ABSTRACT

Service is a moment of truth, when employee training and expertise is truly tested in an effort to meet or exceed the customers’ expectations of the tangible and intangible components of the service encounter. An effective handling of service failure is imperative to have satisfied and loyal customer base. Researchers and service practitioners in the western countries have investigated the impact of service recovery efforts on the customer satisfaction. However negligible amount of published work is found with reference to the eastern consumers.

India, Asia’s third largest economy and a 1.2 billion-people-strong nation, is one of the largest consumer markets on the global canvas also referred to as “the bird of gold. In this light it is important for academician’s and service practitioners to understand the expectations of Indian consumers after a service failure. This thesis examines the effect of a recovery action (based on justice theory) on the perception of dimensions of service recovery and the overall satisfaction of the customer.

The service encounters are first and foremost social exchanges between people, therefore one’s cultural orientation might impact perceptions of recovery actions. The study explores how customers of different cultural orientation perceive the relative importance of the recovery dimensions. The thesis statistically proves the influence of cultural orientation on the perception of the service recovery dimensions. The results obtained show a direction to the service providers to customize their service recovery action not only to have highly satisfied customers but also to use their efforts and resources more effectively. This research uses hypothetical scenarios to investigate the effect of service recovery efforts (compensation, feedback and service recovery initiated by the service provider) on the overall satisfaction of the customers. The effect of each service recovery action on the respondent’s perception of recovery dimensions is studied by manipulating the recovery actions of the service provider.

Key Words: Service failure, Service Recovery, Overall Satisfaction, Culture-value orientation.