

**THE IMPACT OF SERVICE RECOVERY ON CUSTOMER
SATISFACTION – A COMPARATIVE STUDY ON STATE BANKS
AND PRIVATE BANKS IN MANMUNAI NORTH DS DIVISION,
BATTICALOA.**



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Abstract

The service recovery and customer satisfaction has caught the attention of service sector such as banking sector. Despite the popularity of the subject, there were still not much known about how the service recovery strategies influenced customer satisfaction in service organizations like banks. Although service firms made the best effort, service failures were inevitable. Service recoveries were the efforts made by firms to bring back aggrieved customer to satisfaction. If recovery strategies were not prompt, proper and effective, the frustrating customers would defect to competitor. Thus, service firms were losing customers and revenues. The purpose of this study is to assess the impact of service recovery on customer satisfaction compare with state and private banks. Customer satisfaction was vital and dominant key to business competitiveness and profitability. This research tested service recovery of failure and customer satisfaction, with the help of three dimensions under justice oriented recovery strategies (JORS), and customers' evaluations of particular banking, their previous experience of failures, demographic variables, and relationships with their banks. Data were collected by distributing the structured 37 item-questionnaires to 200 state (100) and private bank (100) customers (Peoples' bank, BOC, Commercial bank and Seylen bank), randomly selected those who affect at least a minor error. Results were analysis through SPSS package for convenience and reliability. Results found that, both state and private bank's recovery process moderately satisfied customers and compare with private bank, state bank is bit high than private bank, and all recovery process were linearly correlated with customer satisfaction. Regression analysis found that, the customer satisfaction variance was explained by 56.3% of the service recovery strategy. In addition to the above, the study offers suggestions and implications to the banks for service failures were found to be of varying importance and different service recovery strategies more effective for particular failures; further, customers with long relationships or high deposits with their banks were more demanding with respect to service recovery.

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