Service Recovery, Perceived Fairness, and Customer Satisfaction in the Telecoms Sector in Ghana

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ABSTRACT

This article seeks to explore service recovery strategies adopted by mobile service providers operating in Ghana. The article adopts a quantitative approach design. A sample size of 384 respondents was used for this study comprising mobile phone subscribers in Ghana. The study revealed a significant positive relationship between service recovery based on firm’s understanding of customer complaints, firm’s fair treatment of customer complaints and customer satisfaction. Furthermore, the study also found a positive correlation between service recovery and customer satisfaction. The article contributes to extant literature on service recovery from developing country perspective.

KEYWORDS

Customer Satisfaction, Ghana, Perceived Fairness, Service Recovery, Telecommunication

1. INTRODUCTION

The rapid growth of the service economy has generated a lot of interest in the study of service. From business and technological viewpoints, services have become the source of sustainable and strategic competitive advantage for firms (Loutas, Tarabani, & Peristeras, 2012). As the service sector of the global economy grows, the study of services is assuming the centre stage (Spohrer & Kwan, 2008). The service industry is a major component of modern countries and the core of modern economies (Géczy et al., 2010). Service-based economic activities dominate the world economies. The service-related economic activities for the developed countries account for over 75% of their gross domestic product. Service orientation is becoming increasingly evident in developing economies as well (Géczy et al., 2010).

Service firms today are engaging in continuous search of strategies to improve their service performance as well as deliver excellence customer-centric services. The fact that every service firm strives for the delivery of excellent service provision means satisfaction is important for the retention of customers. Nikbin et al., (2012) mention that despite the continuous improvement in the delivery of service, many firms will continue to commit errors when meeting customer satisfaction. Therefore, it is difficult to avoid failing to satisfy consumers’ ever-increasing demands during the delivery of

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Service failure refers to “mishaps that result in customer dissatisfaction” and it occurs when service is not fulfilled or fails to match the expectation of the consumer (Bitner et al., 1990; in Jung & Seock, 2017). The presence of errors may not necessarily imply dissatisfaction but when effort is not made to correct the errors committed. Since the occurrence of mistakes is inevitable service firms rely on effective service recovery strategies to redeem the image of service provision. Gronroos (1988) describe service recovery to reflect the actions firms take to respond to service failure. Nikbin et al. (2012) argue that service recovery serves as the moment of truth and further serves as a tool for customer retention.

In today’s competitive environment customer satisfaction is seen to be vital to the success and continuity of service operations (Rashid et al., 2014). Researchers contend that tangible products have higher levels of satisfaction than services and this is attributed to the fact that tangible products provide consistent quality levels (Gustafsson, 2009). Since service operation has its own complexities as a result of personal relationships between consumers and front-line employees (Battaglia et al., 2012) service firms must consider recovery process (Schoefler, 2010). Customer satisfaction therefore is crucial to the survival of any service organization. Satisfaction suggests measurable outcome or otherwise following the consumption of a product. It also allows the retention of customers and employees, thus reducing turnover rates (Gera et al., 2017).

Tax and Brown (1998) mention that the cost of attracting a new customer is five times that of retaining an old one. There is an enormous challenge created for those service firms who lose their customers and later want to develop new set of customers. In a study by Bitner et al., (1990), it was indicated that most customers are willing to tolerate some level of service mistakes. This may not lead to dissatisfaction but the refusal to take measures makes customers unhappy (Wen and Chi, 2013) and this is an important determinant of customer loss. Dissatisfaction resulting from service failure has its own repercussion, including negative word-of-mouth (WOM) communication (Ranaweera & Prabhu, 2003) and customer loss (Maxham & Netemeyer, 2002).

As Tinnilä (2013) puts it, the efficiency of services, service processes and service production has become vital in modern economies. This has resulted in the creation of choices and information which is making consumer highly demanding and unwilling to absorb any dissatisfaction (Kainth & Verma, 2013). Customers in the telecommunication industry in Ghana have become very much sophisticated. They are increasingly becoming more knowledgeable about the services they are expecting. This in a way raises their expectations in respect of service delivery. It is therefore necessary for firms in the industry to recognize the increasing levels of expectations by customers in order to devise workable recovery strategies in the event of service failure. Currently there have been strong competing firms in the industry who in an attempt to stay competitive have consistently introduced various services with respect to telephony, internet services, financial transactions (mobile money) etc. In their quest to reduce dissatisfaction resulting from service failure the companies in the industry have resorted to various strategies such as apologies, remediation (fixing the problem) and compensation (atonement) among others (Ibrahim & Abdallahamed, 2013).

This current paper builds on our earlier paper on service recovery and customer satisfaction in Uganda telecoms. This is to assess the applicability or otherwise of our research findings in similar markets within the African sub region. This current study is positioned to achieve the following objectives; to establish the relationship between recovery attributes and customer Satisfaction; establish the relationship between perceived fairness and customer satisfaction; and explore the relationship between recovery attributes and perceived fairness.

The rest of the paper is structured as follows; in the next section, we review related literature review; section three suggests the research model and hypotheses; the fourth section presents the study’s findings; the fifth and final section outlines the main conclusions of the study and future research direction.
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