

**UNIVERSITY OF GHANA**

**SERVICE GUARANTEES IN THE GHANAIAN COURIER INDUSTRY**

**BY**

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**DECLARATION**

I do hereby declare that this work is the result of my own research and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged. I bear sole responsibility for any shortcomings.

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**CERTIFICATION**

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**DEDICATION**

I dedicate this work to my parents Mr. and Mrs. Sarfo, my siblings Mavis Osei Sarfo, Margaret Osei Sarfo, Osei Sarfo Kantanka and also, to my friends Emmanuel Hammond, Frank Odame, and Samuel Anokye-Mensah. To Madam Grace Ofori, thank you!!!

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**LIST OF ABBREVIATIONS**

CEP	-	Courier, Express and Parcel
ICAO	-	International Civil Aviation Organisation
CEO	-	Chief Executive Officer

## ABSTRACT

This study investigated how courier industries in Ghana apply service guarantees to their operations in serving customers. It explores what internal mechanisms (processes), couriers have in place as service guarantee policies when there is service failure. The fact that service is performed and consumed in real time is intangible and has the consistent dyadic interaction between its representatives and customers, gives rise to its failure prone nature. This study adopts the qualitative research approach. Face-to-face interview with top management from six couriers were used to gain first-hand information on the internal procedures and perceptions towards service guarantee. The data were audiotaped, transcribed and analysed using various themes drawn from the interview. Four constructs were used as a guide to carrying out the investigation. These are; types of guarantee, theory, enabler and organisational effect. The study reveals that courier industry staff in Ghana are not able to fully handle service guarantee. This comes as a result of lack of trusted employees. The inability of frontline staff to start and finish the process from the point of the customer complaints to the point of taken their claims cast further doubts on the effectiveness of service guarantees in the courier industries in Ghana. Again, the study reveals that couriers in Ghana do not have any scientific approach to track the effectiveness of their service guarantee efforts, thus, rely on the feedback from their customers. Additionally, they concentrate on operational failures and neglect time and personal failure, which are the source of most reported service failures. The averseness of customers to complaint suggest that couriers should be proactive in their approach and promptly respond when they receive complaints. To improve their service guarantee efforts and ensure customer satisfaction after a service failure, couriers should embark on automatically invoke guarantee strategy and ensure that they monitor and address complaints of customers.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Due to the pervasive nature of global competition, firms are progressively leaning toward improving their marketing strategy in order to survive and remain competitive in the market (Zaminor et al., 2017). This is to say that, increased competition within the services industry today compels firms to examine and re-examine their marketing activities in order to remain in a business setting where their very survival is threatened by rivals in the industry (Smith & Mpinganjira, 2015). This intense competition turned attention to issues regarding service guarantees. This has resulted in the adoption of service guarantees as a marketing strategy by courier firms globally. Some firms in Ghana's courier industry have also recognised the importance of striving for new opportunities in a bid to achieve and retain a competitive advantage over their adversaries. Therefore, courier service firms in Ghana are making efforts to obtain and maintain the loyalty of their customers by using strategies like service guarantees to reassure clients in the event of service failure.

The courier, express and parcel markets (CEP) worldwide have improved significantly. (Gulc, 2017). In coming years, the global CEP market is expected to grow by 3.5%, reaching the value of \$ 385.09 billion by 2019 (Global Courier, 2014). These statistics suggest that the global courier industry is important to the universal economy. It is not surprising, therefore, that the Ghanaian courier industry has experienced steady growth since 2006. This is evident by the popularity of online retailing (Crisafulli & Singh 2016), as well as the increased number of courier companies or firms operating Ghana's courier services industry. The modus operandi of courier service firms and logistics and postal service firms though similar, differ significantly. For instance, the courier service comprises the money back guarantee, the



specified delivery time with accuracy to an hour, receipt of the shipment, delivery to the addressee in door-to-door system, the ability to track the shipment in the tracking-tracking system and the role of specific messenger courier (Gulc, 2017). Hill (2003) defines “courier as a company or person employed to deliver messages, emails, and packages.” This study is therefore placed within a sector that is vital to Ghana’s economy.

Ghana’s service sector propels her overall economic growth. Its share of GDP increased from 51.9 percent in 2014 to 54.1 percent in 2015 (Ghana Statistical Service, 2015). The growth of the service sector has prompted research (Atsutsey & Tandoh-Offin, 2013) and has encouraged early scholars like Hart (1988), Björlin-Lidén&Skålén (2003), Fabien (2005) and Hogreve and Gremler (2009), to focus their studies on providing the background and foundation for academic work within services sector management. Some issues addressed by them within the services management field include service failure and the concomitant issue of service guarantee. Services, by their nature, present a high tendency of failure in the delivery of the bundle of value to the customer. Unfortunately, service failures cannot always be prevented in the day to day activities of an organisation (Zhou et al. 2013; Kuo & Wu 2012). This is a position that this researcher fully agrees with and will be evident in the discussions within the study.

Consequently, operators of service-based firms place a lot of emphasis on the satisfactory management of service failures as they become apparent in their operations (Liao, 2007; Kim et al. 2003). While it is nearly impossible to prevent service failure, the methods used to handle such issues may influence consumer behaviour and attitudes toward a service firm and eventually on the business’ success (Smith & Mpinganjra 2014). This is why it is important for service firms to strategize with service guarantees in the event of service failure. (Crisafulli et

al., 2016). According to McCollough (2010), a service guarantee is “a firm’s formal commitment, designed to decrease consumer loss in a situation of service failure.” Service guarantees entail two promises; the remuneration of the consumer when service commitment is not met and a commitment by the service firm to offer a certain level of service (Chen, John, Hays, Hill, & Geurs, 2009).

Also, service guarantee depends on a number of signals; whether this signal is meaningful depends on the credibility of the service guarantee or the likelihood that the firm will honor the guarantee's claims (Chen et al. 2009; Wirtz et al. 2000). According to a game theoretical perspective (Boulding & Kirmani, 1993; Kirmani & Rao, 2000), when the credibility of the service guarantee is high (for instance, when the firm has a good reputation for honoring its warranty claims), low-quality firms face a higher redemption rate due to their inferior service quality and, as a result, incur higher service costs. Also, Lin, Huang and He (2016) in their research work state that, the monetary value of a service guarantee is contingent not only on what a firm had promised but also on the firm's reputation and the popularity of service guarantee in a given market. They also suggest that if a majority of competitors do not offer service guarantee, then it will be possible for a high-reputation firm to enjoy the premium by including a service guarantee in its service package and by pricing it higher. On this backdrop, the study examines service guarantee in the Ghanaian courier industry. Findings from the study will enable management of the Ghanaian courier industry identify which aspects of their service failure need to be guaranteed and how to improve the invocation process for customers to collect their claims with ease when a service fails.

## 1.2 Problem Statement

The courier industry like other industries within the service sector is prone to service failure. Such distinctive service failure characteristics emerge from varying service quality of staff, the defection of service offering, different comprehensions of the service guarantee policy, some mysterious consumer preferences, and external and internal accidents.(Chiang, Chai & Chen 2013). Unlike products services cannot be replaced, repaired or returned after being offered. Again, according to Berman and Mathur (2014), the guarantee of a product not fulfilling its promised lifespan may make it easier for customers to know and for a company to confirm whether a service firm's promise of complete satisfaction is feasible. This characteristic of product services, which is essentially non-applicable to many types of delivery services makes it difficult to make guarantees within the courier industry.

A number of researchers have called for further investigation into service guarantee. Ostrom and Iacobucci, (2016) in particular suggest that despite service guarantee growth in popularity, it has been under-studied and under-represented in literature. Lee (2006) also states that service guarantee literature has not been well established and developed, despite the fact that service guarantee topics are of interest to both scholars and practitioners. In addition, Berman & Mathur, (2014) assert that, not many service firms have paid enough attention to service guarantees, though there are huge benefits to be reaped from the adoption of service guarantee as a marketing strategy. Finally, Hogreve and Gremler (2009) state that, little research has been conducted on the role of service guarantees during service failure. Subsequently, existing studies tend to remain fragmented in their orientations, and service guarantee research is still at an evolutionary stage (Lee, 2006).

The vast majority of service guarantee studies to date are based in North America (Hogreve et al., 2009). As the export of services becomes increasingly important (Styles, Patterson, & La 2005) and because studies have identified differences in customer responses to marketing stimuli across different cultures (Lowe & Corkindale 1998), international service firms need to adjust their marketing strategies (including the design of a service guarantee) to customers and requirements in foreign markets (Hogreve et al., 2009). Therefore, cross-cultural research on service guarantees should attempt to detect effective service guarantee designs with respect to different cultures and analyse how they work in specific contexts (Hogreve et al., 2009). Even though there have been some attempts to research into the subject of service guarantees in general (Borgset al., 2014; Crisafulli et al., 2016; Meyer et al., 2014; Myrden & Kelloway, 2014), this research observed through an extant literature review that, research is focusing on Africa nations is limited. In a study on service guarantee in Malawi, Chilembew (2014) attempts to research on issues pertaining to service guarantee. The study presents evidence on the effect of the assessment of customer service and service guarantee on airlines especially on those in Malawi. The findings of the study reveal that airlines managers and sales agents do not give explicit service guarantee information to passengers. It was also revealed by passengers that the airlines provide good customer service despite the fact that they (passengers) lack adequate information on the actual service guarantees offered by airlines. However, the study fails to acknowledge invocation process of service guarantee claims.

Again, Hart (1988) suggests that service guarantees are effective when easy-to-invoke. The author argues that a guarantee containing several conditions that make it difficult for customers to invoke “loses its point”. Difficult-to-invoke guarantees can exacerbate customer dissatisfaction following service failures (Crisafulli et al, 2016). Service guarantee invocation process so far received relatively little research attention (Crisafuli et al, 2016). Exceptions

are the studies by Jin and He (2013) showing that easy-to-invoke guarantees have a greater positive influence on customer decisions than difficult-to invoke guarantees, and Meyer et al. (2014) demonstrating that service guarantees increase the firm's market value when including straightforward invocation processes. Notwithstanding, research that addresses how customers expect to initiate the invocation process of service guarantees context is currently lacking.

Though service guarantees have been discussed in hospitality related services (Zhung et al., 2015), few studies have focused on service guarantee in the courier delivery industries (Crisafulli 2016). This research, however, focuses on courier firms and examines service guarantees as it applies to the Ghanaian context. Also, majority of service guarantee studies have used consumer-related approaches to examine models, drawn conclusions and designed service guarantee systems (Wu et al., 2012; Mcquiken, McDonald & Vocino, 2013; Mcquiken, 2010; Liden & Skalen 2003; Wirtz et al., 2000; Vaerenbergh et al., 2014). However, this study will investigate the service guarantee from the management and company perspective.

It is therefore very important to determine the perception of courier management and frontline staff toward service guarantees and invocation process of service guarantee claims in the courier services industry in Ghana. Conversely, the study focuses on an assessment of service providers and information obtained from them on how they carry out service guarantee, what their systems and strategies are and how the issue of invoking a service guarantee is approached internally by courier firms. The contribution the current study seeks to make to the field of study is in two-fold: a contextual gap will be filled and secondly it will focus on the company perspective with regard to the process of invoking the guarantee claims and guarantee operations. This is in line with Hogleve and Gremler (2009), who assert that researchers should also examine the invocation of guarantees in situations of service failure in the operational process.

### **1.3 Research Objectives**

1. To explore the effectiveness of courier services' use of service guarantees in Ghana's courier services industry.
2. To examine the perception of courier management and frontline staff towards service guarantees.
3. To examine the invocation process of service guarantee claims in the courier services industry in Ghana

### **1.4 Research Questions**

1. What types/kinds of service guarantees do courier companies issue in Ghana's courier services industry?
2. What is the perception of courier management and frontline staff towards service guarantees?
3. How are customers expected to initiate the invocation process of service guarantees in the Ghana's courier services industry?

### **1.5 Significance of the Study**

The study will contribute to findings that are applicable to both research and practice. This research contributes to other analysis by closing the context and knowledge gap on service guarantees and their invocation process from the position of a developing country. This research will also serve as a point of reference for similar investigations in the future. It is worth mentioning that this study can be used as a source document that could rouse arguments and stimulate further discussion on the general subject of service guarantees.

In the intense state of competition in the courier market, this study will be relevant to practitioners in Ghana's courier services industry in bringing to their notice specific service guarantee policies that could relatively be employed, and how their invocation can impact customer satisfaction and loyalty rate. The research will also serve as a guide to new entrants into the courier services industry in understanding the benefits of service guarantees. Additionally, the study will enable marketing managers in organisations to conceptualise and develop appropriate service guarantee policies for their firms.

With the service sector contributing to more than 50% of Ghana's Gross Domestic Product (Ghana Statistical Services, 2014), it is imperative that studies into the sustainability of service standards be lauded to ensure that this sector continues to grow.

### **1.6 Scope of the Study**

This thesis will focus on service guarantees and their invocation in the Ghanaian courier industry. The study is focused on investigating service guarantees and how they are invoked in the event of service failure within the Ghanaian courier industry in the Accra metropolis. First, the study will focus only on the courier service industry, using six courier firms as multiple case studies. The current study uses a purposive sampling technique to select respondents who are in the courier service in Accra, Ghana.

### **1.7 Organisation of the Study**

The study is organised into six chapters. The introduction and background of the study, the context of the study, literature review and conceptual framework, research methodology, data analysis and discussion, and finally, summary, conclusions, and recommendations. These are briefly explained below:

### **Chapter One – Introduction and Background to the Study.**

This is the first chapter of the study and therefore presents the introduction and background to the study, statement of the problem, research objectives, research questions, significance of the study, methodology, scope of the study and the chapter disposition.

### **Chapter Two – Context of the Study**

This chapter focuses on the issues relating to the courier industry in Ghana. It describes the industry stakeholders and their roles with indications of key developments.

### **Chapter Three – Literature Review and Conceptual Framework**

Chapter two of this study presents a review of extant literature, which provides an understanding of existing thought in the area of study as well as providing an understanding of the issues and identifying the existing research gaps.

### **Chapter Four – Research Methodology**

This chapter discusses the research methodology of the study. It also highlights the research approach, design, sample size, sources of data, data collection procedures and data analysis approach.

### **Chapter Five – Data Analysis and Discussion**

Chapter five presents the major findings of this research using thematic analysis of the data collected through interviews carried out.

### **Chapter Six – Summary, Conclusions, and Recommendations**

This is the final chapter of the study. It is a report on the previous chapters, providing a summary of the study, major findings, conclusions, and proffering recommendations for managerial adoption as well as providing a basis for future academic study in the area.



### **1.8 Chapter Summary**

A service guarantee is an important feature of many service offerings because it enables many service firms to compete for customers within the corporate market. This has become an interest area for most service firms because of the huge advantage that comes with it. However, the manner in which service guarantees are managed can have an impact on customer attitude and behaviour and eventually on the service industry success.

## **CHAPTER TWO**

### **CONTEXT OF THE STUDY**

#### **2.0 Introduction**

This chapter presents the boundaries of the study by establishing its context. The contextual framework includes the geographical and physical setting of the industries, the overview of the courier service, and their various business activities.

#### **2.1 Physical Setting of Ghana**

Ghana is located in West Africa. It has a population of 28,308,301, with its capital city, Accra accounting for 4,613,637 representing a percentage of 16.3% (Ghana Statistical Service, 2013). Its neighbour on the West is Cote D'Ivoire, on the North is Burkina Faso and on the East is Togo. Ghana was formed from the merger of the British colony of the Gold Coast and Togoland Trust Territory and became the first country in Sub-Saharan Colonial Africa to gain independence (CIA, 2014). Ghana has ten regions: Accra, Ashanti, Volta, Upper, West, Central, Upper East, Northern, Eastern, Western, and Brong-Ahafo.

#### **2.2 Overview of the Courier Industry**

Courier services have long been in existence. In the past, they delivered messages within stipulated time by using hopping pigeons, runners and riders on horseback. According to Small (2012), In the Middle Ages, royal courts maintained their own messengers who were paid more than a common labourer. United Parcel was the first to establish corporate services in the courier industry in 1907 (Parcelcompare, 2014). Courier services can be defined through freights, logistics and express parcels (Kanuna, 2012). According to Agu, Nwoyi and Ogbuokiri (2015), courier services firms always brag of quick deliveries in comparison to other contemporary modes of parcel transportation.

## **2.3 Regulatory Bodies of Couriers in Ghana**

### **3.3.1 The Postal and Courier Service Regulatory Commission**

The Postal and Courier Service Regulatory Commission was established in 2004. The courier industry in Ghana is regulated by the Postal and Courier Service Regulatory Commission, which is formed by law under the Postal and Courier Service Regulatory ACT, 2003 (Act 69). The commission is the official body for the licensing and regulation of all courier service operations in Ghana. The commission's duty is to ensure that the implementation of national policies under the management of the Minister of Communication is in accordance with the National Postal Policy through the Postal and Courier Services Regulatory Commission Board of Communication (Postal & Courier Service Regulatory Commission, 2016). The commission provides services such as monitoring compliance, consumer protection, and regulatory framework.

### **2.3.2 Vision**

A vibrant postal and courier sector where value for money and expanded customer choice is driven by innovative and customer-focused providers.

### **2.3.3 Mission**

To ensure adequate, universal and competitive postal and courier services through its setting and the enforcement of service standards and promotion of policies that will enhance innovation, efficiency, and accountability in service delivery.

### **2.3.4 Objectives and Functions of Postal and Courier Service Regulatory Commission**

(a) Promote and encourage the expansion of postal services for the social and economic development of the country.

- (b) Promote an efficient system for the delivery of mails nationwide in a manner responsive to the needs of mail users.
- (c) Promote fair competition among persons engaged in the provision of postal services.
- (d) Protect licenses and consumers from unfair conduct of other licenses with regard to quality of postal services.
- (e) Protect generally the interest of consumers.
- (f) Promote the advancement of technology related to the provision of postal services.

## **2.4 Ministry of Communication**

The ministry of communication was established in July 2003 by an Executive Instrument no. 16. It was known formerly known as the Ministry of Communications and Works (Ministry of Communication, 2017). In the 1990s, it was merged with Ministry of Transport to become Ministry of Transport and Communication. In March 1997, a new ministry was created out of the former Ministry of Information and the Communications division of the erstwhile, Ministry of Transport and Communications. This change did not last long as it reverted to its former name of Ministry of Transport and Communications in January 2001 and later Ministry of Communications and Technology. The ministry has since been renamed Ministry of Communications in Executive Instrument No. E. 16 dated 4<sup>th</sup> July 2003 (moc.gov.gh, 2014). The ministry also controls the implementation of national policies for the courier industry (postal & courier regulatory commission, 2016).

### **2.4.1 Mission**

The Ministry of Communication exists to facilitate the development of a reliable and cost-effective world-class communication infrastructure for technological innovations, to enhance the promotion of economic competitiveness in a knowledge-based environment.

#### **2.4.2 Vision**

To manage the convergence of communication and technology to promote a viable integrated national development process within a global setting.

#### **2.4.3 Objective**

To enable Government, develop policies that will help integrate communication technology and public information systems and also harness the full potential of resources for effective communication.

### **2.5 Couriers Industry in Ghana**

At the time of this study, there were thirty-six (36) courier companies operating in Ghana. Out of this number, twenty-four (24) operate across the national border while twelve (12) are domestic couriers (postal & courier regulatory commission, 2016). A table illustrating the couriers and mode of operation is shown below:

Table 2.1 Couriers in Ghana and their mode of operation

Item no.	Courier	Mode of Operation
	CATEGORY A-LARGE	
1.	Stellar Express TNT Limited	International
2.	DHL (Ghana) Limited	International
3.	FedEx Ghana Limited	International
4.	National Express Ghana Limited	Domestic
5.	Graphic Communication Group Limited	Domestic
	CATEGORY B-MEDIUM	
6.	Vipex Company Limited	Domestic
7.	Aramex Express Limited	International
8.	Inter-City STC Coaches	International
9.	SkyNet Express Limited	Domestic
	CATEGORY C-SMALL	
10.	O. A. Travel and Tour Limited	Domestic
11.	Chicco Investment West Africa Limited	International
12.	Racing Link Express	International
13.	Union Air Cargo Limited	International
14.	PSG Courier Service Limited	International
15.	Antrak Express Limited	International
16.	Carter Global Limited	International
17.	Bollere Africa Logistics Ghana Limited	International
18.	Bethel Logistic Company Limited	International

19.	Carlo-King Enterprise Limited	International
20.	New Africa Software Solution Limited	International
21.	Great Imperial Transport Service Limited	International
22.	APK Couriers Ghana Limited	International
23.	Zodiac Marine Services Limited	International
24.	Unica Courier Line	International
25.	Expert Courier Limited	International
26.	Cross Country International Limited	International
27.	Maranatha Air Lines (GH) limited	International
28.	Spring Courier	International
29.	April June Limited	Domestic
30.	Noswall Management Service Limited	Domestic
31.	Standby Logistics Limited	Domestic
32.	Unique Express Courier Service	Domestic
33.	Relay Express Limited	Domestic
34.	Topp Core Logistic GH Limited	Domestic
35.	Eagle Express Limited	Domestic
36.	Bringamcome Limited	Domestic

Source: Postal & Courier Regulatory Commission, 2016

- **DHL (Ghana) Limited**

DHL International was founded in 1989 in San Francisco (U.S). DHL offers services such as parcel and document shipping, freight shipping and solution and special expertise. DHL also operates in all the 10 regions in Ghana. The company is registered with Postal and Courier Service Regulatory Commission in Ghana.

- **IAS Federal Express (Ghana) Limited**

FedEx is an American multinational courier delivery services company. The company was established in August 1971. FedEx offers various services such as door to door service, shipment service and express delivery service in all regions in Ghana. The company is licensed by Postal and Courier Service Regulatory Commission in Ghana.

- **Graphic communication group**

The Graphic Communication Group Ltd (GCGL) was formed in 1950 in the Gold Coast by the Daily Mirror Group based in the United Kingdom. The Graphic Communication Group Limited (GCGL) currently publishes six newspapers, which are daily graphic, mirror, graphic sports graphic showbiz, junior graphic, graphic business. GCGL also runs parcel delivery services. The company operates domestically by delivering parcels from Accra to Kumasi and vice-versa. The company is registered with Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business.

- **National Express Ghana Limited**

National Express is Ghanaian owned limited liability company established to provide mainly institutional courier services. In addition to dispatches, their services include Warehousing Services, Services on Lease and Same Day Delivery. The company is a domestic company which operates only within Greater Accra and is registered with the Postal and Courier Service Regulatory Commission in Ghana.

- **Vipex Company Limited**

Vipex Company Limited is a limited liability company which is registered with Postal and Courier Service Regulatory Commission in Ghana. The company offers many services such as parcel delivery, door to door service and express delivery and operates domestically across all regional capitals.



- **Aramex Express Limited**

Aramex Express Limited was founded in Dubai. Aramex has approximately 13,800 employees in 54 countries in which Ghana is not an exemption. The range of services offered by Aramex Express Limited includes International and Domestic Parcel delivery, Freight Forwarding, Logistics and Warehousing, Records and Information Management Solutions, E-business Solutions, and Online Shopping services. The company is registered with the Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business

- **Inter – City STC Coaches Limited**

STC was established in 1909 as a Government transport company to cater for the needs of the Central Government. STC conducts a number of services which include Bus Services, Valuation Services, Driver Training School, Engineering Consultancy Services, Park and Rider Facility, Package and Parcel Express, Bulk Haulage and Non-Availability. The company is registered with Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business. STC is an international company which operates across 5 Africa countries which are Ghana, Nigeria, Togo, Burkina Faso and Ivory Coast

- **SkyNet Express Limited**

SkyNet Express Limited was incorporated in 2007 as a company limited by liability. The company is duly registered with statutory agencies including Postal and Courier Service Regulatory Commission. The company offers a wide range of services such as Parcels and Document Delivery Service, Cargo, Event Express, Entail Solution, Dispatch Outsource and Mail Room Outsource. SkyNet Express Limited operates domestically, delivering parcels in Accra and Kumasi.

- **O. A. Travel and Tour Limited**

O. A. Travel and Tour Limited is a Ghanaian registered company specialising in the provision of transport management. The company was established in 1982. O. A. Travel and Tour offers

services such as Workers Bus system, Funeral Bus Hire, Luxury Bus Hire, Travel and Tour and Parcel Delivery Service. O. A. Travel and Tour Limited operates domestically in all Ghanaian regional capitals. The company is registered with Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business.

- **Chicco Investment West Africa Limited**

Chicco Investment West Africa Limited is also registered with the Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business. The company is an international company which delivers parcels from Nigeria to Ghana and vice versa.

- **Racing Link Express**

Racing Link Express is a limited liability company established in 1999. The company's services include Customer Brokerage, Project Cargo Forwarding, International Supply Chain Management, consultancy, Air and Sea Freight Forwarding, Tucking, Messenger Service, Express Courier, Warehousing and Distribution, Cargo Insurance. Racing link is an international company which operates in 65 countries, 16 of which are in Africa. The company is registered with Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business.

- **Union Air Cargo Limited**

Union Air Cargo Limited is an international business which was established in 2010. The company's services are Sea freight, Air freight, Related Assistance jobs, Express Parcel Delivery Service, Door-to-Door service, Insurance, and Warehousing Fulfilment. The company is registered with Postal and Courier Service Regulatory Commission in Ghana to do postal or courier business

- **PSG Courier Service Limited**

PSG Courier Service Limited is also an international company founded in 1997. The company offers parcel Delivery service, Warehousing and Distribution. The company is permitted to

clear goods at Kotoka airport and Tema Harbor respectively. It is registered with the Postal and Courier Service Regulatory Commission of Ghana.

- **Antrak Express Limited**

Antrak Express Limited is a wholly Ghanaian owned international company established in 2007. The company is the authorised service contractor for United Parcel Service (UPS) in Ghana. Antrak Express Limited provides Door to Door Service, Parcel Delivery Service and Airline Service. The company is registered with the Postal and Courier Service Regulatory Commission.

- **Carter Global Limited**

Carter Global Limited is an international company registered with Postal and Courier Service Regulatory Commission. Carter Global Limited provides various courier services such as Door-to-Door Service, Shipment and Parcel Delivery Service

- **Bollore Africa Logistics Ghana Limited**

Bollore Africa Logistics is an international company established in 1927. The company offers services such as Haulage, Industrial Project Logistics, Heavy Lift Out of Gauge Transport, Rail Transport, Air Transit, Barging, Port Handling, Shipping, Shipyards, Customs Modalities, Supply Chain, Warehouse Management and Parcel Delivery. The company is registered with the Postal and Courier Service Regulatory Commission.

- **Bethel Logistics Company Limited**

Bethel Logistics Company Limited is an international company established in 2010. The company provides services such as Information Technology Infrastructure Support, Air and Ocean Freight, Inland Transportation, Packing and Movement, Warehousing and Distribution, Customs Brokerage, Dangerous Goods Handling, Door-to-Door Shipments, Trans-border Shipment, Manpower Services, Vessel Technical Support, Total Logistics, Equipment and Car Rentals, Parcel Delivery, Fuel/Bunker Supply, Export Visa Support and Hotel and

Accommodation Arrangements. The company is registered with the Postal and Courier Service Regulatory Commission.

- **Carlo-King Enterprises Limited**

Carlo-King Enterprises Limited is an international full logistics and cargo company registered with the Postal and Courier Service Regulatory Commission. Carlo-King Enterprises Limited provides services such as Logistics Management Services, Household Removals, Consolidation, Parcel Delivery Service, Warehousing, Oil and Gas Services and Ocean and Air Freight.

- **New Africa Software Solutions Limited**

International company New Africa Software Solutions Limited was established in 2011 and provides service such as Need Analysis, Solution Design, Parcel Delivery, Development and Implementation, Training and Continuing Support, Domain Management, and Outsourcing of Data Management. The company is registered with the Postal and Courier Service Regulatory Commission.

- **Great Imperial Transport Services Limited**

Great Imperial Transport Services Limited is an international private limited liability company established in 1991 which offers services such as Transport System, Parcel Delivery Service and Shuttle Service. The company operates only in 16 countries and is registered with the Postal and Courier Service Regulatory Commission.

- **APK Couriers Ghana Limited**

APK Couriers Ghana Limited is a wholly owned Ghanaian limited liability company which operates both internationally and domestically. Established in 2010, it offers national overnight Delivery, International Air, Sea and Door-to-Door Freights, Export Packing, Outsourcing, Clearing and Parcel Delivery. The company is registered with the Postal and Courier Service Regulatory Commission in Ghana.

- **Zodiac Marine Services Limited**

Zodiac Marine Services Limited is an international independent ship management service delivery company that offers a comprehensive range of high quality Marine and Parcel Delivery services in Ghana. Zodiac Marine Services operates in Tema and Takoradi. The company is also registered in Ghana with the Postal and Courier Service Regulatory Commission.

- **Unica Courier Line**

Unica Courier Line provides international and domestic courier services. The company offers Day-to-Day Parcel deliveries, Shipment and Transport Services. The company is registered in Ghana with the Postal and Courier Service Regulatory Commission.

- **Expert Couriers Limited**

Expert Couriers Limited is registered with the Postal and Courier Service Regulatory Commission in Ghana. The company works in logistic business activities and courier services. The company operates internationally in 43 countries.

- **Cross Country International Limited**

Cross Country International Limited is an international business organisation which is registered with the Postal and Courier Service Regulatory Commission in Ghana. The company, which has about 31 branches worldwide offers Car Rentals, Transport Business Activities and Parcel Delivery services.

- **Maranatha Air Lines (Gh) Limited**

Maranatha Air Lines (Gh) Limited is registered with the Postal and Courier Service Regulatory Commission in Ghana. The company operates on both the domestic and international levels and offers services such as business services, transportation, Clearing Agent and Parcel Delivery.

- **Spring Couriers**

Spring Couriers collects, transports, and delivers documents, parcels and logistics to customers' satisfaction. The company is an international company which is registered with Postal and Courier Service Regulatory Commission in Ghana.

- **April June Limited**

April June Limited is a domestic company registered with Postal and Courier Service Regulatory Commission in Ghana. The business offers various services such as Human Resource, Clearing Services, Recruitment Services and Parcel Delivery. April June Limited operates only in the Greater Accra Region.

- **Noswall Management Services Limited**

Noswall Management Services Limited is a private limited liability company which is also with registered with Postal and Courier Service Regulatory Commission in Ghana. The company conducts Delivery Management Services, Recruitment Services and Courier Services. Noswall Management Services Limited operates domestically in Accra, Takoradi and Kumasi.

- **Standby Logistics Limited**

Standby Logistics Limited is a limited liability company registered with Postal and Courier Service Regulatory Commission in Ghana. The company offers services such as Logistics and Same-Day Parcel Delivery. The company area of operation is solely Greater Accra.

- **Unique Express Courier Services**

Unique Express Courier Services is a domestic courier service established in 2007 which is also registered in Ghana with the Postal and Courier Service Regulatory Commission. Unique Express Courier Services offers services such as parcel delivery, special service, freight air and sea freight, imports, door to door services, proof of deliveries, online tracking, and mass mailing. The company operates across all Ghanaian regional capitals.

- **Relay Express Limited**

Relay Express Limited is a limited liability company registered with the Postal and Courier Service Regulatory Commission. The company was established in 2008 and provides the following services: In-house Service, Parcel Delivery, Daily Call-In Service, One-off Delivery and 3<sup>rd</sup> Party Service. The company is a domestic company which operates in Accra and Kumasi

- **Topp Core Logistics (Ghana) Limited**

Topp Core Logistics (Ghana) Limited is registered in Ghana with the Postal and Courier Service Regulatory Commission. IT provides services such as Logistics, Parcel Delivery and Same-Day Delivery. The company operates in Accra, Kumasi, Tamale and Sunyani.

- **Eagle Express Limited**

Eagle Express Limited is a logistic service provider experienced in the management of courier/dispatch operation. The company was established in 2008 and operates in all Ghanaian regional capitals. Eagle Express Limited is registered with the Postal and Courier Service Regulatory Commission.

- **Bringamcome Limited**

Bringamcome Limited is domestic company which provides an Errand and Delivery Service. The company is registered with the Postal and Courier Service Regulatory Commission. The company operates in only two regional capitals (Kumasi and Accra).

The Postal and Courier Regulatory Commission groups courier service companies into categories based on size (A-Large, B-Medium, and C-Small) and mode of operation (International or Domestic) (Postal & Courier Regulatory Commission, 2016). This study is largely based on Parcel Delivery Services conducted by all the courier industries listed above in Table 2.1.

## CHAPTER THREE

### LITERATURE REVIEW

#### 3.0 Introduction

This chapter reviews the extant literature on service guarantee, analysing the main issues observed by various scholars within the service context. This chapter also involves a conceptual framework and review on the constructs of this framework, which have been handed down in this study.

#### 3.1 The Precursor to Service Guarantee – Service Failure

An understanding of on service guarantee is successfully reached when elaborated in the context of service failure. Service failure is defined by Prasongsukarn and Peterson (2012) as an exchange where a loss is perceived by a customer due to unwholesome promised service, (Lovelock & Witz, 2007). This perceived loss is termed failure of service. Service failure occurs when the expectation of the customer is at variance with the actual performance of the service firm (Parasuraman, Zeithaml & Berry, 1985). For instance, if a courier service loses or damages an item promised to deliver, there is service failure.

The discourse on the various types of service failure has led to a widespread and parsimonious outcome-process classification (Lovelock et al., 2007). There are two types of service failure which are *Outcome Failure and Process Failure* (Lovelock et al., 2007). Outcome failure results when core services are unsuccessful, for instance, items are lost, damaged or delayed. A process failure relates to the interaction between the outcome and the service firm (Lovelock et al., 2007). An example is failure to communicate to the customers by not updating the customer on a tracking number or problem that occurs in the delivery process. There are diverse negative effects of service failures on the organisation. Customers respond in a number of



predictable ways- complaints, negative word of mouth tactics, communication opening to management or switching service providers (Boshoff, 2005; Atalik, 2007; Nartey, 2013). Word of mouth is no longer a face to face interaction between one source and one recipient but is now carried out in a more transparent public domain of online social networks (Ho & Dempsey, 2010). Therefore, a post on Facebook or Twitter comment can cause more harm to the reputation of a brand than a private discussion amongst friends or family on a service failure experienced with a particular courier industry. Additionally, it costs the firm revenue which include money back guarantees, warranty work or replacements, refunds, and compensation to repair service failures (Hart et al., 1990). On the other hand, a customer who is satisfied conducts repeat business which improves the firm's performance; he/she becomes a representative of the organisation and the price of the product does not affect the customer behaviour (Atalik, 2007; Osarenkhoe, 2012).

Reputable firms can also experience service failure. (Zeithaml et al., 2006). A service provider may benefit from the service recovery strategy utilized during a service guarantee and develop an effective complaint handling system (Vaerenbergh et al., 2014). This can be achieved by giving frontline staff the necessary training to interact with customers. A service firm that succeeds in offering a satisfactory service recovery will not only lead to customer satisfaction (Orsingher et al., 2010), but also sustained revenue. (Vaerenberg et al., 2014).

### **3. 2 Definition of Service Guarantee**

There are several definitions of service guarantee. According to Kashyap (2001), there is no general consensus on a definition for a service guarantee. He also adds that either a service guarantee means a policy promised by a service firm or possibly a contract between a service

firm and its consumers. This disorientation has resulted in the idiosyncratic operationalisation of service guarantee concepts (Kashyap, 20001).

A service guarantee is defined by Hart et al., (1992) as a promise that explains what a consumer should expect and what the firm will offer if it does not provide the agreed service. According to Hart (1993), a guarantee of service is a legal binding contract. A claim of service guarantee is a policy of a firm that states the commitment by the company to consumer satisfaction (Evans et al., 1996). Again, a service guarantee can also be defined as a promise between a service firm and its consumers where the firm pledges to give as stated in its advertisement (Callen & Moore 1998). A service guarantee permits consumers to know and understand the various types of remuneration they may get from service firms in the situation that there is a service failure (Kennet, 1995). Hogleve and Gremler (2009) define service guarantee as a promise which is explicitly made by a firm offering a service to satisfy the customer by providing a certain level of service, and compensating the consumer if the service is not adequately offered. The authors also add that when there is no compensation (monetary or nonmonetary), then the service guarantee is an unconfirmed assurance.

From the above definitions, it is clear that service guarantee is aimed at establishing a desirable compensation for customers to reduce the perceived inadequacies inherent in-service delivery. It is clear that service guarantee strategies entail the consideration of the consumer's perception of service deliveries. In line with this study, McCollough's (2010) definition encapsulates the discourse. It discusses service guarantee as firm's formal commitment, designed to decrease consumer loss in a situation of service failure. The fact that it talks about commitment to decrease consumer loss draws in every aspect of service guarantee.

### 3.3 Theoretical Background

#### 3.3.1 Justice Theory

The Justice Theory states that in every exchange that takes place, people weigh the input against the outcome and compares them with those of others in similar situations (Adams, 1965). In the event that there is equality between them, the exchange is considered as fair, but if the outcome does not meet with the person's expectations, then this results in inequity (Nikbin, et al, 2010). Justice theories have received special attention by service researchers (Smith, Bolton, & Wagner 1999; Sparks & McColl-Kennedy 1998; Tax, Brown, & Chandrashekar 1998) as a theoretical framework for service recovery procedures. Here, justice is defined as an evaluative judgement of a person's treatment, which is perceived to be fair or just when *'it corresponds to some standard or criterion of what is morally right'* (Furby, 1986).

Voorhees and Brady (2005) integrate justice theory into consumers' satisfaction and complaint intentions. The authors also indicate that front-line employees' responsiveness is the key driver which facilitates consumer complaint intent and influences consumers' perceived justice significantly. Tax, Stephen, and Chandrshekar (1998) argue that there is a strong relationship between consumers' perceived fairness and consumers' complaint behaviours.

However, justice as suggested by scholars is a multidimensional view of the concept of fairness and has evolved over time to include Distributive Justice (Deutsch, 1985; Homans, 1961), Procedural Justice (Lind & Tyler 1988; Thibaut & Walker, 1975) and Interactional Justice (Bies & Shapiro, 1987; 1988). Though these dimensions are correlated, they are accepted as distinct dimensions of the Justice Construct (Erdogan, 2002). Distributive Justice, according del Río-Lanza (2009), refers to the assignment of tangible resources by the firm to rectify and compensate for a service failure. It is measured by justice, fairness, need, value and rewards of outcome (Chebat & Slusarczyk, 2005; Wirtz & Mattila, 2004; Smith et al., 1999). Studies have

provided ample evidence that perceived fairness of tangible outcomes have a positive effect on recovery evaluation (Hoffman & Kelly 2000; Smith et al., 1999; Boshoff, 1997; Goodwin & Ross, 1992). Distributive justice also relates to the perceived fairness of the re-dress offered to the complainant to resolve his/her complaint (McQuilken et al., 2013).

Nikbin et al (2010), citing del Río-Lanza (2009) state that procedural justice includes the methods a firm use to handle problems arising from service delivery in aspects such as accessibility, timing/speed, process control, delay and flexibility to adapt to the consumer's recovery needs. Davidow (2003) on the other hand suggest that procedural justice also involves policies, procedures, and tools that companies use to support communication with customers and specifically, the time taken to process complaints and to arrive at a decision. Procedural justice focuses on how the outcome is reached (Nikbin, et al 2010); and is further sub-dimensionalised into flexibility, accessibility, process control, decision control, response speed and acceptance of responsibility (del Río-Lanza et al., 2009; Tax et al., 1998; Blodgett et al., 1997; Thibaut & Walker, 1975).

Interactional Justice focuses on interpersonal interactions during the process of service recovery (Nikbin, et al, 2010). This means the evaluation of the degree to which the customers have experienced justice in human interactions from the employees of service organisation (Sparks & McColl- Kennedy, 2001). For example, consumers are often frustrated because of rude treatment by service employees. Sub-dimensions of interactional justice as revealed by previous studies are courtesy, honesty, offering explanations, empathy, endeavor, and offering apologies (Clemmer, 1988; Tax et al., 1998, McColl-Kennedy & Sparks 2003; del Río-Lanza et al., 2009).

### **3.3.2 Justice Theory and Service Guarantee**

Service guarantee has been linked to Justice Theory. The concept of fairness is central to customer evaluations of equity in transactions with firms (Oliver & Swan 1989). Fairness implies that the firm should cover all costs incurred by customers in connection with service failure. Hence, service guarantees will increase preference and perceptions of fairness when customers feel they have been adequately compensated for all their efforts and costs (Kashyp, 2001). According to Kashyp (2001), service guarantees that promise to compensate monetary and non-monetary costs such as search costs, costs of complaining, or even switching costs increase perceptions of fairness.

Crasiffuli et al., (2016) indicates that guarantee payout provided as compensation for service failure will impact customer perceptions of fairness. The authors also suggest that guarantee payout creates distributive justice (fairness) when delivering benefits to the customer that outweigh the sacrifices incurred as a result of the service failure and of lodging a complaint. Given that distributive justice perceptions are obtained when perceived benefits of an exchange are greater than incurred sacrifices (Adams, 1965), easy processes of invoking the guarantee combined with payout in the form of full refund, as set in the guarantee, is perceived to be fair and leads to distributive justice perceptions (Crasiffuli et al., 2016).

Research on customer satisfaction with complaint experiences suggests the need to give attention to elements of procedural justice (Tax et al 1998). (Note: Social Justice Theory assumes that all complaint resolution interactions between customers and firms are perceived as distinct events. These events are evaluated with regard to outcome justness and fairness of resolution procedures (Bies, 1987). Oliver and Swan (1989) suggest that customers may also infer satisfaction from procedural policies that are set up to resolve customer problems.

According to Kashyap (2001), service guarantees improve perceptions of procedural justice by simplifying the procedure to rectify service failure. The author also indicates that service guarantees may reduce hassle costs by providing explicit procedures that make it easier for customers to complain and receive compensation. However, research shows that when the compensation is not sufficient or requires too much effort to claim, few customers even bother to report the failure (Ettore 1994). Therefore, in order for guarantees to be effective, the procedure for claiming compensation should be relatively hassle-free (Maher 1991). Ease of invoking impact customer perceptions of procedural justice (Crisafulli et al., 2016), given that timeliness is a key principle of procedural justice (Chebat & Slusarczyk, 2005). As a result, customers are expected to perceive the timeliness of recovery to be low, and thus report low procedural justice perceptions. Also, frontline employees who are empowered to invoke a service guarantee promptly will be able to enhance consumers' perceptions of procedural justice through a prompt one-the-spot response (Crisafulli et al., 2016).

Interactional justice involves the firm's employees who provide the service recovery and their behaviour towards the customer. Explaining the failures and trying to resolve the problem are very important. However, the recovery effort must be perceived as genuine, honest and polite (De Sourza & Desai, 2013). Liden and Skalen (2003) argue that front-line employees often emphasize monetary compensation heavily to consumers when they tackle consumers' complaints. However, even if consumers received enough monetary compensation, many of them expressed that they were still not happy because of the way frontline employees or managers treated them (Lee, 2006). This implies that consumers expect interactional fairness from service operators during the process of enacting the service guarantee (Tax & Brown, 1998). No matter how many consumers receive the payout of the service guarantee, if a service firm failed to treat consumers fairly, then the effectiveness of the service guarantee was very

minimal (Lee, 2006). This study is therefore based on the premise that guarantee compensation, invocation procedure and perceived employees have a larger influence in enhancing justice evaluations following a service failure (McQuilken et al., 2013).

### **3.4 The Concepts of Service Guarantee**

It is evident from the review of marketing literature that the concept of service guarantee has received considerable attention from both academics and practitioners over the last decade. Hart (1988) was first to introduce the concept of service guarantee in his article. However, researchers are attempting to create a better understanding of the service guarantee by establishing a theoretical and empirical work (Lee, 2006). Studies on service guarantee have not only contributed to the development and the expansion of service guarantee as an important area for research, but have actually contributed immensely in attracting a considerable interest among academics, practitioners and service guarantee researchers as well as laying a foundation in which research may be carried out in the field.

### **3.5 Empirical Literature Review**

In every academic or research study, empirical literature review plays a very vital role (Boateng, Hinson, Heeks, & Molla, 2008). Literature review highlights the difference between what is known and what needs to be known, thereby enabling the detection of critical knowledge gaps, thus alerting other researchers to opportunities to make key contributions (Melville et al., 2004; Webster & Watson, 2002). According to Boateng et al. (2008), undertaking an empirical review entails the gathering, assimilation, and examination of extant literature from differing sources that are predominately academically oriented. The literature on the service guarantee has not been well established and developed though there has been growing interest in the topic among both practitioners and researchers. Also, Studies on service

guarantees focusing on employee efforts and invoking procedures are few in the relevant literature.

- **Service guarantees and employees effort**

McQuilken, (2010) investigated the influence of failure severity and employee effort on service recovery in a service guarantee context. His experimental study utilised a sample of 131 online panel members to examine how service failure severity and perceived employee effort influence consumers' post recovery negative word of mouth and trust evaluations in the context of a 100% satisfaction guarantee. Their findings indicate that while the level of effort does not influence negative word of mouth, when a major problem eventuates, high versus low levels of effort are appreciated for a minor failure. McQuilken, (2010) also concludes that evaluations of trust are enhanced when employees display a high versus a low level of effort across both minor and severe failure conditions.

Also, McQuilken et al., (2013) conducted an experiment examining the influence of guarantee compensation and employee effort in restoring justice across hotel failures of varying severity. The scenarios describe service encounters in which the guest sees an advertisement for a hotel that offers a 100% satisfaction guarantee and as a result, decides to make an advance booking. They conducted a pilot study involving 120 postgraduate students. McQuilken et al., (2013) inferred that perceived employee effort has a large influence on guests' perceptions of interactional justice. A good employee effort is achieved through higher learning.

- **Process of invoking a service guarantee**

Studies have analysed the design of the process of invoking a service guarantee. Hart (1993) asserts that a service guarantee invocation process must be easy to start. The author also opines that the time duration for a customer to invoke a service guarantee should not be more than two weeks. Björilin-Lidén and Edvardsson (2003) investigate customer perception of service



guarantee. The empirical context of their study is public transport, where customers who have invoked a service guarantee participate in a focus group. The study supports that for a guarantee after a service failure to be most appropriate; there should be fair rules of invocation. Also, Wirtz and Kum (2004) conducted a research titled consumer cheating on service guarantee. The outcome of their study depicts that consumers expect the rules of invoking the guarantee be entailed in the service guarantee.

Vaerenbergh et al., (2014) investigate whether excellence in service recovery affects customers' intentions to invoke a service guarantee, thereby discriminating between conditional and unconditional guarantees. 171 respondents from four continents (spanning 23 countries) were recruited to participate in a quasi-experimental study. Their study found out that all customers are very likely to invoke the service guarantee after an unsatisfactory service recovery. When customers are satisfied with the service recovery, they report lower invoke intentions, except for collectivistic individuals who are still inclined to invoke an unconditional service guarantee after a satisfactory service recovery.

- **Neglected areas for further research**

In reviewing the literature, some gaps for future research were identified. In spite of the increased usage of service guarantee, attention has mainly been directed towards consumer satisfaction, service quality, and perceived risk or uncertainty. However, knowledge about service guarantees invocation stays exceptionally restricted and generally observational (Hogreve et al., 2009). Therefore, this provides an avenue for future research. According to Hogreve et al., (2009) research concerning standardised procedures and explicit rules of how to react in situations when customers invoke the service guarantee, to take the pressure off employees during the recovery process, is needed; such procedures and rules may guide employee behaviour and therefore reduce employee stress. They also suggest that in other to

address these important factors, future research needs to identify how standardised processes of invoking service guarantee could be implemented and how this standardisation would affect employee and consumer behaviour (Hogreve et al., 2009).

Again, Vaerenbergh et al., (2014) investigate whether excellence in service recovery affects customers' intentions to invoke a service guarantee, thereby discriminating between conditional and unconditional guarantees. While their study focuses on the customers, it is clear that the employees play a crucial role in dealing with customer requests to invoke the guarantee, to restore the service failure satisfactory in the eyes of the customers, and to deal with opportunistic customers. More research is needed to understand the impact of such situations on employees' emotions and behaviour (Vaerenbergh et al., 2014). Hogreve and Gremler (2009), support that research could adopt a more holistic and interdisciplinary view, investigating guarantee invoking process in situation of service failure on employees, operational processes, and the competitive environment all together.

In a study conducted, an experiment examined the influence of guarantee compensation and employee effort in restoring justice across hotel failures of varying severity (McQuilken et al., 2013). The researchers opine that scenarios are unlikely to fully capture the complexity of real-world failure and recovery encounters (Betts et al., 2011) or the emotions that actual failure encounters would generate (Widmier and Jackson, 2002). According to McQuilken et al., (2013), results will be more externally valid if respondents have actually experienced a real failure and are truly concerned about the consequences of that failure. McQuilken et al., (2013) suggest that a field study could be conducted whereby researchers would work with a select number of service firms that offer service guarantees to gauge consumers' perceptions of service recovery following guarantee invocation.

### **3.6 Types of Service Guarantee**

There are several classifications of service guarantees which can be grouped into four 4 categories. They are unconditional, specific, internal, and external service guarantees. Specific service guarantee gives a clear idea of the service guarantee scope and payout to customer based on the initial service failure type (Kashyap, 2001). Also, a service guarantee which is unconditional does not have explicitly specified guarantee coverage thus; consumers can invoke the service guarantee anytime they are dissatisfied with the service (Wirtz & Kum, 2001).

Again, an external service guarantee is when the service firm promises its customers (Hart, 1983). According to Hart (1983), an internal service guarantee is when the service firm promises a superior service which includes accuracy, feedback, and timeliness for their consumers and others who serve as supportive function. This thesis, therefore, proceeds to discuss the service guarantee dimensions proposed by Bremen and Mathur (2014). According to Bremen et al., (2014) service guarantee is based on three dimensions. These are the scope of the service promise (unconditional or specific), payout (monetary or nonmonetary) and the invoking process and how to offer customer redress.

#### **3.6.1 Scope of the Service Guarantee**

The scope of service guarantee could be *unconditional* or *specific*, (Breman et al., 2014). Breman and Mathur (2014), define specific guarantee as the promise of the service firm to offer a fixed level of performance in a target including delivery time, loss price or order accuracy and in stock inventory or key items. A service guarantee which is specific should enable consumers to invoke the service guarantee (McDougall, et al., 2014). On the order hand,

unconditional guarantees promise compensation for replacement or full refund in the event that a customer is not fully satisfied (Breman et al., 2014).

### **3.6.2 Payout Promise**

The payout promise is the second dimension of the service guarantee proposed by Breman et al., (2014). The payout promise may be a full or a partial refund. The repayment which is token payment or delay promise repair time is mostly made on an inconvenient experience by a consumer, (Breman et al., 2014). A service guarantee payout can result in higher consumer confidence because the service firm almost always offers satisfactory service in that situation. According to McDougall et al., (1998), a payout of a service guarantee is the monetary compensation offered to a consumer for a service failure. The guarantee payout size offered as remuneration can influence customer perception of fairness (Crisafuli et al 2016). According to Crissafuli et al., (2016), a low promise payout in discount form is likely to overcome the sacrifices initially made by the consumer, and service guarantee payout in the form of a full refund is likely to compensate the consumer and restore consumer-firm relationship.

Also, payment of a service guarantee has to adequately reflect and remunerate the influence it has had on the customer (Breman et al., 2014). For instance, the consumer has to pay for the transportation of an item during parcel delivery thus, in case the item gets lost, the consumer should be compensated for it. Again, the promised payout has to reflect the customer's lost time, inconvenience, anxiety and other discomfort that includes the service.

### **3.6.3 The Process of Invoking Service Guarantee**

The limelight on the process and procedure that unsatisfied customers have to pursue to invoke the service guarantee and seek redress is the third dimension of a service guarantee (Breman et

al., 2014). Service guarantee invoking process are the procedures the customers go through before to collect their guarantee payout after a service failure. Also, Meyer et al (2014) define service guarantee invoking process as how the service guarantee invoking process is initiated when a service fails. The invoking process is in two forms (Breman et al., 2014) which include the automatic guarantee invocation by the service firm (e.g. the payment of discount for destroyed goods) or invocation by the consumer (e.g. filling a document before a claim is given).

According to Hart (1998), a service guarantee should be easy to invoke. Easy to invoke services guarantees do away with the complexities of the processes invoking a service guarantee (Crisafulli et al., 2016). Invocation process is considered easy when the firm does not make any demands but is considered difficult when the customer needs to provide a proof of purchase and sometimes has to return to the service premises. Hart (1998) argues that service guarantees are effective when easy to invoke. Hart states that a service guarantee with many conditionalities loses its point. A service guarantee which is not easy to invoke can cause consumer dissatisfaction following a service failure (Crisafuli et al., 2016).

### **3.7 Approaches to Service Guarantee**

According to Hogleve et al., (2009), service guarantee implementation has a consequence for the service consumer, the service process, the service organisational structure, human resource management, and the competitive environment. The authors add that service guarantee adds to the literature by imparting into staff and consumers, an interdisciplinary and holistic view which can enable the industry create service guarantees that takes into account all parties affected by the implementation. Moreover, there is a theoretical approach on which service guarantee is based (Balachander 2001; Ingen & Parry 2007). Service guarantee studies can help

clarify how it can establish a competitive edge. Also, other studies could contribute to the implementation of service guarantee in the approach to service recovery (McQuiken 2009).

### **3.8 Designing and Implementation of a Service Guarantee**

In designing a service guarantee, Fabien (2005), proposes five steps, namely Preliminary Analysis, Service Quality Signal, Guarantee Design, Implementation and Communication and Performance Analysis.

#### **3.8.1 Preliminary Analysis**

Ostrom and Hart, (2000) argue that there are few acknowledged standards in the service industry. A service guarantee is recommended when there is an increase in variability in the service supply (Wirtz, 1998; Ostrom & Iacobucci, 1998). It does not matter if an industry becomes the first to provide a service guarantee that can yield to the competitive edge (Wirtz, 1998) and the attitude of the service industry main competitors may be anticipated (Febien, 2005). There should be a detailed consideration of the regulations governing transactions in the service sector (Febien, 2005). One of the most important standards is a better knowledge of the main consumer expectation in the segment or the market (Ostrom & Hart, 2000; Wirtz, 1998; Kennett et al., 1999).

A service guarantee should embark on features relating to the offering of services which are more valued by the consumers (Ostrom & Iacobucci, 1998). The image as perceived by the customer must be taken into consideration (Tucci & Talaga, 1997). A huge corporate image results in the form of implicit guarantee (Ostrom & Hart, 2000; Wirtz & Kum, 2001). Moreover, external factors such as air traffic, mechanical breakdown, weather condition which are beyond the firm's control should be taken into consideration, (Febien, 2005). The author

also suggests that those elements cannot be applied as an excuse when a service guarantee fails. When element which is uncontrollable influences the service, the company must give a vivid explanation of events as they occur, (Febien, 2005). One significant internal element to be considered is the capacity of the service process and employees involved to honor the industry commitment in everyday activities, at every service point to the benefit of consumers (Febien, 2005). There should be an unlimited cooperation from the staff in relation to the general public and firm staff supports (Febien, 2005).

According to Febien, (2005), an industry that is not well established must use service guarantees to cater to the needs of disgruntled consumers. In doing so, the service guarantee is given a chance to restore and enhance the loyalty of unsatisfied consumers. (Forjt, 1995; Ostrom & Hart, 2000; Wit, 1998). A firm offering service guarantee can make the decision to charge higher than its competitors because the training of employees and the establishment of new processes create extra cost (Febien, 2005).

### **3.8.2. Service Quality Signal**

Zeithaml and Bitner (2003), define service quality as the ability of a service firm to meet or exceed customer expectation. Some studies point out that guarantees directly affect perceived quality (Kelly, 1988). Several studies demonstrate that when a company provides broad guarantee coverage, consumers perceive a higher quality of service (Hart, 1988; Hogueve and Gremler, 2009; Shimp and Bearden, 1982; Wiener, 1985; Wirtz and Kum, 2001). A service guarantee is a signal of quality service delivered to potential and existing consumers, companies and competitors (Ostrom & Iacobucci, 1998). The characteristics of service (reliability, effectiveness, duration etc.) may only be evaluated after sufficient evidence is

given, (Febien, 2005). Service guarantees are a signal of quality that consumers follow to judge product quality (Carvell & Quan, 2008; Hogreve et al., 2009; Wong et al., 2009).

### **3.8.3 Guarantee design**

A formal commitment made in the shape of a service guarantee definitely has its advantages (Febien, 2005). According to Febien (2005), service guarantee forces an organisation to evaluate consumers' beliefs frequently, thereby employing a consumer-oriented approach when designing the supply of service. It also forces a service company to define specific standards and review the effectiveness and efficiency of its service process on a regular basis to ensure that promises are always honored.

A service guarantee gives motivates staff to achieve a shared level of performance that may help to develop operations, (Febien, 2005). The staff is in a better position to be able to understand their duties service chain (Febien, 2005). The author also adds that service guarantee must be tested by staff before being implemented. Hart (1988) suggests the following criteria for a good service guarantee. A service guarantee must be credible, that is, the promise proposed to consumers must be realistic (Febien, 2005). A well agreed service guarantee should solve one or more specific consumer expectation (Febien, 2005). For instance, a courier industry, after taking instructions from customers largely, agree to use a service guarantee to the delivery time. Also, the compensation type should be based on the severity of the failed service (Ostrom & Hart, 2000). Service guarantee should be drafted in concrete, simple language so that consumers can easily understand. This prevents confusion, (Febien, 2005). This will ensure that consumers know specifically what they can expect and the staff know what is expected of them (Mayaux, 1999). It is relevant to clearly state how the service guarantee can be claimed in the situation after a fail service (Febien, 2005).



Also, consumers should know the name, working hours and contact information of the person or department in charge of complaints (Febien, 2005). In addition, various methods of contact should be provided (telephone, e-mail, and fax mail) to take the diverse choice of the consumer into account (Febien, 2005). The firm system should not be difficult for consumers who want to claim the service guarantee and the staff must be ready to solve consumers' problems without delay (Febien, 2005). Employees should also empathise with unhappy consumers and should not by any means try to protect the service company (Febien, 2005).

### **3.8.4 Implementation and Communication**

A service guarantee should be the centre of communication of a precise campaign during the promotion (Febien, 2005). The service guarantee campaign can be extended over a period between 6 and 24 months, for consumers to get time to test the service guarantee on one or more occasions (Febien, 2005). There should also be a signature message summarising the spirit of the guarantee which will facilitate the process of communication (Febien, 2005). He also asserts that the campaign must be pretested with a sample of customers from a targeted segment. In so doing the service guarantee will help in the elimination of biases produced by the campaign messages (Febien, 2005).

According to Febien, (2005), there are several ways to communicate a new service guarantee to employees and customers when officially launching a service guarantee. The employee's typical channel of communication includes various posting of backstage location, internet, and the firm's emblem. These can be modified into posting a service point, the internet, printed materials at the service point, wearing of the company's emblem which are better ways of communication to customers, (Febien, 2005).

### **3.8.5 Performance analysis**

A company who wants to communicate and design a service guarantee must start by judging the value of the total associated cost and prepare performance indicators (Febien, 2005). The market research such as pretesting, time spent on designing the service guarantee and measurement of performance indicators are all generated costs (Febien, 2005). Also, the company should take into consideration communication campaign costs such as the use of promotional vehicles (media, internet, signs, posters etc.) and promotional activities.

Additionally, the cost of remuneration for unsatisfied customers and service guarantee withdrawal that have been published must be considered during performance analysis (Febien, 2005). According to Febien, (2005), a firm must consider the influence of marketing and its influence should be measured by using assessment performance indicators at an interval within 6 months. The following are 8 performance indicators suggested by Fabien (2005)

- Net margin
- Retention rates of customers
- Number of new customers
- Net profit
- Value of compensation offered
- Number of applications for compensation
- Transaction of value entered into by a consumer after remuneration.
- Gross revenue cause during and before the period of service guarantee

### **3.9 Characteristics of Effective Service Guarantee Programmes**

According to Breman and Mathur (2014), service guarantee programmes can be grouped into two distinct characteristics: service guarantee programme characteristics from the perspective

of the firm and the perspective of the customer. For the purpose of the study, only the characteristics of the firm's perspective will be elaborated.

### **3.9.1 Firm Perspective Characteristics**

A firm that attempts to apply a programme of service guarantee cannot easily employ the programme (Breman et al., 2014). Service firms must be certain that staff are trained and rehearse customer service consistently in order to identify and make corrections when service fails so that assessment can be performed followed by revisiting the suggested programme by the use of multiple criteria (Breman et al., 2014). A service firm that trains staff inadequately curbs the staff's motivation because negative feedback will be consistent, (Wirtz, 1998). To implement service guarantee, the service firm requires giving relevant education to frontline staff on service recovery on the realistic possibility (Breman et al., 2014). The frontline staff may become overzealous or unclear on the strategy with which to satisfy customers when they complain (Sum et al., 2002). This is because there is the limited training on service guarantee programme for employees to adequately deliver service recovery method to customers when a service fails. Also, service firm staffs are always essential to recover a service effectively (Sparks & McColl-Kennedy, 2001). According to McQuiken (2010), staff effort is considered by consumers an essential feature of their recovery encounter.

In addition, Breman and Mathur (2014), indicate that firm service has to pretest the programme of service guarantee. A pretest controls any anomaly that is likely to result from a sudden, large scale implementation of a service guarantee programme. A pretest also allows a service firm correct normal service failures, reconsider the training of employees, the guarantee procedure and find out which service guarantee type (specific or unconditional) to use (Breman et al., 2014). Every programme of service guarantee has to be assessed on staff and consumers and

focused temporally. The assessment should involve the impact of service guarantee on consumer loyalty, the redemption incidence, the average service guarantee cost per the amount of consumer visits, (Breman et al., 2014). Also, the service guarantee must be analysed by the Chief Executive Officer (CEO), Customer Service Manager, Vice President of Marketing, and Operational Manager to identify areas of weakness (Breman et al., 2014).

### **3.10 The Role of Frontline Staff and Management in Service**

The role of frontline personnel in the service guarantee effort of service firms has been emphasised severally in the extant literature (Evans et al. 1996; Fabien, 2005; Liden & Sanden, 2004; McQuilken, 2010; McQuilken et al., 2013; Sum et al., 2002). The focus of the extant literature reveals that employees who are not trained to solve service guarantee problems tend to be dissatisfied and frustrated with their jobs (Liden & Sanden, 2004; McQuilken, 2010). Training front-line employees, offering seminars and education to managers operating local franchising properties, and monitoring performance regularly are key factors in implementing service guarantee policies successfully (Evans et al. 1996). This is because, staff of service firms are important to the success of the firms and the necessary training and motivation must be provided to ensure that employees give their best in their interactions with customers (Heskett & Schlesinger, 1994; Hinson et al., 2011).

Though training plays a role in improving the behaviour of customer facing staff, service firms must also focus on recruiting people who naturally want to assist customers and display personable attitude even in the face of distressed irate customers (Prasongsukarn & Patterson, 2012). Employees who are slow, appear uncaring or are simply engaged with other tasks will reduce customer's satisfaction evaluations, even when the tangible outcome of the recovery process (e.g., compensation or a rework of the service) is acceptable (Grönroos, 1990). Other

studies have reported that an “unwilling” employee has a negative impact on customers’ recovery evaluations (Bitner et al., 1990; Lewis and Spyropoulos, 2002). Additionally, when the service delivery system fails, contact employees are responsible and are expected to respond to customer complaints and their approach to this can contribute to the customers’ perceived satisfaction or dissatisfaction (Bitner et al., 1990). Unfortunately, these inexperienced staff may be placed at critical touch points such as security, profiling and check-in where customers are noted to face the most levels of dissatisfaction (Hart et al., 1990; Lorenzoni & Lewis 2004).

Furthermore, employee empowerment plays a significant role in the success of the service guarantee (Lee, 2006). Training can give employees the perspective that service recovery requires, but the company must empower them to act (Hart et al., 1990). The staff must have the authority, responsibility and incentive to assist customers who experienced a service failure (Bitner et al., 1990). Frontline employees should be empowered to make discretionary decisions and correct any deviations from established service quality standards in a fast and responsive fashion (McQuilken, 2010). Also, providing full empowerment of front-line employees becomes crucial in the implementation of a service guarantee policy (Firnstahl, 1989; Liden & Sanden, 2004; Tax & Brown, 1998). According to Tax and Brown (1998), customers frequently become frustrated because of how their complaints are handled, and because of rude frontline employees’ attitudes. Often, front-line employees tend to waste time in handling consumers’ complaints because they do not possess the empowerment to tackle consumers’ grievances (Firnstahl, 1989).

In addition, levels of supervisory support and feedback influence service employee job-related performance and engagement (Menguc et al., 2013). Menguc et al., (2013) recent study reports that when managers invest in improving employee engagement, customers perceive superior

employee performance. Meta-analysis also shows that employee engagement is positively associated with customer satisfaction, customer loyalty, productivity and profitability (Harter et al., 2002). Also, Gremer, Gwinner, and Brown (2001) discuss the relationship between consumers' positive word-of-mouth intent and interpersonal relationships between employees and customers. The results of the study found that a good interpersonal relationship between customers and employees leads customers to engage in positive word-of-mouth referrals to acquaintances. Presently, the influence of employee effort on consumers' negative WOM intentions and trust evaluations when a service guarantee is offered is unknown (McQuilken, 2010).

Service guarantees have a statistically significant effect on service quality through employee motivation and vision (Hays & Hill, 2001, 2006) and a nonlinear relationship exists between perceived service quality and employee-related variables, including frontline motivation and an increased ability to detect service failures through complaint information (Sum et al., 2002). According to Chilembwe (2014), a well-designed guarantee sets clear performance standards for employees and motivates them to perform according to guarantee service standards. In particular, employee motivation is necessary to the success of a firm's service guarantee (Liden & Skalen, 2003; Liden & Sanden, 2004; Tax & Brown, 1998).

### **3.11 Benefits of Service Guarantee**

There is a huge service guarantee benefits to service firms as a whole. Service guarantee enables staff to focus more on customer expectation (Bremann et al., 2014) which implies that customer expectation can be easily identified. In addition, service guarantee has a positive influence on service through their impact on staff vision and motivation (Hill, 2001). Moreover, service guarantee enables service firms obtain reliable data (Bremann et al., 2014). According

to Breman et al (2014), the data can be used to pinpoint and amend weak links in the process of service delivery. Anytime a service is invoked, a chance is offered to the service firm to review the process of service delivery, rectify weak points that bring about service failure and service failure in itself is used as a feedback circuit for the process of continuous improvement (Breman et al., 2014).

Again, the role of service guarantee as a recovery process enables a service firm lure and maintain customers who are likely to visit only once, (Breman et al., 2014). In addition, a strong service guarantee may also allow a service firm to charge a higher price than its competitors (Breman et al., 2014). Also, service guarantees stimulate customers to voice out their grievances when a service fails (Kandampully 2001; Kandampully & Butler 1998). As customers invoke a service guarantee, it provides information or presents an operational resource that a service provider could use to enhance service delivery or create new service (Hogreve et al., 2009). Service guarantees also encourage staff to target specific service performances to meet the expectation of consumers (Shahril et al., 2013).

### **3.12 Service recovery**

There is a direct relationship between service guarantee and service recovery. The influence of service guarantee during a recovery encounter has mainly been tested empirically at the appropriate level (McCull et al., 2005). According to Callan and Rodger (1998), service guarantees are part of service recovery programmes that come into force when a service process fails and the customer is not satisfied with the experience. Wirtz et al., (2004) adds that service recovery via guarantee can be categorised as either money backed or non-money backed guarantee. Although employees are instrumental in delivering recovery, organisational policies such as service guarantees can pose a constraint on employee efforts and, in turn, influence

customer perceptions of recovery fairness (Crisafull et al., 2016). Researchers view service guarantee as a tool for formalising a service recovery strategy, and as a means to facilitate communication between consumers and service operators in handling initial service failures and consumers' complaints (Liden and Skalen, 2003; Wirtz, 1998). The payout of the service guarantee could be an adequate incentive which appeals to consumers who otherwise may be hesitant to complain (Lee, 2006). Indeed, the service recovery system of a courier will differ from that of a restaurant whilst retaining certain key elements which cut across all service firms. Thus, for each service guarantee strategy, customers evaluate how this strategy is applied and the steps taken to recover their losses. Haven narrows the discussions to service guarantee and their invocation process. The next line of discussion will focus of conceptual framework.

### **3.13 Conceptual Framework**

A review of the extant literature provides a thorough examination of the issue in relation to service guarantee from the customer and firm-level perspectives. A conceptual framework is needed to provide a more succinct view of what this study seeks to focus on. The conceptual framework of this study is based on the work carried out by Kashyap (2001) as shown in figure 2.1. The constructs in the framework are known to play a very crucial role in the elaboration of service guarantee effects on employees and firms. It is debated, however, that firm level constructs are used to develop logic and generate propositions that provide a more meaningful discussion and derive appropriate managerial implications. So, with the use of Kashyap's (2001) proposal that the effect of service guarantee on employees and firms be made up of the service guarantee type, enabler theory, and organisational effect, these four constructs are taken into consideration to investigate the service guarantees in the Ghanaian courier industry. This model helps manage employee and firm perspective service guarantees during implementation, (Kashyap, 2001). According to Kashyap (2001), this model would help managers formulate



service strategies by explaining process and resource requirements for effective support of the guarantee.

Table 3.1 Effects of Service Guarantees on Employees and Firms

Types of Guarantee	Theory	Enabler	Organisational effect
Unconditional guarantee	Total Quality Management Empowerment	Increased empowerment	High employee motivation and job satisfaction Higher performance standard
Specific guarantee	Total Quality Management Organisational Reengineering	Inter-functional coordination Cross-functional teams	Improved operational efficiencies Effective cost control
Specific guarantee	Service recovery	Customer complaint analysis	Increased customer feedback Improved design of recovery strategies Improvement in service recovery Process
Unconditional Guarantee	Market orientation	Market intelligence Top management commitment	Improved customer orientation Increased resource availability

Adopted from Kashyap (2001)

### **3.13.1 Types of guarantee**

This refers to the extent of service guarantees an organisation will use in the service sector. Kashyap (2001), identifies two types of service guarantee. They are Specific Guarantee (conditional) and Unconditional Guarantee. According to Kashyap (2001), Specific Guarantee indicates a company's dedication to a distinct attribute performance like actual delivery time or price while Unconditional Guarantee gives assurance on performance on every aspect of the company service such as complete customer satisfaction, a full refund or complete payout when there is no cost problem resolution to it (Kashyap 2001). According to Kashyap (2001), the invoking procedure and process, guarantee compensation and claims could be implicitly or explicitly indicated in the service guarantee. The invocation process and procedure determine the steps the customer goes through before the guaranteed payout or claim is given. This results in a more in-depth investigation of service guarantee on the company (Kashyap 2001).

### **3.13.2 Theory**

The second construct proposed by Kashyap (2001), is the Theory Construct. The Theory Construct is drawn from the relevant literature and various research on service recovery, total quality management, and market orientation (Kashyap 2001). Based on the market orientation a firm has to design and implement a service guarantee to determine highly valued service attributes and develop programmes to more effectively meet customer needs (Kashyap 2001). This is done by training employees to be service guarantee oriented, equipping them with new technology or equipment, etc. Internal marketing should be employed to train, motivate and empower employees to deliver on promises made to the customer (Grönroos, 1981). Also, frontline employees who interact with customers should be adequately trained in some Public Relations skills. Employees play a crucial role and will need job resources (i.e., empowerment, rewards and training) and personal motivation (e.g., job resourcefulness) to perform

successfully (Rod and Ashill, 2009). Moreover, service guarantee requires top management to commit the firm's resources toward implementing the guarantee. The firm's commitment to service recovery is evidenced in its willingness to train and the actual training of customer-facing staff (Hart et al., 1990). In evaluating an organisation's commitment to service recovery, one must consider the number of resources applied to the effort (Zhu et al., 2004). The service firm has to measure the magnitude of resources committed to the tracking and monitoring of service failures and recovery efforts (Smith et al., 2009).

Also, the total quality management empowerment enables managers to delegate their responsibility to the employees in the situation of service guarantee. This authority to act is referred to as decentralisation within the literature (Smith et al., 2009). This construct refers to the level of employee empowerment to be able to carry out the laid down process of service recovery. Empowered employees have the necessary flexibility to more effectively satisfy customers (Kashyap 2001). Empowerment enables employees to react to customer complaints more quickly (Enz & Signaw, 2000). This is important because of the various constraints associated with the courier industry. For instance, if a company fails to deliver a parcel on time due to bad weather, the window of opportunity to give a guarantee claim to the customer can get very slim and possibly become nonexistent if the customer-facing staff has to wait for supervisory approval. That can lead to further inconvenience to an already inconvenienced customer.

Again, the service recovery in the theory construct encourages companies to develop recovery strategies so that employee has explicit mechanisms for service recovery. For instance, the company uses failures as an opportunity to receive critical feedback from their customers. Bjorlin et al., (2003) states that, when a company fails to meet the promises in a service

guarantee programme, the service provider should provide the guaranteed content for service recovery for a consumer. The authors also state that the guarantee can serve as a means for service recovery that is fixing or compensating for service failure. For instance, if a customer has a dissatisfying service experience, a service guarantee acts as a recovery instrument, preventing a breakdown in the customer/firm relationship (Hart, 1998; Tax and Brown, 1998).

### **3.13.3 Enabler**

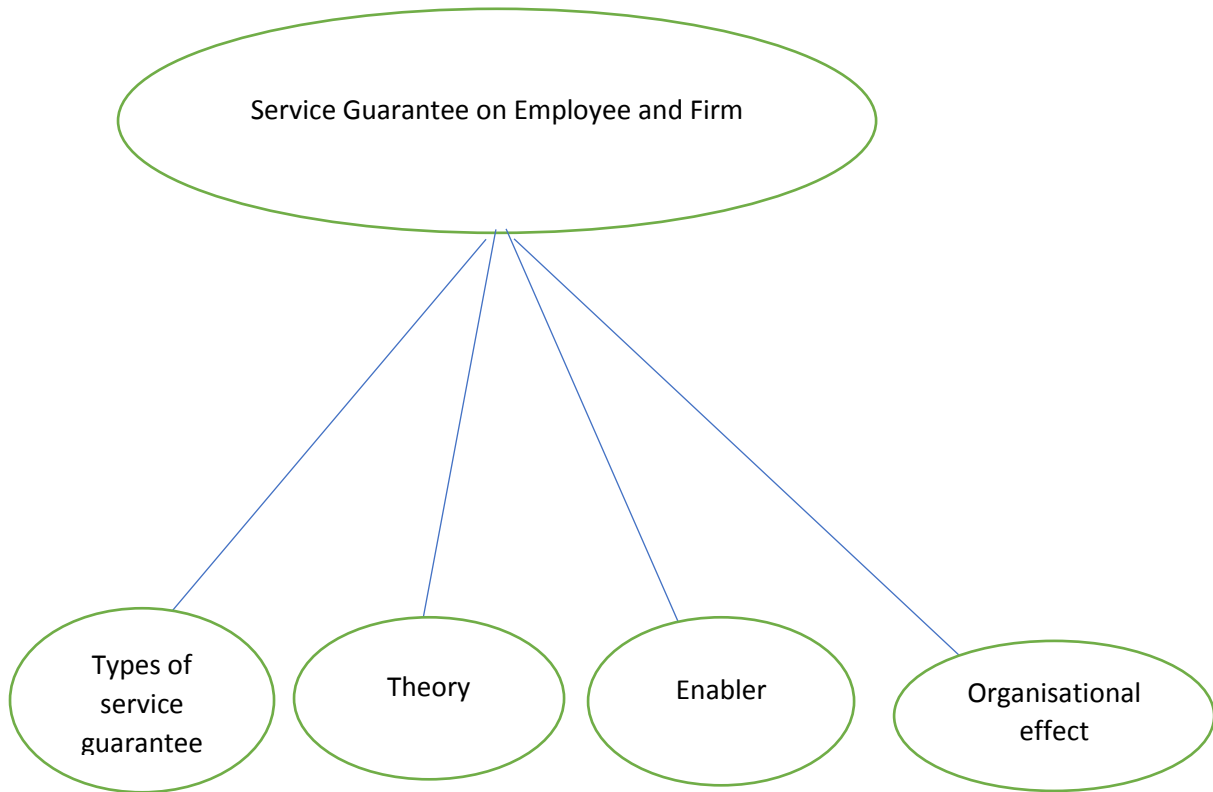
The third construct proposed by Kashyap (2001), is the Enabler Construct. Enabler is defined as the element of the firm's process and procedure, structure or state which is necessary and antecedent to the effective implementation of service guarantee (Kashyap 2001). According to Kashyap (2001), the Enabler Construct serves as a catalyst for the improvement of firm effects and also provides the necessary support for a successful guarantee implementation which makes possible the attainment of desired organisational effect. Enabler is the process and procedure easily to ascertain guarantee claims.

### **3.13.4 Organisational Effect**

The fourth construct proposed by Kashyap (2001), is the Organisational Effect. According to Kasyhap (2001), the organisational effect refers to the impact that the implementation of service guarantees will have on impacts on companies and workers. The organisational effect could include work-related elements such as job satisfaction, higher motivation etc. Others important to the company strategy and performance include better cost controls, improved efficiencies, improved design of service recovery strategies, increased profitability, etc. For instance, courier industries could have a holistic, all-encompassing approach to service failure or they could have specific areas of service failure that can help them improve their service guarantee strategies.

Figure 3.1

Conceptual Model



Kashyap (2001)

### 3.14 Chapter Summary

Existing research provides evidence that service guarantees perform differently, depending on several factors, including their design (Hogreve & Gremler 2009). This chapter reviewed all the related disciplines of service guarantee design and their scopes. The review provides a rounded view of the employee perspective (management) – in relation to front-line employees, decentralisation, training and empowerment; and the internal process perspective (operations) – the processes at the firm level that support service guarantee.

## **CHAPTER FOUR**

### **RESEARCH METHODOLOGY**

#### **4.0 Introduction**

This chapter provides a description of the methodology employed in this study. In relation to the objective of the current study, this section offers a description of the research strategy, research design, and the data analysis approach used by the researcher.

According to Kumekpor (2002) research methodology includes the specified procedures, techniques, ideas and thought processes followed in getting specific things done or achieving particular ends or objectives. Yin (2003) also explains that a research methodology defines the research activity, how to proceed with the research; how to measure progress, and other factors that guarantee the success of the research.

#### **4.1 Research Paradigm**

The study is underpinned by the interpretivism paradigm. Interpretivism helps researchers to understand phenomena through the perceptions and experiences of the respondents in a study (Thanh & Thanh, 2015). According to Thanh and Thanh (2015), in order to obtain answers for a particular study, the researcher who follows this paradigm uses the experiences shared by participants to construct and interpret his understanding of the study. In this regard, the information obtained from the management of this study enabled the researcher to readily understand the issue of service guarantee in the study area. According to Willis (2007), researchers who use interpretivism are of the view that understanding the context in which any type of study is conducted is crucial in interpreting collected data.

## 4. 2 Research Purpose

The purpose of every research is to provide a better understanding of the issue under review. Research could be an explanation, explorative, or descriptive (Robson, 2002). Nonetheless, some scholars opine that there are instances where it is imperative that a researcher combine any of the above approaches, (Saunders et al., 2009). By this, Saunders et al., (2009), explain that a study can simultaneously descriptive and explanatory among others at depending on research questions postulated by the researcher. Additionally, aside the opportunity to combine two research purposes, Robson (2002), also admits that a researcher may also migrate from one research purpose to the other and thereby postulates that it is necessary for the researcher to ensure flexibility and adaptability to suit such change when needed.

Explorative research focuses on seeking new insights, asking questions and gaining a better understanding of the existing phenomenon (Robson, 2002). In a similar vein, Saunders et al., (2009) also note that the exploratory approach is best when the study seeks to have a limpid comprehension of a phenomenon. Additionally, Saunders et al., (2009) also hold the view that this approach is better than other approaches, as it affords the researcher higher flexibility and adaptability to changes that may occur during the research process. Adam and Schvaneveldt (1991) note that flexibility is often demonstrated by the exploratory researcher's ability to narrow in from a broader and diverse focus.

Descriptive research, by its nomenclature, seeks to define in detail the profile of people, events or situations. According to some scholars, it offers a definitive account of a person, event or phenomenon (Robson, 2002). The approach is often referred to as the extensive approach and piggybacks on either exploratory or explanatory research. In this situation, the descriptive approach is always combined with either explorative or explanative approaches to offer an in-depth understanding of a phenomenon. In connection with this Saunder et al., (2009), suggests

the term “descriptor-explanatory studies” to mean studies that begin with a descriptive approach and end with explanatory research.

Explanative research is directed at understanding a specific situation. Saunders et al., (2009) explain that explanatory researchers are often focused on establishing causality between factors. In this respect, such studies attempt to identify the independent and dependent variables within a given phenomenon or event. The current research is primarily explorative in nature; it seeks to gain a better understanding of service guarantee as it relates to the courier industry.

### **4.3 Research Approach**

There are two common research approaches are the qualitative research and quantitative research designs (Vanderstoep & Johnston 2008). Adopting either qualitative or quantitative depends on the overall goal of the study. In this regard, Malhotra, (2007), suggests that studies that seek to discover new relationships often adopt the qualitative approach, whereas those seeking to establish a conclusion often adopt the quantitative research approach. In addition, some scholars associate the deductive and inductive design of research to the quantitative and qualitative respectively (Amaratunga et al., 2002). Saunders et al., (2009) explain that the deductive research design focuses on collecting data before formulating a theory whereas the inductive design considers hypothesising before collecting data in that respect.

The qualitative inductive approach was used in this research. The main reason for this choice was to provide a detailed understanding of the issue of service guarantee. Since service guarantee has been under-studied and under-represented in the literature (Ostrom et al., 2016), qualitative research will provide a detailed understanding of such study. This detailed understanding can only be established by speaking directly to the people involved. Qualitative



research captures the perspective of participants in the study and not the values, preconceptions and meanings held by the researcher (Yin 2011). By employing the qualitative approach to this research, this researcher collected data in a natural setting sensitive to the issue under investigation. The researcher interviewed the management staff of the courier industries selected as the sample, interacting with them face-to-face. In contrast to a quantitative approach, where data collection instruments are sent out to respondents, the qualitative approaches gather data by speaking to people who are directly related to the issues under investigation. The data analysis of a qualitative study is inductive in nature and establishes what the existing patterns and main themes are (Creswell, 2007).

The nature of qualitative research is also interpretative. This suggests that the researcher is required to construct meaning from the data collected. The interpretation of the data cannot be separated from the researcher and their experience, background and prior understanding play a role in the research process. Yin (2011), suggests that a qualitative study requires that the researcher has a well-grounded understanding of the area of study as a prerequisite for a successful study.

#### **4.4 Research Design and Strategy**

The research design speaks to the entire process of research from the formulation of the research problem, establishing the research gaps, collecting data, data analysis and the interpretative inductive discussion of the findings, followed by essential proffering recommendations for managerial adoption. Malhotra (2007), describes the research design as the framework that offers a description of the research process adopted by the researcher in carrying out the study. This goes to suggest that the research design serves as a guide for the researcher, and as a framework. It also serves as a monitoring tool to keep the researcher on

the right track. In discussing the need for the selected research design, Guy et al., (1987) explain that adopting it ensures replicability, which further ensures objectivity.

A qualitative methodology was used in this study to explore how courier industries in Ghana apply service guarantee to their operations. According to Creswell (2009), there were three major methods of qualitative research that could have been used to address the purpose of this study. These are focus groups, case studies, and depth interviews. The case study approach was chosen as the most appropriate. Though focus groups were evaluated to provide information from a different source at the same time, having a participant from different courier industries in the same focus group will not yield optimal results. This is because the courier industry is competitive and participants would not be generous with information in the presence of their competitors. In the same vein, depth interviews would not have been the best option given its unstructured mode of investigation through discussion. According to Baxter & Jack (2008) and Stake (1995) in a multiple case study the researcher studies multiple cases to understand the similarities and differences between them. Therefore, the researcher can provide the literature with important influences from its differences and similarities according to Vannoni (2014; 2015).

According to Baxter et al., (2008) the evidence that is generated from a multiple case study is strong and reliable. Yin (2003) says that when auguring similar results in the studies or when auguring contrasting results for expected reasons, multiple case studies can be used. In this regard, multiple case studies were adopted to explore different single entities and collect detailed information to show different perspectives on the issue of service guarantee within a bounded system (Yin, 2009). This would be done through face to face interview with the management of various firms with the help of an interview guide.

#### **4.5 Population and Sample Selection**

The study is focused on the Ghanaian Courier industry which is comprised of all thirty-six operating courier services in Ghana. Since the study is an industry-wide investigation, it was necessary to use multiple cases instead of a single case. This approach was selected to provide an in-depth understanding of the service guarantee of the courier industries. In essence, therefore, this study was conducted through data collection from interviews and in an extensive reading of the extant literature. A sample is the population segment that is selected for investigation (Bryman & Bell, 2007). According to Saunders et al., (2009), the sampling techniques are of two types. These are non-probability or judgemental sampling and probability or representative sampling.

Bryman and Bell (2007) explain that probability sampling is when each unit in the population has an equal chance of been selected. Further Bryman and Bell (2007), explain that non-probability sampling includes the human judgement in the selection process of a sample. Non-probability sampling technique involves the selection of samples based on explicit questions or the purpose of the study. It also involves the level of information available to the researcher about the identified case (Tashakkori & Teddie, 1998). Saunders et al., (2009) identifies five kinds of non-probability sampling. They are convenience sampling, snowball sampling, quota sampling, self-selection sampling, and purposive sampling. The purposive sampling method was used to select the couriers in this study. The purposive sampling approach was used to ensure that the data collected from the sample is the most relevant to the study (Yin, 2011).

The sample covered the management of six (6) courier industries. The courier industries serve customers by sending their packages to various destinations such as Africa, Europe, Asia, North and South America and domestically within Ghana. The choice of the courier industry

for this study is based on three selection criteria. First, the demand for parcel delivery services is currently increasing due to the growth of online retailing (KeyNote 2016). Second, this sector frequently experiences service failures (Crisafulli et al., 2016). Third, secondary research reveals that the courier industry employs service guarantee policies.

This approach of sample selection is consistent with Yin's (2011) approach to case study research. Six of the courier industries for this study were chosen based on 3 selection criteria. First, the criterion was based on the size and popularity of the courier firm (Dhar, 2013). The second criteria is the endorsement of the firm by the postal and courier regulatory commission, (postal & courier, 2016) and finally, the relevance of the courier industry to the study. Based on the criteria of the selection process, two of the largest and most popular international courier firms were chosen for the study (Dhar, 2013). Again, the postal and courier regulatory commission (2016) grouped the courier service according to A – Large, B – Medium and C – Small. As such, two of the couriers were selected based on size and operation jurisdiction from category A – large. Based on the relevance of the study, two domestic courier services were selected. These couriers operate across the country.

#### **4.6 Source of Data and Data Collection Method**

There are two main sources of research data. They are primary data and secondary data. In this study, primary data was obtained by direct face to face interviews with the management of the courier industries. This approach was selected because of the exploratory nature of the research, which requires that service guarantee is understudied and underrepresented in literature. This study focused on the service guarantee from the firm's perspective, the management was the interviewees. The study focused on service guarantees from the firm's perspective as such, the firm's representatives (in management) were the interviewees. During the interviews, the four constructs on which this study is focused were examined whilst attempting to achieve the

research objectives. To this end, the discussions sought to uncover the existing systems and structures relating to types of guarantee, theory, enabler and organisational effect. The interviews lasted between fifteen to twenty minutes and there was a radio recording of the interview with the consent of the interviewee.

#### **4.7 Data Analysis**

The method of analysis employed for the current study was a qualitative data analysis approach as suggested by Yin (2011). The approach followed five interactive stages: compiling, disassembling, reassembling, interpreting and conclusion. These five steps are described below:

In the compiling stage, the recorded interviews were transcribed individually. Each of the five interviews was treated as individual cases and the transcripts were duly labeled case A, B, C, D, E, and F. The transcripts, therefore, served the formal database of the data for the study. Secondly, there was the disassembling stage at which the researcher had to study each case and retrieve the different themes in relation to the theoretical framework. This process provided a basis for the thematic analysis of the study. In this study, the individual themes were presented in tabular form after the individual case analysis. The third stage of the data analysis process was the reassembling stage. At this stage, there was a cross-case analysis with particular attention to the constructs in the theoretical framework. This stage allowed the researcher to draw out similarities among the cases as well as unique differences. At the interpretation stage, the data were analysed to draw out the actual issues and determine the findings, based on the objectives of the study. The fifth and final stage was the concluding stage. This is where the findings of the study were presented and recommendations for practitioners were proffered.

#### **4.8 Ethical Consideration**

With regard to the current study, several ethical considerations were made. These were mainly to ensure that the personal rights of the respondents were respected and given the necessary acknowledgment. The ethical considerations were also necessary because most of the respondents consider their service guarantee a strategic managerial tool used to attract customers to the organisation which also can lead to competitor's advantage.<sup>32</sup>

In view of this, such ethical assurances were necessary to ensure that respondents could freely offer information about their firms without fear of having such information handed over or exposed to competitors. For this reason, the researcher had to discuss matters of confidentiality with the respondents, by which the researcher assured the respondents that information received by virtue of the current study would be used for academic purposes.

#### **4.9 Chapter Summary**

This chapter described the research methodology. It began with an introduction of the chapter and research purpose. It followed with the research approach and research design and strategy. Other issues discussed in this chapter include the population and sample selection and source of data, data collection, and data analysis. The methodology employed in this research is consistent with other studies. This was to ensure that results would be valid and reliable to be used as a basis for similar studies.

## CHAPTER FIVE

### DATA ANALYSIS, FINDINGS, AND DISCUSSIONS

#### 5.0 Introduction

This chapter makes known the vital findings of the study. The interviews were carried out to gain a better understanding of what pertains to the practice, application and perception of service guarantee. Also, the chapter presents the findings from the interview and compares them to the extant literature in the service management field. This includes a description of each case, a cross-case analysis and a discussion of key findings under each research question. The responses were analysed under five main themes. These are the three constructs of the conceptual framework, an understanding of the concept of service guarantee and their perception of the importance of service guarantee to their business.

#### 5.1 Analysis of Individual Cases

##### 5.1.1 Case A

###### Introduction

Case A involves institutional courier services that serve an important segment the Ghanaian courier. Their core key products and services are Courier services, Warehousing services, Services on Lease and Same Day Delivery. The company operates domestically and provides pick-up and delivery from any bus terminal in Accra, Kumasi, Sunyani, Cape Coast, and Takoradi when parcels arrive from other African Countries. The interviewee is the Public Relations Officer who plans publicity strategy, campaigns and deals with inquiries from the public and related organisations. She manages the customers and employers when there is an issue relating to service guarantee.

### **Understanding of Service Guarantee**

The interaction with this manager revealed an understanding of what service guarantee is and its necessity to the courier industry in its delivery of service to customers. The interviewee indicated “*Assurance given to customers to deliver services at the right time*”. In addition, the interviewee indicated that their firm motto is *Swift, Safe and Secure* that is what the organisation stands for.

### **Types of Service Guarantee**

Case A has laid rules for carrying out the service guarantee. These procedures are initiated when the customer lodges a complaint. The organization gathers information to investigate the problem then an item is retrieved. The interviewee mentioned in the interview that “*They have to make sure you are available on phone so once we get your claims they call you*”. In regard to how long it takes for a customer to invoke the guarantee claims, in Case A, the interviewee noted a week to a month for small items and six weeks to three months for huge items.

Though the interviewee indicated the steps and procedures involved in the collection of guarantee claims, she was unable to explain in detail what her firm proactively does for a customer to get a guarantee claim.

With regards to customer reaction towards the process of invoking the guarantee claims, Case A mentioned that frequent calls and reminders to the customer will prevent a sense of cheating. Failing to do so results in ill feelings.

In Case A, the respondent agreed that there is a range of service failure which occur during service delivery. Service guarantee, therefore, anticipates two scenarios that are item stolen or misplaced. The interviewee revealed.



*“Those are the kind of scenarios, on which we have a third-party comprehensive cover. When an item gets missing, for instance a huge item which costs more than 5000 cedis, our insurance covers are going to pay so our customers are aware of the third-party comprehensive cover that covers them”*

The strategies of guarantee payouts of Case A are categorised according to the amount of payout to be given to customers when service delivery fails. They are the medium and high item customers. The interviewee asserted that *“We have pick and drop customers. So usually their items range from as low as 50cedis to 1000cedis so with them if that should be problem, money should be refunded in 3 days but if a huge item ranging from 5000cedis and above gets missing then we have to go to our insurance company”*

## **Theory**

Concerning employee training, Case A provides weekly and monthly training for their staff. The interviewee answered by stating that *“So sometimes on weekly basis or monthly basis we have meetings and drill them with information on customer service.*

There is human resource commitment to service guarantee. The manager stated that *“We do have human resource to that”*.

In this regard, there is a comprehensive insurance offer to cover huge missing or misplaced items.

The company utilizes channels such as feedback, emails, and calls to check the effectiveness of service guarantee efforts. The manager also stated that *“We usually call clients for feedback and we send emails”*.

According to the manager, the frontline staff know the procedure but some decisions should be made by their superiors. In some instances, if a customer changed the delivery location, the

frontlines have to alert the management before any decision is made. The interviewee stated that

*“For instance, a client says I am at the airport and in 2 minutes the client called back to say I have moved from the airport I am going to 37 hospital. He has to call the office to inform us about the situation and obtain our consent to move to the new location.*

### **Enabler**

In Case A, the customers are aware of the laid down rules of service guarantee. He adds that before the company starts business with a client, soft and hard copies of said rules are made available to them before the agreement starts. Even if the customer fails to notice, they are referred to the service guarantee contract. The interviewee asserted that *“Even if they overlook the document, they are referred to it once there is an issue before more is done to sort them out.”*

### **Organisation Effect**

When questioned on the importance of service guarantee to their businesses, Case A indicated that it is an avenue for growth. A service guarantee gives credibility to business.

### **Perception of the Importance of Service Guarantee**

The main challenges Case A faces with service guarantee is that of company rule disobedience.

Casa A says

*“Disobeying rules by their employees, mechanical problems and failure to book a customer for pick-ups”*. However, proper management of these issues would ensure that the benefits outweigh the challenges.

The company employs measures to manage the challenges that result from carrying out service guarantee and frequently conducts in-service training for employees to effectively obey rules and regulations, proper maintenance of motorbikes by a professional mechanic and high supervision to check for book customers.

### **5.1.2 Case B**

#### **Introduction**

Case B is a leading company that publishes newspapers in Ghana. The company commenced the courier business in 2016. At the time of this study, the company runs courier services in every regional capital. The interviewee is the Marketing Courier Officer who supervises the day to day activities of the courier business. The manager is responsible for assigning duties to the employees within the courier department. The manager also sets targets for staff.

#### **Understanding of Service Guarantee**

Case B describes service guarantees as when the customer realises that the product is “in safe hands no matter the circumstance.”

#### **Types of Service Guarantee**

The presence of a structured procedure for handling service guarantee exists in Case B. In the complaints, handling is a communication cycle. The risk management team handles complaints of customers. The invocation process is done either by monetary compensation or replacement. The interviewee stated that there is a procedure for money invocation process.

*“For the money claims, you put it in a written, forward to the head of the service guarantee then it will pass through the various management head then finally to the head director. Before the customer receives the guarantee claims”.*

Also, there is a procedure for replacement of an item *“For the replacement, there will be a continuing business to replace what is lost”*. In Case B the cash process takes a maximum of 2 weeks for a customer to claim their payout while the replacement process takes 3 days.

Case B employs 100% guarantee to all service failures (item missing or broken) which range from full refund in the form of cash among others and other compensation tactics. The interviewee stated that *“We are able to replace your item if we cannot find it. We will be able to give you some form of cash instead of replacement. We are also able to do something for you to defer the cost of the item”*

Case B has a different level of service guarantee payout for their customers based on customer type but he fails to explain the criteria.

### **Theory**

Case B provides yearly training for their staff. The interviewee states that *“Our human resource is very vibrant. Our employees are trained to provide customer service and are made aware of the benefits the customer can reap by doing business with us. The customer is second to none.”*

When asked if the company has huge resource capital to satisfy all of its customers, the interviewee answered, saying, *“By virtue of our organisation’s status as a Graphic Communication Group, our capital base is large and I don’t think that we could under any circumstance say that we don’t have something to satisfy our service guarantee”*. The firm has different guarantee payouts for different types of customer-based items.

### **Enabler**

Case B, the firm, advertised the service guarantee procedure using graphic communication group’s image and channel. He asserts *“I won’t say that we published 100% of our process*

*and procedures but we advertise them. We assure clients of our reliability which is not difficult to believe because of our popularity.”*

Most of the Case B frontlines however, are not expert customers and service guarantee handlers. The respondent says *“The courier service is not our core minded business but our business is to print newspapers and the courier service is what we have added to our newspaper circulation”*

### **Organisational Effect.**

Case B notes that service guarantee is necessary for the core operation of the all service firms. The interviewer opines that service guarantee is the pivot of their business. He notes that *“Without service guarantee, then you need to close your business you don’t need to do the business because service guarantee is a live wire of the business and if your business has no life wire it means no blood to survive and you need to stop because you are wasting some kind of resources”*.

### **Perception of the Service Guarantee**

With regard to how service guarantee challenges are managed, Case B mentions that they provide logistic (motor bicycle servicing), customer satisfaction and relationship management. They also train employees to be service guarantee oriented and get support from management. Though there are challenges are associated with the successful implementation of service guarantee, Case B believed that the benefits far outweigh the challenges.

## **5.1.3 Case C**

### **Introduction**

Case C is an American multinational courier delivery service company. Case C stands as number one in the industry and offers various services such as door to door service, shipment service, and express delivery service. The interviewee for this case is the International Operations Manager in charge of Ghana who has worked in the courier industry for eleven years. He has a total of ten years' experience in customer service and sales in the Ghanaian courier industry.

### **Understanding of Service Recovery**

In discussing his understanding of service guarantee, Case C says it as a process where customers are assured that everything they hand over to the service in question is safe. Thus, the customers believe that the packages will arrive at their right destinations.

### **Types of Service Guarantee**

On the subject of whether there are laid down procedures for handling a service guarantee, Case C indicates they do have a procedure. Complaints should be written, before which they are subject to investigation and in positively satisfying all these requirements, the client is given the claim. The interviewee asserts that

*“First the shipper will let a complaint to us that a shipped package has gone missing. We investigate it base on the investigation the shipper is reimbursed”*. In Case C, the interviewee states that it takes customers a week or more to collect their claims. Also, according to the manager, customer reaction towards the invocation process depends on the customer. He states that while some customers are patient, others are not.

Case C's guarantee payout covers all delivery goods within their domain. They also employ money back guarantee. The interviewee admits, *“We cover a whole lot of areas; if any*

*shipment is tampered with and a complaint is made, we look into the situation and subsequently reimburse the client.”*

In response to whether there are different levels of service guarantee payouts for various grades of customers; Case C opines that payouts differ based on customer indication when filling the waybill that is the carriage value side and the customer value side.

## **Theory**

With regard to employee training, Case C gives two types of training to their staff; on-the-job training which is conducted every day and normal training which is done once every year. The interviewee mentions in the interview that *“Day in and day out there is training going on.”*

In response to the resource allocation committed to the airline’s service recovery efforts, Case C was unable to provide anything concrete. He states that they have human resource commitment and are fully committed to their promise and various areas of the amount for guarantee payment. The amount involved was not made known to the researcher.

In explaining the strategies used to monitor the success of the service guarantee in Case C, the interviewee notes that *“There is a department for service guarantee claims and system check to monitor the reports of customers and the weekly and monthly performance of employees and physical inspection of same”*.

The frontline staff of Case C are unable to handle complaints directly. They are required to refer all complaints relating to service guarantee to the department that handles the guarantee claims. Though they know what the procedures are, they do not decide on claims. The interviewee adds *“We have other people to examine the case to know if the claims wealth pays or not”*

### **Enabler**

When asked if the customers were aware of the laid down rules and procedures, Case C indicated that loyal customers know the procedures and also, sales officers introduce the procedure to first-time customers on face-to-face basis. There rules are also published behind the waybill.

### **Organisation Effect**

Case C's perception of the importance of service guarantee is that it is very important to the business. The interviewee opines that service guarantee when managed well could attract and maintain customers. He notes that *"service guarantee is very important to a business because if your service is not guaranteed who will use your system?"*

### **Perception of the Importance of Service Guarantee**

The biggest challenge of Case C was the inability of their parent company to send their aircrafts to Africa. The company depends on private aircrafts to send customer packages. He also mentioned that there is an incorrect profile of customers, documentation, duties payment and tax problems.

There are various challenges pertaining to the successful implementing of service guarantee. In Case C, the interviewee highlights how their challenges are managed by contingency planning to move from one aircraft to another. They have a system which enables them contact various customers to provide correct addresses for efficient service delivery.

In spite of the challenges, the benefits make it expedient for Courier to focus on having an effective service guarantee strategy.



#### **5.1.4 Case D**

##### **Introduction**

Case D is a domestic courier service of which the interviewee is the director. He is responsible for the successful leadership and management of the firm. The interviewee has worked with the organisation with six years of cumulative experience in the courier industry.

##### **Understanding of Service Recovery**

The perspective given by him to the meaning of service guarantee by Case D is

*“We are able to satisfy our client or guarantee consistent service to the satisfaction of our client”*

##### **Types of Service Guarantee**

In providing an indication of the procedure and process, Case D does not highlight the channel through which customers obtain claims and how their complaints are handled. The interviewee states *“Well, it is not complicated. We agree with the customer depending on the quantum of the money then payment is made”*. In the case of D, it will take a customer a day for small payouts and a maximum of twenty days if the cash is huge.

With regards to customers’ reaction towards the process of invoking the guarantee claims in Case D, the interviewee notes that *“Customers are satisfied, some customers will allow you to pay 50% of the damaged items”*

With regard to the scenarios service guarantee strategies cover, the interviewee in Case D indicates that their service guarantee covers every delivery that fails. However, the manager does not give a concrete explanation of the different service guarantee payout employed in his firm.

## **Theory**

In Case D, training is not conducted frequently. The interviewee says *“We have training for staff, largely we do training when we are adding new models”*. He also opines three-month-long training sessions are conducted for new employees as part of their induction process for new models.

When asked about their resource commitment towards service guarantee Case D’s response is *“No specific amount is set”* Case D also indicates that they set a certain amount of money aside for research during every quarterly budget.

The manager states the firm has supervisors who personally interact with customers, thus, the success of service guarantee is rated on feedback.

The presence of the procedure does not in itself suggest that a procedure will work. The frontline staff must also know this procedure and must be able to apply it. Case D admits that though frontline staff know the procedure; they are not empowered to decide without referring to a supervisor. The interviewee admits *“A long-serving staff knowing the consequence can make a guarantee payout but mostly they need a supervisor approval”*

## **Enabler**

In response to whether their customers are aware of the procedure, the manager in Case D responds in the affirmative. He also indicates that the procedure is documentalised. He says, *“It is stated in the proposal given to the customers”*

### **Organisation Effect**

As an indication of the premium Case D places on service guarantee, the interviewee indicates that service guarantee enables them to deliver a customer's package in time. He also adds that timely delivery of packages to customers encourage company honesty.

### **Perception of the Importance of Service Guarantee**

The challenges that Case D faces are low level of commitment, employee dishonesty and mechanical break failures of their motorbikes.

In response to how challenges encountered in service guarantees are managed, the manager indicates that they have a supervisor who will assist the staff when a motorbike breaks down.

*“If a motorbike breaks down, a supervisor quickly rushes to the area of the incident on a motorbike, and gives his to the employee to continue delivering services while he (supervisor) takes care of the broken one”*. According to the manager although there are challenges, the benefits are huge.

### **5.1.5 Case E**

#### **Introduction**

This courier industry is a wholly owned Ghanaian limited liability company established in 2010. The company offers national overnight delivery, international air freight, international sea freight, and international door to door freight, export packing, outsourcing, and clearing and delivery. The interviewee is the administrator of the Courier with five years' experience in the industry.

### **Understanding Service Guarantee**

Case E believes that a service guarantee gives assurance of the service the organisation is going to give to the customer. The interviewee states *“You promise your customer you will deliver”*. Providing an example, the interviewee used same-day delivery, which affects customers’ schedules.

### **Types of Service Guarantee**

This courier industry has no laid down rules to carry out service guarantee. The interviewee notes that *“We don’t have laid down rules but if something happens we should be able to replace your goods”*. When asked how long it will take for a customer to invoke guarantee claims, the manager opines that it will take some days depending on the amount to be paid. The interviewee does not disclose the exact duration of payment.

With regard to customer reaction towards the guarantee, the interviewee states that *“if it happens that way, the customer won’t be confident in sending the item again”*. He adds that they have only once experienced service failure and that was during the Ghana’s June 3<sup>rd</sup> flooding disaster.

The interviewee also states that their service guarantee policies only cover damaged or missing items.

### **Theory**

In Case E, the frontline staff are an integral part of the process, and the customer service officer works closely with them to resolve customer issues. Training is given to staff on parcel handling, packaging and others. The interviewee in Case E mentions, *“We normally train our employees every 3 months”*. There is no research commitment in this Case.

When asked how they monitor if the service guarantee effort was successful, the interviewee says, *“We get a proof of delivery with the time and date of delivery.”*

When asked whether the frontline employees are able to make decisions on guarantee payout, the manager mentioned that they cannot make decisions.

### **Enabler**

In Case E, the customers are not aware of the laid down procedure and it is not published. The interviewee states *“Normally it doesn’t happen so there are no laid down rules”*.

### **Organisational Effect**

When asked about the importance of service guarantee, he says, *“It reduces customer risk”*.

### **Perception of the Importance of Service guarantee**

Case E strives to achieve zero service failures by being the best in the industry. According to him, they have experienced only one service guarantee failure. The biggest challenge encountered is a natural disaster. An example is flooding.

With regard to how they manage the challenges in carrying out the service guarantee, the interviewee opines, *“We refund and we give your stuff back. We make sure we buy your stuff for you”*. The interviewee also indicates that the benefits of a service guarantee outweigh the challenges.

## **5.1.6 Case F**

### **Introduction**

This is an international courier service that brings together more than 220 countries and territories worldwide. Around 285,000 employees are dedicated to providing fast and reliable

services that exceed customers' expectations in 120,000 destinations in all continents. From modest beginnings in 1984, this courier service is currently the world market leader. The capital of Ghana (Accra) is the zonal office for 5 other West African countries; Benin, Burkina Faso, Liberia, Niger, and Togo. The interviewee is the Head of Customer Service with five years' experience in that position.

### **Understanding of Service Guarantee**

Case F describes service guarantee as making customers rely on your services. The interviewee states, *"Assurance of customers in terms of damages or losses."*

### **Types of Service Guarantee**

Case F has laid down rules for carrying out the service guarantee. With regard to the guarantee invoking process, she says that *"Damages need notification. It should be within 30days. The country for the shipment should confirm whether a good is damaged or not. They will send a report and a picture would determine the claims. The sender has the right to the claims. After a letter is received payment is made within 10days"*. She also adds that the same procedure is applicable to missing goods.

When asked of customer reaction towards the process of invoking guarantee claims, the interviewee mentions that they are always satisfied and do not reject payouts.

The service guarantee covers only two scenarios in Case F; the interviewee states that their service guarantee only covers damaged or missing items. In response to the different level of service guarantee payout for different types of customers, the interviewee reveals that they are all the same.

### **Theory**

Every month, there is training for staff handling service guarantee. Case F does not have a specific resource allocation for service guarantee.

The interviewee states that, *“There is a term of the condition and if there is a payout, the amount is stated in the term of condition”*.

With regards to how they monitor the success of the service guarantee effort, the interviewee indicates that customer feedback is monitored through email and phone calls.

Case F handles service guarantee access based on the magnitude of the complaint. Frontline staff are able to handle complaints and such complaints fall within their empowered level, they are supposed to decide. If it is beyond their ability, they can refer the situation to their superiors.

### **Enabler**

With Case F, the customers are aware of the laid down rules of service guarantee. The interviewee says, *“Yes they are aware and it is also displayed at the service point”*.

### **Organisation Effect**

When asked about the importance of service guarantee business, Case F indicates that it ensures customer loyalty and satisfaction.

### **Perception of the Importance of Service Guarantee**

The main challenges Case F faces with service guarantee is that of,

*“When the customer is asking for payment than stipulated by terms of condition.”*

To manage the challenges relating to service guarantee the interviewee indicates *“We explain the situation to them and come to a consensus. If you demand a high amount our firm will not pay”*.

In spite of these challenges, the benefits make it expedient for a courier to focus on having an effective service



Table 5.3 Summary of Cases

Elements	Case A	Case B	Case C	Case D	Case E	Case F
Understanding of Service guarantee	The assurance given to customers to deliver services at the right time.	Customer realising that the product is in the safe hands no matter the circumstance .	Service guarantees a process where customers are assured that everything they give to us is in the safe hands.	A service guarantee is given consistent services to your customers	a service guarantee is given the guarantee about the service the organisation is going to give to the customer	a service guarantee is making customers rely on your services.
Types of Service Guarantee	These procedures are initiated	There is a procedure in handling	They do have a procedure. Complain	There is a laid down procedure in	There are no laid down rules to carry	There are laid down rules for

when the customer laid down a complaint, information gathered you the organisation to investigate the problem then an item is retrieved.	service guarantee.  The invocation process is done in two parts money or replacement.  the cash process takes maximum 2 weeks for a	should be done through written, then it goes through investigation then the customer is given the claim.  Invoking for a claim takes a week or two.	getting your guarantee claims.  It takes a day to invoke small cash and maximum of twenty days if the cash is huge  Customers are satisfied when invoking the	out the service guarantee.  Invoking of service guarantee takes some days.  Customer will react badly when invoking a guarantee.	carrying out service guarantee  The invoking process starts when a customer gives a notification . It should be within 30days.  Confirmati
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	<p>The procedure takes a week to a month for small items and six weeks to three months for huge items in order to gain claims</p>	<p>customer to claims their payout while replacement process takes 3 days there is no customer passing through the guarantee invoking the process.</p>	<p>customer reaction towards the invocation process depends on the customer</p> <p>Guarantee payout covers any delivery given to them</p> <p>There is different</p>	<p>guarantees claims. service guarantee covers every delivery that fails</p>		<p>on of country of the shipment whether is damage or not. After a letter is received payment is made within 10days</p>
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	Calling and remaining customers while they wait for their claims would not make the customer feel cheated  Their service guarantee anticipates	The guarantee covers damage or missing items  There is a different level of payout for customers base on customer type and	guarantee payout-based customer indication when filling the waybill that is the carriage value side and the customer value side			The customer is always satisfied during the invocation process.  service guarantee covers damage or missing items.
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	two scenarios which are item stolen or misplace.  Payout depends on the value of the item.	customer item.				
Theory	They provide weekly and monthly	There is yearly training for the staff.	There are every day and normal training	Training of staff not done frequently. It takes 3	Service guarantee training is	Training of staff is done every month.

training for their staff.	The company has high resource capital to satisfy all their customers	There is human resource commitment towards resource allocation and various amount of service guarantee	months to train a new employee.	done every 3 months.	There is no specific resource allocation of service guarantee
There are human resource commitment and comprehensive offer to cover huge missing items.	The different category of payout is based on customer item.	There is a department to	There is the amount of money for research during every quarterly budget.	They used proof of delivery to monitor if the guarantee is successful	feedback through email and call centre over the phone is used to

	<p>Feedbacks through emails and calls are used to check the success of the service guarantee</p> <p>Customers and frontline staff are aware of the</p>		<p>check and monitor if the guarantee is successful.</p> <p>Frontline staff are not able to handle complaints directly at their level</p> <p>they need a supervisor</p>	<p>managed by the supervisor's personal interaction with the customers and calling new customers for feedback.</p> <p>even through frontline staff know the procedure;</p>	<p>Frontline employees cannot make decision on guarantee payout. They need supervisor approval</p>	<p>monitor if the service guarantee effort was successful.</p> <p>Frontline staff handle generic complaints but complaints regarding guarantee claims are</p>
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	laid down rules of service guarantee but some decision should be approached by the supervisors			they are not allowed to plan without supervisor's concern		given to supervisors
Enabler	The procedure is published in the form of	the firm relies on the firm image.	loyal customers know the procedures and it is also	Customers are aware of the procedure but it is not published	customers are not aware of the laid down procedure	customers are aware of the laid down rules of service



	hard and soft copy	Most of the frontlines do not know the procedure	published at the back of the waybill		and it is not published	guarantee and is published
Organisation Effect	It gives credibility to the business	It is the life wire of the firm .	Service guarantee attracts customers as well as keep customers.	service guarantee enables the firm to deliver a customer package in time	Service guarantee reduce consumer perceived risk	Service guarantee ensures that we have loyal and satisfied

Perception of the Importance	Employees disobeying, poor motor bicycle maintenance and supervision are the challenges	Inadequate logistics are the biggest challenges of the firm	The challenges are the parent company not sending their aircraft to Africa, incorrect customers profile, documentatio	The challenges are lack of commitment and dishonesty of some staff and mechanical break supervisor assists the staff when there is a	The biggest challenges encountered is natural disaster example flooding.	Customer asking for a higher payout than what is in the condition.
	Frequent training, quality maintenance	Provision of logistic, customer satisfaction and relationship management, staff training and	n, duties payment, and tax problems.		There is a strategy to refunds or buy the item for customers to manage	The explanation is used to manage the challenges relating to

	of the motor bicycle and high supervision are used to manage the challenges.	management support are used to manage the challenges. Service guarantee benefit far outweighs the challenges.	The challenges are managed by contingency planning, A system to contact to provide correct address and fast documentatio n for package clearance	breakdown of motorbike help reduce the challenges relating to the service guarantee	service guarantee challenges. The benefit of a service guarantee outweighs the challenges.	the service guarantee. Service guarantee benefit is higher than their challenges s
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			Service guarantee benefit far outweigh the challenges			
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## **5.2 Cross-case Analysis and Discussion of Findings by Research Questions**

The individual analysis of each of the six cases used in this study was necessary to provide an understanding of the strategy each case has in place to carry out service guarantee. A cross-case analysis is necessary at this stage to provide a comparison of the cases and to extract the main themes.

### **5.2.1 Cross-case Analysis for Research Question One**

The first research question is to seek out what service guarantee strategies courier industries in Ghana have in place. The sample of courier managers interviewed covers six key geographical destinations and their responses can be indicative of the general population of courier industries. Their responses to addressing the first question can be addressed by looking at some constructs of the conceptual framework of this study i.e. theory and enabler.

There is a good understanding of what service guarantee is amongst all six cases in this study. Interestingly, all cases indicate that the ease to invoke a service payout after a service failure is necessary to win customers back to the courier industry. They do this by giving the customer the timeline for claim collection (weekly or monthly). There was a general understanding that things can go wrong during the delivery process and courier industries must ensure that customer packages are in safe hands. Case D was alone in its approach to service guarantee by striving to ensure there are no service failures in the first place. Case B describes service guarantee as when the customer realises that the product is in safe hands no matter the circumstance.

In relation to answering the first objective of this study, there was also a general trend of laid-down procedure for carrying out a service guarantee. Cases A, B, E, and F have all customer complaints managed by a Customer Care Desk or Officer. This suggests that there is a structure and strict procedure for handling a service guarantee. When customers complain about a lost or damaged item, managers are responsible for ensuring that the issues are investigated and resolved— either by offering cash or replacing the items. Case C manages service guarantee in a collaborative manner between different functional departments within the courier firm. In the situation of Case E, there is no laid down rule for handling service guarantee.

Also, laid down rules and procedures are published in Case A, C, D, and F. Case C states that *“loyal customers know the procedures and it is also published at the back of the waybill”*. Although Case B has not published the service guarantee invoking procedure, the interviewee mentions that their company image is known to customers, and this guarantees trust.

All the Cases have guarantees which covers missing and damaged items. The six cases indicate that in situations where there is service failure, a full cash refund or good replacement is made to the customer, depending on preference. Only Case A offers an apology before the customer is reimbursed. All the cases in this study do not offer additional amount of compensation to their customers.

The role of the frontline staff in the service guarantee process was also addressed by research question one under the theory constructs. It is worth noting that though the interviewees provide an indication of the importance of people as part of the service delivery process, Cases C and D have frontline staff with some semblance of empowerment to be able to resolve some customer complaints. They are able to resolve minor customer issues and forward dire ones to

their superiors. They are also to blame if their decision goes wrong. All other cases require that frontline staff collect some required information from the customer and it on to their supervisors who handle the issue from that point on.

Training of staff is a generally observed practice amongst all six cases albeit to a varying extent. Case D and E provide quarterly service guarantee and customer care training to workers. These are done to prevent service failures as well as handle service guarantee in the event of service failure. However, Cases A and F conduct monthly training sessions for their respective staff. Case E has training as a daily activity at the workplace. Case D is the only case that provides yearly training.

Unfortunately, none of the courier industry was able to give any concrete indication of resource allocation towards service guarantee. Regardless of the fact that all those interviewed are management level staff, conversely, their inability to give the interviewer any indication of their resource commitment to service guarantee is an indication that decisions on payouts are made at a higher level than that of the interviewee or that such an allocation are non-existent.

Moreover, the courier industries in this study seem not to have any clear indication of how to monitor the effectiveness of their service guarantee efforts outside of customer feedback. It is worth noting that the cases in this study focus their service guarantee efforts on payouts and item replacement. Customers who experienced service failures had a number of channels through which they could gain access to the courier industries. The main channels included in-person interactions in the courier industries sales office and over the phone conversation. Also, all the complaints were made on phone or in a written form but not on the company website and social media.

The ICAO Warsaw Convention provides the basis for couriers in this study to provide compensation for service failures. Case C states, “*Based on the Warsaw Convention, every courier or shipping should have an agreement with the sender or client*”. However, all cases emphasised that the compensation levels are standardised. Case B, on the other hand, provides some preferential service and compensates with regard to customer service frequency and loyalty. They ensured that their loyal customers are well taken care of at all times. Interestingly, Case B, which indicates that it provided preferential treatment to its customers but does not offer higher compensation to this segment. Even when the interviewer probes, interviewee indicates that the compensation levels were “*all the same*”

### **5.2.2 Discussion of Findings for Research Question One**

In discussing the findings under research question one; the study has revealed three main areas of deficiency amongst the courier in this study and by extension the industry of focus. These are lack of decentralisation, lack of proper system to track service guarantee effort (system intensity) and lack of comprehensiveness. These three issues are discussed with reference to the extent of literature within the service management field.

#### **Lack of Decentralisation or Empowerment**

The importance of frontline employees in service guarantee has received extensive attention in the extant literature (Breman et al., 2014; McQuilken 2010; Sum et al., 2002; Wirtz 1998). Given limited employee training and skills, a service guarantee programme may have a demotivating effect on employees due to constant negative feedback (Wirtz, 1998). Prior to implementing a service guarantee, the service provider needs to educate frontline employees on practical service-recovery alternatives. For instance, employees should be educated on how to give claims when the firm failed to deliver a service (lost or broken item and late delivery).



In particular, frontline employees can become over-zealous and/or confused over how to appease complaining customers (Sum et al., 2002). The service profit chain suggests that the level of job satisfaction of frontline staff is directly linked to the level of service they offer customers and invariable the profitability of the firm (Heskett & Schlesinger, 1994).

Unfortunately, the interaction with all the cases reveal that courier industry staff in Ghana are not able to fully handle issues of service guarantee. They are mainly able to process complaints by collecting information, filling out forms and then referring the customer to a supervisor. This suggests that the processing of complaints will be a long one and lead to higher levels of dissatisfaction. Hinson (2006) affirms that a properly managed complaints management system provides valuable feedback to firms and firms must ensure that complaints are processed promptly. To break customer silence and encourage feedback, firms must be seen to be acting promptly when they receive complaints (Hart et al., 1990). International couriers like Case C who have to work with an external office in processing customer complaints are likely to be slow in their resolution of customer issues leading to an increased level of customer dissatisfaction.

By taking into consideration Atalik's (2007) guidelines for handling complaints, the inability of frontline staff to start and finish the process from the point of customer complaints to resolution casts further doubt on the effectiveness of service guarantee in the courier industry in Ghana. As indicated by Case C, D and E, the front line that may be the first point of contact for the customer good anomaly rectification. Interestingly, there was no mechanism to ensure that the procedure is complied with and the staff follow through processing complaints to the end. This supports the assertion by Hart et al., (2007) that over fifty percent of companies that

receive complaints fail to respond to them and by such actions reinforce the customer's original negative perception of the firm

Also, customers and staff should be made aware of the invocation procedure. Almost all the cases published their invocation process in the form of a hard copy. Due to this most customers are not aware of the service guarantee invocation process in order to gain their claims. According to Hogreve and Gremely (2009), informations provided during the process of invoking the guarantee represents an operational resource that a firm could use to improve service offering or create new service.

### **Lack of System Intensity**

The second key finding under research question one is the lack of system intensity. Aside the inability of any of the cases to give any clear indication of financial commitment to service guarantee, said cases relied on customer feedback. Considering the fact that only five to ten presents of customers actually complain (Tax & Brown, 2012; Hinson, 2006), relying on customer feedback is not tenable. Instead of complaining, customers are likely to silently walk away and switch couriers or in some cases try to gain attention by spreading negative word of mouth about the service (Narteh, 2013).

Thirdly, there was lack of comprehensiveness in the approach to service guarantee. Out of the six cases, five of the courier industries relied fully on customer complaints instead of being proactive in their approach. Proactivity was limited to Case D who contacted customers when a service fails before the customer complains. Case D was able to provide evidence of some attempts at this. However, the focus on possible service failures was fully skewed towards operational failures – damaged and missing items. These failures included consistent bad

attitudes by some courier staff in handling customers in service failure situations (Bamford & Xystouri, 2005). Also, time failure was excluded from operational failure. That is failure to deliver a service within a specified time and day.

### **5.3 Cross-case Analysis for Research Question Two**

Research question two was to determine the perception of courier management towards service guarantee. The interviewer found that, the managers interviewed understood service guarantee, its challenges, management and benefits. In this question, the researcher used the organisation effect and theory construct.

The conceptual framework was to measure the effect of service guarantee on their businesses and most importantly, whether or not practitioners believe the challenges of service guarantee outweighed the benefits.

There was a general agreement that service guarantee is crucial to the courier industry in attracting and maintaining its customers. Customers who were dissatisfied needed to be appeased and their clientele maintained. The courier industries detailed that service guarantee was necessary and had its benefits. Some of the benefits highlighted its credibility, attraction and customer maintenance; reduced customer perceived risk and satisfied customers. There was a consensus that a service guarantee was important for their business and the industry as a whole. Emphatically, Case B mentioned that service guarantee is the live wire of the courier business because courier industries survive by employing a service guarantee strategy. All cases believed it was near impossible for things not to go wrong with courier industries because of the myriad of issues that were outside of the scope of control of the courier industry.

The challenges of service guarantee as stated by the managers interviewed include staff disobedience, poor mechanical maintenance and supervision among others which delay delivery of items. The implications suggested by Case A include customer dissatisfaction as a result of delays in delivery. Case C states that the inability of the parent company to send the aircraft to Africa countries is their biggest challenge and once this is addressed, the service guarantee will be more effective.

The challenges were managed by all cases. Case A managed their challenges with frequent training, quality maintenance of the motor bicycle and high supervision. Provision of logistics, customer satisfaction and relationship management, staff training and management support were used to manage the challenges in Case B. The methods of challenge management utilized by Case C were contingency planning, system contact to provide the correct address and fast documentation for package clearance. According to Case D, the supervisor assisting the staff when there was a breakdown of motorbikes helped to reduce the challenges relating to service guarantee. However, Case E mentioned that they managed the challenges by using a refund or item replacement for customers. Case F, also indicated that they explained to customers when there are challenges relating to service guarantee.

### **5.3.1 Discussion of Findings for Research Question Two**

The benefit of service guarantee to the courier is the key finding of research question two. The courier industries detailed their perception of the benefits, challenges and how they managed service guarantee. As supported by the service management literature, the benefits of service guarantee are extensive. These benefits include creating a competitive edge in the market (Wirtz & Kum 2004; Witz, Kum & Lee, 2009). Additionally, service guarantee encourages customer response to service failure. (Kandampully 2001; Kandampully & Butler 1998)

motivate employees to focus on key service performance to meet customers' expectations (Shahril et al., 2013).

The cost implication of service guarantee in terms of the accounting costs is one challenge mentioned by Case F. However, Zhu et al., (2004) suggests that cost the firm incurs is not limited only to accounting costs but should be viewed on a value-basis.

#### **5.4 Cross case Data Analysis for Research Question Three**

The third research question of this study sought to find out how the process of invoking a service guarantee claim is approached internally in the courier industries. These questions were addressed using the types of service guarantee construct from the conceptual framework. During the interviews, the interviewer probed the process of invoking a guarantee claim in the courier industry, how long it takes a customer to invoke a guarantee claim and the customer's reaction towards the process of invoking the guarantee claim.

Generally, all the cases were more likely to apply service guarantee when encountering service failure. This means that in the event that a customer does not complain, there is the possibility that no service guarantee would be carried out. Case D is an exception who mentioned that they will notify the customers before they complain. Almost all the Cases had laid down rules and procedures for a customer to invoke the guarantee claims. Case E is the only industry who stated that "*There is no laid down rules to carry out the service guarantee*". Case A, C, D, and F gave a vivid explanation of the steps a customer goes through when claiming the terms in the guarantee when a service fails. According to Case C, complaints should be written and subjected to investigation before claim payouts.

However, Cases A, B, and D stated that the time spent to invoke a service guarantee claims depends on the size of the payout. Case A stated that the procedure takes a week to a month for small items and six weeks to three months for huge items to gain claims. Interestingly, Case B stated that *“the cash process takes a minimum 2 weeks for a customer to claim their payout while the replacement process takes 3 days”*. Exception goes to Cases C, E, and F, who have a general time for a payout no matter the size of the item and money involved. However, case E did not give a specific time for a customer to invoke the service guarantee. Case E stated that invoking a service guarantee claims takes some days.

All the cases are aware that customers could react badly during the process of invoking a guarantee claims so they do their best to satisfy customers during this process. Case A stated that *“Calling and reminding customers while they wait for their claims would not make the customer feel cheated”*. Exception goes to Case B who stated that they have not experienced any customer going through the guarantee invoking process because they just started operating as a courier industry.

#### **5.4.1 Discussion of Findings for Research Question Three**

Overall, the interviews provided evidence that there was some degree of process and procedures during the invocation process. This information is made available to customers before purchasing the service. All cases except Case E have no laid down procedure and process for carrying out a service guarantee. However, the invocation process is complex in all the cases. A simple process may be as easy as a phone call or verbal claim, while a complex process may involve filling out forms, providing documentary evidence, mailing documents, making repeated phone calls, waiting, and corresponding with a company’s office (Breman et

al., 2014). Existing research suggests that easy to invoke service guarantee give off a stronger signal about service quality than those that are complex for customers to invoke (Hart, 1993). Also, the interviewees asserted that it takes a customer more than 2 weeks to invoke guarantee claims. This evidence was shown in almost all cases. According to Hart (1993), an easy to invoke guarantee means that the customer does not have to complete a series of complex forms and wait two weeks for a response or provide additional documentation.

However, there is no better system to determine whether the customer is satisfied or not. Some rely on feedback and repeat purchases to determine customer satisfaction during the invocation process. According to Lovelock et al., (2004), dissatisfying and satisfaction incident is determined by powerful tools such as blueprinting, control charts, fishbone diagrams, and Pareto analysis. Also, the courier services do not have any additional or extra compensation to the guarantee claims. Customers are only entitled to the exact amount of item lost or damage without any additional compensation such as full guarantee plus discounts (high payout). This is contrast with Jin and He (2013), who are of the opinion that easy to invoke guarantee combined with high payout encourage an imminent purchase decision.

## **5.5 Chapter Summary**

This chapter has provided an interpretation of the findings from interviewing six managers in six courier industries in Ghana. The interviews were conducted to answer the research questions with a particular focus on the constructs of the conceptual framework. This chapter forms the basis of the last chapter, which covers the summary of the study, conclusions and recommendations

## **CHAPTER SIX**

### **SUMMARY, CONCLUSION, AND RECOMMENDATION**

#### **6.0 Introduction**

This thesis has explored the application of service guarantee by the courier industry in Ghana. A review of the extant literature provided the basis for the study and its focus on the firm's perspective. This chapter is a summary of the research findings, conclusions from the research outcomes, recommendations for the firms within the selected industry as well as suggestions for future research in the area. The chapter also presents a summary of the findings under each research question.

#### **6.1 Summary of Findings**

##### **6.1.1 Service Guarantee Strategies in the Courier Industry**

There is a general acceptance of the need for a service guarantee and its importance to courier services in this study. However, there is little structure to the approach to service guarantee though firms formulate some at their own discretion. The inability of most frontline staff to readily assist a customer who is dissatisfied and recover the service promptly suggests that these couriers are yet to fully grasp the importance of service guarantee. Their inability to assist customers who could lead to further dissatisfaction, is quite glaring. Furthermore, the inability of any of the managers interviewed to give a clear indication of resource allocation is an indication of a more centralised approach to service guarantee.

Therefore, the study reveals a lack of decentralisation in the approach to service guarantee in the courier industry. The interviews revealed that courier frontline staff are unable to resolve customer issues without having to defer to a supervisor. Not only does this lead to delays in processing customer complaints, it also leads to higher levels of dissatisfaction. Even though



the frontline staff received training in service guarantee, they were not empowered in most cases to be able to provide automatic guarantee payout to customers when service fails.

Secondly, the study revealed that the majority (six out of six courier industries interviewed) did not have any scientific approach to track the effectiveness of their service guarantee efforts. They relied fully on the feedback from their customers. They also had no way of ensuring complaints received were processed and seen through to their logical conclusion. In most cases, they relied on the good nature of their staff to ensure that complaints were processed. The interaction with the courier managements also revealed that even though they practiced service guarantee, they do not do so in a proactive manner in most cases. They relied a lot on customer complaints.

The courier industries have some structure in their approach to service guarantee and have specific process owners within their teams who handle service guarantee. The firms in this study were not able to provide any indication of budgetary allocation towards handling service recovery and that suggests further lack decentralisation, so the managers were not aware of it or there was an absence of a commitment. Finally, the approach to service guarantee was narrow and limited to lost or damaged items.

### **6.1.2 The Perception of Courier Management of the importance of Service Guarantee**

There is a positive perception of courier management towards service guarantee. They believe it is important and necessary for customer retention. Even though they encountered some challenges, they did not see the challenges as outweighing the benefits. Some of the benefits they mentioned were business credibility, business support, customer maintenance and attraction among others. It enables the firm deliver customer satisfaction, it reduces consumer

perceived risk and also contributes to customer satisfaction. Though they face challenges in carrying out service guarantee, they believed that the benefits derived from the successful implementation of a service guarantee from service failure outweighed the challenges face. More importantly, the managers interviewed agreed that service guarantees needed more attention from their respective courier as well as the industry.

### **6.1.3 The Application of the Service Guarantee**

The courier industries apply service guarantee attributes in their operations in a comprehensive manner. Some staff was not aware of what procedures are in place and what has to be done. However, the focus is on how service guarantees function internally and not on its effect on customers. In addition, courier industries offered a full refund and item replacement as a resolution to service failures. Case D who had a peculiar situation of service failure offered the customer the option of the money being paid back or item replacement. There was a good understanding of service guarantee and it was being applied by courier industries but in a limited manner.

The third research objective was to ascertain the process of invoking service guarantee claims of the courier service industry in Ghana. The study revealed that the service guarantee attributes of invocation and payout (refund) were applied by the courier industries. There was a laid down process and procedure for all the cases except Case E who had no laid down procedure for customers to claim their guarantee payout or replacement. The process of invoking was complex in all the cases. This shows that customers had difficulties in claiming their guarantee payouts in the courier industries. Also, the refund was based on the exact item lost or damage. All cases did not offer extra compensation when a service fails.

## 6.2 Conclusion

The study conceptualised four constructs in exploring the application of service guarantee strategies by the courier industry in Ghana. The constructs are types of guarantee, theory, enabler and organisational effect provided the framework for the study. The research questions were therefore addressed with these constructs as the basis for inquiry.

First, the study revealed that courier industries had some service guarantee strategies to ensure that when a service fails, they are able to win the customer back. They did this by offering a money back guarantee or item replacement. In some instances, payout was done when the item was damaged or lost during the delivery process. Service guarantee carried out by the courier industries was one within a formal structure and payouts were done by only the managers. Even though they relied on their frontline staff, most of them were unable to give payouts to customers, as they were not fully empowered to do so. There are some areas of possible service failures that courier industries neglected in their planning of service guarantee strategies. They focused mainly on item damaged or missing items and therefore neglected another service failure such as time (same or next day delivery) and people failures during their service delivering process. Since the courier industries lacked a definitive system to track the effectiveness of service guarantee, it can be concluded that levels of customer dissatisfaction may be high but not brought to the notice of the courier industries. Customers may challenge their frustrations into spreading negative word of mouth about their experiences.

Secondly, the frontline staff of the courier industries was not empowered to support service guarantee efforts in a timely manner. Since they had to defer to supervising officers, they were not able to assist customers readily and that contributes to the negative sentiments of dissatisfaction by customers. The lack of full access to the frontline employee within the global

and domestic distribution systems of courier industries, which limits what can be done on the payout is worrying. Given the real-time nature of service delivery, the fact that the courier service is time-bound, not being able to deliver the item to their destination is a challenge to service delivery.

Third, the lack of monitoring within courier services to ensure that service guarantee is processed thoroughly and service failures are fully recovered from suggest that the approach to service guarantee was not an effective one. The complex invocation process for customers to claim their guarantee payout after service failures also suggest that the service guarantee approach was not an effective one.

Finally, the management of courier industries has a positive perception toward service guarantee. They know the benefits of a service guarantee and the impact on their business. Thus, the challenges they face do not deter them. This perception, however, has to be translated into a full commitment to ensuring that service guarantee is carried out successfully and outcomes are monitored strictly. Staff must be trained and empowered to resolve customer issues where there are service failures to guarantee timely payouts.

### **6.3 Recommendation for Practitioners**

This study has provided insight into the courier industry and its application of service guarantee. The researcher's interaction with the managers of the selected courier industries provided a better understanding of what pertains in practice and exposed the deficiencies within their exiting approach. It is therefore expedient to proffer recommendations to practitioners. These are as follows

1. Frontline staff must be fully trained and empowered to be able to assist customers who experience service failures in a very timely manner. It is therefore recommended that

supervisor level access and authority must be granted to frontline staff who directly interact with customers. To this end, just as pertains to most courier services, the manager is on duty or a supervisor is available to assist the customer, staff in a situation of payouts. The frontline staff must always have supervisory level staff available on hand to help in the payout situation. If employees do not solve the problem, customers will feel that they have not received the outcome that they deserve, that the organisations' procedures for recovery are ineffective, and that all interactions with staff were a waste of time (Liao, 2007). Although failure is undoubtedly annoying to customers, if it can be corrected, customers will likely see this as an indication that the Courier is capable of honoring its promise, and is, therefore, ultimately reliable and dependable. In particular, frontline staff should be trained, empowered and incentivised to implement fast and responsive recovery actions across all failures (Hart et al., 1990).

2. Customers who take the time to complain must be appreciated and rewarded. If a customer takes the time to complain, the customer has done the organisation a great service. This customer must be rewarded with a speedy apology and a possible payout to resolve his complaint. This will ensure that customers gain confidence in the complaint management system and continue to provide feedback. Also, the complaint procedure should be displayed prominently at reception, on courier websites and in materials placed in guests' rooms. Brochures should be developed outlining the guarantee invocation and collection process.
3. Courier industries should adopt automatically invoked guarantee. This is where a service provider invokes the guarantee, meaning that the compensation process occurs automatically after a promise has been broken (Crisafulli et al., 2016). Automatically

invoked guarantee can be effective when there is an effective communication system in the business. According to Meyer et al., (2014), automatically invoked guarantee has a greater market value and each firm's service offerings, along with the scope of the guarantee, may dictate the most appropriate invocation process.

4. A service guarantee must be comprehensive in its approach. This can be achieved by the adoption of service blueprints, which will include all possible customer touch points and anticipate areas of failure. Service blueprint gives managers the opportunity to identify potential fail points in the process, where there is a significant risk that things can go wrong and affect the quality of the service (LoveLock & Wirtz, 2007). Additionally, staff will be more prepared to address slip-ups when they are fully aware of the procedure and trained to address them. Without service blueprint, the process is not carried out systematically and errors and service failures are likely to be recurrent.

#### **6.4 Limitations and Future Research**

The present study has been exploratory in nature and even though much effort was made to follow quality quantitative research approach, some limitations were encountered.

The main challenge encountered was that of access to courier industry managers and their unwillingness to participate in the research. Only six courier industry managers were interviewed to represent a population of thirty-two courier industries. This is because other courier industries approached to be part of the study were reluctant to be interviewed. Despite the assurance of confidentiality and anonymity in the findings, they were unwilling to participate. The ones that were interviewed were contacted severally and the interviewer was limited by the number of minutes to interact with each manager due to their busy work schedules.

Future research into the area of service guarantee in the industry would be recommended to focus on frontline staff and their role in practice from the perspective of the staff as well as the perspective of the customer receiving the guarantee.

Another recommended research area will be a quantitative study to explore the level of customer satisfaction after service guarantee as an indication of the effectiveness of the type of service guarantee utilized by courier industries.

Finally, a mixed method approach is required to combine customer perspectives of service guarantees and firms approach to service guarantee. This enable one determine whether there is a direct relationship between the service guarantee approach and the level of satisfaction of the customer after receiving the guarantee payout.

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## APPENDIX – INTERVIEW GUIDE

Briefing: thank him/her for participation, introduce myself (name and occupation), defined the situation for the interviewee (confidentiality, recording, about 15 minutes, plus a short discussion afterwards), briefly state the purpose of the interview, and ask if the interviewee has any questions before the interview.

Name of interviewee:

Job title:

Organisation:

Length of service:

Date of interview	Time started	time
completed		

*Objective 1: to explore the service guarantee of courier industries in Ghana*

1. Give a brief explanation of what you understand as service guarantee?
2. Does your organisation have laid down rules, procedures for carrying out service guarantee? If yes, please explain the procedures for
  - (a) Complaint handling procedures
  - (b) The service guarantee invocation process
3. Are your customers aware of the laid down rules and procedures? How have you published them? (enabler)

4. Do your frontline employees know the procedures and are they able to make decision on guarantee payout, explanation, etc. on their own? Or do they need a supervisor approval? (enabler)
5. What scenarios does your service guarantee strategy anticipate/cover? Get examples. *The aim here is to get a good idea of if they have a wholistic, all-encompassing approach to service failure on service guarantee or are they limited to a few possible areas of service failures.* (organisation effect)
6. How often do you have training of your staff handle service guarantee? (theory)
7. What type of resource commitment do you have towards service guarantee in your organisation? Is there a set amount, conscious allocation of funds for research data collection and gaining back dissatisfied customers? (theory)
8. Do you have any different levels of service guarantee payout for different categories of customers? If yes, what are they and what criteria is it based on? (types of service guarantee)
9. How do you monitor if the service guarantee effort was successful? (theory)

*Objective 2: To ascertain perception of courier management and frontline staff towards service guarantee?*

10. What do you think is the importance of service guarantee to your business?
11. What are some of the challenges you encounter in carrying out service guarantee? (types of service guarantee)
12. Do the challenges outweigh the benefits?
13. How do you manage the challenges mentioned earlier?

*Objective 3: To ascertain the process of invoking service guarantee claims of courier service industry in Ghana?*

14. What is the process of invoking a guarantee claims in your industry? (types of guarantee)
15. How long does it take for a customer to invoke the guarantee claims? (types of guarantee)
16. What is the customers reaction towards the process of invoking the guarantee claims?