

**ST.MARY'S UNIVERSITY COLLEGE**  
**FACULTY OF BUSINESS**  
**DEPARTMENT OF MARKETING MANAGEMENT**

**AN ASSESSMENT ON SERVICE RECOVERY IN COMMERCIAL**  
**BANK OF ETHIOPIA BOMB TERA BRANCH**

**BY**

**MUNIR AHMED**

**JUNE 2013**

**SUMC**

**ADDIS ABABA**

**AN ASSESSMENT ON SERVICE RECOVERY IN COMMERCIAL  
BANK OF ETHIOPIA BOMB TERA BRANCH**

**A SENIOR ESSAY SUBMITTED TO THE DEPARTMENT OF  
MARKETING MANAGEMENT**

**BUSINESS FACULTY  
ST. MARY'S UNIVERSITY COLLEGE**

**IN PARTIAL FULFILMENT OF THE REQUIREMENTS  
FOR THE DEGREE OF BACHELOR OF ARTS IN  
MARKETING MANAGEMENT**

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**APPROVED BY THE COMMITTEE OF EXAMINERS**

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## **LIST OF ABBREVIATIONS/ACRONYMS**

CBE- Commercial Bank of Ethiopia

EVDO - Evolution, Data Optimized

ATM - Automated Teller Machine

# CHAPTER ONE

## INTRODUCTION

### 1.1. Background Of The Study

Service recovery refers to the actions of service firms in response to service failure. The objective is to maintain the business relationship with the customer. This argument was based on the premise that customer satisfaction ensures customer loyalty, repeat sales and positive words of mouth communications .it involves a series of steps that must be taken in order to attract and retain customers. (Lovelock and Wirtz, 2005: 403)

Service recovery is a process can produce positive results and overcome most service failures.SuccessfulService recoverywill diminish negative impact of the original poor or failed service through post service communication with the firm, customer come to believe that the service provider is fair because they admitted making a mistake or they offered the customer some type of resolution. A good service recovery process takes away all of the negative consequences of a service failure such as loss of time or money. The service recovery process will normally cause consumers to alter their attribution as to the cause of the service failure (Kurtz and Clow, 2002: 400).

The commercial Bank of Ethiopia (CBE) was legally established as a Share Company in 1963 to take over the commercial banking activities of the State Bank of Ethiopia, which was founded in 1942 with twin objectives of performing the duties of both commercial and central banking. During the 1974 revolution, CBE got its strength by merging with the privately owned Addis Ababa Bank. The CBE, which is striving to become a world-class bank, is rendering state-of-the-art and reliable Services to its millions of customers, both at home and abroad. The business strategies of the Bank focus on the interest of the public it serves. Currently, it has at most 800 branches and more than 10,000 employees whom it regards as its key assets. As on June 30th 2012, total deposits stood at birr 86.5 billion while total asset and capital of the bank reached birr 114 billion and 6 billion respectively (Company profile).

Services under the redesigned Customers' Account & Transaction Services (CATS) process: Account Opening local currency (LCY) and Foreign Currency (FCY), Deposit (Cash/Negotiable Instruments), Payment, Cheque Clearance and Money Transfer (FCY/LCY) ([www.combanketh.com](http://www.combanketh.com)).

Though the bank offer such kinds of services customers have complaints on service recovery practices of Commercial Bank of Ethiopia in general, but Bomb Terra Branch in particular. The major concern of this paper is to assess the service recovery practice of Commercial Bank of Ethiopia Bomb Terra Branch.

## **1.2. Statement Of The Problem**

Service recovery refers to the actions taken by an organization or service supplier in response to a service failure. Failures occur for some kinds of reasons like the service may be unavailable when promised, it may be delivered late or too slowly, the outcome may be incorrect or poorly executed, or employees may be rude or uncaring. All of these types of failures bring about negative feelings and responses from customers. Let unfixed they can result in customers leaving, telling other customers about their negative experiences, and even challenging the organization through customers right organizations through consumer right organizations or legal channels (Zeithmaland Bitner, 2003:187).

The student researcher learnt from preliminary investigation that was conducted by the student researcher shows the major Service failure of the bank emanates from redundant network off, incapability of customer service, long service delivery time, and ineffective customer complain handling system.

Therefore, the student researcher was assessing the Service Recovery practice of Commercial Bank of Ethiopia at Bomb Terra Branch for service failures discussed above.

### **1.3. Research Questions**

The following research questions which are attempted to be answered in this research:

- A. What are the problems exist in the service recovery practice of Commercial Bank of Ethiopia at Bomb Terra Branch?
- B. What are the methods of service recovery programs looks like in Commercial Bank of Ethiopia at Bomb Terra?
- C. How effective are the service recovery practice of Commercial Bank of Ethiopia at Bomb Terra Branch?

### **1.4. Objectives Of The Study**

#### **1.4.1. General Objective**

The general objective of this study was an assessment on Service Recovery practice in Commercial Bank of Ethiopia (CBE) at Bomb Terra Branch.

#### **1.4.2. Specific Objectives**

Specifically the research has the following Objectives:

- To assess problems exist in the service recovery practice of Commercial Bank of Ethiopia at Bomb Terra Branch.
- To investigate methods of service recovery programs looks like in Commercial Bank of Ethiopia at Bomb Terra.
- To identify effective service recovery practice of Commercial Bank of Ethiopia at Bomb Terra Branch.

### **1.5. Significance Of The Study**

The research work has significance to:

- the bank to improve the service recovery practice
- the student researcher to implement and analyze theoretical applications in real world.
- other researchers to use as the base in conducting further research in this area.

## **1.6. Delimitation Of The Study**

The study was delimited to Service Recovery in Commercial Bank of Ethiopia (CBE) in the case of Bomb Terra Branch. Because service failure is always occur and needs action in response. Similarly the student researcher was review for the past 5 years (from 2008 to 2012G.C.) because the bank has not enough data about service recovery before 2008. Even though the Commercial bank of Ethiopia (CBE) has more than 100 branches in Addis Ababa, the research was focused on the Bomb Terra Branch located at the merkato area in order to be able to generalize about the whole bank is considered.

## **1.7. Definition Of Terms**

**Service Recovery:** It is a general term for systematic efforts by a firm to correct a problem following a service failure and to retain a customer's goodwill.

## **1.8. Research Design And Methodology**

### **1.8.1. Research Design**

In order to assess the service recovery of the bank the student researcher descriptive research method was applied. This is because it helps to describe the outcome and findings of the research.

### **1.8.2. Population ,Sample Size And Sampling Technique**

#### **Population**

In order to gather appropriate information relevant to this study, which is specifically concerned with the assessment of service recovery practice in commercial bank of Ethiopia of Bomb Terra Branch, the population of the study was:

- The branch manager and customer service manager who are directly related to the customers and service tasks.
- Customers of the bank at bomb terra branch.

## **Sample Size**

- Regarding customers, it is difficult for the student researcher to get information about the exact number of customers due to core banking system (This means that any Customer of the bank in general can employ at bomb terra branch). As a result it is impossible to determine the sample frame. Therefore, according to Malhotra (2006:364-385), when there is no sample frame, the minimum Sample Size taken on service is 200. Therefore, this study will include 200 customers of the bank.

## **Sampling Technique**

- To address customers the student researcher was applied non probability, especially convenience (accidental) sampling technique so as to get the willingness from the respondents.

### **1.8.3. Types Of Data Collected**

To get genuine responses from customers the student researcher used Primary and secondary data. Primary data through questionnaires and interview. Questionnaire to customers and interview for Customer Service Manager and Branch Manager. Furthermore, secondary data used. Secondary data through customer service department record, relevant books, internet and report presented by the company itself.

### **1.8.4. Method Of Data Collection**

The student researcher were applied both quantitative and qualitative data. Quantitative data was collected through close ended questionnaires. Qualitative data was collected open ended questionnaires and interview. Secondary or documentary data through customer service record, relevant books, internet and report presented by the bank itself to figure out and study deeply about the service recovery of the company.

### **1.8.5. Data Analysis Method**

The quantitative data that collected through questionnaires analyzed through tabulation and percentage. However, the data collected through interview narrated qualitatively.

### **1.9. Limitation Of The Study**

As a student researcher my intention was to cover all the possibilities of to assess the service recovery practice of Commercial Bank of Ethiopia at Bomb Tera Branch. However, the study needs skilled and organized manpower get detail and enough information, adequate time and shortage of reference books. Moreover, some respondents do not provide relevant data and information on time. All the above reasons reduce the strength of the outcome of the research.

### **1.10. Organization Of The Paper**

As suggested by research literatures and related research works, the final paper contain four chapters. The first chapter includes the introduction part and it contains background of the study, statement of the problem, research questions, Objective of the study, Significance of the study, delimitation of the study, definition of terms, research design and methodology, limitation of the study and organization of the paper. The second chapter include the review of related literature of the study. The third chapter includes data analysis and interpretation and presentation. The last chapter contains the summary, conclusions and recommendations part. Finally, bibliography, questionnaires & interview checklist are attached.



## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1. Overview Of Service Recovery**

##### **2.1.1. Meaning Of Service**

A service is an act performance offered by one party to another. Although the process may be tied to a physical product, the performance is essentially intangible and does not normally result in ownership of any of the factors of production. Services are economic activities that create value and provide benefits for customers' specific times and places, as a result of bringing about a desired change in-or on behalf of - the recipient of the service- service are those separately identifiable, essentially intangible activities which provide want-satisfaction, and that are not necessarily tied to the sale of a product or another service. To produce a service may or may not require the use of tangible goods. However when such use is required, there is no transfer of title (permanent ownership) to these tangible goods.

One common method of defining a service is to distinguish between the 'core' and peripheral elements of that service. The 'core' service offering is the 'necessary outputs of an organization which are intended to provide the intangible benefits customers are looking for'. Peripheral services are those which are either 'indispensable for the execution of the core service or available only to improve the overall quality of the service bundle. Services include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timelines, comfort or health) that are essentially intangible concerns of its purchaser(Balaji,2002:1).

### **2.1.2. Meaning Of Service Recovery**

Service recovery is how you pull a customer from hell to heaven in 60 seconds or less. You need to apologize, solve the problem, compensate with something of value, create a service recovery process and train employees. This article will define service recovery, detail the importance to the bottom line, identify role models and describe the elements of service recovery.

Although 'complainers' may represent a small percentage of dissatisfied customers, the service provider is usually able to identify them and, more importantly, take some action to maintain their loyalty. Breakdowns usually occur as a result of inbuilt in the delivery system. Organizations need to focus on service design to reduce complaints.

Different customers will have different views about how they want their problems to be dealt with, that is, different recovery expectations. The way to respond, in this case, is to design a recovery strategy that will meet the needs and expectations of each customer. Empowered employees are the best vehicle to carry out these recovery processes as they can respond flexibly as, and when, a problem arises. Service delivery system failures can be remembered as highly satisfactory if handled properly (Zeithmal and Bitner, 2003:187).

### **2.1.3. The Importance Of service Recovery**

Service recovery is a critical – yet all too often missing – element in providing customer service that will attract and retain customers and have a positive impact on the bottom line of any business – no matter where it is located or what product or service it provides. In his latest book- loyal for life: How to take unhappy customers from hell to heaven in 60 seconds or less – John Tschohl, defines service recovery, details its importance to the bottom line, identifies role models, and describes the elements of service recovery (Mudie and Pirrie, 2006:254).

#### **2.1.4. Service Recovery tools**

A guarantee is a particular type of recovery tool. It is according to the dictionary definition "an assurance of the quality of or length of use to be expected from product offered for sale, often with a promise of reimbursement." Although guarantees are relatively common for manufactured products, they have only recently been used for services. Traditionally, many people believed that services simply could not be guaranteed given their intangible and variable nature. What would be guaranteed? With a product, the customer is guaranteed that it will perform as promised and if not, that it can be returned. With services, it is generally not possible to take return or to "undo" what has been performed. Again, this raised the question for many of what could be guaranteed, and how. The skepticism about service guarantee is being dispelled, however, as more and more companies find they can guarantee their services and that there are tremendous benefits for doing so (Zeithmal and Bitner, 2003:205).

#### **2.1.5. Service Failure And Recovery**

Service failures are instances where a service is either not performance poorly. In terms of satisfaction states, service failures are the instances when customers leave a service angry or dissatisfied. In both situations, the service performance is below the adequate expectation level of the customers, because of the dissatisfaction, customers will be less inclined to purchase from the firm again. In many cases, they will tell others about their bad experience, which compounds the negative impact on the service firm. An unhappy customer will tell 10 to 11 others about his or her experience. The impact of dissatisfaction is quite staggering (Kurtz 2002:399).

Service failures do not automatically result in firm-switching behavior and negative word-of-mouth communications. Customers can be recovered. The manner in which post service failures are handled will have a greater impact on future purchase behavior than the level of dissatisfaction of the original service experience. Firms have a second chance for making things right with the customer. However, if a firm fails the second time around, the backlash is even

stronger since the firm, in essence, has failed twice, it failed during the regular service, then it failed again in the service recovery process.

A strong service recovery process can produce positive results and overcome most service failures. Successful recovery will diminish the negative impact of the original poor or failed service for three reasons. First, through post service communications with the firm, customers come to believe that the service provider is fair because they admitted making a mistake or they offered the customer some type of restitution. Second, a good service recovery process takes away all of the negative consequence of a service failure such as loss of time or money. Third, the service recovery process will normally cause consumers to alter their attributions as to the cause of the service failure (Kurtz 2002:400).

#### **2.1.6. Quality Service and Customer Handling**

Quality is important element that different treats banks relatively to that of its competitors. Many books written by different authors define quality service. Adrain Pamler (1995: 144) opened; quality can be defended only by customers and occurs when an organization supplies goods or services. To specification that satisfies their needs. He also said that, quality is the extent to which a service customer's requirements; banks have to identify just what these requirements are.

Marketing researches have long believed that, to avoid or solve customer handling problem banks must find ways keeping customer satisfied. Poor quality service is major factor which dissatisfaction customers, therefore to deep customers satisfy. Banks have to solve service quality, problems. Because dissatisfied customer head banks to face customers do not complain but tell to other what dissatisfied them and shift to competitive banks for sake of quality service. This put the bank in serious in customer handling problem (Robert Phelps, 2001: 38).

## **2.2 Methods Of Service Recovery**

### **2.2.1 Reducing Service Failure**

Reducing service failures require that firm's keep an accurate record of customer complaints and that they encourage customers to complain. By keeping a record of customer complaints, weak areas in the service process can be spotted. If a number of customers complain about the same thing, then the firm knows it is a problem.

It is important to encourage customers to complain. Those who are angry will normally complain, but those at the dissatisfied or irritated stage will usually not say anything. Encourage these customers to complain will allow a firm to see any weaknesses in process or materials used in their service. Strength these weak links will allow the service to improve quality. Encouraging customers to complain will also convey a message that firm cares about its customers. It promotes a long-term relationship (Kurtz 2002:402).

Displaying and promoting toll-free telephone numbers and internet addresses is a good way to encourage customers to complain. If these methods are used, the employees handling the problems need to be trained in service recovery and then have the power to resolve the situations. Customers like it when the problem can be corrected with one phone call and, if possible, while they are still on the phone. Using toll-free numbers and internet technology and then passing the customer on to a complaint department to answer at a later time does not encourage (Valarie A. and Others 2003:403).

### **2.2.2 Customer Response Options to Service Failures**

The courses of action a customer may take in response to a service failure. This model suggests at least three major courses of action.

1. Take no action.
2. Take some form of private action (including abandoning the supplier).
3. Take some form of public action (including complaining to the firm or to a third party, such as a customer advocacy group, customer affairs or regulatory agency, or even civil or criminal courts)(Lovelock and Wirtz,2005:404).

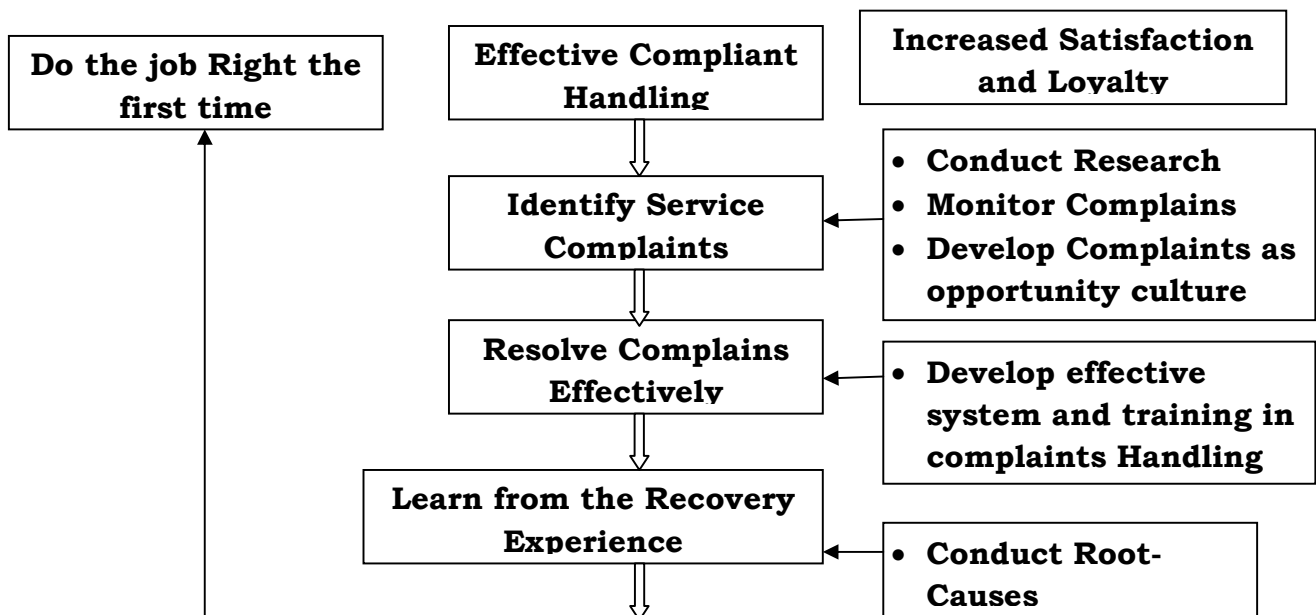
It is important to remember that the customer may pursue any one or a combination of the alternatives. Managers need to aware that the impact of a defection can go far beyond the loss of that person’s future revenue stream. Angry customers often tell many other people about their problems. The internet allows unhappy customers to reach thousands of people by posting complaints on bulletin boards or setting up web sites to publicize their bad experiences with specific organizations.

### 2.2.3. Principles of Effective Service Recovery System

Recognizing that current customers are a valuable asset base, a manager need to develop effective procedures for service recovery following unsatisfactory experiences we discuss their guiding principles for how to do this well: make it easy for customers to give feedback, enable effective service recovery and establish appropriate compensation levels(Lovelock and Wirtz,2005:409).

### 2.2.4. Components an Effective Service Recovery System

The components of an effective service recovery system are shown.



Sources: Lovelock and Wirtz, 2005:409

## **2.3.Problem Exist inThe Service Recovery Practice**

### **2.3.1The Impact of Service Failures and Recovery**

Service recovery refers to the actions taken by an organization in response to a service failure. Failure occur for all kinds of reasons-the service may be unavailable when promised, it may be delivered late or too slowly, the outcome may be incorrect or poorly executed, or employee may be rude or uncaring. Left unfixed, they can result in customers leaving, telling other customers about their negative experiences, and even challenging the organizations or legal channels (Lovelock and Wirtz, 2005:404).

The impact of good service recovery can be illustrative by the experience of a tourist group going from New York to club med in Cancun. The flight from New York to Cancun was delayed ten hours, arriving in Cancun at 2:00 A.M. Both food and beverages ran out long before the end of the flight. Landing in Cancun was so hard that the oxygen masks were discussing was beyond the irritated stage. It had reached the angry stage. A lawyer on board was already discussing with the passengers a possible class-action lawsuit.

Hearing about the bad experience of the passengers, club med chef Sylvio Debartoli went to work. He took half of the staff to the airport to greet the guests when they got off the plane. They helped them with the luggage and listened to their accounts of horror. At club med the other half in the service recovery process, the staff of club med was able to convince most of the staff prepared a lavish banquet that included champagne and a live band. Realizing the importance of compatibility management and the role other guests to stay up and wait for those arriving late. Instead of being angry, the late-arriving guests were commenting it was the most fun they had experienced since college. Instead of dissatisfaction and a lawsuit, the guests returned to New Work with stories about what a great experience they had and what a great place club med was to visit 25.

### **2.3.2 How Customers Respond To Service Failure**

When there is a service failure, customers can respond in a variety of ways. It is assumed that following a failure, dissatisfaction at some level will occur for the customer. In fact, research suggests that a variety of negative emotions can occur following a service failure, including such feelings as anger, discontent, disappointment, self-pity, and anxiety. These initial negative responses will affect how customers evaluate the provider or not.

Many customers are very passive about their dissatisfaction, simply saying or doing nothing. Whether they take action or not, at some point the customers will decide whether to stay with that provider or switch to a competitor. As we already have seen, those who do not complain are least likely to return. For companies, customer passivity in the face of dissatisfaction is a threat to future success (Lovelock and Wirtz, 2005:190).

#### **Types of Customer Complaint Actions**

Customers initiate action can be of various types. A dissatisfied customer can choose to complain on the spot to the service provider, giving the company the opportunity to respond immediately. This is often the best-case scenario for the company because it has a second chance right at that moment to satisfy customer, keep his or her business in the future, and potentially avoid any negative word of mouth. If they don't complain immediately, customers may choose to complain later to the provider by phone or in writing, or even to call the corporate offices of the company. Again, the company has a chance to recover. Researchers refer to these proactive types of complaining behavior as voice response or seeking redress (Lovelock and Wirtz, 2005:191).



### **2.3.3 Customer Expectation During Complaining**

Zeithaml and Bitner (2003) pinpointed that, when customers take time and effort complain, they expect to be helped quickly, they expect to be compensated for their grief and for the hassle of being inconvenienced and they expect to be treated nicely in the process. Service recovery experts have documented three specific types of that customers are looking for following their complaints:

- **Outcome fairness**

Customers expect outcomes, or compensation, that matches the level of their dissatisfaction. This compensation can take the form of actual monetary compensation, and apology, future free service, reduced charges, repairs, and /or replacements. Customers want to feel that the company has “paid” for its mistakes in a manner at least equal to what they have suffered.

- **Procedural fairness**

In addition to fair compensation, customers expect fairness in terms of policies, rules and timeliness of the complaint process. They want easy access to the complaint process, and they want things handled quickly, preferably by the first person they contact. So that the recovery effort can match their individual.

- **Interaction of fairness**

Above and beyond their expectations of fair compensation and hassle free, quick procedures, customers expect to be treated politely, with care and honesty. This form of fairness can dominate the others if customers feel the company and its employees have uncaring attitudes and have done little try to resolve the problem.

## **2.4.Effective Service Recovery Practice**

### **2.4.1 Service Recovery Following Customer Complaints**

Some customers choose not to complain directly to the provider but rather spread negative word of mouth about the company to friends, relatives, and coworkers. This negative word of mouth can be extremely detrimental because it can reinforce the customers' feelings of negativism and spread that negative impression to other as well. Further, the company has no chance to complaint directly to the company.

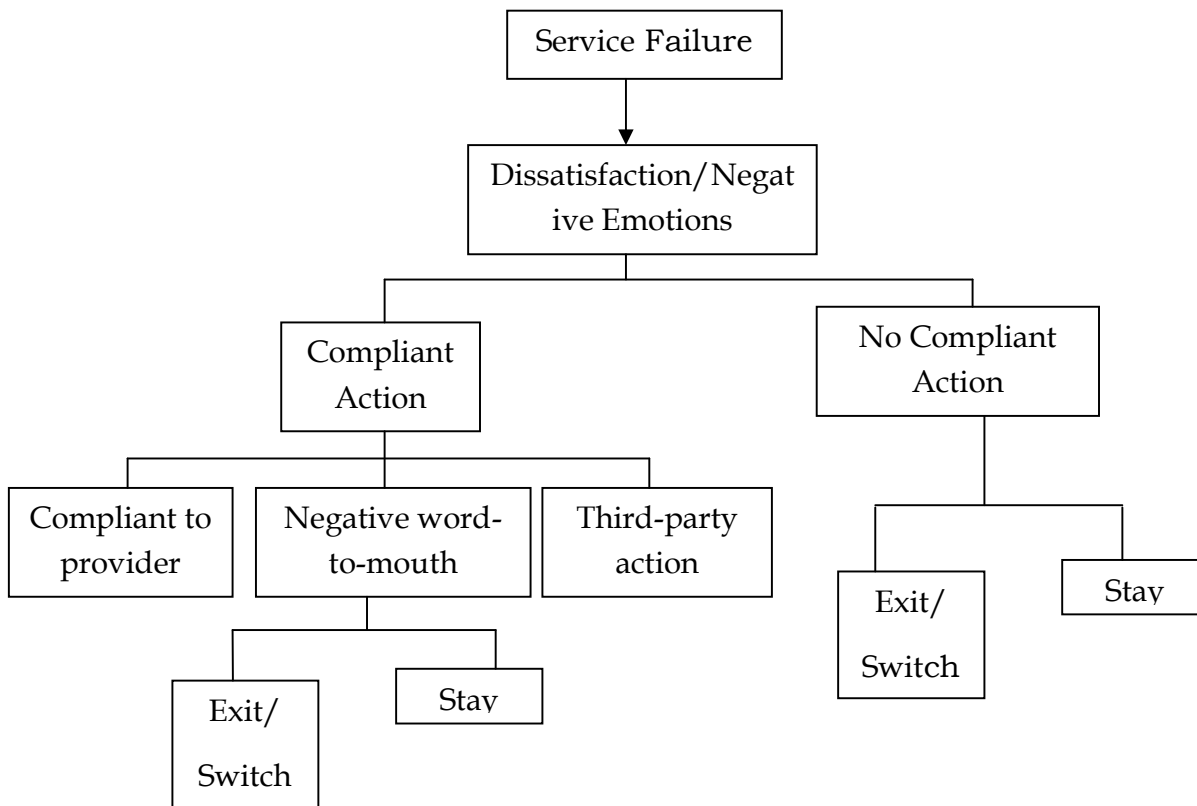
Finally, customers may choose to complain to the third parties such as the better business bureau, to consumer affairs arms of the government, to a licensing authority, to a professional association, or potentially to a private attorney. No matter the actions (or interaction), ultimately the customers determine whether to patronize the service provider again or to switch to another provider (Balaji B.2002:264).

### **Types of Complainers**

Research suggests that people can be grouped into categories based on how they respond to failures. Four categories of response types were identified in a study that focused on grocery stores; passive, voicers, irate, and activists. Although the proportion of the types of complainer is likely to vary across industries and contexts, it is likely that these four categories of complainer types will be relatively consistent and that each type can be found in all companies and industries.

- **Passive:** this group of customers is likely to take any action. They are unlikely to say anything to the provider, less likely than others to spread negative word of mouth, and unlikely to complain to a third party. They often doubt the effectiveness of complaining, thinking the consequences will not merit the time and effort they will expend. Sometimes their personal values or norms argue against complaining. These folks tend to feel less alienated from the marketplace than irate and activists.

## Types of customer complaint actions



Source: Zeithmal and Bitner, 2003:190

- **Voicers** - these customers actively complain to the service providers, but they are less likely to spread negative word of mouth, to switch patronage, or to go to third parties with their complaints. These customers should be viewed as the service provider's best friends. They actively complain and thus give the company a second chance. As with the passives, these customer is are alienated from the market place than those in the other two groups. They tend to believe compliant has social benefits and therefore don't hesitate voice their opinions. They believe the consequence of compliant to the provider can be very positive and they believe less in other types of complaining such as spreading word of mouth or talking to the third party. Their personal norms are consistent with complaining.

- **Irates-** these consumers are more likely to engage in negative word of mouth to friends and relatives and to switch providers than are others. They are about average in their interest to complain to the provider. They are unlikely to complain to third part. This talk tends to feel somewhat alienated from the market placed. As their names suggests, they are more angry with the provider, although they do believe that complaining to the provider can have social benefits. They are less likely to give the service provider a second chance and instead will switch to competitors, spreading the words to friends and relatives along the way.
- **Activists-** these consumers are characterized by above propensity to complain to the provider, they will tell others, and they are more likely than any other group to complain to third parties complaining fits with their personal norms. As with the irates, these consumers are more alienated from the market place than the other groups. They have a very optimistic sense of the potential positive consequence of all types of complaining.

When there is a service failure, customers can respond in a variety of ways. It is assumed that following a failure, dissatisfaction at some level will occur for the customer. In fact, research suggests that a variety of negative emotions can occur following a service failure, including such feelings as anger, discontent, disappointment, self-pity, and anxiety. These initial negative responses will affect how customers evaluate the provider or not. Many customers are very passive about their dissatisfaction, simply saying or doing nothing. Whether they take action or not, at some point the customers will decide whether to stay with that provider or switch to a competitor. As we already have seen, those who do not complain are least likely to return. For companies, customer passivity in the face of dissatisfaction is a threat to future success (Zeithmal and Bitner, 2003:191).

If customers initiate action service failure, the action can be of various types. A dissatisfied customer can choose to complain on the spot to the service provider, giving the company the opportunity to respond immediately. This is often the best-case scenario for the company because it has a second chance right at that moment to satisfy customer, keep his or her business in the future, and potentially avoid any negative word of mouth. If they don't

complain immediately, customers may choose to complain later to the provider by phone or in writing, or even to call the corporate offices of the company.

Again, the company has a chance to recover. Researchers refer to these proactive types of complaining behavior as voice response or seeking redresses (Valarie A. and Others 2003:190).

### **2.4.2 Service Recovery Strategies**

The importance of an effective service recovery strategy is for retaining customers and increasing positive word of mouth. Another major benefit of an effective service recover strategy is the information it provides that can be useful for service improvement. Specific strategies that firms can use for service recovery are:-

#### **1. Fail-safe your service dolt right the first time.**

In this way recovery is unnecessary, customers get what they expect, and the cost of redoing the service and compensating for errors can be avoided.

#### **2. Well come and Encourage complaints**

Even in zero defections organization that aims for 100% service quality, failures occur. A critical component of a service recovery strategy is thus to welcome and encourage complaints. It should be anticipated, encouraged, and tracked. The complaining customer should be viewed as a friend.

#### **3. Act quickly**

Complaining customers want quick responses. Thus if the company welcomes, even encourages, complaints, it must be prepared to act on them quickly. This requires systems and procedures that allow quick action, as well as empowered employees.

#### **4. Treat customers fairly**

In responding quickly, it is also critical to treat each customers fairly, customers expected to be treated fairly in terms of the outcome they receive, the process by which the service recovery takes place, and the inter personal treatment receive.

### 5. Learn from recovery experiences

Resolution situations are more than opportunities to fix defective services and strengthen ties with customers. They are also a valuable but frequently ignored or underutilized source of diagnostic, prescriptive information for improving customer service.

### 6. Learn from lost customer

Another key component of an effective service recovery strategy is to learn from customers who defect or decide to leave. Formal market research to discover the reasons customers have left can assist in preventing failures in the future. Not all companies are doing poorly at service recovery. Many have learned the importance of providing excellent recovery for disappointed customers. In this section we examine their strategies and share examples of benchmark companies and what they are doing. It will become clear that excellent service recovery is really a combination of a variety of strategies shown in the figure will be discussed, starting with the basic “do it right the first time” (Zeithmal and Bitner, 2003:197-203).

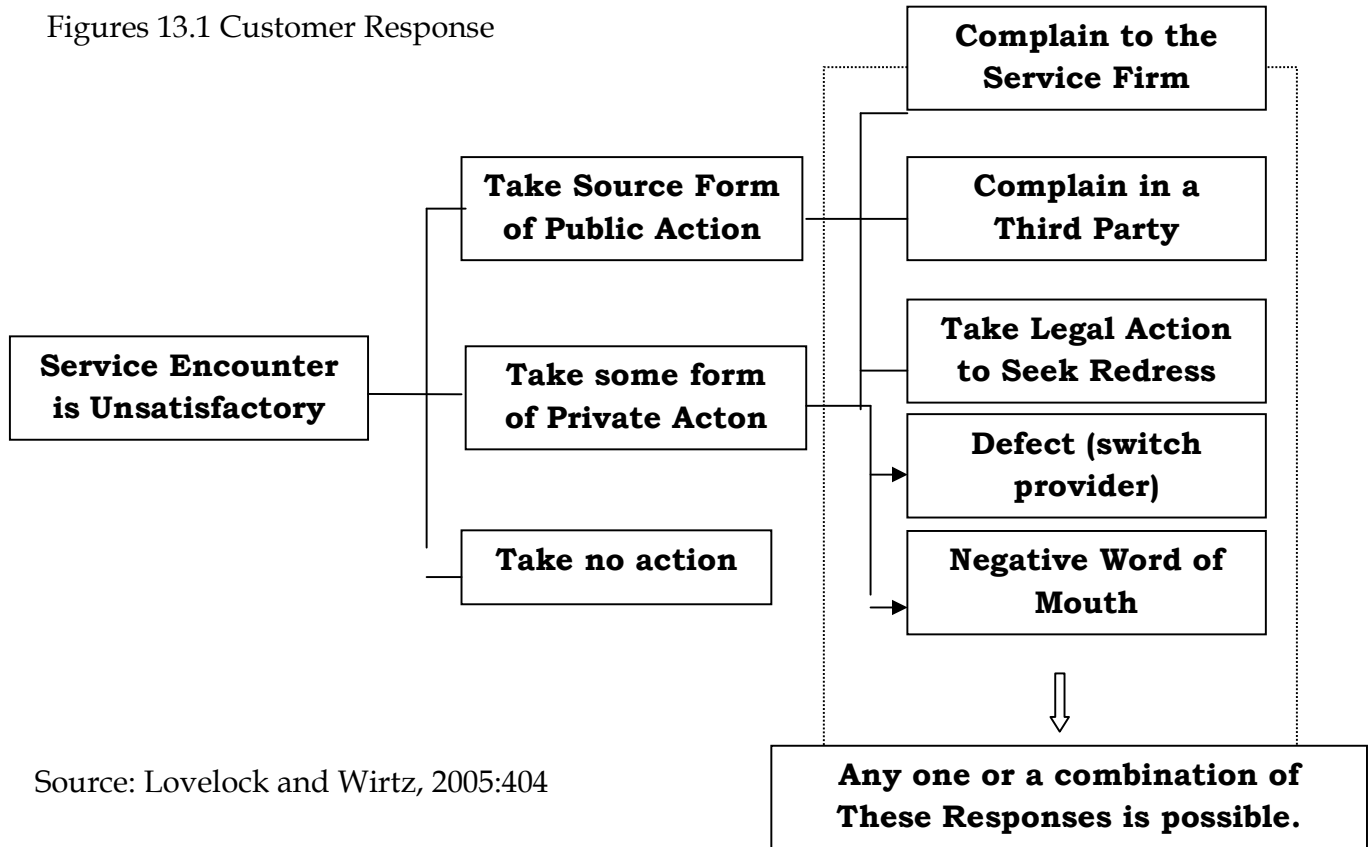


Source: Zeithmal and Bitner, 2003:197

### 2.4.3 Understanding Customer Response To Service Failures

To be able to deal effectively with dissatisfied and complaining customers, a manager needs to understand key aspects of complaining behavior (Lovelock and Wirtz, 2005:404).

Figures 13.1 Customer Response



Source: Lovelock and Wirtz, 2005:404

Why do customers complain? In general studies of consumer complaining behavior have identified four main purposes for complaining:

1. Obtain restitution or compensation. Often, consumers complain to recover some economic loss by seeking a refund, compensation, and/or have the service performed again.
2. Vent their anger. Some customers complain to rebuild self-esteem and/or vent their anger and frustration. When service processes are bureaucratic and unreasonable or when employees are rude, deliberately intimidating, or apparently uncaring, the customers self-worth, or sense of fairness can be negatively affected. They may become angry and emotional.

3. Help to improve the service. When customers are highly involved with a service (e.g. at a college, an alumni association, or their main banking connection), they give feedback to try and contribute toward service improvements. These customers are motivated by the prospect of getting better service in the future.
4. For altruistic reasons. Finally, some customers are motivated by altruistic reasons. They want to spare other customers from experiencing the same problems, and they might feel bad if a problem is not highlighted (Lovelock and Wirtz, 2005:405).

#### **2.4.4 Customer Responses To Effective Service Recovery**

Service Recovery is an umbrella term for systematic efforts by a firm to correct a problem following a service failure and retain a customer's goodwill. Service recovery efforts play a crucial role in achieving (or restoring) customer satisfaction. In every organization, things may occur that have a negative impact on its relationships with customers. The true test of a firm's commitment to satisfaction and service quality isn't in the advertising promises but in the way it responds when things go wrong for the customer (Lovelock and Wirtz, 2005:407).



## CHAPTER THREE

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

This chapter deals with the Presentation, Analysis and Interpretation of the gathered data from Commercial Bank of Ethiopia customers and the data were obtained through distribution of questionnaires to customers of Commercial Bank of Ethiopia as well as conducting an interview to the Commercial Bank of Ethiopia manager and customer service manager at Bomb Tera Branch.

The research tries to assess the degree of service recovery from customer point of view, Commercial Bank of Ethiopia Bomb Tera Branch manager and customer service manager.

Accordingly various questions were posed to sample respondents mainly related to customer complaint handling mechanism, service failure, and service recovery. To make this research paper, 200 representative questionnaires are prepared and distributed to the respondents but only 174 (one hundred seventy four) were responded. This means 87% of customers have filled and returned the questionnaire. So the Analysis is presented based on the response gathered from the Commercial Bank of Ethiopia customer and summarized by using descriptive statistic method. Where by the raw data is computed in percentage and presented in a tabularized form followed by detail explanation and critical interpretation of the data that is made to show implication of the major findings.

#### 3.1 General Characteristics Of The Respondents

Table 1 on the next page describes the Demographic Characteristics of the respondents including Sex, Age, Educational Level, Occupation, and for how many years' customers have been using Commercial Bank of Ethiopia Bomb Tera Branch?

**Table I General Characteristics Of Respondents.**

S/N	Item	Customer Respondent	
		Frequency	Percentage (%)
1	Sex		
	A. Male	127	73.0
	B. Female	47	27.0
	<b>Total</b>	<b>174</b>	<b>100.0</b>
2	Age		
	A.18-27 years	76	43.7
	B.28-37 years	75	43.1
	C.38-47 years	21	12.1
	D.48-56 years	2	1.1
	E. Above 56 years	0	0
	<b>Total</b>	<b>174</b>	<b>100.0</b>
3	<b>Educational background</b>		
	A. Below 10 <sup>th</sup> grade	25	14.4
	B.10 <sup>th</sup> complete	50	28.7
	C. Certificate	18	10.3
	D .Diploma	49	28.2
	E.1 <sup>st</sup> degree and above	32	18.4
	<b>Total</b>	<b>174</b>	<b>100.0</b>
4	<b>Occupation</b>		
	A. Governmental	7	4.0
	B. Private	82	47.1
	C. Broker	79	45.4
	D. Merchant	4	2.3
	E. Others		
	<b>Total</b>	<b>174</b>	<b>100.0</b>
5	For how many years have you been using commercial bank of Ethiopia?		
	A. less than 1 year	53	30.5
	B. 1-5	103	59.2
	C. 6-10	14	8.0
	D. above 11 years	4	2.3
	<b>Total</b>	<b>174</b>	<b>100.0</b>

As can be seen item 1 of table 1 regarding sex distribution, 127 (73.0%) of respondents were Male, and 47 (27.0%) of them were Female. This implies that most of the respondents are Male.

In relation to Age category as shown item 2 of the same table the No of respondents from age 18-27 were 76(43.7%), 28-37 years were 75 (43.1 %), 38-47 years were 21(12.1 %), 48-56 years were 2 (1.1%), and No respondents Above 56 years. This deduces that Commercial Bank of Ethiopia is highly demanded by the young age group.

Item 3 on the previous page again explain the educational background of the respondents. Accordingly, out of the total respondents, 25 (14.4%) were below 10<sup>th</sup> grade , 50 (28.7%) were 10<sup>th</sup> complete, 18(10.3%) were Certificate, 49(28.2%) were Diploma, 32 (18.4%) were 1<sup>st</sup> degree and above. This shows that most of customers of Commercial Bank of Ethiopia at Bomb Tera Branch are 10<sup>th</sup> complete.

Regarding the occupation of the total respondents 7(4.0%) were governmental, 82(47.1%) were private, 79(45.4%) were Broker, 4(2.3%) were merchant, and 2(1.1%) were other than mentioned above like students, and House Wife. This deduces that private customers are upstanding members of the bank.

As depicted on the previous page again table 1 of item 5 out of the total respondents regarding of length of time using Commercial Bank of Ethiopia at Bomb Tera Branch bank's service, 53(30.5%) of respondents replied using the service for less than 1 year, 103(59.2%)of respondents said using the service for were 1-5 years, 14(8.0%) werecustomers have been using Commercial Bank of Ethiopia6-10 years and 4(2.3%) of them above 11 years customers have been using Commercial Bank of Ethiopia.

Based on the data indicated above the student researcher can infer that majority of the respondents were using the service of Bomb Tera Branch for 1-5 years. They need quick recovery of service failure from the Bomb Tera Branch.

### 3.2 Analysis Of The Major Findings

This research study tries to investigate the overall service recovery practice of commercial bank of Ethiopia at Bomb Tera Branch from customers point of the recovery response and managers are presented , analyzed and interpreted in the form of percentage and presented as follows:

#### 3.2.1 Analysis Of Service Delivery Practice

**Table II service delivery practice**

S/N	Item	Customer Respondent	
		Frequency	Percentage (%)
<b>1</b>	How do you rate the service delivery practice of commercial bank of Ethiopia?		
	A. Very Good	31	17.8
	B. Good	35	20.1
	C. Medium	73	42.0
	D. Bad	7	4.0
	E. Very bad	28	16.1
	<b>Total</b>	<b>174</b>	<b>100.0</b>

As Depicted in table 2 of item 1 concerning service delivery out of the total respondents 31(17.8%) replied very good, 35(20.1%) replied good, 73(42%) replied medium, 7(4%) replied bad and 28(16.1%) replied very bad. This implies that majority of the respondent's rate medium and above level. There is an opportunity for the bank existing customers loyal customer and also turn a potential customer in to an on-going customer by building their trust.

### 3.2.2 Analysis Of Customer Complaints

**Table III customer complaints**

S/N	Item	Customer Respondent	
		Frequency	Percentage (%)
<b>1</b>	Do you complain as customer of commercial bank of Ethiopia?		
	A. Yes	91	52.3
	B. No	52	29.9
	C. I don't remember	31	17.8
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>2</b>	Does the bank clearly communicate to you about to who complain in case of a problem?		
	A. Yes	111	63.8
	B. No	23	13.2
	C.I don't know	40	23.0
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>3</b>	If your answer is yes for above question whom did you proposed your complain?		
	A. to the manager	65	58.6
	B.to customer complain handling office	15	13.5
	C.to customer service employee	31	27.9
	D.others		
<b>Total</b>	<b>111</b>	<b>100.0</b>	
<b>4</b>	How do you want to convey your compliant if is a service failure in commercial Bank of Ethiopia?		
	A. by using suggestion box	47	27.0
	B. for frontline employees	63	36.2
	C. directly for engaged person	50	28.7
	D. for family and customer	12	6.9
	E. others		
<b>Total</b>	<b>174</b>	<b>100.0</b>	
<b>5</b>	How do you rate customers complaining handling mechanisms of commercial Bank of Ethiopia during service failure?		
	A. very good	26	14.9
	B. good	48	27.6
	C. medium	56	32.2
	D. bad	34	19.5
	E. very bad	10	5.7
<b>Total</b>	<b>174</b>	<b>100.0</b>	
<b>6</b>	Do you believe to complain about service failure in Commercial Bank Of Ethiopia Bomb Tera Branch?		
	A. yes	128	73.6
	B.no	46	26.4
	<b>Total</b>	<b>174</b>	<b>100.0</b>

With respect to item 1 of table 3 above the total respondents concerning of complain, 91(52.3%) were complaint to commercial bank of Ethiopia, 52(29.9%) were not complaint to commercial bank of Ethiopia, and 31(17.8%) were don't remember about complain .This implies that majority of Commercial Bank of Ethiopia at Bomb Tera Branch customers apply complaints regarding service delivery.

As Depicted in the table 3 of item 2 out of the total respondents concerning of communicate to complain, 111(63.8%)wereknown to whom complain, 23(13.2%) were not know to whom complain, and 40(23%) were I don't know. This shows that the bank clearly communicates or aware customers to whom they complain in case of problem.

As Depicted in table 3 of item 3 out of the total respondents concerning of to whom complain 65(58.6%) were complain to the manager, 15(13.5%) were complain to customer complaint handling office, 31(27.9%) were complain to customer service employee, and 7(4%) were complain to Lobby-Man. From this it is possible to infer that, most customers communicate manager of the bank to apply their complaints.

As depicted in table 3 of item 4 out of the total respondents concerning of the way of complain, 47(27.0%) werefor frontline employees, 63(36.2%) weredirectly for engaged person, 50(28.7%) werefor family and customer, 12(6.9%) wereby using suggestion box, and 2 (1.1%) wereother than mentioned above that is to theBranch manager.From this one can possibly said that majority of respondent customers prefer apply complain to frontline employees.

According to table 3 of item 5 out of the total respondents concerning ofcustomers complaining handling mechanisms, 26(14.9%) of them were rated the mechanism as very good, 48(27.6%) weregood, but about 56(32.2%) of the total respondent customers, rate the complaining handling mechanism below good which weremedium, 34(19.5%) were as bad, and10 (5.7%) werevery bad. As we can see from the above findings most respondents are not satisfied in the compliant handling mechanism of the company. This implies that Commercial Bank of Ethiopia at Bomb Tera Branch needs a practice of inspecting the compliant handling mechanism to avoid not handling complaints effectively.

As depicted in table 3 of item 6 out of the total respondents concerning of believe to complain about service failure, 128(46%) said yes, and 73.6 (26.4%) said no.

In the review of the related literature indicated that there are purposes why customers complain during failed service or recovery efforts when customers complain they need competent and efficient service, to be listening seriously and they need knowledgeable help. Some customer's complaint to rebuild self-esteem or give feedback to try and contribute towards service improvements.

Customer respondents mention in the reasons why complaining has solution is that only which a complaint has been expressed can the appropriate corrective action be taken without customers complaints management of assumes that everything is okay. On the other hand those respondents' customers who think complaining don't have any importance it is just wastage of time and resource.

From this we can learn that even though some customers belief complaining doesn't have any solution , it needs for customers to give full and undivided attention and agree that a problem exist. This makes customers to build positive image about complaining. In addition it will prove our concern and respect to our customers. Finally, most respondents comment on the quality and personality of the staff assigned to deliver the service. They pointed out that some of them are not competent in the execution of their duty and responsibility.

### 3.2.3 Analysis Of Employees' Ability

Table IV employees' ability

S/N	Item	Customer Respondent	
		Frequency	Percentage (%)
<b>1</b>	How do you evaluate employees' ability relation with service failure?		
	A. Very Good	36	20.7
	B. Good	57	32.8
	C. Medium	60	34.5
	D. Bad	21	12.1
	E. Very Bad	0	0
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>2</b>	How do you rate the focus of employees of commercial Bank of Ethiopia for your complaint during service failure?		
	A. Very Good	30	17.2
	B. Good	41	23.6
	C. Medium	70	40.2
	D. Bad	31	17.8
	E. Very Bad	2	1.1
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>3</b>	How do you evaluate commercial bank of Ethiopia employee's skills?		
	A. Very high	41	23.6
	B. High	76	43.7
	C. Medium	51	29.3
	D. Low	4	2.3
	E. Very low	2	1.1
	<b>Total</b>	<b>174</b>	<b>100.0</b>



As depicted in table 4 of item 1 out of the total respondents concerning of employees' ability, 36 (20.7%) said very good, 57 (32.8%) said good, 60 (34.5%) said medium, 21 (12.1%) bad, and no one said very bad. This implies that customer service employees' ability relation with service failure is not good and not bad.

As depicted in table 4 of item 2 out of the total respondents concerning of focus of employees 30 (17.2%) replied very good, 41 (23.6%) replied good, 70 (40.2%) replied medium, 31 (17.8%) replied bad, and 2 (1.1%) replied very bad.

From this we can deduce that, frontline employees must give prompt attention and willing to help customers when they are in need of assistance.

As depicted in the table 4 of item 3 out of the total respondents concerning of employee's skills, 41 (23.6%) were very high, 76 (43.7 %) were high, 51 (29.3%) were medium, 4 (2.3%) were low, and 2 (1.1%) were very low. From this one can possibly say that the Commercial Bank of Ethiopia personnel's is knowledgeable and skill full to service recovery.

### 3.2.4 Analysis Of Service Recovery

Table V Service Recovery

S/N	Item	Customer Respondent	
		Frequency	Percentage (%)
<b>1</b>	How do you evaluate the overall method of customer's problem resolution of Commercial Bank of Ethiopia?		
	A. Very Good	36	20.7
	B. Good	58	33.3
	C. Medium	55	31.6
	D. Bad	21	12.1
	E. Very Bad	4	2.3
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>2</b>	How do you rate the bank's responsiveness to customer complaints?		
	A. Very High	25	14.4
	B. High	54	31.0
	C. Medium	72	41.4
	D. Low	14	8.0
	E. Very Low	9	5.2
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>3</b>	Do you believe commercial bank of Ethiopia is effective in service recovery?		
	Yes	132	75.9
	No	42	24.1
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>4</b>	How do you see the banks service recovery for customer compliant?		
	A. Very High	43	24.7
	B. High	71	40.8
	C. Medium	49	28.2
	D. Low	9	5.2
	E. Very Low	2	1.1
	<b>Total</b>	<b>174</b>	<b>100.0</b>
<b>5</b>	Do you believe that the service recovery by commercial bank of Ethiopia is enough for you?		
	A. Yes	78	44.8
	B. No	52	29.9
	C. I don't know	44	25.3
	<b>Total</b>	<b>174</b>	<b>100.0</b>

As depicted in table 5 above of item 1 out of the total respondents concerning of method of customer's problem resolution, 36(20.7%) of the respondents replied that very good, 58(33.3%) of them good, 55(31.6%) said that medium, 21(12.1%) also replied that bad and 4(2.3%) were very bad. From this one can possibly said that good customer handling and satisfactory resolved leads customers to satisfaction. This in turn may lead the organization to gain the new potential customers and changed them into customers forever. This shows that Commercial Bank of Ethiopia at Bomb Tera Branch has good problem resolution method.

As depicted in the table 5 of item 2 out of the total respondents concerning of bank's responsiveness, 25(14.4%) were very high, 54(31%) were high, 72(41.4%) were medium, 14(8%) were low and 9 (5.2%) were very low. As we can see the above, when customers complain quick recovery of mistakes by the organization makes customers feel good and trust in the service delivered by the bank.

It is observable the above table 5 of item 3 , 132(75.9%) of the respondents that Commercial Bank Of Ethiopia is effective in service recovery in the banking industry, Whereas 42(24.1%) of the respondent customers believed that, Commercial Bank Of Ethiopia is ineffective in service recovery in the banking industry. From this one can infer that, bomb tera is more effective in service recovery in the dynamic banking industry.

As depicted in table 5 of item 4 out of the total respondents concerning of service recovery for customer compliant, 43(24.7%) of the customers were very high, 71(40.8%) of the customers were high, 49(28.2%) of the customers were medium, 9(5.2%) of the customers were low, and 2(1.1%) of the customers were very low. This shows that most customer respondents replied high service recovery for customer compliant. From table No 5 of item 5 we can see that 78(44.8%) of respondent customers were satisfied by the service recovery by the Bank. Whereas 52(29.9%) were not satisfied by the service recovery by the Bank, and 44(25.3%) said I don't know. This shows that most respondent customers were believed by service recovery practice of Commercial Bank of Ethiopia.

### 3.1.3 Issue Related To Respondents Personal Opinion

The respondents give a chance to forward their suggestions, comments and opinions related to the service recovery and their points are arranged and listed as follows:-

- The service is weak because always they are very slow.
- Employees didn't give attention to the customer's complaint.
- Commercial Bank of Ethiopia money transferring system is very late as compared as private banks. My reason focuses on to improve it.
- The employees must motivate by different mechanism in order to handle the customers problem.
- Add many or use all customer service employees.
- The bank should use its network system rather than TELE.
- ATM machine must available every branch it minimize the work load.
- The banks late for service recovery.
- Long Duration of time.
- The bank management should proactive the high level of service failure.
- The repeated service failure.
- The bank should improve managements and give training for customer service officer.
- The bank has to handle customer compliant.
- The bank must use advanced technology.
- The service failure (problem) expands the workers that have good experienced.
- The bank has lack of money problem.
- From government bank bring the material that connected with work and bring enough money.
- The service failure consequent many business bankruptcy.
- The management approach is different from private bank.
- The customer service employee should understand the customers need/ wants.

### **3.2.5 Interview With The Branch Manager**

The first question I asked, which part of service delivery is frequently complained by customers of Commercial Bank of Ethiopia Bomb Tera Branch?

A customer's typical trip to the bank may entail making a deposit or withdrawal, opening or closing an account or simply getting a cheque or replacement bank card. Our bank employees are responsible for making customers feel welcomed, determine their wants and ensure that they leave the bank with their needs met and problems solved. Besides our customers are big traders who deposit and withdraw large amount of money, they are also currency oriented and exchange always in notes. They mostly do not want to stay long lining behind customers while counted their money.

#### **Q. what are mechanism of service recovery in Commercial Bank of Ethiopia?**

Our Bank is looking at service recovery as a mission that involves three stakeholders: customers who want their complaints resolved; our managers in charge of the process of addressing those concerns; and the frontline employees /maker/checker/ who deal with the customers. All three need to be integrated into addressing and fixing service problems.

Tensions naturally arise in and among the groups. For example, customers can be left feeling that their problem wasn't addressed seriously, even when they've received some form of compensation.

Managers in charge of service recovery, meanwhile, can feel pressure to limit flows of critical customer comments, even though acting on the information will improve efficiency and profits.

However, successfully integrating these three perspectives is something that did well.

Based on Commercial Bank of Ethiopia years of work in service management, here is a look at the three stakeholders in service recovery, focusing on their different perspectives and the tensions that arise among them. We then make recommendations on how to address these tensions and integrate the aims of all three to achieve better -- if not perfect -- service.

## The Customer

We Believe Fairness are typically the biggest concern of our customers who have lodged a service complaint. Because a service failure implies unfair treatment of the customer, service recovery has to re-establish justice from the customer's perspective.

Say our customer requests a receipt from an Automated Teller Machine but the machine fails to print one. The customer becomes worried and goes to one of the bank Customer service officer. The Customer Service Office checks the account, and assures the customer that there is no problem, that the deposit was made. But if the teller only focuses on the fact that the account was credited, he or she has ignored what in the customer's view was the most severe and critical aspect of the service failure: the worry initially felt, and the extra time it took to verify the deposit.

Our Customers often want to know -- within a reasonable time -- not only that their problem has been resolved, but how the failure occurred and what the Bank is doing to make sure it doesn't happen again.

A customer's faith can be restored using this kind of approach -- once. We have even noted something referred to as a "recovery paradox," in which customers can be more delighted by a skillful service recovery than they are by service that was failure-free to start with.

But there is a flip side to this as well: in our experience customers have more tolerance for poor service than for poor service recovery. And if a customer experiences a second failure of the same service, there is no recovery strategy that can work well. In all likelihood, that customer will be lost forever.

Our experience shows that after a failed service recovery, what annoys -- and even angers -- customers is not that they weren't satisfied, but that they believe the system remains unchanged and likely to fail again.

**Q. what are the failure of service delivery in Commercial Bank of Ethiopia?**

Most failures are emanating from the process and the employee. The bank recently implementing core banking which needs external body involvement that is telecommunication. One of the major infrastructures of the country is Telecommunication. Due to lagging and insufficient network, the online branches are to suffer the worst service failure. We use redundant networking like EVDO and others which also is provided by the same telecom.

Actually, if one branch fails in networking another nearest branch will have the network to assist customers of the failed branch. ATMs also have the major contribution for small withdrawals when such kinds of failure are happen.

**Q. what look like the training does Commercial Bank of Ethiopia gives for its customer service officers to improve customer handling?**

Customer service training is a must to ensure that your employees can effectively meet customer needs Commercial Bank of Ethiopia is implementing customer service training with employees. To do so effectively, our bank must understand customer needs and how well employees are meeting them. They also must know employees' skills gaps and their preferred methods of learning.

Our bank developed and will deliver training programs that address these concerns, ensure learning occurs, and transfer gained skills to the job setting.

1. We Identified areas of need. This is done by surveying customers to find out if their needs are met and to identify areas where training may be necessary.

2. Evaluate employee skill levels. Employees may not be meeting customer needs because of unwillingness to serve or lack of the knowledge and skills necessary to provide service. CBE identified the areas where skill levels need improvement and prioritized these areas to drive the development of employee customer service training. 3. These all the above tasks are done by the well-known foreign company also design training to fill gaps. Customer

feedback has indicated that an opportunity for improvement exists to strengthen service recovery skills among employees, training also designed to fill this gap. The design is taken into account existing skill levels of employees and customized to meet individual employee needs.

4. Now the bank is selecting the delivery mechanism. The training will be delivered by a live instructor to multiple employees at once. The delivery mechanisms selected is based both on employee learning preferences and the best opportunities for training effectiveness. For instance, training employees to deal with angry customers can best be accomplished in a setting that allows for role-playing and coaching.

5. Deliver training. Training delivery should involve opportunities for employees to listen, interact and, whenever possible, to practice the skills they are learning.

6. Evaluate effectiveness from the learner's perspective and in terms of customer service. Our organization can learn if the training method selected was appropriate from the learners' point of view by determining if it engaged them and if learning occurred. Evaluate customer service results with surveys to customers to see if changes occurred in the targeted training areas.

**Q. What are the ability of Customer Service officers when failures of service delivery?**

The customer Service officers are trained how to handle the complaint associated with the service failure. First of all they should identify the problem. It may be an obvious issue, since someone is yelling what the problem is, but looking at underlying causes will not only help resolve the issue this time, but lessen the chances of having a recurring problem. Also, identify whether the problem is related to a product or the service being provided. This part of the process should not be part of the "customer is always right" philosophy. Why? Because everyone knows this is not a truism. Sometimes the problem is the customer. If this is the case, a diplomatic approach should be tendered, like stating some intangible thing, such as a lack of communication, is to blame.



**Q. To what extent service recovery of the company enhance its performance?**

A. Our bank recovery management and thus we have gained better returns in the form of visible customer satisfaction and loyalty, enhanced employee satisfaction, fewer failures, lower costs, and overall higher profitability.

**Q. What are the challenges of Service Recovery Practice?**

A. When our customers are even more delighted after an effective service recovery than if the service was failure-free in the first place—can occur after one failure, but no such outcome is possible after two failures. Let's say our ATM machines are complained not functional. The machine failed to do repeatedly after serious maintenances. After Recovery efforts thus become even more challenging, and even impossible, when two similar failures occur, especially in close time proximity.

**Q. What is the effectiveness of Service Recovery practice in Commercial Bank of Ethiopia?**

Effectiveness will always come with repeated practices of service recovery. First of all We attribute this gap between knowledge of best practices and customer dissatisfaction with actual practices to tensions among discipline-based, functional groups (management, marketing, and operations), with their competing interests for managing employees, customers, and processes, which in turn limit service recovery effectiveness.

We first describe best practices in service recovery, and then detail the cross-functional tensions that can compromise their implementation, and finally propose a set of integrative perspectives and practices that may help close the gap between best and actual practices.

### **3.2.6 Interview With Customer Service Manager**

The frequently complained part of service at Commercial Bank of Ethiopia Bomb Tera Branch is local money transfer.

We handle customer problems in relation to service delivery by immediately Identifying and seeking the area were customer's complaint.

Commercial Bank of Ethiopia fails in understanding customer needs from the grass root level i.e. Commercial Bank of Ethiopia is not responding to the available banking potential in the country.

There is no as such appropriate training being given to its officers as to how to handle its customers.

The ability of customer service officers is not a standardized one and it all depends on each individual officer in regards to seeking service failure.

Of course Commercial Bank of Ethiopia is trying to handle customer dissatisfaction in an administrative way rather than identifying the skill gap and providing appropriate training to its officers, to the extent that customers judge right.

Currently Commercial Bank of Ethiopia is trying to provide customer focused service delivery while ignoring skill building and giving attention to experience.

In order to address customer needs Commercial Bank of Ethiopia is trying to handle customer complaints repairing service failure through suggestion box, through tell free telephone.

## CHAPTER FOUR

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Since the final goal of the study is to assess the service recovery practice of Commercial Bank of Ethiopia at Bomb Tera Branch research questions were raised, related literatures were reviewed and important data were presented, analyzed, and interpreted through descriptive method as shown in the previous chapter. From the analysis made in the third chapter the following summary, conclusion and recommendations are drawn up.

#### 4.1 Summary of the Major Findings

The study attempted to address the major research questions posed in the first chapter. As a result the major findings of the study are therefore summarized as follows:

- From the total number of respondent customers 127(73.0%) of them were Male and 76(43.7%) were in the age of 28-37. Regarding educational background of respondents most of the respondents 50(28.7%) were 10th grade complete and 49(28.2%) were diploma holder in line with occupation the private company customers dominate the others by 82(47.1%).
- As the responses made by customers out of the total respondents 103(59.2%) of them used the service of Commercial Bank of Ethiopia at Bomb Tera Branch for 1-5 years.
- According to respondent's 73(42%) of customers replied that service delivery practice of commercial bank of Ethiopia is not good or not bad.
- As evidenced from customer response, 91(52.3%) and 52(29.9%) of customers complain and does not complain respectively for Commercial Bank of Ethiopia Bomb Tera Branch.
- Concerning communication of complaints about service delivery, the majority that is 111(63.8%) were known.

- With regard to whom complain 65(58.6%) of respondent customers replied they complain to the manager.customer don't get the opportunity to complain handling office or do not know where compliant handling office.
- In addition to the way of complain of the customer, 63(36.2%) were complain directly for compliant handling office. All respondents want to convey their compliant by using different ways like complain to branch manager and lobby-man.
- In relation to customer compliant mechanisms of Commercial Bank of Ethiopia at Bomb Tera Branch 56(32.2%) of the total respondent customers, rate the complaining handling mechanism not good or bad andmost respondents are not satisfied in the compliant handling mechanism of the company.
- 128(73.6%) customers replied that believe to complaining on the service failure of Commercial Bank of Ethiopia at Bomb Tera Branch has a solution and 46 (26.4%) respondents replied it doesn't have any solution.
- Regarding employees' ability relation with service failure, majority of respondents 60 (34.5%) are neutral to take it as good or bad.
- According to respondent customers 70(40.2%) of them were rated the focus of employees to complaining during service failureneutral to take it as good or bad.
- Relating to employee's skills, 76(43.7 %) replied that Commercial Bank of Ethiopia personnel's are skill full to service recovery.
- In relation to the overall method of customer's problem resolution of Commercial Bank of Ethiopiaat bomb tera branch 58(33.3%) of them said that good problem resolution method.
- Based on the response given by customers, towards Commercial Bank of Ethiopia at Bomb Tera Branch responsiveness to handle customer complaints, majority of respondents 72(41.4%) of customers ranked medium.
- Concerning toeffectiveness of service recovery in Commercial Bank of Ethiopia at Bomb Tera Branch,132(75.9%) of the respondents replied that Commercial Bank of Ethiopia is more effective in service recovery in the dynamic banking industry.

- As evidenced from their response 71(40.8%) of the customers replied high service recovery for customer compliant.
- The other information which is gathered from customers of the bank related to believe that the service recovery by commercial bank of Ethiopia is enough,most respondent customers 78(44.8%) were believed by service recovery practice of Commercial Bank of Ethiopia. Customers were satisfied by the service recover given by the Bank.
- Finally, In addition to the above questions the respondents given chance to mention their personal opinion. Most respondentcustomer's comment on the management approach is different from private bank. But the customer service employees understand the customers need/ wants.

## 4.2 Conclusions

Depending on the finding discussed above the following conclusion are drawn.

- According to the research findings most respondent customers show that service recovery practice in Commercial Bank of Ethiopia at Bomb Tera Branch is not good and not bad. If the service was failure-free in the first place—can occur after one failure, but no such outcome is possible after two failures. The Automated Teller Machine failed to do repeatedly after serious maintenances. After Recovery efforts thus become even more challenging, and even impossible, when two similar failures occur, especially in close time proximity.
- As it is revealed in the research findings service recovery programs of CBE focusing The designed service recovery program of Commercial Bank of Ethiopia at Bomb Tera Branch needs adjustment and improvements because most respondent's customers' needs quick resolution of their problems. on their different perspectives integrate the aims of all three stakeholders' i.e. customers, employees and bank to achieve the program.
- As the research finding denoted majority of respondent CBE at Bomb Tera Branch effective for service recovery practices. The complaining handling mechanism good responsiveness to handle customer complaints and satisfied in the compliant handling mechanism of the company by effective customer compliant handling system. The bank first describe best practices in service recovery, and then detail the cross-functional tensions that can compromise their implementation, and finally propose a set of integrative perspectives and practices that may help close the gap between best and actual practices.
- As the research finding denoted, most respondent customers were known to whom communicate for complain. This shows that the banks clearly communicate to whom complain in case of a problem.
- As it is discovered in the research finding, Commercial Bank of Ethiopia personnel's are skill full to service recovery.

### 4.3 Recommendations

According to the majority that have been discussed so far the following points are recommended by the student researcher.

- Service recovery practice in Commercial Bank of Ethiopia at Bomb Tera Branch should be implemented well according to their service recovery program.
- It is advisable to Commercial Bank of Ethiopia to improve the designed service recovery program. Because most respondents' customers' needs quick resolution of their problems. So that the recovery practice program should allow quick response and match the individual customers' circumstances.
- It is advisable for Commercial Bank of Ethiopia at Bomb Tera Branch to practice effective service recovery regularly and effectiveness will always come with repeated practices of service recovery.
- It is important for customers to know to whom to communicate and complain. The bank clearly communicates to whom to complain in case of service failure, welcomes and encourages complaints and Commercial Bank of Ethiopia at Bomb Tera Branch should inspect the complaining handling mechanism regularly to provide improved and prompt solutions for customers' complaint actions.

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[www.combanketh.com](http://www.combanketh.com)



# **APPENDICES**

## Appendix A

St. Mary's University College

Faculty of Business

Department of marketing management

### Questionnaire to be filled by customers of Commercial Bank of Ethiopia

This questioner is prepared by a student at St. Mary's University collage department of marketing management for the partial fulfillment of a degree program in marketing management.

The main purpose of this questioner is to support a study on an assessment on service recovery practice of Commercial Bank of Ethiopiato be filled by customers of merkato Area bank and main area bank. Thank you due care and correct answer.

#### N.B

- You are not required to write your name
- Please make ✓ to answer the questions accompanied by various choices
- Questions related to your opinion please write is shortly and Precisely on the space provided

#### Part I. General characteristics of the respondents

##### 1. Sex

A. Male  B. Female

##### 2. Age

A. 18-27 years  D. 48-56 years

B. 28-37 years  E. Above 57 years

C. 38-47 years

##### 3. Educational background

A. Below 10<sup>th</sup> grade  D. Diploma

B. 10<sup>th</sup> complete  E. 1<sup>st</sup> degree and above

C. Certificate

4. Occupation

- A. Governmental  D. Merchant   
B. Private  E. Others (please specify) \_\_\_\_\_  
C. Broker

5. For how many years have you been using commercial Bank of Ethiopia services?

- A. < 1year  C. 6-10 years   
B. 1-5 years  D. above 11 years

Part II. Questions directly related to the study

1. Do you complain since customer of commercial Bank of Ethiopia?

- A. Yes  B. No  c. I don't know

2. If your answer is "yes" for question no 1 please explain your reason/s?

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3. How do you rate the service delivery practice of commercial Bank of Ethiopia?

- A. Very good  Bad   
B. Good  very bad   
C. Medium

4. Does the bank clearly communicate to you about to who complain in case of a problem?

- A. yes  B. No.  I don't know

5. If your answer is "yes" for question no 4 Whom did you proposed your complain?

- A. to the manager  C. to customer service employee   
B. to customer complaint handling  D. Others (please specify) \_\_\_\_\_

6. Does the bank clearly communicate to you about where to complain in case of a problem?

- A. yes  B. No. I  know

7. How do you want to convey your complaint if it is a service failure in commercial Bank of Ethiopia?

- A. By using suggestion box  D. For family and customer
- B. For frontline employees E. Other (please specify) \_\_\_\_\_
- C. Directly for engaged person

8. How do you rate customers complaining handling mechanisms of commercial Bank of Ethiopia during service failure?

- A. Very good  D. Bad
- B. Good  E. Very bad
- C. Medium

9. How do you evaluate customer service employees' ability relation with customer service failure?

- A. Very good  D. Bad
- B. Good  E. Very bad
- C. Medium

10. How do you rate the focus of employees of commercial Bank of Ethiopia for your complaint during service failure?

- A. Very good  D. Bad
- B. Good  E. Very bad
- C. Medium

11. How do you evaluate the overall method of customer's problem resolution of Commercial Bank of Ethiopia?

- A. Very good  D. Bad
- B. Good  E. Very bad
- C. Medium

12. If your answer is below Medium for question No 11 please reason out your answer?

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13. How do you rate the bank's responsiveness to customer complaints?

- A. Very high  D. low   
B. High  E. very low   
C. Medium

14. Do you believe Commercial Bank of Ethiopia is effective in service recovery?

- A. yes

15. How do you evaluate Commercial Bank of Ethiopia employee's skills?

- A. Very high  I   
B. High  E. very low   
C. Medium

16. How do you see the banks Service Recovery for customer complaint?

- A. Very high  D   
B. High  E. very low   
C. Medium

17. Do you believe that the service Recovery by Commercial Bank of Ethiopia is enough for you?

- A. Yes  B. No  C. I don't know

18. If your answer is "No" for question 17 please explain your reason/s?

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19. Do you believe to complain about service failure in Commercial Bank of Ethiopia bomb tera branch?

- A. Yes  B. No

20. If your answer is "yes" for question 19 please explain your reason/s?

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21. If your answer is "no" for question 19 please explain your reason/s?

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22. In addition the above questions please suggest your solution for mentioned problem.

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## **Appendix B**

**St. Mary's University College**

**Faculty of Business**

**Department of Marketing Management**

### **Interview checklist**

This interview Questions are prepared for Commercial Bank of Ethiopia Bomb Tera Branch that includes Manager and Customer Service Manager in relation to Service Recovery practice of Commercial Bank of Ethiopia at bomb tera branch.

1. Which part of service delivery is frequently complained by customers of Commercial Bank of Ethiopia at bomb tera branch?
2. What are mechanisms of service recovery in Commercial Bank of Ethiopia?
3. What are the failures of service delivery in Commercial Bank of Ethiopia?
4. What look like the training does Commercial Bank of Ethiopia give for its customer service officers to improve customer handling?
5. What is the ability of customer service officer when failures of service delivery?
6. To What extent Service Recovery of the company enhance its performance?
7. What are the challenges of Service Recovery Practice?
8. What is the effectiveness of Service Recovery Practice in Commercial Bank of Ethiopia?

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7. .... ( ..... ) .....?

8. .... ( ..... ) .....?

## THE CANDIDATE'S DECLARATION

I, the undersigned, declare two this senior essay is my original work, prepared under the guidance of, AtoAberaYilma. All sources of material used for the manuscript have been duly acknowledged.

Name: **MunirAhmed**

Signature \_\_\_\_\_

Place of submission **St. Mary's University College-Department of Marketing Management**

Date of submission \_\_\_\_\_

## ADVISOR'S DECLARATION

This paper has been submitted for examination with my approval as the university college advisor.

Name: **AtoAberaYilma**

Signature \_\_\_\_\_

Date \_\_\_\_\_