ADDIS ABABA UNIVERISITY SCHOOL OF COMMERCE

GRADUATE STUDIES IN MARKETING MANAGMENT.

THE EFFECT OF SERVICE RECOVERY ON CUSTOMER SATISFACTION; A CASE OF ETHIO TELECOM

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A PROJECT SUBMITTED TO DEPARTMENT OF MARKETING MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIRMENTS FOR THE DEGREE MASTERS OF MARKETING MANAGMENT

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May, 2016 Addis Ababa Ethiopia

Letter of Declaration

I, the under signed, declare that this project entitled “The Effect of Service Recovery on Customer Satisfaction, in the case of Ethio-telecom” is my original work and has not been presented for a degree in any other University, and that all the sources of material used for the project have been duly acknowledged.

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List of tables and charts

List 0f acronyms and abbreviations	
ADSL	Asymmetric Digital Subscriber Line
AU	African Union
BB	Broadband
CDMA	Code Division Multiple Access
CPE	Customer Premises Equipment
CSR	Customer Service Representatives
DRMAS	Digital Radio Multi Access System
EEC	European Economic Commission
ET	Ethio Telecom
ETA	Ethiopian Telecommunications Authority
ETC	Ethiopian Telecommunications Corporation
EU	European Union
EVDO	Evolution Data Optimized
FWA	Fixed Wireless Access
GOTA	Global Open Trucking Architecture
GSM	Global System For Mobile Communication Service
HF	High Frequency
IS	Information System
ISDN	Integrated Services Digital Network
LAN	Local Area Network
MVPN	Mobile Virtual Private Network
NGCC	Next Generation Call Center System
NGOs	Non Governmental Organizations
NNOC	National Network Operations Center
PTO	Public Telecommunications Operator
SME	Small And Medium Enterprises
SMS	Short Messaging Service
SOHO	Small Office Home Office
TT	Travel Ticket
UNECA	United Nations Economic Commission For Africa
VPN	Virtual Private Network
VSAT	Very Small Aperture Terminal
WCDMA	Wideband Code Division Multiple Access

Acknowledgement

First and foremost, I would like to extend my praise to almighty GOD for his blessing throughout my life. Secondly, I would like to extend my deepest gratitude to my advisors Dr. Rakshit Negi and Tewodros Mesfin for their valuable comments, their close advice and empathy throughout this study.

I would also like to thank all ethio telecom employees who were really diligent and cooperative in providing me the information that I have asked them and , thank you all for your patience and cooperation.

Finally, I would like to give my special thank to my family and to the research participants who were willing to fill the questionnaires during the data collection.

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Abstract

This study sought to explore service recovery and customer satisfaction relationship with Ethio telecom as a case study. With the general objective of investigating the service recovery with perceived justice as a measurement by the customer's perspective procedural, interactional and distributive justice and its effect and its significance on the customer satisfaction The researcher collects data based on theoretical considerations and deduces a hypothesis based on these considerations and adopt a quantitative approach design by using stratified sampling and questioner as a data collecting tool.

A sample size of 376 respondents was used for this study. The study revealed a significant positive relationship between service recovery based on perceived justice and customer satisfaction, and found a positive correlation between service recovery and customer satisfaction. As the finding of this paper service recovery plays an important role in determining customer satisfaction all the steps followed from registration to follow up of the failed service has a direct impact on the customer satisfaction. By using these results the researcher recommends The Company should monitor the application of working processes in order to satisfy customers .Each step set in the recovery processes should be monitored regularly and corrective action should be made to avoid tasks done without fulfilling the required steps. The monitoring should also focus on updating working processes based on the current resources and capabilities of employees. In addition the study contributes to extant literature on service recovery from developing country perspective.

Key words: Broadband (BB), service recovery, customer satisfaction,

Chapter 1

Introduction

1.1. Background of the study

This chapter presents an introductory discussion of Service recovery and customer satisfaction, service recovery system o eEhio-telecom, along with identification of the research gap which lead to the purpose of this thesis. Finally, delimitations, and overview of the thesis outline are elaborated.

Service Recovery involves actions taken by an organization in response to service failure (Zeithaml & Bitner, 2009). be effectively carried out to reduce the damage in relationship and to pacify the dissatisfied customer. It has also been suggested that effective service recovery had led to higher satisfaction compared to service that had been correctly performed on the first time (Etzel and Silverman,1981; McCollough and Bharadwaj, 1992).

Nevertheless not all service recovery efforts will lead to increased satisfaction ratings as several studies like Michel et al (2009) studied the causes of the frequent failure of service recovery to restore customer satisfaction. Michel and Meuter (2008) tested the existence of the recovery paradox: if a recovery is well executed, the customer will return to his previous level of satisfaction or even surpass it. Magnini et al. (2007) reported that service recovery is only
Successful if customers do not consider the failure severe and are positively surprised by recovery actions. To structure the process of service recovery, Michel (2001) and
Johnston and Clark (2008) proposed dimensions related to problem recognition,
Empathy and apology; the solution to the problem, the speed of recovery and
Empowerment. have already shown. The key is to understand that there are certain situations when it is highly likely that a service recovery will lead to increased customer satisfaction.

Service recoveries that are likely to be efficient are obviously those where the service failure is perceived to be not systematic or that the company has little control over it. But even in cases when there is a systematic failure and the company has control over the failure, there is a benefit when service recovery activities are put into action to ensure that one can win back customers and that the source of failure is eliminated , magnini et.al (2007).

Since the emergence of the Internet, broadband is being viewed as the most significant evolutionary step in communication technology sector. It is considered to be a technology that will offer end users with fast 'always on' access to new services, applications and content with real lifestyle and productivity benefits.

The former Ethiopian Telecommunication Corporation (ETC) launched a nationwide BB multimedia and Internet network project that was inaugurated in June 2004. Initially these installed network access was being commercialized only to enterprise customers in Addis Ababa and other regional towns. However, following the transformation of ETC to ethio telecom in 2010, residential BB Internet services were lunched in different packages such as mobile Internet via Evolution Data optimization (EVDO), 3G, 4G and Fixed BB Internet (ADSL).

BB Internet has different advantages to enterprise customers by providing better access to entire world they can manage their work and social connectivity. Now a days, many people subscribe to BB Internet in order to work at home instead of travelling and can perform conveniently using the faster access of Internet offered via BB. Therefore, the greater the perception of BB usefulness for work or residential related activities, the more likely that BB technology will be adopted in the home (Dwivedi & Williams, 2009).

As Ethio telecom is the only telecom service provider in the country if service failure exists it is the one that supposed to fix by the information gathered from its call center 994. The researcher try to find researches made on this company but there are no researches regarding the effect of service recovery with ther antecedents like distributive justice, procedural justice and interactional justice and customer satisfaction.

1.2. Statement of the problem

Consumer satisfaction as an individual's subjectively derived favorable evaluation of any outcome and/or experience associated with consuming a service Maxham (2001). Satisfying customer's 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). Particularly in the case of telecom service, where there is frequent service failure occurred cause by network problem and others, . Thus service recovery is a valuable marketing tool which constitutes a second chance for the telecom industry to satisfy the customer. Studies have shown that the outcome of service recovery, whether it is positive or negative, will strongly influence the customer's image of the service provider.

Satisfactory service recovery does contribute to customer retention/loyalty/commitment and other beneficial outcomes, such as positive word-of-mouth communication, trust, enhanced perceptions of the firm's competence, and a favorable image in terms of perceived quality and value. In fact effective service recovery is very profitable. On the other hand, failure to ensure customer satisfaction through service recovery could lead to a decline in customer confidence, lost customers, negative word-of-mouth, possible negative publicity, and the direct cost of re-performing the service (Berry and Parasuraman, 1991).

Ethio telecom is striving to provide quality and variety of telecom services to its customers. As the number of its customers grows overtime, their need for support from the company also increases. The support varies from pre sales to post sales support. Maintaining service related failures is one part of the post sales support the company provides to its customers.

Since Ethio telecom is the sole telecom service provider in the county, losing customers will not be an issue to the organization's failure in service recovery. Rather customers' dissatisfaction, decline of customers' confidence on the company and negative word of mouth could be the outcome of bad service recovery system, and should be avoided.

The research problem stated by this study aimed to investigate the service recovery performance of Ethio telecom which has a direct impact on customer satisfaction (especially of enterprise customers)who subscribe broad band internet service from the company.

However, despite the efforts of Ethio telecom, rate of occurrence of failures is increasing. And perceived to be affecting customers' satisfaction. Therefore this study explores effective dimensions of recovery system with a view to improve Ethiotelecom's customers perception.

1.3. Basic research questions

1. How we can relate service recovery and customer satisfaction?
2. In what manner distributive justice affect customer satisfaction?
3. How does procedural justice affect customer satisfaction?
4. Does Interactional justice affect customer satisfaction?

1.4. Objectives of the study

1.4.1. General objective

The general objective of the research is to investigate the service recovery system and its effect and its significance on the customer satisfaction in the context of Ethiotelecom.

1.4.2. Specific objectives

1. To examine the relationship between service recovery and customer satisfaction.
2. To assess the effect of distributive justice on the customer satisfaction.
3. To examine the effect of procedural justice on the customer satisfaction
4. To assess the effect of interactional justice on the customer satisfaction.

1.5. Significance of the study

The study has more significant to other service provider whether they are state owned or not it will give them a clue on service recovery the satisfaction of their customers and in addition this study is going to give great significance as it provides a plan of action, which if employees of telecom service providers adopts will assist him/her to be at a better position to resolve issues related to services recovery. This study provides basic suggestions to anticipate service failures as it occurs.

1.6. Scope of the study

The study is undertaken to assess the level of Broadband service recovery performance of Ethio Telecom. The scope of the study is limited to enterprise broadband subscribers found in the capital city, Addis Ababa.

1.7. Organization of the paper

The research consists 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 literature. Chapter three presents methodology chapter four is about data analysis and results. Finally chapter five deals with conclusion and recommendation. The references and appendix are presented at the end of the paper.

1.8. Definitions

Service recovery: refers to the actions a provider takes in response to a service failure (Stefan Michel, David Bowen and Robert Johnston (2006))

Customer Satisfaction: :is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations..(Kotler (1997).

Distributional fairness: the manner in which inputs and outputs are divided between the parties: in other words, what specific outcome (output) has been offered to the customer to recover from the service failure and whether this outcome offsets the costs (input) of the service failure,Ruyter and Wetzels (2000).

procedural fairness, represents the fairness of the process that leads to a certain outcome and aims to resolve conflicts (Tax et al 1998).

Interactional justice: The third component of perceived justice, as “dealing with interpersonal behavior in the enactment of procedures and the delivery of outcomes, Tax et al. (1998)

Chapter 2

Review of Related Literature

This chapter presents Ethio-telecom's company profile with its recovery system, and existing academic literature on the chosen subject. It provides definition and elaboration on the main concepts of service marketing ,service, service recovery ,service recovery paradox, steps of service recovery, the satisfactory and dimensional nature of service recovery, customer satisfaction and its determinant, relationship between service recovery and customer satisfaction , and finally the conceptual framework of the literature.

2.1. Company Profile and service recovery system of Ethio Telecom

Company Profile

The introduction of telecommunications services in Ethiopia dates back to 1894, when Minelik II, the King of Ethiopia, introduced telephone technology to the country. However the first Ethiopian pioneer of telephony was his cousin Ras Mekonnen who came back with telephone apparatus in 1889 after his visit of Italy and established a company. The company was placed under government control at the beginning of the twentieth century, and was later brought to operate under the auspices of the Ministry of Post and Communications. In 1952, telecommunications services were separated from the postal administration, and structured under the Ministry of Transport and Communications. The Ethiopian Telecommunications Corporation is the oldest Public Telecommunications Operator (PTO) in Africa.

Under the Dergue Regime the Ethiopian Telecommunications was reorganized as: Ethiopian Telecommunications Service from October 1975 to February 1981; and Ethiopian Telecommunications Authority (ETA) on January 1981. It retained this name until November 1996. The Ethiopian Telecommunications Service as well as the Ethiopian

Telecommunications Authority (ETA) was in charge of both the operation and regulation of telecommunications service in Ethiopia.

The Ethiopian Telecommunications Authority was replaced by the Ethiopian Telecommunications Corporation (ETC) by regulation number 10/1996 of the Council of Ministers to which all the rights and obligations of the former Ethiopian Telecommunication authority were transferred to the Corporation.

Source: company's documents, website of Ethiotelecom www.ethiotelecom.et

There are 966 public service stations and exchanges across the country. The number of rural kebeles - the lowest administrative unit - with telephone access increased from only 60 in 2004/05 to 8 676 in 2007/08, and the target is to provide access to telecom services to all 15 000 rural kebeles by 2010. By the end of 2007/08, the number of cellular telephone (mobile) subscribers increased nearly five times from the 2004/05 level, reaching 1 954 527; the number of broadband customers reached 1 496, up from only 65 in 2002/03; and the dial-up Internet subscribers were 34 110, almost twice the number in 2004/05. Tele density, excluding mobile phones, has tripled since 2000/01 to reach 1.23 per 100 households in 2007/08. Including mobile phones, tele-density reached 3.88 in 2007/08 from only 0.48 in 2000/01.

In 2005, ETC installed a national fiber optic backbone comprising 4 000 kilometers radiating out in six major directions from the capital (to Dire Dawa, Djibouti, Dessie-Mekele, Bahir Dar-Nekemte, Jimma and Awassa), laying a foundation for delivering current and future services including digital radio, TV, Internet, data and other multimedia services. In order to increase the service capacity, reliability, quality, speed and size of data transfer, ETC transferred from narrowband to broadband service in January 2005. The introduction and installation of broadband Internet, broadband VSAT and broadband multimedia infrastructure are among the major achievements of the past 12 years. Currently there are 1 318 submarine gateway circuits that connect Ethiopia with the rest of the world.

In 2010, the Company was further restructured from Ethiopian Telecommunications Corporation to Ethio Telecom with a Divisional type of Structure by the so called "France Telecom" nominal management.

Services and Products

Ethio Telecom provides fixed line telephony, mobile telephone and Internet and multimedia services. ETC uses satellites, digital radio multi access system (DRMAS), Very Small Aperture Terminal (VSAT), Ultra High Frequency (UHF), Very High Frequency (VHF), long line and high frequency (HF) radio networks.

The Fixed line Product Lines include Fixed Line Telephone (PSTN), Fax and Fixed Wireless (CDMA 2000 Wireless both pre and post paid) services; Mobile Product Line only comprises Pre and Post paid Mobile telephony services and the associated Mobile/GPRS internet and other Values Adding Services. Whereas the internet and data services include narrow and broad bands in the form of wireless or wired lines. ET provides different types of Internet services including dial up, leased line and shared DSL Internet services to government organizations, private and commercial companies, international institutions and individuals.

Source: company's documents, website of Ethiotelecom www.ethiotelecom.et

The broadband Internet services uses asymmetric digital subscriber line (ADLS) and fixed wireless access (FWA) technologies.

Some of the uses of VSAT in Ethiopia include School Net (services providing high schools with standard educational programs through television), Woreda Net services (connecting the woreda centres of the country - the administrative unit higher than kebele - with the federal government and with each other using Internet, data, video conferencing and voice services; and Health Net (for the provision of a wide range of information services that are crucial to health care by connecting healthcare professionals throughout the country). Apart from this, Ethiopia has signed dual international roaming agreements with 144 countries in order to increase its international roaming service. ETC has also started providing roaming services to foreigners coming from countries where the Corporation has made an international roaming agreement.

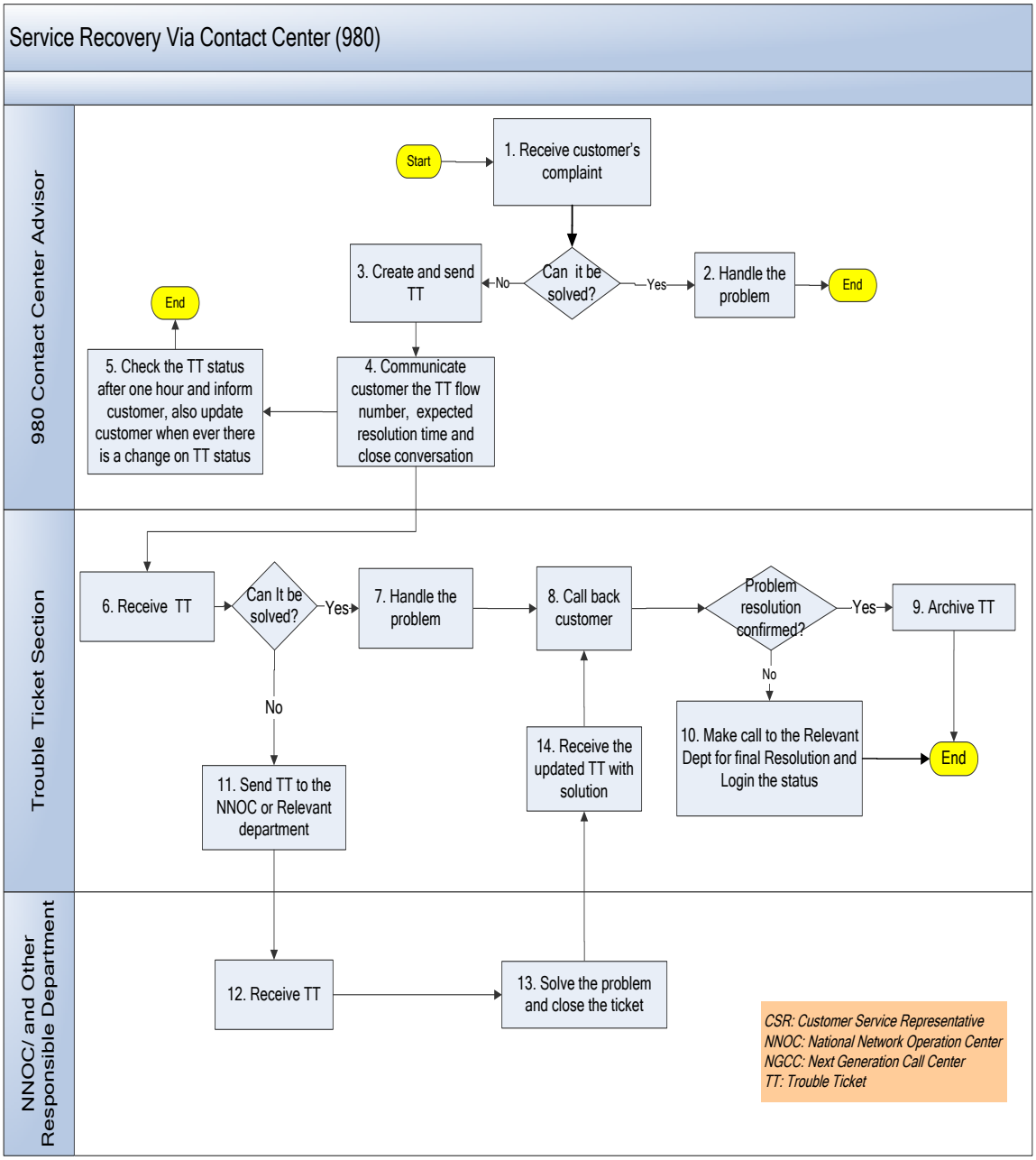
Service Recovery Processes of Ethio Telecom

The company has developed and implemented different working processes and procedures on how to handle service failures and provide prompt solution to enterprise customers. The processes detail different service recovery mechanisms which start from receiving customers' complaint to solving the service failure. Customers can report service failure through different methods like by calling to 980 contact center, going to point of sales or enterprise business centers or informing enterprise sales executives and other methods.

One of the major routes of reporting service failure for enterprise customers is 980 contact center service. The contact center is mainly focused on providing information to enterprise customers. Besides this task, the contact center also receives customers service failure related complaints and escalate to the concerning department for solution.

Below is a specific process of handling service failure complaints via contact center.

Source: company's documents, website of Ethiotelecom www.ethiotelecom.et



The above process flow diagram depicts a typical Enterprise customers' problem handling steps related with service failure reported via 980 contact center. The process shows the responsibility of each section in the service recovery process.

The 980 contact center advisors will receive and try to solve customers' problem, if it is possible by their level of knowledge and resources. Most of the time contact center advisors

Provide first level assistance related with giving solutions for minor cases and information related requests. If the problem cannot be solved at the front level, the 980 contact center advisor

will escalate the case to trouble section. Trouble ticket section is responsible to create and send trouble tickets, which holds the detail information of the customer and the primary problem analysis report.

Based on the created trouble ticket, network or other related departments will contact the customer and solve the service failure. After problem resolution the customer will be contacted to assess the status of the recovery process.

There are also other working processes for complaints come through point of sales, business centers and sales executives. All of them are similar with the above standard working process with the exception of actors which will receive complaints. In order to provide quick response to customers, there exist inter departmental service level agreements. This inter departmental service level agreement specifies the maximum time period required to solve a specific problem after the failure is escalated to each department in each stages. This helps to perform tasks in a quick manner.

Within the enterprise customer category, there exists one group called top 50 customers, which get special treatment in the service recovery process. The top 50 customers have dedicated customer service personnel who follow up the recovery process. Most of the top 50 customers are big governmental organizations like Prime Minister Office and other minister offices, all banks, international organizations like African Union, UNECA and big embassies like USA, and Universities etc.

Source: company's documents, website of Ethio telecom www.ethiotelecom.et

The service recovery process for those customer categories include quick problem escalation to the problem solving departments and continues contact with the customer to check the status of the process.

In addition, some enterprise customers like Wogagen Bank signs a service level agreement, which forces the company to provide prompt recovery tasks when service failure occurred. If ethio telecom fails to provide appropriate solution at the stated time, it will be forced to pay a

penalty amount to the bank for failing to recover the service. And also the bank is charged with a special payment method for the provided service from ethio telecom.

Although the reviewed working processes show that solving enterprise customer service failure is a smooth and coordinated action, when it comes to implementation there exists many problems. As the processes show the recovery process involves different departments and sections of ethio telecom with continues communication patterns in order to solve the stated problem. In application gaps exist between departments which result in slow recovery process.

Source: company's documents, website of Ethiotelecom www.ethiotelecom.et

2.2. Theoretical Review

2.2.1. Service marketing

Service marketing focuses on selling the services in the best interest of users/customers. It is concerned with a scientific and planned management of services which makes possible a fair synchronization of the interests of providers as well as the users. Services are important segment of all economies and they become increasingly more everyday life as economies develop. The size of service sector is increasing in all economies around the world ,potluri, (2010)

2.2.2. Service

Kotler (1997) defines service as follows:

Service is any act or performance 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.

Mathe and Shapiro (1993) define service as follows:

Service is all of the activities undertaken by the firm to provide value in use over time, Measured by increased customer satisfaction with a tangible product or series of products.

Services have four unique characteristics:

intangible; more difficult to define and subject to alternative expectations and perceptions,

heterogeneity; subject to human variability and often the customer is involved, perishability; once a service has been created, it has no value and Inseparability of production and consumption; consumed as it is produced. As the consumer and customer are frequently used as parallel terms, in the present study the terms are clarified (Parasuraman and Grewal, 2000a) in that the customer is an individual or business entity that buys the product and pays for it. The consumer is a person who uses or consumes the product. Maister (1997) discovered that service companies have in general the same mission statements. Every service company must be able to satisfy three goals: to deliver outstanding customer service, to fulfill employee satisfaction, and to achieve financial success.

The important aspects of the service business process are as follows: the business process consists of a series of simultaneous and sequential activities that are performed by different actors; there are no clear boundaries between the different actors and input to and outputs from the process are time-wise inseparable. Customers can play several roles in which customer supports the business process. There does not seem to be a misfit in developing customer oriented market strategy and increasing productivity at the same time, but this frequently requires the manager to take a broader perspective on the company (Storbacka, 1992).Mathe and Shapiro (1993) define product in terms of three critical aspects: physical, tangible or technological, and intangible. In time, both the tangible or technological and the intangible may change as the way in which the product is used and the environment in which it is used changes. They also separate services into two main categories: Encouraging or facilitating the sale of a product and Services that are intended to increase the benefit to the customer when using the Product, or the customer's satisfaction while using the product. The later definition is more frequently used in the after sales environment. Services have been an integral part of companies' marketing mix (Wellemin, 1984). Quality service is frequently realized well when it is missing than when it is present. Wellemin (1984) argues that one of the most important aspects in influencing customer's perception is to try to convince customer that the supplier cares about him/her. It is important to

keep the customer updated of the possible changes that take place. Services create an increasing proportion of company profits in many industries.

2.2.3. Definition and Purpose of Service Recovery

The service firm's true test of commitment to service quality and customer satisfaction depends on how it responds after a service failure (Zemke and Bell, 2000

One way to think about service recovery is that it is a positive approach to complaint handling. Complaint handling has serious negative connotations; whereas, service recovery has positive connotations for it is a proactive solution to service failures. Complaint handling is placating/appeasing people, minimizing a negative. Service recovery practices are a means to achieve the potential, latent value a customer holds for a company by fostering an ongoing positive relationship. Service recovery has a secondary value. It creates positive word-of-mouth about your company and minimizes the bad spin that lack of service recovery practices can create.

Service recovery refers to the actions a provider takes in response to a service failure, (gronroos, 1988) a failure occurs when customers' perceptions of the service they receive do not match their expectations. According to this definition, service recovery is not restricted to services industries. These Authors' assessments of empirical researches show the reasons for Service Recovery Engagements are:

Dealing with problems effectively constitutes the most critical component of a reputation for excellent (or poor) service for a broad range of industries. (johnston2001)

Any company that serves external or internal customers must accept that failures happen and institute systems and processes to deal with them.

Because bad service experiences often lead to customer switching (keaveney,1995)

To prevent a loss in customer lifetime value (rust,zeitmal,&lemon,2000).

Favorable recovery has a positive impact on customer satisfaction(smith,Bolton&wagner,1999)

To get favorable word-of-mouth behavior(maxham,2001)

To earn customer loyalty and, (bejou&palmer,1998)

Eventually, customer profitability (hart,heskett &sasser 1994)

The goal of service recovery is to identify customers with issues and then to address those issues to the customers' satisfaction to promote customer retention. However, service recovery doesn't just happen. It is a systematic business process that must be designed properly and implemented in an organization. Perhaps more importantly, the organizational culture must be supportive of idea that customers are important and their voice has value.

The process property implementing with production and consumption of service product makes service failure inevitable, so the "zero failure" of service quality will never happen, and the service industry has to face the problem how to make customers "secondary" satisfaction when failure occurs in the service (Qing Cong and Jianbo Fu, 2008).

According to the same authors findings', although some studies show that good initial service is better than an excellent recovery, other empirical work suggests that an excellent recovery can lead to even higher satisfaction and loyalty intentions among consumers than if nothing had gone wrong in the first place; and the latter phenomenon is usually referred to as the "service recovery paradox"

2.2.4. Service Recovery Paradox

If a recovery is well executed, the customer will return to his previous level of satisfaction or even surpass it Michel and Meuter (2008). Magnini et al. (2007) reported that service recovery is only successful if customers do not consider the failure severe and are positively surprised by recovery actions. To structure the process of service recovery, 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 that 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 to be customer retention strategies (Halstead et al. 1996).

The term “recovery paradox” (McCollough and Bharadwaj 1992) refers to situations where satisfaction and repurchase rates of recovered customers actually exceed those of customers who have not encountered any problems (Blanchard 1993; Oliver 1996)

2.2.5. The Steps of Service Recovery

The service recovery process consists of the following five steps:

1. Apologize.: Start by telling the customer , personally and sincerely, "I'm sorry." customers don't care whose fault the problem was - they want someone to champion their cause. So sincerely apologize on behalf of the credit union and take responsibility for the error.

2. Listen and empathize: You need to listen, and you need to care. These are the tools for service recovery. Avoid using phrases such as, "I understand" and "I know how you feel.". There is no way you can understand how someone else feels. Instead try, "I can only imagine how you feel.", "That's got to be so frustrating.", or "What an unfortunate situation". Listening and empathizing helps members unwind and feel like they are being understood.

3. Fix the problem: Once made aware of the situation, the employee must do whatever is necessary to resolve the problem, as quickly as possible. One of the most effective ways to move forward is to ask the customer what he or she would like to have happen. To solve problems, employees must be empowered. They must be able to bend and break the rules in order to satisfy the member. However, most of the time, all the customer wants is what they originally asked for.

4. Offer Atonement: A recovery process will be valued by members if it includes, even symbolically, some form of atonement/compensations. "I'd like to make it up to you." The bigger the service problem and the more valued the member, the bigger the atonement will have to be to restore the customer to a state of satisfaction. Providing a refund, gift card or other compensation, depending on the severity of the problem, remains a powerful method for service recovery.

5. Follow-up: A few days after you feel the problem has been fixed, follow up. Call the customer and ask, "Have we fixed everything for you?" and "What else can we do for you?" Make sure they are satisfied.

It is important to create a service recovery process (like above) that includes specifically defined steps that must be followed. Create examples of service recovery with strict instructions for employees to meet or exceed them.

Schoenberg states that all employees should be trained to follow the above five steps. Use real examples of complaints in the training. How would you handle it? What could we have done better? Make sure employees understand the extent of their empowerment. If you want to be able to deal effectively with complaints, it is necessary that you absorb the process. That is something that takes practice, schoenherr (2009).

2.2.6. Nature of Service Recovery

2.2.6.1. The Satisfactory Nature of Service Recovery

According Qing Cong and Jianbo Fu, researches indicated that the service recovery could enhance customers' perceptive value, satisfactory feeling, loyalty and credit, and the satisfactory service recovery is favorable to reduce customers' conversion intention and fluidity (Bitner, 1990,, Brown, 1996, Lewis, 2004, & Cong, 2007, P). McCullough's "service recovery paradox" even pointed out that Customer's satisfaction after service recovery would exceed customer's satisfaction without service failure, which more showed the importance of service recovery (Boshoff, 1999).

According to the same authors, Customer Satisfaction with service recovery is that customer's actual experience to service recovery is better than his expected psychological evaluation and

perception. To confirm customer's expectation for service recovery is the premise and important base to study and establish the strategy of service recovery for enterprises.

2.2.6.2. The Dimensional Nature of Service Recovery

The researches about service recovery expectation in existing literatures involve three dimensional opinions, four dimensional opinions and five dimensional opinions.

A, Three Dimensional Factors: Aiming at aviation service and bank service, Boshoff et al ,put forward the three factors including attribution, apology and empowerment of service recovery expectation by the method of experiment through the investigation through informants, and emphasized that the importance of every factor to the customer is not same, and the attribution of assuming mistake is more important than other dimensions (Boshoff, 1998).

B, Four Dimensional Factors: Through the researches about 700 key service events including Bank, catering, hotel and aviation, Bitner et al found that successful service recovery should include four key factors such as admitting failure, explanation, apology and compensation (Bitner, 1990).

C, Five Dimensional Factors: Bell et al thought that the service recovery should at least include apology, urgent repair, pure-hearted understanding, symbolic compensation and follow. Subsequently, Bell et al put forward another opinion of five factors and thought the apology, fair solution, pure-hearted treatment, compensation, promise and other service recovery modes could be used to eliminate customer's unsatisfactory emotion when they studied the service recovery of training department for enterprise (Bell, 1992).

2.2.7. Customer satisfaction

2.2.7..1 Definition of Customer Satisfaction

Kotler (1997) defines customer satisfaction as follows:

Satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in relation to his or her expectations..

Brown (1992) defines customer satisfaction as:

The state in which customer needs, wants and expectations throughout the product or service's life are met or exceeded resulting in repeat purchase, loyalty and favorable Word-of mouth. According to Jones and Sasser (1995).

Four basic elements affect customer satisfaction. They are:

- The basic elements of the product or service,
- Basic support services,
- A recovery process for counteracting bad experiences, and
- Extraordinary service.

There are many definitions of the key elements of the services, but this one is considered appropriate in the context of care or after sales services. Jones and Suh (2000) differentiate between transaction-specific satisfaction and overall satisfaction. Overall satisfaction is based on the information from all previous experiences with the service provider and is viewed as a function of all previous transaction-specific satisfactions (Teas, 1993,

Customers perceive service in terms of quality, but how satisfied they are with the overall experience, is what defines their satisfaction. Kotler et al, 2006) points out that whether the buyer is satisfied after purchase depends on the offer’s performance in relation to the buyers expectations. However, according to Zeithaml et al, 2006) although service quality and customer satisfaction are used interchangeably, there is indeed a distinction. Customer Satisfaction is when the outcome of the service matches the expectations of the service. As pointed out by

Looy et al, 2003), even though they differ one is a component of the other. Zeithaml et al, 2003) defines it the customer's evaluation of a product or service in terms of whether the product or service has met his needs or expectations. Failure to meet needs results in dissatisfaction, or a poor perception of the service quality.

Satisfaction can be acknowledged in various senses depending on what needs the customer had before the service; it ranges from feelings of fulfillment, contentment, pleasure, delight, relief, and ambivalence. Although it tends to be measured as a static quantity, it is dynamic and evolves over time being influenced by a variety of factors. Service quality is one of those factors that contribute to customer satisfaction, in other words a component of customer satisfaction measure. As Looy et al, 2003), points out the distinction between the two is a very important one. The level of customer satisfaction is the result of the customers comparison of the service quality expected in a given service encounter, with the perceived service quality.

In addition, the distinction is that in measuring customer satisfaction, the actual experience of the customer is the basis of assessments while in service quality measurement the customer experience is not required. According to Zeithaml et al, 2006), satisfaction or dissatisfaction is a measure or evaluation of a product or service's ability to meet a customer's need or expectations. If the customers of an organization are satisfied by their services the result is that, they will be loyal to them and consequently be retained by the organization, which is positive for the organization because it could also mean higher profits, higher market share, and increasing customer base. According to Grönroos (2001), "Through improved customer retention and more cross-sales, this can be expected to have a positive effect on profit."

2.2.7.2. Determinants of customer satisfaction

Customer satisfaction is a measure of many factors from the customer's expectation to the actual experience, but as regarding the nature of services where the product is intangible, many of the factors will depend on the human factor of the service.(Looy et al 2003), further spells out other factors that also determine it:

a) Product and service features: by the customer's evaluation of the product or service features.

b) Consumer emotions: the state of a customer's mind also contributes to his satisfaction of a product or service.

c) Perceptions of equity or fairness: their perception of how fair they have been treated influences their perceptions also.

d) Other consumers, family members, or co-workers: the influence of other people based on their reactions or expressions influences the customer's perception also.

e) Attributes of service success or failure: the way the customer perceives the causes of events, since for many services customers take partial responsibility for the way things turn out.

2.2.8 Customer Satisfaction modeling

The nature of customer care is very much service oriented as most goods are consumed at the same time as services are experienced. To satisfy a customer, the supplier needs to have the services that the customer requires (Davidow, 1986). If the customer perceives a service in a certain way, but expected less, then the customer is satisfied, as the formula below shows. People and organizations that use professional services are traditionally prepared to pay high fees for the services, because of the uncertainty, importance, and risk involved. The customer wants to know that they get the required attention. A service firm that is able of project a caring image and backing that image with substance is likely to success (Maister, 1997).

Satisfaction= Perception- Expectation

2.2.9. Relationship between service recovery and customer satisfaction

An appropriate service recovery has positive impact on customer satisfaction. Customer's that face any failure have negative feelings about that firm but after getting better service recovery

they become more satisfied than before. They become loyal after better service recovery. Effective service recovery increases retention rate of employees and increases chance for customers to revisit that place in future (Christine & Klaus, 2003).

Satisfaction has positive relation with both service recovery and fairness after encountered a service failure. If customers get fair service recovery as a response to service failure by some service providers they become more satisfied. But this satisfaction is directly linked with the level of fairness and service recovery provided. When customers become more satisfied and loyal then re-purchase attention increases. quality in services is an essential part of customer satisfaction. Service providers should provide best quality services for the first time but if any failure occurs then fair recovery should be provided to decrease customer's dissatisfaction level, Andreassen (2000). Different dimensions of recovery system have different impact on customer perception. (Mattila, 2001).

2.2.10. Customer Satisfaction with Service Recovery

The service recovery paradox suggests that customers might end up more satisfied after experiencing an excellent recovery than what they were from the start having no service failure. According to McCollough and Bharadwaj (1992), Service Recovery Paradox refers to a situation in which a customers post-failure satisfaction exceeds pre-failure satisfaction. Hart, Heskett and Sasser‟s (1990: 148) academic paper is the most cited about service recovery paradox, stating: "a good recovery can turn angry, frustrated customers into loyal ones. It can in fact create more goodwill than if things had gone smoothly in the first place." Moreover, Hart et al. (1990) show that "doing things right the second time" can turn complaining customers into very satisfied ones. However, there is no guarantee of making a customer satisfied, and how satisfied a customer might become or not become depends on many factors.

2.2.11. Customer Recovery

The vast majority of service recovery literature focuses on customer recovery. We do not attempt to summarize this entire rich body of research herein but instead highlight two key, far-reaching findings. First, perceived fairness is a strong antecedent of customer satisfaction with the recovery effort by the firm. Second, though companies may recover customers after one failure, it is very difficult to recover from multiple failures.

Fairness is key recent contributions show that perceived justice represents a significant factor in service recovery evaluations (Seiders & Berry, 1998; Smith et al., 1999; Tax et al., 1998). Because a report of a service failure implies, at least to some extent, "unfair" treatment of the customer, service recovery must

Reestablish justice from the customer's perspective.

Equity is a fairness, rightness, or deservingness in comparison to other entities, whether real or imaginary, individual or collective, person or non-person (Oliver, 1997).

The perceived justice as a component of equity theory consists of three dimensions:

- **distributive justice,**
- **procedural justice and**
- **Interactional justice (Tax et. al., 1998).**

Based on social exchange theory Adams (1963) argues that distributive justice refers to the role of "equity," where individuals assess fairness of an exchange by comparing their inputs to outcomes. Ruyter and Wetzels (2000) define distributional fairness as the manner in which inputs and outputs are divided between the parties: in other words, what specific outcome (output) has been offered to the customer to recover from the service failure and whether this outcome offsets the costs (input) of the service failure (Greenberg, 1990; Gilliland, 1993). To mend or totally replace the product or re-perform the service, apologies, and compensation (e.g. gratis, discounts, coupons, free upgrades, and free ancillary) are considered typical distributive outcomes (Goodwin and Ross, 1992; Hoffman and Kelly, 2000; Tax et al.1998).

The second component of perceived justice, procedural fairness, represents the fairness of the process that leads to a certain outcome and aims to resolve conflicts (Tax et al 1998). According to Greenberg (1990) it examines the process that is undertaken to arrive at the final outcome. Customers want to have a "voice," in other words, they want to be active (Goodwin and Ross, 1992). Tax et al. (1998) described five elements of procedural justice including process control, decision control, accessibility, timing/speed and flexibility. Laventhal et al. (1980) concluded that procedures must be consistent, unbiased and impartial, representative of all parties concerned and based on correct information and ethical standard to be judged fair. It has also been found that procedural justice is important in service recovery as consumers who might be satisfied with the type of recovery strategy offered but still could be unhappy if the process endured to seek redress were unsatisfactory (Kelley et al., 1993)

Tax et al. (1998) define interactional justice, the third component of perceived justice, as "dealing with interpersonal behavior in the enactment of procedures and the delivery of outcomes." Wirtz and Mattila (2004) demonstrate an apology, perceived helpfulness, courtesy, and empathy as an example of interactional treatment during the service recovery process. According to Maxham and Netemeyer (2002) interactional justice is the extent to which customers feel that they have been treated fairly regarding their personal interaction with service agents throughout the recovery process.

Tax et al. (1998).They further identified five elements of interactional justice: explanation/ causal account, honesty, politeness, effort and empathy. In a service recovery situation, interactional justice would refer to the manner in which the recovery process is operationalized and recovery outcomes presented. This distinction is important as Bies and Shapiro (1987) found that people might view the procedure and outcome to be fair and yet felt being unfairly treated as a result of interactional factors. Other research has shown that the manners in which managers and employees communicate with customers (Clemmer, 1988; Goodwin and Ross, 1992) and efforts taken to resolve conflicts (Mohr and Bitner, 1995) affected customer satisfaction. For instance, when employees apologized for their mistakes, customers often ended up feeling more

satisfied. Heskett et al. (1997) also confirmed that display of empathy, being polite and willingness to listen to customers were critical elements in service encounters.

2.2.12. Process Recovery

Learning from failures may be more important than simply recovering individual customers, because process improvements that influence customer satisfaction represent the most significant means of creating bottom-line impacts through recovery (Hart et al., 1990; Johnston & Clark, 2005; Reichheld & Sasser, 1990; Schlesinger & Heskett, 1991; Stauss, 1993). What seems to annoy, or even anger, customers after a failed service recovery is not that they were not satisfied but rather their belief that the system remains unchanged, which makes it likely the problem will arise again (Johnston & Clark, 2005). One acid test, failed by many organizations (Gross et al., 2007), is the ability to take problem data from customers or staff and turn it into real improvements. Service failures should identify problems and the associated actions that can ensure such failures do not happen again (Johnston & Mehra, 2002).

2.2.12.1. Collect failure data

Three methods to detect service failures emerge from existing literature: Total Quality Management (TQM), Mystery shoppers, and Critical incidents. Most manufacturing companies adopt some tools and concepts associated with TQM (Powell, 1995), as have many service companies (Lovelock & Wirtz, 2007). The most well-known approaches include ISO 9000 certification (Corbett, 2006), the Malcolm- Baldrige National Quality Award (MBNQA) (Lee, Zuckweiler, & Trimi, 2006), and Six Sigma (George, 2003). Although these programs differ in their scope and method, all require firms to monitor and measure service failures. Consequently, firms that apply TQM programs generate valuable

data about service failures. Mystery shopping offers another way to detect problems (Erstad, 1998), because it involves field researchers making mock purchases, challenging service centers with mock problems, and filing mock complaints. For example, the central reservation office of a large hotel chain contracts for a large-scale, monthly mystery caller survey that assesses the skills of individual associates during the phone sales process (Lovelock & Wirtz, 2007). Although these relatively few incidents cannot provide representative and statistically significant results, they help identify error-prone processes. Mystery shopping can also be useful for staff training and establishing service benchmarks. The third approach to gathering service failure data requires customer surveys that explicitly ask about critical incidents (Bitner, 1990; Chung & Hoffman, 1998; Edvardsson & Strandvik, 1999). Critical incident studies combine the advantages of qualitative studies, because respondents describe what happened in their own words, with those of quantitative studies, because they can categorize incidents systematically. Although critical incident studies are well developed (Gremler, 2004), only a few companies use this approach for service recovery management. Such limited applications are surprising, because critical incidents may link more directly to customer behavioral outcomes, such as switching or

recommending, than changes in average satisfaction scores (Bitner, 1990; Chung & Hoffman, 1998; Edvardsson & Strandvik, 1999).

2.2.12.2. Analyze and interpret service failure data

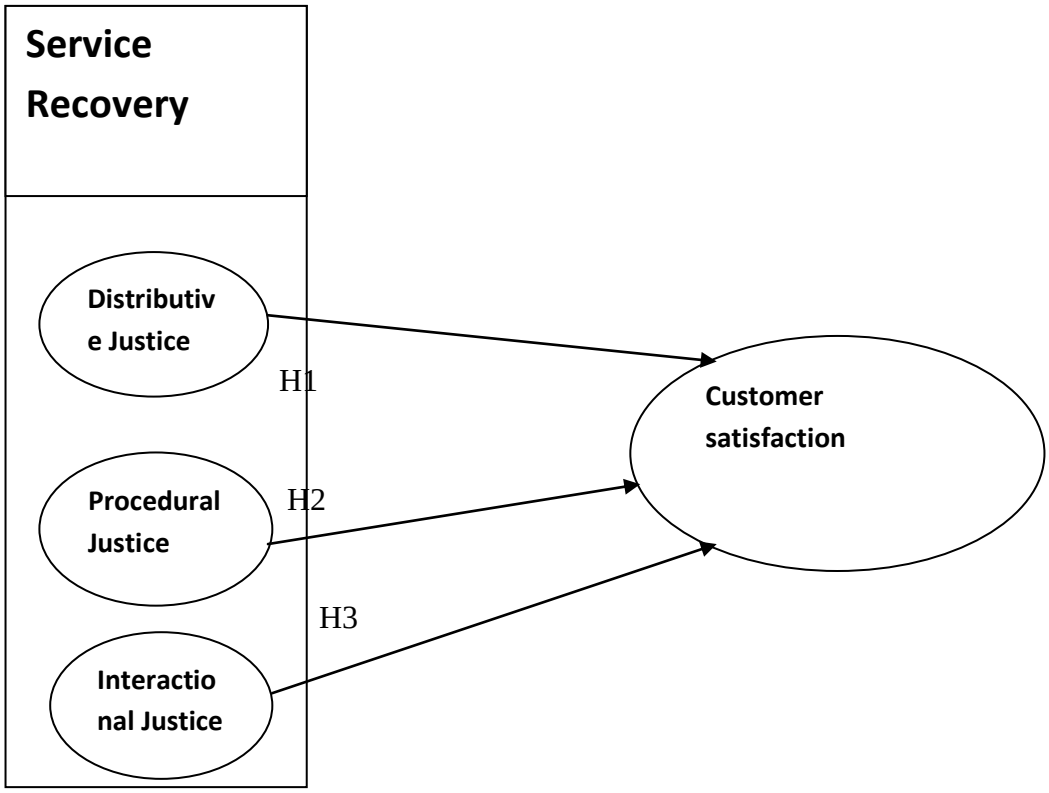
Service firms often suffer from a tendency to over collect but underutilize data (Schneider & Bowen, 1995). Learning from failures moves service recovery away from a transactional activity, interested only in recovering and satisfying an individual customer, toward management activity that improves systems and processes to ensure future customers are satisfied and costs are reduced. Therefore, learning from service failures means improving the service process through traditional operations management improvement techniques, such as the Frequency–Relevancy Analysis of Complaints (FRAC), Sequence- Oriented Problem Identification (SOPI) (Botschen, Bstieler, & Woodside, 1996; Stauss & Weinlich, 1997), or fishbone diagrams. The

FRAC approach help managers prioritize their process recovery efforts by indicating that more frequent problems become more relevant for immediate action, whereas less

frequent or less relevant problems can wait to be addressed (Stauss & Seidel, 2005). In contrast, the fishbone diagram qualitatively links internal problems (causes) with service failures (effects), usually through four steps (Stauss & Seidel, 2005). First, it defines the customer problem, such as, "the phone is not answered." Second, it identifies the main causes (e.g., people, method, machinery). Third, it breaks down the main causes into identifiable problems (e.g., "people are away from the desk, either because they took a break or because of personal reasons"). Fourth, by identifying the most important causes, the fishbone diagram develops a plan of action. Alternatively, using critical incident information, Quality Function Deployment (QFD) tools can be applied to transform problem information into problem solutions and problem prevention activities (Stauss, 1993).

2.3. Conceptual Framework and hypothesis

The study seeks to examine the relationship between Service recovery and Customer Satisfaction;. And from the above literature we can understand that service recovery has a positive impact on customer satisfaction with the variables distributive justice, procedural justice and interactional justice (Anderson, 2000)



H1: Distributive justice significantly and positively contributes to customer satisfaction.

H2: procedural justice is significantly and positively affects customer satisfaction.

H3: Interactional justice is significantly and positively determines customer satisfaction.

Chapter 3

Research methodology

In this chapter, design of current research and the methodology used to conduct the study is presented. Furthermore, the research process, collection of the essential data and the analysis is also encompassed. Finally, methods use during this study is reflected on by the researcher.

3.1. Research approach

It is vital for researcher to choose and implement the correct methodology approach to meet the purpose of the study. Decision of choosing right methodology leads the researchers to get better understanding of research problem.

Generally research approaches can be divided in to descriptive and causal which are defined by Kotler (2008). According to Kotler (2008), descriptive approach mainly focuses to define a situation, the data which is collected is systematic and based on facts but it is not able to answer a question about how a researched situation came about. According to him the purpose of casual research is to prove hypotheses about the correlation between cause and effect of actions (Kotler , 2008).

Research is made in order to answer a particular research question or hypothesis based on theoretical considerations (Bryman & Bell, 2007). This is how it is commonly viewed, but another alternative is to look at theory as something that derives after the data is collected. This connection between theory and data collection is referred as being either deductive or inductive. The deductive approach is the most common view of showing the relationship between theory and data collection. The researcher collects data based on theoretical considerations and deduces a hypothesis based on these considerations. The inductive approach has an opposite direction compared to the deductive, where the idea behind this approach is to form theories based on the data collected (Dhawan, 2010).

This research takes a deductive approach, simply because the paper is based on previous theories and has followed the following deductive approach steps. The first step is the theory, second step hypothesis, third step data collection, fourth step findings, fifth step hypothesis confirmed or rejected and the sixth and final step is the revision of theory the research questions for this research are derived from theories and previous research as presented in the literature review chapter. Also, to be able to fill the existing research gap a deductive approach is in this case the most suitable. Previous research has pointed out that more research has to be done within the chosen area and especially within diverse industries (Saccani et al., 2007). The intention is not to establish new theories; it is rather to explore the existing theories in new contexts.

3.2. Research method

In social science research, scholars like Yin,(2003)and Newman, (2007) have made distinction among several methods including: experiment, grounded theory, ethnography, action research, operational research, case studies, and surveys. Meanwhile, in quantitative studies, three particular methods stand out: experiments, surveys and case studies (Yin, 2003). Although the study's research questions (mainly "What's" questions) can fit in either survey or case study strategy Yin,(2003), the latter is preferred to surveys because of the following reason: All telecommunications service providers retail intangible products with similar characteristics such as intangibility, inseparability, perishability and variability (Parasuraman et al., 1988

3.3. Research design

Burns and Grove (2003) define a research design as "a blueprint for conducting a Study with maximum control over factors that may interfere with the validity of the findings" .Parahoo (1997) describes a research design as "a plan that describes how, when and where data are to be collected and analyzed". Polit et al (2001) define a research design as "the researcher's overall for answering the research question or testing the research hypothesis".

The two types of research designs are descriptive and causal which are defined by Kotler (2008). According to Kotler (2008), descriptive approach mainly focuses to define a situation, the data

which is collected is systematic and based on facts but it is not able to answer a question about how a researched situation came about. According to him the purpose of casual research is to prove hypotheses about the correlation between cause and effect of actions (Kotler , 2008).

This research measures the effect of service recovery on customer satisfaction; which makes it a cross sectional and casual study. The research adopts a cross-sectional design which allows the researcher to draw one or more samples from the population at one time period in addition The cross sectional design was also used because the study has to be completed in a short time period and the inadequate financial resources available (Amin, 2005). Causal research design aims to discover causal relationships between various pre-determined variables (Gray, 2009). Researchers need to study if and how one variable is dependent on, or determinant of another variable (Eliasson, 2010). Since longitudinal studies are conducted over several years which make it unsuitable for the researcher.

3.4. Population and sampling

Burns and Grove (2003) refer to sampling as a process of selecting a group of people, Events or behavior with which to conduct a study. Polit et al (2001) confirm that in
Sampling a portion that represents the whole population is selected.

The research will employ Stratified sampling method we can take the company's division of enterprise customers as a strata (Financial Institutions, Service Enterprise, Production/Manufacturing, International Organizations & Embassies and Governmental institutions & SOHO/SME) the study considered sample size of 376 customers from each strata randomly who are subscribers of broadband internet service. The sample size will be taken from the main Enterprise customers' service encounter, Enterprise division office at Churchill road.

The questionnaires are going to be fill by volunteer enterprise customers on the service encounter.

Respondents will be from the two major categories of enterprise customers which are Key accounts and small office home office or small and medium enterprises (SOHO/SME). The key account customers are further decomposed in to five sub categories which include Financial Institutions, Service Enterprise, Production/Manufacturing, international Organizations & Embassies and Governmental institutions.

The SOHO/SME comprises of the small office home office and small medium scale enterprises which have trade license of the country, religious organizations, small NGOs, commercial buildings etc.

The study will incorporate all types of enterprise customers in the sample study.

3.5. Sample size determination

Polit et al (2001) define a sample as "a proportion of a population".

To determine the sample size proportion, p & q were estimated using active number of customer base in broadband internet services. As of july 6, 2015, capital news paper mentioning Ato Andualem Admasse, around 1.46 million i.e. 40% of the population were estimated as p i.e. have Internet access estimated at 95% confidence interval and 5% acceptable margin of error (E).

Hence, n = Sample size

Z α/2 = 95% confidence interval, alpha significant level of 0.05 (two-tailed Z-value is 1.96),

E = acceptable margin of error (E) =5%

P = Proportion of enterprise customers in A.A use broadband Internet service i.e. P=0.40,

1-P = proportion of enterprise customers in A.A don't have access to Internet q = 0.60

$n = (Z\propto 2)2 * p * (1-p)/E2$

n = (1.96)2 * 0.40 * 0.60

(0.05)2

n = 376

3.6. Data collection instrument

According to Parahoo (1997), a research instrument is “a tool used to collect data.
An instrument is a tool designed to measure knowledge attitude and skills.”
Survey method is used in this research and methods of data collection employed were self-administered questionnaire, questionnaire was adopted since it elicits specific responses that are easy to analyze. It is also economical in terms of time because it is easy to fill in, which takes little of the respondent’s time and that of the researcher in administering and analyzing them. (Amin, 2005) and secondary data also used. The instrument used in this study questionnaire was adopted from (Moore and Benbasat, (1991) who to measure individual's perceptions regarding the use of a technological innovation. In this research for independent variables those are quantitative and were measured using five-point likert scale. 5=Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree. This particular type of scale was chosen among others since it is flexible and could be constructed more easily than the other types of attitude scales (Amin, 2005).

3.7. Reliability and validity

It is really important to consider that the data which is collected through survey should be accurate. Accuracy and reliable outcome makes a research more fruitful and valuable otherwise without accuracy and reliability the results are not beneficial in further researches (Silverman, 2000).

3.7.1. Reliability

The reliability criteria refer to demonstration that the operation of a study can be repeated with the ability to obtain the same results (Yin, 2009; Rowley, 2002). Another researcher should be able to repeat the actual study and yet show the similar results. However, reliability criteria are not the same as replicating the study for testing the external validity; it is with the purpose of eliminating incorrect answers (Yin, 2009). Every step and decision that has been taken

throughout the study has been discussed and justified; the standardized questionnaire and thorough reported empirical data makes it possible for replication of the study. This empowers the reliability of the study as it can be replicated by someone else to ensure the consistency of the study. Reliability refers to the consistency of the research instrument. Reliability gives a measure of stability or dependability or trustworthiness of an instrument in order to obtain information. International consistence will be used during which Cronbach's alpha reliability coefficients greater than 0.7 will be considered significant (Collis& Hussey 2009). Reliability also refers to the degree with which an instrument consistently measures whatever it is measuring. The instrument produces the same results whenever it is used to measure what is intended from the respondents (Amin, 2005). Reliability of questionnaires is assured through pre-testing as explained above with 22 lickert scale type variables and it was 0.705.

Reliability Statistics

Cronbach's Alpha	N of Items
0.705	22

3.7.2. Validity

Validity represents the extent to which the study accurately investigates what it intends to investigate. Reliability refers to the degree of consistency of the measurement instrument (Hammersley, 1990). There are a few commonly used tests/tactics which assess the quality, mainly within social science methods, of the research design (Yin, 2009; Rowley, 2002). Among these are content validity, construct validity, external validity, and reliability.

Content validity also known as face validity, concerns how well a measured concept's components actually represent the concept (Ghauri & Grønhaug 2005).in this research the questioner is checked by some persons who had much more experienced about the research in order to decrease the question about content validity.

Construct validity defines how well a test or experiment measures up to its claims. It refers to whether the operational definition of a variable actually reflects the true theoretical meaning of a concept and quality of an instrument. The researcher has tried to refer different literatures regarding the constructs only with some customization and thereby matching with the basic theories. So, all behaviors under each construct are measured properly realizing the issue of construct validity.

3.8. Data analysis techniques

In analyzing the data gathered the quantitative method is applied. While analyzing quantitative data descriptive analysis, inferential statistics, frequency count and percentage are used.

To present analyzed data charts and percentages are used in a meaningful ways. The analysis included correlation and regression analysis are performed to examine the relationship between study variables and hypothesis testing.

3.9. Ethical considerations

Research ethics involves the application of fundamental ethical principles to variety of topics involving a research including scientific research these include the design and implementation of research involving human experimentation animal experimentation various aspects of academic scandal including scientific misconduct (such as fraud, fabrication of data and plagiarism. in this research the researcher notify the respondents their response is used only and only for the research purpose and tries to mention the authors for the issues raised in the research. The requirement of this research was to collect data from primary as well as secondary Sources. It is often observed that people obtain scholarly articles and present those as their own piece of work. Such unethical practice was not adopted by us in this research. The literature has been written down after going through various academic journals and scholarly articles in detail. The concepts

and findings of those articles have been extracted and then linked to this study. The purpose of doing so is to provide evidence about the existence and relationships of variables, and to identify the literature gap.

CHAPTER FOUR

Results and discussion

The data collected was analyzed using quantitative analysis. A quantitative analysis is adopted for data analysis because the information gathered is quantitative in nature. Inferential statistics (confidence intervals and tests of hypotheses) are used for 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.

4.1. Data analysis

The data analysis of this study is 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 were examined using the correlations and regression analysis. This helped the researchers address the study's objectives as stated earlier.

The findings of the study conducted to analyze effects of service recovery on customer satisfaction in the case of Ethio-telecom. Out of 376 questionnaires distributed to the Enterprise customers in Addis Ababa, all of them are collected and stored in found completely filled, hence used in the final analysis.

4.2. Demographic profile of respondents.

The demography and social characteristics of enterprise customers and the current fixed broadband Internet usage frequency were summarized as follows.

Variable	characteristics	frequency	percent
gender	f	143	38
	m	233	62
Age	15-19	33	8.8
	20-24	60	16
	25-29	125	33.2
	30-34	63	16.8
	35-39	49	13
	>40	46	12.2

Table 1 demographic profile of respondents

Source: SPSS data

4.3. Gender and age frequency

As we can see from the above table (table 1) from the total number of respondents 143(38%) are female and 233(62%) are male and majority 125(33.2%) of the total number of respondents are in the age of between 25-29 and the lowest 33(8.5%) of the total respondents are in the age of 15-19.

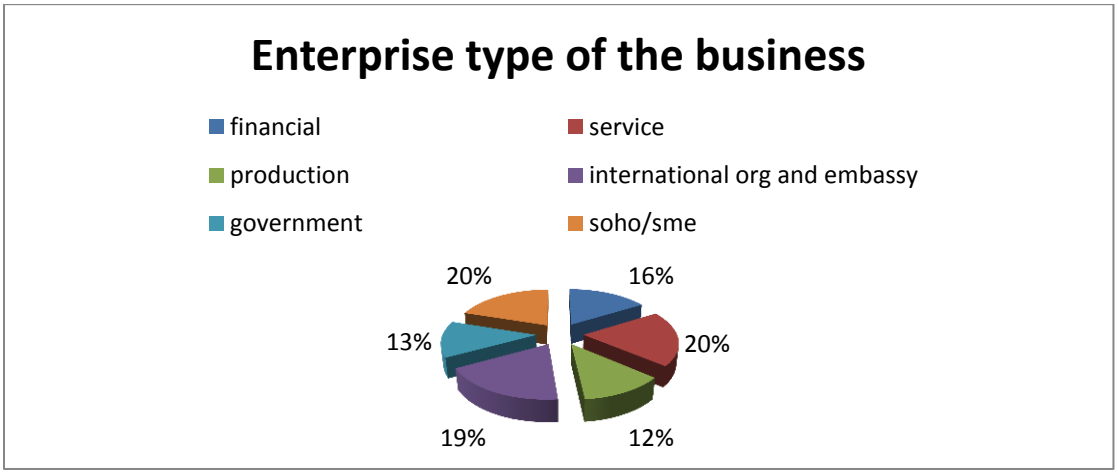


Chart 1 type of business

Source :SPSS output

4.4. Frequency of type of business

From the surveyed result as it can be clearly observed from the chart above , the respondents were a mix of both key account and SOHO/SME enterprise categories. 20% of the respondents were from SOHO/SME, 20 % from Service Enterprise and Government institutions 13%, 19%,International Organizations and embassies, production comprises 12% each service companies are 20and lastly 16% were from financial institution

	frequency	**percent**
yes (1)	358	95.2
(No(2)	18	4.8

Table 2 type of business

Source :SPSS output

4.5. Frequency of Existence of service failure occurrence

The second question was asked to identify whether the customer has encountered broadband internet Service Failures. 95% of the respondents stated that they have experienced broadband internet service failure.

.	**frequency**	**percent**
once	10	2.7
rarely	12	5.2
sometimes	43	11.4
frequently	311	82.7

Table 3 service failure occurrence

Source: SPSS output

4.6. Frequency of how service failure occurred per year

Next the respondents were asked to describe how often they encountered the service failure per year. Accordingly, 2.7% of the respondents have sometimes encountered a service failure in a year, 3.2% of them rarely encountered a service failure, 11.4% sometimes ,82.7% of them have encountered a frequent service failure and only 2.7% of them have once in a year service failure. Hence, all of the respondents have experienced at least a onetime service failure.

Failure Type	frequency	percent
Equipment	4	1.1
line cut	30	8
power interruption	334	88.8
configuration problem	2	5
lan problem	3	0.8
gateway failure	3	0.8

Table 4 types of failure

Source: SPSS output

4.6. Frequency of type of service failure

Then the respondents were asked to state the type of service failure they encountered while using broadband service. And the following major failure types were stated by the respondents;

As table above shows (table 5) that Gateway failures, power interruption, modem failure and line cuts are insignificant causes of service failure. All customers, both enterprise and residential, are subjected to service failure if there is Gateway failure, except few customers who use satellite backups, the survey result also affirms this fact. Next to power interruption 88.8% the next service failure occurred is equipment or modem failures (1.1%).

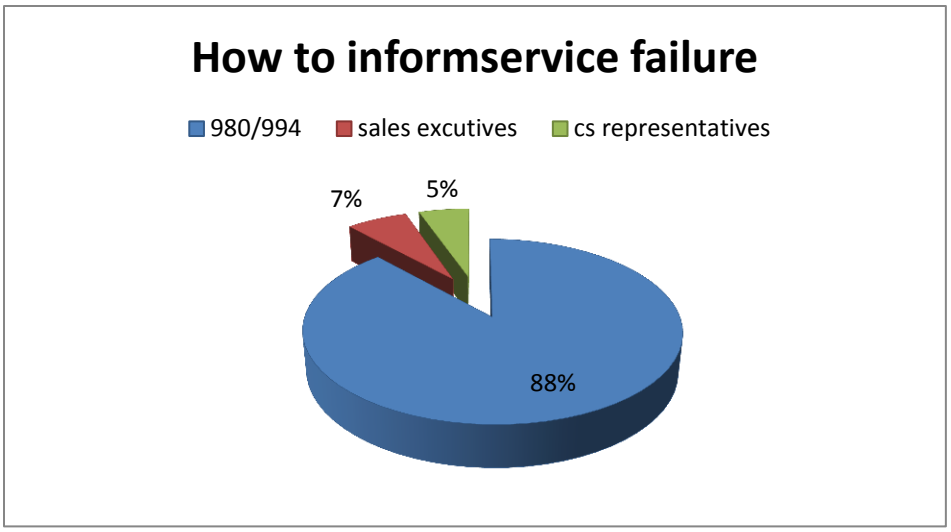


Chart 2 how to inform service failure

Source: SPSS output

5. Frequency on how to inform service failure

The next question was asked to identify how enterprise customers inform Ethio telecom when they faced service failure. Here one customer can use different methods of reporting. As shown in the above chart 88% of the respondents call to 994/980 toll free center, , 7% call their sales executives, 5% of them have dedicated customer service representative. Some of the respondents mentioned that they go top down the hierarchy of Ethio telecom to get priority. Some of the respondents also use their personal relationship with Ethio Telecom employees' to get solved their problems.

Follow up ways	frequency	percent
994/980	126	33.5
sales executive	69	18.4
through c.s representatives	181	48.1

Table 5 how to inform

Source: SPSS output

Customers are always curious to know the status of the problem reported and they wanted to know how the problem solving process is going. The next question was asked to identify how customers follow up the status of the service recovery. When service failure is reported via contact center the contact center advisor is required to provide the Trouble ticket number to the customer. The trouble ticket number is a specific number attached to each service failure reports made. A customer can use this provided trouble ticket number and call the contact center again to check the status.

Customers respond to how they will follow the status of the recovery process was 33.5% through 994/980, 18.4% through sales excutive,48.1% through customer service representatives.

6. Mean and standard deviations on the likert scale type questions

Raised likert scale questions	Mean	Std.deviation
is the quality of network stable	1.253	0.435
is the network quality and strong	1.537	0.806
i did not receive what i required	2.636	0.914
the result of the complaint was not up to expectation	2.362	1.008
taking everything into consideration the result was quite fair	2.396	0.915
they were very slow in response	2.824	1.146
the service provider made it easy to voice my complaint	2.460	0.899
it was hard to figure out whom should i complain	2.918	1.086
Employees explain the cause of failure when asked	2.819	0.823
the employees are equipped and has knowledge	2.537	0.822
Customers trust company to recover failed service	2.888	0.802
Customers feel assured about employees handle their case	2.545	0.828
et solve problems as promised	2.777	1.090
Et takes reasonable time to solve	2.753	0.912
et recovers right first time	2.856	1.041
et contact customer to check status	2.527	0.929
service recovery is dependable	2.910	0.911
employees were attentive in providing service	2.729	1.023
employees seem very interested in helping me	2.503	0.845
given explanation about problem	2.580	0.873
they tried hard to resolve problem	2.582	0.869
no reason was given t the poor service that i receive	2.481	0.935
the employees communications with me were appropriate	2.793	0.949
the employees didn’t give me the courtesy i was due	2.441	0.901

Table 7: mean and SD Source: SPSS output

From the above table on the likert scale questions measuring satisfaction on the service recovery system of the company one can easily understand that the customers are not satisfied ,because all the means are below neutral or 3 for example for the questions raised “is the quality of network stable “&is the network quality strong the

mean response is between strongly disagree and disagree this shows almost all customers are dissatisfied with the service.

4.3. Inferential Analysis

With inferential statistics, the researcher trying to reach conclusions that extend beyond the immediate data alone., and used inferential statistics to make judgments of the probability that an observed difference between groups is a dependable one or one that might have happened by chance in this study. Thus, by using inferential statistics to make inferences from our data to more general conditions.

4.3.1 Correlation analysis

Pearson's Correlation analysis was used to determine the nature (direct or inverse) and the degree of association between two or more variables in this study. Pearson's Correlation analysis was preferred since it is a common measure of the relationship between numerical variables measured on Likert scale (Tull and Hawkins, 1987).

Correlations

		Distributive justice	Procedural justice	Interactional justice	Customer satisfaction
distributive justice	Pearson Correlation	1	.677**	-.211**	.590**
	Sig. (2-tailed)		.000	.000	.000
	N	376	376	376	376
Procedural justice	Pearson Correlation	.677**	1	-.204**	.538**
	Sig. (2-tailed)	.000		.000	.000
	N	376	376	376	376
Interactional justice	Pearson Correlation	-.211**	-.204**	1	.060
	Sig. (2-tailed)	.000	.000		.246
	N	376	376	376	376
Customer satisfaction	Pearson Correlation	.590**	.538**	.060	1
	Sig. (2-tailed)	.000	.000	.246	
	N	376	376	376	376

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

Table 8 source SPSS output

7. As we discovered from the table above (table 8) there is a relationship between procedural justice, distributive justice, interactional justice and customer satisfaction. As Sig level 0.00.

4.3.3 Multiple regressions on perceived justice /procedural, interactional and distributive/on satisfaction

- **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.974	.600		4.956	.000		
	Distributive justice	.355	.043	.445	8.305	.000	.536	1.864
	Procedural justice	.266	.051	.280	5.232	.000	.538	1.858
	Interactional justice	.118	.023	.211	5.242	.000	.948	1.054

8. Discussion on the multiple regression

As we can see from the tables Multiple regression analyses were first used to establish the Relationship between perceived justice and customer satisfaction and from the result the r square is 0.426 (table 7) suggesting a very good fit of the model. This confirms that the complainants' level of satisfaction with service recovery was significantly affected by the three dimensions of perceived Justice (distributive, procedural, Interactional). The standardized coefficients (table 9) were respectively 0.445, 0.280, and 0.211 these confirm that distributive justice makes the strongest contribution to satisfaction with service recovery while interactional justice contributes less. Based on these results we can conclude about the hypothesis:

Hypothesis	Analysis	Result
H1: Distributive justice (dimension of service recovery) significantly positively contributes to customer satisfaction.	Regression analysis	Accepted
H2: procedural justice is significantly and positively relates to customer satisfaction.	Regression analysis	Accepted
H3: Interactional justice is significantly and positively determines customer satisfaction.	Regression analysis	Accepted

CHAPTER FIVE

SUMMARY, CONCLUSION, RECOMMENDATION
& IMPLICATION FOR FUTRUE RESEARCH

5.1. Summary

The present study was designed to examine the effect of service recovery on the customer satisfaction in the case of Ethio telecom by putting objectives "To examine role of system recovery and customer satisfaction relationship, to examine the effect of distributive justice on customer satisfaction ,to find out the effect of procedural justice on the customer satisfaction &to find out the effect of interactional justice on the customer satisfaction and a by using self administered questioner the study try to gather information and by inserting questioners values in to a data analysis software(SPSS)we figure out that service recovery in terms of perceived justice(procedural, interactional and distributive justice) can affect customer satisfaction positively . in addition try to suggest better ways to service recovery that can increase customer satisfaction.

As Boshoff (1997) showed that once customers receive an apology or once they receive an apology and a free gift or likewise, their recovery satisfaction and behavioral intention improve significantly. In addition, the latter recovery strategy leads to higher customer satisfaction as compared to the former recovery strategy. As a result, many service organizations offer various combinations of refunds, credit, discounts, and apologies to make peace with dissatisfied customers. The speed with which service failures are corrected or complaints are handled is one of the major determinants of customer perceptions of procedural justice (Blodgett et al. 1997; Tax et al. 1998). Offering a causal explanation for a service failure contributes to understanding of the customer's complaint. But as McColl-Kennedy and Sparks (2003) suggest, front-line employees need to be trained in the art of providing explanations. Explanations need to be both sincere and adequate in explaining the causes for poor performance (Folger and Cropanzano, 1998) in order to elicit customer satisfaction.

5.2 Conclusion

This study tries to explore service recovery and customer satisfaction relationship with Ethio telecom as a case study. With the general objective of investigating the service recovery with perceived justice as a measurement by the customer's perspective procedural, interactional and distributive justice and its effect and its significance on the customer satisfaction The researcher collects data based on theoretical considerations and deduces a hypothesis based on these considerations and adopt a quantitative approach design by using stratified sampling and questioner as a data collecting tool.. A sample size of 376 respondents was used for this study. The study revealed a significant positive relationship between service recovery based on perceived justice and customer satisfaction this will answer all the questions raised Furthermore, the study also found a positive correlation between service recovery and customer satisfaction. The study contributes to extant literature on service recovery from developing country perspective.

From the findings of this study, it is inevitable that this study tries to get convincing evidence so as to prove that the tested hypotheses are worthy to be accepted or worthless to be accepted. In trying to gather convincing evidence, the needed data was sourced from both the primary and the secondary source by using the administered questionnaire. This research focused on examining the relationship between Service recovery and customer satisfaction. The use of , apology ,listen, fix, offer atornment and follow-up and enables firms to ensure that quick responses are met immediately after service failures. Excellence service is an important driving factor of competitive advantage, especially in the Ethiotelecom with low levels of staff-customer interaction, the more stable consumption experiences, the more likely the satisfaction responses will show up from customers. In the sense, service failures cannot completely avoidable, The present study underscore the effectiveness of fairness in service recovery practices and implementation, and these efforts could lead to customer satisfaction and favorable loyalty responses. Thus from the findings, the relationships between the independent and dependent

variables were found to be positive and significant. All independent variables were found to be significant predictors of customer satisfaction.

service failure inevitable, so the “zero failure” of service quality will never happen, and the service industry has to face the problem how to make customers “secondary” satisfaction when failure occurs in the service (Qing Cong and Jianbo Fu, 2008). An effective service recovery can increase customer satisfaction, loyalty, and generate positive word of mouth. A well designed and well documented service recovery strategy also provides information that can be used to improve service as part of a continuous improvement effort. On the other hand failure to recover service to its original state leads to the opposite.

The network coverage and performance of Ethio telecom is not as such secured; the broadband service encounters failure due to international Gateway failures, power interruptions, modem failure, line cuts and configuration problems. The severity of the problem could range from high to low depending on the nature of the root cause.

Ethio Telecom has designed broadband service recovery procedures which give priority to enterprise customers. Though not accessible to all enterprise customers, Ethio has assigned “980” toll free contact center to enterprise customers. Moreover, the top fifty key account enterprise customers have dedicated customer service personnel who follow up the status of the broadband service recovery. However the service recovery process has different problems.

The main deficiencies of the broad band service recovery system are:

1. The working processes assume that a trouble ticket once created will go smoothly till the ultimate customer gets solution. However the application is much more difficult and a lengthy process, the system demands coordination of different network department. Communication inefficiencies are inevitable which further intensifies customer frustration.

2. There is no clear procedure on how customers can follow up the status of the service recovery and even there is no mechanism in which customers can present their feedback about the recovery process which is of higher importance for further improvement.

Besides problems related with the company's standard working processes, customers believe that their complaints are not getting enough attention by employees, the recovery processes are time taking, even the company do not explain the root cause of the failure and how long will it take to recover.

Customers are losing trust on the way how their complaints are handled by Ethio telecom; they believe the broadband service recovery process is not dependable. It seems as if customers do not have the right to know the status of their service recovery.

5.3. Recommendations

- As the finding of this paper service recovery plays an important role in determining customer satisfaction all the steps followed from registration to follow up of the failed service has a direct impact on the customer satisfaction. by using these results the researcher recommends the following:

- The company should monitor the application of working processes in order to achieve full implementation. Each step set in the recovery processes should be monitored regularly and corrective action should be made to avoid tasks done without fulfilling the required steps. The monitoring should also focus on updating working processes based on the current resources and capabilities of employees.

- Though not on face to face basis, enterprise contact center "980" employees are the front people who face grievances of customers that are subject to broadband service failure. However the ability of contact center advisors is limited to providing information and creating and sending trouble ticket for the raised complaint to appropriate department responsible to solve the problem. Even after sending trouble tickets, the advisors may not have information about the exact department handling the problem. So developing culture of transparency and empowering 980 contact center employees to track each and every step of the recovery process will close the communication gap among departments and customers, which in turn improves the speed of the recovery process and bring about customer satisfaction.

- The company should focus on Building the capacity of front level employees, who are responsible to receive complaints, in order to provide first level assistance. The role of front level employees should be more than receiving complaints from customers; they should be able to provide detailed information regarding the reported service failure and should provide first level assistance.

- Contacting customers after each successful service recovery and collecting feedback will ensure Ethio telecom gain information that of valuable inputs for further improvement of the recovery process. So the company should give emphasis in obtaining customers feedback after the recovery process is completed.

- Documenting and sharing the history of frequently reported service failures and the recovery steps done among employees can help Ethio telecom to make speedily root cause analysis and solve problems of similar type in a quick manner. Furthermore, it facilitates the knowledge transfer among employees.

- The company should prepare scheduled meeting with enterprise customers to discuss on its offers and collect their feedback on the current service recovery system.

- To minimize service failures the key solution for the company would be increasing the quality of its services and network capacity. Continues programs focused on increasing the service quality of broadband service and its network coverage should be implemented.

5.4 Limitation & direction for future research

The findings of this study are limited to the issue of Ethio telecom as a sole service provider in Ethiopia. One of the limitation of this study was the sample. The sample was only pulled from Addis Ababa. It is recommended for future researchers to look in to large sample size including other regions to generalize the findings that can work in the broad context and will provide more significant factors to derive relevant policy actions. Cross-sectional data in this study has also its own limitation on the findings. in addition the study incorporates only enterprise customers by forgetting residential customers.

Future Research

The study can be replicated in other organizations. This study has targeted Ethio telecom only; future studies may Analyze the situation of other Sectors/industries. A comparison of different industries will offer a more Comprehensive view of things.

Annex

Spss outputs

- Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	F	143	38.0	38.0	38.0
	M	233	62.0	62.0	100.0
	Total	376	100.0	100.0	

- age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	15-19	33	8.8	8.8	8.8
	20-24	60	16.0	16.0	24.7
	25-29	125	33.2	33.2	58.0
	30-34	63	16.8	16.8	74.7
	35-39	49	13.0	13.0	87.8
	>40	46	12.2	12.2	100.0
	Total	376	100.0	100.0	

- is service failure encountered?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	358	95.2	95.2	95.2
	2	18	4.8	4.8	100.0
	Total	376	100.0	100.0	

Table 3

- how often do you encounter bb service failure per year

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	once	10	2.7	2.7	2.7
	rarely	12	3.2	3.2	5.9
	sometimes	43	11.4	11.4	17.3
	frequently	311	82.7	82.7	100.0
	Total	376	100.0	100.0	

- typesofservice falure encounterd

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	equipment	4	1.1	1.1	1.1
	line cut	30	8.0	8.0	9.0
	power interuption	334	88.8	88.8	97.9
	configuration problem	2	.5	.5	98.4
	lan problem	3	.8	.8	99.2
	gateway failure	3	.8	.8	100.0
	Total	376	100.0	100.0	

- how to follow up the status of recovery

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	994/980	126	33.5	33.5	33.5
	sales excutives	69	18.4	18.4	51.9
	through cs representative	181	48.1	48.1	100.0
	Total	376	100.0	100.0	

- **ANOVA[a]**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	576.838	3	192.279	92.123	.000[b]
	Residual	776.439	372	2.087		
	Total	1353.277	375			

a. Dependent Variable: customersatisfaction

b. Predictors: (Constant), interactionaljustce, procidural justice, distributivejustice

- **Collinearity Diagnostics[a]**

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	distributivejustice	procidural justice	interactionaljustce
1	1	3.903	1.000	.00	.00	.00	.00
	2	.069	7.510	.01	.08	.11	.23
	3	.017	14.960	.00	.79	.86	.01
	4	.011	19.059	.98	.13	.03	.76

a. Dependent Variable: customersatisfaction

- **Coefficients[a]**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.974	.600		4.956	.000		
	distributivejustice	.355	.043	.445	8.305	.000	.536	1.864
	procidural justice	.266	.051	.280	5.232	.000	.538	1.858
	interactionaljustce	.118	.023	.211	5.242	.000	.948	1.054

a. Dependent Variable: customersatisfaction

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