UNIVERSITY OF GHANA

SERVICE RECOVERY STRATEGIES IN THE GHANAIAN AIRLINE 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

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University.

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DEDICATION

To all customer-facing service staff who strive to provide the best service possible every day, when you fail and you recover from the failure, you are proving that service recovery is possible. This dissertation is dedicated to you.

To Jadon Sena and Joy Aseye – you are the future.

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ABSTRACT

This study investigated how airlines in Ghana apply service recovery to their operations in serving customers. It explores what internal mechanisms (processes) the airlines have in place to recover service when there is a service failure. The fact that airline 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 adopted the qualitative research approach. Face-to-face interviews with top management from five airlines were used to gain first-hand information on the internal procedures and perceptions towards service recovery. Seven constructs were used as a guide to carrying out the investigation. These were; formality, comprehensiveness, accessibility, influence, human intensity, system intensity and decentralization. The study revealed that airlines perceived service recovery as important and had some laid down procedures to address it. Their approach was highly centralized and frontline staffs are largely unable to assist customers who have experienced a service failure. Additionally, they concentrated on operational failures and neglected people failures, which are the source of most reported service failures. The tendency of customers not to complain suggests that airlines should be proactive in their approach and promptly respond when they receive complaints. To improve their service recovery efforts and ensure customer satisfaction after a service failure, airlines should ensure that monitoring of their complaint handling systems is addressed. In addition, frontline staff should be trained, motivated and empowered to handle service recovery promptly.

CHAPTER ONE

INTRODUCTION

1.0 **Background of the Study**

The market orientation of a firm is evident in the extent to which the customer's well-being is placed at the centre of the organisation's operations. Therefore, the goal of a service firm is to provide offerings that satisfy customer needs and wants in a profitable manner, with airlines being no exception (Chartered Institute of Marketing, 2009). In 2014, the International Air Transport Association (IATA) reported that 3.3 billion passengers and 50 million metric tons of cargo were transported across a network of almost 50,000 routes. Approximately 58 million jobs and $2.4 trillion of business activity are generated worldwide by the airline industry and as such, it remains cardinal to the aviation sector as well as the global economy (IATA, 2014). These statistics suggest that the global airline industry is important for the global economy.

The growth of the global airline industry is driven partly by the upturn of the economic cycle, the growth of Gross Domestic Product (GDP) and world trade. The North American airline industry is the most profitable and most vibrant airline industry globally with more players and better financial performance indicators, whilst the African airline industry is at the other end of the spectrum with the weakest levels of profitability, low load factors as well as low revenues for operating carriers (IATA, 2014). This is however touted to change in the coming years with a growing young, expanding and urbanizing population in Africa placing the continent on a trajectory for economic growth (UNECA, 2013). The industry in Africa currently supports nearly 7 million jobs and $80 billion in GDP with the prospects for growth abounding (IATA, 2014).

It is not surprising therefore that the Ghanaian airline industry has experienced steady growth since 2003. This growth has been evident in the number of passengers flying, as well as the number of airlines operating in Ghana (both domestically and internationally). According to the Ghana Civil Aviation Authority, the industry has experienced an average growth of 8% in the number of flights into the country during a decade since 2003. The Ghana Airport Company Limited (GACL) corroborates this fact by indicating that passenger numbers have increased steadily since 2007 with an average growth of 8% (GACL, 2013). More importantly, the growth in the industry is predicted to place Accra's Kotoka International Airport (KIA) in a position to becoming a regional hub (GACL, 2013). This study is therefore placed within a sector that is vital to Ghana's economy. Early studies by scholars like Parasuraman, Zeithaml and Berry (1985), Grönroos (1990) and Bitner, Booms and Tetreault (1990) have focused their work on providing the background and foundations for academic work within the service management field. Some of the issues they have addressed within the service management field include *service failure* and the concomitant issue of *service recovery*.

Service recovery is defined as "*any manner of responses and actions taken by the service provider to resolve problems that arise between customers and organizations*" (Grönroos, 1990). Therefore, service recovery refers to those actions taken by an organization or service supplier in response to a service failure and the attempt by the firm to correct or minimize the impact of a service failure on a customer (Parasuraman, 2006). There is a lot to gain by a firm that carries out successful service recovery. These benefits include but are not limited to enhancing customers' perception of the quality of the service and the organization, positive word of mouth, enhancing customer satisfaction and building customer relationships and loyalty (Komunda & Osarenkhoe, 2012). The discourse on service recovery has evolved to include the concept of co-recovery, inculcating the Service Dominant Logic (Vargo & Lusch, 2004) into the process of service recovery where customers are considered as part of the recovery process and must be properly integrated to ensure that the outcomes are more acceptable. This level of customer involvement requires a comprehensive service recovery system, which takes customer participation (co-production) into consideration (Xu, Marshall, Edvardsson & Tronvoll, 2014).

The *service recovery paradox* as espoused by Hart, Heskett and Sasser, (1990) suggests that customers may rate performance higher if a delivery failure occurs and the organization and its contact personnel recover from the failure, than if the initial problem did not occur. This is a *paradox* because the assumed natural situation should be that customers, who do not experience a failure at all, should be more pleased with the firm. It is, therefore, unexpected (and a paradox), when customers who have experienced a failure *but* have *also* experienced service recovery efforts by the firm are more satisfied than customers who have *not* experienced a service failure at all. Metaphorically, Hart et al. (1990) described service firms as gymnasts who must be able to regain their balance immediately after a slip-up and return to their routines. The service recovery paradox, which forms part of the 'failure-prone nature' school of thought, is in direct contrast to the 'zero defects – doing it right the first time' philosophy of manufacturing. The 'zero-defects' mindset suggests that similar to manufacturing's product orientation, products must be perfect and exact with no room for slip-ups (Hart et al., 1990). With service, however, no matter how rigorous the procedure, training and systems in place, zero defects is an unattainable goal (Hart et al., 1990). This is a position that this researcher fully agrees to and a position, which will be evident in the discussions in the study.

1.1 Statement of the Problem

The airline industry like other industries within the service sector is prone to service failures. Such distinctive service characteristics as real-time performance, customer involvement and people as part of the production, greatly increase the chance of service failures and therefore, create the 'failure-prone' nature of service (Lovelock & Wirtz, 2007, Vargo & Lusch, 2008). The high degree of interaction between the service provider and the customer allows for a high incidence rate of possible points of dissatisfaction (Lorenzoni & Lewis, 2004). Unlike the situation with products, where the interaction between the customer and the product is only after purchase, service is offered in real time and in a dyadic manner between the customer and the service personnel or service firm. This consistent dyadic interaction at several service points in the delivery process of an airline makes the airline a suitable 'service' to study.

There are multifaceted issues within the industry, some are controllable and others are not. Within the domain of control of the airlines are issues relating to the level of service quality in the service delivery process by contact staff. Zemke and Bell (1990) opined that "*the true test of an organization's commitment to service quality isn't in the stylishness of the pledge it makes in its marketing literature; it is in the way the company responds when things go wrong for the customer*". Heskett and Schlesinger (1994) have shown in their work that there is a link between customer satisfaction and the profitability of firms by postulating that there is a 'service-profit chain', which has certain, defined components, which eventually lead to the profitability of the service firm.

Even though there have been some attempts to research into the subject of service recovery in general and specifically on the airline industry, (Hart et al., 1990; Tax & Brown, 2012; Boshoff, 2005; Bamford & Xystouri, 2005; Chang & Chang, 2010; Sim, Song & Killough, 2010; Karatepe & Choubtarash, 2014), this researcher noticed through a review of extant literature, that there are limited studies focusing on developing nations and more specifically, the Ghanaian airline industry. Service recovery has been submerged within the general discussion of customer retention and customer satisfaction. This study, however, focuses on the Ghanaian airline industry and examines the service recovery as it applies within the Ghanaian context. The majority of service recovery studies have used consumer-related approaches to examine models, draw conclusions and design recovery systems (Bitner et al., 1990; Wen & Chi, 2013; Narteh, 2013). However, the current study focuses on an assessment of service providers and information obtained from them on how they carry out service recovery, what their systems and strategies are and how the issue of service recovery is approached *internally* by airlines. 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 instead by discussing service recovery from the firm's perspective (a focus on process recovery).

1.2 Research Purpose

The current study seeks to investigate the service recovery strategies of airlines in Ghana and explore what their approach to service recovery constitutes.

1.3 Research Objectives

To this end, the following will be the specific objectives of the study:

1. To explore the service recovery strategies of airlines in Ghana.
2. To ascertain the perception of airline management towards service recovery
3. To ascertain the application of service recovery strategies airlines in Ghana.

1.4 Research Questions

In line with the objectives of the study, the following questions will be addressed:

1. What are the service recovery strategies that airlines in Ghana have in place?
2. What is the perception of the airline management towards service recovery?
3. How do airlines in Ghana apply service recovery in their operations?

1.5 Significance of the Study

A firm's ability to manage service recovery when there is a service failure has implications for its ability to sustain and maintain customer relationships over time (Wang, Wu, Lin & Wang, 2011). Additionally, the importance of service recovery to a firm's existence suggests that a firm must have a recovery system as part of its operational system and associated processes and procedures (Smith, Nagy, Karwan & Ramirez, 2012). The 2010 Customer Experience Impact Report, commissioned by Right Now and conducted by Harris Interactive (based in the United States), provides significant insight into the behavior of customers in the when there are service failures.

The report suggested that 82% of customers surveyed in North America had discontinued a relationship with a service firm after a bad experience. Additionally, customers are likely to influence the future purchase behavior of their family and friends through word of mouth (Right Now, 2010). Therefore, incorporating service recovery into the service blueprint of a firm is critical as service failures are inevitable and can have dire consequences to the firm (Lovelock & Wirtz, 2007; Bitner, Ostrom & Morgan, 2008).

With the service sector contributing more than 50% of the 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. This study contributes theoretically to solving a business problem facing airlines specifically, and by extension service firms, in general.

1.6 Scope of the Study

The extant literature on service recovery has focused on the impact service recovery has on the future purchase behavior of customers and the level of satisfaction the recovery activities achieve. To this end, the customer recovery perspective has dominated. In contrast to this approach, this study focuses on the internal processes of service firms (generally), but specifically airlines, in relation to service recovery. Seven constructs were used to measure the presence and functionality of recovery systems of airlines. These are formality, accessibility, decentralization, human intensity, system intensity, influence and comprehensiveness.

In addition, the scope of the study will be the Ghanaian airline industry with five airlines used as part a multiple case studies to approach the investigation.

1.7 Methodology

This study adopts a qualitative research approach. The study sought to provide insight and a deeper understanding of the issue of service recovery as it relates to the Ghanaian airline industry. More specifically, the case study approach was adopted to provide a comprehensive assessment of the service recovery phenomenon within its real-life context (Robson, 2002). The bounded system provided by using the case study approach allowed this study to be fixated within a specific context for exploration (Creswell, 2007). Several marketing scholars including Hinson (2006) have lauded this approach. Hinson (2006) opined that the flexibility and multiplicity of data collection methods make it an appropriate research method for exploratory research. The purposive sampling method was used to select the sample for this study. Five airlines were selected as the sample for this study. The airlines serve customers flying from or to routes in West Africa, East Africa, North America, the Middle East and domestically within Ghana. The choice of airlines for this study was based on three selection criteria. Firstly, on the Ghana Civil Aviation Authority's data of the geographical spread of passenger destination for 2013. Secondly, the relevance of the airline to the study and lastly, industry endorsement by the Chartered Institute of Marketing – Ghana (CIMG, 2014).

The Ghana Civil Aviation's statistics of International Passenger Distribution (2013) indicated that 14.6% of Ghanaian passengers fly to the Middle East, 23.5% of passengers fly to West African destinations and 9.7% fly to Eastern African countries. As such, three airlines, which offer service to these destinations, were selected. Based on the relevance to the study, one U.S. carrier was selected. This carrier has also been adjudged Airline of the Year by the

Chartered Institute of Marketing Ghana (CIMG) in 2008, 2010 and 2012. Additionally, a North American carrier was selected as relevant because research indicates that the North American airline industry is globally the most profitable (Bloomberg, 2014). The last carrier was relevant to the study because of its position as a domestic airline and the only domestic airline offering service to all the domestic airports – Kumasi, Takoradi, Sunyani and Tamale

1.8 Chapter Disposition

The study is organised into six chapters. The introduction and background to the study, literature review and conceptual framework, context of the study, research methodology, data analysis and discussions 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 – 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, providing an understanding of the issues and identifying the existing research gaps

Chapter Three – Context of the Study

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

Chapter Four – Research Methodology

This chapter discusses the research methodology of the study. This chapter 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 this study and reports on the previous chapters providing a summary of the study, major findings and conclusions, proffering recommendations for managerial adoption as well as providing a basis for future academic study in the area.

CHAPTER TWO

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.0 Introduction

This chapter reviews the extant literature on service recovery with a discussion of the main issues as put forward by various scholars within the service management field. It also includes a conceptual framework and an examination of the constructs, which have been used in this study.

2.1 The Precursor to Service Recovery – *Service Failure*

The discussion of service recovery must be preceded by an understanding of what a service failure is. Mention has been made of the failure-prone nature of service, yet, understanding what is considered a service *failure* is necessary for an understanding of service recovery and why it is important. A service failure is an *exchange* where a customer perceives a loss due to the inability of a service provider to provide a promised service (Prasongsukarn & Patterson, 2012). It is the perception by customers that one or more specific aspects of a service delivery have not met their expectations (Lovelock & Wirtz, 2007). Therefore, there is a service failure when the expectation of the customer is at variance with the actual performance of the service firm (Parasuraman, Zeithaml & Berry, 1985). For instance, a passenger purchases an airline ticket for a particular itinerary and expects that the airline will provide transport to the final destination. If for any reason, the airline is unable to do so, there is a service failure.

The service encounter is the period of time during which customers interact directly with a service (Lovelock & Wirtz, 2007). The service encounter can also be described as the *"moment of truth*" (Jan Carlzon, 1989). Bitner et al. (1990) suggest that the service encounter could be either an instance or a period with or without human interaction. This suggests that a customer's interactions with a firm's infrastructure (for example websites, machines, etc.) are also considered as service encounters and anything that goes wrong during this interaction can be considered a service failure. The discussion of the typology of service failure has led to a general and parsimonious outcome-process classification (Lovelock & Wirtz, 2007). This classification suggests two types of service failures: outcome failures and process failures (Lovelock & Witz, 2007). Outcome failures result when there is a failure relating to the core service offering, for instance, a delayed flight. A process failure relates to the interaction between the customer and the service firm (Lovelock &Witz, 2007).

There are several negative effects of service failures on the organization. Customers respond in a number of predictable ways – complaining, engaging in negative word of mouth tactics, communicating openly to management or switching service providers (Boshoff, 2005; Atalik, 2007; Narteh, 2013). Word of mouth is no longer a face-to-face interaction involving 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 single Facebook or Twitter comment can be more damaging to the reputation of a brand than hitherto a private discussion amongst friends or family on a service failure experienced by a particular airline. Additionally, it costs the firm revenue to repair service failures - money back guarantees, warranty work or replacements, refunds and compensation are all costs to the service firm (Hart et al., 1990). On the other hand, satisfied customers conduct repeat business which improves bottom line performance for firms, they become ambassadors of the company and are less sensitive to price changes in the service offering (Atalik, 2007; Komunda & Osarenkhoe, 2012).

With the high degree of interaction between the airline and the customer, the airline potentially has a high propensity for service failures to occur (Bamford & Xystouri, 2005). The interaction between the customer and the airline can range from the purchase of a ticket through to the onboard experience and interaction with flight attendants. Air transportation is particularly prone to service failures because of the number of different providers involved in delivering the service, the high number of passengers and the people-based nature of the service (Atalik, 2007). A flight may be delayed due to a mechanical fault with the aircraft or due to bad weather. These delays, diversions and cancellations due to weather though predictable cannot be controlled and very little can be done to avoid or mitigate their consequences (Bamford & Xystouri, 2005). Since service failures are unpleasant facts for airlines, they must develop clear strategies for responding to service failures and minimizing the effects on their relationship with their customers hence the need for adequate service recovery strategies (Atalik, 2007).

2.2 The Concept of Service Recovery

The issue of service recovery has received significant attention from scholars within the service management field (Parasuraman, Zeithaml & Berry, 1985; Bitner, Booms & Tetreault, 1990; Lorenzoni & Lewis, 2004; Atalik, 2007; Smith, Nagy, Karwan & Ramirez, 2012; Prasongsukarn & Patterson, 2012; Wen & Chi, 2013). The distinctive and intrinsic characteristics of service - real-time performance, customer involvement and people as part of the process greatly increases the chance of service failures and creates the ‘failure-prone’ nature of service (Hart, Heskett & Sasser, 1990; Lovelock & Wirtz, 2007; Vargo & Lusch, 2008; Prasongsukarn & Patterson, 2012). While researchers have made some important contributions to the literature on service recovery, the need to continue researching into the area remains paramount to the success of the ever-growing global service industry (Zhu, Sivakuma & Parasuraman, 2004; Komunda & Osarenkhoe, 2012). Service recovery consists of processes a firm undergoes to rectify and recover those elements of the service delivery systems that have failed, with the ultimate objective of restoring the customer to satisfaction and keeping his or her custom (Lorenzoni & Lewis, 2004). Grönroos (1990) defined service recovery as "*any manner of responses and actions taken by the service provider to resolve problems that arise between customers and organizations*".

Service recovery may not always rectify the situation, but it can reduce the negative consequences associated with service failures if properly executed (Smith et al., 2012). Service recovery should be a well thought-out, planned, process for returning aggrieved customers to a state of satisfaction with the organisation after a service or product has failed to live up to expectations (Bell & Luddington, 2006). Service recovery has both an *outcome* dimension - *what* the customer actually receives as part of the recovery process and a *process* dimension - *how* the recovery is achieved (Komunda & Osarenkhoe, 2012). Customers can tolerate some service mistakes and mistakes alone do not lead to dissatisfaction, rather, refusal to initiate service recovery measures is what leads to dissatisfaction (Bitner et al., 1990; Keaveney, 1995). Bitner et al. (1990) in examining seven hundred critical incidents across three types of service businesses – hotels, restaurants and airlines, found that it is not necessarily service failure that leads to dissatisfaction but rather the response or lack of response to the failure by firms that leads customers to the point of resentment. Considering that, there is a service component to every offering that a business provides to the market, it has become crucial that firms take service recovery issues seriously and ensure that effective service recovery remains at the heart of their efforts of customer retention and relationship building (Wen & Chi, 2013).

In examining favourable and unfavourable service encounters, Bitner et al. (1990), provided clear indications of what constitutes favourable and unfavourable service delivery and suggest what the acceptable posture of service firms (and their staff) should be in both instances. Unlike Keaveney (1995) who studied service encounters in service industries in general terms, Bitner et al. (1990) focused on airlines, hotels and restaurants making their study more relevant to this current study. Several studies have focused on service recovery and its impact on future purchase behavior of customers (Bitner et al., 1990; Wen & Chi, 2013; Keaveney, 1995; Narteh, 2013). There is, however, a divergent school of thought posited by Zhu et al. (2004) and Smith, Karwan and Markland (2009), who focus on service recovery from the service firm's perspective. By suggesting that there should be the incorporation of the goal of profitability into customer relationship management whilst paying attention customer perceived value, Zhu et al. (2004) provide a different angle to the discussion on service recovery. In addition to considering the cost implications of service recovery, they advise that financial decisions must be incorporated into service marketing decision.

As in the classification of service failures into outcome and process failures, service restitution or recovery strategies have also been classified into outcome recovery strategies and process recovery strategies (Zhu et al., 2004). The objective of recovery strategies must be two-fold: regaining customer confidence and secondly, doing so at the most efficient costs (Zhu et al., 2004).

Service recovery should be systematic, well designed and be carried out in a structured well-orchestrated manner (Smith et al., 2009). To this end, Smith et al., (2009) have proffered seven dimensions of service recovery. These dimensions are formality, decentralization, comprehensiveness, human intensity, system intensity, accessibility and influence.

2.3 Service Recovery and Complaint Handling

The greatest hindrance for service firms in managing service failures and carrying out service recovery is the propensity of only between five to ten percent of dissatisfied customers to actually complain (Tax & Brown, 2012; Hinson, 2006). This tendency not to complain could be due to the fact that customers do not believe the firm will take any action, may not be as responsive as they expect or may offer a solution that they deem unsatisfactory (Tax & Brown, 2012; Komunda & Osarenkhoe, 2012). Instead of complaining, some customers silently switch providers or in some instances attempt to get attention by spreading negative comments (Bamford & Xystouri, 2005; Narteh, 2013). A good recovery system is one that detects problems, prevents dissatisfaction and encourages customers to complain (Komunda & Osarenkhoe, 2012). Service recovery goes beyond complaint handling to being a *proactive* effort by firms to anticipate possible touch points, which may result in service failures, and handling them in a prompt manner (Komunda & Osarenkhoe, 2012). An effective complaint management system should form part of the service recovery system of airlines, which should include apologies, and compensation where losses are suffered (Narteh, 2013). Hinson (2006) suggests that there should be a link between the complaint management system of a firm and how quickly they respond to service failure complaints. This link suggests that when customers have the option to complain, their complaints are valuable feedback for the service firms and can be an indication of possible problem areas within the service delivery system of the firm. As such, forms must respond promptly to such complaints (Hinson, 2006).

Hart et al. (1990) recommended that firms actively attempt to break customer silence and encourage complaining as a way of generating feedback. Accessibility of customers to the firm when there is a service failure is crucial to ensuring that customer silence is broken (Smith et al., 2009). Customers must know what the procedure is to reach a service provider i.e. phone numbers, emails address or their website addresses should be published in a manner that customers can readily access the information and provide the needed feedback when there is an issue (Smith et al., 2009).

Atalik (2007) adopting work done by Lovelock et al. (2001) provided the following guidelines for the effective handling of complaints by service firms:

- Acting expediently to resolve the issue
- Acknowledging that mistakes were made without being defensive
- Demonstrating an understanding of the problem from the customers point of view
- Not arguing with customers
- Acknowledging the feelings of customers
- Giving customers the benefit of the doubt
- Clarifying the steps needed to solve the problem
- Keeping the customer informed of the process/progress
- Considering the possibility of compensation
- Persevering in order to regain the goodwill of the customer

One of marketing's fundamental principles is that customer loyalty has a positive effect on organisational performance (Atalik, 2007; Komunda & Osarenkhoe, 2012). Over the years, airlines have focused on building loyalty through their frequent flyer programmes. Atalik's (2007) study of Turkish Airlines' frequent flyers revealed that these frequent flyers also had peculiar points of dissatisfaction relating to the loyalty programmes. These issues included personnel not being knowledgeable enough about the loyalty programme and its benefits and the loyalty programmes not being able to deliver the benefits promised.

In contrast to the studies which focused on the complaining customers in the service recovery process (Hinson, 2006; Narteh, 2013; Tax & Brown, 2012), Vaerenbergh, Vermier and Larivière (2013) focus on the *observing customer* who is not the direct recipient of the service but is within the physical space of the interaction between the complaining customer and the service firm's contact person. They, using the observational learning and attribution theory as their framework, considered the fact that a customer observing how a complaining customer is assisted (or not assisted), can form their own impressions of the firm by simply "observing the encounter". The suggestion that an irate customer be removed from the view of other customers is therefore made to prevent any negative influence on other customers or which may aggravate the situation further (Vaerenbergh et al., 2013).

Customer complaints are imperative in building competitive business practices and as such, firms must consider complaints as rewards rather than problems and facilitate the avenues for customers to complain (Atalik, 2007). Therefore, firms must commit resources to tracking and monitoring failures and recovery and ensure that complaints are managed effectively (Smith et al., 2009). This deliberate allocation of resources is termed as system intensity by Smith et al. (2009) a key construct in an effective service recovery system. Unfortunately, Hart et al. (1990) opine that over fifty percent of companies who receive complaints do not respond to these complaints and by such actions reinforce the customer's original negative perception of the firm.

2.4 Service Recovery Attributes

There are a number of options that a firm has when carrying out service recovery. These options have been described as recovery *attributes* by Smith, Bolton and Wagner (1999). They have posited four attributes: compensation, response speed, apology and recovery initiation. Similarly, Hart et al. (1990) suggested that compensation, response speed and apology were key to a good recovery attempt. Compensation, apology and response speed are hinged on social exchange theory and based on the customer's perception of fairness in terms of the procedural, interactive and distributive aspects of the recovery effort (Smith et al., 1999). Recovery initiation as an attribute of service recovery also further highlights the difference between service recovery and mere complaint handling.

More recently, Bradley and Sparks (2012) have suggested that there are two main options available to a firm to recover from a service failure - explanation (including apology) and compensation. They suggested four types of explanations - the first type of explanation is *excuses*. This is where the firm provides an explanation, which seeks to absolve the organisation from the service failure. For instance, if there is a flight cancellation but the explanation is that there was bad weather. This reason though tangible does not absolve the airline from the nature of the response of its staff, which may actually be the source of dissatisfaction of the customer.

Second is *justification*, which acknowledges responsibility but provides a legitimate reason for the failure based on the organisation's quest to fulfil shared needs or a higher goal (Bradley & Sparks, 2012). For instance, the security checks at airports though presenting dissatisfying conditions can be justified as being necessary due to the increased risks posed by terrorism since the incidents of September 11, 2001.

Third, the explanation could be *referential* which seeks to create a comparison to another (or other) service provider and suggest that the present failure is better than that of another airline (Bradley & Sparks, 2012).

Finally, there is the option to *apologise*. This is the most important form of explanation and all others must include an apology (Bradley & Sparks, 2012). The apology simply says to the customer that the firm acknowledges the problem and is regretful of the incident and the inconveniences caused. The apology must also be done quickly, by the senior-most staff available and accompanied by compensation (Hart et al., 1990).

In deliberating on the contingent nature of service recovery, Smith et al. (2012) suggested that recovery strategies are dependent on the environmental circumstance in which the antecedent occurs. This means that the type of service or industry affects the recovery system that will be put in place. They (Smith et al., 2012), suggested that organisations exhibit significant differences in system structure across divergent environmental contexts. This assertion is consistent with that of Zhu et al. (2004) who suggest that the different types of recovery strategies must aim at their corresponding service failures and should be matched to ensure that recovery is carried out in an efficient manner. After studying one hundred and fifty-eight firms, Smith et al. (2012) support Zhu et al. (2004) in suggesting that the recovery approach is contingent on the failure type and the service industry or environment. This is a step beyond earlier studies (Bitner et al., 1990; Mattila, 2001) who had focused on examining the difference in the level of effectiveness of service recovery across various organizational contexts.

The context of the organisation relates to its offering as well as the prevalent environmental conditions and the chosen organisational strategy (Smith et al., 2012). Indeed, the service recovery system of an airline will differ from that of a restaurant whilst retaining certain key elements, which cut across all service firms.

2.5 Benefits of Service Recovery to the Service Firm

There is a lot to gain by a firm that carries out successful service recovery. These benefits include but are not limited to enhancing customers' perception of the quality of the service and the organization, positive word of mouth, enhancing customer satisfaction and building customer relationships and loyalty (Komunda & Osarenkhoe, 2012). There is empirical evidence in the literature to establish a link between service recovery and customer satisfaction (Bitner et al., 1990; Prasongsukarn & Patterson, 2012). There is also a direct correlation between the level of customer satisfaction and perception of fairness in the recovery experienced by a dissatisfied customer (Prasongsukarn & Patterson, 2012). In other words, a customer who experiencing adequate service recovery is more likely to be satisfied than one that does not experience satisfaction (Prasongsukarn & Patterson, 2012). The true test of an organization's commitment to service quality is not in its marketing communications, but in the way, it responds to service failures (Zemke & Bell, 1990; Bamford & Xystouri, 2005). What do customers want when things go wrong? Usually, what they were promised in the first place (Zemke & Bell, 1990). The service recovery paradox as espoused by Hart et al. (1990) suggests that customers who have experienced a service failure and who the firm reaches out to in service recovery efforts are more likely to be more satisfied than those who have never experienced a service failure in the first place.

2.6 The Role of Frontline Staff in Service Recovery

The role of frontline personnel in the service recovery effort of service firms has been emphasized severally in the extant literature (Bitner et al., 1990; Hart et al., 1990; Heskett et al., 1994; Lorenzoni & Lewis, 2004; Wen & Chi, 2013; Bamford & Xystouri, 2005; Hinson, Owusu-Frimpong & Dasah, 2011). The focus of the extant literature reviewed suggests that the role of the service employee in service delivery is paramount and that employees who are not trained and empowered to solve customer problems tend to be dissatisfied and frustrated with their jobs (Hinson et al., 2011; Bamford & Xystouri, 2005). In an encounter described by Hart et al. (1990), in which their flight was delayed overnight, they describe the inability of the airline in question to anticipate the situation as the cause of the service failure, which in turn led to, frustrated staff and dissatisfied customers. Additionally, when the service delivery system fails, contact employees are responsible and expected to respond to customer complaints and their approach to this can contribute to the customers' perceived satisfaction or dissatisfaction (Bitner et al., 1990). In the case of an airline, areas in the service chain, which have high levels of staff turnover and therefore low levels of experience, must be watched (Hart 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). Heskett and Schlesinger (1994) posit that there is a *service-profit chain* with a number of linked components, which are important to the outcome of service excellence and profitability of firms. Of primary important to the service-profit chain is employee satisfaction, which they opine, has implications for the level of service excellence delivered to customers. The staff of service firms is important to the success of the firm and the necessary training and motivation must be provided to ensure that employees give off their best in their interactions with customers (Heskett & Schlesinger, 1994; Hinson et al., 2011).

The service encounter which can be metaphorically likened to the encounter between a bull fighter and a matador provides a very succinct opportunity for the service contact person to delight a customer and negative behaviours such as indifference, impoliteness, unresponsiveness, lack of knowledge and incompetence can lead to "people failures" (Keaveney, 1995). These "people failures" can also be due to a lack of knowledge (of the offering) which is required to adequately assist customers as such, Hinson et al. (2011) recommend that firms must adopt a *learning orientation* which focuses on developing superlative knowledge of the market offering, market intelligence and customer needs. Even though training plays a role in improving the behavior 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).

Heskett and Schlesinger (1994) hypothesized eight propositions in establishing a link between profitability and customer loyalty on one hand and employee satisfaction, loyalty and productivity on the other hand. These propositions are:

- Customer loyalty drives profitability and growth
- Customer satisfaction drives customer loyalty
- Value drives customer satisfaction
- Employee productivity drives values

- Employee loyalty drives productivity
- Employee satisfaction drives loyalty
- Internal quality drives employee satisfaction
- Leadership underlies the chain of success.

Their study highlighted the fact that there is a 'chain' of interrelated processes and factors that contribute to a service outcome. Southwest Airlines provides an example of a company that exemplifies the immense value placed on its people. Herbert Kelleher, Chief Executive Officer of the airline, is quoted to have said: *"anyone who looks at things solely in terms of facts that can easily be quantified is missing the heart of business, which is people" (*Heskett & Schlesinger, 1994). Unfortunately, it was noted that employee satisfaction is not considered to be as important as customer satisfaction by airlines (in general) and therefore airline employees are noted to have a consistently bad attitude when handling customers as they transfer their frustrations (wrongly) to the customer (Bamford & Xystouri, 2005).

Similarly, in focusing on the airline industry, Bamford and Xystouri (2005) cited bad attitude of staff in responding to service failures as one of the major areas of service failure. Using the action research methodology, which examined cases in real-time and based on actual incidents in the service delivery process of the airline, they also posited that service interruptions through strikes and service delays, usually technical in nature, were the other two causes of dissatisfaction among airline customers. They identified that airlines did not focus their efforts on the top 20% of the failure areas, which produced 80% of the complaints, and training was not consistent, leading to repeated avoidable service failures. Service employees must be empowered to take action were needed (Bitner et al., 1990). This can be achieved through standardized responses or actions for some types of incidents. In most cases, responses must be tailored to the specific incident and some amount of control is required for employees to successfully assist customers in a timely manner without having to defer to a supervisor (Bitner et al., 1990).

The influence of the culture, in terms of the nationality of the front line staff, has also been examined in the extant literature by focusing on the extent to which an individual's culture affects how they offer and receive service (Lorenzoni & Lewis, 2004; Prasongsukarn & Patterson, 2012). These studies concluded that culture affects the service delivery of frontline staff and more importantly, affects how they interact in service recovery settings (Lorenzoni & Lewis, 2004). Where frontline staff of British nationality, were more individualistic in their approach to service delivery and recovery, their Italian counterparts were more compassionate in their approach. Culture could also have implications for the expression of dissatisfaction with a customer where the social norms dictate that negative emotions should not be shown in public (Prasongsukarn & Patterson, 2012). As such, the frontline staff has to be experienced in being able to gauge the individual customers' expectations and satisfaction, which can be quite problematic for even the most experienced staff (Prasongsukarn & Patterson, 2012). Subsequently, the service employee's perception of management's commitment to service recovery also affects their attitude and approach to the situation. This is an opinion put forward by Hvass and Torfadottir (2014) who studied employee recovery in the airline industry specific to spatially dispersed employees like cabin crew who handle customers and may interact directly in situations of a service failure. This study shifts the focus from customers in the recovery process to how employees also perceive the service process and what effect it has on them and their work in the future. Employee recovery within service research often focuses on frontline employees in general (Hinson, 2006; Bitner et al., 1990; Narteh, 2013) and so Hvass and Torfadottir (2014) contribute to the discourse by investigating the recovery of spatially dispersed personnel, who have a workplace away from a central location with minimal management contact. How much resources a firm commits to the training and monitoring of employees is formally referred to as human intensity, which is an important component of service recovery across most service settings (Smith et al., 2009).

2.7 Approaches to Service Recovery

A number of service recovery models have been formulated within the service recovery discourse to prescribe approaches to service recovery (Prasongsukarn & Patterson, 2012; Komunda & Osarenkhoe, 2012; Zhu et al., 2004). Some approaches contribute to the literature by discussing the antecedents (Bamford & Xystouri, 2005; Komunda & Osarenkhoe, 2012) whilst others focus on the outcomes of service recovery (Smith et al., 2009, Prasongsukarn & Patterson, 2012). There are also theoretical approaches in which the discussions are based on hypothetical scenarios as a basis for the prescriptive focus on the studies (Atalik, 2007). Yet, others concentrate on using empirical, real life incidents in their attempt to delve into the issues relating to service recovery (Bitner et al., 1990; Wen & Chi, 2012; Prasongsukarn & Patterson, 2012).

The theoretical foundation of service recovery draws on justice theory that is adapted from social exchange and social psychology, which fundamentally deal with people's perception of fairness of situations, and the decisions they make based on these perceptions (Tax & Brown, 2012; Smith et al., 1999; Prasongsukarn & Patterson, 2012). Justice theory has three dimensions: distributive justice, procedural justice and interactional justice (Smith et al., 1999). It is important that all these three are interacting in the right proportions to have a good service recovery system in place. These three dimensions are also important antecedents of customer satisfaction (Smith et al., 1999). Essentially, therefore, people evaluate recovery efforts by firms in terms of the outcomes, procedures involved and interaction they have with the firm during the process (Prasongsukarn & Patterson, 2012). Prasongsukarn and Patterson (2012) in providing a model for service recovery, linked customer satisfaction to service recovery based on the interaction and relationship between the procedural, interactional and distributive dimensions of justice. They suggest that the distributive dimension of justice plays a mediating role between the customer's interaction with the firm, the recovery procedure and the eventual aim of satisfaction. This approach to service recovery focusses on the perception of fairness the customer has and the attempt by the service firm to ensure that customer satisfaction is achieved. Additionally, they suggest that the relationship between the three dimensions is a positive one with a strong correlation between service recovery and each of the three justice dimensions and a fourth construct – disconfirmation. They opined that service recovery could be best achieved through the effective management of all three forms of justice.

By drawing a direct parallel to managing a service in general, Komunda and Osarenkhoe (2012) suggest that managers should manage service recovery by understanding customer expectations. In their opinion, there are two key areas that a service manager should focus on whilst managing service recovery: communication and conflict management. The effective management of these two areas will lead to effective complaint handling and finally, consumer loyalty with its resultant outcomes of positive word of mouth and repeat purchase. Their findings indicate that there is a positive and direct relationship between how a firm communicates with its customers and the effectiveness of their attempts at service recovery. They also indicate that service recovery communication and conflict handling have a positive effect on customer loyalty and therefore service managers need policies and systems for service recovery which will ensure improved communication and conflict handling mechanisms. Smith et al. (2009) suggest that the degree of formality of the service recovery system has an implication to how successful a firm's service recovery attempt is. This suggests that a comprehensive approach, which seeks to cover all possible customer touch points must be taken into consideration as comprehensiveness of the recovery strategy, is an important aspect for firms Smith et al. (2009).

The nature of the service failure suggests the approach to service recovery a firm should take. This is the view espoused by Zhu et al. (2004) who suggest that a service recovery strategy must incorporate both the customer and service firm's perspective. The customer's perspective concentrates on the failure type and magnitude of the service failure indicating that the type of service failure and the extent of loss to the customer directly suggest what the firm does to restore the customer's cumulative perceived value. More importantly, they suggest that firms must seek to minimize the overall recovery expenditure in their service recovery attempts. However, the cost the firm incurs should not be limited to accounting costs only, but rather viewed as *value* the firm offers the customer after a service failure (Zhu et al., 2004).

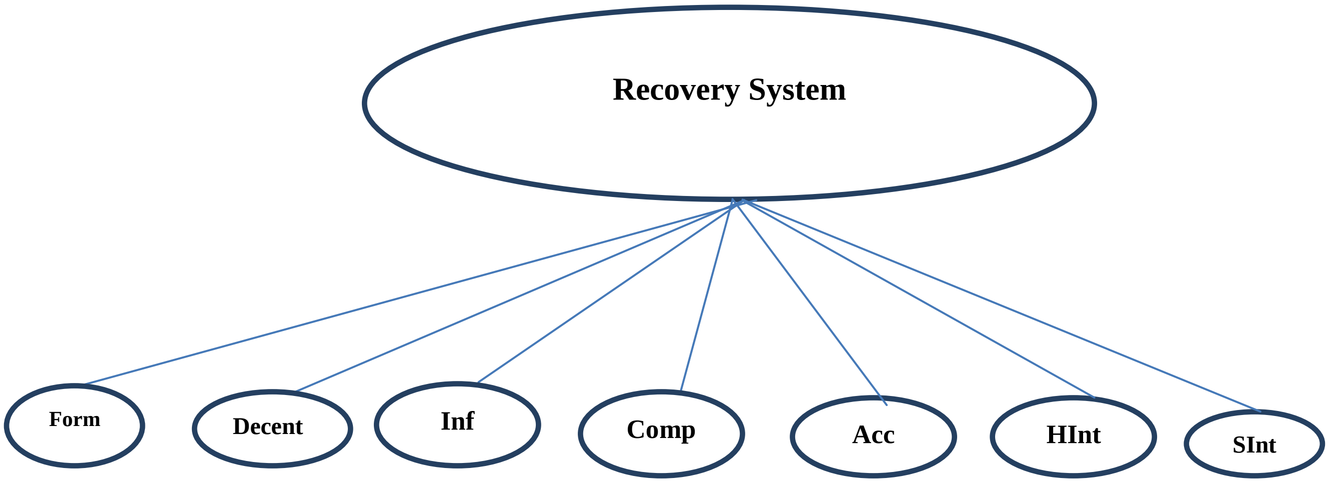
2.8 Three Perspectives of Service Recovery Management – The tensions

Even though the discussion on the need to recover from a service failure is prevalent in both academia and industry, service is still prone to failure. Michel, Bowen and Johnston (2009) posit that the failure of service recovery in organizations is due to the unresolved tensions found between the conflicting perspectives of customer recovery, process recovery and employee recovery. The growth in the interest of service recovery stems from the fact that bad service experiences lead to customer switching (Keaveney, 1995) and so the expediency for internal collaboration amongst organizational functions is even more crucial. Customer recovery is the marketer's perspective of what recovery must focus on – the customer (Smith et al., 1999). Its focus is on the attempt to not *fail twice* (Michel et al., 2009). Operations management literature centres more on the processes and how to learn from the failures to prevent them in the future. This is known as *process recovery* (Smith et al., 2009). The third perspective is the *employee recovery* perspective as posited by management literature. The focus of this recovery effort is on employees and how to prepare them to recover from service failures (Bowen & Johnston, 1999). Employee recovery is aligned to the thinking that suggests that employee satisfaction has a direct correlation to customer satisfaction and that well trained and motivated employees translate into satisfied and happy customers (Michel et al., 2009). Successful service recovery requires an integration of these different perspectives based on service logic. This approach will suggest that all functions within an organization collaborate to ensure that the recovery is successful without which a continuous tension between the three perspectives will lead to a failure of any service recovery attempt (Michel et al., 2009).

2.9 Conceptual Framework

A review of the extant literature provides a thorough examination of the issues relating to service recovery 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 for this study is based on the work carried out by Smith et al. (2009) as shown in figure 2.1. They provided seven dimensions to a service recovery system within an organisation. The constructs are formality, decentralization, comprehensiveness, human intensity, system intensity, accessibility and influence. This model suggests that service recovery is a combination of aspects of process, organisation and customer focus and therefore firms are in a unique position to ensure that these areas are dully addressed in their approach (Smith et al., 2009).

Figure 2.1 Conceptual Framework



Form = Formality, Decent = Decentralization, Inf = Influence, Comp = Comprehensiveness, Acc = Accessibility, Hint = Human Intensity, SInt = System Intensity

Adopted from Smith, Karwan and Markland (2009)

2.9.1 Formality

This refers to the extent to which the service recovery process is governed by strict rules and procedures. The specific recovery routines placed by the organisation (Lorenzoni & Lewis, 2004). Bitner, Ostrom and Morgan (2008) suggest that service blueprinting can help solve service problems preemptively and help firms identify possible failure points in a service operation. Having a formal recovery system reduces the risk of repeat failures and staff not knowing what to do in particular situations. In addition, the formality of the recovery process can address the inherent challenge of services being variable by providing some amount of standardization (Hinson, 2006). Service standards, which are set by service blueprints, can enable recovery to take place without the customer even having to make a complaint (Tax & Brown, 2012). The formality reduces the amount of variance that the customer will experience in their interaction with the company as the company is usually in a state of readiness to address possible service failures (Smith et al., 2012).

2.9.2 Decentralization

Training can give employees the perspective that service recovery requires, but the company must empower them to act (Hart et al., 1990). This authority to act is what is referred as decentralization within the literature (Smith et al., 2009). The staff must have the authority, responsibility and incentives to assist customers who have experienced a service failure (Bitner et al., 1990). This construct refers to the level of employee empowerment to be able to carry out the laid down (formal) process of service recovery. In the case of airlines, the frontline customer facing agents must be able to offer assistance to customers when there is a service failure without necessarily having to refer them to a supervisor (Bamford & Xystouri, 2004). This is also important because of the time constraints associated with air travel. For instance, if a customer is unable to make a flight due to bad weather, the window of opportunity to be able to be rebooked at no extra cost on an alternate flight can get very slim and possibly become nonexistent very quickly if the customer-facing staff has to wait for supervisory approval. That can lead to further inconvenience to an already inconvenienced passenger.

2.9.3 Comprehensiveness

The dyadic interaction between the customer and the airline at several points makes the airline a suitable pick for a 'service' (Lorenzoni & Lewis, 2005). There are several touch points within the travel experience that a customer can experience a service failure and therefore the recovery strategy must be exhaustive in considering all potential recovery activities once a failure has occurred (Smith et al., 2009). From the point of ticket purchase to the point of exiting the airport, the passenger potentially interacts with the airline at several points therefore, it is important that the airline ensures that all possible failures at all points are anticipated to make the process comprehensive (Smith et al., 2009).

2.9.4 Human Intensity

The reliance on the employees of a service firm in the service delivery process has been extensively discussed in the extant literature (Bitner et al., 1990; Hart et al., 1990; Heskett et al., 1994; Lorenzoni & Lewis, 2004; Wen & Chi, 2013; Bamford & Xystouri, 2005). The firm's commitment to service recovery is evidenced in its willingness to and the actual training of customer-facing staff (Hart et al., 1990). Companies with high human intensity have well-trained staff who are able to handle service recovery situations (Smith et al., 2009).

2.9.5 System Intensity

In evaluating an organization's commitment to service recovery, one must consider the amount of resources applied to the effort (Zhu et al., 2004). The construct of system intensity measures the magnitude of resources committed to the tracking and monitoring of service failures and recovery efforts (Smith et al., 2009).

2.9.6 Accessibility

Even though service recovery goes beyond complaint handling service firms must create channels through which customers can have direct access to make complaints or suggestions on the service (Hinson, 2006). This construct seeks to incorporate the *voice* of the customer into the recovery process (Tax & Brown, 2012). It looks at the extent to which customers are able to directly complain through the availability of published phone numbers, or a point where they can go and fill out a form for additional assistance.

2.9.7 Influence

The final construct describes the amount of control or the effect a customer has on the service recovery activity (Smith et al., 2009). It suggests that the situation and position of the customer influence what the firm does to recover their custom. For airlines, the level of patronage of the customer is usually measured by their status in relation to the airlines loyalty programmes. Frequent flyer programmes, which promote customer loyalty, offer incentives to consumers based on their cumulative purchases of the airlines' offering over a given period (Atalik, 2007). The customer lifetime value also comes into play. The customer lifetime value is the entire stream of purchase that the customer would have over a lifetime of patronage (Kotler & Armstrong, 2010). Even though service recovery processes may be standardized for airlines, the influence of particular customers is taken into consideration (Smith et al., 2009).

2.10 Conclusion

There are generally three foundational disciplines that approach the issue of service recovery including; marketing, management and operations (Johnston & Michel, 2008). This review has examined all three – the customer perspective (marketing) – relating to customer satisfaction, loyalty and complaint handling; the employee perspective (management) – relating to front line employees, decentralization, training and empowerment; and the internal processes perspective (operations) – the processes at the firm level that support service recovery. These three views provide a rounded view of service recovery and must be approached in a collaborative, comprehensive manner if service recovery will be successfully achieved (Hvass and Torfadottir. 2014).

CHAPTER THREE

CONTEXTUAL FRAMEWORK

3.0 Introduction

This chapter defines the boundaries of the study by establishing its context. The contextual framework includes an outline of the geographical and physical setting of the airline industry, a description of the key stakeholders and current issues in the industry.

3.1 Geography and Physical Setting of Ghana

Ghana is geographically located in the west of Africa. It has a population of 24,658,823 with its capital city, Accra accounting for 16.3% of the total population (Ghana Statistical Service, 2013). The country's neighbor on the west is Cote D'Ivoire, on the east - Togo, on the north - Burkina Faso. Formed from the merger of the British colony of the Gold Coast and the Togoland trust territory, Ghana in 1957 became the first sub-Saharan country in colonial Africa to gain its independence (CIA, 2014). Ghana has ten regions – Greater Accra, Eastern, Ashanti, Central, Volta, Western, Brong Ahafo, Northern, Upper East and Upper West.

3.2 Airports

The country's main international airport is located in Accra – the Kotoka International Airport. The airport occupies 1610 acres (651 hectares) within the Airport City of Accra and is about 10 kilometres from the city centre. The reference point co-ordinates are 05° 35' 47" North Latitude by 000° 10' 12" West longitude. Elevation is 63.5m (205 ft.). K.I.A's central location in the world, (on the Greenwich Meridian and close to the Equator) makes it easily accessible from any part of the world (Ghana Airports Company, 2013). There is a second international airport is in Kumasi. There are two other (domestic) airports in Tamale and

Sunyani with several airstrips, which serve as bases for domestic commercial, and military flights (Ghana Airport Company, 2013).

3.3 Airlines

At the time of this study, there are twenty-six (26) airlines operating out of Kotoka International Airport. Out of this number, twenty-one (23) are international carriers and three (3) are domestic carriers. A table illustrating the airlines and their hubs is shown below:

Table 3.1. Airlines in Ghana and their Hubs

Item No.	Airline	Hub
1.	Aero Contractors	Lagos, Nigeria
2.	Africa World Airlines*	Accra, Ghana
3.	Air Burkina	Ouagadougou, Burkina Faso
4.	Air Cote D'Ivoire	Abidjan, Cote D'Ivoire
5.	Antrak	Accra, Ghana
6.	Arik Air	Lagos, Nigeria
7.	Asky Airlines	Lomé, Togo
8.	British Airways	London, United Kingdom
9.	Ceiba International Airlines	Malabo, Equatorial Guinea
10.	Delta Air Lines	New York, United States
11.	Egypt Air	Cairo, Egypt
12.	Emirates	Dubai, UAE
13.	Ethiopian Airlines	Addis Ababa, Ethiopia
14.	Gambian Bird	Banjul, Gambia
15.	Iberia	Madrid, Spain
16.	Kenya Airways	Nairobi, Kenya
17.	KLM – Royal Dutch Airlines	Amsterdam, Netherlands
18.	Lufthansa	Frankfurt, Germany
19.	Med View Airlines	Lagos, Nigeria
20.	Middle East Airlines	Beirut, Lebanon
21.	Royal Air Maroc	Casablanca, Morocco
22.	Rwand Air	Kigali, Rwanda

23.	South African Airlines	Johannesburg, South Africa
24.	Starbow (Aero Survey)*	Accra, Ghana
25.	Turkish Airlines	Istanbul, Turkey
26.	Tap Portugal	Lisbon, Portugal

Source: Ghana Civil Aviation Authority, 2015
***Also provides services to Lagos, it therefore falls into two groups - international and domestic.**

3.4 Structure & Stakeholders of the Industry

The industry is regulated by the Ghana Civil Aviation Authority, which is established by PNDC law 151 of May 16, 1986, as the regulatory agency of government on air transportation in Ghana (GCAA, 2014). In 2004, by the enactment of the Civil Aviation Act 678, the airport management functions to the GCAA were ceded to a new company, the Ghana Airport Company Limited (GCAA, 2014). The GCAA and GACL are supported by the Ministry of Transport lead by the Minister as the political appointee and the Chief Director as the technocrat (GCAA, 2014).

3.5 Ghana Civil Aviation Authority (GCAA)

The Ghana Civil Aviation Authority (GCAA) is the regulatory agency for air transport in Ghana. It also provides air navigation services within the Accra Flight Information Region (FIR), which comprises the airspace over the Republics of Ghana, Togo and Benin and a large area over the Atlantic Ocean in the Gulf of Guinea (GCAA, 2014).

Its core functions are as follows:

1. Licensing and Certification of Air Transport Operators
2. Licensing and Certification of Aerodromes and the Construction, Operation, Maintenance and Managements of Navigation Sites.
3. Provision of Air Navigation Services (Air Space Management) within the Accra Flight Information Region (FIR).
4. Regulation of Air Transport Services.
5. Promoting the Development of Civil Air Transport Industry in Ghana.
6. Advising Government on all matters Concerning Civil Aviation, among other functions. . Licensing and Certification of Air Transport Operators
7. Licensing and Certification of Aerodromes and the Construction, Operation, Maintenance and Managements of Navigation Sites.
8. Provision of Air Navigation Services (Air Space Management) within the Accra Flight Information Region (FIR).
9. Regulation of Air Transport Services.
10. Promoting the Development of Civil Air Transport Industry in Ghana.
11. Advising Government on all matters Concerning Civil Aviation, among other functions.
12. Provision of oversight for all activities related to civil aviation (GCAA, 2014).

3.5.1 Ghana Airport Company Limited (GACL)

The Ghana Airports Company Limited (GACL) is the management company for all airports in Ghana and strives to position Ghana as the preferred aviation gateway and Leader in Airport Business in West Africa (GACL, 2013). It manages and maintains all airports and aerodromes in Ghana namely the Kotoka International Airport (KIA) in Accra and the regional airports in Kumasi, Tamale, Sunyani as well as various airstrips (GACL, 2013).

3.5.2 International Air Transport Association (IATA)

The International Air Transport Association (IATA) is the trade association for the world's airlines, representing some 250 airlines or 84% of total air traffic (IATA, 2015). The association manages the relationship between airlines and travel agencies in their flagship central payment system where travel agents sell tickets for airlines and remit the payments on a bi-weekly basis through an IATA appointed bank (IATA, 2015).

3.5.3 International Civil Aviation Organisation (ICAO)

The International Civil Aviation Organization (ICAO) is a UN specialized agency, created in 1944 by the signing of the Convention on International Civil Aviation (Chicago Convention). ICAO works with the Convention's 191 member states and global aviation organizations to develop international Standards and Recommended Practices (SARPs) which States reference when developing their legally-enforceable national civil aviation regulations (ICAO, 2015).

3.5.4 **Ghana Tourism Authority** (GTA)

The Ghana Tourism Authority is also a regulatory institution of government but focused mainly on the tourism aspect of the airline industry. The Authority regulates travel agencies and ensures that all service providers in the travel, tourism and hospitality sectors are duly trained and able to provide world-class service to visitors – both domestic and international.

3.5.5 Ghana Association of Travel and Tour Agencies (GATTA)

GATTA is the association of travel and tour agencies. The travel agencies act as intermediaries for airlines. There are up to 200 travel agencies in Ghana but a good number of them are non-IATA accredited agencies. There are presently 69 IATA-accredited agencies.

3.6 Key Developments in the Airline Industry

The signing of the Open Skies Agreement in March 2000 between the governments of Ghana and the United States of America paved the way for the entry of US carriers like Delta Air Lines, in 2006 and United Airlines, in 2011 to offer direct service from Accra into their hubs in the US. The Open Skies Agreement provided the ground rules and the liberalization of the airspace to carriers from Ghana and the US (United States Department of State, 2000). The agreement between the United States and other countries (including Ghana) expands international passenger and cargo flights by eliminating the usual rigorous and bureaucratic government interference in commercial airline decisions relating to pricing, routes and capacity (United States Department of State, 2000). Another key development in the industry is the growth of the domestic airline industry since 2003. There are currently three domestic airlines offering service to various cities within Ghana. These three airlines are Starbow, African World Airlines and Antrak Air. In addition to offering service to domestic cities, Starbow and African World Airlines also offer service to cities within the West African sub-region.

3.7 Importance of the Airline Industry to the Ghanaian Economy

Air transport plays a pivotal role in supporting international trade, travel and tourism by being the most widely used means of transportation globally (Chan, 2000). There are three main modes of transportation in Ghana – by rail, by road or by air. A fourth lesser used method is by sea. Air transport in Ghana is however, the source of the majority of the inflows in terms of passenger numbers and value to the economy with the total number of passengers who travelled via the Kotoka International Airport in the excess of 1.6 million passengers in 2013 (GCAA, 2013).

CHAPTER FOUR

RESEARCH METHODOLOGY

4.0 Introduction

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

4.1 Research Purpose

The purpose of research in general is to provide a better understanding of an issue. Research can be explorative, descriptive or explanative (Robson, 2002). Nonetheless, some scholars opine that there are some special instances where a researcher may have to combine two of these approaches (Saunders et al., 2009). By this, Saunders et al. (2009) explain that a study can be both descriptive and explanatory at the same time 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 imperative for the researcher to ensure flexibility and adaptability to such change when needed.

Explorative research focusses on seeking new insights, asking questions and gaining better understanding of an existing issue or 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, these authors also hold the view that this approach is better than other approaches, as it affords the researcher higher flexibility and adaptability to the changes that may occur during the research process. Adam and Schvaneveldt (1991) note this flexibility is often demonstrated by the exploratory researcher's ability to narrow in from a broader and diverse focus at the tail end of the research.

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 suggested extensive approach the piggybacks on either exploratory or explanatory research. In this respect, the descriptive is often combined with other approaches to offer a deeper understanding of a phenomenon. In connection with this, some scholars have suggested the term "descripto-explanatory studies" to mean studies that start with a descriptive approach and ends up with an explanatory research (Saunders et al., 2009).

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 a phenomenon or event. The current research is primarily explorative in nature, as it seeks to gain a better understanding of service recovery as it relates to the airline industry.

4.2 Research Approach

Two main research approaches have been popularized over the last two decades. These are the quantitative and qualitative research design. Scholars suggest the adoption of one of these research approaches may depend on the overall goal of the study. In this respect, such scholars suggest that studies that seek to discover new relationships often adopt the qualitative approach, whereas, those seeking to establish conclusion often adopt the quantitative approach to research (Malhotra, 2007). 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 design focuses on collecting data before theory formulating a theory. Whereas, the inductive design considers hypothesizing 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 recovery. This detailed understanding can only be established by speaking directly to the people involved. Qualitative research captures the perspectives of participants in the study and not the values, preconceptions and meanings held by the researcher (Yin, 2011). By employing the qualitative approach to research, this researcher collected data in a natural setting sensitive to the issue under investigation. The researcher interviewed management staff of the airlines 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 approach gathers data by directly talking to people who are 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 construe meaning from the data collected. The interpretation of the data cannot be separated from the person of the researcher and their experience, background and prior understandings play a role in this 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.

4.3 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 of 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 to 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 a 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 airlines in Ghana apply service recovery strategies in their operations. According to Creswell (2007), 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. Though focus groups and depth interviews could have applied to this study, the case study approach was chosen as the most appropriate. Even though focus groups were valuable to provide information from different sources at the same time, having participants from different airlines in the same focus group will not yield the best results. This is because the airline 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. Multiple case studies were adopted to explore different single entities and collect detailed information to show different perspectives on the issue of service recovery within a bounded system (Yin, 2009).

4.4 Population and Sample Selection

The study is focused on the airline industry and, therefore, all airlines in the industry operating in Ghana makes up the population i.e. a total of 26 airlines. 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 service recovery system of the airline industry. In essence, therefore, this study was done through data collection from interviews and a perusal of the extant literature. The purposive sampling method was used to select the airlines in this study. The purposive sampling approach was used as this ensures that the data collected from the sample is the most relevant to the study (Yin, 2011).

The sample covered management of five airlines serving customers to the Middle East, West Africa, East Africa, North America and one airline that flies domestically within Ghana. The choice of airlines for this study is based on three selection criteria. Firstly, based on the Ghana Civil Aviation Authority's (2013) data of the geographical spread of passenger destination and secondly, based on the relevance to the study and finally based on industry endorsement of their operations by the Chartered Institute of Marketing – Ghana (CIMG, 2014). This approach of sample selection is consistent with Yin's (2011) approach to case study research.

Three of the five airlines were selected based on their geographical importance to the Ghanaian traveler. The Ghana Civil Aviation's statistics of International Passenger Distribution (2013) indicates that 14.6% of passengers originating out of Ghana fly to the Middle East, 23.5% of passengers fly to West African destinations and 9.7% fly to Eastern African countries. Hence, one airline each from these three geographical locations was selected. The two other airlines, which will form part of the study were selected due to their relevance to the study and their endorsement by the Chartered Institute of Marketing, Ghana (CIMG). One of them, at the time of the study, was the only airline offering service to North America and the other was relevant as it served the domestic market with flights into Kumasi, Takoradi, Sunyani and Tamale.

4.5 Sources of Data and Data Collection Methods

There are two main sources of research data – primary data and secondary data. In this study, primary data was obtained by direct face-to-face interviews of management of the selected airlines. An interview guide was designed to provide some structure for the researcher's interaction with the management of the airlines. This approach was selected because of the exploratory nature of the research, which required that perceptions and attitudes towards service recovery be uncovered. The study focused on service recovery from the firm's perspective as such, the firm's representatives (in management) were the interviewees. During the interviews, the seven constructs that this study focusses on were examined whilst focusing on achieving the research objectives. To this end, the discussions sought to uncover the existing systems and structures relating to comprehensiveness, decentralization, formality, accessibility, human intensity system intensity and influence. The interviews lasted between twenty to twenty-five minutes and there was an audio recording of the interview with the consent of the interviewee.

4.6 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 iterative stages – compiling, disassembling, reassembling interpreting and concluding. These five steps are described below:

In the compiling stage, the recorded interviews were transcribed individually. Each of the five interviews was treated as an individual case and the transcripts were duly labelled as Case A, B, C, D, and E. The transcripts, therefore, formed the formal database of data for the study. Secondly, there was the disassembling stage at which the researcher has to study each case and retrieve the different themes in relation to the conceptual 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 conceptual framework. This stage allowed the researcher to draw out similarities among the cases as well as unique differences. The reassembling stage was then followed by the fourth stage – the interpretation stage. At the interpretation stage, the data was analyzed 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 stage is where the findings of the study were presented and recommendations for practitioners were proffered.

4.7 Ethical Considerations

With regard to the current study, several ethical considerations were made. This was mainly to ensure that the personal rights of the respondents were respected and given the necessary acknowledgements. The ethical considerations were mostly with regard to the researcher's relationship and interaction with the respondents. These considerations were also necessary because most of the respondents consider their service recovery strategies as a strategic managerial tool that is used to gain a competitive advantage over their competitors.

In view of this, such ethical assurances were necessary to ensure 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 only be used for academic purposes.

CHAPTER FIVE

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

5.0 Introduction

This chapter presents the major findings of the study using a thematic analysis of the data collected through interviews with managers of five airlines in Ghana. The interviews were carried out to gain a better understanding of what pertains in the practice, application and perception of service recovery. Additionally, the chapter presents the findings from the interviews carried out and juxtaposes them with the extant literature in 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 then analysed under nine main themes. These are the seven constructs of the conceptual framework, an understanding of the concept of service recovery and their perception of service recovery's importance to their business.

5.1 Analysis of Individual Cases

5.1.1 Case A

Introduction

The airline serves travellers within the West African sub-region. Statistics from the Ghana Civil Aviation Authority (GCAA, 2013) indicates that 23.5% of the total passenger traffic out of Accra flies to a destination within West Africa. As such, this airline serves an important segment of the Ghanaian travelling market. The airline operates from Accra to twenty-two destinations in West and Central Africa via its hub in Lomé, Togo. Its top five destinations out of Accra include Abuja, Dakar, Douala, Bamako and Conakry. The interviewee is the Sales Manager for Ghana who handles corporate accounts and travel accounts. He manages the airline's local customer relationship management and acts as a liaison between the airline and customers when there are issues relating to service recovery.

Understanding of Service Recovery

The interaction with this manager revealed a good understanding of what service recovery is and why it is needed for airlines in their delivery of service to customers. The interviewee indicated, "*Service recovery is trying to get your dissatisfied customers satisfied".* In addition, the interviewee believes that service recovery contributes to improving the brand image of the airline and helps generate positive word of mouth.

Formality

Case A has laid down procedures for carrying out service recovery. These procedures are initiated when the airline becomes aware of a service failure and may be handled by different process owners within the airline. However, the final responsibility for resolution lies with the Country Manager. Depending on the calibre of the customer, either the Sales Manager or the Country Manager directly gets involved in the follow-up to the resolution process. After the issue is resolved, they also follow up to ensure that the customer is satisfied and there are no pending issues. The interviewee mentioned in the interview that, *"when all is done, the country manager ensures that everything is sorted out and the customer is satisfied".*

Even though the interviewee indicated that they have proactive service recovery measures, he was unable to explain in detail what they do proactively to recover service.

Decentralization

Within the context of an airline, service recovery efforts are dependent largely on frontline staff. Frontline staff should be trained, empowered and motivated to carry out service. The interviewee indicated that frontline staffs are aware of the service recovery procedures and are able to handle the service recovery effort to some extent. However, their level of participation in the process is limited and require authorization to compensate customers. As an example, he indicated,

> "*If a customer complains that he can't find his or her luggage, we give the customer $50 instantly as transportation whilst we attempt to locate the bag. This is known by all our staff and they are authorized to offer this amount instantly. However, if the customer has missing items, the frontline staff needs assistance from a supervisor to process the complaint and compensation*".

The decision on what to defer to a supervisor is dependent on the level of authorization the frontline staff has and there are procedures for that as well. The first thing the frontline agent must do in all situations is to offer an explanation. In some instances, passengers do not get information because the travel agency they purchased their ticket from failed to pass on the information. When this is not done and a dissatisfied customer shows up at the airport, the interviewee stated,

> "*we don't blame the agent instead we apologise and then explain the situation to the customer. After explaining to the customer, we look for alternatives that can suit the customer's needs. If the frontline agent is not able to fully handle the situation, they can request assistance from a supervisor*".

Human Intensity

Concerning human intensity, Case A provides quarterly customer service training for staff. The respondent answered by stating, *"we organize quarterly customer service training which includes how to handle complaints and customers who are dissatisfied with our service".*

There is the collaboration between frontline staff and management in the process and depending on the magnitude of the service failure; handling may have to be escalated to management.

System Intensity

The company has no specific budget allocated to service recovery and resources are disbursed depending on the situation that arises. The interviewee stated,

"There is no set amount or specific budget for service recovery issues. Basically, it is addressed when it comes".

There are, however, specific amounts for specific incidents. For instance with delayed baggage, customers are immediately given $50 cash for first needs and transportation. Monitoring the service recovery processes is an important step in ensuring that recovery is effective. This is done mainly through follow-ups by the sales manager or the country manager after the recovery activities have been completed.

Comprehensiveness

The respondent agreed that there is a wide range of possible service failures within the service encounter between the airline and the customer. Service recovery, therefore, anticipates several scenarios. However, the interviewee indicated that the main service failure incidents had to do with baggage - loss, delay or damage. The interviewee revealed, *"We once had a minister on travel on us and one of his bags did not arrive. The first thing we did was to report the incident to operations…we could not find his bag after a few attempts. He took us to court but before the court case ended, we found his bag and all its contents were intact. We made sure he was satisfied and has a good perception of us".*

Accessibility

For this case, customers may complain through their travel agents whom they purchased their tickets from or directly through published contact information. He added that this information is published on the ticket jackets handed when they buy tickets directly from the airline. Unfortunately, since a good number of the customers purchase tickets through travel agents, they do not have the airlines contact information and may have to rely on their travel agents to pass on information. It is, therefore, common that some dissatisfied customers may go unnoticed. The interviewee asserted,

"Sometimes customers are not able to reach us with their complaints and agents may not pass it on. Also, customers who get our ticket jackets do not read the information on it which includes how to reach us if something goes wrong".

Influence

The type of customer and the type of service failure has an impact on the levels of compensation offered. There is a standard level of compensation that all customers are entitled to, but Case A *"pays special attention to frequent flyers and loyal customers"* by ensuring they are well taken care of but do not offer them more compensation to them.

Perception of the Importance of Service Recovery

When asked what the importance of service recovery is to the business, Case A indicated that it helps the airline maintain its customers and win back dissatisfied customers. A good service recovery effort provides an opportunity for the airline to gain positive word of mouth since customers are likely to tell other people about their experience. The main challenge Case A faced with service recovery is that of,

"*internal bureaucracy which slows down the processing time of issues relating to service recovery and, therefore, customers tend to have to wait for protracted periods for responses further aggravating the situation".* However, the challenge is not significant enough to deter the continued commitment to ensuring that whenever there is a service failure, the airlines does its best to win the customer back.

5.1.2 Case B

Introduction

Case B is an airline that flies to the United States of America. At the time of this study was the only airline offering service from Accra to its hub in New York. The airline commenced service to Accra in December 2006 and has maintained a minimum frequency of four flights a week. The interviewee is the Ticketing Supervisor in charge of the City Ticket Office (CTO) and the Field Ticket Office (at the airport) and is the customer care handler for the airline in Ghana.

Understanding Service Recovery

Case B described service recovery as being an effort to please an aggrieved customer and to ensure they return to the airline after a service failure has occurred.

Formality

The presence of a structured, laid-down procedure for handling service recovery exists in Case B. There are procedures for medallion passengers and for regular passengers:

> *"medallion customers are customers who are our frequent flyers and are loyal to us. They also spend a lot of money on us so we go the extra mile to take care of them when there are service failures. So even if it means we have to lose money, we do whatever we have to do to make sure the medallion customer is happy and they keep coming back to us".*

Additionally, there are procedures for the *"general public"* which is the standard procedure for every customer who experiences a service failure. Some of the service failures may be due to the attitude of staff during the check-in process or due to the fact that a customer is asked to pay a fee they are not happy. When they complain,

"*we have a procedure to ensure that they are also taken care of. We have a toll-free number, which is for the customer care desk in the U.S., and customers can call that number and get assistance. They can also get assistance directly from us in Ghana as their first point of contact".*

In relation to proactive service recovery, Case B provides information and compensation to customers when they anticipate a service disruption. For instance, if a flight will be delayed, Case B is aware before the customer is and ensures that all customers who may be impacted are informed and alternative arrangements offered to them. This ensures that even before the customer notices the service failure, there is some service recovery option available, reducing the level of dissatisfaction.

The complaint handling procedure starts from the point the customer makes the complaint. Most complaints are done directly to the airline at the City Ticket Office to frontline staff of the airline or at the airport at to any representative of the airline. Case B has special supervisors on duty at the airports that are referred to as "*Red Coats*". These supervisors have the ability to resolve customer issues in a prompt manner and on the spot.

"*They go the extra mile to assist customers and ensure that their issues are resolved. When a customer writes to us, their complaint is handled by the customer care desk in Atlanta. Some of those complaints are handled locally by me and we make sure we do our best to regain the customer's confidence*".

For medallion customers who complain, Case B offers travel vouchers, refunds, complimentary upgrades or bonus miles. Travel vouchers are not transferrable to other customers and must be used within a twelve-month period.

Decentralization

Frontline staff are trained to know what the procedures for managing service failures and carrying out service recovery and are expected to be able to offer some level of assistance. However, frontline staff can handle not all situations and depending on the gravity of the issue; a supervisor may be needed to assist. Staff are aware of the procedures and are required to follow through. In instances where the front line staff is able to assist the customer, they are required to report to a supervisor after the fact and document the interaction with the customer into the customers' reservation.

> *"This allows the next agent who assists the customer to know what has already been offered and to have some background to the encounter the airline has had with the particular customer". Staffs are empowered to handle customer complaints and where they are unable to do so fully, request assistance from a supervisor".*

Human Intensity

In relation to the role, staff play in carrying out service recovery, Case B relies heavily on its frontline staff as the first point of contact. As such, they also provide quarterly training for customer facing staff and annual refresher courses.

System Intensity

The resource allocation of Case B was not clear. This was evidenced by the fact that the interviewee had no knowledge of budgetary allocation for the purpose of service recovery. Even though she affirmed that there is an allocation, no amounts were indicated. The effectiveness of service recovery by Case B is monitored mainly through feedback from customers. *"Customers have sent us compliments on a number of occasions after we have recovered their service".* Understandably, Case B affirmed that no all their agents stick to the laid down procedures at all times. They are allowed to use some amount of discretion. Frontline staff are trained to follow the procedures but are empowered to make some exceptions.

Comprehensiveness

Case B focusses mainly on flight disruptions in its service recovery efforts. Even though there could be a number of other service failure incidents, the local need was related mainly to flight disruptions. This is because this is the most frequent service failures they encounter. With flight disruptions Case B does not wait to receive complaints, they compensate all passengers impacted.

Accessibility

Customers can complain to Case B through three main channels – directly to their staff, in writing by email or online through their website. The interviewee indicated that their medallion customers are aware of these procedures. The regular non-medallions are more inclined to complain to the first point of contact and not go through the formal modes of complaining. They concede that some customers do not complain.

Influence

Interestingly, Case B does not offer special treatment to different categories of customers when they are in the same service failure situation. The interviewer probed further to find out if medallion customers did not get preferential treatment and the interviewee indicated,

"*We don't compensate medallions more than regular customers".*

Perception of the Importance of Service Recovery

Case B perception of service recovery importance to the business is that it is very important. The interviewee opined that service recovery when properly handled could lead to positive word of mouth as well as repeat business. She noted, *"Service recovery helps improve the overall service to the customer and has the potential to improve the industry's image to the public".* Even though there are challenges relating to the cost of service recovery, Case B believes the benefits far outweigh the challenges.

5.1.3 Case C

Introduction

Case C is a member of the Sky Team Alliance and a leading African airline flying to 65 destinations worldwide, 38 of which are in Africa. It offers service to approximately three million passengers annually. The interviewee for this case is the Sales Executive in charge of Ghana and has worked with the airline for five years. He has a total of ten years' experience in customer service and sales in the airline industry in Ghana.

Understanding of Service Recovery

In giving a brief explanation of what service recovery is, Case C explained that anything that occurs to a customer out of what they expect from the airline is a service failure. If a guest goes through an unexpected incident, the airline has the responsibility to resolve the situation in the form of compensation for the passenger's loss. The process of getting the customer to regain confidence in the airline is what service recovery is according to Case C.

Formality

With regards to whether there are laid down procedures for handling service recovery, Case C indicated they do have a procedure. This procedure is initiated when a customer complains and the customer service desk begins the process of recovery. A customers with a complaint can go online to their website to complain or send an email to the office locally or internationally to the headquarters. When proactivity is needed, for instance, when there is an operational failure, the airline relies on the staff at the scene carry out service recovery. The interviewee stated that the cabin crew are required to apologise and explain when there are service failures.

Decentralization

Frontline staff of Case C are not able to handle complaints directly at their level. They are required to refer all complaints to the customer service desk who handles them. Even though they know what the procedures are, they do not process complaints. The interview added that *"Frontline staff are required to get all the necessary information of what the customer's issue is and then pass them on to the customer care desk to be processed"*.

Human Intensity

All staff of this airline are expected to be able to listen to a customer's complaint and transfer a customer to be assisted by the appropriate individual or office. Therefore, Case C trains and ensures that frontline staff are able to process customers through the initial stages of filling out a complaint form and re-directing them to where they will get the needed assistance. Training is a pivotal part of the process and so staff have quarterly training and daily briefing to keep them abreast with new trends.

System Intensity

Regarding the resource allocation committed to the airline's service recovery efforts, Case C was unable to provide anything concrete. Even though he stated that there was a budgetary allocation, the amount involved was not known. Monitoring the effectiveness of the system is also important and Case C considers sales and repeat business as a direct consequence of effective service recovery. The airline has an

"*Opportunity to Improve (OTI) measurement matrix which is monitored on a monthly basis. This OTI matrix is usually seen as an indication of progress in handling complaints vis-à-vis the number of complaints received during the period and the number of resolved cases"*.

Comprehensiveness

In explaining the comprehensiveness of the service recovery strategy of Case C, the interviewee highlighted a concentration on operational failures like flight cancellations and delays, delayed or lost.

Accessibility

Customers can contact Case C through email, social media or directly by calling or visiting the airline's office. Some customers who are not aware of these channels may complain through their travel agencies. The website is the main source of information. Customers who need assistance with situations are more likely to get assistance from using links provided online.

Influence

There is a basic level of compensation for every customer. Case C adheres to the *"guidelines provided by ICAO's Warsaw Convention"*.

Perception of the Importance of Service Recovery

In response to the question of what the importance of service recovery is, the interviewee stated that service recovery is a differentiator and sets one airline apart from the others. Case C was of the opinion that taking service recovery seriously was important to ensure that customers are well taken care of. The interviewee provided information of what the airline was doing to improve the customer experience; including developing a new terminal in their hub, changing their aircraft to one with more capacity to transport baggage in a better manner, and changing the uniforms of its cabin crew.

The biggest challenge Case C perceived of service recovery was the fact that sometimes nothing an airline does to try to win back a customer works. He, however, added that some situations could not be resolved or compensated for. In spite of the challenges, the benefits make it expedient for an airline to focus on having effective service recovery systems.

5.1.4 Case D

Introduction

The only domestic airline in this study, Case D is significant because it serves a unique segment of the market – the domestic traveller. Case D commenced domestic flights in 2011 and expanded into the West African region. It has since suspended its international service due to weak demand. It currently flies from its hub in Accra to Kumasi, Takoradi and Tamale. The interviewee is the Sales Manager of the airline with ten years cumulative experience in the airline industry having worked with two other airlines in Togo and Ghana.

Understanding of Service Recovery

The perspective given to the meaning of service recovery by Case D was an interesting one. Service recovery was explained in a very broad sense as

"*All the activities that happen after the sale and after the passenger has used the service. It is the airline's last chance to please the customer*".

Formality

In providing an indication of the level of formality of their approach to service recovery, Case D highlighted the channels through which customers complain and how their complaints are handled. The Customer Care Manager is in charge of handling these complaints and that individual reports to the Sales Manager. The first step is to thoroughly investigate the incident as reported by the passenger, liaising with the appropriate department and then providing support for a conclusion of the matter. In some instances, Case D indicated that the resolution of the complaint could be by offering "*a simple official apology or a commercial gesture*". The "*commercial gesture*" he explained was in the form of *"compensation"*.

Proactive service recovery was usually carried out in direct response to the anticipation of operational failures like flight cancellations or delays. In situations like that, the list of passengers affected is generated and they are informed of the anticipated incident and an apology is rendered. The interviewee, however, admitted, "*This is not done often*".

Decentralization

The presence of procedure does not in itself suggest that a procedure will work. The frontline staff must also know this procedure and be able to apply it. Case D admitted that even through frontline staff know the procedure; they are not empowered to be able to readily assist customers without having to refer to a supervisor. This he attributed to the level of access they have to the Global Distribution System (GDS), which is their reservations software for ticket sales. The frontline staff can only process transactions within the limit of their access and have to refer all other issues to a supervisor. The presence of the airport station manager at the airport during flight operations makes it a seamless process for airport front line staff to get assistance for customers readily. This was however not the case for ticketing agents in the sales offices who were spatially distant from their direct report.

Human Intensity

The human resource of Case D is crucial to their operation. The interviewee emphasized that the "*Their people were their most important asset and they fully rely on them to provide service to customers*". Even though he believed that technology had a part to play in service recovery, the people were the pivot. He was of the opinion that every office within their organisation should have at least one person who could readily solve customer issues without having to do it from a centralized point all the time. As part of the induction process for new hires, customer service training is done. *"We've done some training for them in the past, but we need to take it a step further to empower them. Currently, we are not there yet. That would be our next step"*.

System Intensity

There was no information available on the airlines resource allocation towards service recovery. Monitoring the system is done through direct reporting from the customer care manager to the sales manager at weekly management meetings. At these meetings, they discuss all customer related issues that have reached the desk of the customer care manager. He, however, stated, *"Not all complaints get to the customer care manager"*. When asked how the airline's management ensures staff follow through on laid down procedures, Case D's response was "*This is a really hard question. We only know what comes to the customer care desk*". This is an indication that some complaints may go unnoticed.

Comprehensiveness

Service recovery for Case D depends on the type of service failure. This airline mainly anticipates that failures will be due to either operational challenges or sales issues. Operational challenges have to do with the flight, on-time departure or delays. Sales issues were mainly due to errors by staff – wrong input of data, cancelled reservations, and general mistakes in processing customer requests.

Accessibility

Case D provides customers an option to complain via their website *"Contact us"* tab. The interviewee, however, believes that their main channels are direct complaints in their office or through the call centre. Emails are also an option customers have, but they hardly use this as a method of contact. Sadly, he noted that "*having worked in Ghana for some time now, I have observed that Ghanaian customers do not complain, they simply walk away and never come back"*.

Influence

There may be a slight difference between what different customers receive but Case D offers compensation based on ICAO's regulations under the Warsaw Convention. They tend to treat each case as a unique one and approach the offers of compensation on a case-by-case basis.

Perception of the Importance of Service Recovery

As an indication of the premium Case D places on service recovery, the interviewee indicated that service recovery is the firm's last chance to get a customer back. Although he admits the airline has some processes in place, there was the need for more effort. "*Everybody should be empowered to take a decision; up to a level obviously so that customer complaints can be sorted out quickly"*. To achieve the level of service Case D plans to offer, training and empowerment are needed. "*Training is expensive and compensation is also a cost to us but for me the most important thing is empowerment". "The benefits of service recovery are enormous",* he added.

5.1.5 Case E

Introduction

This airline has offered service from Accra into its hub in Dubai for a decade. Case E provides service to a significant segment of the travelling market for both business and pleasure. The airline operates daily flights into Dubai with connections to 142 destinations in 80 countries. The interviewee is the Sales Manager of the airline with five years' experience in the industry.

Understanding of Service Recovery

Case E believes that service recovery is an attempt at exceeding the customer's expectations when things go wrong. Service recovery is therefore needed to gain back the customer's confidence. Providing an example, the interviewee used operational delays, which affect customers' schedules. Service recovery is, therefore, the attempt to get the customer to *"love us again"*.

Formality

The airline has laid down rules to carry out service recovery and this is dependent on the failure type. Some failures are due to ticketing errors or airport challenges. The complaint handling procedure starts from when the customer complains. An investigation is carried out to understand fully what went wrong so that the airline can apologise and improve in the future. In being proactive, Case E has procedures in places as well. For instance, in an overbooking situation, the airline is aware before the flight by checking the flight loads and offers passenger options to accommodate them on other flights.

Decentralization

Case E handles service recovery access based on the magnitude of the complaint. Frontline staff are able to handle generic complaints. Other more serious service failures have to be fully investigated to before they are handled. However, frontline staff are empowered to handle the basic complaints like a cancelled flight needing a reroute or a delayed bag needed to be tracked for recovery. Any issue a frontline agent is not able to handle is referred to the "*customer service officer who looks into the issue, finds out what exactly happened and deals with it. She has the requisite training to handle these things",* he stated.

Human Intensity

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 done in a discursive manner at staff meetings where all staff are able to discuss their experiences and share with other team members on best practises. This is aside the more specific training that staff are taken through in their home country.

System Intensity

Case E does not have a specific resource allocation for service recovery. Resources are allocated on a case-by-case basis. Monitoring the effectiveness of the processes is based on customer feedback. Even though staff are aware of the procedure for handling complaints and there is a presence of a customer care officer, there is no method for ensuring that staff follow through on these procedures. Case E assumes that the importance of the customer to the business should compel the frontline staff to act on the complaint. *"When a customer goes to the extent of writing out a complaint, it means that the customer feels this is very important. We take that very seriously. We have an officer who handles these complaints directly, logs* *them and ensures all issues are resolved".*

Comprehensiveness

The main issues that Case E encounters in terms of service failures are related to operational delays and overbooking of flights. The other issues that come up as customer feedback are customers "*inability to reach us via our call centre. So we now have a new call centre to be able to measure the call centre productivity and be able to query unproductive staff".* The airline also manages customer wait time in their office and ensures that frontline staff are readily available to assist customers who walk into the office at all times.

Accessibility

Customers can provide feedback through email, the call centre over the phone or directly by walking to the office to make a complaint. Our contact information is available on our website and customers to have easy access to this. He stated, *"It is published on our website and if they are dissatisfied with anything they can contact us. We also have a feedback form on board all our flights".*

Influence

For two customers involved in the same service failure, the cabin of service the customer was in will be the first differentiator of compensation is offered to each customer. Aside this, compensation is offered equally.

Perception of the Importance of Service Recovery

Case E strives to achieve zero service failures by being the best in the industry. The airline has won several awards including best for on-time departures out of Accra, best for business class travel and best in economy service. The objective is to offer service that is so good that it is a key differentiator. The challenges encountered are "*people challenges". Customers who are difficult to please or staff who are unwilling to give off their best"*.

Table 5.2 Summary of Cases

Elements	Case A	Case B	Case C	Case D	Case E
Understanding of Service recovery	Trying to get dissatisfied customers satisfied. Service recovery has implications for the brand image and generates positive word of mouth	An effort to please an aggrieved customer and to ensure that they return to the airline.	Anything outside of what the customer expects and what the airline has promised to offer is a service failure. Service recovery is when the airline takes the responsibility to regain the customer's confidence.	The effort by the airline to fix anything that goes wrong after the customer has used the service. The last chance to win a customer's confidence.	Service recovery is the attempt by the airline to exceed the expectations of a dissatisfied customer.
Formality	The laid down procedure is initiated when the airline becomes aware of a service failure. Either by a complaint or by their own internal mechanisms. Proactive measures were not a priority.	There are procedures for handling complaints and priority is given to frequent flyers. Proactive measures are in place to anticipate dissatisfaction due to operational failures and compensation is offered before customers complain.	Complaints are handled and managed by the customer service desk. On-board handling can be done by cabin crew when there is an operational delay. Proactive measures are mainly related to operational delays where customers are sent information on delayed flights.	Service recovery is managed by the customer care manager who reports to the Sales Manager. Service recovery may conclude with an apology or a *commercial gesture*.	Service recovery is handled by the Customer Service Officer. Proactively, service recovery is done by anticipating possible service failure points like the overbooking of business class.
Decentralization	There is some amount of decentralization. Frontline staff are aware of procedure but are not fully empowered to handle all cases completely.	Frontline staff have the authority to handle a wide range service recovery options and simply report to a supervisor after the incident.	Frontline staff are not able to handle complaints. They are required to collect information and pass it on to the Customer Care desk for handling.	Frontline staff are not empowered to handle. All issues are deferred to a manager. The level of access they have in the GDS restricts them from being able to resolve	Frontline staff can only handle basic complaints related to routing changes or initiate a claim on a missing or delayed bag.

	Supervisors are usually referred to for full resolution. Senior Management gets involved depending on the type of customer and magnitude of the service failure.	Where a frontline staff is unable to assist, "*red coats*" are available to assist at the airports. Staff are required to put remarks in the reservation of customers they assist as a form of record keeping and reporting.		ticketing related complaints.	
Human Intensity	There is quarterly training for staff and constant interaction between frontline and management to resolve issues.	Service recovery is dependent on staff. Training is done quarterly and there are annual refresher courses.	Training of staff is done during daily briefing sessions for staff at the airports and quarterly for the whole team.	Training is done as part of their new hire orientation process and occasionally for the team.	Training is done frequently through discussions with team and training.
System Intensity	There was no knowledge of budgetary allocation to service recovery. However, specific amounts are handed out as "first needs compensation" to customers when there are baggage delays.	There was no knowledge of budgetary allocation for service recovery. Monitoring of the effectiveness of the system is based on customer feedback	Opportunity To Improve (OTI) matrix is used as a tool to measure the effectiveness of service recovery and stations are queried. OTI success is based on customer feedback and repeat purchase from customers recovered.	Monitoring of effectiveness is done through management reporting at management meetings. There is no system to ensure that staff follow through on complaints within their service recovery effort.	Measuring effectiveness is based on customer feedback.
Comprehensiveness	Focus is on baggage related service failures, flight delays and cancellations.	Focus is on flight disruptions as this was the most frequent service failure for this airline.	Focus is on operational failures and baggage related service failures.	Focus is on operational issues and ticketing errors by staff.	Focus is on operational service failures
Accessibility	Complaints can be via travel agents or directly. The information is printed on the airline's ticket jackets but most customers do not notice it.	Customers can complain directly to staff, via email or online via the website. Frequent flyers have more access to the airline and	Customers can complain via Social Media, in person or by email. Contact information is published online.	Online via their 'Contact Us' tab. Customers can also walk in and complain directly.	Customer can provide feedback by filling out feedback forms on board the flight or online at the airline's website

		are more aware of channels than non-frequent flyers.			
Influence	There are standard levels of compensation but frequent flyers are given preferential treatment.	There is no preferential treatment for service recovery for frequent flyers.	Standardized compensations based on ICAO's Warsaw Convention.	Complaints are handled on a case-by-case basis using the ICAO Warsaw convention as a guide.	Compensation may be differently offered based on the cabin of service of the customer.
Perception of the Importance	An opportunity to win back a dissatisfied customer and generate positive word of mouth Bureaucracy as the biggest challenge leading to delays in response time.	Very important. It leads to positive word of mouth as well as repeat business. Service recovery is a cost to the airline but its benefits far outweigh the costs.	Service failures are being prevented by an investment into the service delivery. Better terminals at their hub and a switch to wider body aircraft, which can accommodate more bags.	Service recovery could be approached in a better manner as it is that last chance for the airline to get it right with a customer. Staff need to be empowered for service recovery to be successful.	There is an attempt to achieve 'zero defects' but in the unlikely incident of a service failure, the airline must do everything to regain the customer's confidence.

5.2 Cross-case Analysis and Discussion of Findings by Research Questions

The individual analysis of each of the five cases used in this study was necessary to provide an understanding of what each case has in place to carry out service recovery. 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 sought to find out what service recovery strategies airlines in Ghana have in place. The sample of airline managers interviewed covered five key geographical destinations and their responses can be indicative of the general population of airlines. Their responses to addressing the first question can be addressed looking at the seven constructs of the conceptual framework of this study i.e. formality, decentralization, comprehensiveness, human intensity, system intensity, accessibility and influence.

There was a good understanding of what service recovery is amongst all five cases in this study. Interestingly, all cases indicated that customer satisfaction after a service failure was necessary to win a customer back to the airline. There was a general understanding that things can go wrong during the service encounter and airlines had to ensure they worked on regaining the customer's confidence. Case E was alone in their approach to service delivery by striving to ensure there were no service failures in the first place. Case E maintains that its service delivery is its key differentiator and as such commits significant resources and training to ensure the customer is happy the first time. Case D described service recovery as the airlines "*last chance to win the customer's confidence*".

In relation to the formality construct in answering the first objective of this study, there was also a general trend of some amount of laid-down procedure for carrying out service recovery. Cases B, D and E have all customer complaints managed by a Customer Care desk or officer. This suggests that there is a structure and laid-down procedure for handling service recovery. When customers complain, the managers in charge are responsible for ensuring that they investigate the issues and resolve them – either by offering an apology or compensation. Case A and Case C managed service recovery in a collaborative manner between different functional departments within the airline. In the situation of in Case A, service recovery was handled by the either the airport station manager or the sales manager. In Case C, the Ticketing Supervisor handles all customer care issues in collaboration with the Station Manager and an external customer service desk.

Proactive service recovery has received little attention by all the airlines. Service recovery is carried out as a reaction to customer complaints. Case A had nothing in place to anticipate service failures and attempt to recover the service before the incident. The other four cases indicated that in situations where they anticipate a flight delay or cancellation (possibly due to weather), they are able to inform passengers ahead of time and offer an apology and compensation to mitigate their loss. Case C and Case E provided alternative routing options for passengers they anticipate would be impacted by operational disruptions. Case E had a peculiar situation where premium passengers flying in business class may be denied boarding due to overbooking during peak travel periods. Such customers were offered compensation and rerouted on a later date. All the cases in this study provide some amount of compensation to their customers.

The role of frontline staff in the service recovery process was also addressed by research question one under the decentralization construct. It is worth noting that even though the interviewees provide an indication of the importance of *people as part of the service delivery process',* only Case B has frontline staff with some semblance of empowerment to be able to resolve customer complaints and be actively part of the service recovery process. They are able to resolve customer issues relating to operational disruptions and report to a supervisor after the incident has been resolved. Additionally, they had *red coats* (supervisors) on duty at the airport to assist customers who had situations, which were beyond the frontline staff's technical ability to resolve. All other cases required that their frontline staff collect some required information from the customer and pass that on to a supervisor who handle the issue from that point onwards. Case D's restrictions on frontline went beyond guidelines to the technology they used. Frontline staff had limited access to their Global Distribution System (GDS), which is the computer software used to sell tickets, so they were also limited in how much assistance they could provide to customers.

Training of staff was a generally observed practice amongst all five cases albeit to varying extents. Cases A, B and C provide quarterly customer care training (locally and in their home countries). This is done to prevent service failures as well as handle service recovery in the event of service failures. However, Case D and E had a less structured approach to training with Case D stating, *"We have some training, but it could be more".* Case E has *training* as part of staff discussions.

Unfortunately, none of the airlines was able to give any concrete indication of resource allocation towards service recovery. The fact that all those interviewed were management level staff yet were unable to give the interviewer any indication of their resource commitment to service recovery is an indication that the decision for such things is made at a higher level, may be handled at a higher level than that of the interviewee or that such an allocation is non-existent. Moreover, the airlines in this study seemed not to have any clear indication on how they monitor the effectiveness of their service recovery efforts outside of customer feedback. The only exception to this was Case C that has an Opportunity To Improve (OTI) matrix, which is used to measure the effectiveness of service recovery through the number of resolved complaints and repeat purchase from a customer who has previously complained. Case D measures effectiveness based on management reporting but when asked how they ensure that the recovery procedures are followed through, the response was "*we only know what gets to the customer care manager's desk"*

It is worth noting that the cases in this study focussed their service recovery efforts on operational service failures – flight cancellations and delays. Only Case D indicated service failures due to ticketing errors causes by their staff. Additionally, Case C had a received a good number of complaints relating to the delayed arrival of passenger baggage. They had identified that this was due to the size of the aircraft they previously used out of Accra. As such, they had recently upgraded to a wider body aircraft to be able to transport all passenger bags. None of the airlines focussed on *people failures.* Customers who have experienced service failures have a number of channels through which they can gain access to the airlines in this study. The main channels included in-person interactions in the airline sales offices, online through social media or their website, by email or over the phone. Interestingly, Case D noted that *"having worked in Ghana for some time now, I have observed that Ghanaians don't complain, they walk away and never come back*". Case E provides onboard feedback forms to facilitate feedback. The dominance of online options by Cases A, B, C, and E is evidently not the preferred mode of contact for domestic passengers flying on Case D. The interview revealed that not only do they receive very few complaints; the complaints are mainly in-person directly in their office. The fact that they do not receive complaints is because their customers are more likely not to complain. A fact that the interviewee attributed to the peculiarities of the Ghanaian customer. The presence of a social media option was peculiar to Case C.

The ICAO Warsaw Convention provided the basis for airlines in this study to provide compensation for service failures. Case A and B provided some preferential service and in some cases different compensation for their frequent flyers and loyal customers. However, they emphasized that the compensation levels are standardized. Case E, on the other hand, focussed more on their premium passengers in carrying out service recovery. They ensured that their business class passengers were well taken care of at all times as these passengers accounted for a larger volume of business to the airline. Interestingly, Case B, which indicated that it, provided preferential treatment to its *medallion customers* but did not offer higher compensation to this segment. Even when the interviewer probed, the interviewee indicated that the compensation levels were the "*same across board".*

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 airlines in this study and by extension the industry of focus. These are - a lack of decentralization, a lack of proper systems to track service recovery (system intensity) and a lack of comprehensiveness. These three issues are discussed with reference to the extant literature within the service management field.

Lack of Decentralization

The importance of the frontline staff in service recovery has received extensive attention in the extant literature (Bitner et al., 1990; Hart et al., 1990; Heskett et al., 1994; Lorenzoni & Lewis, 2004; Wen & Chi, 2013; Hinson, Owusu-Frimpong & Dasah, 2011). Their role in ensuring that service recovery is effective is hinged on the fact that frontline staff must be well trained and empowered to assist customers (Hinson, 2006). Additionally, the extant literature suggests that frontline staff that are trained and empowered have been noted to have higher levels of job satisfaction, which translates to customer satisfaction (Heskett & Schlesinger, 1994). 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 invariably the profitability of the firm (Heskett & Schlesinger, 1994). Unfortunately, the interaction with all the cases revealed that airline staff in Ghana are not able to fully handle issues of service recovery. 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 longer one and lead to higher levels of dissatisfaction.

Hinson (2006) affirms that a properly managed complaint 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 airlines like Cases A 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 increased levels of customer dissatisfaction. Case A indicated in the interview that one of their challenges is that of "…*bureaucracy when complaints get to the head office, it takes time before we get feedback".*

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 the customer complaints to the point of resolution casts further doubts on the effectiveness of service recovery in the airline industry in Ghana. As indicated by Cases C, D and E, the frontline that may be the first point of contact for the customer is required to hand over information to a customer service desk or officer who continues the process. Interestingly, there was no mechanism to ensure that, that procedure is complied with and staff is processing complaints through to their logical conclusion. This supports the assertion by Hart et al., (1990) that over fifty percent of companies who receive complaints fail to respond to them and by such actions reinforce the customer's original negative perception of the firm.

Lack of System Intensity

The second key finding under research question one is the lack of system intensity. Aside from the inability of any of the cases to give any clear indication of financial commitment to service recovery, only Case C had a system in place to measure the effectiveness of service recovery. All other cases relied on customer feedback which, considering the fact that only five to ten percent of customers actually complains, (Tax & Brown, 2012; Hinson, 2006), relying on customer feedback is not tenable. Instead of complaining, customers are likely to silently walk away and switch airlines or in some cases try to gain attention by spreading negative word of mouth about the airline (Narteh, 2013).

Lack of Comprehensiveness in the Approach

Thirdly, there was a lack of comprehensiveness in the approach to service recovery. Of the five cases, four of the airlines relied fully on customer complaints instead of being proactive in their approach. Proactivity was limited to Cases B and E who contacted customers when a service failure was anticipated. Service recovery goes beyond complaint handling to being a *proactive* effort by firms to anticipate service failures and address them promptly (Komunda & Osarenkhoe, 2012). In this vein, Case B and E were able to provide evidence of some attempts at this. However, the focus on possible service failures was fully skewed towards operational failures – flight cancellations, delays and overbooking. *People failures* (Keaveney, 1995) were downplayed in all the cases. These *people failures* included the fact that airline staff are noted to have consistently bad attitudes when handling customers in service failure situations (Bamford & Xystouri, 2005).

5.3. Cross-case Data Analysis for Research Question Two

Research question two was to determine what the perception of airline management is towards service recovery. The interviewer found out the managers interviewed understood by service recovery, what the benefits and challenges of service recovery. Most importantly, whether or not they felt the challenges of service recovery outweighed the benefits.

There was a general agreement that service recovery was crucial to an airline's attempt towards maintaining its customers. Customer who were dissatisfied needed to be appeased and their custom maintained. The airlines detailed that service recovery was necessary and had its benefits. Some of the benefits highlighted were positive word of mouth, regaining customer confidence and exceeding customer expectations. Aside of Case E who approached service recovery from the perspective of *getting it right the first time*, the other cases believed it was near-impossible for things not to go wrong with airlines because of the myriad of issues that were outside of the scope of control of the airline.

The challenges of service recovery as stated by the manager interviewed included bureaucracy, the cost implications to the airline, the inability to satisfy customers after a service failure and the lack of empowered frontline staff that are not able to assist customers fully. Bureaucracy in processing complaints affected the speed of response to dissatisfied customers, which in turn led to more dissatisfaction. The cost implications suggested by Case B include the cost of compensation and refunds to the airline. Additionally, there is a cost of service failure, which cannot be quantified in monetary terms – negative word of mouth as well as a negative perception of the brand.

There was a consensus that service recovery was important for their business and the industry as a whole. Emphatically, Case E mentioned that airlines must attempt not to have any errors and service recovery should only be a contingency. Case D stated that the inability of frontline staff to be able to assist customers was their biggest challenge and were optimistic that once this is addressed, service recovery will be more effective.

5.3.1 Discussion of Findings for Research Question Two

The benefit of service recovery to the airline is the key finding of research question two. The airlines detailed their perception of the benefits and challenges of service recovery. As supported by the service management literature, the benefits of service recovery are extensive. These benefits include - enhancing customers' perception of the quality of the service and the organization, positive word of mouth, enhancing customer satisfaction and building customer relationships and loyalty (Komunda & Osarenkhoe, 2012). There is the acceptance of the fact that customer loyalty has a positive influence on organisational performance (Atalik, 2007). The *recovery paradox* supports the assertion that customers who have experienced a service failure and have also experienced effective service recovery are more loyal than customers who have not experienced a service failure at all (Hart et al., 1990).

The cost implication of service recovery in terms of the accounting costs was one of the challenges mentioned by the airlines in this study. However, Zhu et al. (2004) suggest that cost the firm incurs is not limited to accounting costs only, but should rather be viewed as *value* the firm offers the customer after a service failure. Finally, not being able to meet customer's expectations is directly linked to their perception of fairness. Customers evaluate recovery efforts by firms in terms of the outcomes, procedures involved and interaction they have with the firm during the process (Prasongsukarn & Patterson, 2012). As such, airlines must ensure that they are there is the effective management of all three forms of justice for service recovery to be effective (Prasongsukarn & Patterson, 2012).

5.4 Cross-case Data Analysis for Research Question Three

The third research question of this study sought to find out how airlines apply service recovery systems in their handling of service failures. During the interviews, the interviewer probed on how the airlines ensure that laid down procedures are followed through by their staff as well as how they measured and ensured that their efforts in service recovery were successful. The interviewer deduced from the interview and the discussions that there was the minimal application of proactive service recovery across all the cases as the airlines were more reactive in their approach.

Generally, all the cases were more likely to apply service recovery when they were made aware of a service failure. This meant that in the event that a customer did not complain, there was the possibility that no service recovery will be carried out. The only exception to this was in flight cancellation situations where the airlines attempted to contact customers so they were aware of the situation prior to arrival at the airport. Case A was unique in offering an instant compensation of $50 to a customer who had not received their luggage upon arrival in Accra. This amount was to cater for *first needs* and transportation of the customer whilst the airline tried to track and retrieve their bags. This offer of compensation is consistent with service recovery attributes. Case C mentioned that where necessary, they rely on cabin crew to provide apologise for flight delays.

This approach of rendering an apology is consistent with all the airline and Case D remarking, *"Sometimes, a simple apology is all that is needed".* To offer compensation in the form of a refund or a monetary compensation for loss of time or property to a passengers, Cases A, B, C, and D all used the ICAO standards in providing compensation to customers. This suggests that they offered a standard compensation to customers. Case E distinguished its offering of compensation based on the cabin of service and of the customer. Cases A and B provided some preferential treatment to its frequent flyers but maintained a standard compensation for all customers in a particular service failure situation.

5.4.1 Discussion of Findings for Research Question Three

The key findings under research question two are related to the degree of formality, influence of different types of customers on the type of resolution offered or applied and how airlines resolve service failures – relating to the use of service recovery attributes.

Overall, the interviews provided evidence that there was some degree of formality in the approach to service recovery. All the cases had complaints handled by a manager in charge or a specialized desk. However, there was the absence of service blue prints. Service standards are set by service blueprints, which enable recovery to take place without the customer even having to make a complaint (Tax & Brown, 2012). The formality reduces the amount of variance that the customer will experience in their interaction with the company as the company is usually in a state of readiness to address possible service failures (Smith et al., 2012). The airlines in this study were more reactive and relied on their staff for good nature to follow through on procedure.

The practice of offering compensation by airlines is consistent with the opinion of Narteh (2013) who opines that an effective complaint management system should form part of the service recovery system and should include apologies and compensation where losses are suffered. The customer perceives the compensation or apology as satisfactory based on their perception of fairness (Smith et al., 1999). Therefore, how the customer interacts with the firm, the procedure they are taken through as well as the outcome collectively have implications for how the customer perceives the service recovery attempt by the airline (Smith et al., 1999). Interestingly, customer influence played an insignificant role in what was offered to customers by way of compensation. Even though two cases out of five made some provision for their frequent flyers to be handled in a preferential manner, they did not offer any additional compensation to this segment of customers. This is inconsistent with what scholars like Kotler and Armstrong (2010) and Smith et al., (2009) who are of the opinion that the customer lifetime value has implications on the level of compensation offered to customers in situations of service failure.

5.5 Chapter Summary

This chapter has provided an interpretation of the findings from interviewing five managers in five airlines in Ghana. The interviews were conducted to answer the research questions with 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, CONCLUSIONS AND RECOMMENDATIONS

6.0 Introduction

This thesis has explored the application of service recovery by airlines in the airline industry in Ghana. A review of 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 the summary of the findings under each research question.

6.1 Summary of Findings

6.1.1 Service Recovery Strategies in the Airline Industry

There is a general acceptance of the need for service recovery and its importance for airlines in this study. However, there is little structure to the approach to service recovery. Even though there are processes, there is no emphasis on monitoring to ensure that their staff follows through procedures internally. The inability of most frontline staff to readily assist customer who are dissatisfied and recover the service promptly suggests that these airlines are yet to fully grasp the importance of service recovery. Their inability to assist customers, who could lead to further dissatisfaction, was 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 centralized approach to service recovery, which places approvals, and authorizations to external offices beyond the scope of the local manager.

Therefore, the study revealed lacked of decentralization in their approach to service recovery in the airline industry. The interviews revealed that airline frontline staffs were unable to resolve customer issues without having to defer to a supervisor. Not only does this lead to delays in processing customer complaints, but also leads to higher levels of dissatisfaction. The four international airlines in this study also relied on external offices outside of Ghana to assist in carrying service recovery. This increased the processing time and effectiveness of the service recovery effort. Even though frontline staff were received training in customer service, they were not empowered in most cases to be able to provide prompt assistance to customers when there were service failures.

Secondly, the study revealed that the majority (four out of five airlines interviewed) did not have any scientific approach to tracking effectiveness of their service recovery efforts. They relied fully on the feedback from their customers. They also had no way of ensuring that 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 airlines also revealed that even though they practise service recovery, they do not do so in a proactive manner in most cases. They rely a lot on customer complaints.

The airlines have some structure in their approach to service recovery and have specific process owners within their teams who handle service recovery. There was however, the absence of service blueprints to ensure that the procedures are followed through and effectively executed. The firms in this study were not able to provide any indication of budgetary allocation towards handling service recovery and that suggests further lack of decentralization, so the local managers are not aware of it or the absence of such a commitment.

Finally, the approach to service recovery was narrow and limited to operational disruptions and baggage delays or loss. Interestingly, they airlines did not mention issues relating to customer service or people failures. This suggests that this is an area that been neglected by airlines yet could be potentially problematic for them.

6.1.2 The Perception of Airline Management of the Importance of Service Recovery

There is a positive perception of airline management towards service recovery. They believe it is important and necessary for customer retention. Even though they encounter some challenges, they do not see the challenges as outweighing the benefits. Some of the benefits they mentioned included – generating positive word of mouth, improving brand image, contributing to customer satisfaction and enhancing the customers' perception of service quality. Even though they faced challenges in carrying out service recovery, they believed that the benefits they derived by effectively recovering from service failures outweighed the challenges they face. More importantly, the managers interviewed agreed service recovery need more attention their respective airlines as well as the industry.

6.1.3 The Application of Service Recovery

The airlines apply service recovery attributes in their operations albeit not in a comprehensive manner. There is some semblance of formality as staff are aware of what procedures are in place and what has to be done. However, the focus was on complaint handling and not proactive service recovery. In addition, airlines offered apologies and compensation as resolution to service failures. Case E who had a peculiar situation of overbooking, offered customer the option of the next available flight in addition to compensation for denying them their preferred flights. There was a good understanding of service recovery and it was being applied by airlines but in a limited manner.

The third research objective was to find out how the airlines apply service recovery in their operations. The study revealed that the recovery attributes of apology, compensation and refunds were applied by the airlines. They adopted the International Civil Aviation Authority's (ICAO) guidelines as provided for in the Warsaw Convention to compensate customers who experience service failures and loss. Contrary to the views of scholars in the service and management field suggesting that, recovery is influenced by the situation and the customer's profile (Smith et al., 2009, Atalik, 2007). Even though some airlines provided preferential treatment to their frequent flyers and loyal customers, the majority indicated they did not offer extra compensation based on loyalty.

6.2 Conclusions

The study conceptualized seven constructs in exploring the application of service recovery strategies by airlines in Ghana. These constructs of formality, decentralization, comprehensiveness, accessibility, human intensity, system intensity and influence provided the framework for the study. The research questions were therefore addressed with these constructs as the basis of enquiry.

First, the study revealed that airlines have service recovery strategies to ensure that when there are service failures, they are able to win the customer back. They do this by offering apologies or compensation. In some instances, refunds are offered for ticket purchases or fees charged. Service recovery carried out by the airlines is one within a formal structure of complaint handling and managed by either a customer care manager or a specialized desk. Even though they rely on their frontline staff, most of them are unable to assist customers, as they are not fully empowered to do so. There are some areas of possible service failures that airlines neglect in their planning of service recovery strategies. They focus mainly on operational disruptions and therefore neglect other service touch points, which may be sources of service failure.

Since the airlines lack well laid down systems to track the effectiveness of service recovery, it can be concluded that a good number of complaints go unnoticed and unresolved. As such, their ability to regain customers after service failures would be a mirage. The fact that some customers would decide not to complain provides further evidence that levels of dissatisfaction may be high but not brought to the notice of these airlines. Customer may challenge their frustrations into spreading negative word of mouth about their experiences.

Secondly, frontline customer facing staffs of airlines are not empowered to support service recovery efforts in a timely manner. Since they have to defer to supervising officers, they are not able to assist customer readily and that contributes to the negative sentiments of dissatisfaction by customers. The lack of full access by frontline staff within the global distribution systems of airlines, which limits what they can do on tickets, is worrying. Given the real-time nature of service delivery, the fact that air travel is time-bound, not being able to assist customers quickly is a challenge to service delivery.

Third, the inability of airlines to anticipate possible service failures in a proactive manner at all times, suggests that some service failures will not be recovered. The concentration of efforts towards operational disruptions was quite glaring. Even though the airlines operation is the core of its business, other service touch points where passengers interact with airline representatives may be sources of *people failures.*

Fourth, the lack of monitoring within airlines to ensure that complaints are processed thoroughly and service failures are fully recovered from suggests that the approach to service recovery is not an effective one. They rely on their staff and assume that they will do what is best for the customer.

Finally, the management of airlines have a positive perception towards service recovery. They know the benefits of service recovery and its impact on their business. Thus, the challenges they face does not deter them. This perception however, has to be translated into a full commitment to ensuring that service recovery is proactively carried out and outcomes are monitored strictly. Staff must be training *and* empowered to resolve customer issues where there are service failures in a timely manner.

6.3 Recommendations for practitioners

This study has provided insight into the airline industry and its application of service recovery strategies. The researcher’s interaction with the managers of the selected airlines provided a better understanding of what pertains in practise 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 that directly interface with customers. To this end, just like pertains in most airports, where the airline's station manager is on duty or a supervisor is available to assist customer, staff in ticketing offices must also always have supervisory level staff available on hand to assist.
2. Customers who take the time to complain must be appreciated and rewarded. If a customer takes the time to complain, the customer had done the organisation a great service. This customer must be rewarded with a speedy apology and possible resolution of their complaint. This will ensure that customers gain confidence in the complaint management system and continue to provide feedback.
3. Airlines should not rely on their staff to do the right thing. They must put in place monitoring systems adopting simple but effective technology to monitor all complaints received and their resolutions. This will ensure that complaints do not go unnoticed and customers are not aggrieved.
4. Service recovery 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. 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 blueprints, processes are 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 airline managers and their unwillingness to participate in the research. Only five airlines managers were interviewed to represent a population of twenty-seven airlines. This was because other airlines approached to be part of the study were reluctant to be interviewed. Even though the assurance of confidentiality and anonymity in the findings were assured, they were unwilling to participate. The ones that were interviewed were contacted severally and the interviewer was limited to the number of minutes to interact with each manager due to their busy work schedules.

Future research into the area of service recovery 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 service.

Another recommended research area will be a quantitative study to explore the level of customer satisfaction after service recovery as an indication of the effectiveness of the service attempt by airlines.

Finally, a mixed method approach to combine customer perspectives of service recovery and firm's approach to service recovery. This will be to determine whether there is a direct relationship between the service recovery approach and the level of satisfaction of the customer receiving it.

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APPENDIX -INTERVIEW GUIDE

Briefing: Thank him/her for participation, introduce myself (name and occupation), define 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 recovery strategies of airlines in Ghana.

1. Give a brief explanation of what you understand as service recovery
2. Does your organization have laid down rules, procedures and processes for carrying out service recovery (Formality)? If yes, please explain the procedures for:
    a. Complaint handling procedures
    b. Proactive service recovery procedures
3. Do your frontline employees know the procedures and are they able to make decisions on compensations, explanations, etc. on their own? Or do they need a supervisor's approval (Decentralization)

4. What are the guidelines as to what the frontline staff can do and what has to be referred to a supervisor?
5. What scenarios does your service recovery strategy anticipate/cover? Get examples (Comprehensiveness). *To aim here is to get a good idea of if they have a wholistic, all-encompassing approach to service recovery of are they limited to a few possible areas of service failure.*
6. How much involvement will you say your staff have in the service recovery process? Do you depend on your frontline staff to handle complaints or is this a management function?
7. How often do you have training of your staff to handle (Human intensity)
8. What type of resource commitment do you have towards service recovery in your organisation? Is there a set amount, conscious allocation of funds for research, data collection and gaining back dissatisfied customers?
9. How do you monitor if the service recovery effort was successful? (System intensity)
10. What are the routes through which customers can complain? Are your customers aware of the routes/channels? How have you published them? (Accessibility).
11. Do you have any different levels of compensation for different categories of customers? If yes, what are they and what criteria is it based on? (Influence)

Objective 2: To ascertain perception of airline management and frontline staff towards service recovery.

12. What do you think is the importance of service recovery to your business?
13. What are some of the challenges you face in carrying out service recovery?
14. Do the challenges outweigh the benefits?

Objective 3: To ascertain the application of service recovery strategies by the airline industry in Ghana.

15. In reference to Q2 – are the procedures applied? Is the procedure followed through and how do you ensure this is the case?