



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

**THE EFFECT OF SERVICE RECOVERY ON CUSTOMER  
SATISFACTION: THE CASE OF ETHIOPIAN ELECTRIC UTILITY  
SOUTH ADDIS ABABA DISTRICT**

**BY  
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**MARCH 2023  
ADDIS ABABA, ETHIOPIA**

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**MARCH 2023  
ADDIS ABABA, ETHIOPIA**

## DECLARATION

I hereby declare that this MA thesis is my original work and has not been presented for a degree in any other university, and all sources of material used in this thesis have been duly acknowledged.

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## **Certification**

This is to certify that Mehari Gebremeskel has carried out his research work on the topic entitled: The Effect of Service Recovery on Customer Satisfaction: The Case of Ethiopian Electric Utility South Addis Ababa District. The work is original in nature and is suitable for submission for the award of Master's Degree in Marketing Management.

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**ADDIS ABABA UNIVERSITY**

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**The Effect of Service Recovery on Customer Satisfaction:  
The Case of Ethiopian Electric Utility South Addis Ababa District**

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## **Acronyms**

EEP – Ethiopian Electric Power

EEU – Ethiopian Electric Utility

KV – Kilo Volt

EEPCO – Ethiopian Electric Power Corporation

## **Abstract**

*The purpose of this study was to investigate the effect of service recovery on customer satisfaction in Ethiopian Electric Utility, with a case study in the South Addis Ababa District. The study used quantitative and qualitative research methods, as well as descriptive and explanatory survey design, to accurately address the research questions. 384 sample respondents were chosen using both probability sampling (proportionate stratified) and non-probability sampling (convenient) to achieve the study's objective. As a result, data from sample respondents was collected via a self-administered questionnaire. 324 respondents were able to provide usable data out of a total of 384. After that, the data was analyzed using descriptive and inferential statistics in SPSS version 20. According to the findings, EEU service failures include frequent power interruption, low response to fixing electricity failure, voltage fluctuation, taking long time for new connection, incorrect bills. In addition, the most important dimension is interactional justice, followed by distributive and procedural justices. The results of the correlation study revealed that the three perceived justice dimensions (independent variables) of distributive, procedural, and interactional justices have a significant positive effect on overall customer satisfaction (dependent variable). In the case of the EEU South Addis Ababa District, the results show that distributive justice is the most important contributor, followed by interactional justice and procedural justice. The study also recommends that EEU standardize and improve the quality of its facilities, make its policies and procedures customer responsive, provide continuous training to its employees, and provide fair treatment and adequate compensation to minimize the stated service failures in this study.*

**Key words:** *service failure, service recovery, customer satisfaction, procedural justice, distributive justice, interactional justice*

# CHAPTER ONE

## INTRODUCTION

This chapter describes background of the study, statement of the problem, research question, research objective, significance of the study, scope and delimitation, definition of terms, and organization of the study.

### 1.1 Background of the study

Nowadays, the fast growing globalization is a challenge for many firms. Due to this firms face the challenge of responding to complaints of customers with varying cultural backgrounds (Sengupta et al., 2018). Successful firms are client focused, and take a look at to make their services round the customer instead of forcing customers to adapt to a predefined in operation model. Customers evaluate service what actually they got with their expectation. A firm that consistently meets or exceeds the technical or core performance expectations of customers will cultivate more trusting relationships with its customers (Eisingerich and Bell, 2008).

Some empirical studies show that service failure is inevitable in electricity utility services, like it occurs in other industries. In their study, Mandina and Kurwiravamwe (2016) collected data from 384 respondents in their research on the effects of service recovery strategies in Zimbabwe's electricity supply sector. Their findings showed that the power utility company used as a case study does not address the following issues promptly: power outages in noncritical sectors, dead connections, and customers receiving estimated bills before being connected to pre-paid meters. As a result, the study concludes that the power utility failed to successfully adopt service recovery strategies to mitigate the effects of service failure. The study recommends that the power utility company prioritize the prompt resolution of service failures to improve customer satisfaction and loyalty. Additionally, the company should implement effective service recovery strategies to retain customers and maintain a positive reputation in the industry.

Another investigation, conducted by Kaseke (2013), on the emergence of the Zimbabwean electricity crisis, reform reaction, and cost implications found that power outages were widespread and continue to impact firms (industry), farmers, mines, and households. A lack of spares, maintenance, vandalism, and obsolete machinery limit local generation capability.

Satisfaction is the customer's overall judgment of the service provider (McDougall & Levesque, 2000). Moreover, Lovelock and Wright (2002) described satisfaction that customers have certain service standards in mind prior to consumption (their expectations), observe service performance and compare it to their standards, and then form satisfaction judgments based upon this comparison. The resulting judgment is labeled negative disconfirmation if the service is worse than expected, positive disconfirmation if better than expected, and simple confirmation if as expected. When there is substantial positive disconfirmation, plus pleasure and an element of surprise, then customers are likely to be delighted.

It is widely recognized that no service system is perfect. Because of the inseparability of production and consumption as well as intangible nature of service, the occurrence of failure is unavoidable. When a service failure occurs, "the customer's confidence in the firm hangs in the balance. Therefore, when customers encounter a service failure, a crucial challenge is how to restore customer satisfaction and retain unsatisfied customers (Siu, Zhang and Yau, 2013).

Successful firms may effectively response to service failures to restore aggrieved consumers to a state of satisfaction (Chen and Kim, 2017). Lovelock and Wright (2002) defined service recovery as a systematic effort by a firm after a service failure to correct a problem and retain a customer's goodwill. Gronroos (1988) also explained service recovery as the service suppliers' response to service failures and appropriate levels of service recovery as those that result in a positive effect that balances out the negative effect of service failures.

According to Kau and Loh(2006) to satisfy the dissatisfied customers, customers must perceive that the outcomes are just or fair. In any service failure encounters, responsible organizations need to develop ethical recovery strategies so as to avoid the perceived inequity by customers (Siu, Zhang and Yau, 2013).Ding and Lii (2016) have also shown on their research that the fairness of the recovery procedures, the interpersonal communications and activities, and the outcome are the primary antecedents of customer evaluations.

Distributive justice is related to the outcome of the recovery effort (Siu, Zhang and Yau, 2013).This could be a free drink voucher for slow restaurant meal service, an apology for a delayed flight, a replacement for an incorrect meal or incorrect drink order, or waiving of room charges if the stay in the hotel was considered unsatisfactory (McCull-Kennedy and Sparks,



2003). Interactional justice is the other dimension of service recovery. Service failures should be resolved by front-line service personnel whenever possible. Proper training and empowerment of front-line service employees is extremely important to successfully carry out a service recovery program (Swanson and Kelley, 2001). The researchers also mentioned procedural justice as providing quick and simple recoveries in the event of a service failure can provide a strategic advantage in positioning the firm relative to competitors (Swanson and Kelley, 2001).

This study will investigate the impacts of service recovery dimensions on customer satisfaction in the Ethiopian Electric Utility South Addis Ababa District. The findings of this study can provide valuable insights for other service industries in Ethiopia.

## **1.2 Statement of the problem**

Poor service delivery, if allowed to continue, will threaten the long-term survival of the firm. Failure to recover effectively further hardens aggrieved customers' negative attitudes towards the firm (Boshoff, 2005). Organizations should accept that service failures are inevitable and must be prepared to design systems and processes to enable service recovery management.

Kau and Loh (2006) stated in their study, service recovery practice focuses on managing complaints and a strategy to handle errors, failures, and problems in maintaining customer relationships after a service failure. Therefore, perceived service failures that customers experience are a major concern for the service provider because of the potential influence of the service outcome. Kau and Loh (2006) also added that successful firms encourage customers to complain through aggressive corporate policies and the actions of employees.

A company that can turn a negative situation into a positive has a good service recovery. Gustafsson (2008) explained in his research about the three types of service recovery dimensions: distributive justice refers to the Perceived fairness of the actual outcome or consequence of a decision; Procedural justice refers to whether or not the customers believe the procedures or criteria used in making the decision are fair; Interactional justice deals with interpersonal behavior in the enactment of procedures and the delivery of outcomes. Moreover, he also noted that when a customer experiences a good recovery, he or she tends to perceive a high level of justice that, in conjunction with positive emotions, creates a positive attitude

towards the service provider (i.e., attitudinal loyalty) and increases the likelihood of future patronage (behavioral loyalty).

Nevertheless, Marti'Nez et al (2006) argued that the literature is inconsistent with the relative impact of justice concepts on customer satisfaction. From the dominant relationship marketing approach, it is suggested that procedural and interactional justice should be relevant. But some empirical results support the predominance of distributive justice. Because there has been insufficient effort to research the relative effect of justice concepts on customer satisfaction, and because the literature is somewhat contradictory, the predictive power of justice dimensions needs to be tested more accurately.

Ethiopian Electric Utility has different types of customers: Domestic, commercial, and industrial. According to the researchers' discussion with Ato Solomon Wakuma (W. Solomon 2021, personal communication, 27 October), customer service and sales manager of EEU South Addis Ababa District, there are service failures incurred on these customers: frequent power interruption, low response to fixing electricity failure, voltage fluctuation, taking a long time for new connection, incorrect bills. These service failures harm the profitability of small and medium enterprises which depend on electricity to do their businesses. Furthermore, service failures cause manufacturing industries to waste resources and cause machine breakdowns, incurring unnecessary costs and expenses. Customers are dissatisfied, and the company's long-term profitability and sustainability suffer as a result of this occurrence. This, in turn, ruins the image of Ethiopian Electric Utility in particular, and Ethiopia in general. Consequently, potential investors will be discouraged from investing in Ethiopia due to poor quality electric power service.

While a lot of research has been conducted on customer satisfaction and service recovery separately, there is a lack of research exploring the relationship between the two. Despite this, previous research primarily focused on the hotel, restaurant, airline, and banking industries. Therefore, this study tries to fill the research gap in service recovery and customer satisfaction in the context of Ethiopian Electric Utility.

### **1.3 Research Question**

The study attempted to answer the following research questions: -

1. What effect distributive justice has on customer satisfaction?
2. How does procedural justice affect customer satisfaction?
3. Will Interactional justice affect customer satisfaction?

### **1.4 Research objective**

#### **1.4.1 General objective**

The general objective of this research is to investigate the effects of service recovery on customer satisfaction.

#### **1.4.2. Specific objectives**

The specific objectives of this study are-

1. To investigate the effect of distributive justice on customer satisfaction.
2. To assess the effect of procedural justice on customer satisfaction.
3. To examine the effect of interactional justice on customer satisfaction.

### **1.5 Significance of the study**

The findings of the study may have significance to Ethiopian Electric Utility. In addition to this, other Service provider companies in Ethiopia may use this to conduct further studies. It increases their understanding of service recovery and the satisfaction of their customers. Additionally, the findings of the study will have a contribution to academicians and students who want to conduct further study in the area of service recovery and customer satisfaction on the electric power supply sector.

### **1.6 Scope and Delimitation**

This study is limited to examining the relationship between the three dimensions (procedural justice, interactional justice, and distributive justice) of service recovery and customer satisfaction. Other service recovery dimensions were not included. Moreover, the study focuses on Ethiopian Electric Utility South Addis Ababa District. Because of time and budget constraints, it does not cover other districts of Ethiopian Electric Utility. The study also used

both proportionate stratified and convenient sampling techniques. Furthermore, primary data was used as a source of data by using a self-administered questionnaire as the research instrument.

### **1.7 Definition of Terms**

**Service Failure:** a perception by customers that one or more specific aspects of service delivery have not met their expectations (Lovelock and Wright, 2002).

**Service Recovery:** systematic efforts by a firm after a service failure to correct a problem and retain a customer's goodwill (Lovelock and Wright, 2002).

**Customer Satisfaction:** a short-term emotional reaction to a specific service performance (Lovelock and Wright, 2002).

**Distributive Justice** – what the customer receives as an outcome of the recovery process (McCollkennedy and Sparks, 2003).

**Procedural Justice:** the perceived fairness of the policies, procedures, and criteria used by decision makers in arriving at the outcome of a dispute (Blodget et al. 1997).

**Interactional justice:** the manner in which people are treated during the service recovery process (Blodget et al. 1997).

### **1.8 Organization of the study**

The study has five chapters. The first chapter about the background of the study, statement of the problem, basic research questions, objectives of the study, definition of terms, significance of the study, scope of the study, and definition of terms.

The second chapter deals with the literature related to the subject matter. In the third chapter three focuses on research design, variables of the study, population and sampling technique, sample size, types and instruments of data collection procedures of data collection method of data analysis. The presentation and analysis of the data collected to assess the relationship between independent variables and dependent variable presented in chapter four. Summary, Conclusion, recommendations, and future research direction organized in chapter five.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This chapter provides brief information about the study variables mentioned in the conceptual framework and research hypothesis. In this regard, this chapter presents concepts of customer satisfaction, service recovery dimensions: procedural justice, distributive justice, and interactional justice. It also provides other concepts related to these variables.

#### **2.1. Theoretical Review**

##### **2.1.1. What is Service?**

It is difficult to define service because of its diversified nature but some authors have given definitions. Kotler and Keller (2012) defined service as it is any act or performance one party can offer to another that is essentially intangible and does not result in the ownership of anything. Similarly, Lovelock et al. (2012) also defined service is an act or performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. It also creates value for customers (Lovelock and Wright, 2002).

##### **2.1.2. Service Quality**

Quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (Kotler and Keller, 2012). Another definition has given by Lovelock et al. (2012), Service quality, as defined by customers, is essential for product differentiation and for building customer loyalty.

Perceived service quality is the customer's perception of the match between delivery and expectations of factors of service. (Grönroos, 1984; Groth and Dyeve, 1999; Lovelock and Wright, 2002). Customer criteria determine the definition of quality and the variables that affect perceptions of quality. Differences between perceptions and reality influence perceptions of quality and increase the risk of erroneous expectations. (Groth and Dyeve, 1999)

According to Hoffman and Kelley (2000), the core aspect of services relates to what is provided, while the relationship aspect refers to how the service is given. Grönroos (1984) has mentioned two types of quality dimensions: technical quality it is about what the customer gets, and

functional quality which answers the question of how he gets it. Therefore, the perceived service is the result of a consumer's view of a bundle of these service dimensions. When this perceived service is compared with the expected service, we get the perceived service quality.

### **2.1.3. Service Failure**

A service failure means anything which is considered wrong from the customer's perspective when a service is provided by the service provider.(Khan, Yen and Chen, 2016).According to Adams (1965) injustice (service failure) is a discrepancy between what is perceived to be and what is perceived should be.

Service failures also have costs such as customer defection, lost opportunities, negative word of mouth, and grudges held by customers. Defection, or the decision of a customer to switch to a rival vendor, is a common action taken by customers when service failures occur. (Johnston and Hewa,1997).Hocutt, Bowers, and Donovan (2006) further indicated that reactions to that dissatisf action could include negative words of mouth if the customers were dissatisfied as a result of a service failure and subsequent service recovery. If a service failure is not detected or the customer fails to notice, the degree of frustration and probability of a negative word of mouth should be higher than when trying to recover service. Beyond these problems firms can use service failures to identify service system problems, reduce customer defections, and increase loyalty and positive word of mouth.(Spreng, Harrell and Mackoy, 1995).

### **2.1.4. Service Recovery**

A service recovery is defined as the actions of a service provider to mitigate and/or repair the damage to a customer that results from the provider's failure to deliver a service as it is designed. (Johnston and Hewa, 1997).Gustafsson (2008) also described that service recovery is about using tools to turn a mistake into a positive and profitable situation. This is where the organization treats dissatisfied customers in such a way that they leave the service experience feeling positively disposed towards the service provider and willing to engage with the organization in future transactions (Mudie and Pirrie, 2006).It is also explained by Khan, Yen and Chen(2016)service recovery is the process by which the service provider attempts to rectify service failure.

To resolve the problem and alter the disappointed customer's negative attitude, the efforts would include measures that would help maintain those customers.When service failure occurs, the responses from service provider have the potential in determining whether customer satisfaction

will be restored or worsen the situation by driving the customer to competing firms. It is crucial for us to find out whether service recovery should be seen as a profit center or a cost center of an organization.

A Company turning a potentially negative situation into a positive one is a good service recovery. A successful service recovery not only reduces negative behaviors like churn, negative word of mouth, and retaliation, but also increases positive ones such as repurchase intention, and positive word of mouth (Sengupta et al., 2018; Hocutt, Bowers and Donovan, 2006). Repeat purchase behavior is an important issue for most marketers. While many marketing activities are designed to gain new customers, concern for repeat purchasing by current customers is designed to maintain existing customers by decreasing customer exit. Since the cost of gaining a new customer usually greatly exceeds the cost of retaining a customer, managers are increasingly concerned with minimizing customer defections (Spreng, Harrell and Mackoy, 1995).

A central theme in service recovery is customer satisfaction. Thus, service recovery must contribute to, and enhance, customer satisfaction. According to Hoffman and Kelley (2000) the customer's evaluation of recovery efforts is linked to equity theory where an exchange takes place and is therefore appropriate in attempts to explain how recovery evaluations are derived. Equity theory weighs the inputs (e.g. sacrifices and investments made by consumers) against outputs received (e.g. rewards, customer satisfaction, etc.), and compares these inputs and outputs with those of others experiencing similar situations.

On the other hand, ineffective service recovery efforts have the potential of increasing dissatisfaction (Spreng, Harrell and Mackoy, 1995). In addition to this, 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. Unfortunately, failure to recover effectively further hardens aggrieved customers' negative attitudes towards the firm, and many of these firms are oblivious to the damage caused by poor recovery, simply because there is no assessment of satisfaction with service recovery (Beshof, 2005). It is also noted by Hoffman and Kelley (2000) that, inadequate company responses to service failures significantly increase the firm's defection rate. Furthermore, mishandling customer complaints impacts not only the affected customers but also their friends and families via negative word-of-mouth communications.

Spreng, Harrell and Mackoy (1995) suggested that identifying and contacting consumers who have experienced service failure is a necessary first step in trying to rectify problems. To satisfy customers who encounter a service problem, service companies should encourage customers to complain, respond quickly and personally, and develop a problem-resolution system. (Kotler and Keller, 2012). The development and implementation of a service recovery program are directly linked to organizational survival and growth. (Hoffman and Kelley, 2000)

#### **2.1.5. Customer Satisfaction**

Satisfaction is described by as a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations. If the performance falls short of expectations, the customer is dissatisfied. If it matches expectations, the customer is satisfied. If it exceeds expectations, the customer is highly satisfied or delighted (Kotler and Keller, 2012; Swanson and Kelley, 2001). According to Lovelock and Wright (2002) customer satisfaction is a short-term emotional reaction to a specific service performance. Mudie and Pirrie (2006) also added that before, during and after consumption of a service two feelings are prominent, namely expectations and perceptions.

A buyer's satisfaction is a function of the product's perceived performance and the buyer's expectations. Expectations arise from past buying experience, friends' and associates' advice, and marketers' and competitors' information and promises. (Kotler and Keller, 2012). A customer who is satisfied with a product or service is more likely to repeat the purchase and to recommend the consumption experience to other persons (Martínez et al, 2006). Word of Mouth communication provides face-to-face, often vivid information that is highly credible. This information can influence others' beliefs about a particular firm, and their intentions to purchase from the firm (Spreng, Harrell and Mackoy,1995). In contrast to this, dissatisfied customers are not likely to keep the bad news to themselves. At the same time as deciding not to buy the service again they are probably spreading the bad news. (Mudie and Pirrie, 2006)

Satisfaction is consequently related to providing what is being sought to the point where fulfillment is reached. It is also related to a subjective evaluation of emotions. The emotion occurs as a function of disconfirmation and relative output to input. The end result is a positive or negative feeling of fulfillment Andreassen (2000). Two extreme emotions experienced by customers, anger and delight, are expected to be of particular interest to researchers and



practitioners in terms of service failure and recovery. When customers experience dissatisfaction with a service failure, they may well express anger, be irritated and annoyed, and this will influence their evaluation of the service (Mc-Collkennedy and Sparks,2003).

Thus, whereas the original service outcome attributes have a strong effect on consumers during their initial experience, the service recovery process dimensions may assume great importance when consumers have a complaint. Original service and service recovery may play different roles in determining overall satisfaction, yet it is unknown how these two aspects of customer satisfaction influence overall satisfaction and behavioral intentions regarding future purchases of the service. (Spreng, Harrell and Mackoy,1995).

#### **2.1.6. Service Recovery Paradox**

Service recovery paradox occurs when satisfaction after recovery exceeds satisfaction before recovery. (Maxham and Netemeyer, 2002).McCollough (2000) also described that recovery paradox is said to result when post recovery customer satisfaction is equal to or greater than the case of no service failure.

As stated by Nikbin et al. (2010) Customers' satisfaction and future loyalty is dependent on customers' feelings on whether they have been treated fairly or not. Customers expect a service recovery to be fair in order to recover their satisfaction and loyalty. This loyalty in turn increases repurchase intentions.

#### **2.1.7. Service Recovery Strategy**

Since the costs of losing and the benefits of keeping existing customers are substantial the development and implementation of a service recovery program is vital to organizational survival and growth. (Hoffman and Kelley, 2000;Spreng, Harrell and Mackoy, 1995)

Johnston and Hewa (1997) identified three types of service recovery approaches. The first one is, "The zero defects approach" aims to completely eliminate all errors in the service system. This approach involves large commitments of time, money, and resources in continuous dedication to service delivery quality but it is difficult to achieve. The second one is, "Instigate failure and recover approach", a carrier fails on purpose to show its service recovery skills. This approach is based on the idea that service failures, when successfully recovered, bring increased customer loyalty. However, because it may backfire, this approach also entails a high level of risk. The recovery itself may fail, and the carrier has no control over the impact the failure will have on the customer. The third one is, "The zero defects approach" aims to completely eliminate all errors

in the service system This approach involves large commitments of time, money, and resources in continuous dedication to service delivery quality. The advantage of this approach is that errors are eliminated, and with them the ensuing headaches. The disadvantage this approach is that the zero defects goal is extremely difficult to achieve in the service sector (Johnston and Hewa, 1997).

According to Nikbin et al. (2010) actions that service providers take, in response to defects or failures, comprise a combination of psychological recoveries and tangible efforts. They also listed the strategies to failures: apology; correction; empathy; compensation; follow-up; acknowledgement; explanation; exceptional treatment; and managerial intervention.

#### **2.1.8. Perceived Justice Dimensions**

As described by Andreassen (2000) perceived justice is the result of comparing normative standards to performance. Nowadays, the concept of fairness is closely related to customer satisfaction. Mudie and Pirrie (2006) have discussed that fairness can be broken down into three components: outcome fairness, which is the quality of the core service offering; procedural fairness, which is concerned with service delivery, i.e. whether it was timely; and interactional fairness, which is concerned with the customer's relationships with the service deliverer. Each of these has been found to contribute independently to satisfaction. Perceived justice suggests that the recovery process itself; the outcomes connected to the recovery strategy; and the interpersonal behaviors enacted during the recovery process and the delivery of outcomes are all critical in recovery evaluation (Hoffman and Kelley, 2000)

##### **2.1.8.1. Distributive Justice**

Theories of distributive justice argue that perceptions of justice result from customer evaluations of outcome fairness. In purchase transactions, customers invest inputs (e.g., money) and receive outcomes (e.g., service quality).The customer expects reciprocity in terms of tangible matters (e.g., relating quality to price), and the degree to which he or she perceives the exchange as inequitable determines negative post-transaction affect. (Martínez et al ,2006)

Within a service recovery context, customers weigh their inputs against their outputs when forming recovery evaluations. Inputs could be described by the costs associated with the service failure including economic, time, energy, and psychic (cognitive) costs. (Hoffman and Kelley, 2000). Distributive justice perceptions involve the allocation of compensation like discounts, free

merchandise, refunds, coupons, apology, and replacement by the organization in response to the inequity caused by a service failure (Smith, Bolton and Wagner, 1999; Hoffman and Kelley, 2000). It also examines the way resources or rewards will be allocated among parties to a transaction. The consumer who receives a refund, compensation for lost time, or even a free gift may be said to experience a favorable outcome; on the other hand, a firm that refuses to compensate the consumer may create an outcome that will be perceived as unfavorable (Goodwin and Ross, 1992).

In the case of a service failure, customers would expect the service provider to compensate them for any tangible loss they suffered as a result of that service failure. Customers may expect different levels of compensation depending on how severely the service failure affects them. (Hocutt, Bowers and Donovan, 2006)

#### **2.1.8.2. Procedural Justice**

Procedural justice refers to whether or not the customers believe the procedures or criteria used in making the decision are fair (Gustafsson, 2008). This theory examines the impact of the process of decision making on the quality of exchange relationships (Hocutt, Bowers and Donovan, 2006). The consumer is not only interested in what he receives as an outcome of the production process, but in the process itself. (Gronroos, 1984; Hoffman and Kelley, 2000). According to Nikbin et al., (2010) perceived fairness indicates the process used to rectify service failure. It includes speed of response, company policies, accessibility and flexibility of the procedure.

#### **2.1.8.3. Interactional Justice**

As stated by Marti'Nez et al (2006) interactional justice is linked to social exchange theories which Assumes that humans are social animals, theorists argue that in social exchanges, subjects not only consider the economic importance of outcomes, but also their socio-emotional value. This socio-emotional value focuses on the quality of the relationships among individuals, including aspects such as the status and dignity people perceive.

Interactional justice refers to the manner in which the service recovery process is implemented and how recovery outcomes are presented. It has been explained by personnel, empathy, effort observed in resolving the situation, and the firm's willingness to provide an explanation why the situation occurred. (Hoffman and Kelley, 2000; Nikbin, 2010; Sparks and McColl-Kennedy,

2001). This human interaction creates basic difference between firms (Lovelock et al., 2012) and used as a competitive advantage. Similarly, Hocutt, Bowers and Donovan (2006) described interactional justice would focus on the perceived fairness of the manner in which the customer is treated throughout the service recovery effort. Elements of this form of justice include interpersonal sensitivity, treating people with dignity and respect, or providing explanations for the events. (Mc-Collkennedy and Sparks, 2003).

Customers will often judge the quality of the service they receive largely on their assessment of the people providing the service (Lovelock et al., 2012). This means services involve emotions because of services include people. Thereby, excellent service companies invest to boost positive employee attitudes and to maintain customer loyalty. If failed to do this employees will be bored and cannot answer even simple questions (Kotler and Keller, 2012; Hocutt, Bowers and Donovan, 2006). This in turn negatively affects customer satisfaction.

## **2.2. Empirical Literature Review**

The effectiveness of service recovery has been a topic of interest in the service management literature, with many studies examining the effect of service recovery on customer satisfaction. This literature review aims to examine the empirical studies on the effect of service recovery on customer satisfaction.

Davoud et al. (2010) conducted a survey of Iran Air customers who had a service failure. Their primary goal was to assess the impact of perceived justice on recovery satisfaction and to investigate the role of corporate image in moderating the relationship between perceived justice and recovery satisfaction. They discovered that distributive and interactional justices have significant effects on recovery satisfaction, with distributive justice having a stronger effect than interactional justice. They also revealed that corporate image plays a moderating role between perceived justice and recovery satisfaction in the distributive and interactional justice dimensions. These findings suggest that companies should prioritize fair distribution of resources and treat customers with respect and empathy during the recovery process to enhance customer satisfaction. Additionally, companies should also focus on building a positive corporate image to strengthen the relationship between perceived justice and recovery satisfaction.

Marti Nez et al. (2006) studied the impact of distributive, procedural, and interactional justice as predictors of customer satisfaction. In this study, 568 customers who are users of hotels and

restaurants located on the Spanish Mediterranean coast participated. They found that distributive justice is a strong predictor of customer satisfaction and that employees can be empowered to treat customers adequately in functional and interpersonal terms. Specific training and compensation policies, as well as job descriptions, could help to deliver excellent service from a procedural and interactional justice perspective. Overall, the study highlights the importance of fairness in customer service interactions and suggests that companies should prioritize training and compensating employees accordingly. By doing so, they can improve customer satisfaction and loyalty, ultimately leading to greater success in the market.

Andreassen (2000) studied antecedents to satisfaction with service recovery in 201 dissatisfied customers who complained about services. He gathered data via telephone interviews and discovered that: the perceived performance of service recovery has an impact on equity disconfirmation of service recovery expectations; the perceived fairness of the outcome of service recovery has an impact on satisfaction with service recovery; and the negative affect caused by the initial service failure has no impact on satisfaction with service recovery.

Hocutt, Bowers and Donovan (2006) has conducted an experiment to determine the impact of service recovery on consumer evaluations of service delivery. They used convenience sample of 221 undergraduate marketing students from a large Midwestern university. The respondents read a scenario that described a service encounter and they were instructed to play the role of a customer in a restaurant. In the scenarios the three components of perceived fairness were manipulated. Subjects rated their satisfaction with the restaurant and their likelihood of engaging in negative Word-of-Mouth behavior. Their findings revealed that, higher levels of redress independently increase positive consumer responses; the interaction of employee responsiveness and courtesy can also have a dramatic impact on consumer evaluations; an interaction between courtesy and tangible rewards significantly decreased the level of negative word of mouth.

Siu, Zhang, and Yau (2013) studied the roles of justice and customer satisfaction in customer retention. Data for this study was gathered from a sample of 200 customers who experienced service failure at a Chinese restaurant in Hong Kong. The study's objectives were to investigate the mediating role of justice in the relationship between prior satisfaction and post-recovery satisfaction and examine the mediating role of post-recovery satisfaction in the relationship between the dimensions of justice and customer retention. They found that justice dimensions

(distributive justice, procedural justice, and interactional justice) were found to fully mediate the relationship between prior satisfaction and satisfaction with recovery. These findings suggest that both justice dimensions and post-recovery satisfaction play important roles in determining customer retention.

Khan, Yen, and Chen (2016) investigated how perceived justice affects service recovery in Malaysia's banking industry. In this study, 304 questionnaires were collected from different states in Malaysia. The study's aim was to investigate the effect of service recovery on customer satisfaction and post-behavior intention. They discovered that, when compared to procedural and distributive justice, the impact of perceived interactional justice on customer satisfaction with service recovery appears to be the most significant factor. Customer satisfaction had the most impact on customer loyalty, followed by the intention to continue using the service. This highlights the importance of treating customers with respect and dignity during service recovery, as it can have a significant impact on their overall satisfaction and likelihood to continue using the service. It also emphasizes the need for companies to prioritize customer satisfaction as a key factor in building customer loyalty and retention.

It has been shown by Santos and Fernandes (2008) that service recovery processes have an impact on trust and loyalty among consumers in the repair of cars. In this study, data were collected from 306 complaints in the last 12 months regarding car repair services in Porto Alegre, Brazil. The study's objectives were to investigate how perceptions of interactional, distributive, and interactional justice influence customer satisfaction with service recovery. They found that perceptions of interpersonal and distributive fairness positively affected satisfaction levels with service recovery processes. Procedural aspects did not have a significant impact on consumer satisfaction. Reasons may be given for the weak effect of procedural justice on satisfaction. Among them that it could be more difficult for customers to access information on procedures, while communicational and distributive elements are easier to access.

To address the issue of online service recovery, Ding and Lii (2016) examined the impact of perceived justice on online games. The objective this study was to examine the relative impacts of four aspects of justice (distributive, procedural, interpersonal, and informational) on consumer attitudinal reactions (satisfaction and trust) and their resulting influence on behavioral intentions (electronic word-of-mouth and repurchase intention) in online games. Based on their findings, all

four dimensions of justice influenced satisfaction and trust, with distributive justice producing the strongest relative effect.

Mansori, Tyng, and Ismail (2014) tested a model related to the relationship between the service recovery, customer satisfaction and customer after purchase behavior. To test the proposed model, 370 self-administered questionnaires were distributed to customers who have unsatisfactory service experience with Malaysian banks. The results also shown that customer satisfaction increases the level of trust among customers. There is also a high possibility that satisfied customers will spread positive word of mouth that can reinforce the good reputation of the service provider. Customer satisfaction fully mediates the relationship between perceived interactional justice and word of mouth. The results also indicated that customer satisfaction partially mediate the following relationships; perceived distributive justice with word of mouth, perceived procedural justice with word of mouth and perceived interactional justice with perceive trust. In another study, Wamuyu et al. (2015) studied customers who patronize five star hotels in Kenya and they found that compensation (distributive Justice) has a significant influence on customer loyalty.

Komunda and Osarenkhoe (2012) examined the relationship between service recovery, consumer satisfaction and loyalty in a commercial banking environment. The samples were 120 staff and students of Makerere University Business School in Kampala, and are customers of commercial banks. The researchers gathered data through questionnaire and interviews. After analyzing the data they concluded that, communication had a significant relationship with service recovery and that higher levels of redress independently increase positive consumer responses; The findings also shown that the interaction of employee responsiveness and courtesy can also have a positive impact on consumer evaluations. Satisfaction was highest and negative Word-of-Mouth intentions lowest only under conditions of high responsiveness and courtesy; The levels of significance of communication and customer loyalty were very high for those respondents who were satisfied with the service recovery; communication in service recovery, which positively impacts customer loyalty; Customer satisfaction has a positive impact on service recovery, leading to a high-level of customer loyalty through positive Word-of-Mouth behavior and repurchase intention.

Potluri and Mangnale(2011) explored Ethiopian service sector customer satisfaction levels of 600 Ethiopian telecom, banking and insurance, civil aviation and tourism, and health services customers in the Addis Ababa region on service interaction, service delivery process, customer complaint handling procedure, overall satisfaction levels and also customers opinion on improvement on service providers ability in the last five years. They found that 36% customers of Ethiopian service sector were dissatisfied with employees' interaction skills. Furthermore another 47% of the customers were also disappointed with service delivery system and 52 and 61% customers were not pleased with the service recovery process and complaint handling procedure, respectively. And 49% of the customers expressed overall dissatisfaction on the services provided by Ethiopian service sector.

Efrem (2014) studied the effects of justice oriented service recovery on customer satisfaction in Ethiopian retail banks, as well as the effects of this satisfaction on customer loyalty. Data were collected from 400 customers who had service outages and were later recovered by banks. The researcher also found that procedural justice, interactional justice, and distributive justice are positively related to service recovery satisfaction. Customer loyalty is also positively related to recovery satisfaction. These findings suggest that companies should prioritize fair and respectful treatment of customers during service recovery to improve customer satisfaction and loyalty. Additionally, it highlights the importance of not only resolving the issue at hand but also ensuring that the customer feels fairly compensated for any inconvenience or negative experience.

Ermias (2018), in his MA thesis, investigated the influence of service recovery on customer satisfaction. The samples were taken from undergraduate regular and extension students of the school of commerce in the years 2017–2018. He found that distributive, procedural, and interactional justices have a positive effect on overall customer satisfaction. The study highlights the importance of providing fair treatment to customers in order to enhance their satisfaction with the service provided. These findings can be useful for businesses looking to improve their customer service and increase customer loyalty.

In conclusion, the empirical literature suggests that service recovery has a positive effect on customer satisfaction. The effectiveness of service recovery, however, depends on various factors such as the severity of the service failure, the type of service recovery, and the type of

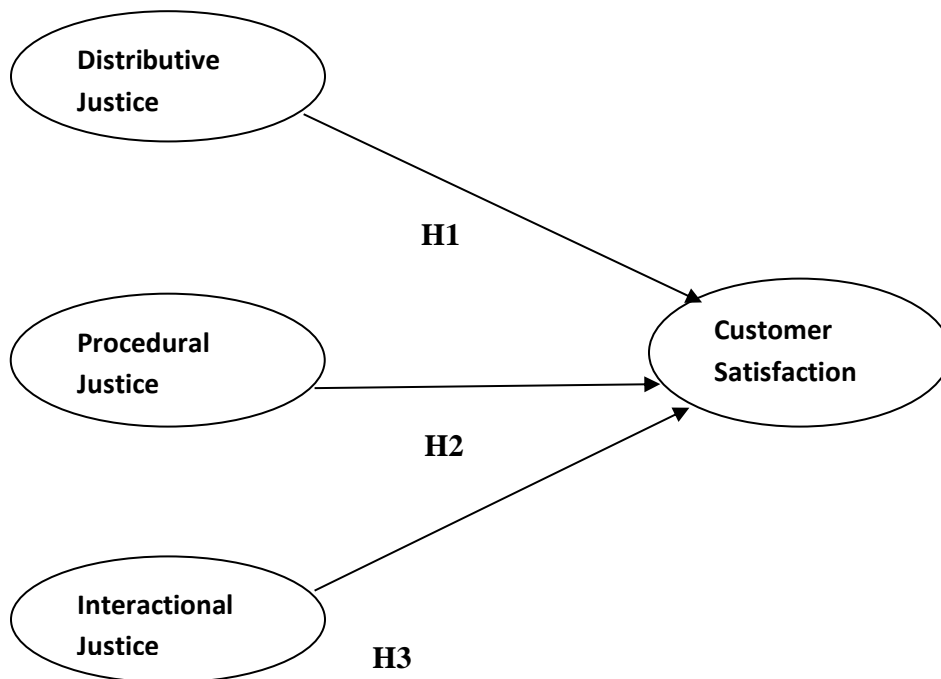


service failure. Organizations should develop effective service recovery strategies that are tailored to the specific needs of their customers and the nature of their services. By doing so, organizations can improve customer satisfaction and loyalty, which can lead to increased profitability and long-term success.

## 2.3. Conceptual framework and Hypothesis Development

### 2.3.1. Conceptual framework

Based on the above discussed related literature the independent variables for this study are distributive justice, procedural justice, and interactional justice whereas the independent variable is customer satisfaction. Besides to this, the positive relationship between these variables as shown on the diagram below.



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

*Source: Adapted from Khan, Yen and Chen (2016); Tax, Brown and Chandrashekar (1998)*

## **2.3.2. Hypothesis Development**

### **2.3.2.1. Distributive Justice**

When the service provider gives a token tangible item to make up for the service failure, customers may feel obliged to change their level of satisfaction. Tangible compensation will lead to higher perceptions of distributive justice (redress fairness), which in turn will lead to higher consumer satisfaction and lower negative word-of-mouth intentions. (Hocutt, Bowers and Donovan, 2006)

H1: Distributive justice has positive effect on customer satisfaction.

### **2.3.2.2. Procedural Justice**

Procedural justice represents a standard that can be applied to processes used to settle conflicts. Fairness will not be obtained simply by the opportunity to present information, but by the opportunity to present information to a responsive decision-maker. Goodwin and Ross (1992) noted that a negative outcome that was obtained fairly apparently seems more tolerable than a negative outcome that ignored input from those being judged.

H2: Procedural justice has positive effect on customer satisfaction.

### **2.3.2.3. Interactional Justice**

Interactional justice would focus on the perceived fairness of the manner in which the customer is treated throughout the service recovery effort. In service recovery attempts, the quality of treatment (through empathy and courtesy) the customer receives from the service employee will influence consumers' perceptions of interactional justice, which in turn will influence consumers' satisfaction with the encounter. As perceptions of interactional justice (empathy/courtesy) increases, consumers should respond more favorably to a service recovery attempt. (Hocutt, Bowers and Donovan, 2006).

H3: Interactional justice has positive effect on customer satisfaction.

## **CHAPTER THREE**

### **Research Methodology**

This chapter includes description of the study area, research approach, research design, population, sample and sampling techniques, data sources and types, data collection procedures, ethical consideration, data analysis, reliability and validity.

#### **3.1. Description of the Study Area**

Electric power was introduced to Ethiopian in the late 19th century, during the regime of Emperor Minilik. The first generator was said given to Minilik around the year 1898 to light the palace. In addition to the use of generators, Minilik got constructed the first Hydro power on Akaki River in the year 1912 in order to supply power to small factories that had been established in Addis Ababa. Consequently, the power supply that had been limited to small factories and the palace was extended to public places and major roads in the vicinity of the palace.

However, the effort to the government to extend the power supply to the public was hindered by the Italian invasion of Ethiopia in the years 1936. During this temporary occupation, the Italian company called “Coneil” overtook the generation and distribution of electric power. The company installed generators at different places and extended the power supply to the then major towns.

After the Italians were driven out from Ethiopia in the year 1941, an organization called “Enemy Property Administration” was established and took over along with other activities the generation and distribution of power to the public. In the year 1948, an organization that had been vested with the power to administer the enemy property was evolved to an organization called “Shewa Electric Power”.

In light of the socio economic development of the country the authority continued to increase the scope of its operation in order to accommodate new changes. After being in operation for about 50 years in this manner, major changes in the objective and structural set up of the organization took place relative other administrative regions. In light of its function, its name was changed to “Ethiopian Electric Light and Power” in the year 1955, soon after its establishment, the supervision and management of the organization was vested in the board of directors appointed

by the government. After eight months of its establishment, the Ethiopian Electric light and power was transformed to the “Ethiopian Electric Light and Power Authority” (charter of the Ethiopian Electric Light and Power). The purpose of the Ethiopian Electric Light and Power Authority was to engage in the business of production, transmitting, distributing and selling of electric energy to the public of Ethiopia and carry on any other lawful business incidental to appropriate hereto which is calculated directly or indirectly to promote the interest of the authority or to enhance the value of its properties.

Following the major changes in the economic sector, which was the transformation of the centralized command economy to the free market driven economy in the year 1987, the Ethiopian Electric Light and Power Authority, was transformed to the Ethiopian Electric Power Corporation by reorganizing its functions on the basis of the principles of commercialization and decentralization.

Accordingly, the Ethiopian Electric Power Corporation as public enterprise was established for indefinite duration by regulation No. 18/1997, and conferred with the powers and duties of the previous Ethiopian Electric Light and Power Authority (Ethiopian Electric Power Corporation 50<sup>th</sup> Anniversary Bulletin, 2006).

In 2013, the Ethiopian Electric Power Corporation again re-organized in to two separate entities namely; Ethiopian Electric Power and Ethiopian Electric Utility by the Council of Ministers with Regulation Number 302/2013.

According to the regulation (Ethiopia. Federal Negarit Gazette Regulation No. 303/2013, 2013) the purposes for which the Enterprise is established are:

- To construct and maintain electric distribution networks; to contract out the distribution networks construction to contractors as required;
- To administer electric distribution networks, to purchase bulk electric power and sell electric energy to customers;
- To initiate electric tariff amendments and, upon approval, to implement same;

- In line with directives and policy guidelines issued by the ministry of finance and economic development, to sell and pledge bonds and to negotiate and sign loan agreements with local and international financial sources;
- To undertake any other related activities necessary for the attainment of its purposes.

Ethiopian Electric Utility provides service to its customers throughout the country via its regions. Addis Ababa region is one of EEU's regions. The region also contains four districts: North, East, West, and South. The district of South Addis Ababa also has control over eleven customer service centers which are located in different places of the city. There are thousands of customers in each customer service center. The study is aimed at how service recovery affects customer satisfaction.

### **3.2. Research Approach**

There are two basic approaches to research: a quantitative approach and the qualitative approach. The former involves the generation of data in a quantitative form which can be subjected to rigorous quantitative analysis formally and rigidly. This approach can be further sub-classified into inferential, experimental and simulation approaches to research (Kothari, 2004). It is most commonly used in explanatory research investigating causal relationships, associations, and correlations (Leavy, 2017). This approach is used for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. Kothari (2004) also explained that Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. In this study quantitative and qualitative approaches are applied.

### **3.3. Research Design**

The research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement, and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data. (Kothari, 2004)

The research design is a plan or framework for conducting the study and collecting data. It is defined as the specific methods and procedures you use to acquire the information you need. (Smith and Albaum, 2012)

There are three types of studies: exploratory studies, descriptive studies, and causal studies (explanatory) (Smith and Albaum, 2012). Explanatory research investigates causal relationships, associations, and correlations (Leavy, 2017) between the dependent and independent variables. Whereas descriptive research describing the results through means, standard deviations, and range of scores (Creswell, 2018). Since the research questions are about what and how service recovery dimensions affect customer satisfaction, using both descriptive and explanatory research designs is important. Based on this, descriptive research design is useful in providing a detailed picture of service recovery dimensions and customer satisfaction. On the other hand, explanatory research design is useful in identifying the cause-and-effect relationships between independent (service recovery dimensions) and dependent variables (customer satisfaction).

### **3.4. Population, Sample and Sampling Techniques**

#### **3.4.1. Research population**

All items in any field of inquiry constitute a ‘Universe’ or ‘Population.’ (Kothari, 2004). The population of the study was from the 11 customer service centers of residential, commercial and industrial customers in the district of South Addis Ababa. The customer service centers are: Number One, Number Two, Number Three, Number Four, Number Five, Number Six, Number Seven, Number Eight, Number Nine, Number Ten, and Number Eleven. These customer service centers located in different places of Addis Ababa City, and their customers took as a target population of the study. Furthermore, total number of customers of these eleven service centers is 231,130.

#### **3.4.2. Research Sample**

Size of the sample refers to, the number of items to be selected from the population to constitute a sample. Based on suggestion of Kothari (2004) size of sample should neither be excessively large, nor too small; rather, it should be optimum; and optimum sample is one which fulfills the requirements of efficiency, representativeness, reliability and flexibility.

In this study, the researcher used both probability and non-probability sampling and sampling. Kothari (2004) provides a simplified formula to calculate sample sizes of infinite population,

which is used to determine the sample size for this study paper. A 95% confidence level was assumed for this formula to determine the sample size, at  $e=0.05$ . The sample size is determined by the following formula.

$$n = \frac{z^2 \times p \times q}{e^2}$$

where,

$n$  = sample size

$z$  = z-score (1.96 for a 95% confidence level)

$p$  = sample proportion,  $p= 0.5$  ,  $q= 1 - p$ ;

$e$  = sampling error,  $e=0.05$

$$n = \frac{(1.96)^2 \times (0.5) \times (0.5)}{(0.05)^2}$$

$$n = 384.16 \text{ approximately } 384$$

Therefore, 384 of South Addis Ababa district customers were selected for this study. In line with the objectives of the study and representativeness of the sample, Proportionate Stratified Sampling formula ( $n_i = N_i/N * n$ ) followed to decide the number of the respondents from each stratum as indicated in table 1 below.

Where,

$n_i$ - sample size from each department

$N_i$ = Total no of population under each

$n$ = sample size taken

$N$ = Total population size

**Table 1: sample size of the Respondents from each customer service center**

S.No	Name of Customer Service center	Number of customers	Sample From each Customer service Center ( $n_i = N_i/N * 399$ )
1	Customer service Center 1	29,848	50
2	Customer service Center 2	17,422	29
3	Customer service Center 3	17,500	29
4	Customer service Center 4	6,100	10
5	Customer service Center 5	21,686	36
6	Customer service Center 6	22,031	37
7	Customer service Center 7	25,231	42
8	Customer service Center 8	21,800	36
9	Customer service Center 9	33,100	55
10	Customer service Center 10	9,300	15
11	Customer service Center 11	27,112	45
Total		231,130	384

### **3.4.3. Sampling Technique**

This study draws 384 sample respondents from the population under investigation. Thus, to make inferences about the population based on the characteristics of the sample, the sampling technique which employed in this study was both probability sampling and non-probability sampling.

South Addis Ababa district was conveniently selected among other districts of EEU based on its proximity to the researcher. In line with probability sampling, the researcher used stratified sampling technique to classify different customer service centers into homogenous groups (strata). After classifying them into homogenous groups (strata), the researcher used proportionate stratified sampling to decide the number of respondents from each stratum. Then, a convenient sampling technique was employed to choose respondents who came to each customer service center during the period of disseminating the questionnaires. Based on this, 384



questionnaires were distributed, and 324 sets of workable data (84.4%) were collected and used for data analysis.

### **3.5. Data sources and Types**

The study used a self-administered questionnaire to gather primary data. In addition to this, secondary data was collected from journal articles, books, government regulations, magazines, organizational survey reports, and websites.

### **3.6. Data collection procedures**

The questionnaire was translated into the local language of Amharic. After that, Pilot testing of the structured questionnaire was conducted before disseminating the final. Adjustments were made based on respondents' feedback. Moreover, after disseminating the questionnaire intensive follow-up done to increase the response rate.

### **3.7. Ethical consideration**

Respondents' consent to participate in the study was ensured before disseminating questionnaires. It was based on their willingness. According to Marczyk, DeMatteo and Festinger, (2005), during the courses of study, respondents were treated equally and their comfort has been kept. The information which was collected from respondents has been kept confidential.

### **3.8. Data Analysis**

In this study, Descriptive statistics plus inferential statistics was used to evaluate the relationship between the dependent variable and independent variables.

Descriptive statistics concern the development of certain indices from the raw data (Kothari, 2004). Then, frequencies, means, percentiles were used to describe characteristics of the sample.

On the other hand, the purpose of inferential approach to research is to form a database from which to infer characteristics or relationships of population. This usually means survey research where a sample of the population is studied (questioned or observed) to determine its characteristics, and it is then inferred that the population has the same characteristics (Kothari, 2004). Accordingly, multiple regression analysis was used to determine the relationship between dependent and independent variables. It provided a means of objectively assessing the degree and the character of the relationship between the independent variables and dependent variable: the regression coefficients indicate the relative importance of each of the independent variables

in the prediction of the dependent variable (Sekaran and Bougie, 2009). Moreover, Statistical Package for Social Sciences (SPSS) version 20 software was used to analyze quantitative data and this data was presented in the form of tables, and graphs.

### **3.9. Reliability and Validity**

For quantitative data analysis, issues of validity and reliability are important. Quantitative researchers endeavor to show that their chosen methods succeed in measuring what they purport to measure. They want to make sure that their measurements are stable and consistent and that there are no errors or bias present, either from the respondents or from the researcher. (Dawson, 2002)

#### **3.9.1. Validity**

Validity refers to what the test or measurement strategy measures and how well it does so. (Marczyk, DeMatteo, and Festinger, 2005). Content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study. If the instrument contains a representative sample of the universe, the content validity is good. Its determination is primarily judgmental and intuitive. It can also be determined by using a panel of persons who shall judge how well the measuring instrument meets the standards, but there is no numerical way to express it (Kothari, 2004). To ensure content validity, measurement items were mainly adopted from prior studies, and a pilot survey was conducted to receive feedback on the questionnaire. For the sake of content and face validity, professionals have been requested to comment on the wording of each statement (item). In addition, books and journal papers were reviewed to ensure construct validity.

#### **3.9.2. Reliability**

Reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. (Marczyk, DeMatteo, and Festinger, 2005)

A scale's internal consistency is quantified by a Cronbach's alpha ( $\alpha$ ) value that ranges between 0 and 1, with optimal values ranging between .7 and .9.(Cohen, Kamarck and Mermelstein, 1983).To measure the internal consistency of variables in this study instrument Cronbach's alpha was applied.

**Table 2: Reliability statistics**

	Cronbach's Alpha	N of Items
Procedural Justice	0.746	5
Distributive Justice	0.857	4
Interactional Justice	0.958	6
Overall satisfaction	0.751	4
All Items	0.940	19

(Source: Own survey, 2022)

## CHAPTER FOUR

### Results and Discussions

The chapter presents data presentation, analysis and discussion on findings under each presentation, aimed at achieving the research objective. The chapter discusses descriptive analysis of respondents' characteristics, descriptive analysis on dependent and independent variables, correlation analysis, assumptions for testing regression analysis, and regression analysis results of the hypothesis.

#### 4.1. Descriptive Analysis

##### 4.1.1. Demographic Profile of Respondents

##### 4.1.1.1. *Sex of the Respondents*

**Table 3: Demographic Profile of gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	121	37.3	37.3	37.3
Male	203	62.7	62.7	100.0
Total	324	100.0	100.0	

(Source: Own survey, 2022)

According to the survey result of the researcher, there were 203 male respondents and 121 female respondents who participated in the study totaling of 324 respondents. From this, female respondents account 37.3% whereas male respondents account 62.7%. This shows that there are more male customers than female customers in Ethiopian Electric Utility South Addis Ababa District.

#### 4.1.1.2. Age of the Respondents

**Table 4: Age of the respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-30	82	25.3	25.3	25.3
31-40	36	11.1	11.1	36.4
41-50	160	49.4	49.4	85.8
51 and above	46	14.2	14.2	100.0
Total	324	100.0	100.0	

(Source: Own survey, 2022)

The result shows, those participants belonging to the age group of 18-30 years' account 25.3%. The second age group ranging from 31-40 consists of 11.1% of the total respondents, 49.4 of the respondents are aged from 41-50 years of age. The remaining 14.2% of the respondents are found in the age range of 51 years and above. This implies that most of the customers of Ethiopian Electric Utility South Addis Ababa District are adults.

#### 4.1.1.3. Educational background of the respondents

**Table 5: Educational background of the respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Secondary education completed	154	47.5	47.5	47.5
Certificate	36	11.1	11.1	58.6
Diploma	30	9.3	9.3	67.9
First Degree	60	18.5	18.5	86.4
Second degree	40	12.3	12.3	98.8
PhD	4	1.2	1.2	100.0
Total	324	100.0	100.0	

(Source: Own survey, 2022)

The highest number of respondents, 154(47.5%) have completed secondary education followed by 60 (18.5%) first degree; 40 (12.3%) of them are second degree holders, 36(11.1%) have certificate, 30(9.3%) have diploma, and 4 (1.2%) are PhD holders. Therefore, majority of respondents, who account 220 (67.9%) of sample respondents are below first degree.

#### 4.1.1.4. Occupation of respondents

**Table 6: Occupation of respondents**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Retiree	6	1.9	1.9	1.9
Government	88	27.2	27.2	29.0
Non-Governmental Organizations	5	1.5	1.5	30.6
Private Company	49	15.1	15.1	45.7
Self-owned	123	38.0	38.0	83.6
Unemployed	53	16.4	16.4	100.0
Total	324	100.0	100.0	

(Source: Own survey, 2022)

When we look at the occupation of respondents 123 of them (38%) are doing self-owned work; 88(27.2%) respondents are government employees; 53(16.4%) are unemployed; 49(15.1%) are working in private companies, 6(1.9%) respondents are retiree and the rest 5(1.5%) respondents are working in non-governmental organizations.

#### 4.1.1.5. Years of customers in relationship with EEU

**Table 7: Years of customers in relationship with EEU**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 - 3 years	36	11.1	11.1	11.1
4 - 6 years	48	14.8	14.8	25.9
7 - 10 years	42	13.0	13.0	38.9
11 years and above	198	61.1	61.1	100.0
Total	324	100.0	100.0	

(Source: Own survey, 2022)

Most of the respondents, 198(61.1%), have a relationship with EEU as a customer more than 11 years. This is followed by 48(14.8%), 42(13%), and 36(11.1%) of the respondents have a relationship with EEU for 4 up to 6 years, 7 up to 10 years, 1 up to 3 years respectively. Most of the customers have a relationship with Ethiopian Electric Utility South Addis Ababa District more than ten years. This implies that most customers have a good knowledge of the company.

#### 4.1.1.6. Customers who encountered service failure

**Table 8: Customers who encountered service failure**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	314	96.9	96.9	96.9
No	10	3.1	3.1	100.0
Total	324	100.0	100.0	

(Source: Own survey, 2022)

As shown in the table above, 314 (96.9) study participants have experienced a service failure while the remaining 10 (3.1%) participants haven't experienced service failure. Therefore, majority of the respondents have experienced service failure.

#### 4.2. Descriptive Analysis of Service Failure

##### 4.2.1. Type of service failure

**Table 9: Type of service failure**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Frequent power interruption	33	10.5	10.5	10.5
low response to fixing electricity failure	25	8.0	8.0	18.5
voltage fluctuation	17	5.4	5.4	23.9
Taking long time for new connection	33	10.5	10.5	34.4
Incorrect bills	9	2.9	2.9	37.3
More than one but not all	186	59.2	59.2	96.5
All	11	3.5	3.5	100
Total	314	100	100.0	

(Source: Own survey, 2022)



As shown in the above table, the majority of the participants, 186 (59.2 %), have experienced a service failure in more than one category. Frequent power interruption, taking long time for new connection, low response to fixing electricity failure, voltage fluctuation, and incorrect bills were experienced by 33,33,25,17, and 9 respondents respectively. Of the total number of participants who have experienced service failure, 11 have encountered all of the identified failures. As a result, a greater proportion of respondents stated that they had experienced more than one of the aforementioned service failure problems, but not all of them.

#### 4.2.2. Compensation for the service failure

**Table 10: Compensation for the service failure**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes I have been compensated	259	79.9	82.5	82.5
No I haven't been compensated	55	17.0	17.5	100.0
Total	314	96.9	100.0	

(Source: Own survey, 2022)

Majority of the respondents which are 79.9% of them compensated for the failure they encountered. The rest 17% of the respondents were not compensated.

#### 4.2.3. On time Compensation

**Table 11: On time Compensation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes, I received my compensation right away	50	19.2	19.2	19.2
No, it took them forever to give me the compensation	211	80.8	80.8	100.0
Total	261	100.0	100.0	

(Source: Own survey, 2022)

As shown on table 9 all the respondents who were compensated were asked whether they were compensated on time or not, 19.2 % received the compensation on time and the majority (80.8%) out of the respondents who received the compensation don't get compensated on time. This increases customers dissatisfaction, damages the company's images, weakens customer trust and loyalty to the company.

**4.2.4. EEU response for the service failure**

**Table 12: EEU response for the service failure**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid I received an apology	41	15.7	15.7	15.7
I receive an explanation about the failure	46	17.6	17.6	33.3
I received compensation	166	63.6	63.6	96.9
I received nothing	8	3.1	3.1	100.0
Total	261	100.0	100.0	

(Source: Own survey, 2022)

Most of the respondents (96.9%) received compensation from EEU for the service failure encountered. This implies that the service provider acknowledges its mistake in delivering the expected service and it is taking corrective action to address the situation.

**4.2.5. Descriptive Statistics of Study Variables**

This section covers the descriptive statistics for all variables gathered through questionnaire. The interpretation was based on Btawee (1987), as cited by Melese (2019), and the measurement scale intervals or ranges are as follows: mean scores 4.51-5.00 (very high), 3.51-4.50 (high), 2.51-3.50 (average or medium), 1.51-2.50 (low), and 1.00-1.50 (very low).

#### 4.2.5.1. Descriptive Statistics of Procedural Justice

**Table 13: Descriptive Statistics of Procedural Justice**

	N	Mean	Std. Deviation
The policies & procedures are simple & adequate	324	2.52	.812
The policies & procedures are flexible	324	2.59	1.102
The policies & procedures are appropriate with the problems encountered	324	2.54	.888
The company's policies & procedures considered my class & my status while handling the inconvenience	324	2.52	.929
The time taken to solve my problem was in short period of time	324	2.71	1.100
<b>AVERAGE</b>		<b>2.61</b>	<b>0.78</b>

(Source: Own survey, 2022)

In the above table (table 13), Procedural Justice had a mean and standard deviation of 2.61 and 0.78. When we look at the individual items of procedural justice, "The time taken to solve my problem was in short period of time" has the highest mean score, with a mean and standard deviation of 2.71 and 1.1, respectively. The items with below average scores are: "The policies & procedures are flexible", with mean score of 2.59 and standard deviation of 1.1, "The policies & procedures are appropriate with the problems encountered", with mean score of 2.54 and standard deviation 0.89, "The policies & procedures are simple & adequate", with mean score of 2.52 and standard deviation 0.81, and "The Company's policies & procedures considered my class & my status while handling the inconvenience", with mean score of 2.52 and standard deviation 0.93. This indicates that most of the customers perceived all the items under procedural justice on an average or moderate level.

#### 4.2.5.2. Descriptive Statistics of Distributive Justice

**Table 14: Descriptive Statistics of Distributive Justice**

Items	N	Mean	Std. Deviation
The treatments I received are fair considering the efforts made by the company to make me happy	324	2.73	.78
The compensation I received in response to the failure is adequate	324	2.71	.89
I received what I deserved	324	2.51	.95
When I choose EEU I expected a premium service & I was treated exactly like I wanted it	324	2.62	.79
<b>AVERAGE</b>		<b>2.66</b>	<b>0.73</b>

(Source: Own survey, 2022)

The mean and standard deviation for distributive justice in the above table on table 14 were 2.66 and 0.73, respectively. When we look at the components of distributive justice, “The treatments I received are fair considering the efforts made by the company to make me happy” has the highest mean score, with a mean and standard deviation of 2.73 and 0.78, respectively. With a mean and standard deviation of 2.71 and 0.89, the second highest mean score for distributive justice item is “The compensation I received in response to the failure is adequate”. The items with below average mean scores are: “When I choose EEU I expected a premium service & I was treated exactly like I wanted it”, with mean score of 2.62 and standard deviation 0.79, and “I received what I deserved”, with mean score of 2.51 and standard deviation 0.95. This demonstrates that the majority of customers perceived all items under distributive justice on an average or moderate level.

#### 4.2.5.3. Descriptive Statistics of Interactional Justice

**Table 15: Descriptive Statistics of Interactional Justice**

Items	N	Mean	Std. Deviation
The employee(s) apologized for the failure & handled my case in a professional way	323	2.62	.95
The personnel gave me an honest explanation for my questions	324	2.27	.98
The employee(s) treated me with care during the overall process	324	2.42	.99
The employee(s) were polite & willing to help	324	2.60	.90
The employee(s) were patient, confident, & empowered	324	2.62	.91
The personnel were understanding, respectful & go extra mile to solve my problem	324	2.56	1.03
<b>AVERAGE</b>		<b>2.56</b>	<b>0.79</b>

(Source: Own survey, 2022)

The mean and standard deviation for interactional justice on the above table were 2.56 and 0.79, respectively. When we look at the components of interactional justice, “The employee(s) apologized for the failure & handled my case in a professional way”, and “The employee(s) were patient, confident, & empowered” have the highest mean scores, with a mean and standard deviation of 2.62 and 0.95, and with a mean and standard deviation of 2.62 and 0.91 respectively. With a mean and standard deviation of 2.60 and 0.90, the next highest mean score for interactional justice item is “The employee(s) were polite & willing to help”. With a mean and standard deviation of 2.56 and 1.03, the item: “The personnel were understanding, respectful & go extra mile to solve my problem” has an average mean score. The items with lowest mean scores are: “The employee(s) treated me with care during the overall process”, with mean score and standard deviation of 2.42 and 0.99 respectively, and “The personnel gave me an honest explanation for my questions”, with mean score of 2.27 and standard deviation 0.98. As a result, it is possible to conclude that the items "The personnel gave me an honest explanation for my questions", and "The employee(s) treated me with care during the overall process" were perceived as low by customers. The remaining items are perceived at an average or moderate level by customers.

#### 4.2.5.4. Descriptive Statistics of Overall Satisfaction

**Table 16: Descriptive Statistics of Overall Satisfaction**

Items	N	Mean	Std. Deviation
I am satisfied with the outcomes of the service recovery	324	2.73	1.02
I am satisfied with the interactions I had with the personnel of the company during the overall process	324	2.54	.93
I am satisfied with the policies & procedures used to handle my problem	324	2.68	.92
I am satisfied with the overall service recovery process	324	2.62	.89
<b>AVERAGE</b>		<b>2.65</b>	<b>0.76</b>

(Source: Own survey, 2022)

The mean and standard deviation for overall satisfaction on the above table were 2.65 and 0.76, respectively. When we look at the components of overall satisfaction, “I am satisfied with the outcomes of the service recovery” has the highest mean score, with a mean and standard deviation of 2.73 and 1.02, respectively. With a mean and standard deviation of 2.68 and 0.92, the second highest mean score for overall satisfaction item is “I am satisfied with the policies & procedures used to handle my problem”. The items with below average mean scores are: “I am satisfied with the overall service recovery process”, with mean score of 2.62 and standard deviation 0.89, and “I am satisfied with the interactions I had with the personnel of the company during the overall process” with mean score of 2.54 and standard deviation 0.93 respectively. This implies that most customers perceived all of the factors listed under "overall satisfaction" with an average or moderate rating.

#### 4.2.5.5. Relative Importance of Service recovery dimensions

In order to identify the level of importance of the three service recovery dimensions (distributive, procedural and interactional justices) from the customer’s perspective the respondents were asked to rank starting from most important to least important. Based on the results the most important dimension is the interactional justice (75.7%) followed by distributive justice (15.1%) and the least important dimension mentioned by the respondents was procedural justice (8.9%).

**Table 17: Respondent's rating on relative importance of service recovery dimensions**

	Most Important	Important	Least Important
The efforts of the company's personnel to handle the problem	75.7%	6.2%	18.1%
The company's policies and procedures used to handle the failure	8.9%	23.2%	68.0%
The final service recovery outcome	15.1%	70.9%	14.0%

(Source: Own survey, 2022)

### 4.3. Correlation Analysis

**Table 18: Correlation matrix between dependent (overall satisfaction) and independent variables (procedural, distributive, and interactional Justice)**

		Overall satisfaction	Distributive justice	Procedural justice	Interactional justice
Overall satisfaction	Pearson Correlation	1	.740**	.664**	.747**
	Sig. (2-tailed)		.000	.000	.000
	N	324	324	324	324
Distributive justice	Pearson Correlation	.740**	1	.696**	.728**
	Sig. (2-tailed)	.000		.000	.000
	N	324	324	324	324
Procedural justice	Pearson Correlation	.664**	.696**	1	.596**
	Sig. (2-tailed)	.000	.000		.000
	N	324	324	324	324
Interactional justice	Pearson Correlation	.747**	.728**	.596**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	324	324	324	324

(Source: Own survey, 2022)

The Pearson Correlation analysis presented in table 16 confirms that there is indeed a relationship between the predictor variables and dependent variable. The relationship found to be statistically significant as indicated by a significance value of 0.000 for all correlations.

According to Field (2009) a correlation coefficient ( $r$ )  $\pm 0.5$  is a large effect. Based on the above table, interactional justice (0.747) has the highest contribution to overall customer satisfaction,

Distributive justice is the second contributor (0.740) and procedural justice is the third contributor (0.664). This implies all the three independent variables have strong relationship with the overall customer satisfaction.

#### 4.4. Assumptions for Testing Regression Analysis

For the study undertaken assumptions of multicollinearity, normality, and linearity were tested before proceeding to the regression model. The results of the test are discussed and presented in the form of tables and figures in the following paragraphs.

#### Multicollinearity

As part of the multiple regression process, the collinearity diagnosis of the variables is performed using the tolerance and the variance inflation factor (VIF). Tolerance is an indicator of how much of the variability of the specified independent is not explained by the other independent variables in the model. If the value is very small (less than 0.10), it indicates that the multiple correlation with other variables is high, which indicates the possibility of multicollinearity (Pallant, 2010). Also, the other value given is VIF, which is just the reciprocal of the tolerance value (1 divided by the tolerance). According to Pallant (2010), VIF values greater than 10 will be a problem, indicating the presence of multicollinearity.

**Table 19: Collinearity Diagnosis**  
Coefficients<sup>a</sup>

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Distributive justice	.364	2.748
Procedural justice	.499	2.005
Interctional justice	.455	2.198

a. Dependent Variable: Overall satisfaction  
(Source: Own survey, 2022)

It can be seen from the table above that the tolerance level of the procedural justice, distributive justice and interactional justice all above 0.1 and the VIF value is below 10. It can be seen that multicollinearity does not exist, that is, there is no threat to this dataset due to multicollinearity.



## Normality

The study used both methods of assessing normality; graphically using Normal Probability Plot (P-P) graph and using Skewness and Kurtosis numerically (presented on table 20).

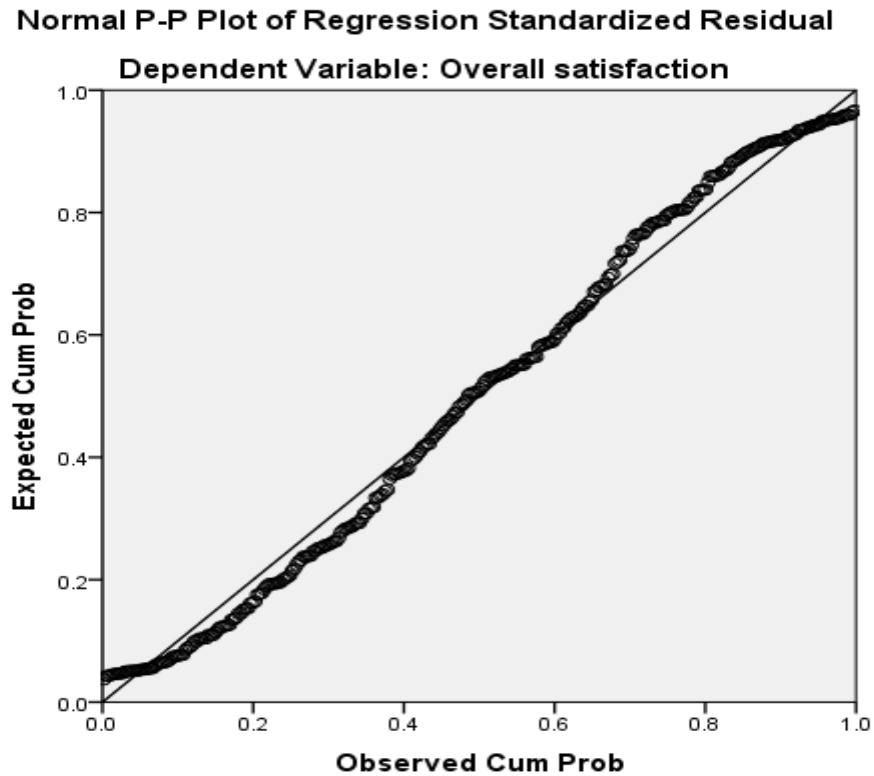
**Table 20: Descriptive Statistics of Normality**

Descriptive Statistics									
	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Overall satisfaction	324	1.00	4.00	2.6489	.75604	-.018	.135	-.474	.270
Distributive justice	324	1.00	4.00	2.6571	.72609	.095	.135	-.420	.270
Procedural justice	324	1.00	4.00	2.6120	.77782	-.107	.135	-.523	.270
Interctional justice	324	1.00	4.00	2.5614	.79036	-.081	.135	-.647	.270
Valid N (listwise)	324								

(Source: Own survey, 2022)

According to Garson (2012), when the data is normally distributed, the normality skew should be in the +2 to -2 range. Furthermore, when the data is normally distributed, kurtosis should be in the +2 to -2 range. When normality is critical, some statisticians suggest +1 to -1 as a more rigorous criterion. Since all variables' skewness and kurtosis fall within the range of +1 and 1, we can say that the abnormal data distribution cannot be a hindrance to this study.

**Figure 2: Normal Point Plot of Standardized Residual**



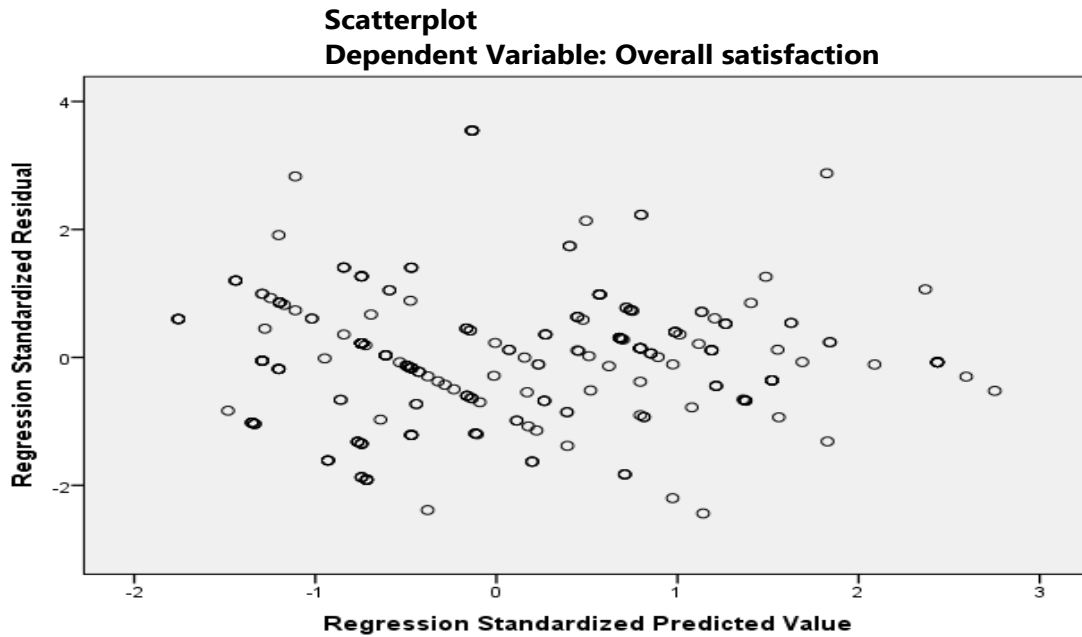
According to Field (2009), in a normal probability plot, the points are expected to lie on a more or less straight diagonal from the lower left to the upper right. This does not represent a significant departure from normal conditions. A linear pattern is observed where the points are symmetrically distributed around the diagonal. Therefore, the linear relationship between the residual values and the expected scores of the dependent variables indicates that linearity has been achieved.

### **Linearity**

As Garson(2012) noted, a simple inspection of scatter plots is a common method for determining whether or not a relationship has nonlinearity.

The dots in figure 3 have a straight line shape, as we have seen. As a result, there is a linear relationship between the dependent and independent variables.

**Figure 3: Descriptive Statistics of Linearity**



(Source: Own survey, 2022)

#### 4.5. Regression Analysis

As shown on the Model Summary table (table 21) the adjusted R Square statistic tells us the proportion of variance in the dependent variable that is accounted for by the independent variables. In this case the co-efficient of determination adjusted ( $R^2$ ) is 0.664. This means about 66.4% of the dependent variable (Overall customer satisfaction) can be explained by the independent variables (procedural justice, interactional justice and distributive justice). The remaining 33.6 % of the variance is explained by other variables that are not included in this study.

**Table 21: service recovery dimensions and customer satisfaction (model summary)**

Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.815 <sup>a</sup>	.664	.661	.44025

a. Predictors: (Constant), Interactional justice, Procedural justice, Distributive justice

b. Dependent Variable: Overall satisfaction

(Source: Own survey, 2022)

**Table 22: service recovery dimensions and customer satisfaction (ANOVA)**  
ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	122.603	3	40.868	210.850	.000 <sup>b</sup>
Residual	62.024	320	.194		
Total	184.627	323			

a. Dependent Variable: Overall satisfaction

b. Predictors: (Constant), Interactional justice, Procedural justice, Distributive justice

(Source: Own survey, 2022)

The F test results in the ANOVA table (table 22), as well as the p value, and determine whether the overall regression model is a good predictor and whether or not this result occurred by chance. The F test result is 210.850 with a significance of less than 0.001, implying that the probability of these results occurring by chance is less than 0.001. Thus, the independent variables (procedural justice, interactional justice and distributive justice) have a significant influence on the dependent variable (Overall customer satisfaction).

Table 23 showed that the independent variables (procedural justice, interactional justice, and distributive justice) have a significant positive effect on the dependent variable (Overall customer satisfaction). The coefficient table also exhibited the variable's constant, beta value, and p-value in order to determine the significance of the set hypothesis. The significance level of the independent variables is 0 .005 and the standardized coefficient is 0.291.

To present the regression equation as:

$$\text{Overall Satisfaction} = 0.291 + 0.309 (\text{Distributive Justice}) + 0.213 (\text{Procedural Justice}) + 0.383 (\text{Interactional Justice})$$

**Table 23: Regression Coefficients of Overall Satisfaction**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.291	.098		2.965	.003
	Distributive justice	.309	.056	.297	5.521	.000
	Procedural justice	.213	.045	.219	4.766	.000
	Interactional justice	.383	.046	.401	8.344	.000

a. Dependent Variable: Overall satisfaction

(Source: Own survey, 2022)

#### 4.6. Results of the hypothesis

H<sub>1</sub>: Distributive justice has positive effect on customer satisfaction.

As per the findings of the study, H<sub>1</sub> has a significant positive effect on customer satisfaction. Therefore, the hypothesis is accepted, with  $\beta = 0.309$ ,  $p < 0.05$ .

H<sub>2</sub>: Procedural justice has positive effect on customer satisfaction.

According to the findings of the study H<sub>2</sub> has positive significant effect on customer satisfaction. Therefore, the hypothesis is accepted, with  $\beta = 0.213$ ,  $p < 0.05$

H<sub>3</sub>: Interactional justice has positive effect on customer satisfaction.

According to the findings of the study H<sub>3</sub> has positive significant effect on customer satisfaction. Therefore, the hypothesis is accepted, with  $\beta = 0.383$ ,  $p < 0.05$

Based on the study, all of the independent variables, i.e. distributive justice, procedural justice, and interactional justice, have a positive influence on customer satisfaction.

## **CHAPTER FIVE**

### **Summary of findings, Conclusion and Recommendations**

This chapter summarizes the findings and recommendations of the study. It also describes limitations of the study and puts suggestion for further research.

#### **5.1. Summary of findings**

According to the findings of the study, the majority of participants are male, accounting for 62.7 %. Furthermore, the majority of participants (49.4 %) are between the ages of 41 and 50. The proportion of respondents who have had a customer relationship with the EEU for more than 11 years is the highest (61.1 %), followed by those who have had a customer relationship with the EEU for 4 to 6 years (14.8%).

Approximately 96.9 % have experienced service failure. Participants also reported frequent power interruption (10.5 %), taking long time for new connection (10.5 %), low response to fixing electricity failure (8 %), voltage fluctuation (5.4 %), and incorrect bills (2.9 %). The majority of them encountered more than one service failures (59.2 %).

Respondents were asked that whether or not they had indeed been compensated for the service failure. As per the responses, a number of respondents (82.5 %) had been compensated for the failure, while the remaining (17.5%) hadn't been compensated.

Respondents were asked to mention the responses they received immediately following the service failure; according to the study's findings, the majority of respondents (63.6 %) received compensation, while the least mentioned received nothing (3.1 %).

The three dimensions of service recovery were analyzed separately. Concerning procedural justice, on average, it had a mean and standard deviation of 2.61 and 0.78 respectively. The highest mean score, with a mean and standard deviation of 2.71 and 1.1, is about the time taken to solve my problem was in short period of time.

The mean and standard deviation for distributive justice were 2.66 and 0.73, respectively. Among the items of distributive justice, the highest disagreement response was “The treatments I

received are fair considering the efforts made by the company to make me happy", with a mean and standard deviation of 2.73 and 0.78, respectively.

Participants were then asked to rate their level of agreement and disagreement with the interactional justice. The mean and standard deviation were 2.56 and 0.79, respectively. And the highest level of disagreement were "The employee(s) apologized for the failure & handled my case in a professional way", and "The employee(s) were patient, confident, & empowered" with a mean and standard deviation of 2.62 and 0.95, and with a mean and standard deviation of 2.62 and 0.91 respectively.

In terms of overall satisfaction, Participants were asked to rate their level of satisfaction. Overall satisfaction had a mean of 2.65 and a standard deviation of 0.76 respectively. With a mean and standard deviation of 2.73 and 1.02, the highest level of disagreement was "I am satisfied with the outcomes of the service recovery ".

Respondents were also asked which service recovery dimension they thought was the most important. The majority of the respondent rank interactional justice as the most important, while procedural justice is ranked as the least important.

## **5.2. Conclusion**

The general objective of this study is to examine the effects of service recovery on customer satisfaction in the context of Ethiopian Electric Utility South Addis Ababa District.

Based on the finding, EEU service failures include frequent power interruption, low response to fixing electricity failure, voltage fluctuation, taking long time for new connection, incorrect bills. The responses also show that a majority of Ethiopian Electric Utility customers had also experienced more than one service failure. This suggests that EEU identified a problem that needed to be addressed.

The three service recovery dimensions were used to assess the level of satisfaction of EEU's customers. Interactional justice was highly perceived by EEU's customers, according to the findings. Although, of the three dimensions, procedural justice was rated as the least satisfactory.

Procedural justice had a mean and standard deviation of 2.61 and 0.78, respectively, according to the result. This implies that there is a gap over whether EEU policies and procedures satisfy the

following criteria: simplicity, adequacy, flexibility, appropriateness for the problems encountered, a concern of customers' class and status while handling the discomfort, and time taken to fix customers' problems.

Based on the findings, distributive justice, on average, had a mean and standard deviation of 2.66 and 0.73, respectively. As a result, it can be inferred that EEU has not paid sufficient attention to fair treatment, adequate compensation, providing a superior service to its customers.

According to the findings, interactional justice had a mean and standard deviation of 2.56 and 0.79, respectively. Therefore, EEU doesn't train its employees to make them apologize for the failure; to give an honest explanation for customers' questions; to treat customers with care; to be polite, patient, confident, understanding, respectful, empowered & willing to help customers; and to go the extra mile to solve customers' problem.

The result shows, the mean and standard deviation for overall satisfaction were 2.65 and 0.76, respectively. This implies that there is a disagreement regarding satisfaction with the outcomes of the service recovery, interaction with employees of EEU, the policies & procedures used to handle the service failure, and with the overall service recovery process. This needs critical attention from the EEU.

The relative importance of the three service recovery dimensions was also investigated from the perspective of the customers. According to the findings, the most important dimension is interactional justice, followed by distributive justice, and procedural justice was the least important dimension indicated by respondents. This implies that EEU should induce customer service to its employees.

In terms of perceived justices and overall satisfaction, the customers' perception of the service recovery dimensions provided accounts for 66.4 % in customer satisfaction with service recovery. This implies that 66.4% of the dependent variable (Overall customer satisfaction) can be explained by the independent variables (procedural justice, interactional justice and distributive justice). According to the findings of this study, interactional justice played a significant role in the variation in customer satisfaction in service recovery.



The effect of service recovery dimensions on customer satisfaction was investigated. The result has shown customer satisfaction has a positive relationship with service recovery dimensions. All the dimensions are strongly correlated with customer satisfaction.

### **5.3.Recommendations**

Based on the findings from the study on Customers of south Addis Ababa region the following recommendations are forwarded.

- Unstandardized facilities, such as distribution lines, substations, transformers, and so on, are one of EEU's major challenges in providing excellent service to its customers. It should concentrate on standardizing and improving the quality of these facilities in order to give better service.
- EEU's customer service policies and procedures should be improved in order to meet customer expectations. Customers should be involved in the formulation of policies and procedures. It's also critical to emphasize on policy and procedural simplicity, adequacy, and adaptability. This allows EEU to give quality service to its customers.
- EEU should conduct customer satisfaction surveys regularly. This assists in measuring customer satisfaction and improving the service quality.
- Keep customers informed about the service provided for them is very important to adjust their expectations. So, it is better to provide detailed information about the service and the service recovery process before the failure.
- EEU should provide continuous training to its employees to equip them to provide acceptable quality service to customers. This enables employees to treat customers with care, to be polite, patient, confident, understanding, respectful, and empowered to provide solutions to customer grievances.
- It is better that EEU should provide fair treatment and adequate compensation for service failures, to increase customers' satisfaction level.
- EEU should emphasize on internal marketing. It should care for its employees like its customers; because, satisfied employees are the sources of satisfied customers.

#### **5.4. Limitations and directions for further research**

This study's limitation is that the variables included in it were not exhaustive. This means that there may be other variables that could have influenced the results of the study but were not taken into account. Future research could benefit from including a more comprehensive list of variables.

It is also recommended that future researchers study the effect of customer satisfaction after service recovery on customer loyalty. This will provide a better understanding of how effective service recovery is in retaining customers.

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

Dear respondents;

This questionnaire is prepared to gather information on “**The Effect of Service Recovery on Customer Satisfaction: The Case of Ethiopian Electric Utility South Addis Ababa District**” for educational purposes. The information is solicited for the partial fulfillment of a Master of Arts Degree in Marketing Management, the Department of Marketing Management at Addis Ababa University School of Commerce. All the information you provide will be kept confidential and used just for academic purposes. As a customer of Ethiopian Electric Utility who has faced service failure and recovery, you will have valuable insights which might assist this research for the achievement of the study objectives. Your cooperation is highly appreciated.

Thus, I kindly request you to give me your response by completing this questionnaire.

Please feel free to contact me at any time for further clarification if any!

Mehari Gebremeskel

Tell: 0914339844

e-mail: megebmes@gmail.com

Thank you in advance for your cooperation!



## Definition of Terms

**Service Failure:** a perception by customers that one or more specific aspects of service delivery have not met their expectations

**Service Recovery:** systematic efforts by a firm after a service failure to correct a problem and retain a customer's goodwill.

**Distributive Justice:** what the customer receives as an outcome of the recovery process

**Procedural Justice:** the perceived fairness of the policies, procedures, and criteria used by decision makers in arriving at the outcome of a dispute

**Interactional justice:** the manner in which people are treated during the service recovery process

**Instruction: please put a thick mark on the box.**

## Part I. General Information of Respondents

1. Gender

Female  Male

2. Age group

18-30  31-40  41-50  51yrs & above

3. Educational background:

Secondary education completed  TVET/Diploma  First Degree  Second Degree   
PhD  Other.....

4. Occupation

Self-owned  Private company  Government  NGO  Unemployed

5. Years in relationship with Ethiopian Electric Utility (EEU)

1-3 Years  4-6 years  7-10 years  11 years and above

6. Have you ever encountered any service failure?

Yes  No

7. If the answer for question no. “6” is “yes” Please indicate the service failure you encountered (you can select more than one)

Frequent power interruption  Low response to fixing electricity failure  Voltage fluctuation

Taking long time for new connection  Incorrect bills

Other service failure please specify \_\_\_\_\_

8. If the answer for question no. “6” is “yes” have you been compensated for the failure?

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

9. If the answer for question no. “8” is “yes” do you get the compensation on time?

Yes, I received my compensation right away

No, it took them forever to give me the compensation

10. What kind of response do you get from the Ethiopian Electric Utility on the spot? (You can select more than one)

I received an apology  I received an explanation about the failure

I received compensation  I received nothing

If other? Please specify \_\_\_\_\_

### **Part two: service recovery dimensions**

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

### Procedural justice

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

S.No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
11.1	The policies and procedures are simple and adequate	1	2	3	4	5
11.2	The company's policies and procedures are flexible	1	2	3	4	5
11.3	The policies and procedures are appropriate with the problems encountered	1	2	3	4	5
11.4	The company's policies and procedures considered my class and my status while handling the inconvenience.	1	2	3	4	5
11.5	The time taken to solve my problem was in short period of time	1	2	3	4	5

### Distributive justice

12. Do you think the whole service recovery process is fair?

S.No	Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12.1	The treatments I received are fair considering the efforts made by the company to make me happy	1	2	3	4	5
12.2	The compensation I received in response to the failure is adequate	1	2	3	4	5
12.3	I received what I deserved	1	2	3	4	5
12.4	When I choose Ethiopian Electric Utility I expected a premium service and I was treated exactly like I wanted it	1	2	3	4	5

## Interactional justice

### 13. How did the Ethiopian Electric Utility personnel handle the failure?

S.No	Statements	Strongly disagree	disagree	neutral	agree	Strongly agree
13.1	The employee(s) apologized for the failure and handled my case in a professional way	1	2	3	4	5
13.2	The personnel gave me an honest explanation for my questions	1	2	3	4	5
13.3	The employee(s) treated me with care during the overall process	1	2	3	4	5
13.4	The employee(s) were polite and willing to help	1	2	3	4	5
13.5	The employee(s) were patient, confident, and empowered	1	2	3	4	5
13.6	The personnel were understanding, respectful and go extra mile to solve my problem	1	2	3	4	5

**Part three: Overall satisfaction**

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

S.No	Statements	Strongly disagree	disagree	neutral	agree	Strongly agree
14.1	I am satisfied with the outcomes of the service recovery	1	2	3	4	5
14.2	I am satisfied with the interactions I had with the personnel of the company during the overall process	1	2	3	4	5
14.3	I am satisfied with the policies and procedures used to handle my problem	1	2	3	4	5
14.4	I am satisfied with the overall service recovery process	1	2	3	4	5

**Level of importance of major dimension of the service recovery**

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

**15.1** The efforts of the company’s personnel to handle the problem \_\_\_\_\_

**15.2** The company’s policies and procedures used to handle the failure \_\_\_\_\_

**15.3** The final service recovery outcome \_\_\_\_\_

**አዲስ አበባ ዩኒቨርሲቲ የንግድ ሥራ ትምህርት ቤት**  
**የገበያ ሥራ አመራር ትምህርት ክፍል**  
**የድኅረ ምረቃ ፕሮግራም**

**መጠይቅ**

ይህ መጠይቅ በአዲስ አበባ ዩኒቨርሲቲ ንግድ ሥራ ትምህርት ቤት፣ የገበያ ሥራ አመራር ትምህርት ክፍል፣ ለድኅረ ምረቃ ፕሮግራም የመመረቂያ ጽሑፍ ለማዘጋጀት የሚያገለግል ሲሆን፣ በኢትዮጵያ ኤሌክትሪክ አገልግሎት ደቡብ አዲስ አበባ ዲስትሪክት ውስጥ የምልሰተ አገልግሎት (Service Recovery) በደንበኛ ዕርካታ ላይ ያለውን ተጽእኖን ይመለከታል። የሚሰበሰበው መረጃም በምስጢር የሚያዝ ሲሆን ለጥናቱ ዓላማ ብቻ እንዲውል ይደረጋል። እርስዎም የአገልግሎት ጉድለት አጋጥመዎ እንደሚያውቅ የኢትዮጵያ ኤሌክትሪክ አገልግሎት ደንበኛ፣ የሚሰጡት መረጃ የጥናቱን ዓላማ ለማሳካት ከፍተኛ አስተዋጽኦ ይኖረዋል። በመሆኑም፣ ለቀረቡት ጥያቄዎች ተገቢውን ምላሽ በመስጠት እንዲተባባሩኝ በአክብሮት እጠይቃለሁ።

ተጨማሪ ማብራሪያ ከፈለጉ በማንኛውም ሰዓት በስልክ ወይም በኢ-ሜይል ሊያገኙኝ ይችላሉ!

መሐሪ ገብረመስቀል

ስልክ ቁጥር:- 0914339844

ኢ-ሜይል:- megebmes@gmail.com

ለትብብርዎ በቅድሚያ አመሰግናለሁ!

**የቃላት ትርጓሜ**

**የአገልግሎት ጉድለት (Service Failure)**- አንድ ወይም ከዚያ በላይ የሆኑ የአገልግሎት አሰጣጥ ገጽታዎች እንደሚጠብቁቸው ሆነው እንዳልተገኙ በደንበኞች ዘንድ የተፈጠረ ግንዛቤ

**ምልሰተ አገልግሎት (Service Recovery)** - የአገልግሎት ጉድለት ከተከሰተ በኋላ ችግሩን ለመፍታት እና ደንበኞች ለአገልግሎት ሰጪው ያላቸውን በጎ ዕይታ ለማስጠበቅ በአገልግሎት ሰጪው ድርጅት የሚደረግ የተደራጀ ጥረት

**የአገልግሎት ጉድለት ማካካሻ (Distributive Justice)** - ደንበኛው በምልሰተ አገልግሎት ሂደቱ የሚያገኘው የመጨረሻ ውጤት (ማካካሻ)

**የአሰራር/መመሪያ ፍትሕ (Procedural Justice)** - በተከሰተው የአገልግሎት ጉድለት ላይ ውሳኔ ለማሳለፍ እና ችግሩን ለማስተካከል ያገለገሉ ፖሊሲዎችና መመሪያዎች ተገቢነትን በተመለከተ በደንበኞች ዘንድ የተፈጠረ ግንዛቤ

**መስተጋብራዊ ፍትሕ (Interactional Justice)** - በምልሰተ አገልግሎቱ ሂደት ደንበኞች የተስተናገዱበት ሁኔታ

**ክፍል አንድ - የግል መረጃ**

እባክዎ ከተሰጡት አማራጮች የተሰማሙበት ላይ የ “√” ምልክት ያድርጉ

1. የታ ወንድ

2. ዕድሜ 18-30  31-40  41-50  51-እና ከዚያ በላይ

3. የትምህርት ደረጃ

ሁለተኛ ደረጃ ያጠናቀቀ/ች  ፊኬት  ቴክኒክና ሙያ/  ሎማ

የመጀመሪያ ዲግሪ  ፍ ዲግሪ  ሦስተኛ ዲግሪ  (ኤች ዲ)

ሌላ.....

4. የሥራ ሁኔታ የግል ሥራ  የግል ድርጅት  ሥራተኛ  የመንግስት

ሠራተኛ  መንግስታዊ ያልሆነ ድርጅት ሠራተኛ  ሥራ ፈላጊ

ሌላ.....

5. ከኢትዮጵያ ኤሌክትሪክ አገልግሎት ጋር ያለዎ የደንበኝነት ቆይታ ጊዜ

ከ1-3 ዓመት  4-6 ዓመት  ከ7-10 ዓመት  11 ዓመትና በላይ

6. ከኢትዮጵያ ኤሌክትሪክ አገልግሎት ጋር በነበረዎ የደንበኝነት ቆይታ የአገልግሎት

ጉድለት (service failure) ገጥመዎ ያውቃል? አዎ ያውቃል  አያውቅም

7. ለተቁ “6” ጥያቄ መልስዎ አዎ ከሆነ እባክዎ ያጋጠመዎን የአገልግሎት ጉድለት (service

failure) ከዚህ በታች ከተዘረዘሩት ውስጥ ይምረጡ (ከአንድ ጊዜ በላይ መምረጥ ይቻላል)

ተደጋጋሚ የሆነ የኤሌክትሪክ ኃይል አቅርቦት መቆራረጥ  ለጥገና አገልግሎት ጥያቄ

ፈጣን ምላሽ አለመስጠት  የኃይል ኃይል መዋወቅ (voltage fluctuation)

አዲስ ቆጣሪ ለማገናኘት ረጅም ጊዜ መፍጀት  ስህተት የሂሳብ መጠየቂያዎች (Incorrect bills)

ሌላ.....

8. ለተቁ “6” ጥያቄ መልስዎ አዎ ከሆነ ላጋጠመዎ ችግር ከድርጅቱ አስፈላጊውን

የአገልግሎት ማካካሻ አግኝተው ያውቃሉ?

አገኝቻለሁ  አላገኘሁም

9. ለተቁ “8” ጥያቄ መልስዎ አዎ ከሆነ ላጋጠመዎ ችግር በወቅቱ ማካካሻ አገኝተዋል?

በወቅቱ አገኝቻለሁ  ተቆይቶ አላገኘሁም

10. በኢትዮጵያ ኤሌክትሪክ አገልግሎት ውስጥ በተከሰቱት ችግሮች የተሰጠዎ ምላሽ ምንድን ነው?

የይቅርታ ምላሽ አገኝቻለሁ  ስለተው ችግር ላይ ማብራሪያ አገኝቻለሁ

ማካካሻ አገኝቻለሁ  ምላሽ አላገኘሁም



**ክፍል ሁለት - የምልሰተ አገልግሎት (Service Recovery) ዕይታዎች**

እባክዎ ከተሰጡት አማራጮች መካከል የተስማሙበትን በማክበብ ይምረጡ።

1= በጣም አልስማማም፣ 2= አልስማማም፣ 3= ምንም አይመስለኝም

4= እስማማለሁ፣ 5= በጣም እስማማለሁ

**የአሰራር/መመሪያ ፍትሕ (Procedural Justice)**

11. ከገጠመዎ የአገልግሎት ጉድለት አንጻር ስለ ድርጅቱ ፖሊሲ እና መመሪያ ምን ያስባሉ?

ተ.ቁ		በጣም አልስማማም	አልስማማም	ምንም አይመስለኝም	እስማማለሁ	በጣም እስማማለሁ
11.1	የድርጅቱ ፖሊሲዎችና መመሪያዎች ቀላል እና የተሟሉ ናቸው	1	2	3	4	5
11.2	የድርጅቱ ፖሊሲዎችና እና መመሪያዎች እንደ አመቺነቱ ሊለዋወጡ የሚችሉ ናቸው	1	2	3	4	5
11.3	የድርጅቱ ፖሊሲዎችና እና መመሪያዎች ካጋጠሙት የአገልግሎት ጉድለቶች አንጻር ችግሮቹን ለመፍታት ተገቢ ናቸው	1	2	3	4	5
11.4	የድርጅቱ ፖሊሲዎችና መመሪያዎች ካጋጠሙት የአገልግሎት ጉድለቶች አንጻር የእኔን ሁኔታ እና ደረጃ ያገናኘሱ ናቸው	1	2	3	4	5
11.5	ያጋጠመኝን የአገልግሎት ጉድለት ለመመለስ የወሰደው አጭር ጊዜ ነው	1	2	3	4	5

**የማካካሻ ፍትሕ (Distributive Justice)**

12. ጠቅላላ የምልሰተ አገልግሎት ሂደቱ ፍትሐዊ ነው ብለው ያስባሉ?

ተ.ቁ		በጣም አልስማማም	አልስማማም	ምንም አይመስለኝም	እስማማለሁ	በጣም እስማማለሁ

12.1	ድርጅቱ ያደረገልኝ እንክብካቤ እና እኔን ለማስደሰት ያደረገው ጥረት መልካም ነበር	1	2	3	4	5
12.2	ካጋጠመኝ የአገልግሎት ጉድለት አኳያ ያገኘሁት የአገልግሎት ማካካሻ በቂ ነበር	1	2	3	4	5
12.3	ማገኘት የሚገባኝን የአገልግሎት ማካካሻ አገኝቻለሁ	1	2	3	4	5
12.4	የኢትዮጵያ ኤሌክትሪክ አግልግሎትን ስመርጥ የላቀ አገልግሎት እንደማገኝ ጠብቄ ነበር ያገኘሁትም አገልግሎት ስጠብቀው እና ስፈልገው እንደ ነበረው ነው	1	2	3	4	5

**መስተጋብራዊ ፍትሕ (Interactional Justice)**

13. የኢትዮጵያ ኤሌክትሪክ አገልግሎት ሠራተኞች የአገልግሎት ጉድለቶችን የሚያስተካክሉበት መንገድ እንዴት ነበር?

ተ.ቁ		በጣም አልሰማም	አልሰማምም	ምንም አይመስለኝም	እሰማለሁ	በጣም እሰማለሁ
13.1	የድርጅቱ ሰራተኞች ለተከሰተው ችግር ይቅርታ ጠይቀው ችግሩን ለመፍታት ሞያዊ ብቃታቸውን አሳይተውኛል	1	2	3	4	5
13.2	የድርጅቱ ሠራተኞች ለጠየቅኳቸው ጥያቄዎች ሐቀኛ ማብራሪያ ሰጥተውኛል	1	2	3	4	5
13.3	የድርጅቱ ሠራተኞች በጠቅላላ ሂደቱ በእንክብካቤ አስተናግደውኛል	1	2	3	4	5
13.4	የድርጅቱ ሰራተኞች በትህትና እና በፈቃደኝነት ሲረዱኝ ነበር	1	2	3	4	5
13.5	የድርጅቱ ሰራተኞች ትሁት፣ በራሳቸው የሚተማመኑ እና በከፍተኛ የሥራ መንፈስ የተሞሉ ናቸው።	1	2	3	4	5
13.6	የድርጅቱ ሰራተኞች ደንበኞችን አክባሪ፣ ችግሮችን የሚረዱ እና የእኔን ችግር ለመፍታት የሚችሉትን እና ከዚያም በላይ የሚያደርጉ ናቸው።	1	2	3	4	5

**ክፍል ሦስት -አጠቃላይ እርካታ መግለጫ**

14. በድርጅቱ አጠቃላይ የአገልግሎት ጉድለት ማስተካከያ ሂደት ደስተኛ ነዎት?

ተ.ቁ		በጣም አልሰማም	አልሰማምም	ምንም አይመስለኝም	እስማማለሁ	በጣም እስማማለሁ
14.1	ድርጅቱ በሚያደርገው የምልሰተ አገልግሎት (service recovery) ማካካሻ (outcome) ረክቻለሁ	1	2	3	4	5
14.2	በጠቅላላ ሂደቱ ከድርጅቱ ሠራተኞች ጋር በነበረኝ ግንኙነት ረክቻለሁ	1	2	3	4	5
14.3	ያጋጠሙኝን ችግሮች ለመፍታት ባገለገሉት የድርጅቱ ፖሊሲዎችና መመሪያዎች ረክቻለሁ	1	2	3	4	5
14.4	በጠቅላላ የምልሰተ አገልግሎት ሂደቱ ረክቻለሁ	1	2	3	4	5

**የምልሰተ አገልግሎት ዋና ዋና ዕይታዎች (Dimension) የአስፈላጊነት ደረጃ**

15. ከዚህ በታች ከተጠቀሱት መካከል፣ ከአገልግሎት ጉድለትና ከምልሰተ አገልግሎት ሂደቱ

አንጻር የትኛው እይታ የበለጠ አስፈላጊ ነው ብለው ያስባሉ?

እባክዎ ከ “1” እስከ “3” በደረጃ ያስቀምጡ (ለ “በጣም አስፈላጊ” “1” ቁጥርን፣ ለ “አስፈላጊ” “2” ቁጥርን፣ እና ለ “በመጠኑ አስፈላጊ” “3” ቁጥርን ይጻፉ።)

15.1 የድርጅቱ ሠራተኞች ችግሮችን ለመፍታት ያደረጉት ጥረት -----

15.2 ያጋጠሙ ችግሮችን ለመፍታት ያገለገሉ የድርጅቱ ፖሊሲዎችና መመሪያዎች-----

15.3 የምልሰተ አገልግሎቱ የመጨረሻ ውጤት (the final service recovery outcome) ----