors such as Curran and Rosen (2006), higher education regarded as a service industry, Frankel, and Swanson (2002) point to the similarities between education and services in their delivery and evaluation processes. Thus, findings from the services literature should be applicable to the context of higher education in general and to (critical) student-professor service encounters in particular. Moreover, Iyer and Muncy (2008) have recently used concepts from services marketing research to investigate services failures within a classroom setting.

Hence, this study tried to investigate the theoretical, empirical, methodological and contextual gaps on the effect of service recovery on customer satisfaction in Addis Ababa University the case study of School of commerce.

1.2. Background of the University

Addis Ababa University (AAU) has been undertaking reform that underscores shift in its mission. The reform is a response to the needs of the time and development directions of the country. AAU has articulated its leading role in expanding and maintaining excellence in graduate training and research. In this respect, it has been striving towards excellence in teaching and learning, research and community services. (<http://AAU.edu.et>).

Founded in March 1950 as University College of Addis Ababa by Emperor Haile Silassie I, AAU has contributed to the development of the intellectual and skilled human resource of the country. AAU, with a student population of 51,500, currently runs 225 graduate programs, of which 69 are PhDs. It also has about 70 departments which offer undergraduate programs leading to BA, BSc, MD, and DVM. Over 222,000 students have graduated from AAU since establishment. (<http://AAU.edu.et>).

AAU School of Commerce (AAUSC) established in 1943. Its objective was to train Ethiopians for occupations in the commercial sector of the nation following the five years of Italian occupation. For the first 15 years of its existence, however, the institution was continuously in search of trainees. Recruitment in the early years was hampered by limited supply of trainees and general skepticism about the training. (<http://AAU.edu.et>).

At present, the School is part of the Addis Ababa University, offering seven undergraduate programs on regular classes and six undergraduate programs in extension classes. The university

has also offering different graduate programs to regular and extension students. Beside the undergraduate and graduate programs, the school provides community services to the public in distance learning, short-term training, external examination and consultancy services. (<http://AAU.edu.et>).

Vision

Addis Ababa University aspires to be a pre-eminent African research university dedicated to excellence in teaching, critical inquiry, creativity and public action in an academic community that cultivates and celebrates diversity. (<http://AAU.edu.et>).

Values

The university is guided by a commitment that embodies in the following set of core values; academic freedom, excellence, integrity and professionalism, diversity, tolerance and mutual respect, social responsibility and public service, initiative, reliance on authority of reason, student-centeredness, efficiency and appreciation of African initiatives. (<http://AAU.edu.et>).

Mission

The mission of AAU is to foster a democratic university, which gives pride of place to its students in instruction and provision of services while encouraging the robust exercise of academic freedom. This will achieved by developing vibrant graduate programs and nurturing professional competence, humanistic education, scientific culture, academic excellence, and committed and ethical citizenry. (<http://AAU.edu.et>).

1.3. Statement of the problem

Consumer satisfaction as an individual has subjectively derived favorable evaluation of any outcome and/or experience associated with consuming a service Maxham(2001). Satisfying customers is a difficult task, especially when it comes to services, since studies have shown that consumers' level of satisfaction is generally lower for services than physical products (Andresen & Best, 1977).

Service recovery involves what a service provider does in response to service failures. In the discrepancy paradigm, Zeithaml et al. (1993) define service recovery as a service employee's performance resulting from a customer's perception of initial service delivery falling below the customer's zone of tolerance. Previous research has consistently shown the important role of

service recovery in achieving satisfaction in a service failure situation (Bitner et al., 1990; Smith et al., 1999; Tax et al., 1998).

The service recovery literature supports two recovery dimensions critical to successful service recovery: outcome and process (Berry et al., 1985; Blodgett et al., 1997; McCollough et al., 2000; Mohr and Bitner, 1995; Smith et al., 1999; Tax et al., 1998). The outcome of service recovery defined as the tangible result delivered to an initially dissatisfied customer (i.e. “what is delivered”). The process of service recovery, on the other hand, refers to the manner in which a service provider handles a service problem during the course of service recovery (i.e. “how it was delivered”).

Addis Ababa University is striving to provide quality and variety of educational services to its customers. As the number of its customers grows overtime, the need for support from the university also increases. In addition to regular and extension, educational services the university started distance education to reach all over, the country and give chances to those students who did not get the chance to acquire the university service.

Even if Addis Ababa University is the famous and massive service provider in the country, there are many competing universities throughout the country. Due to this, the university should tend the students to give quality services in all aspects by minimizing different service failures. The researcher tried to identify different types of service failures that may happen in any educational services like facility and infrastructure problem, communication problem and overall learning and teaching process. All these and other related problems may create service failure and customer dissatisfaction. On this study ‘customers’ mean undergraduate regular and extension students of school of commerce.

This study aimed to identify the gap in research on service recovery in the context of education service failures as stated above. In addition, the study provided customers’ perspective on their satisfaction through the service recovery dimensions (distributive, procedural and interactional) justices.

1.4. Basic research questions

The study tried to answer the following research questions: -

1. In what manner, distributive justice affects customer satisfaction in the case of AAUSC.
2. How does procedural justice affect customer satisfaction in the case of AAUSC?
3. Does Interactional justice affect customer satisfaction in the case of AAUSC?

1.5. Objectives of the study

1.5.1. General objective

The general objective of this research tried to investigate the service recovery system and its effect and significance on the customer satisfaction in the context of Addis Ababa University School of commerce undergraduate regular and extension students.

1.5.2. Specific objectives

The specific objectives of this study were-

1. To determinethe effect of distributive justice on the customer satisfaction in the case of AAUSC
2. To examinethe effect of procedural justice on the customer satisfaction in the case of AAUSC.
3. To investigate the effect of interactional justice on the customer satisfaction in the case of AAUSC.

1.6. Significance of the study

The study hassignificance output to school of commerce and other universities whether they are state owned or private it gave them a clue on service recovery and the satisfaction of their customers. This study provided basic suggestions to predict service failures as it may occur.

Finally, the findings of the study expected to encourage research interests among academicians, and students further investigate in the area of service recovery and customer satisfaction in service marketing and specifically on educational service.

1.7. Delimitation/scope of the study

This study attempted to focus on examining the effect of service recovery on customer satisfaction in Addis Ababa University specifically on school of commerce undergraduate regular and extension students.

The study was quantitative in nature and employed both descriptive and explanatory research design in combination. To conduct the study both proportionate stratified and purposive sampling techniques used in combinations. Furthermore, primary data used as a source of data by using self-administrated questionnaire as the research instrument. The sample size of the study was limited to 341 undergraduate regular and extension students of school of commerce.

1.8. Definition of terms

The use of the word 'recovery' in a service context originated from British Airway's 'Putting the Customer First Campaign' (Zemke and Schaaf, 1989). They defined service recovery as an attempt by an organization to offset the negative impact of a failure or breakdown. Service recovery defined more recently in a more proactive way as the seeking out and dealing with service failures [Johnston 1995a].

Importance of service recovery from service failures by several authors Hart *et al.* 1990, for example, claimed that 'While companies may not be able to prevent all problems; they can learn to recover from them'. Berry and Parasuraman, 1992 suggested that organizations should see failure not necessarily as a problem but as an opportunity to create satisfied customers.

Customers evaluate the fairness of a service recovery along the three dimensions of distributive, procedural and interactional fairness. Distributive justice refers to the perceived outcome, whereas procedural fairness involves the processes, policies and rules by which recovery effort decisions made (Smith et al., 1999). Interactional fairness focuses on the interactional treatment during the service recovery process, including an apology, perceived helpfulness, courtesy, and empathy of the service staff in dealing with the recovery. Different aspects of the service recovery process drive the three fairness dimensions. Compensation is effective in restoring customers' perceptions of distributive justice, while the speed by which service failures corrected or complaints handled is one of the major determinants of customers' perceptions of procedural fairness (Blodgett et al., 1997; Tax et al., 1998). Finally, the presence or absence of an apology

strongly linked to customers' perceptions of interactional justice (Clemmer and Schneider, 1996; Goodwin and Ross, 1992; Smith et al., 1999).

Satisfaction is the consumer's fulfillment response. It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, included levels of under- or over fulfillment. (Oliver, 1997, p. 13).

The Service Recovery Paradox (SRP) is a peculiar conceptually defined as a situation in which a customer's post failure satisfaction exceeds pre-failure satisfaction (McCullough and Bharadwaj, 1992).

1.9. Organization of the Study

The research composed of five chapters. The first chapter is the introductory part of this research. The second chapter reviews theories relevant to the problem area and the literatures. Chapter three discusses the research methodology; chapter four is about data analysis and results of the research that provides inputs for the last part- chapter 5. It deals with summary, conclusions and recommendations of the study. References and appendices are presented at the end of the paper.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter is all about the reviewed literatures. Literatures regarding service, service marketing, service failure, Service recovery, relationship marketing, customer satisfaction, perceived justice dimensions, customer loyalty, service recovery paradox and service recovery strategy. Simply theoretical review, empirical review and conceptual framework of service recovery included in this chapter.

2.1. Chapter overview

This chapter reviews the issues regarding to service recovery, which provides an insight to the area of the study. In this chapter, the theoretical, empirical and conceptual literatures that focused on the research objectives reviewed below-

2.2. Theoretical Review

2.2.1. What is service?

Many writers define 'service' in different ways: kottler (2003) defined-Service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the Ownership of anything. Its production may or may not be tied to a physical product.

Grönroos(2000) defined a service as “a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems.”

In services, failures are difficult to avoid due to their characteristics and service recovery has become one of the ingredients for firms in the restoration of customer satisfaction and in the reinforcement of customer loyalty (Mccollough *et al.*,2000; Maxham, 2001; Maxham and Netemeyer, 2002; Harris *et al.*, 2006).

Service providers are frequently exhorted to strive towards a “zero defects” service because the *ability* to ‘do it right the first time’ offers significant benefits in terms of positive customer evaluations and lower costs of delivery (Hart, Heskett&Sasser, 1990; Zeithaml, Bitner&Gremler, 2006). However, it is unrealistic to assume that such a goal can always be attained

(Schoefer&Diamantopoulos, 2008), Due to the inherent heterogeneity in service provision and limitations on the extent to which a Provider can control the range of different interactions with customers (Zeithaml et al., 2006). Moreover, real or perceived failures in the service system are inevitable because most services characterized by simultaneous production and consumption as well as involvement by customers in the service production (Hart et al., 1990).

2.2.2. Service failure

Service failures defined as the real or perceived breakdown of the service in terms of either outcome or process (Duffy et al., 2006). Service recovery involves the actions a service provider takes in response to a service failure (Gronroos, 1988). These actions are designed to resolve problems, alter negative attitudes of dissatisfied customers and to ultimately retain these customers (Miller et al., 2000). Satisfaction with the recovery effort defined as an individual subjectively derived evaluation of the service recovery experience (Duffy et al., 2006).

SFR issues closely related to service quality. In fact, service failures may occur when one or more of the dimensions of service quality are not properly delivered to the customer. (Rui Sousa, Christopher A. Voss, (2009).

2.2.3. Service Recovery

A general definition of **service recovery** is suggested by Gronroos (1988); "**Service recovery** refers to the actions a service provider takes in response to service failure." Service recovery differs from complaint management in its focus on service failures and the company's immediate reaction to it. Complaint management is based on customer complaints, which may be triggered by service failures. However, since most dissatisfied customers are reluctant to complain (Andreasen and Best, 1977; Singh, 1990), service recovery attempts to solve problems at the service encounter before customers complain or before they leave the service encounter dissatisfied (Lewis, 1996). Both complaint management and service recovery are considered customer retention strategies (Halstaed et al., 1996).

SR is a critical part of service management. Offset of service failures has been identified as one of the key strategies for retaining customers and achieving customer loyalty (Johnson et al., 2001). Consequently, the strategic implications associated with service recovery policies have become a critical issue for service firms (Stauss and Krieger, 1999).

Since service production and service consumption often occur simultaneously, the performance of service delivery depends on various factors, such as the attitude of front-line employees, the capacity of the service system, and the behavior of the customer concerned as well as that of other customers. Correspondingly, because of the many uncontrollable factors in a service encounter, service failures appear to be inevitable (Hart et al., 1990).

Disconfirmation of service expectations caused by service failures leads to customer dissatisfaction (Parasuraman et al., 1985), customer defection (Reichheld, 1996), and negative word of mouth (Richins, 1983). However, if the firm is able to recover, dissatisfied customers returned to a state of satisfaction. The term "recovery paradox" (McCullough and Bharadwaj, 1992) refers to situations where satisfaction and repurchase rates of recovered customers actually excel those of customers who have not encountered any problems.

"Service recovery" is the now well-accepted term for what service firms attempt to do to offset a customer's negative reaction to a service failure. That is, when service firms fail to get it right the first time with the customer, what do they do the second time to "make the customer whole"? Since "zero defects" is an unrealistic goal in service delivery, service firms must have in-place recovery strategies, e.g., unconditional service guarantees, empowered employees, to correct service failures and strive for "zero defections" of customers (Reich held and Sasser, 1990). Effective SR with, say, an hotel guest or airline passenger can even produce a customer who is more satisfied, even delighted, than if they had been served right the first time (see, for example, Etzel and Silverman, 1981; Hart et al., 1990). Even small gains in customer retention facilitated by service recovery can lead to significant gains in profitability (Reichheld, 1996).

Successful service recovery can enhance customers' perceptions of the quality of the service and the organization, lead to positive word-of-mouth communication, enhance customer satisfaction, and build customer relationships and customer loyalty (Michel, Bowen and Johnston, 2009). However, the degree of success may depend on the type of service involved, the type of failure (McDougall & Levesque, 1999) that occurred, and the speed of response.

According to Sheth, Sisodia and Sharma (2000), service recovery refers to actions taken by a service provider in an attempt to resolve the problem that caused a service failure. Effective SR results in complainant satisfaction and recovery (Karatepe&Ekiz, 2004; Bolton, 1998; Ndubisi& Ling, 2005). A growing number of researchers have identified service recovery as a rather neglected aspect of service marketing and one that warrants much greater attention (Andreassen,

1999; Tax et al., 1998), Kim et al. (2003). The capacity to effectively recovery from failures is a key responsibility of the operations function (Miller et al., 2000; Prajogo, 2006; Roth & Menor, 2003). Specifically, understanding the impact of service recovery on customer loyalty has important implications for the design of the service delivery and recovery systems (Miller et al., 2000), for example, determining how much to invest in delivering reliable service (i.e. problem prevention) vis-à-vis providing superior recovery when problems occur (Parasuraman, 2006).

The need for a systematic approach for dealing with customer dissatisfaction and complaints is implied in the definition of planned service recovery given by Bell and Luddington (2006): “a thought-out, planned, process for returning aggrieved customers to a state of satisfaction with the organization after a service or product has failed to live up to expectations.” Service recovery has an outcome dimension (Duffy et al., 2006), which is what the customer actually receives as part of the firm’s efforts to recover; whereas the process dimension of service recovery is concerned with how recovery is achieved. Bunker and Bradley (2007) and Duffy et al. (2006) suggest that the outcome dimension is more important when the original service delivered, but the importance of the process dimension accentuated in service recovery. However, this may depend on the service being looked at. According to Kau and Loh (2006),

SR refers to the action taken by a service provider to address a customer complaint regarding perceived service failure (Gronroos, 1988). It is the process by which steps are taken because of negative customer perception of initial service delivery.

Recovery management considered to have a significant impact on customers who experienced service failures because they are usually more emotionally involved and observant of service recovery efforts (Berry and Parasuraman, 1991). Understanding service recovery is particularly important for managers as the unique nature of service (inseparability of production and consumption) makes it impossible to ensure 100 percent error-free service (Fisk et al., 1993).

2.2.4. Customer satisfaction

Satisfaction is the consumer's fulfillment response (Andreassen, 2000). It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, and includes levels of under- or over fulfillment (Tronvoll, 2010).

The importance of such customer evaluations comes from the impact that satisfaction is posited to have on consumer behaviors such as loyalty. Independent of theoretical platform, it has become a truism today that service quality is a key to customer satisfaction (Bae Suk et al., 2009).

Companies may respond to the service failure independent of customer reactions or as a direct function of customer complaints (Breitsohl, 2010). Service recovery refers to the actions a supplier takes to seek out dissatisfaction and in response to poor service quality, i.e. service failure (Andreassen, 2000).

Finally, satisfaction is only of value to firms if it elicits some kind of positive financial outcome. 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. Firstly, those customers who switch to the company from other firms; secondly, new customers to the market who choose the company for their initial purchase; and, thirdly, those customers retained by the company from the previous time period (Morrisson&Huppertz, 2010).

Service recovery also facilitates the tracking of failures and the development of databases, to gain insight into failures in order to deal with them and try to prevent them from happening again. Other advantages of a good service recovery system are: increased opportunities for cross-selling to retain customers (Bae Suk et al. 2009). Service failure is determined by elements such as the nature of the service encounter, the cause of the problem, and the psychographics of the individuals involved (Du et al. 2010).

Companies win or lose based on what percentage of their customers they can keep. Success is largely about the retention of customers, which again depends on the CS level. It should be a great help to measure the quality of products and services by relating the measures of quality to real customer behavior. Some companies get feedback- about CS through the percentage of complaints and some through non-systematic surveys, but some do not measure CS at all,

because “the system would not add anything useful and is very time-consuming” (Chotipanich, 2004). Customer satisfaction measurement (CSM) has become one of the commonest prescriptions to managers and organizations and comes from a wide variety of sources. These prescriptions center on the notion that since customer satisfaction is a key issue in market performance, then it follows that it should be measured and used by management in decision making (Piercy, 1996).

Satisfied customers are more likely to return to those who have helped them, and dissatisfied customers are more likely to go elsewhere next time. The key to organizational survival is the retention of satisfied customers. Loyalty of customers is a function of satisfaction, and loyal customers spend more on your products and services, encourage others to buy from you and believe that what they buy from you is worth what they pay for it (Fečikova, 2004).

If companies want to achieve CS, they must measure it, because “you cannot manage what you cannot measure” (Fečikova, 2004).

A customer satisfaction survey is a useful performance measurement format that should help an organization and its staff to understand customer’s viewpoint of a firm’s performance on a completed project (Rondeau, et al., 2006).

Customers are the purpose of organizations activities, instead of their depending on a firm, organizations very much depend on them. Accurate information about customers enables companies to provide products or services, which match their needs. There are two kinds of customers for processes within an organization: external and internal. External customers are the customers in a marketplace, whereas internal customers are the customers within the corporation, the employees of the corporation. The satisfaction of internal customers (below, the term “employee “is used) and external customers is seen as a cause-and-effect relationship. Employee satisfaction is the source of excellent quality, because if the organization satisfies the needs of its internal customers, it is also enabling its internal customers to perform their tasks, and the network of organizational units are more adept at working effectively together to achieve customer satisfaction. Problems with employee satisfaction (turnover of employees, etc.) lead to problems with customer satisfaction. (Fečikova, 2004; Zairi, 2000).

2.2.5. Service Recovery Paradox

The SRP defined as the situation in which post recovery satisfaction is greater than prior to the service failure when customers receive high recovery performance (Maxham 2001; McCollough 1995; McCollough and Bharadwaj 1992; Smith and Bolton 1998). In this context, effective service recovery may lead to higher satisfaction compared to the service that was correctly serving the first time, and recovery encounters would mean an opportunity for service providers to increase customer retention (Hart, Heskett, and Sasser 1990).

Based on the disconfirmation framework (McCollough, Berry, and Yadav 2000; Oliver 1997), the paradox is related to a secondary satisfaction following a service failure in which customers compare their expectations for recovery to their perceptions of the service recovery performance. If there is a positive disconfirmation, that is, if perceptions of service recovery performance are greater than expectations, a paradox might emerge (secondary satisfaction becomes greater than pre-failure satisfaction). Otherwise, in the case of a negative disconfirmation, there is a double negative effect, as service failure followed by a flawed recovery (Bitner, Booms, and Tetreault 1990; McCollough, Berry, and Yadav 2000; Smith and Bolton 1998).

The paradox can also be justified by the script theory and the commitment–trust theory for relationship marketing (Magnini et al. 2007). Script theory proposes that there is a common sequence of acts in a service delivery, in such a way that employees and customers share similar beliefs regarding the expected order of events and their respective roles in the process (Bitner, Booms, and Mohr 1994). If a service failure occurs, it works as a deviation from the predicted script and produces an increased sensitivity in the customer regarding the failure and the redress process. Because of this, satisfaction with the recovery process becomes more relevant than satisfaction with the initial attributes in influencing the final cumulative satisfaction (Bitner, Booms, and Tetreault 1990; Magnini et al. 2007).

2.2.6. Service Recovery Strategy

“An effective service recovery strategy has multiple potential impacts. It can increase customer satisfaction and loyalty and generate positive word-of-mouth communication. A well-designed, well-documented service recovery strategy also provides information that can be used to improve service as part of a continuous improvement effort”. (Wilson, 2008, p. 371).

Customer loyalty characterized by a more favorable attitude towards one company in comparison to their competitors and by a repeat buying behavior (Palmer, 2011). Furthermore, it is said, “loyal

customers often talk a great deal about a company and may be responsible for generating much new business over the years.” (Wilson, 2008, p. 159) Being satisfied after having experienced a service failure helps the customer to accept mistakes and go through the process with the provider because they are convinced that their recovery expectations will meet. The positive relationship between loyalty and service recovery indicates that the customers are willing to spread positive word-of-mouth, providing references and recommend the company to friends and family (Komunda, 2012).

2.2.7. Perceived Justice Dimensions

Justice theory originally posited as having three dimensions, namely, distributive, interactional and procedural justice (Tyler, 1994).

2.2.7.1. Distributive Justice

Distributive justice refers to the assignment of tangible resources by the firm to rectify and compensate for a service failure (del Río-Lanza, 2009). In a service failure/recovery context, it refers to the perceived fairness of the service failure/recovery outcome (Holloway et al., 2009). When an individual perceives that benefits have not been allocated equitably, he/she experiences distress (Walster et al., 1973), which in turn motivates him/her to restore the distributive justice. Homans’ (1961) theory of distributive justice falls into the category of reactive content theories. Greenberg (1996) asserts that distributive justice theory explicitly states that people will respond to unfair relationships by displaying certain negative emotions (dissatisfaction), and that they will be motivated to redress the experienced inequity (negative word-of-mouth intentions). In the context of a service failure, distributive justice focuses on the perceived fairness of the outcome, or redress, of the service-recovery effort (Blodgett et al., 1993). That is, to what extent customer offered compensation to right a wrong? In the case of a service failure, customers would expect the service provider to compensate them for any tangible loss they suffered because of that service failure. Customers may expect different levels of compensation depending on how severely the service failure affects them. An annoyed customer would expect a “fair fix” for the problem, while a consumer who feels “victimized” because of the service failure may expect some value-added atonement (Bell and Ridge, 1992).

DJ is concerned primarily with the specific outcome of the recovery effort, i.e. what did the service provider do to pacify the offended customer and whether the consequent outcomes more than offset the costs incurred by the customer (Greenbery, 1990; Gilliland, 1993). Some often Quoted distributive outcomes include compensation in the form of discounts, coupons, refund, free gift, replacement, apologies and so on (Blodgett et al., 1997; Goodwin and Ross, 1992; Hoffman and Kelley, 2000; Taxet et al., 1998).

2.2.7.2. Procedural justice

Procedural justice refers to the methods the firm uses to deal with the problems arising during service delivery in aspects such as accessibility, timing/speed, process control, delay and flexibility to adapt to the Consumer's recovery needs (del Río-Lanza, 2009). Procedural justice also includes policies, procedures, and tools that companies use to support communication with customers and specifically, the time taken to process complaints and to arrive at a decision (Davidow, 2003). In service recovery context, procedural justice means the customer's perception of justice for the several stages of procedures and processes needed to recover the failed perception of justice for the several stages of procedures and processes needed to recover the failed Service (Mattila, 2001).

Thibaut and Walker's (1975) procedural justice theory falls into the category of reactive process theories. PJ theory examines the impact of the process of decision making on the quality of exchange relationships.

2.2.7.3. Interactional justice

IJ focuses on interpersonal interactions during the process of service delivery. It means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service organization during the recovery process (Sparks & McColl-Kennedy, 2001). In service recovery context, interactional justice means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service firms during the recovery process (Sparks & McColl-Kennedy, 2001).

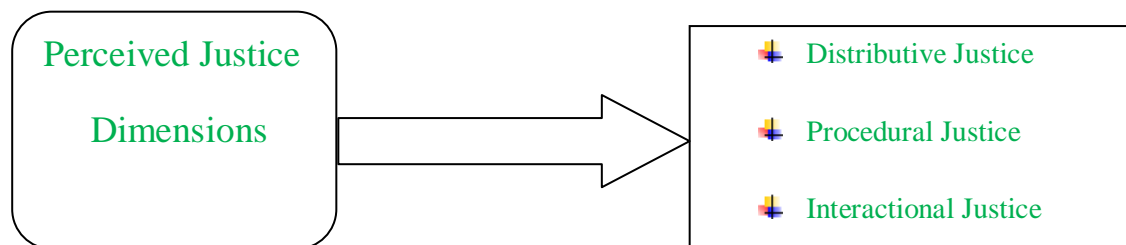


Figure 1: The three justice Service Recovery Dimensions

2.3. Empirical literature review

The occurrence of service failures could create major issues and problems for the service provider. It could lead to dissatisfaction, customer switching behavior (Krishna A. , 2011) decline in customer confidence, customer defection, negative WOM behavior (Komunda, 2012) and finally to a loss of loyalty and trust (Krishna, 2011). Furthermore, researchers discuss that if the firm consistently provides inadequate service and does not satisfy the customers' expectations, the "long-term survival of the firm" (Komunda, 2012, p. 83) is at risk. It is further discussed the negative impression after the appearance of a single failure can fade towards other products as well as the whole company. The so-called 'halo' or the 'domino' effects are named here (Palmer, 2011). The 'halo' effect characterizes the phenomena that after having experienced a service failure the customer tends to have negative basic adjustments, which leads to a negative impression with all further communication efforts made by the service provider. The 'domino' effect in that sense means the appearance of one mistake makes the customer more aware of other tiny things. The customer considers these incidents as failures although, in a normal surrounding with no mistake, the consumer would not have been aware of these mistakes (Palmer, 2011).

Service recovery refers to the actions a company takes in response to a service failure (Gro'nroos, 1988). Research shows that dealing with problems effectively constitutes the most critical component of a reputation for excellent (or poor) service for a broad range of industries (Johnston, 2001b).

Service recovery has been a topic of great interest for marketing researchers and Practitioners for decades. Previous research has identified that an effective recovery is critical for firms because it not only can compensate for consumers' losses but also may result in positive word-of-mouth (WOM), repurchase and loyalty (Andreassen, 2000; Maxham and Netemeyer, 2002, 2003; Tax et al., 1998; Va'zquez-Casielles et al., 2010).

Extant literature states that recovery can fall into two dimensions, economic recovery and social recovery. The former focuses on providing "utilitarian" resources (e.g. money and goods), such as paying compensation and giving discounts, while the latter focuses on providing psychological or symbolic resources, such as making an apology and offering an explanation (Smith et al., 1999). To address social influence in a group service failure, there are new issues with respect to recovery modes. Social judgment theory identifies two directions of social

influence: assimilation, where an individual consumer is influenced in the same direction as others, and contrast, where an individual consumer is influenced in the opposite direction as others (Stapel and Koomen, 2001).

Service recovery strategies in responding to service failures have discussed in literature. For example, Gronroos (2000) and Johnston and Mehra (2002) examined service recovery policies that involved actions taken by service providers in recovery service failures. Wirtz and Mattila (2004) indicate that recovery outcomes (e.g. compensation), procedures (e.g. speed of recovery) and interactional treatments (e.g. apology) have a joint effect on post recovery satisfaction. Andreassen (2000) and Levesque and McDougall (2000) conclude that, both, what is done (e.g. restitution and compensation) and how it is done (i.e. employee interaction with the customer) influence customer perceptions of service recovery.

Given the importance of service recovery, there has been a considerable amount published in recent years on the organizational arrangements and practices necessary to support service recovery (e.g., Bell and Zemke, 1987; Hart et al., 1990; Johnston, 1995; Armistead and Clark, 1994; Bitner et al., 1990). Although there is variance in their suggestions, all share the belief that the customer-contact employee is a central variable in service recovery. For example, Bitner et al. (1990) found in their critical incident study of customer satisfaction/dissatisfaction that 42.9 per cent of dissatisfying encounters were the result of employees' unwillingness to respond to a service failure. What organizational conditions would likely lead to employees being more motivated to implement service recovery?

An amount of literature has now emerged identifying the actions required for the recovery for external customers. First in the field was Bell and Zemke (1987) with five proposed "ingredients": apology, urgent reinstatement, empathy, symbolic atonement and follow-up. Bitner et al. (1990) in a study of 700 critical incidents suggested that for a successful recovery an organization's response should include the following four key elements; acknowledgement, explanation, apology and compensation. Kelley et al. (1993), Johnston (1995) and Boshoff (1997) added other ingredients; the provision of discounts, management intervention, replacement and refund, the provision of information and fast response.

We contend that internal customers, e.g., front-line employees, are understudy, in the sense of rigorous theory development of their role, relative to external customers. Despite the fact that the concept of the internal customer being in the literature for over 20 years. Sasser and Arbeit (1976)

suggested that the concept of the internal customer in service evolved originally through the idea of selling jobs in the service sector with the purpose of making the job attractive for the employee. This has developed into the idea of internal marketing by a number of authors (e.g., Berry, 1981; GroÈnroos, 1984; Gummesson, 1987). Berry (1981) summarized this as viewing employees as internal customers, viewing jobs as internal products, and then endeavoring to offer internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization. The idea is that if management wants employees to deliver an outstanding level of service to customers, then it must be prepared to do a great job with its employees.

Later work by Bowen and Schneider (1985), Mills and Morris (1986), and Johnston (1989) developed the notion of the "partial customers", suggesting that organizations need to treat internal customers, i.e., particularly front-line staff, as they might their customers and also create an internal "service climate".

Based on these findings, Schneider and Bowen (1993) suggested that this idea of treating the employee as a customer could also be considered in the internal dynamics of the organization. They further argued that it is important to realize that organizational members not only serve external customers, but that they also have internal customers. In other words, in any organization, staffs are both receivers and providers of some services. This view is supported by GroÈnroos (1990) who described the service production process as a network of systems built up by interrelations and interdependence between a number of sub-processes. He stated that every service operation comprises internal service functions, which support one another and argued that if poor internal service exists, the final service to the customer faces a problem. George (1990) also supported this proposition, claiming that a large number of support persons who meet customers themselves, nonetheless indirectly influence the service ultimately delivered to customers. He argued that these supporting personnel should recognize the contact employees as their internal customers.

The linkage between internal and external customer satisfaction there is now a considerable body of empirical research that establishes a significant relationship between employee attitudes and customer attitudes (Schneider and Bowen, 1993; 1985; and Wiley, 1996). For example, employees' favorable organizational climate perceptions and intentions to remain with the

firmware positively correlated with customers' perceptions of service quality. Overall, there appears to be a positive relationship between employee satisfaction and customer satisfaction.

We also expect a direct, negative effect of customers' service recovery expectations on satisfaction with the service performance. Consistent with the expectancy disconfirmation paradigm, the higher customers' service recovery expectations are, the lower satisfaction with the organization should be at a given level of recovery quality (Oliver1980; TseandWilton 1988). There is significant empirical support for both of these relationships (Churchill and Surprenant 1982; Tse and Wilton 1988), although not in the domain of service recovery.

Customers' service recovery expectations are customers' beliefs about the level of reparation that is appropriate after a service failure (Zeithaml, Berry, and Parasuraman 1993). Because a recovery provided by an organization attempts to compensate a customer for the losses produced by the service failure (Gronroos 1988), a consumer's expectations about appropriate levels of recovery should involve equity judgments. Equity theory proposes that partners in an exchange judge its fairness by comparing the ratio of each partner's investments (inputs) to their rewards (outcomes). A failure can upset the balance between the customer's and service provider's ratios in two ways: by diminishing the customer's outcomes and by lowering the customer's perception of the service provider's inputs. An organization's recovery efforts can compensate for the failure by increasing the customer's perceptions of both the customer's outcomes and the service provider's inputs (see Oliver and Swan 1989).

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of the service provider's inputs. An organization's recovery efforts can compensate for the failure by increasing the customer's perceptions of both the customer's outcomes and the service provider's inputs (Oliver and Swan 1989).

In a service marketing situation, customer inputs could be the costs associated with a service failure such as economic, time, energy, and psychic costs (Hoffman and Kelley, 2000). The outcomes could include specific recovery tactic used such as cash refund, apology, replacement, and so on. The outcomes should perceive to be fair or just by the customers in order for them to be satisfied with the service recovery. According to Hoffman and Kelley (2000), perceived justice proposes "the service recovery itself; the outcomes connected to the recovery strategy; and the interpersonal behaviors enacted during the recovery process and the delivery of outcomes are all critical" in service recovery assessment (p. 419).

There is strong evidence for the positive impact of service recovery on consumer satisfaction, Word-of-mouth, repurchase intentions and overall evaluation of the service quality (e.g. Mattila, 2001).

On the other hand, poor recovery attempts intensify the negative effects of service failures, such as negative word-of-mouth and switching behavior (Blodgett, Hill & Tax, 1997).

In the literature, the construct of loyalty divided into behavioral, cognitive and affective elements (Augusto de Matos, 2009). Behavioral loyalty is the purchase behavior actually displayed by the customer; cognitive loyalty relates to the intentions of future behavior expressed by the customer; and affective loyalty defines the attitude of the customer to the company.

Satisfaction with the service performance after recovery is defined as a customer's affective psychological response based on subjective evaluations of the overall service performance after organizational recovery efforts (Bitner and Hubbert 1994; Oliver 1980). Because a recovery can be conceptualized as another service performance (Oliver 1997), we have applied an expectancy disconfirmation paradigm to model satisfaction as a function of customers' service recovery expectations and the quality of recovery performance. To simplify the model, we include recovery disconfirmation as a control variable but provide no explicit hypothesis for this well-documented effect (see Smith et al. 1999 for a similar approach).

Many studies have found strong links between customer attitudes and customer loyalty behavior. For example, it has commonly found that higher levels of customer satisfaction lead to higher levels of behavioral intentions, which in turn lead to stronger customer loyalty behavior, which can be measured through repeat purchases, increased share of wallet, positive word of mouth

recommendations, and reduced customer acquisition cost. In fact, customer satisfaction has empirically shown to be the predominant attitudinal metric used to detect and manage customers' likelihoods of staying or defecting. In other words, there is a very clear and strong relationship between the quality of a product, customer satisfaction and profitability.(Fečikova, 2004; Williams, et al., 2011).

Customer satisfaction is a post-purchase evaluation of a service offering (Oh, 2000, Bolton and Drew 1991). A traditional definition of customer satisfaction followed the disconfirmation paradigm of consumer satisfaction/dissatisfaction (CS/D), suggesting that CS/D is the result of interaction between the consumer's pre-purchase expectations and post purchase evaluation (Cadotte et.al., 1987). Anton (1996) gave a more current approach. He defined customer satisfaction as a state of mind in which the customer's needs, wants, and expectations throughout the product of service life have been met or exceeded, resulting in future repurchase and loyalty.

Researchers have found that the overall service quality provided in a single service encounter may dramatically affect customer satisfaction and loyalty (Solomon et al., 1985). One negative service encounter, or service failure, may permanently lower consumers' overall satisfaction. If consumers become dissatisfied because of a service failure and the subsequent service recovery, reactions to this dissatisfaction may include negative word-of-mouth (WOM) behavior, i.e. telling others about their unsatisfactory experience (Richins, 1983). It has been conjectured that after a service failure has been successfully resolved, consumers may feel stronger commitment to the service provider than if no failure had occurred before (Abrams and Pease, 1993), though recent research has called into question the existence of the so-called "recovery paradox" (Maxham, 2001; Maxham and Netemeyer, 2002).

The more a service provider invests in his recovery program, the more success will be achieved regarding re-establishing satisfaction and repurchase intentions (Nguyen, 2012). That thought includes spending more resources and efforts on training staff and developing more fitting attempt to understand the customers' expectations (Nguyen, 2012). These assumptions lead to one of the most discussed phenomena regards to service recovery. Researchers such as Magnini (2007), McCollough (2009) or Krishna (2011) analyzed the appearance of the service recovery paradox. The Recovery Paradox indicates that by over-exceeding the expectations of the customers, it is possible to bind the customer closer to the company and therefore create a higher level of loyalty than in a situation in which the failure would never have occurred (Krishna, 2011).

Many scholars have identified the same results. Especially, satisfaction and loyalty appear to be the most important aspects that achieved when handling service recovery strategies right. The customer's perception of the way the service failure handled by the responsible service provider has a high influence on the level of satisfaction and on the decision whether the customer remains loyal towards the company or switches to a competitor (Krishna A., 2011). To achieve these positive impacts, the company needs to know which strategy is the most appropriate one. Customers value the fact that they took seriously. Just offering compensation instead of creating a positive service recovery encounter to fix the problem can be regarded as negative and counter-productive (Wirtz, 2004). A study with African students and staff members of a business school supported the assumption that especially satisfaction and loyalty have a significant relationship with service recovery (Komunda, 2012).

Past research on service failure and recovery has presented considerable evidence of the suitability of the concept of justice as a basis for understanding the process of service recovery and its outcomes (Blodgett et al., 1997; Goodwin & Ross, 1992; Smith et al., 1999; Tax et al., 1998).

Studies have provided empirical evidence that perceived fairness of tangible outcomes have a positive effect on recovery evaluation (Boshoff, 1997; Goodwin & Ross, 1992; Hoffman et al., 1995; Smith et al., 1999). Previous literature in service recovery have measured distributive justice by the "justice," "fairness," "need," "value" and "reward" of outcomes (Chebat&Slusarczyk, 2005; Smith et al., 1999; Wirtz&Mattila, 2004).

Sparks and McCollKennedy (2001) found that respondents satisfied when a 50 percent refund given to compensate for the service failure.

When the service provider gives a token tangible item to make up for the service failure, customers may feel obliged to change their level of satisfaction. Reciprocity may be a means to explain this phenomenon. This, in turn, may have important managerial implications. Managers may not need to "give away the store" to gain a reasonable level of customer satisfaction (Resnik and Harmon, 1983).

Originally used in a legal research context, procedural justice looked at the ability to control the selection and development of evidence (process control) and the ability to determine the outcome of the dispute itself (decision control) (Thibaut and Walker, 1978).

In a service recovery context, Goodwin and Ross (1992) manipulated procedural justice in a manner similar to that used in legal research. They defined two levels of voice: In the low voice condition, the subject denied an opportunity to present an explanation of his/her problem; in the high voice, condition there was an opportunity for the subject to present feelings and opinions. However, respondents in their study appeared to confuse the low/high voice manipulation with another manipulation of the low/high interactional justice. McColl-Kennedy et al. (2003) report that regardless of gender, consumers who have an opportunity to voice their grievance and are provided compensation have more positive Netemeyer (2003) report that employees' perceptions of organizational justice impacts their customer-directed extra role behaviors, and these behaviors subsequently impact the consumers' perception of justice concerning their service experience.

Previous literature states that there are six sub-dimensions for Interactional justice. These sub-dimensions are: courtesy, honesty, offering explanations, empathy, endeavor, and offering apologies (Clemmer, 1988; Tax et al., 1998, McColl-Kennedy & Sparks 2003; del Río-Lanza et al., 2009).

Researchers have recognized recently that the original focus of both distributive and procedural justice is overly narrow in its emphasis on structural matters (Greenberg and McCarty, 1990; Tyler and Bies, 1990). Existing theories of procedural and distributive justice have tended to focus on the outcomes and on the mechanisms by which justice accomplished, thus ignoring social determinants of perceived fairness (Greenberg, 1996). Beginning in the late 1980s, several researchers noted that when people asked to report what constitutes unfair treatment, their responses focused on interpersonal rather than structural factors (Greenberg, 1996). Bies and Moag (1986, p. 44) introduced the term "interactional justice" to refer to people's sensitivity to "the quality of interpersonal treatment they receive during the enactment of organizational procedures".

In a service recovery situation, interactional justice would focus on the perceived fairness of the manner in which the customer treated throughout the service recovery effort. Tyler (1988) found that citizens' reactions to dealings with policies were highly influenced by the sensitivity shown to their problems by authorities. Bies (1986) found that potential employees perceived outcomes to be fairer when a recruiter demonstrated concern for their plight. Goodwin and Ross (1992) found that one aspect of interactional fairness, an apology, seems particularly relevant to

complaint resolution. McColl-Kennedy and Sparks (2003) report that consumers will experience heightened negative emotions if they perceive there is a lack of concern on the part of service providers during a service recovery effort. Finally, Maxham and Netemeyer (2003) report that employees' perceptions of organizational justice affect their customer-directed extra role behaviors and these behaviors subsequently influence the consumers' perception of justice concerning their service experience.

2.4. Conceptual frame work and Hypothesis Development

A service industry that can greatly benefit from the application of marketing principles in the area of service recovery is higher education (Iyer&Muncy, 2008). According to authors such as Curran and Rosen (2006), higher education can be regarded as a service industry, Frankel, and Swanson (2002) point to the similarities between education and services in their delivery and evaluation processes. Thus, findings from the services literature should be applicable to the context of higher education in general and to (critical) student-professor service encounters in particular. Moreover, IyerandMuncy (2008) have recently used concepts from services marketing research to investigate services failures within a classroom setting.

The independent variables for this study derived from the justice dimension of service recovery process. There are three elements served as independent variables which consist of distributive justice, interactional justice and procedural justice. The dependent variable is customer satisfaction. Independent variables used to assist the study in investigating the relationship between service recovery implemented by Addis Ababa University-school of commerce and its customer satisfaction.

Therefore, based on the justice dimensions of service recovery process and customer satisfaction literatures review, the following conceptual framework and hypothesis development has been presented below -

Service recovery dimensions

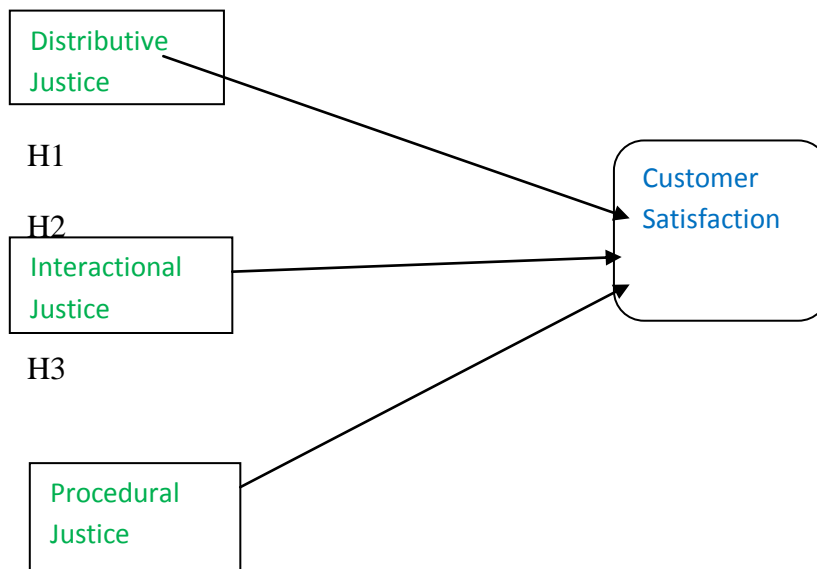


Figure 2: Conceptual framework of service recovery and customer satisfaction

(Source: Adapted from previous researchers)

Hypothesis Development

✚ Distributive justice and customer satisfaction of AAUSC

Distributive justice refers to the assignment of tangible resources by the firm to rectify and compensate for a service failure (del Río-Lanza, 2009). When an individual perceives that benefits have not been allocated equitably, he/she experiences distress (Walster et al., 1973), which in turn motivates him/her to restore the distributive justice.

Homans' (1961) theory of distributive justice falls into the category of reactive content theories. Greenberg (1996) asserts that distributive justice theory explicitly states that people will respond to unfair relationships by displaying certain negative emotions (dissatisfaction), and that they will be motivated to redress the experienced inequity (negative word-of-mouth intentions). Therefore, based on these evidences the following hypothesis is developed:-

H₁: Distributive Justice has positive significant effect on Customer satisfaction

Procedural Justice and customer satisfaction of AAUSC

Procedural justice deals with the problems arising during service delivery. accessibility, timing/speed, process control, delay and flexibility to adapt to the Consumer's recovery needs (del Río-Lanza, 2009).Procedural justice also includes policies, procedures, and tools that companies use to support communication with customers and specifically, the time taken to process complaints and to arrive at a decision (Davidow, 2003).Therefore, based on these evidences the following hypothesis is developed:-

H₂: Procedural Justice has positive significant effect on Customer satisfaction

Interactional Justice and customer satisfaction of AAUSC

IJ focuses on interpersonal interactions during the process of service delivery.In service recovery context, interactional justice means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service firms during the recovery process (Sparks & McColl-Kennedy, 2001).Therefore, based on these evidences the following hypothesis is developed:-

H₃: Interactional Justice has positive significant effect on Customer satisfaction

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Chapter overview (Introduction)

In this chapter, description of the study area, research approach, research design, population and sample, data sources and types, data collection procedures, ethical consideration, and data analysis of the future research planed and presented consecutively.

3.2. Research Approach

The research approach selected by a researcher(s) based on the research purpose, the nature of the research, the problem area and research questions (Alhamdani et al. 2006). According to Creswell (2003, pp.13-15) there are three basic types of research approaches; quantitative, qualitative, and mixed approach. Quantitative research approach is based on the philosophy of post positivism worldview. It is also reductionist in that the intent is to reduce the ideas into a small, discrete set of ideas to test, such as the variables that constitute hypotheses and research questions. In addition, it uses statistical methods in describing patterns of behavior and generalizing findings from samples to population of interest, and employs strategies of inquiry such as experiments and surveys.

Therefore, by taking the research objectives and questions into considerations a quantitative research approach using the survey method used as a research instrument. The survey method also used because of it can easily facilitates the collection of data from large group of respondents which requires minimum investment to develop and administer and is relatively easy for making generalization (Zikmund, 2002).

3.3. Research Design

A research design is a procedural plan that is adopted by the researcher to answer the questions validly, objectively and accurately (Kumar, 2002). There are three types of research design, namely; exploratory, descriptive, and explanatory (Njana, 2009).

Therefore,by taking the research objectives and nature of the study into consideration, descriptive and explanatory research designused in combination in order to clarify the

relationship between the variables. Explanatory studies clarify the relationship between two aspects of a situation or phenomena (Kumar. 2011). The Explanatory research design used to identify the relationship between the independent variables (perceived justice dimensions) and dependent variable (customer satisfaction) under the study.

3.4. Population and Sample

The target population of this study defined as all undergraduate regular and extension students of school of commerce in the year 2017/2018 G.C.

According to Catherine Dawson (2009, PP. 54), the correct sample size in a study is dependent on the nature of the population and the purpose of the study. Although there are no general rules, the sample size usually depends on the population of the study. According to the law of statistical regularity, higher degree of data gives higher degree of stability and vice versa. However, censuses of very large populations are sometimes unrealistic because of time, resource and budget constraints (Saunders, 2007).

In order to determine sample size, Yamane (1967) finite and large populations sample size formula with 95% confidence level employed. The formula used to obtain this sample size is presented below:

$$n = \frac{N}{1+N(e)^2}$$

Where:

n= number of sample taken (sample size)

N= population size

e=sampling error/level precision

As per the information obtained from AAUSC registrar office, 2317 regular and extension undergraduate students are learning within the two categories and in seven sub-categories (departments) which include regular undergraduate students (787), and Extension undergraduate students (1530).

Accordingly, based on the above formula the sample size of the study was 341 students.

$$n = \frac{2317}{1+2317(0.05)^2} = 341$$

In line with the objectives of the study and representativeness of the sample, Proportionate Stratified Sampling (PSS) formula ($n_i = N_i/N * n$) followed to decide the number of the respondents from each stratum as indicated in table 1 below.

Where: -

n_i - sample size from each department

N_i = Total no of population under each department

n = sample size taken

N = Total population size

Table 1: sample size of the Respondents from each stratum

Serial number	Strata(Type of departments)	Total No of Reg. and Ext. undergraduate students	Sample From each Department $n_i = N_i/N * 341$
1	Accounting and Finance	720	106
2	Business Adm& Information system	458	67
3	Management	274	40
4	Economics	183	27
5	Logistics & Supply chain management	138	20
6	Administrative service Management	3	0
7	Marketing Management	541	81
	Total	2,317	341

Therefore, as indicated in the above table, the sample size is to be considered as representative of the above seven (7) departments and large enough to allow for precision, confidence, and conclusion of the research findings.

3.5. Sampling Technique (Sampling Procedure)

According to Sherri (2009), sampling is “the process of selecting a sufficient number of elements from the population, so that a study of the sample and an understanding of its properties or characteristics would make it possible for us to generalize such properties or characteristics to the population elements”.

The target populations of the study were regular and extension undergraduate students of AAUSC. To ensure that all the various groups in the sampling frame surveyed, the researcher adopted a probability and non-probability sampling methods in combination. In line with probability sampling, the researcher used stratified sampling technique to classify different

departments into homogenous groups (strata) as per the classification of departments of AAUSC registrar office. After classifying them into homogenous groups (strata), the researcher used proportionate stratified sampling technique to decide the number of the respondents from each stratum. Then, non-probability method, which is purposive sampling technique, employed to choose the respondents among the strata based on the judgments of the researcher.

3.6. Data sources and Types

A survey questionnaire used to gather primary data in this research. An alternative is to find data that is already available known as secondary data.

Secondary data used in this research to support the conceptual framework and build on theoretical foundations. The sources were Journals, articles, relevant books, and resources from different websites.

The questionnaire consists of three parts including part I: questions about general information about school of commerce, part II: asking questions related to service recovery dimensions of AAUSC educational services which influence the overall customers satisfaction, and part III: asking questions related to the overall service failures handling process of AAUSC.

3.7. Data collection procedures

Pilot survey conducted to reveal the weaknesses (if any) of the questionnaires and of the survey techniques by distributing the questionnaire to 10 respondents and tried to differentiate the ambiguous question to most respondents and rephrased to ensure every respondent clearly understand what it means before survey was fully launched. As the questionnaires distributed to respondents by hand delivery, a frequent phone follow up made, which was effective in securing high response rate.

3.8. Ethical consideration

Consistent to the ethical considerations forwarded by Kumar and Kandasamy (2012), all the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent secured before the commencement of distributing questionnaires. The safety of respondents were not be harmed in any way during this survey and the confidentiality of responses and the identity of each participant maintained. In all cases, names kept confidential, thus collective names like 'respondents' or 'customers' used.

3.9. Data Analysis

The Method of analysis for this research was quantitative data. Quantitative research involves studies that make use of statistical analyses to obtain their findings (Marczyk, De Matteo, and Festinger, 2005). Descriptive statistics plus inferential statistics employed to evaluate the relationship between the independent variables i.e. service recovery dimensions (distributive, procedural and interactional justices) with the dependent variable customer satisfaction. Statistical Package for Social Sciences and Stata 12 employed. In order to be sure on the reliability and validity of the instrument; Cronbach's alpha test done.

Descriptive statistics used to interpret data in general. According to Hair et al.(1998), descriptive research sets out to describe and to interpret what is. It aims to depict the state of affairs, as it exists and to describe some aspect of a phenomenon, i.e., the status of a given phenomenon. Therefore, in this study descriptive statistics employed like percentage and frequency especially to describe the demographic characteristics of the respondents.

Inferential statistics move beyond the description of a specific observation to make inferences about the larger population from which the samples drawn. It used for testing hypothesis and investigating research objectives. In this study, different types of inferential statistics employed. According to Hair et al. (1998), multiple regression analysis is a statistic technique used to investigate the relationships between a dependent variable and two or more independent variables (Kothari, 2007). So, in this study multiple linear regression analysis used to determine the relationship between service recovery dimensions and customer satisfaction. The Pearson Correlation used to analyze the relationship of service recovery dimensions and customer satisfaction variables. On the other hand, causality test used to evaluate and decide on the acceptance and rejection of the formulated null hypothesis. At the end, the data presented in the form of tables, graphs and charts so as to make all the data readable and understandable.

3.10. Reliability and Validity

The quality of a given measure expressed in terms of its *reliability* and *validity* (William d.crano and Marilyn b. brewer, 2002).

Cronbach's alpha used to measure the reliability of the study. Reliability over 0.80 is good; reliability in the range of 0.70 is acceptable; and reliability less than 0.60 is considered poor (Sekaran, 2003).

Validity refers to the degree of relationship, or the overlap, between an instrument and the construct intended to measure (William d.crano and Marilyn b. brewer, 2002). Content validity refers to the adequacy with which a measure or scale has sampled from the intended universe or domain of content (Julie pallant 4th edition). To ensure content validity measurement items mainly adopted from prior studies. Content validity of the instrument examined through expert review.

CHAPTER FOUR

RESULTS AND DISCUSSION

The collected data analyzed by using quantitative analysis method. A quantitative analysis adopted for data analysis since the information gathered is quantitative in nature. Inferential statistics (confidence intervals and tests of hypotheses) are used to the data analysis. The purpose of making statistical inferences is to generalize from sample results to the population characteristics. The analysis included correlation and regression to establish the strength and direction of the relationship between the variables. The results of analysis and discussions of what the results represent with respect to the objectives of the study presented in this chapter.

4.1. Data Analysis and Interpretation

The data analysis of this study divided into three main sections. The first section deals with the general/demographic characteristics of the respondents. The second section discusses the findings from the study. Section three analyses and discusses the relationship between the various variables in the study. Relationships among the study variables examined using the correlations and regression analysis. This helped the researcher to address the study's objectives as stated earlier.

The findings of the study conducted to analyze 'The influence of service recovery on customer satisfaction in the case of Addis Ababa University School of commerce'. Even though, the sample size of the study was 341, the numbers of questionnaires distributed to under graduate regular and extension students of school of commerce were 350 to avoid response failures. Out of the distributed 350 questioners, 304 of them are collected, stored and used in the final analysis part of this research. This implies 89.15% of the distributed questioners are successfully collected, stored and used in the final analysis part of the study. Out of the rest 46 questioners, 23 of them returned unfilled, 12 of them not returned and 11 of them rejected due to missing data.

4.2. Demographic Characteristics of the Respondent's:-

4.2.1. Sex of the Respondent's

Table 2: Demographic Profile of gender

Sex of the Respondent's					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	146	48.0	48.0	48.0
	Female	158	52.0	52.0	100.0
	Total	304	100.0	100.0	

Source: Survey data output, 2018

N	Observed k	Expected k	Assumed p	Observed p
304	146	152	0.50000	0.480

$Pr(k \leq 146 \text{ or } k \geq 158) = 0.528179$ (two-sided test)

As we can see from the above table 1- From the total number of respondent's 158(52%) are female and 146(48%) are male. Based on the above output and the p-test value (0.528179) there is no significant statistical difference between them.

4.2.2. Age of the Respondent's

Table 3: Age of the respondents

Age of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-23	131	43.1	43.1	43.1
	24-29	126	41.4	41.4	84.5
	30-34	39	12.8	12.8	97.4
	over 35	8	2.6	2.6	100.0
	Total	304	100.0	100.0	

Source: Survey data output, 2018

Chisq(2) / goodness of fit test indicates to 151.5 and the P-Value is 0.000 which is statistically significant. For instance, the number of respondent's in the age of between 18-23 is 131(43.1%) and the number of respondent's in the age of 24-29 is 126(41.4%). That means, the number of respondent's in the age of 18-29 comprises 257 (84.5%) .The rest 47(15.5%) are in the age of 30-

34 and over 35 years of age. That means, from the total number of respondents 84.5% of them are youngsters.

4.2.3. Reason for choosing AAUSC

Table 4: Reasons for choosing AAUSC

Reason for Choosing AAUSC					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	brand name	134	44.1	44.1	44.1
	quality service	115	37.8	37.8	81.9
	suddenly	55	18.1	18.1	100.0
	Total	304	100.0	100.0	

Source: Survey data output, 2018

Chisq(2) /goodness of fit test indicates to 146.1 and the P-Value less than 0.05 which is statistically significant. Based on the above output, 134(44.1%) of the respondent's prefer AAUSC by its brand name and 115(37.8%) of the respondent's select by its quality service. This implies the name Addis Ababa University is a well-known and famous brand name. Due to this, the university has a great opportunity to attract potential customers.

4.2.4. Batch year of the Respondent's

Table 5: Batch year of the Respondents

Batch year of the Respondent's					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	first year	84	27.6	27.6	27.6
	second year	109	35.9	35.9	63.5
	third year	109	35.9	35.9	99.3
	fourth year	2	.7	.7	100.0
	Total	304	100.0	100.0	

Source: Survey data output, 2018

Chisq(2) / goodnes of fit test indicates to 101.6 and the P-Value is 0.000 which is statistically significant. As we can see from the above table 4, the respondents selected from first year up to fourth year. Especially, second year and third year consist of 218(71.8%).First year 84(27.6%) and Fourth year 2(0.7%).

4.3. Service failure encountered

Table 6: Service failure encountered

Service failure encountered					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	241	79.3	79.3	79.3
	No	63	20.7	20.7	100.0
	Total	304	100.0	100.0	
N	Observed k	Expected k	Assumed p	Observed p	
304	241	152	0.50000	0.793	

$Pr(k \leq 63 \text{ or } k \geq 241) = 0.000000$ (two-sided test)

Source: Survey data output, 2018

As we can see from the above, table 5, the respondents have stated the service failure occurrence in AAUSC. From the total number of respondent's 241(79.3%) observed different service failures. It is a considerable significant amount and this implies the university should tend to identify the causes for service failures and take immediate service recovery actions to retain the dissatisfied customers by the previous services and satisfy by making effective service recovery mechanisms. That is what we call-Service recovery paradox.

4.4. Types of service failure encountered

Table 7: Delay on Grade Report

Delay on grade report					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	55	18.1	18.1	18.1
	No	249	81.9	81.9	100.0
	Total	304	100.0	100.0	
N	Observed k	Expected k	Assumed p	Observed p	
304	55	152	0.50000	0.18092	

$Pr(k \leq 55 \text{ or } k \geq 249) = 0.000000$ (two-sided test)

Source: Survey data output

Delay on grade report has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed delay on grade report are 55(18.1%). This number is not as such a very small figure for AAUSC as it is a well known and massive university in the country.

Table 8: Delay on Registration

Delay on registration					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	77	25.3	25.3	25.3
	No	227	74.7	74.7	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	77	152	0.50000	0.25329

$\Pr(k \leq 77 \text{ or } k \geq 227) = 0.000000$ (two-sided test)

Source: Survey data output

Delay on registration has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed delay on registration are 77(25.3%). This number is not as such a very small figure for AAUSC as it is a well known and massive university in the country.

Table 9: communication Problem

Communication problem					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	120	39.5	39.5	39.5
	No	184	60.5	60.5	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	120	152	0.50000	0.39474

$\Pr(k \leq 120 \text{ or } k \geq 184) = 0.000288$ (two-sided test)

Source: Survey data output, 2018

Communication problem has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed problem on communication are 120 (39.5%). This implies there is communication gap among students, staffs and management body of AAUSC.

Table 10: Grade Report Error

Grade report error					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	36	11.8	11.8	11.8
	No	268	88.2	88.2	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	36	152	0.50000	0.1184

$$\Pr(k \leq 36 \text{ or } k \geq 268) = 0.000000 \text{ (two-sided test)}$$

Source: Survey data output, 2018

Grade report error has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed grade report error are 36(11.8%). This number is not as such a very small figure for AAUSC as it is a well known and massive university in the country.

Table 11: Discomfort on library Service

Discomfort on library service					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	172	56.58	56.58	56.58
	No	132	43.42	43.42	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	172	152	0.50000	0.5658

$$\Pr(k \leq 132 \text{ or } k \geq 172) = 0.025138 \text{ (two-sided test)}$$

Source: Survey data output, 2018

Discomfort on library service has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed discomfort on library service are 172(56.58%).This number is a considerable significant number for AAUSC as it is a well-known and massive university in the country.

Table 12: Instructor's performance level

Instructors performance level					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	118	38.8	38.8	38.8
	No	186	61.2	61.2	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	118	152	0.50000	0.38.8

$\Pr(k \leq 118 \text{ or } k \geq 186) = 0.000115$ (two-sided test)

Source: Survey data output, 2018

Instructor's performance level has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed instructor's performance level are 118(38.8%).This number is a considerable significant number for AAUSC as it is a well known and massive university in the country.

Table 13: Delay on Decisions by management of AAUSC

Decision delay by mgt of the school					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	4.6	4.6	4.6
	No	290	95.4	95.4	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	14	152	0.50000	0.046

$\Pr(k \leq 14 \text{ or } k \geq 290) = 0.000000$ (two-sided test)

Source: Survey data output, 2018

Delay of decisions by the management of the school has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed management decisions skill are 14(4.6%). This implies the decision making skill of the management body of AAUSC is very good. As you know, it is a very important managerial skill for all managers in every sector.

Table 14: Registrar staffs miss conduct

Registrar staffs miss conduct					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	182	59.9	59.9	59.9
	No	122	40.1	40.1	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	182	152	0.50000	0.599

$Pr(k \leq 122 \text{ or } k \geq 182) = 0.000690$ (two-sided test)

Source: Survey data output, 2018

Registrar staffs miss conduct has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed the manner of registrar staffs as a service failure are 182(59.87%). This implies registrar department of AAUSC should give huge emphasis to achieve the vision, mission and values of the university.

Table 15: Facility and Infrastructure problem

Facility and infrastructure problem of the school					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	49	16.1	16.1	16.1
	No	255	83.9	83.9	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	49	152	0.50000	0.161

$Pr(k \leq 49 \text{ or } k \geq 255) = 0.000000$ (two-sided test) Source: Survey data output, 2018

Facility and infrastructure problem has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent's that observed facility and infrastructure problem are 49(16.1%).This implies the facility and infrastructure of AAUSC is good but it needs improvement in the future.

Table 16: problem on learning and teaching process

Learning and teaching process problem of the school					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	126	41.4	41.4	41.4
	No	178	58.6	58.6	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	126	152	0.50000	0.414

$\Pr(k \leq 126 \text{ or } k \geq 178) = 0.003377$ (two-sided test)

Source: Survey data output, 2018

Learning and teaching process has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. When we see the number of respondent is that observed learning and teaching process are 126(41.4%).This implies there is a problem on the learning and teaching process in AAUSC.

Table 17: other service failures

Other Service Failures					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	304	100.0	100.0	100.0

N	Observed k	Expected k	Assumed p	Observed p
304	0	152	0.50000	0.000

$\Pr(k \leq 0 \text{ or } k \geq 304) = 0.000000$ (two-sided test)

Source: Survey data output, 2018

As we can see from the above table 15, norespondent has stated other service failures occurred other than the listed service failures on the questioner.

Table 18: Summary of service failure encountered

Failure types	Frequency	Percent
Registrar staffs miss conduct	182	59.9
Discomfort on Library service	172	56.6
Problem on learning and teaching process	126	41.4
Communication Problem	120	39.5
Instructors Performance Level	118	38.8
Delay on Registration	77	25.3
Delay on Grade report	55	18.1
Facility and infrastructure problems	49	16.1
Grade Report Error	36	11.8
Delay of Decision by Management	14	4.6

Source: Survey data output, 2018

As we can see the above summary table of service failures occurred in AAUSC-Registrar staffs miss conduct (59.9%), Discomfort on Library service (56.6%), Problem on learning and teaching process(41.4%),Communication Problem(39.5%) and Instructors Performance Level(38.8%) are the major service failure areas stated by the respondent's consecutively as stated in the above summary table.

4.5. Kind of Responses Given From AAUSC

Table 19: Service failure encountered

Kind of Responses From AAUSC					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I received an apology	11	3.6	3.6	3.6
	I received an explanation about the SF	35	11.5	11.5	15.1
	I received compensation	22	7.2	7.2	22.4
	Nothing received	236	77.6	77.6	100.0
	Total	304	100.0	100.0	

Table 17: Kind of responses

Source: Survey data output, 2018

Chisq(2) / goodness of fit test indicates to 642.2 and the P-Value is 0.000 which is statistically significant. As we can see from the above table the response 'nothing any kind of responses from AAUS Ccomprises 236(77.6%) observed. This implies there is a problem on response rate.

4.6. Compensation Given For Service Failures

Table 20: Compensation Type

Have you been compensated?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes, I have been compensated	46	15.1	15.1	15.1
	No, I haven't compensated	258	84.9	84.9	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	46	152	0.50000	0151

$\Pr(k \leq 46 \text{ or } k \geq 258) = 0.000000$ (two-sided test)

Source: Survey data output, 2018

Compensation given for service failure has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. Respondents were asked whether they were compensated or not for the service failure in common. From the total number of respondents 258(84.9%) did not get any kind of compensation for the failure. The rest 46 respondents (15.1%) have compensation.

4.6.1. On time Compensation

Table 21: on time compensation

Did you get compensation on time?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes, I received my compensation on time	46	15.1	15.1	15.1
	No	258	84.9	84.9	100.0
	Total	304	100.0	100.0	

N	Observed k	Expected k	Assumed p	Observed p
304	46	152	0.50000	0151

$\Pr(k \leq 46 \text{ or } k \geq 258) = 0.000000$ (two-sided test)

Source: Survey data output, 2018

On time, Compensation given for service failure has statistically significant evidence to test, as the p-value is less than 0.05 as you see the above two sided test. Respondents asked whether they compensated on time or not for the service failure in common. From the total number of respondents 258(84.9%) did not get any kind of on time compensation for the failure. The rest 46 respondents (15.1%) have on time compensation.

4.7. Service Recovery (Perceived Justice) Dimensions

4.7.1. Distributive Justice-Chi-square Goodness of fit test

Chi-square goodness of fit test is focused on testing a single categorical variable, goodness of fit test use some theoretically expected frequency distributions (Smith et al., 2009). Therefore, all the below likert type of questions of perceived justice dimensions are tested by chi-square goodness of fit test.

Goodness of fit test indicates to 190.9 and the P-Value less than 0.05 which is statistically significant to conclude on the relevance of the question ‘The treatments I received are fair considering the efforts made by the university to make me happy’ to measure customer satisfaction.

Goodness of fit test indicates to 258.1 and the P-Value 0.000, which is statistically significant to conclude on the relevance of the question ‘The compensation I received in response to the failure was adequate ‘to measure customer satisfaction.

Goodness of fit test indicates to 127.6 and the P-Value less than 0.05 which is statistically significant to conclude on the relevance of the question ‘ I received what I deserved ‘to measure customer satisfaction.

Goodness of fit test indicates to 151.0 and the P-Value less than 0.05 which is statistically significant to conclude on the relevance of the question (When I choose Addis Ababa University-school of commerce I expected quality educational service and I was treated exactly I wanted it).

4.7.2. Procedural Justice-Chi-square Goodness of fit test

Goodness of fit test indicates to 190.2 and the P-Value less than 0.05 which is statistically significant to conclude on the relevance of the question (The policies and procedures are simple and adequate).

Goodness of fit test indicates to 239.65 and the P-Value 0.000; thus there is statistical significant evidenceto conclude on the relevance of the question (The university's policies and procedures are flexible).

Goodness of fit test indicates to 285.1 and the P-Value is 0.000, which is statistically significant evidence to conclude on the relevance of the question (The policies and procedures fit with the problems I encountered).

Goodness of fit test indicates to 255.5 and the P-Value 0.000; thus there is statistical significant evidence to conclude on the relevance of the question (The university's policies and procedures considered my right and obligation while handling the inconvenience).

Goodness of fit test indicates to 280.1 and the P-Value 0.000; thus, there is statistical significant evidence to conclude on the relevance of the question (The time taken to solve my problem was up to standard).

4.7.3. Interactional Justice-Chi-square Goodness of fit test

Goodness of fit test indicates to 157.4 and the P-Value 0.000; thus, there is statistical significant evidenceto conclude on the relevance of the question (The employee(s) apologized for the failure and handled my case in a professional way).

Goodness of fit test indicates to 166.1 and the P-Value 0.000; thus there is statistical significant evidenceto conclude on the relevance of the question (The personnel gave me an honest explanation for my questions).

Goodness of fit test indicates to 120.2 and the P-Value 0.000; thus there is statistical significant evidence to conclude on the relevance of the question (The employee(s) treated me with care during the overall process).

Goodness of fit test indicates to 185.4 and the P-Value 0.000; thus, there is statistical significant evidenceto conclude on the relevance of the question (The employee(s) were polite and willing to help).

Goodness of fit test indicates to 152.7 and the P-Value 0.000; thus, there is statistical significant evidenceto conclude on the relevance of the question (The employee(s) were patient, confident, and empowered).

Goodness of fit test indicates to 171.2 and the P-Value 0.000; thus, there is statistical significant evidenceto conclude on the relevance of the question (The personnel were understanding, respectful and go extra mile to solve my problem).

4.7.4. Assumptions For Testing Regression Analysis

Before proceeding to the multiple regression analysis, the researcher tested the existence of multicollinearity and linearity test.

Table 22: Assumptions for testing regression analysis

Model		Coefficients						Collinearity Statistics	
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
		B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	-.179	.121		-1.482	.139			
	Distributive Justice	.312	.051	.311	6.109	.000	.428	2.336	
	Procedural Justice	.355	.061	.262	5.823	.000	.546	1.831	
	Interactional Justice	.370	.047	.365	7.873	.000	.515	1.943	

a. Dependent Variable: Overall customer satisfaction

Two values are given in the coefficients table: **Tolerance** and **VIF**. Tolerance is an indicator of how much of the variability of the specified independent not explained by the other independent variables in the model and calculated using the formula $1-R^2$ for each variable. If this value is very small (less than .10) it indicates that the multiple correlation with other variables is high, suggesting the possibility of multicollinearity. As you see the above table, the tolerance values of distributive, procedural and interactional justices are (0.428, 0.546 and 0.515) respectively. This implies there is no concern of multicollinearity since all the values are greater than 0.10. The other value given is the VIF (Variance inflation factor), which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity. As per the above table, the VIF values of distributive, procedural and interactional justices are (2.336, 1.831 and 1.943) respectively. This implies there is no concern of multicollinearity since all the values are less than 10. Based on the values of (tolerance and

VIF) on table 22, we can conclude there is no concern of multicollinearity. (Freund & Wilson, 2003).

4.7.5. Linearity Test

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). In other words, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the predictor variable (Hair et al., 1998).(see Appendix D)

4.7.6. Normality Test

The normality probability plots were plotted to assess normality (Appendix E). The P-P plots were approximately a straight line instead of a curve. Hence, the residuals were deemed to have a reasonably normal distribution, as suggested by Hair et al. (1998).

4.7.7. Correlation Analysis of Perceived Justice Dimensions

Table 23: Correlation analysis

		Correlations			
		Distrjustice	Procjustice	Interacjustice	Overallcustsatisfaction
Distributive justice	Pearson Correlation	1	.655**	.680**	.731**
	Sig. (2-tailed)		.000	.000	.000
	N	304	304	304	304
Proceduraljustice	Pearson Correlation	.655**	1	.560**	.671**
	Sig. (2-tailed)	.000		.000	.000
	N	304	304	304	304
Interactionaljustice	Pearson Correlation	.680**	.560**	1	.724**
	Sig. (2-tailed)	.000	.000		.000
	N	304	304	304	304
Overallcustomer satisfaction	Pearson Correlation	.731**	.671**	.724**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	304	304	304	304

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

The Pearson Correlation analysis presented in table 23 above confirms that there is indeed a relationship between the predictor variables and dependent variable. The relationship found to be statistically significant as indicated by a significance value of 0.000 for all correlations.

As cited by Haile (2013) to interpret the strengths of relationships between variables, the guidelines suggested by Field (2005) were followed. His classification of the correlation coefficient (r) is as follows: 0.1– 0.29 is weak; 0.3 – 0.49 is moderate; and ≥ 0.5 is strong.

Based on the above table, distributive justice (0.731) has the highest contribution to overall customer satisfaction, interactional justice is the second contributor (0.724) and procedural justice is the third contributor (0.671) to the overall customer satisfaction. This implies all the three independent variables have strong relationship with the overall customer satisfaction.

4.8. Causality Relationship Analysis (Multiple linear regressions)

Multiple linear regressions models used to investigate the relationship between service recovery dimensions and customer satisfaction. According to stata output, the multiple linear regressions used to represent the value of a dependent scale variable based on its linear relationship to one or more predictors.

A. Causality relationship between distributive justice and overall customer satisfaction

Table 24: Causality relationship analysis (DJ with CS)

```
. regress sateduc fairtreat adqcomp ireceive qualeduc
```

Source	SS	df	MS			
Model	111.1079	4	27.7769749	Number of obs =	304	
Residual	94.8781201	299	.317318127	F(4, 299) =	87.54	
				Prob > F =	0.0000	
				R-squared =	0.5394	
				Adj R-squared =	0.5332	
Total	205.98602	303	.679821847	Root MSE =	.56331	

sateduc	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
fairtreat	.1005847	.0671369	1.50	0.135	-.0315359	.2327054
adqcomp	.1464463	.0552012	2.65	0.008	.0378142	.2550785
ireceive	.2306432	.051769	4.46	0.000	.1287655	.3325209
qualeduc	.2353002	.0416951	5.64	0.000	.1532472	.3173532
_cons	.5700572	.1081304	5.27	0.000	.3572641	.7828503

Source: Survey data output, 2018

Table 24 is a *multiple linear regression* developed to indicate the causality of education service given by AAUSC with respect to distributive justice and overall customer satisfaction.

Therefore, the multiple linear regression analysis results may lead to conclusion. Based on the above table, distributive justice (87.54) has causality relationship with the overall customer satisfaction and it is a determinant factor.

B. Causality relationship between procedural justice and overall customer satisfaction

Table 25: Causality relationship analysis (PJ with CS)

```
. regress sateduc simpolic flizpolic fitpolic rightpolic timepolic
```

Source	SS	df	MS	Number of obs = 303		
Model	96.4291557	5	19.2858311	F(5, 297)	=	52.46
Residual	109.191306	297	.367647496	Prob > F	=	0.0000
Total	205.620462	302	.680862457	R-squared	=	0.4690
				Adj R-squared	=	0.4600
				Root MSE	=	.60634

sateduc	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
simpolic	.2775649	.0522218	5.32	0.000	.1747933	.3803365
flizpolic	.0625204	.0557915	1.12	0.263	-.0472764	.1723173
fitpolic	.0949912	.063593	1.49	0.136	-.0301588	.2201412
rightpolic	.2537229	.0616847	4.11	0.000	.1323283	.3751174
timepolic	.197891	.0566936	3.49	0.001	.0863188	.3094632
_cons	.0872073	.1539538	0.57	0.572	-.2157712	.3901858

Source: Survey data output, 2018

Table 25 is a *multiple linear regression* developed to indicate the causality of education service given by AAUSC with respect to procedural justice and overall customer satisfaction.

Therefore, the multiple linear regression analysis results may lead to conclusion. Based on the above table, procedural justice (52.46) has causality relationship with the overall customer satisfaction and it is a determinant factor.

C. Causality relationship between Interactional justice and overall customer satisfaction

Table:26 causality relationship analysis (IJ with CS)

Source	SS	df	MS			
Model	117.214981	6	19.5358302	Number of obs =	304	
Residual	88.7710384	297	.298892385	F(6, 297) =	65.36	
Total	205.98602	303	.679821847	Prob > F =	0.0000	
				R-squared =	0.5690	
				Adj R-squared =	0.5603	
				Root MSE =	.54671	

sateduc	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
justapolo	-.0859423	.0531133	-1.62	0.107	-.1904685	.0185838
justhonest	.3097859	.0569282	5.44	0.000	.1977522	.4218197
justtreat	.0677187	.0506393	1.34	0.182	-.0319387	.167376
justpolite	-.0217296	.0594054	-0.37	0.715	-.1386385	.0951793
justpatients	.1947838	.0544972	3.57	0.000	.0875342	.3020334
justunder	.2632939	.0509906	5.16	0.000	.1629452	.3636426
_cons	.6711749	.0968108	6.93	0.000	.4806528	.8616969

Source: Survey data output, 2018

Table 26 is a *multiple linear regression* developed to indicate the causality of education service given by AAUSC with respect to interactional justice and overall customer satisfaction.

Therefore, the multiple linear regression analysis results may lead to conclusion. Based on the above table, interactional justice (65.36) has causality relationship with the overall customer satisfaction and it is a determinant factor. From these we can conclude that distributive justice is the major contributor to customer satisfaction, interactional justice is the second contributor and procedural justice is the third contributor to the overall customer satisfaction.

4.9. Relative importance of service recovery dimensions

In order to categorize the level of importance of the three service recovery dimensions (distributive, procedural and interactional justices) from the customer's point of view the respondents were asked to rank starting from most important to least important. Based on the results the most important dimension is interactional justice, which accounts 59.9% of the responses followed by procedural justice, which accounts for 27.3% of the responses. In addition, the least important dimension mentioned by the respondents was the distributive justice, which accounts for 14.5% of the total responses.

Table: 27 Level of Importance of SRD

Level of importance		Interactional Justice	Procedural justice	Distributive justice
Valid	Most important	59.9%	27.3%	14.5%
	Important	18.4%	64.5%	14.5%
	Least important	21.7%	8.2%	71%

	Total	100%	100%	100%
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Source: Survey data output

4.10. Results of the Hypothesis by using causality relationship with the overall CS

The three service recovery dimensions assessed individually and used chi-square goodness of fit test for each element of service recovery dimensions and all are statistically significant to conclude on the relevance of the question. Then the researcher made causality relationship among service recovery dimensions with the overall customer satisfaction (multiple linear regressions). Based on the findings of this study distributive justice (87.54), Interactional justice (65.36) and procedural justice (52.46) have causality relationship with the overall customer satisfaction successively. Therefore, distributive justice has a major contribution than procedural and interactional justice. Based on these all the below three hypothesis are- accepted.

Table:28 Summary of Hypothesis

HYPOTHESIS	ANALYSIS	RESULT
<i>H1: Distributive Justice has positive significant effect on Customer satisfaction</i>	Regression Analysis	Accepted
<i>H2: Procedural Justice has positive significant effect on Customer satisfaction</i>	Regression Analysis	Accepted
<i>H3: Interactional Justice has positive significant effect on Customer satisfaction</i>	Regression Analysis	Accepted

4.11. Discussions

The study shows that, from the total number of respondent's 158(52%) are female and 146(48%) are male. That means the difference on the number of male and female respondents are only 12. It implies the participation on this study for both female and male were good. The number of respondent's in the age of 18-29 comprises 257 (84.5%). This also implies 84.5% of the respondents of this study were under 30 years of age (youngsters).

The major type of service failures encountered in AAUSC mentioned by the respondents were, registrar staffs miss conduct (59.9%), Discomfort on library service (56.6%), Problem on learning and teaching process (41.4%), Communication problem (39.5%) and Instructor's performance (38.5%) are the major service failure areas stated by the respondent's consecutively (from 1st up to 5th).

Respondents asked to mention the kind of responses by AAUSC; they received right after the service failure. Based on the findings of the study; the respondents received nothing (77.6%) and received compensation was (10%) and the least figure was received an apology (3.6%). The level of satisfaction of customers with regard to compensation was also supported by other supplementary question and 84.9% of the respondents were not compensated for the service failures generally.

The other question asked to respondents was 'reason for choosing AAUSC'. Based on the findings of this study; Brand name (44.1%), Quality service (37.8%) and suddenly (18.1%) rank from 1st to 3rd. This shows 'Addis Ababa University' is the well-known, accepted and massive brand name.

The three service recovery dimensions assessed individually and used chi-square goodness of fit test for each element of service recovery dimensions and all are statistically significant to

conclude on the relevance of the question. Then the researcher made causality relationship among service recovery dimensions with the overall customer satisfaction (multiple linear regressions). Based on the findings of this study distributive justice (87.54), Interactional justice (65.36) and procedural justice (52.46) have causality relationship with the overall customer satisfaction successively. These confirm that distributive justice makes the strongest contribution to overall customer satisfaction; interactional justice next and procedural justice contributes less. Based on the reliability test all the three perceived dimensions of service recovery are reliable as per the Cronbach's alpha test result. The Scale reliability coefficients for interactional justice is 0.92, distributive justice 0.88 and procedural justice 0.82 consecutively. Cronbach's alpha used to measure the reliability of the study. Reliability over 0.80 is good; reliability in the range of 0.70 is acceptable; and reliability less than 0.60 is considered poor (Sekaran, 2003). Based on (Sekaran, 2003), the reliability of all the three perceived justice dimensions are not only reliable but also good since their values are greater than 0.80.

Respondents also asked their level of satisfaction with regard to the three dimensions of service recovery and their overall customer satisfaction. Based on the finding of this study, the most important dimension is interactional justice, which accounts 59.9% of the responses followed by procedural justice, which accounts for 27.3% of the responses. In addition, the least important dimension mentioned by the respondents was the distributive justice, which accounts for 14.5% of the total responses. Existing theories of procedural and distributive justice have tended to focus on the outcomes and on the mechanisms by which justice is accomplished, thus ignoring social determinants of perceived fairness (Greenberg, 1996). The findings of this study on the level of importance of service recovery is different from the empirical literature stated above.

An amount of literature has now emerged identifying the actions required for the recovery for external customers. First in the field was Bell and Zemke (1987) with five proposed "ingredients": apology, urgent reinstatement, empathy, symbolic atonement and follow-up. This empirical literature consistent with the finding of this study. That means interactional justice is the most important dimension than distributive and procedural justices on the overall customer satisfaction.

Based on the above results, we can conclude about the general hypothesis of perceived justice dimensions by using the below table:-

HYPOTHESIS	ANALYSIS	RESULT
<i>H1: Distributive Justice has positive significant effect on Customer satisfaction</i>	Regression Analysis	Accepted
<i>H2: Procedural Justice has positive significant effect on Customer satisfaction</i>	Regression Analysis	Accepted
<i>H3: Interactional Justice has positive significant effect on Customer satisfaction</i>	Regression Analysis	Accepted

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

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

5.1. Conclusions

The general objective of this research tried to investigate the service recovery system and its effect and significance on the customer satisfaction in the context of Addis Ababa University School of commerce undergraduate regular and extension students. Based on the responses received from the respondents through standard questionnaires collected and the findings of the analysis, the researcher reached into the below conclusions:-

- The major service failures occurred in AAUSC are- registrar staffs miss conduct, discomfort on library service, learning and teaching process, communication problem, and instructor's performance are the major service failure areas stated by the respondent's consecutively. All the major service failures stated above are very crucial elements for successful and effective education service. Thus, management of school of commerce, instructors, students, staffs and all concerned stakeholders should give serious attention and remedial action.
- The number of respondent's in the age of 18-29 comprises very large number. That means almost all undergraduate regular and extension students of AAUSC are youngsters. Due to this school of commerce should give priority to solve all the stated major service failures occurred.
- Based on the finding, AAUSC has a problem on giving responses, compensation and apology after service failures occurred, these are very important elements of service recovery. Therefore, school of commerce should give attention and immediate action.
- Based on the findings of this study; very large number of students prefer 'AAUSC' by its brand name than the quality of service given by the school. This shows 'Addis Ababa University' is the well-known, accepted and massive brand name. Therefore, the university

should focus on building the brand name by implementing effective and efficient service recovery mechanisms.

- The three service recovery dimensions assessed individually and used chi-square goodness of fit test for each element of service recovery dimensions and all are statistically significant to conclude on the relevance of the question.
- Based on the findings of this study distributive justice, Interactional justice and procedural justice have causality relationship with the overall customer satisfaction successively from first to third. From this, we can conclude that all the three perceived justice dimensions have their own positive impact of enhancing overall customer satisfaction.
- Based on the finding of this study, the reliability of all the three perceived justice dimensions are reliable and good since their values are greater than 0.80. Reliability over 0.80 is good; reliability in the range of 0.70 is acceptable; and reliability less than 0.60 is considered poor (Sekaran, 2003). Therefore, all the three perceived justice dimensions are consistency indicator to customer satisfaction.
- As per the finding of this study, the most important dimension is interactional justice, followed by procedural and distributive justices. This implies interactional justice is very essential service recovery dimension where as distributive justice is least important for AAUSC. Therefore, the university should give serious attention for interactional justice. In service recovery context, interactional justice means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service firms during the recovery process (Sparks & McColl-Kennedy, 2001).
- Based on the results of the R-squared values and the standardized coefficients of perceived justice dimensions (as per table 20, 21 and 22) we can conclude about the general hypothesis of perceived justice dimensions. The collective hypothesis results of all the three SRD (Independent variables) have positive significant effect on customer satisfaction (dependent variable) and all of them are accepted.
- One of the objectives of the study was to determine the effect of distributive justice on the customer satisfaction in the case of AAUSC. Based on the results we can conclude that distributive justice is the major contributor to boost customer satisfaction.
- The second objective of the study was to examine the effect of procedural justice on customer satisfaction in the case of AAUSC. Based on the results we can conclude that

procedural justice is the least contributor to increase customer satisfaction in the case of AAUSC.

- The third objective of the study was to investigate the effect of interactional justice on customer satisfaction in the case of AAUSC. Based on the results we can conclude that interactional justice is the second contributor to increase customer satisfaction in the case of AAUSC.
- To minimize service failures the key solutions for school of commerce should be increasing the quality of educational services by empowering all staffs of the school, digitalization of all its services to boost satisfaction of customers and management of the school should take proactive measures. That is why today's managers should be proactive not reactive.

5.2. Recommendations

Based on the findings of this study service recovery has a significant role in determining customer satisfaction. By using these results, the researcher recommends the following:

- ❖ The major service failures occurred in AAUSC are registrar staffs miss conduct, discomfort on library service, learning and teaching process, communication problem and instructor's performance are the major service failure areas stated by the respondent's consecutively. All the five major service failure problems stated above are very crucial elements for successful and effective education service. Thus, management of school of commerce, instructors, students, staffs, student's families and all concerned stakeholders should give serious attention and remedial action.
- ❖ School of commerce should organize scheduled meetings in collaboration with different stakeholders like instructors, students, staffs, committee of student's families and other concerned stakeholders to discuss on different issues. Some of the issues should be learning and teaching process, behavior and performance of students, rules and regulations of the university, current activity of the university and other related issues. It is used to build common understanding, create long-term relationship, and minimizes the stated service failures on this study and to achieve the vision, mission and values of the university.
- ❖ The university (AAUSC) should focus on building knowledge, skill, motivation and capacity by giving on job and off job practical trainings to front office staffs, instructors and to other stakeholders that contribute their own share to the successful implementation of quality education service as per the vision of the university. "Addis Ababa University aspires to be a pre-eminent African research university dedicated to excellence in teaching, critical inquiry, creativity and public action in an academic community that cultivates and celebrates diversity". (<http://AAU.edu.et>).
- ❖ To minimize the major service failures stated above and other problems that can hinder the service quality (education service quality) in addition to the above stakeholders the government should give special attention and design effective and efficient education policy. Then it is important creating awareness, controlling mechanisms and on time follow up to this sector (education service) since the sector produces human. Thus, all

the above stated stakeholders are responsible to build the nation's human capital. AAUSC has "75 years of excellence in building the nation's human capital"(Book of 75th Anniversary of AAU School of Commerce).

- ❖ Based on the finding, AAUSC has a problem on giving responses, compensation and apology after service failures occurred, these are very important elements of service recovery. Therefore, school of commerce should give attention and take corrective action.
- ❖ The number of respondent's in the age of 18-29 comprises very large number. That means almost all undergraduate regular and extension students of AAUSC are youngsters. Due to this school of commerce should give priority to solve all the stated major service failures occurred to satisfy these youngsters group since they are very sensitive and may lose their motivation to learn and unable to accomplish their objective.
- ❖ Based on the findings of this study; very large number of students prefer 'AAUSC' by its brand name than the quality of service given by the school. This shows 'Addis Ababa University' is the well-known, accepted and massive brand name. Therefore, the university should focus on building the brand name by implementing effective and efficient service recovery mechanisms better than other universities in the country. As you know, currently the competition is very strong on education service.
- ❖ Based on the findings of this study distributive justice, Interactional justice and procedural justice have causality relationship with the overall customer satisfaction successively from first to third. Therefore, AAUSC should provide serious attention to improve the implementation of service recovery starting from registration of students up to the final end-to-end follow up.
- ❖ As per the finding of this study, the most important dimension is interactional justice, followed by procedural and distributive justices. This implies interactional justice is very essential service recovery dimension where as distributive justice is least important for AAUSC. Therefore, the university should give serious attention for interactional justice. In the context of service recovery, Interactional justice means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service firms during the recovery process (Sparks & McColl-Kennedy, 2001). This may lead to achieve the '75 years of excellence in building the nation's

human capital' by AAUSC from 1943-2018G.C.(Book of 75th Anniversary of AAU School of Commerce).

- ❖ Based on the findings of the study, the three service recovery dimensions have their own contribution to the overall customer satisfaction. Based on the results distributive justice is the major contributor, interactional justice is the second and procedural justice is the third (least) contributor to boost customer satisfaction in the case of AAUSC. Hence, AAUSC should give serious attention to minimize the service failure frequency by giving quality education service in all aspects. Then, the university should tend to design effective service recovery strategy. “An effective service recovery strategy has multiple potential impacts. It can increase customersatisfaction and loyalty and generate positive word-of-mouth communication. A well-designed, well-documented service recovery strategy also provides information that can be used *to improve service as part of a continuous improvement effort*”(Wilson, 2008, p. 371).
- ❖ To minimize service failures the key solutions for school of commerce should be increasing the quality of educational services by empowering all staffs of the school, digitalization of all its services to boost satisfaction of customers and management of the school should take proactive measures. That is why today’s managers should be proactive not reactive.

5.3. Limitations and Directions for future research

The first limitation of this study is it includes only undergraduate regular and extension students of school of commerce by excluding masters and distance education programs.

The other limitation of this study is focusing only in Addis Ababa University specifically school of commerce. This makes it difficult to know the position of AAUSC in relation to other competing universities in the country.

Future studies may consider the situation of other private and governmental universities in Ethiopia. Assessment of different universities will offer findings that are more comprehensive.

Future researchers may also avoid all the limitations of the study in their researches to get a better outcome that can be applicable in the broad context and will lead to derive better education policy measures.

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Appendix-A

Addis Ababa University School of Commerce
Department of Marketing Management
Post Graduate Program

Dear respondents;

This questionnaire is prepared to gather data for research entitled “Assessment of service recovery on customer satisfaction: The case of Addis Ababa University School of commerce”.

The information is solicited for the partial fulfillment of a Master of Arts Degree in Marketing Management at Addis Ababa University School of Commerce. All the information you provide will be kept confidential and used only for academic purpose.

As a student of the university (AAUSC) who has faced service failure and recovery, you will have valuable insights, which can assist this research for the achievement of the study objectives. Your cooperation is highly appreciated. It is not necessary to write your name. I would like to thank you in advance for your kind cooperation in filling this questionnaire.

If you have any question regarding this questionnaire, please contact me:-

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Part 1: General Information

Instruction: -please put a tick mark ✓ on the appropriate response category against each Question or write your answer on question that requires an explanation on the free space provided.

1. Gender

Male Female

2. Age group

18-23 24-29 30-35 more than 35

3. Reason for choosing AAUSC

Brand name Quality service suddenly

Others? Please specify-----

4. In which year do you learn now?

First year Second Year Third year Fourth year

5. Have you ever encountered any service failure?

Yes No

6. Please indicate the service failure you encountered (you can select more than one).

Delay on grade report Delay on registration Communication problem

Grade report error Discomfort on library service Instructors performance

Delay of decision by management body of the school star staffs miss conduct

Facility and infrastructure problems of AAUSC Problem on learning and teaching process in AAUSC other service failures? Please specify.....

7. What kind of response did you get from the university (School of commerce) on the spot?

I received an apology I received an explanation about the failure

I received compensation nothing received

Others? Please specify-----

8. Have you been compensated for the failure?

Yes, I have been compensated No, I have not compensated

9. If the answer for the above question is “yes” did you get the compensation on time?

Yes, I received my compensation on time

Part 2: - Service recovery dimensions

Instructions: -please indicate your degree of agreement or disagreement against each question by **encircling the appropriate number (where, 1=strongly disagree; 2=disagree; 3=neutral; 4=agree; 5=strongly agree).**

Distributive Justice

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

S/no	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
10.1	The treatments I received are fair considering the efforts made by the university to make me happy	1	2	3	4	5
10.2	The compensation I received in response to the failure was adequate	1	2	3	4	5
10.3	I received what I deserved	1	2	3	4	5
10.4	When I choose Addis Ababa University-school of commerce I expected quality educational service and I was treated exactly I wanted it	1	2	3	4	5

Procedural Justice

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

S/no	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
11.1	The policies and procedures are simple and adequate	1	2	3	4	5
11.2	The university's policies and procedures are flexible	1	2	3	4	5
11.3	The policies and procedures fits with the problems I encountered	1	2	3	4	5
11.4	The university's policies and procedures considered my right and obligation while handling the inconvenience	1	2	3	4	5
11.5	The time taken to solve my problem was up to standard	1	2	3	4	5

Interactional Justice

12. How did the university's personnel handle the failure?

S/no	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
12.1	The employee(s) apologized for the failure and handled my case in a professional way	1	2	3	4	5
12.2	The personnel gave me an honest explanation for my questions	1	2	3	4	5
12.3	The employee(s) treated me with care during the overall process	1	2	3	4	5
12.4	The employee(s) were polite and willing to help	1	2	3	4	5
12.5	The employee(s) were patient, confident, and empowered	1	2	3	4	5
12.6	The personnel were understanding, respectful and go extra mile to solve my problem	1	2	3	4	5

Level of importance of major dimensions of the service recovery:-

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

13.1 The efforts of the university's personnel to handle the problem _____

13.2 The university's policies and procedures used to handle the failure _____

13.3 The final service recovery outcome _____

Part 3-Overall satisfaction

14. Are you satisfied with the overall service failure handling process?

S/no	Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
14.1	I am satisfied with the outcomes of the service recovery	1	2	3	4	5
14.2	I am satisfied with the interactions I had with the personnel of the university during the overall process	1	2	3	4	5
14.3	I am satisfied with the policies and procedures used to handle my problem	1	2	3	4	5
14.4	I am satisfied with the overall service recovery process	1	2	3	4	5

Appendix-B

Addis Ababa University
School of Commerce
Regular Undergraduate Students
First Semester 2017/2018 E.C

Department	Year 1	Year 2	Year 3	G.Total
Accounting and Finance	74	50	74	198
Business Adm& Information system	41	39	45	125
Management	37	42	53	132
Economics	35	41	48	124
Logistics & Supply chain management	27	25	30	82
Administrative service mgt	0	0	3	3
Marketing Management	41	40	42	123
Total	255	237	295	787

Appendix-C

Addis Ababa University
School of Commerce
Extension Undergraduate Students
First Semester 2017/2018 E.C

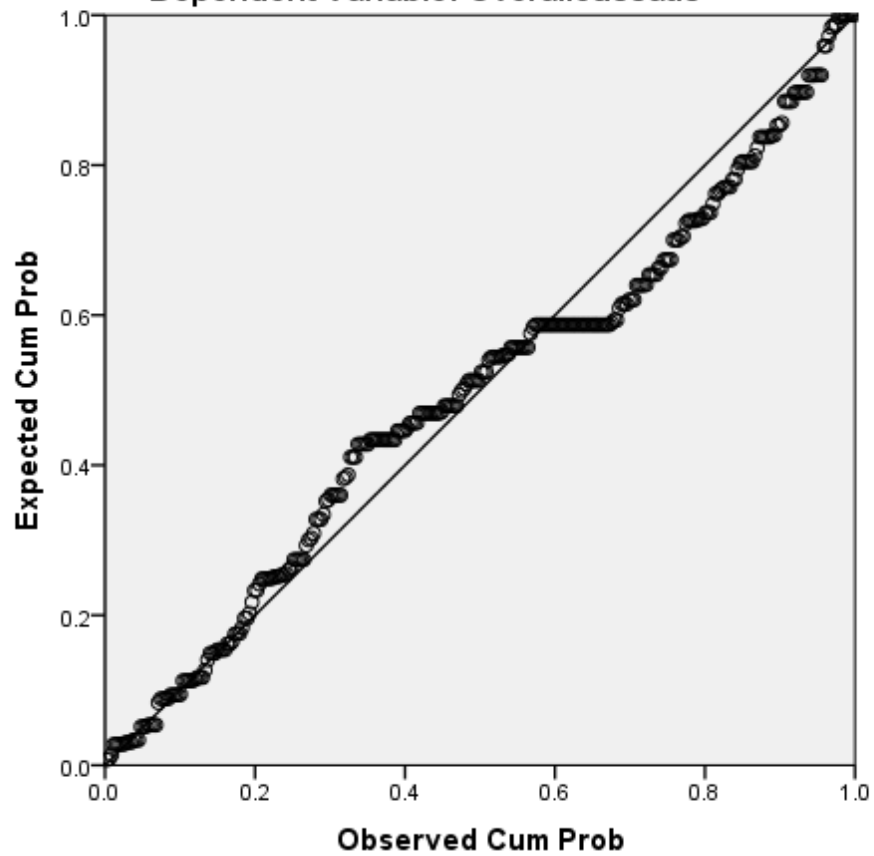
Department	Year 1	Year 2	Year 3	Year 4	G.Total
Accounting and Finance	193	262	188	163	522
Business Adm& Information system	101	80	49	103	333
Management	66	58	6	12	142
Economics	44	8	7	7	59
Logistics & Supply chain management	41	0	0	15	56
Marketing Management	158	127	75	58	418
Total	603	535	325	358	1530

Appendix-D

Linearity Test

Normal P-P Plot of Regression Standardized Residual

Dependent Variable: Overallcussatis



Appendix-E

