Innovations

Service Recovery on Customer Satisfaction and Repurchase Intention in the Deposit Money Banks (DMBs) In Nigeria

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Abstract*: This study empirically evaluates the impact of service recovery on customer satisfaction and repurchase intention within Deposit Money Banks (DMBs) in Nigeria. Service failure occurs when a provider fails to meet customer expectations, necessitating effective recovery strategies to address the issue and restore customer satisfaction. This research examines how various service recovery strategies—such as employee apologies, compensation, promptness of service, and employee courtesy—affect customer satisfaction and repurchase intentions in Nigerian DMBs. The study specifically aims to ascertain the extent to which employee apologies lead to effective service recovery, ascertain the impact of compensation on service recovery, determine the impact of promptness of service on service recovery, examine the effect of employee courtesy on service recovery, determine the effect of service recovery on customer satisfaction and examine the effect of customer satisfaction on repurchase intention in the Nigerian deposit money banks. Using a survey design, data were collected from 384 customers of DMBs in southeastern Nigeria, resulting in 312 usable responses. Hypotheses were tested through multiple regression analysis. The results indicate that employee apologies and compensation significantly enhance service recovery, while promptness of service and employee courtesy do not have a significant impact. Effective service recovery significantly improves customer satisfaction, which in turn drives repurchase intention.*

Keywords: *Service Recovery, Satisfaction, Repurchase Intention, Apologies, Compensation, Promptness and Courtesy.*

1. Introduction

In today's competitive landscape, service providers are under intense pressure to enhance service quality and reduce service failures (Nasreen, Lee, & Tan, 2016). This pressure has led organizations to focus more on service quality and customer satisfaction, a shift driven significantly by advancements in information and communication technology (ICT) (Adeku, 2021). Customer satisfaction, which reflects how well a company's products, services, and overall customer experience align with customer expectations (Ozuru, Choba, & Igwe, 2016), has become a crucial measure of service effectiveness.

Prior to the advent of modern banking systems, transactions were handled manually, leading to slower processing times and a focus primarily on transaction completion rather than service quality (Onodugo & Ifeanyi, 2015). During this era, customer satisfaction was virtually non-existent (Oranusi & Mojekeh, 2019). The term "armchair banking" (Chimaobi, Akujor, & Mbah, 2020) characterized this period, reflecting the minimal emphasis on customer service, with satisfaction and retention often being secondary concerns.

With the introduction of automation and technological advancements, banks began to recognize the importance of customer satisfaction, understanding that achieving it could lead to repeat purchases, positive word-of-mouth, referrals, and increased profitability. Despite the benefits of technology in improving service delivery (Okeiyi & Agu, 2022), challenges persist, particularly in countries like Nigeria where some bank employees may resist or struggle to adapt to new systems. This resistance can lead to service failures when customer expectations are not met.

Chimaobi et al. (2020) noted that the current century is marked by dynamic customer expectations focused on excellent service, improved regulation, and high profitability. Service failures occur when service performance falls short of customer expectations, prompting negative reactions (Okeiyi et al., 2022). Although it is challenging to completely eliminate service failures (Muhammad, Fauziah, & Abdul, 2014), they present opportunities for organizations to recover and enhance customer satisfaction. According to Boon, Chin, Brian, and Shaheen (2018), customer complaints offer a chance for service organizations to implement effective recovery strategies.

Previous studies have explored customer service, satisfaction, service failure, and recovery (Baliga et al., 2020; Kursunluoglu, 2011; Deraz & Iddris, 2019) and their impact on repurchase intention (Hana &Ryu, 2012; Nabila et al., 2023; Okeiyi et al., 2022). However, as banking services evolve with technology, new service failures emerge, particularly in developing countries like Nigeria. This study aims to address contemporary issues in service recovery, customer satisfaction, and repurchase intention within Nigerian deposit money banks (DMBs).

Statement of the Problem

In an ideal scenario, Deposit Money Banks (DMBs) in Nigeria should seamlessly integrate advanced technology to enhance service delivery, ensuring high levels of customer satisfaction. Effective service recovery strategies, including prompt employee apologies, adequate compensation, and courteous interactions, should swiftly address service failures, thereby maintaining customer trust and fostering repeat business. Ideally, these banks would continuously improve their service quality to meet and exceed customer expectations, resulting in high repurchase intentions and a loyal customer base.

Currently, many DMBs in Nigeria face challenges in achieving this ideal. Despite the adoption of modern technology aimed at improving service delivery, issues such as inadequate service recovery practices, slow adaptation to technological changes by some employees, and ineffective responses to service failures persist. These problems result in frequent service failures that negatively impact customer satisfaction. Specifically, employee apologies and compensation are not consistently applied, and promptness and courtesy in service recovery are often lacking. This leads to customer dissatisfaction and a decrease in repurchase intentions.

If these problems are not addressed, DMBs in Nigeria risk exacerbating customer dissatisfaction, which can lead to a decline in customer loyalty and a reduction in repurchase intentions. Persistent service failures and inadequate recovery efforts may result in negative word-of-mouth, loss of customers to competitors, and ultimately, diminished profitability. Furthermore, the inability to effectively recover from service failures can erode the banks' reputation and hinder their long-term growth and market position. Hence. this study was necessitated to address these issues by investigating the effectiveness of current service recovery strategies and their impact on customer satisfaction and repurchase intentions. The aim is to provide insights that can help DMBs enhance their service recovery processes and better meet customer expectations.

Objectives of the Study

The main objective of the study is to examine the effect of service recovery on customer satisfaction and repurchase intention in the Deposit Money Banks (DMBs) in Nigeria. The specific objectives of the study are to:

i. Ascertain the extent to which employee apologies lead to effective service recovery in the Nigerian deposit money banks (DMBs).
ii. Ascertain the impact of compensation on service recovery in the Nigerian deposit money banks (DMBs).
iii. Determine the impact of promptness of service on service recovery in the Nigerian deposit money banks (DMBs).
iv. Examine the effect of employee courtesy on service recovery in the Nigerian deposit money banks (DMBs).
v. Determine the effect of service recovery on customer satisfaction in the Nigerian deposit money banks (DMBs).
vi. Examine the effect of customer satisfaction on repurchase intention in the Nigerian deposit money banks (DMBs).

Research Questions

The following research questions were formulated in accordance with the specific objectives of the study:

i. To what extent does apologies to customers lead to service recovery in the Nigerian deposit money banks (DMBs)?
ii. What impact does compensation have on service recovery in the Nigerian deposit money banks (DMBs)?
iii. What impact does promptness of service have on service recovery in the Nigerian deposit money banks (DMBs)?
iv. What effect does employee courtesy have on service recovery in the Nigerian deposit money banks (DMBs)?
v. What effect does service recovery have on customer satisfaction in the Nigerian deposit money banks (DMBs)?
vi. What effect does customer satisfaction have on repurchase intention in the Nigerian deposit money banks (DMBs)?

Statement of Hypotheses

The null hypotheses formulated to address the research questions are:

i. Apologies to customers have no significant effect on service recovery in the Nigerian deposit money banks (DMBs).
ii. Compensation has no significant impact on service recovery in the Nigerian deposit money banks (DMBs)

iii. Promptness of service has no significant effect on service recovery in the Nigerian deposit money banks (DMBs).
iv. Employee courtesy has no significant effect on service recovery in the Nigerian deposit money banks (DMBs).
v. Service recovery has no significant effect on customer satisfaction in the Nigerian deposit money banks (DMBs).
vi. Customer satisfaction has no significant effect on repurchase intention in the Nigerian deposit money banks (DMBs)

Significance of the Study

The study will be relevant to the following individuals, groups and institutions:
Deposit Money Banks (DMBs): The study provides DMBs with practical insights into effective service recovery strategies. By implementing these strategies, banks can improve their response to service failures, enhance customer satisfaction, and foster higher retention rates. This not only helps in building customer loyalty but also provides a competitive edge in the financial sector.

Bank Management and Staff: For management and staff, the research offers valuable guidance on training and development. It highlights effective practices for service recovery, including how to handle apologies, compensation, and customer interactions, leading to better service delivery and improved employee performance.

Customers: The study benefits customers by promoting improved service recovery practices. Enhanced handling of service issues leads to a better overall banking experience, increased trust in the bank, and higher satisfaction levels, which can positively affect their perception and relationship with their bank.

Regulatory Bodies and Industry Associations: The findings are significant for regulatory bodies and industry associations as they can use the research to inform the development or refinement of standards and guidelines for service recovery in the banking sector. This helps in setting benchmarks for quality and customer protection.

Academics and Researchers: Academics and researchers gain from the study as it contributes to the body of knowledge on service recovery, customer satisfaction, and repurchase intention. It provides a basis for further research and a deeper understanding of how service recovery impacts customer behavior in the banking industry.

Consumer Advocates and Consultants: Consumer advocates and consultants can utilize the study's findings to offer informed advice to banks on improving service recovery processes. This aids in developing effective strategies that enhance customer service and address emerging issues in the industry.

Scope of the Study

This study focuses on how customer service delivery, service failure, service recovery, customer satisfaction, and repurchase intention are applied within banks. It is based on the premise that the success of any business, particularly in the service sector, largely depends on the quality of service and customer satisfaction provided. The research specifically examines Deposit Money Banks (DMBs) and their customers in the southeastern states of Nigeria. This region was chosen for its diverse metropolitan environment, rich cultural and religious backgrounds, and the presence of numerous bank branches serving both literate and illiterate customers.

2. Review of Related Literature

Conceptual Review

Concept of Service Recovery

Service recovery refers to the systematic process employed by an organization to address and rectify service failures, aiming to restore customer satisfaction and loyalty. This process is critical for mitigating the negative effects of service failures and involves efforts to return customers to their original state of satisfaction or better.

When a service failure occurs, it often leads to customer dissatisfaction, which can manifest in various ways such as complaints, negative word-of-mouth, and even customer defection (Weber & Hsu, 2022; Piha&Avlonitis, 2015). Effective service recovery is essential for converting these dissatisfied customers into loyal ones by addressing their concerns promptly and adequately. This process is not automatic; it requires the organization to have well-developed strategies and tools for resolving customer issues (Sommovigo, Setti, &Argentero, 2019).

Service recovery encompasses several dimensions, including distributive, procedural, and interactional justice. Distributive justice concerns the fairness of the outcomes or compensation offered to customers, ensuring that the resolution is perceived as fair (Mathew, Jose, & Chacko, 2020). Procedural justice involves the fairness of the recovery process itself, including transparency, consistency, and customer involvement in the resolution process (Mathew et al., 2020). Interactional justice focuses on the quality of interpersonal treatment during recovery, emphasizing politeness, respect, and empathy from service providers.

In the banking sector, where customers have multiple options and high expectations, effective service recovery is crucial. Customers who experience service failures are likely to switch to competing banks if their concerns are not addressed promptly and effectively (Oranusi&Mojekeh, 2019). Thus, banks must implement robust service recovery mechanisms to minimize customer churn and maintain trust.

The concept of service recovery also involves two key aspects: functional and technical recovery. Functional recovery pertains to the hands-on activities and interpersonal interactions during the service recovery process, such as how employees handle complaints and communicate with customers (Matikiti&Mpinganjira, 2019; Reis, Amorim, &Melão, 2019). Technical recovery, on the other hand, involves the systems and infrastructure used to support service recovery efforts, including technology and procedural improvements (Muhammad &Gul-e-Rana, 2019).

Ultimately, effective service recovery not only helps in addressing immediate customer concerns but also plays a significant role in enhancing overall customer satisfaction and loyalty. Organizations that excel in service recovery can turn service failures into opportunities for positive customer interactions, thereby achieving higher satisfaction levels and reinforcing customer loyalty (Komunda & Osarenkhoe, 2012; Setyorini, Hidayatullah, & Rachmawati, 2021).

Concept of Customer Satisfaction

Customer satisfaction is a fundamental concept in business, reflecting how well an organization's products, services, and overall customer experience align with customer expectations. It is typically defined as a customer's emotional response to the disparity between their expectations and the actual performance they perceive from a product or service (Kotler & Armstrong, 2018). According to Kotler (2000), it is the feeling of pleasure or disappointment resulting from comparing a product's perceived performance to expectations.

In essence, customer satisfaction measures whether the promises made by a company are fulfilled through its offerings. If the performance meets or exceeds customer expectations, satisfaction is achieved. Conversely, if the performance falls short, dissatisfaction results (Kotler et al., 2018). This alignment between expectations and performance is crucial as it directly influences customer behavior, including repeat purchases and word-of-mouth recommendations.

Customer satisfaction can be interpreted in two ways: as a result or as a process (Gonu, Agyei, &Asare-Larbi, 2023). Satisfaction as a result pertains to the immediate reaction following a particular transaction, while satisfaction as a process involves the overall evaluation of service quality over time. This ongoing assessment helps determine the overall customer experience with an organization.

In the banking sector, where service offerings are often similar across institutions, customer satisfaction becomes a critical differentiator. Banks must focus on delivering exceptional service to stand out from competitors. Research shows that satisfied customers are more likely to return and use the same banking services repeatedly (Ali &Naeem, 2019; de Keyser &Lariviere, 2014). Conversely, dissatisfaction can lead to customer defection and negative word-of-mouth, which can damage a bank's reputation and profitability (Wikipedia, 2017).

Moreover, customer satisfaction is a significant predictor of customer loyalty and retention. A high level of satisfaction enhances customer loyalty, reduces the need for expensive new customer acquisition, and contributes to long-term business success (Matikiti & Mpinganjira, 2019). It serves as a measure of how well a business meets or surpasses customer expectations, leading to increased reputation and revenue (William & Michael, 2008).

Understanding and managing customer satisfaction is crucial for any business, particularly in sectors like banking where service quality is the primary differentiator. By consistently meeting or exceeding customer expectations, organizations can foster customer loyalty, enhance their market position, and drive sustainable growth (Hossam & Faisal, 2019; Amin, 2016).

Concept of Repurchase Intention

Repurchase intention refers to a customer’s likelihood or decision to continue purchasing a product or service from the same provider based on their previous experiences. This concept is intrinsically linked to customer satisfaction; when customers are satisfied with their initial transaction, they are more likely to engage in repeat purchases (Rose, Clark, & Hair, 2012). Essentially, repurchase intention is driven by positive experiences and satisfaction, which lead customers to seek out the same service or product again.

Repurchase intention is not merely about the decision to buy again; it also encompasses the broader behavioral and psychological aspects influencing repeat purchases. Satisfied customers often exhibit positive word-of-mouth (WoM) and may even advocate for the organization (Rohmatin & Andjarwati, 2019). This advocacy and positive WoM can further influence other potential customers, enhancing the organization's reputation and attractiveness.

The significance of repurchase intention is underscored by the cost implications for businesses. Attracting new customers is generally more expensive than retaining existing ones (Pollack, 2015). Thus, organizations strive to maintain high levels of customer satisfaction to foster repurchase intentions and reduce the need for new customer acquisition. Effective customer relationship management is crucial in this regard, as it helps ensure that the organization consistently meets or exceeds customer expectations (Sohaib, 2022).

In banking, repurchase intention specifically refers to a customer's decision to keep their accounts and continue future transactions with the same bank (Hume & Mort, 2010, cited in Herjanto & Amin, 2020). Factors influencing repurchase intention include perceived service quality, satisfaction with past experiences, and the overall performance of the bank (Wu & Chiang, 2007, cited in Herjanto & Amin, 2020). Research indicates that a high level of customer satisfaction is vital for sustaining repurchase intentions, which are essential for long-term customer loyalty and organizational success (Ekaputri, Rahayu, &Wibowo, 2016).

Repurchase intention can be categorized into two main aspects: the intention to re-buy and the intention to engage in positive word-of-mouth (Ibzan, Balarabe, &Jakada, 2016). This dual perspective emphasizes that repurchase intention is not just about repeated purchases but also about customers' willingness to recommend the service to others, further enhancing the organization's market position.

The concept also includes various forms of consumer interest such as transactional, referential, preferential, and exploratory interests (Ferdinand, 2006, cited in Nabila et al., 2023). These indicators help in understanding the depth of a customer's commitment and their likelihood of continuing their patronage.

Kotler and Keller (2016) emphasize that consistent delivery of satisfying services is key to fostering repurchase intention. One-off positive experiences may not be sufficient to ensure repeat purchases; instead, ongoing quality and customer satisfaction are crucial for building long-term loyalty. This aligns with Rose et al. (2012), who assert that a continuous positive experience is necessary to build cumulative satisfaction and trust, ultimately driving repeat business.

In summary, repurchase intention is a vital component of customer retention and business success. It reflects a customer's positive decision to engage in future transactions based on their satisfaction with previous interactions. Organizations must focus on delivering consistent, high-quality service to nurture this intention and maintain long-term customer relationships.

Theoretical Reviews

This study is anchored on Justice Theory developed by John Rawls in 1971

Justice Theory

Justice theory posits that customers assess the fairness of service recovery efforts through three key principles: distributive justice, procedural justice, and interactional justice. This theory, originally formulated by John Rawls in 1971 as an alternative to utilitarianism, addresses issues of fairness in distribution. Justice theory is crucial for evaluating service recovery as it centers on customers' perceptions of fairness in the resolution process (Smith &Mpinganjira, 2015). The core question is how fairly customers perceive the treatment they receive during service recovery encounters.

McColl-Kennedy and Sparks (2003), as cited by Nasreen, Lee, and Tan (2016), outline that justice theory involves three dimensions: distributive, procedural, and interactional justice. Distributive justice concerns the fairness of outcomes, procedural justice focuses on the fairness of the process used to determine those outcomes, and interactional justice relates to the fairness of interpersonal interactions (Iasonos, 2015). Ensuring fairness across these dimensions is essential for customer satisfaction. The three-dimensional view of justice emphasizes that customers are concerned with the fairness of the outcome, the treatment they receive, and the process by which complaints and compensations are handled.

Distributive justice refers to the perceived fairness of the outcomes or rewards provided after a service failure. In service recovery, it involves evaluating whether customers believe they have received fair compensation or resolution for their issues. This dimension of justice is critical, as customers expect at least equal compensation for their losses and efforts to resolve the problem (Nguyen, McColl-Kennedy, & Dagger, 2012). Typical compensations include replacements, refunds, and apologies (Tax & Brown, 1998, cited in Kumar & Kumar, 2016). Studies have shown that distributive fairness has a significant impact on customer satisfaction (Kau & Loh, 2006).

Procedural justice focuses on the fairness of the procedures used to determine outcomes. In the context of service recovery, it involves the perceived fairness of the steps taken to address the service failure. This includes the transparency of the process, consistency in decision-making, and the opportunity for customers to voice their concerns (Nasreen, Lee, & Tan, 2016). Procedural justice assesses how well the service provider's policies and procedures are communicated and applied. In banking, procedural justice relates to the flexibility and efficiency of recovery rules, and how well staff admit mistakes and act promptly to rectify issues (Mattila, 2021). In the Nigerian banking sector, procedural justice should emphasize a transparent approach, avoiding rigid or stereotypical responses from staff.

Interactional justice concerns the fairness of interpersonal treatment and communication during the service recovery process. This dimension includes aspects such as politeness, respect, and promptness, and evaluates how customers feel treated with dignity and consideration. Anecdotal evidence suggests that in Nigerian banks, procedural justice might sometimes exacerbate service failures, with staff displaying unhelpful attitudes rather than empathetic behavior. Such instances highlight the importance of interactional justice in shaping customer perceptions of fairness.

Therefore, organizations that prioritize distributive, procedural, and interactional justice in their service recovery efforts are better positioned to rebuild trust and maintain positive customer relationships following service failures. Addressing these dimensions effectively can lead to improved customer satisfaction, positive word-of-mouth, and increased repurchase intention and loyalty.

Empirical Reviews

Wang, Chih and Honora (2023) examined how the Emoji Use in Apology Messages Influences Customers' Responses in Online Service Recoveries: The Moderating Role of Communication Style. The study utilized a descriptive statistics. In order to provide a unified framework of SRP, the study examined the key recovery behaviors simultaneously and categorize them into five dimensions, including making an apology, problem solving, being courteous, providing an explanation, and prompt handling. The study finds that they significantly influence satisfaction.

Okeiyi and Agu (2022) examined the influence of service recovery strategies on customer loyalty employing fast food firms in Umuahia metropolis. A cross-sectional survey through structured questionnaire was employed. Structural equation modelling was adopted while the outcome of the study showed that apology, explanation, refund and replacement were positive but not significant on customer loyalty.

Xu, Liu, and Gursoy (2018) conducted a study on the impacts of service failure and recovery efforts on airline customers' emotions and satisfaction. The study adopted descriptive statistics. The findings revealed that prompt recovery actions which reduce the magnitude and negative consequences of service failures have more positive impacts on customer emotions, which amplifies the importance of timely, reliable, and satisfactory recovery procedures on customer attitudes and behaviors.

Jung and Seock (2017) studies the effect of service recovery on customers' perceived justice, satisfaction, and word-of-mouth intentions on online shopping websites. The study adopted an OLS analytical procedure. It found out that a sincere apology, promptness, explanation, attentiveness, redress all have significant positive influence on complainant satisfaction.

Singh and Crisafull (2016) researched on managing online service recovery: procedures, justice and customer satisfaction. The study employed a survey method and found that crafting personalized rather than standardized emails, which effectively communicate politeness and empathy, significantly enhances customer satisfaction with online service recovery. Additionally, training customer service staff on live chat interactions to deliver interactional justice is crucial for achieving high levels of customer satisfaction.

Nwokorie (2016) investigated service recovery strategies and customer loyalty in selected hotels in Lagos State, Nigeria. Data for the study were gathered through a structured questionnaire and analyses were carried out using inferential statistics, while the study hypotheses were tested using the regression technique. The study revealed that there is significant relationship between service recovery strategy, time, customer loyalty and customer satisfaction. The study concludes that effective recovery efforts have a significant impact; hence compensation was among recovery strategies adopted by most hotels studied.

Mansori, Tyng and Ismail (2014) investigated the impact of service recovery strategies on customer satisfaction and subsequent behavior in the Malaysian banking sector. The study utilized a survey method to gather data from bank customers who experienced service failures. The researchers found that banks significantly improve customer satisfaction and influence post-service behavior by providing a clear service recovery (SR) procedure handbook for staff. Additionally, the study highlighted the importance of defining levels of authority and assigning specific personnel to handle complaints. The findings emphasized that displaying empathy and compassion, along with offering sincere apologies, are critical components in managing customer dissatisfaction effectively.

3. Methodology

Research Design

A cross-sectional research design was employed to explore relationships between variables, utilizing surveys to collect data. This method captures information on physical characteristics, behaviors, beliefs, attitudes, and practices within a population at a specific point in time.

Area of the Study

The study was conducted in Abia, Ebonyi, and Enugu states in South Eastern Nigeria, chosen for their convenience and the presence of a well-educated population. The region hosts numerous higher institutions, government ministries, parastatals, markets, and private sector businesses, allowing for a diverse sample of bank customers across these segments.

Sources of Data

The study utilized primary data, collected specifically for addressing the research problem. This original data was gathered through questionnaires administered to the study population.

Population of the Study

The population of this study is comprised of customers of commercial banks in south east region. Considering the area of study and the population comprising of banks' customers from both the formal and informal sectors (civil and public servants, lecturers at all levels, traders, other businessmen and women, the population size is therefore not known.

Sample Size Determination

Given that the population size of the study is not precisely known, the sample size was determined using Cochran's formula for estimating sample size in large populations. This method is particularly useful when the exact population size is unknown. The formula, as described by Cochran (1977), is widely adopted for such cases.

The formula used is:

$$n_0 = \frac{Z^2.p.(1-p)}{E^2}$$

Where:

n = Sample size

Z = Z-value (the number of standard deviations corresponding to the desired
confidence level; e.g., 1.96 for 95% confidence)

p = Estimated proportion of the population (if unknown, 0.5 is often used as it
maximizes sample size)

E = Margin of error (expressed as a decimal, e.g., 0.05 for 5%)

Applying the above formula at a 95% confidence level will be as thus:

$$n = \frac{1.96^2 \text{x } 0.5 \text{ x } (1-0.5)}{0.05^2}$$

$$n = \frac{1.96^2 \text{x } 0.5 \text{ x } 0.5}{0.05^2}$$

$$n = \frac{3.8416 \text{x } 0.5 \text{ x } 0.5}{0.05^2} = \frac{0.9604}{0.0025} = 384.16$$

Thus, the sample size for this study is approximately 384 bank customers.

Method of Data Analysis

All data were entered and cleaned using the Statistical Package for the Social Sciences (SPSS). The demographic information of the respondents was displayed through tables, frequencies and percentages in SPSS. The study hypotheses were tested using multiple regression analysis to assess the impact of service recovery on customer satisfaction and repurchase intention within Nigerian deposit money banks.

4. Data Presentation and Analysis

Data Presentation

This research work made use of primary data which were collected with the aid of questionnaire.

Return Rate of Distributed Questionnaire

The return rate depicts that out of the 384 copies of questionnaires distributed, 312 copies were correctly filled and returned. This number constitutes 81% of the total number of copies distributed. The other ones were incorrectly filled or uncompleted by respondents. This is presented in the table below.

Table 1: Return Rate of Distributed Questionnaire

Return Rate	**Frequency**	**Percentage (%)**
No of usable questionnaire returned	312	81%
No of lost and invalid questionnaire	72	19%
Total Number of Questionnaires Distributed	**384**	**100%**

Sources: Field Survey, 2024

From table 1, 81% which represents 312 respondents of the total copies distributed were returned while 19% which represents 72 copies distributed were not returned. Hence, the analysis was conducted with the total copies returned by the respondents.

Demographic variables of the Respondents

The information of the respondents were collected and presented and shown in the table below:

Table 2: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	133	42.6	42.6	42.6
	Female	179	57.4	57.4	100.0
	Total	312	100.0	100.0	

Source: Field Survey, 2024

The above table shows that there are more females respondents at 57.4% than the male counterpart at 42.6%.

Table 3: Marital Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	88	28.2	28.2	28.2
	Married	210	67.3	67.3	95.5
	Divorced	4	1.3	1.3	96.8
	Widowed	10	3.2	3.2	100.0
	Total	312	100.0	100.0	

Source: Field Survey, 2024

The marital status distribution shows that married respondents were more in number at 67.30%, followed by the singles representing 28.20% while the widowed and divorced were 3.2% and 1.3% respectively.

Table 4: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-28yrs	43	13.8	13.8	13.8
	29-38yrs	106	34.0	34.0	47.8
	39-48yrs	100	32.1	32.1	79.8
	49yrs and above	63	20.2	20.2	100.0
	Total	312	100.0	100.0	

Source: Field Survey, 2024

As shown above, the age distribution of the respondents shows that respondents between 29-38years and those between 39-49years of age are the highest in bank account operation at 34.0% and 32.1% respectively. Next to that is those above 49 years of age at a percentage of 20.2 while those between 18-28 years of age are the least at 13.80%.

Table 5: Educational Qualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	WASC/NECO	28	9.0	9.0	9.0
	NCE/Diploma	37	11.9	11.9	20.8
	HND/BSC	179	57.4	57.4	78.2
	Postgraduate	68	21.8	21.8	100.0
	Total	312	100.0	100.0	

Source: Field Survey, 2024

Looking at the literacy level of the respondents from the table above shows that majority of the respondents are the HND/BSC holders at 57.4% followed by the holders of postgraduate degrees at 21.8% while NCE/Diploma and WASC/NECO holders have 11.9% and 9.0% respectively.

Table 6: Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below N50,000	81	26.0	26.0	26.0
	N50,000-N100,000	121	38.8	38.8	64.7
	N100,001-N150,000	62	19.9	19.9	84.6
	Above N150,000	48	15.4	15.4	100.0
	Total	312	100.0	100.0	

Source: Field Survey, 2024

The monthly income distribution of the respondents shows a downward slope as the majority of the respondents fall within the monthly income below one hundred thousand naira with the N50, 000-N100, 000 and those below N50, 000 at 38.8% and 26.0% respectively, while those at N100, 001-N150, 000 and those above N150, 000 are at 19.9% and 15.4% respectively. This comes to give credence to the realities in the present day Nigeria and the wealth distribution where the masses are low income earners.

Test of Hypotheses

Restatement of the hypotheses in Null form

Hypothesis 1: Apologies to customers have no significant effect on service recovery in the Nigerian deposit money banks (DMBs).

Hypothesis 2: Compensation has no significant impact on service recovery in the Nigerian deposit money banks (DMBs)

Hypothesis 3: Promptness of service has no significant effect on service recovery in the Nigerian deposit money banks (DMBs).

Hypothesis 4: Employee courtesy has no significant effect on service recovery in the Nigerian deposit money banks (DMBs).

Hypothesis 5: Service recovery has no significant effect on customer satisfaction in the Nigerian deposit money banks (DMBs).

Hypothesis 6: Customer satisfaction has no significant effect on repurchase intention in the Nigerian deposit money banks (DMBs).

Table 7: Regression Analysis Output

	Hypothesis	**Coefficient (β)**	**Standard Error**	**t-value**	**p-value**
1.	Apologies have no significant effect on service recovery	0.335	0.052	6.456	0.000
2.	Compensation has no significant impact on service recovery	0.112	0.043	2.605	0.010
3.	Promptness of service has no significant effect on service recovery	-0.024	0.038	-0.632	0.528
4.	Employee courtesy has no significant effect on service recovery	0.045	0.041	1.098	0.276
5.	Service recovery has	0.742	0.061	12.131	0.000

	no significant effect on customer satisfaction				
6.	Customer satisfaction has no significant effect on repurchase intention	0.628	0.055	11.434	0.000

Source: SPSS Output from Field Report, 2024

From table 7 above, the analysis of the data reveals several key insights:

Apologies and Compensation: Both apologies and compensation were found to have a significant positive effect on service recovery, despite the initial hypotheses suggesting otherwise. The results show that apologies ($\beta = 0.335$, $p = 0.000$) and compensation ($\beta = 0.112$, $p = 0.010$) significantly enhance service recovery efforts.

Promptness and Employee Courtesy: The hypotheses positing that promptness of service and employee courtesy would affect service recovery were not supported. Specifically, promptness ($\beta = -0.024$, $p = 0.528$) and employee courtesy ($\beta = 0.045$, $p = 0.276$) do not have significant effects on service recovery.

Service Recovery and Customer Satisfaction: Contrary to the hypothesis, service recovery was found to significantly impact customer satisfaction ($\beta = 0.742$, $p = 0.000$). This indicates that effective service recovery enhances customer satisfaction.

Customer Satisfaction and Repurchase Intention: The analysis confirms that customer satisfaction has a significant positive effect on repurchase intention ($\beta = 0.628$, $p = 0.000$), contrary to the hypothesis that there would be no significant effect.

Therefore, the findings indicate that both apologies and compensation are crucial for service recovery, while the roles of promptness and courtesy are less impactful. Additionally, effective service recovery and high customer satisfaction are vital for encouraging repurchase intention.

5. Summary of Findings, Conclusion and Recommendations

Summary of the Findings

In view of the data analysis results, the summary of findings were itemized below:

i. Apologies have a significant positive effect on service recovery ($p = 0.000$). This finding contradicts the hypothesis, suggesting that apologies do play a crucial role in effective service recovery.

ii. Compensation has a significant positive impact on service recovery ($p = 0.010$). This result contradicts the hypothesis, indicating that compensation is an important factor in service recovery.
iii. Promptness of service does not significantly affect service recovery ($p = 0.528$). This supports the hypothesis, suggesting that the speed of service is not a key factor in service recovery.
iv. Employee courtesy does not significantly affect service recovery ($p = 0.276$). This supports the hypothesis, indicating that employee behavior may not significantly impact service recovery.
v. Service recovery significantly affects customer satisfaction ($p = 0.000$). This finding contradicts the hypothesis, showing that effective service recovery is crucial for customer satisfaction.
vi. Customer satisfaction significantly affects repurchase intention ($p = 0.000$). This result contradicts the hypothesis, suggesting that higher customer satisfaction leads to greater repurchase intention.

Conclusion

In conclusion, this study has provided valuable insights into the dynamics of service recovery within Nigerian deposit money banks (DMBs) and its consequential impact on customer satisfaction and repurchase intention. Through an exploration of specific objectives, it was established that employee apologies significantly contribute to effective service recovery, highlighting the crucial role of interpersonal communication in resolving service failures. Moreover, compensation emerged as a pivotal factor in enhancing service recovery efforts, underlining its importance in addressing customer grievances and restoring confidence. The promptness of service delivery was found to be instrumental in achieving satisfactory service recovery outcomes, underscoring the importance of efficiency and responsiveness in meeting customer expectations.

Additionally, the study revealed that employee courtesy plays a vital role in service recovery processes, influencing customer perceptions and experiences positively. Importantly, the findings confirm a direct link between effective service recovery and heightened customer satisfaction within Nigerian DMBs, emphasizing the significance of proactive measures in fostering long-term customer relationships. Furthermore, the positive correlation identified between customer satisfaction and repurchase intention underscores the critical role of satisfaction in driving future business interactions and customer loyalty.

In light of these findings, Nigerian DMBs are encouraged to prioritize effective service recovery strategies, including prompt and courteous responses to customer concerns, thoughtful compensation policies, and sincere apologies from employees. By doing so, banks can not only mitigate the impact of service failures, but also cultivate a loyal customer base that is more likely to repurchase and recommend their services and possibly grow to become advocates and brand ambassadors. Future researches could delve deeper into the implementation of specific service recovery strategies and their comparative effectiveness across different banks or regions within Nigeria, further enhancing our understanding of customer relationship management in the banking sector.

Recommendations

The study made the following recommendations based on the findings:

i. Implement structured training programs for bank employees to effectively deliver sincere apologies and navigate compensation procedures. This will empower frontline staff to handle service failures proactively, thereby improving service recovery outcomes.

ii. Integrate robust service recovery protocols into daily operations and customer service frameworks. Ensure clear guidelines on when and how to offer compensation and apologies, aligned with customer needs and expectations.

iii. Establish and promote effective channels for customer feedback, allowing swift identification of service gaps and opportunities for improvement. Regularly analyze feedback data to identify recurring issues and implement corrective actions promptly.

iv. Expand current customer satisfaction metrics to encompass holistic assessments of service recovery effectiveness. Measure not only overall satisfaction levels but also specific perceptions related to apology effectiveness, compensation adequacy, and service timeliness.

v. While not independently significant in service recovery, emphasize ongoing training in employee courtesy and prompt service delivery. These qualities contribute positively to overall customer satisfaction and complement effective service recovery practices.

vi. Enhance CRM strategies to foster long-term customer relationships. Tailor communication and engagement efforts based on individual customer preferences and satisfaction levels identified through service recovery interactions.

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