COMPENSATION IN SERVICE RECOVERY AND CUSTOMER LOYALTY IN THE HOSPITALITY INDUSTRY IN KENYA

Article · September 2015

Kenneth Wanjau
Karatina University College

Joseph Mung'atu
Jomo Kenyatta University of Agriculture and Te…

International Journal of Economics, Commerce and Management
United Kingdom Vol. III, Issue 9, September 2015
http://ijecm.co.uk/ ISSN 2348 0386

COMPENSATION IN SERVICE RECOVERY AND CUSTOMER LOYALTY IN THE HOSPITALITY INDUSTRY IN KENYA

Stephen Njuguna Wamuyu
Jomo Kenyatta University of Agriculture and Technology, Kenya
snjugunaw@gmail.com

Robert Gichira
Jomo Kenyatta University of Agriculture and Technology, Kenya
drogichira@yahoo.com

Kenneth Lawrence Wanjau
Karatina University, Kenya
wanjaukeneth@gmail.com

Joseph Mung'atu
Jomo Kenyatta University of Agriculture and Technology, Kenya
j.mungatu@fsc.jkuat.ac.ke

Abstract

The increased competition in the hospitality industry has forced hotel proprietors to continuously search for competitive advantages, with service quality being the single most important differentiating factor. This competition and perpetual differences between the customers and the service providers leading to service failures, service recovery is an important strategy to reduce the dissonance with customers. In Kenya the hospitality industry has been characterized by poor service quality which threatens their long-term survival, thus the need for the research in order to come up with innovative strategies to improve service quality. This study used a survey approach guided by cross-sectional research design. The study was guided by compensation as the independent variable and customer loyalty as the dependent variable. The study found out that compensation has a significant influence on customer loyalty. The study recommended *that since service failure in inevitable in the hospitality industry, proprietors should come up with strategies to encourage customers to voice their complaints and use such information as a learning tool for improving service quality and also create a set of knowledge that will be used for continuous innovation and strategic growth of their enterprises.*

Keywords: Compensation, Customer loyalty, Hospitality, Service failure, Service quality, Service recovery

INTRODUCTION

In today's global marketplace, competition among service providers is fierce and service firms constantly struggle to build and manage high-quality customer relationships, which has heightened the need for organizations to become more entrepreneurial in order to survive and prosper (Shapiro & Nieman-Gonder, 2006). As the tourism and hospitality industry becomes more competitive, it becomes more difficult to meet the expectations of customers due to marketing problems resulting mainly from the intangibility, inseparability, heterogeneity, and perishability characteristics of services (Karatepe, Avci, & Tekinkus, 2005).

This increased competition and expansion of unique services and amenities in the hospitality industry has forced proprietors to continuously search for competitive advantages, with service quality being the single most important differentiating factor in almost every hospitality environment (Neill & Palmer, 2004). Service quality is an important determinant of customer satisfaction and the prices that customers are willing to pay, with managing service quality increasingly being viewed as critical by most commercial enterprises in achieving market differentiation and competitive advantage (La & Kandampully, 2004). Creating loyal customers through delivery of superior service quality and customer satisfaction is of paramount importance to the success of service firms (Karatepe, Avci, & Tekinkus, 2005). One of the factors of service quality is human element of service delivery and includes aspects such as reliability, responsiveness, assurance, empathy and service recovery (Sureshchandar, Rajendran, & Kamalanabhan, 2001).

Service recovery should not be viewed solely as a damage control mechanism that affects only the shop floor level of a firm, but also as part of the firm's long-term strategic planning that aims to ensure that its offerings are continuously innovated so that the firm continues to remain at the forefront of the marketplace (La & Kandampully, 2004). Firms must strive to design appropriate recovery strategies in order to remain competitive. Currently, service recovery is no longer conceived as a set of specific, one-off actions in response to an unsatisfied consumer, or as an operational mechanism of damage control, but as an integral part of the service company's long-term strategy which involves comprehensive management practices (Johnston & Michel, 2008). Effective service recovery minimizes the impact of service failures, and can potentially transform angry and frustrated customers into satisfied and loyal ones (Boshoff, 1997).

Adopting a strategic perspective on service failure management is potentially more beneficial for service providers in the long term, because it can contribute to a firm's learning at the organizational level and to the development of a customer value-based competitive advantage (La & Kandampully, 2004). Firms need to identify a well-balanced combination of exploitation and exploration strategies (Prange & Schlegelmilch, 2009). Excessive exploration at the expense of exploitation can be costly, as the tangible outcomes of exploration will only be realized in the distant future and then only with considerable uncertainty. On the other hand, a concentration on exploitation without exploration discourages the organization from pursuing learning and development (Auh & Menguc, 2005).

The primary objective of service recovery is to regain customer satisfaction with service encounters, and to identify and correct weaknesses in the relevant service processes, thus avoiding similar occurrences in the future. Attracting new customer's costs five times more than retaining existing customers and a customer who has had a conflict resolved by a company will tell about five people; if the conflict remains unresolved, dissatisfied customers will tell 10 to 20 people about their bad experience (Thwaites & Williams, 2006). A firm can also learn from its service failures and apply such learning, not only to amend its existing system but also to create a set of knowledge that can be used for continuous innovation and transformational change. The firm can thus be better equipped to provide its customers with better value through a more reliable and continuously updated service system as the market evolves over time. In this regard, learning from service failure should be considered as an integral part of an organization-wide learning strategy, with the ultimate objective being to create a sustainable competitive advantage based on superior customer value. This requires that the service provider adopt a strategic perspective on the management of service failures, in addition to the commitment to organizational learning (La & Kandampully, 2004) .

Statement of the Problem

Despite the fact that hospitality industry is among the fast expanding industries and an important top foreign earners for Kenya, it has been characterized with many challenges ranging from service quality, which includes service failure, and the number of accommodation facilities. With the ever-increasing competitive business environment, customers choices have widened and more than ever customers are less likely of forgiving for service failures (Roodurmun &

Juwaheer, 2010). However, mistakes are an unavoidable feature of all human endeavors and the unique characteristics of the service industry, especially the hotel industry, makes mistakes more distinct and zero defects not attainable (Wirtz & Mattila, 2004).

Service failure causes customer dissatisfaction with the service provider which may lead to loss of customers and a spread of negative word-of-mouth (Kim, Kim, & Kim, 2009). If allowed to continue, poor service delivery threatens the long-term survival of the firm (Michel & Meuter, 2008). This would lead to the closure of hotels, loss of jobs and hence low Gross Domestic Product (GDP), which will lead the country failure to service recurrent expenditure, capital expenditures and internal and external debts. This will lower the country competitiveness which will lower the rate of innovation as a result of lower entrepreneurial orientation.

Several local studies have been done on the area of service quality, service recovery, customer satisfaction and customer loyalty. Odera, Chepkwony, Korir, Lagat, and Mumbo (2012) conducted a study on the effects of distributive justice complaints resolution strategies on customer satisfaction in Kenya's banking industry. Komunda, (2012) investigated the effects of service recovery on customer satisfaction and loyalty in a commercial banking environment. Mage (2010) conducted a study on empirical estimation of customer loyalty in tourism industry and developed a model that can be used in estimating customer loyalty. This indicates that there are limited local empirical studies on the effect of compensation in service recovery on customer loyalty in the hospitality industry. This study sought to fill in on this existing knowledge gap.

LITERATURE REVIEW

Service Recovery

Service industries are undergoing significant developments with focus shifting from customer acquisition to customer retention; and it is vital that organizations not only attract new customers and satisfy their immediate needs, but also do their utmost to retain them as this will probably give them a greater chance of survival. Building relationships with customers lies in the fact that repeat business not only promotes profitability, it can actually be the lifeblood of the organization (Steyn, Mostert, De Meyer, & Van Rensburg, 2011).

Increasingly, service firms as well as their customers, are seeking a flawless performance on delivery of both core and supplementary service elements, although due to human errors, service failure is inevitable from time to time, especially in medium and high contact services such as hospitality industry services (Mattila & Cranage, 2005). No matter what level of excellence of service a company delivers, many companies will often make the mistake when trying to meet the expectations of today's customers, who are more demanding and less loyal than ever before. Even the most customer-oriented organization with the tightest quality assurance program is not able to eliminate all service failures (Del Río-Lanza, Vázquez-Casielles, & Díaz-Martín, 2009). Service recovery is a valuable marketing tool which constitutes a second chance for the hotel to satisfy the customer (Kuenzel & Katsaris, 2009).

Service recovery helps to solve problems in two potential situations: during the service encounter, before a customer complaint and shortly after the service encounter if the customer is dissatisfied (Gronroos, 2007). Immediate recovery after the failure ensures that the company will have a good image or reputation (Wirtz & Mattila, 2004). However, even with these potential benefits, service recovery often fails because of unresolved tensions that arise from the conflicts among perspectives relating to customer recovery, process recovery and employee recovery (Michel, Bowen, & Johnston, 2009).

Service recovery does not guarantee that the failure has been completely dealt with and will not recur (Schoefer & Ennew, 2005). Recent research warns that the rate of failures has not improved and that service recovery management still fails too often (Michel, Bowen, & Johnston, 2009). Despite the efforts and precautions a company may take to avoid errors or breakdowns during service delivery, failures are at one time or another bound to occur (Seawright, Bell, Preston, & Hoopes, 2008). Currently, service recovery is no longer conceived as a set of specific, one-off actions in response to an unsatisfied consumer, or as an operational mechanism of damage control, but as an integral part of the service company's long-term strategy which involves comprehensive management practices (Smith, Karwan, & Markland, 2009). An integrated approach to service recovery gives the organization a new opportunity to maintain dissatisfied clients, recover employees and learn, and hence to prevent or reduce the likelihood of future errors (Michel, Bowen, & Johnston, 2009).

Service failure causes customer dissatisfaction with the service provider, and due to that customers may exit silently, spread a negative word-of-mouth, voice their complaints to the operator, or continue to patronage the same service provider despite their dissatisfaction (Kim, Kim, & Kim, 2009). Service errors have an impact on end-user perception and can affect satisfaction/dissatisfaction levels (Michel & Meuter, 2008). However, effective service failure management, and a timely solution can restore customer satisfaction (Varela, Vazquez, & Iglesias, 2008). By not effectively offering service recovery after service failures, customers could be let down for the second time, leading to customers leaving the organization for a competitor, spreading negative word-of-mouth communication about the organization, or rating the organization lower than it would have done directly following the service failure (Lewis & McCann, 2004).

Lewis & McCann (2004) identified service recovery strategies and classified them as: apology; correction; empathy; compensation; follow-up; acknowledgement; explanation; exceptional treatment; and managerial intervention. Service recovery's major importance is owed to the fact that it affects customer satisfaction and, as a consequence, customer loyalty (Kuenzel & Katsaris, 2009). Satisfaction with the service recovery directly affects a customer's intention to repurchase and to recommend the service provider (Lewis & McCann, 2004). These relationships constitute the vital reasons why providers pay so much attention to service recovery because in financial terms loyal customers can increase profits including through their recommendation of the service to others (Kuenzel & Katsaris, 2009). When service failures have occurred, service recovery is the primary way a firm can retain its customers and minimize the costs associated with customer defection and negative word of mouth (Seawright, Bell, Preston, & Hoopes, 2008).

Compensation

Compensation is designed to overcome negative consumer outcomes regarding the experience by providing tangible evidence that the service provider is fair. It is considered an important tool to overcome service failure, and can restore equity to an exchange relationship or connote associations with distributive justice (Bhandari, Tsarenko, & Polonsky, 2007). Consumers expect compensation for the damages the failure may have caused them and/or the costs they incurred to obtain a solution and is considered the second crucial recovery action (La & Kandampully, 2004). Firms can assign tangible resources to correct problems and restore the interchange with the client by returning the money, replacing the service, or offering discounts on a future purchase (Akbar, Mat Som, Wadood, & Alzaidiyeen, 2010). Compensations may also include upgrading to a better hotel room, a free ticket, or a free meal (Boshoff, 1997).

Social exchange theories tend to view social relationships as similar to economic transactions and accordingly, people feel fairly treated when they perceive their economic outcomes, in proportion to their inputs, as in balance with the perceived ratio of the economic outcomes compared to the inputs of relevant others (Adams, 1965 as cited in Namkung and Jang, 2009). Social exchange theories tend to view social relationships as similar to economic transactions, with people feeling fairly treated when they perceive their economic outcomes, in proportion to their inputs, as in balance with the perceived ratio of the economic outcomes compared to the inputs of relevant others. When the ratios are not in balance an individual experiences inequity and, as a result, he or she is motivated to reduce this inequity distress (Adams, 1965 as cited in Namkung and Jang, 2009).

METHODOLOGY

This study used a survey approach that was guided by a cross-sectional research design. The accessible population of this study was customers who patronize five star hotels in Kenya. Specifically the study collected data from customers who were residing in the hotels. The hospitality industry setting was chosen for two reasons. First, hospitality settings provided a familiar context for the respondents. Second, prior research has documented that service failures and recovery occur frequently within the hospitality industry (Smith & Bolton, 2002).

The study conducted a census survey of all the five star hotels and lodges in Kenya. There are 17 five star hotels and lodges in Kenya (Republic of Kenya, 2003). The sample size was computed using Fischer's (1998) formula ($n=Z^2pq/d^2$), where:

n	=	Sample size
Z	=	1.96, that is the value of Z corresponding to the 95% confidence level
p	=	0.5 (50%)
q	=	1-p (1-0.5=0.5)
d	=	0.05 (5% error margin)

This gave a sample size of 384 respondents. The respondents were drawn from the five star hotels and were selected using simple random sampling. Mburu, Van, and Cullen (2013) in their study on the determinants of customer satisfaction in the Kenyan banking industry used Fischer's (1988) formula in computing their sample. This study used a questionnaire which was self-designed as the data collection instrument. The study used drop and pick method where the questionnaires were delivered at each of the hotels reception and then collected later. A total of 361 questionnaires which was a response rate of 94.5% were found to be appropriate and adequate for data analysis. The study used a cross-sectional survey comprising structured scale items and open-ended questions. Scale items were measured on the standard seven-point, Likert scale ranging from strongly agree (1) to strongly disagree (7).

This study used the internal consistency method to test the reliability of the questionnaire. Cronbach's alpha (α) was used to ensure that items have reasonably good internal consistency and measure the same underlying construct consistently. The normality of the data was tested using Skewness and Kurtosis test. Factor analysis was conducted on all the constructs to determine the ones that will be regressed against the dependent variable. Prior to the extraction of factors, the Kaiser-Meyer Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity was conducted to confirm whether there is a significant correlation among the variables to warrant the application of exploratory factor analysis (EFA) (Narteh, 2013).

Research Hypothesis: Compensation in service recovery has no significant influence on customer loyalty in the hospitality industry in Kenya.

ANALYSIS AND RESULTS

The study found out that majority (51%) of the respondents were female, while a few (49%) were male which indicates that the hospitality industry targets and attracts customers from all genders. The study also found out that majority (70%) of the respondents were aged between 21 and 30 years, 28% were between 31 and 40 years, and a few (2%) were below 20 years of age. This could be attributed to the fact that this population might have a higher disposable income to spend in high end hotels or the older generation was not willing to fill in the questionnaires. Majority (51%) of the respondents had a Bachelor's degree, 23% had a Master's degree, 22% had a diploma, while a few (2%) had tertiary and O-level.

The normality of data distribution was assessed by examining its skewness and kurtosis, with the absolute values of standardized skew or kurtosis indices used to assess the linearity of the variables (Kline, 2005). A variable with an absolute skew-index value greater than 3.0 is described as extremely skewed, and a kurtosis index greater than 8.0 is categorised as extreme kurtosis (Kline, 2005). The values of skewness and kurtosis of variables ranged from absolute values of 0.040 to 0.728 to 0.040 and from absolute values of 0.427 to 2.417 respectively. This implies that the assumption of normality for this study was satisfied. The study also tested for reliability which was found to be a Cronbach's alpha of 0.761. Reliability of 0.7 is typically employed as the rule of the thumb to denote an acceptable level of internal reliability (Pallant, 2010).

Structural Equation Modeling (SEM) with AMOS software was used for the data analysis using a two-phase process consisting of confirmatory measurement model and confirmatory measurement model as suggested by Anderson and Gerbing (1988). The test model was subjected to a maximum-likelihood confirmatory factor analysis (CFA) with 4 iterations taken to achieve minimization. Prior to the extraction of factors, the Bartlett test of sphericity and the Kaiser Meyer-Olkin (KMO) measure of sampling adequacy were tested. The KMO statistic value was found to be 0.868, with Bartlett test of sphericity indicating a chi-square of 10254.535 with an associated p-value of 0.000. These results are considered good for adequate sample sizes and thus factor analysis was found to be appropriate for the study.

The test model was subjected to a confirmatory factor analysis using Amos 21. Compensation was measured by 4 items. To remove poorly fitting items from the initially hypothesized measurement model, the study examined modification indices of the variables and identified the variable with the largest standardized residual. Based on the analysis, one item was dropped at a time and then CFA was re-run on the subsequent model. Following the above procedures, one item was deleted. The goodness-of-fit measures of the subsequent model are as shown in table 1. All the fit indices indicated a perfect fit of the model to the data.

Table 1: Fit indices for Compensation

The fit Index	RMSEA	GFI	AGFI	CFI
Default model	0.037	0.937	0.838	0.956
Saturated Model		1.000		1.000
Independence model	0.203	0.316	0.121	0.000

Key: RMSEA:Root mean square error of the approximation; GFI: Goodness of fit index; AGFI: Adjusted goodness-of-fit; CFI: Comparative fit index

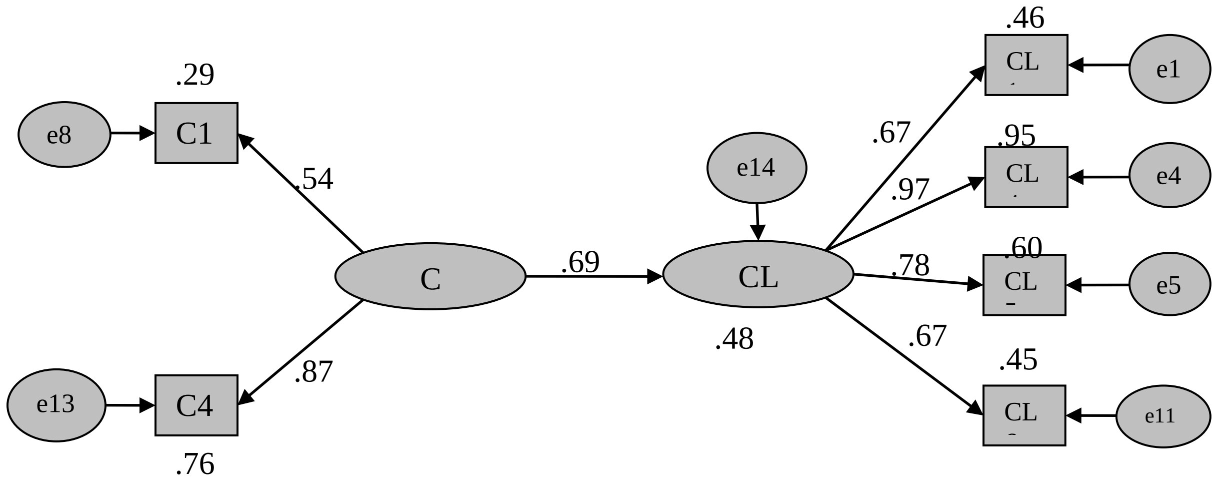
The study used Structural Equation Modelling (SEM) path coefficients to determine the direction and strength of the factor. Regression weights were used to test the contribution of different indicators to compensation. As shown in table 2 a unit increase in compensation is associated with 0.758 on whether compensation was offered. Since CR (9.038) is greater than 1.96, then there is a significant positive relationship between status of the customer after the service failure and compensation. On the other a unit increase in compensation is associated with 1.294 of the adequacy of compensation offered. Since CR (11.987) is greater than 1.96, then there is a significant positive relationship between customer satisfaction and compensation. The results also show that a unit increase in customer loyalty is associated with 0.647 increases in compensation. Therefore the results show that there was a significant positive relationship between compensation and customer loyalty.

Table 2: Regression weights and t-values for Compensation

			Estimate	**S.E**	**C.R**	**P**
CL	◄- - - -	C	.647	.069	9.395	***
C1	◄- - - -	C	.758	.084	9.038	***
C4	◄- - - -	C	1.294	.108	11.987	***

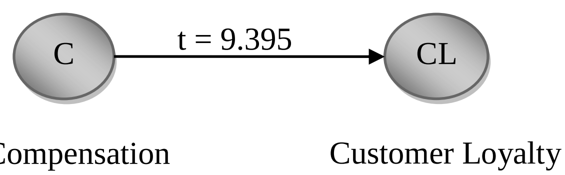
As shown in figure 1, the path coefficient beta value was 0.69. This implies that for every 1 unit increase in compensation, customer loyalty is predicted to increase by 0.69 units. The study also used R^2 to determine the proportion of variation in dependent variable explained by the model. Figure 1 shows that compensation had a coefficient R^2 mean of 0.48, which indicates that 48% of the variations in customer loyalty can be accounted for by compensation.

Figure 1: Structural Equation Modeling for Compensation



T-statistics value (CR) was used to test whether the relationship between compensation and customer loyalty was significant. To determine the level of significance, the Critical Value (CR) should be greater than 1.96 at 0.05 significance level. Figure 2 shows a t-scale of 9.395. These results show that there was a significant relationship between compensation and customer loyalty since CR (9.395) is greater than the critical value of 1.96 at 0.05 significance level ($p<0.05$).

Figure 2: Significance Test for the Influence of Compensation on Customer Loyalty



The findings of the study reveals that the relationship between compensation and customer loyalty is positive and significant (t=9.395, p-value .000). This implies that an increase in the level of compensation in service recovery leads to an increase in customer loyalty in the hospitality industry in Kenya. Therefore the null hypothesis that compensation has no significant influence on customer loyalty in the hospitality industry in Kenya is rejected at 0.05 significant level. The alternative hypothesis that compensation has a significant influence on customer loyalty in the hospitality industry in Kenya is accepted. These findings agree with Kuo, Yen, & Chen (2011 study on online auction service failures in Taiwan: Typologies and recovery strategies which found out that buyers felt satisfied with correction plus recovery strategy, which involved correction of the failure and some form of compensation.

DISCUSSIONS OF FINDINGS

The study found out that the path coefficient beta value was 0.69 which implied that for every 1 unit increase in compensation, customer loyalty increased by 0.69 units. The Coefficient R^2 means was found to be 0.48, which indicated that 48% of the variations in customer loyalty can be accounted for by compensation. The t-statistics value was found to be 9.395 which indicated that there was a significant relationship between compensation and customer loyalty since CR (9.395) is greater than the critical value of 1.96 at 0.05 significance level ($p<0.05$). Therefore the null hypothesis that compensation has no significant influence on customer loyalty in the hospitality industry in Kenya was rejected.

The study found out that respondents were satisfied with a discount as a compensation for service failure. Compensation was found to be the most powerful determinant of customer satisfaction and works better because it denotes seriousness on the part of the service providers towards valuing their clients and their eagerness to have them back as repeat customers. These findings agree with Wahab and Norizan (2012) study on the influence of service recovery strategies on word of mouth: views of mobile phone users who found that customers will spread positive word of mouth if they are satisfied with the outcome they received during the recovery effort. These findings are also supported by the social exchange theories which indicate that people feel fairly treated when they perceive their economic outcomes in proportion to their inputs (Adams, 1965 as cited in Namkung, Jang, Almanza & Ismail, 2009).

CONCLUSION AND RECOMMENDATIONS

Based on the findings of this study it can be concluded that service failure is inevitable in the hotel industry from time to time and if allowed to continue can affect the performance of an enterprise. Hotels must therefore come up with service recovery strategies that will not only leave the aggrieved customers satisfied with the outcome but also create a long-term relationship. Failure management achieves a strategic consideration since it involves a profound revision of overall firms operations and the organizational commitment to proactively prevent failures, efficiently recover and learn from mistakes and successfully maintains a long-term relationship (Santos-Vijande, Diaz-Martin, Suarez-Alvarez, & Del Rio-Lanza, 2013).

The study also concludes that hotels should come up with mechanisms to encourage their customers to voice their complaints as this will give them a chance of learning about their weak areas and thus correct the root causes of the service failure. To remain competitive, hotels should encourage their customers to be "co-producers" of the service by giving them some control over the service delivery process which will make them feel partly responsible should a failure occur. The study found that compensation is the most powerful determinant of customer satisfaction as it denotes seriousness in the recovery process on the part of the provider.

The results of the study provide the entrepreneurs in the hospitality industry with some insights in regard to service failure recovery. The study will help them to understand that service failures in the hospitality industry are inevitable and will recur from time to time, and therefore need to come up with service recovery strategies that will help in creating a long-term customer relationship even in situations of service failure. Hotels should not regard service failures as a problem but as an opportunity to enhance customer satisfaction and a chance to learn from such experiences. Such service failure experiences should be used as a learning tool for amending the existing systems and also to create a set of knowledge that will be used for continuous innovation and strategic growth of their enterprises.

Hotels should recognize the need for compensation as one of the most important service recovery strategy. They should come up with different forms of compensation that can be used to recover affected customers. Hotels should make use of such compensation strategies like offering discounts, refunds, replacements, coupons and upgrades of the service. They must also realize that compensation should not be used as a compromise to poor service recovery process. Compensation should be used together with other service recovery strategies.

LIMITATIONS OF THE STUDY

Since the study adopted a cross-sectional design, firm conclusions about the directions of causality implied in the model cannot be drawn. Interpretation of models using structural equation modeling is also not proof of causality. True causal inferences can only be drawn by testing models using longitudinal data. This is especially important for a subject like customer loyalty that is not static but is a developmental process that changes over time.

REFERENCES

Abbott, M. L., & McKinney, J. (2013). Understanding and Applying Research Design (1st ed.). Somerset, NJ, USA: John Wiley & Sons, Inc.

Adams, J. S. (1965). Inequity in social exchange. Advances in Experimental Social Psychology, 2, 267-299.

Akbar, S., Mat Som, A. P., Wadood, F., & Alzaidiyeen, N. J. (2010). Revitalization of service quality to gain customer satisfaction and loyalty. International Journal of Business and Management, 5 (6), 113-122.

Auh, S., & Menguc, B. (2005). Balancing exploration and exploitation: the moderating role of competitive intensity. Journal of Business Research, 58 (12), 1652-1651.

Bhandari, M. S., Tsarenko, Y., & Polonsky, M. J. (2007). A proposed multi-dimensional approach to evaluationg service recovery. Journal of Services Marketing, 21 (3), 174-185.

Bryman, A., & Bell, E. (2011). Business Research Methods, (3rd ed.). New York: Oxford University Press.

Del Río-Lanza, A. B., Vázquez-Casielles, R., & Díaz-Martín, A. M. (2009). Satisfaction with service recovery: Perceived justice and emotional responses. Journal of Business Research, 62, 775-781.

Gronroos, C. (2007). Service Management and Marketing. Chichester: Wiley.

Johnston, R., & Michel, S. (2008). Three outcomes of service recovery: customer recovery, process recovery and employee recovery. International Journal of Operations and Production Management. , 11, 79-99.

Karatepe, O. M., Avci, T., & Tekinkus, M. (2005). Measuring marketing culture: A study of frontline employees in Turkish hotels. Journal of Travel & Tourism Marketing, 18 (1), 33-47.

Kau, A.-K., & Loh, E. W.-Y. (2006). The effects of service recovery on consumer satisfaction: a comparison between complainants and non-complainants. Journal of Services Marketing. , 20 (2), 101-111.

Kim, T., Kim, W. G., & Kim, H. B. (2009). The effects of perceived justice on recovery satisfaction, trust, word-of-mouth, and revisit intention in upscale hotels. Tourism Management , 30 (1), 51-62.

Kline, R. B. (2005). Principles and Practice of Structural Equation Modeling (2nd Edition ed.). New York: The Guilford Press.

Komunda, M., & Osarenkhoe, A. (2012). Remedy or cure for service failure? Effects of service recovery on customer satisfaction and loyalty. Business Process Management Journal , 18 (1), 82-103.

Kuenzel, S., & Katsaris, N. (2009). A critical analysis of service recovery processes in the hotel industry. TMC Academic Journal , 4 (1), 14-24.

La, K. V., & Kandampully, J. (2004). Market oriented learning and customer value enhancement through service recovery management. Managing Service Quality , 14 (5), 390-401.

Lewis, B. R., & McCann, P. (2004). Service failure and recovery: evidence from the hotel industry. International Journal of Contemporary Hospitality Management , 16 (1), 6-17.

Mattila, A. S., & Cranage, D. (2005). The impact of choice on fairness in the context of service recovery. Journal of Services Marketing , 19 (5), 271-279.

Michel, S., & Meuter, M. L. (2008). The service recovery paradox: true but overrated? International Journal of Service Industry Management , 19 (4), 441-457.

Michel, S., Bowen, S., & Johnston, R. (2009). Why service recovery fails: tensions among customer, employee, and process perpectives. Journal of Service Management , 20 (3), 253-273.

Narteh, B. (2013). Service quality in automated teller machines: an empirical investigation. Managing Service Quality , 23 (1), 62-89.

Neill, O., & Palmer. (2004). The effects of survey timing upon visitor's perceptions of service quality. Journal of Travel Research , 221-236.

Pallant, J. (2010). SPSS Survival Manual. A Step by Step Guide to Data Analysis Using SPSS (4th Edition ed.). Melbourbe: Open University Press.

Prange, C., & Schlegelmilch, B. B. (2009). The role of ambidexterity in marketing strategy implementation: resolving the exploration-exploitation dilemma. Business Research , 2 (2), 215-240.

Republic of Kenya. (2003). Classification of Hotels and Restaurants. Nairobi: Government Press.

Roodurmun, J., & Juwaheer, T. D. (2010). The benefits of applying service recovery principles in Mauritian service organizations: An exploratory approach. International Research Symposium in Service Management, (pp. 1-23). Mauritius.

Santos-Vijande, M. L., Diaz-Martin, A. M., Suarez-Alvarez, L., & Del Rio-Lanza, A. B. (2013). An integrated service recovery system(ISRS): Influence on knowledge-Intensive business services performance. European Journal of Marketing , 47 (5/6), 934-963.

Schoefer, K., & Ennew, C. (2005). The impact of perceived justice on consumers' emotional responses to service complaint experiences. Journal of Services Marketing , 1 (1), 261-270.

Seawright, K. K., Bell, D. K., Preston, B. M., & Hoopes, L. C. (2008). An examination of service recovery design. Marketing Intelligence and Planning , 26 (3), 253-274.

Shapiro, T., & Nieman-Gonder, J. (2006). Effect of communication mode in justice-based service recovery. Managing Service Quality , 16 (2), 124-144.

Smith, A. K., & Bolton, R. N. (2002). The effect of customers' emotional responses to service failures on their recovery effect evaluations and satisfaction judgements. Journal of the Academy of Marketing Science , 30 (1), 5-23.

Smith, J. S., Karwan, K. R., & Markland, R. E. (2009). An Empirical Examination of the Structural Dimensions of the Service Recovery System. Decision Sciences , 40 (1), 165-185.

Steyn, T. F., Mostert, P. G., De Meyer, C. F., & Van Rensburg, L. R. (2011). The effects of service failure and recovery on airline-passenger relationships: A comparison between South African and United States Airline Passengers. Journal of Management Policy and Practice , 12 (5), 105-115.

Sureshchandar, G. S., Rajendran, C., & Kamalanabhan, T. J. (2001). Customer perceptions of service quality: a critique. Total Quality Management , 12 (1), 111-124.

Thwaites, E., & Williams, C. (2006). Service recovery: a naturalistic decision-making approach. Managing Service Quality , 16 (6), 641-653.

Wirtz, J., & Mattila, A. S. (2004). Consumer responses to compensation, speed of recovery and apology after a service failure. International Journal of Service Industry Management , 15 (2), 150-166