



Chapter 21

Service Recovery Strategies and Customer Satisfaction in the Digital Age: Evidence From Customers of Utility Service Providers in Ghana

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ABSTRACT

Customers of utility service providers in developing economies face frequent interruptions in service delivery by service providers. Customers experience power outages, disconnecting customers from service without recourse to prompt reconnection, billing discrepancies etc. are among the problems encountered by customers of utility service providers. Customers on the other hand resort to open confrontation, non-refusal to pay bills and other mechanisms to register their displeasure towards the utility service providers. A key tool available to utility service providers to ensure customer satisfaction and that customers' concerns are adequately addressed is the effective application of service recovery strategies. How effectively can the application of service recovery strategies influence the level of customer satisfaction? The current study is among the few studies in sub-Saharan Africa that investigate service recovery as an antecedent to customer satisfaction in today's digital space. Details of the outcome are discussed in the chapter.

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1.0 INTRODUCTION

Research works have acknowledged the interconnectedness between service recovery strategies and customer satisfaction. According to Sekar and Sudha (2012), service recovery strategies and satisfaction with service recovery lead to customer happiness. This suggests that service recovery is an antecedent to customer satisfaction. To measure customer satisfaction, service providers need to know what their customers think about their ability to recover the services or products they have provided and whether they are satisfied with their service recovery or not. This is determined by the customer's cumulative experiences at all contact points with the service organisation (Fadhila, Wadud & Roswaty, 2021; ALhawbani, Ali & Hammouda, 2021).

Several studies on service recovery have been conducted in other sectors of the economy such as the retail industry, mobile telecommunication industry, fashion, airline, and internet shopping mall service (Omoera, 2017; Fadhila, Wadud & Roswaty, 2021; ALhawbani, Ali & Hammouda, 2021; Ayerterey, 2018; Matikiti, Mpinganjira & Roberts-Lombard, 2019; Kim, 2007; Fadhila, Wadud & Roswaty, 2021; Ali & Mohamed, 2020). However, a study focusing on the public sector which is mandated to provide goods and services for the public good is lacking. Utility service companies in Ghana largely enjoy a monopoly (Twum & Abubakari, 2020).

The Ghana Water Company Ltd for example, is the only public company that currently supplies water for both domestic and industrial consumption in Ghana. However, the reliability and quality of the water supply continue to affect customer satisfaction. Customers continue to criticize the quality of their service delivery (Badu, 2016). The company resorts to tariff adjustment over the years as a justification to ensure that quality service is provided. For the past years, the regulatory body of public utility companies in Ghana, the Public Utility Regulations Commission (PURC) has been the body that announces tariff adjustments. In 2022, there was an adjustment of tariffs. Similarly, in 2023, there was a tariff adjustment of 8% for water. This has been the trend over the years with the justification that this increment will ensure improved customer service and satisfaction. Yet customers continue to record service failures. This therefore calls for attention to focus on how to ensure the satisfaction of customers using service recovery strategies. As suggested by Phan, Nguyen and Pham, (2021), studies should turn their attention to the public sector to ascertain the extent to which their services are meeting the expectations of the members of the public.

Debate on the contribution of service recovery to customer satisfaction has been inconclusive. Whereas Ali and Mohamed (2020); Abd Rashid, Ahmad and Othman (2014); Omoera (2017); Fadhila, Wadud and Roswaty (2021); ALhawbani, Ali & Hammouda, 2021; Gaffar, Suharyono, Solimun & Andriani Kusumawati (2021); Ermias (2019); established a positive effect of service recovery on customer satisfaction, Phan, Nguyen and Pham (2021); Zaid, Palilati, Madjid and Bua (2021), however, established a negative impact of service recovery on customer satisfaction.

The primary purpose of this study is to examine how service recovery affects the satisfaction of customers at Ghana Water Company Limited, in the Odorkor District of the Greater Accra Region of Ghana. Specifically, the study examines the relationship between compensation and satisfaction with the recovery, analyses the relationship between apology and satisfaction with the recovery, determines the relationship between explanation and satisfaction with the recovery and assesses the effect of satisfaction with recovery on the satisfaction of customers at Ghana Water Company Limited in the Odorkor District of the Greater Accra Region of Ghana. The findings of the study will provide inputs on the service recovery strategies that Ghana Water Company Ltd can rely on to ensure the satisfaction of its customers. Findings will also lay the foundation on which of the service recovery strategies to emphasize when building relationships with customers.

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