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Service Recovery Strategies and Customer Retention of Selected Banks in Lagos State, Nigeria

ITAI, Muktar Monday
Department of Business Administration and Marketing, School of Management Sciences, Babcock University Ilishan-Remo,Ogun State, Nigeria

Abstract
This study explores the relationship between service recovery strategies and customer retention of selected banks in Lagos, Nigeria. Service failure occurs when the quality of service delivery fall short of customers' expectations. That is, when customers receive services of lower quality than they wish to receive or lower than they can tolerate. Service recovery is crucial to the survival of any business organisation whether for profit-making or not--profit making. Service recovery strategies are the actions taken by a company in response to service failure. It is the action taken by companies to satisfy and retain its valued customers when service standards and qualities do not meet the customers' expectations and bring about satisfaction. While literature has been inundated with various forms of customer attraction and retention strategies, little has been done in the area of process, customer relations, complaints handling, and compensation recovery strategies. To address these service gaps, the study focused on the effect of process recovery strategy on customer repurchase of bank services; the influence of customer relation strategy on customer loyalty.The study adopted descriptive survey research design. The target population for this study was 4,800,000 customers that registered for Bank Verification Number (BVN) in Lagos State out of which a sample of 520 was picked. To determine a desirable sample from the population, Yamane (1967) sampling formula was used. A multiple sampling method was adopted - first step was stratified sampling, followed by proportional and simple random sampling process. The response of completed questionnaire was 458, this constitutes 88.09% rate. Data were analysed using descriptive and inferential (Pearson's Product Moment Correlation and Linear Regression) analysis.Finding shows that process recovery strategy has a positive and significant effect on customer repurchase of bank services (β = 0.817, t = 30.765, $\rho<0.05$). The R-squared value reveals that process recovery strategy explained almost 67.5 percent of the variances in customer repurchase of bank services (R^2=0.675; p<0.05).The study also shows the Unstandardised coefficient of customer relation strategy to be 0.879 (β = 0.879, t= 18.737, ρ = 0.000) meaning that customer relation strategy has a statistically significant influence on customer loyalty. The study concluded that process and customer relations recovery strategies have a positive and significant influence on customer retention of selected banks in Lagos, Nigeria. It is recommended, therefore, that in addition of banks meeting their customers' expectations, they should focus on recovery of services for sustainable customer retention.
Keywords: Service failures, service recoveries, process recovery, customer relations recovery, repurchase of bank services, Customer loyalty, customer retention.

1.Background to the Study

Service recovery comes into play at the moment something goes wrong in the service delivery process (Nwokorie, 2016). It is the responsibility of the service provider to take immediate action to ensure that the desired outcome is achieved and, thereafter, rectifies the failed process so that failure does not reoccur (Fabian & Jeff, 2008). Service recovery efforts are initiated to restore customer satisfaction, and subsequently customer retention and word of mouth referrals for future purchases (Shapiro & Nieman-Gonder, 2006; cited in Wamuyu, Gichira, Wanjau & Mung'atu, 2015). Service failure occurs when customer is disappointed, service failures are common in the service industry and it is difficult to prevent them completely (Pin-Fenn, 2015). Service failure occurs when there is perceived wrong delivery of a product or service from the standpoint of the customer from a service provider (Lewis & Spyrakopoulos, 2001).

Service recovery is crucial to the survival of any business organisation whether for profit-making or not-for-profit making. Failure by an organisation to meet customers' expectations on services can contribute to a rise in customers' complaints, spread of negative word-of-mouth and increase in litigations (Lovelock, Patterson & Walker, 2016). Service recovery strategies are the actions taken by a company in response to service failure (Zeithaml, Bitner & Gremler, 2009). It is the action taken by companies to satisfy and retain its valued customers when service standards and qualities do not meet the customers' expectations and bring about satisfaction. The effectiveness of the service recovery is dictated by the level of failure and an understanding of why the service failed. When service fails, some customers would voice complaints and demand actions as well as spread negative complains to friends and family, while others would remain silent but discontinue their relationship with the company. They might inform anyone they know of their dissatisfaction and also suggest to their friends and family not to patronise the services of the company.

In response to global trends, the Nigerian authorities in 2004, introduced banks consolidation (Soludo, 2006). The initiative has succeeded in raising the total assets of the banks (Klynveed, Peak, Marwick, Goerdeler - KPMG, (2013). Taken together, consolidation has improved the running efficiency of Nigerian retail banks through mergers and acquisitions (Ernest, 2012). However, consumer related issues of the industry are far from being resolved (KPMG, 2012), and this suggests the application of service recovery (Kantsperger & Kunz, 2010). Industry reports and empirical research findings describe the Nigerian banking landscape as undergoing shift in consumers' confidence and trust with the attendant satisfaction erosion (KPMG, 2012), occasioned by customers' dissatisfaction, frustrations and unresolved complaints (KPMG, 2012, 2013; Ogbadu & Usman, 2014). In spite of the consolidation of Nigerian retail banks, the industry is still embattled by customers' complaints, lost of customers' confidence, loyalty and retention erosion. (Muhammad, Sany, & Aliyu, 2014).

It is important to address these increasing service failures and other customer related issues of the Nigerian banks by effective service recovery strategies. Against this backdrop, this article examines the service recovery strategies and customers' retention of selected banks in Lagos State, Nigeria.

1.2 Statement of the Problem

According to Maxham (2004), a bank's success is a function of its capability to satisfy customers consistently and deliberately build loyalty in customers. He further stated that organisations with excellent service delivery strategies and high service quality structures cannot avoid process errors or service failures in their routine service delivery to their clients. According to Kumunda and Osarenkhoe (2012), it was also observed that service failure results in loss of customers and revenue for the service provider. Customers may express negative comments to third parties concerning poor services they received. They posited that despite improvements in service delivery in the Nigerian banking industry, long queues were the order of the day, as its contribution to customer satisfaction was below expectation. Banks in Nigeria, rather than being customer oriented, were product or even profit oriented.

The process recovery has posed some challenges in spite of identifying ways to enhance customer repurchases of banks' products and services. Abou and Abou (2013), argued that service recovery process on repurchase of bank services have been inconclusive in the sense that these engagements varied from fixing the problem as it occurs or do nothing. It was in the quest to protect the banks' customers, control the arbitrary bank charges, and service failures that the Central Bank of Nigeria (CBN) in 2012 established the Consumer Protection Department. In a circular sent to banks that year, the CBN compelled the commercial banks to establish consumer help desks to address the process recovery of service failure cases, among others. Banks were also mandated to capture complaints received during the financial year especially those that are related to excess charges on their annual financial report. The CBN publication (2015) recorded over 6,000 service failure complaints relating to illegal bank charges, and the banks were compelled to refund over =N=6.2 Billion to affected customers. From preliminary studies the researcher found out that the Union of Banks and Other Financial Institutions Customers of Nigeria (UBAFICON, 2014) observed that customers are charged and debited for banks induced transactions. When complaints were lodged, banks did nothing to address the issues. This sometimes leads to litigations before issues are resolved.

In the same vein, bank customer relation and employee empowerment have significant impact on recovery of service failure. It was observed that bank employees are not empowered to resolve and recover failed service proactively and this has affected customer's loyalty (Garland, 2011). These employees who feel helpless are unhappy and dissatisfied to resolve customer's problems leading to negative word of mouth (Johnston & Fern, 2005). Recognizing customers' loyalty, especially the Nigeria's bank customers, is a concept which has attracted more attentions recently, as the difference in services delivery is leading to negative image in the industry but the extent to which the customer's relation practices of some banks in Nigeria have ensured customer's brand-loyalty for typical bank service / product, is still in doubt (Onaolapo, Salami & Oyedokun, 2011)

1.3 Objective of the Study

The main objective of this research is to study the relationship between service recovery strategies and customer's retention of selected banks in Lagos State, Nigeria. The specific objectives are to:

1 investigate the effect of process recovery strategy on customer repurchase of bank services;
2 determine the influence of customer relation strategy on customer loyalty;

1.4 Research Questions

The following questions guided the conduct of the research to achieve the stated objectives.

1 How does process recovery strategy affect repurchase of bank services?
2 What is the influence of customer relation strategy on customer loyalty?

1.5 Hypotheses

In order to provide useful answers to the research questions and actualise the objectives of the study, the following hypotheses were tested;

$H_{01:}$ Process recovery strategy has no significant effect on customer repurchase of bank services

$H_{02:}$ Customer's relation strategy has no significant influence on customer loyalty

2.REVIEW OF LITERATURE

2.1 Conceptual Review

Given the importance of service failure, the recovery strategies are more important than the original service failure in formulating customer loyalty (Johnson & Fornel, 2011). In the design of the service recovery efforts, service failure type and magnitude should be considered to create the optimal outcome for service recovery strategies (Smith, Bolton, & Wagner, 1999). Although service recovery can positively influence customers' satisfaction, error free service likely creates even higher customers' satisfaction indicating the importance of preventing service failure (McCollough & Yadav, 2000). According to Battaglia, Borchardt, Sellitto and Pereira (2012), service recovery strategies involve actions undertaken by an organisation or a service provider to address service or product failure and the processes the organisation employs to provide a solution for the failures. In their study, Johnson and Fornel (2011) explained that a service provider recovery procedure results, in three types of outcomes; the service process, employee recoveries and customer. Also, Johnson and Michel (2008) suggested that for service process, employee recoveries and customer to be integrated for a successful recovery, they defined service recovery as the integrative actions a company takes to reestablish customers' satisfaction and loyalty after a service failure (customer recovery), to ensure that failure incidents encourage learning and process improvement (process recovery) and to train and reward employees for this purpose (employee recovery).

2.2 Process recovery Strategy

Process recovery includes a mixture of emotional recoveries and tangible efforts. These efforts varied from fixing the problem as it occurs or the service providers doing nothing to address it. The success of process recovery strategies depends on the environment, and is influenced by the type of service delivery (Bitner, Booms, & Tetreault, 1990). Xavier (2004), Lovelock and Wirtz (2016) argue that customers who complain give companies a chance to fix the problems, restore relations with the complainant and improve the service. The complaint can be seen as an opportunity for the implementation of improvements in services. Redress or immediate problem fixing had a positive influence on customers' recovery satisfaction (Blodgett, Wakefield & Barnes, 1995). Related outcomes were reported by McCollough, Berry and Yadav (2000); they suggested that fair handling of the problem had a dramatic effect on service recovery satisfaction.

Process recovery strategy characteristics expresses the way in which the service personnel handles the failure; that is, responsiveness, understanding, empathy, and the usefulness of the strategy. What was done and the process (how it was done)add to the effectiveness of the recovery strategy (Gordon &Terrence, 1999).The advantage of process recovery strategy is how it influences customers' satisfaction and represents the most significant means of creating bottom-line impacts through recovery (Johnston & Fern, 2005).Whereas disadvantage appears to infuriate, or even ire customers' because not that they are not satisfied but the conviction that same process remains unchanged, which makes it likely occurs again and again (Johnston & Fern, 2017).

2.3 Customer relation strategy

According to Estelami (2000), customer relation in service recovery strategy is defined as the service provider's behaviour to include care, empathy, friendliness and information. For the sake of transparency, the term "good customers" relation is used to show favourable value of this concept. In Davidow's (2000 & 2003) framework, favourable customers' relation covers the interpersonal aspect of complaint handling by listening carefully (attentiveness) and explaining the problem (credibility).

In their studies, Dewitt and Brady (2003) and Miller *et al.* (2000) traced the evolution of customers' relations as very important to service recovery. Dewitt et al. (2003) also agreed that customers' relation is very important prior to service failures. They explained that when there is a pleasant relationship between a service provider and a customer prior to a service failure, a subsequent service failure has a moderate influence on the customers' satisfaction, future purchase intentions and negative word-of-mouth when compared to situations where no prior relationship exists. Miller (2000) state that recovery of a failed service is easier when the employee initiating the recovery is adequately empowered to resolve the issue of concern. According to Gremler and Gwinner (2000), a good quality employee's relationship produces customer satisfaction, which in turn, encourages demand that is more resilient to competition and achieved at lower long-run cost than otherwise. Namasivayam and Hinkin (2003) stated that a sense of control on the part of hotel consumers may compensate for "unfair" behaviours on the part of service providers. From perspective of the attribute-based model of customer. Anderson and Davis (2005), Roth and Menor (2003) suggested that customers' relation is a more influential determinant of overall satisfaction in the event of service failure than otherwise. Anderson et al. (2005) also mentioned that this relation is mitigated when customers apportion more responsibility for the service failure to the service provider. Customer relations would include amongst other things attentiveness and promptness.

Attentiveness: Attentiveness is the degree of interpersonal interaction and communication between a service provider and a dissatisfied customer. According to Davidow (2000) and (2003), attentiveness is the care and courtesy a service provider exhibits empathy for a client who experienced a service failure and a readiness to help out. Other researchers suggested that this type of service recovery strategy covers a service provider's readiness to listen and to resolve the complaint (Plymire 1991, Whitely 1994, cited in Davidow, 2000). According to Davidow (2000), customer satisfaction and repurchase intention depend on the understanding between a service provider and customers.

Promptness: Davidow (2003) defined promptness as the swiftness of the service provider in responding to a customer's complaints. According to SOCAP (1994), promptness is a key successful factor in customers' complaints resolution. Kincade, Redwine and Hancock (1992), suggested that the quality of time spent to resolve customer's complaints had a major influence on service recovery satisfaction and future purchases. According to Lewis and Spyrakopoulos (2001), in the framework of Greek banks, they suggested that prompt responses had a positive outcome on recovery satisfaction. In Johnston and Fern (1999), they explained that the customers' expectation is that it is the responsibility of a service provider to resolve their problems immediately.

The same outcome was observed by Cengiz, Er and Kurtaran (2016) in their research on Turkish banks' customers. According to Estelami (2000), promptness is an instant and immediate resolution of a customer's complaint. According to Lewis and Spyrakopoulos (2001), employees' conduct in the banking industry, to service recovery strategy is considered and categorised as: apologies, attentiveness, explanation, promptness, facilitation and redress. In Bell and Zemke (1990), they recognised that quick and effective replies to customer's complaints influence customer's opinions of the service providers' ratings and the quality of all products or services provided by an organisation. An advantage of customer relation recovery strategies assists to provide tools to enable the service provider succeed in efforts to recover customers or recover the customer from the adverse feelings they may experience in recovery situations. Reports also indicate that effective employee service recovery leads to higher job satisfaction for the employee and reduces the possibility of quitting (Boshoff & Leong 2007).

This means that an organisation's poor service recovery behaviour results do not result in only dissatisfied and disappointed customers but also to stress-filled and poorly disposed employees, who feel helpless to assist or to resolve the customers' problems (Johnston & Clark, 2005). This helpless situation (known as "learned helplessness") induces employees to display passive and negative behaviours.

2.4 Customer Retention

According to Hoffman, Kelley and Chung (2013), customer retention is defined as the way a service provider focuses its exertions of service delivery on current customers. Also, Murphy, Burton, Gleaves and Kitshoff (2006), refer customer retention as organisation efforts to continue to provide services to a specific segment of customers in future. According to Kim and Cha (2012), Magnini and Ford (2004), Murphy (2001) in their studies, explain that the essence of customer retention is centered on the value that it is stress-free and it is not as cumbersome to maintain existing customers as it is constantly to engage new customers. Chi and Qu (2008) suggested that customer retention is of such importance that it can be directly related to the bottom line of an organization. Customer retention provides both financial and non-financial values for the service provider or the organisation.

Financial values include the ability to predict future sales, purchases, reduction in advertisement costs and the marketing costs of acquiring customers and the willingness of loyal customers to provide referrals to others. Turnover is expected to increase as customers are willing to increase their purchases with the service provider as the rapport improves (Kassim & Souiden 2007). The non-financial values comprise the readiness of customers to provide suggestions to the service provider to improve the service offerings as well as the creation of relationships with other stakeholders, such as suppliers and employees of the organisation (Ahmad & Buttle, 2001). DeSouza (2002) proposed that while many service providers or organisations appreciate the importance related with customer retention, this standard tends to be overlooked when developing strategy, because efforts are often placed on customers' acquisition rather than retention (Christopher, Payne & Ballantyne. 2002). By concentrating on customers' acquisition instead of customer retention, service providers do not attend to customer defections (customers leaving one service provider or organisation for another) (Garland 2011). Seeing the importance of customer retention, it stands to reason that service providers should try to keep their current customers and pay more attention to customers' defections.

2.5 Theoretical Review
2.5.1 Justice theory

There are so many theories that have been used to study service recovery and customer retention. However, justice theory is sparsely used by some authors (Tax & Brown, 2000) to explain the relationship between the service failure, recovery, customers' satisfaction and retention.

Distributive Justice: Distributive Justice has its theoretical foundation stemmed from the equilibrium theories of the 1950s and 1960s. Distributive justice in theory is characterised as the fairness related to the distribution of resources and decision outcomes. The resources or outcomes can be tangible or intangible (Adams, 1965). Much of the research on distributive justice was derived from the works of Adams (1965). Distributive justice states that in the process of rectifying and compensating the customers for service failure, the firm should assign tangible resources (such as discounts and compensation) that will make customers to perceive fairness while restoring the customers back to the normal positions they were before the service failure occurred (Nikbin, Ismail, Marimuthu, Armesh, 2012). Failure to do this will make the customer feel distressed and will resort to the use of available instruments in their disposal to seek redress (Kim & Chen, 2010). Various studies have confirmed that when customers perceive that the outcomes from the service recovery process would be fair, there is every tendency that such customers would be satisfied and loyalty will be returned after the short fall in service has occurred (Kim & Chen, 2010).

Procedural Justice: After ten years of Adams' (1965) study, Thibaut and Walker (1975) discovered a new dimension of organisational justice, namely procedural justice. Procedural justice focuses on the processes which are used to determine the outcomes. Procedural justice states that each firm has certain process or procedures it follows while dealing with problems that arise during service delivery (Nikbin, et al, 2012). Such procedure which includes accessibility, timing, process control, flexibility, company policies and tools must be adapted to suit the customers' purpose during service recovery process as this would make customers to perceive justice in the service failure recovery process (Kim & Cha 2012). Many studies have found that procedural justice can impact positively on customer's satisfaction if the complaint is properly handled (Del Río, Vázquez-Casielles, & Díaz-Martín, 2009). The procedural justices talk-about the perceived fairness of process, procedure, policies, and standards used by service provider or organisation to attain a service recovery effort (Ok, Back, & Shanklin, 2005).

Interactional Justice**:** According to Bies and Moang (1986), there is another branch stemming from the tree of justice theory labeled as interactional justice which focuses on the perceived fairness the customers are treated during the service recovery process (that is, apology, explanation or politeness) (Ok et al. 2005). Service delivery and service failure recovery actively involve human and interpersonal interaction. The basis of Interactional justice, therefore, measures the degree of such interpersonal relationship which a customer experiences during service failure recovery process and which gives the customer the strong feeling that justice has been done (Sparks, & McColl-Kennedy, 2001). Previous literature assumed and recognised courtesy, honesty, empathy, apologies, explanations and endeavours from service employees as six elements that can make offended customer to feel justified in the service failure recovery process (Del Río-Lanza, et al. 2009). Other various studies have equally verified the significant relationship between interactional justice and customers' satisfaction (Martínez, & Peiró, 2006).

The critics of the theory concentrate on three feminist scholars: Carole Pateman, Susan Okin and Martha Nussbaum. It primarily deal with their critique of John Rawls on gender and the family. The supporter of the theory argued that both the Equity and Justice theories offers a theoretical structure which clearly explain fairness, perception regarding service recovery strategies. However, the methodology used by the Equity and Justice theories in evaluating and conceptualizing fairness perception is different. The Justice theory offers a transaction-specific perspective which measures fairness of recovery efforts in the transaction. The concept of justice and fairness, through its three dimensions – distributive, procedural and interactional, is "widely accepted as the conceptual foundation for modeling customer assessments and responses to service recovery" (Wirtz & McColl-Kennedy, 2010).

From the forgoing, the study aligns with supporters of the Justice theory, and is expected to explain the relationship among the planned concepts. The four independent and dependent variables were derived from the Justice Theory. The researcher evaluates the effectiveness and success of these service recovery strategies on the basis of justice theory, which has three important types as earlier discussed. Each of the classes has further components. Material compensation (distributive justice), fair decision making (distributive and procedural justice), appropriate information providence, prompt response (procedural justice), attentiveness and politeness (interactional justice) are few important components in these categories).

3. METHODOLOGY

The research adopted a survey design. The population of this research comprises of selected bank customers in Lagos State. In 2016, the total number of customers registered for Bank Verification Number (BVN) in Lagos

State by Nigeria Inter-Bank Settlement System (NIBSS) was 4,800,000. Lagos State accounting for about 19% of the total registered Bank Verification Number (BVN) in Nigeria. A sample of 520 customers of selected banks in Lagos State has been chosen from a population of 4,800,000. The sample size was arrived at using the formula for a sample determination for a fixed or finite population as provided by Taro Yamane (1967). In this formula, ***n*** represents a sample carefully chosen from a population ***N***, while 5% is the sampling tolerable error margin. To determine the sample size, the researcher used a 5% level of significance; using the formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where

n = desired sample size
N = Population of the study
e = level of significance/Tolerable error margin at 5%
1 = Constant

$$n = \frac{4,800,000}{1 + 4,800,000(0.05)^2}$$

$$n = \frac{4,800,000}{1 + 4,800,000\,(0.0025)}$$

$$n = \frac{4,800,000}{1 + 12000}$$

$$n = \frac{4,800,000}{12001} = 399.96$$

$$n = 400 \text{ (approximate)}$$

The sample size of this study as derived from the population is 400. However, to compensate for non-response probability, according to Israel (2013), 30% of the sample size had to be added to it. Therefore, 30% of 400 =120, which brings the total sample size for the study to 520 selected bank customers of banks in Lagos State.

A multiple sampling method was adopted for the study. Stratified, Proportionate and Simple random sampling because of the nature and the location of the bank customers. The reason for the adoption of these techniques in this study was that; Stratified as the banks were selected from each of the divisions of Lagos bank customers. Proportionate random sampling ensures that all the elements or groups under study are well represented in the sample according to the proportion of the population. The proportionate technique had to be applied to make a fair representation of each bank. First bank (87), United Bank for Africa (87), Guaranty Trust bank (87), Diamond bank (87), Access bank (87), and Ecobank (87) or segment before using Simple random sampling process to pick the respondents from each of these divisions

The study used 6 point Likert-type scale for responses to definite items. According to Rungson (2010), Likert's scale 6 points is appropriate to the research which has several variables and is not a burden of the respondents while the reliability is acceptable, according to the standard of psychology test. The questionnaire items were adapted from previous studies based on the similarities and peculiarities with the current study.

4. Analysis and Discussion

Restatement of Objective and Research Question One

Objective One: Investigate the effect of process recovery strategy on customer repurchase of bank services.

Question One: How does process recovery strategy affect repurchase of bank services.

The study sought to find out the effect of process recovery strategy on customer repurchase of bank services. Statements in Table 1 are indicators of the process recovery strategy. The respondents were required to rate the indicators on a scale 1-6 (minimum to maximum) to reflect their feelings and the extent to which they agree with the statements. The frequency, percentages, means and standard deviation for all the items are presented in Table 1.

Table 1: Descriptive Analysis of Process Recovery Strategy

	Strongly Disagree	Disagree	Partially Disagree	Partially Agree	Agree	Strongly Agree	Mean	Standard Deviation
Process Recovery Strategy	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**		
I am satisfied with my bank's response to service failure recovery	19 3.6%	19 3.6%	44 8.3%	87 16.4%	150 28.3%	139 26.2%	4.63	1.335
My bank's service recovery quality exceeds my expectation	26 4.9%	37 7.0%	50 9.4%	120 22.6%	150 28.3%	75 14.2%	4.21	1.373
My bank's service recovery quality is high	21 4.0%	25 4.7%	49 9.2%	184 34.7%	143 27.0%	36 6.8%	4.12	1.164
My bank's service recovery gives me pleasant feelings	21 4.0%	30 5.7%	60 11.3%	186 35.1%	142 26.8%	19 3.6%	3.99	1.133
My complaints was resolved as quickly as it should have been	17 3.2%	26 4.9%	55 10.4%	164 [illegible]	116 21.9%	80 15.1%	4.26	1.253
My bank's service recovery process is done in a timely manner	19 3.6%	36 6.8%	49 9.2%	177 33.4%	120 22.	57 10.8%	4.12	1.242
Grand Mean								

Source: Fieled Survey, 2017

By combining responses under strongly agree, agree and partially agree together, results in table 1 shows that majority of the respondents 82.1% agreed with the statement that they are satisfied with their bank's response to service failure recovery while 17.9% of the respondents disagreed with the statement; this implies that on the average, majority of the respondent agreed with the statement at a mean of 4.63 and standard deviation of 1.335. From the results, those who agreed that their bank's service recovery quality exceeds their expectations are 75.3% while 24.7% of the respondents disagreed, this indicates that on the average the respondents partially agreed that their bank's service recovery quality exceeds their expectation with a mean 4.21 and a standard deviation of 1.373. Those that agreed that their bank's service recovery quality is high are 79.3% while 20.7% of the respondents disagreed; this is an indication that on the average, the respondents partially agreed that bank's service recovery quality is high with a mean of 3.99 and a standard deviation of 1.133.

Those who agreed that their bank's service recovery gives them pleasant feelings are 75.8% while 24.2% respondents disagreed. This shows that on the average, the respondents agreed that their bank's service recovery gives them pleasant feelings with a mean of 4.26and a standard deviation of 1.253. Those who believed that their complaints were resolved as quickly as it should have been are 78.6% while 21.4% respondents disagreed which indicates that on the average, the respondents agreed that complaints are resolved as quickly as possible with a mean of 4.26 and a standard deviation of 1.253. Those who agreed that their bank's service recovery process is done in a timely manner are 77.3% while 22.7% respondents disagreed which shows that on the average the respondents agreed that the bank's service recovery process is done in a timely manner with a mean 4.12 and a standard deviation of 1.242. Results in Table 4.2 shows that the average mean of the responses was 4.22 which mean that majority of the respondents partially agreed to the statements in the process recovery strategy questionnaire. The standard deviation from the mean score was at 1.250 implying that the respondents held varied views on the subject.

Table 2 provides details of descriptive statistics (mean scores, standard deviations, and percentages) of respondents' opinions on repurchase of bank services.

Table 2: Descriptive Analysis of Repurchase of Bank Services

Items	Strongly Disagree	Disagree	Partially Disagree	Partially Agree	Agree	Strongly Agree	Mean	Standard Deviation
Repurchase of Bank Services	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**		
I will make future purchase with my bank	20 4.4%	16 3.5%	34 7.4%	111 24.2%	128 27.9%	149 32.5%	4.66	1.328
The bank can be relied upon to keep their promises	22 4.8%	14 3.1%	34 7.4%	131 28.6%	128 27.9%	129 28.2%	4.56	1.312
My bank go-extra mile that I really care about	25 5.5%	10 2.2%	66 14.4%	97 21.2%	146 31.9%	114 24.9%	4.47	1.351
The relationship with my bank is very important to me	20 4.4%	7 1.5%	40 8.7%	124 27.1%	198 43.2%	69 15.1%	4.48	1.159
The relationship with my bank provides me the maximum efforts to remain	19 4.1%	17 3.7%	46 10.0%	148 32.3%	189 41.3%	39 8.5%	4.28	1.139
I will continue to use the services of my bank more often in the future	21 4.6%	17 3.7%	25 5.5%	173 37.8%	157 34.3%	65 14.2%	4.36	1.183
Grand Mean								

Source: Filed Survey, 2017

Table 2 presents the descriptive analysis of responses on repurchase of bank services. By combining responses under strongly agree, agree and partially agree together, 84.7% of the respondents agreed that they would make future purchase with their banks while 15.3% of the respondents disagreed. On the average, the respondents agreed to the statement at a mean of 4.66 and a standard deviation of 1.328. A majority of 84.7% of the respondents indicated that their banks can be relied on to keep their promises, while 15.3% of the respondents disagreed which implies that on the average, the respondents agreed to the statement with a mean of 4.56 and standard deviation of 1.312. Those that agreed that their banks go-extra mile that they really care about them were 77.9% while 22.1% of the respondents disagreed which indicates that on the average the respondents strongly agreed with the statement with a mean 4.47 and standard deviation of 1.351.

Furthermore, those who agreed that their relationship with their banks is very important to them are 85.4% while 14.6% of the respondents disagreed which implies that on the average the respondents agreed that their relationship with their banks is very important to them with a mean of 4.48 and standard deviation of 1.159. Those who agreed that their relationship with their banks provide them the maximum efforts to remain are 82.1% while 17.9% of the respondents disagreed, which implies that on the average the respondents agreed with the statement with a mean of 4.28 and standard deviation of 1.139. In the analysis, 86.2% of the respondents declared that they would continue to use the services of their banks more often in the future, while 13.8% of the respondents disagreed which implies that on the average the respondents agreed with the statement with a mean of 4.36 and standard deviation of 1.183. From Table 4.3, the aggregate mean and standard deviation were 4.47 and 1.245, respectively. On the average, the majority of the respondents partially agreed with repurchase of bank services. In other word, there is repurchase of bank services among the customers to a larger extent.

Relating Tables 1 and 2 together, process recovery strategy and repurchase of bank services have the same pattern of increase. The finding reveals that banks customers are satisfied with their bank's response to service failure recovery. In addition, bank's service recovery quality exceeds their expectation. These have motivated the customers to make future purchase with their banks. In addition, findings indicated that their banks can be relied upon to keep their promises, and would go-extra mile that they really care about existing and potential customers. This provides answer to the research question one and enables the researcher to achieve objective one as well.

Restatement of Hypothesis One

H_{01}: Process recovery strategy has no significant effect on customer repurchase of bank services.

In order to test the hypothesis, linear regression analysis was used. The data for Process recovery strategy and customer repurchase of bank services were created by summing responses of all items for each of the variables. The results of the regression are presented in Table 3.

Table 3: Model Summary for Regression Analysis for effect of Process recovery strategy on Customer Repurchase of Bank Services

Coefficients[a]						
Model		**Unstandardised Coefficients**		**Standardised Coefficients**	**t**	**Sig.**
		B	**Std. Error**	**Beta**		
	(Constant)	6.125	.695		8.815	.000
	Process Recovery Strategy	.817	.027	.822	30.765	.000
$R = 0.822$ $R^2 = 0.675$ $F_{(1,456)} = 946.495$, $p<0.05$						

a. Dependent Variable: Customer Repurchase of Bank Service

Source: Field Survey, 2017

Table 3 provides details summary of regression analysis for the effect of process recovery strategy on customer repurchase of bank services. The results in Table 3 reveal that process recovery strategy has positive and significant effect on customer repurchase of bank services in Lagos State ($\beta = 0.817$, $t = 30.765$, $\rho<0.05$). The R-squared value reveals that process recovery strategy explained almost 67.5 percent of the variances in customer repurchase of bank services in Lagos State ($R^2=0.675$; $p<0.05$), while 32.5% of the variations are explained by other factors not included in the model. The F-ratio is 946.495, and its p-value was 0.000 which is less than the critical value. It implies that process recovery strategy has a significant effect on customer repurchase of bank services at $p <0.05$. From the regression results in Table 3, the regression equation is:

RBS = 6.125 + 0.817PRS ________________________________ eq.1

Where: RBS = Repurchase of bank services

PRS = Process recovery strategy

From the above regression equation, the constant is 6.125 and implies that when process recovery strategy is rated as zero, customer repurchase of bank services would be 6.125. The regression coefficient of process recovery strategy was 0.817, which implies that a unit increase in process recovery strategy would lead to 0.817 increases in customer repurchase of bank services. The significant value is less than 0.05. Therefore, the null hypothesis one (H_{01}) which states that process recovery strategy has no significant effect on customer repurchase of bank services is hereby rejected. This implied that process recovery strategy has a significant effect on customer repurchase of bank services.

Discussion

The finding of hypothesis one revealed that process recovery strategy has a significant effect on customer repurchase of bank services. The result is supported by Singh and Goyal (2014) who found positive as well as significant impact of customer satisfaction on customer retention and repurchase of services. The result also agreed with the findings of Nikbin and Hyun (2014) that procedural justice and interactional justice had significant effects on post-recovery emotions, which in turn were significantly related to recovery satisfaction. These align with this study because the study revealed that those who agreed that their bank's service recovery quality exceeds their expectation are 75.3%. And those that agreed that their bank's service recovery quality is high are 79.3%.

In this study, (84.7%) of the respondents indicated that their banks can be relied upon to keep their promises, also, 77.9% of the respondents agreed that their banks go-extra mile that they really care about them. Furthermore, 85.4% agreed that their relationship with their banks is very important to them. The findings agreed with those of Chuang, Cheng, Chang, and Yang (2012) that customer satisfaction is greater when service recovery efforts truly make up for what customers have lost. The findings also agree with Kuo and Wu (2011) whose findings indicated in addition to enhancing post-purchase intentions and post-recovery satisfaction among customers, distributive justice increases positive emotions and decreases negative ones. Additionally, procedural justice enhances post-recovery satisfaction as well as increases positive emotions and decreases negative ones, while interactional justice only increases post-recovery satisfaction of customers.

The findings of this study is supported by the forgone discussion from the literature clearly which indicates that process recovery strategy has significant effect on customer repurchase of bank services. Based on the findings and its supporting literature, the study therefore rejects the null hypotheses (H_{01}) which states that process recovery strategy has no significant effect on customer repurchase of bank services in Lagos State.

Restatement of Objective and Research Question Two

Objective Two: Determine the influence of customer relation strategy on customer loyalty.

Question Two: What is the influence of customer relation strategy on customer loyalty?

In this section, the respondents indicated degree of agreement with the statements on customer relation strategy and customer loyalty. In other words, the study sought to determine the influence of customer relation strategy on customer loyalty. Table 4 provides details of the frequency, percentages, means and standard deviation on customer relation strategy.

Table 4: Descriptive Analysis of Customer Relation Strategy

Items	Strongly Disagree	Disagree	Partially Disagree	Partially Agree	Agree	Strongly Agree	Mean	Standard Deviation
Customer Relation Strategy	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**		
Employees' gives prompt service recovery	6 1.3%	15 3.3%	51 11.1%	131 28.6%	172 37.6%	83 18.1%	4.52	1.091
Employees provides accurate information when needed	6 1.3%	13 2.8%	47 10.3%	155 33.8%	150 32.8%	87 19.0%	4.51	1.079
Employees paid attention to my concerns	9 2.0%	19 4.1%	22 4.8%	136 29.7%	189 41.3%	83 18.1%	4.59	1.090
Employee's treatment is courteous with respect	13 2.8%	10 2.2%	21 4.6%	120 26.2%	237 51.7%	57 12.4%	4.59	1.028
Employees care about me	8 1.7%	20 4.4%	14 3.1%	155 33.8%	196 42.8%	65 14.2%	4.54	1.033
Employee listened politely to what I say	13 2.8%	11 2.4%	20 4.4%	184 40.2%	160 34.9%	70 15.3%	4.48	1.063
Grand Mean								

Source: Field Survey, 2017

Table 4 shows the descriptive statistics of respondent's responses on customer relation strategy. By combining responses under strongly agree, agree and partially agree, findings in Table 4 show that majority, 84.3% of the respondents agreed that employees' give prompt service recovery, 15.7% of respondents disagreed which is an indication that importance is attached to prompt service recovery with a mean of 4.52 and a standard deviation of 1.091. Those that indicated that employees provide accurate information when needed are 85.5% of the total respondents while 14.5% respondents differ which indicates that on the average, majority of the respondents agreed with the statement at a mean of 4.51 and a standard deviation of 1.081. Analysis of the statement that employees paid attention to customers' concerns revealed that 89.1% of the respondents agreed, while 10.9% of the respondents disagreed. On the average, the findings indicate that the majority of the respondents agreed with the statement at a mean of 4.59 and a standard deviation of 1.090. Those who assert that employee's treatment are courteous with respect are 90.4% of the total respondents while 9.6% respondents declined indicating that on the average the majority of the respondents agreed with the statement with a mean of 4.59 and a standard deviation of 1.028.

When the responses to the statement that employees care about customers were analysed, it was found that 90.8% of the respondents agreed while 9.6% disagreed. Further analysis revealed a mean of 4.54 and a standard deviation of 1.033, meaning that the majority of the respondents agreed that employees care about them. Finally, those who supported that employee listened politely to what they say are 90.4% of the respondents while 9.6% respondents do not agree which shows that on the average the respondents partially agree that employees listened politely to what they say with a mean of 4.48 and a standard deviation of 1.063.Results in Table 4 shows that the aggregate mean of the responses was 4.54 which means that majority of the respondents agreed to the statements in the customer relation strategy questionnaire. The standard deviation was 1.064 meaning that the responses were clustered around the mean response. It suggests that the responses were varied among the respondents. Table 4 provides details of descriptive statistics of responses on customer loyalty. The responses were on the level of 1 to 6 which is based on agreement or disagreement on statements on customer loyalty.

Table 5: Descriptive Analysis of Customer Loyalty

Items	**Strongly Disagree**	**Disagree**	**Partially Disagree**	**Partially Agree**	**Agree**	**Strongly Agree**	**Mean**	**Standard Deviation**
Customer Loyalty	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**	**Freq. %**		
I will consider my bank as my first choice in future	28 6.1%	20 4.4%	23 5.0%	147 32.1%	190 41.5%	50 10.9%	4.31	1.238
I prefer to pay my bank higher prices than leave for a competitor	58 12.7%	18 3.9%	38 8.3%	122 26.6%	165 36.0%	57 12.4%	4.07	1.496
My bank pays attention to my concern	26 5.7%	18 3.9%	31 6.8%	146 31.9%	154 33.6%	83 18.1%	4.38	1.286
I have never considered changing bank		15 3.3%	51 11.1%	84 18.3%	206 45.0%	42 9.2%	4.06	1.496
I will recommend my bank to friends and relatives	23 5.0%	24 5.2%	15 3.3%	143 31.2%	172 37.6%	81 17.7%	4.44	1.259
I will recommend to others who seek my advice	25 5.5%	13 2.8%	31 6.8%	93 20.3%	164 35.8%	132 28.8%	4.65	1.330
Grand Mean								

Source: Field Survey, 2017

Table 5 provides details of descriptive analysis of responses to customer loyalty. By combining responses under strongly agree, agree and partially agree together, finding in Table 5 shows that 84.5% of the respondents agreed that they will consider their bank as their first choice in future while 15.5% respondents disagreed which means that on the average the respondents partially agreed to the statement with a mean of 4.31 and a standard deviation of 1.238. From the results, those who agreed that they prefer to pay their banks higher prices than leave for a competitor are 75.1% while 24.9% respondents disagreed, which implies that on the average the respondents partially agreed to the statement with a mean 4.07 and a standard deviation of 1.496. Further, those who agreed that their banks pay attention to their concerns are 83.6% while 16.4% respondents disagreed with the statement which shows that on the average the respondents partially agreed to the statement with a mean 4.38 and a standard deviation of 1.510. Those who agreed that they have never considered changing banks are 72.5% while 27.5% of the respondents disagreed which indicates that on the average the respondents partially agreed to the statement with a mean of 4.06 and a standard deviation of 1.496. From the results, those who agreed that they would recommend their banks to friends and relatives are 86.5% while 13.5% of the respondents disagreed, which implies that on the average, the respondents partially agree to the statement with a mean of 4.44 and a standard deviation of 1.259. Finally, those who agreed that they would recommend their banks to others who seek their advice are 84.9% while 15.1% of the respondents disagreed which shows that on the average the respondents agreed that they would recommend their banks to others who seek their advice with a mean of 4.65 and a standard deviation of 1.330. On a six point scale, the aggregate mean of the responses was 4.32 which meant that a majority of the respondents were partially in agreement with the statements on customer loyalty in the questionnaire; however, the answers were varied as shown by a standard deviation of 1.351.

Relating Table 4 and 5 together, customer relation strategy have the same pattern of increase in customer loyalty. The finding reveals that employees' of selected banks give prompt service recovery to customers. Finding also reveals that bank employees provide accurate information when needed, and employees paid attention to customers concerns. These made respondents to consider their banks as their first choice even in future. The finding further reveals that respondents prefer to pay higher prices for their banks than leave for a competitor, and that their banks pay attention to their concerns'. There is customer loyalty to the selected banks due to the customer relation strategy in place in the banks. These findings provide answer to the research question two and enable the researcher to achieve objective two.

Restatement of Hypothesis Two

H_{02}: Customer relation strategy has no significant influence on customer loyalty.

In order to test the hypothesis two, linear regression analysis was used. The data customer relation strategy and customer loyalty were created by summing responses of all items for each of the variables. The results of the regression are presented in Table 6.

Table 6: Model Summary for Regression Analysis for influence of Customer relation strategy on customer loyalty

Coefficients[a]						
Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.985	1.300		1.527	.128
	Customer Relation Strategy	.879	.047	.660	18.737	.000
R = 0.660;		R^2 = 0.435;		$F_{(1,456)}$ = 351.071, $p<0.05$		

a. Dependent Variable: Customer Loyalty

Source: Field Survey, 2017

Table 4.7 illustrates regression analysis to show influence of customer relation strategy on customer loyalty in Lagos State. The Table shows the Unstandardised coefficient of customer relation strategy to be 0.879 (β = 0.879, t= 18.737, ρ = 0.000) meaning that customer relation strategy has statistically significant influence on customer loyalty in Lagos State. The goodness of fit for the regression between customer relation strategy and customer loyalty is 0.435. An R-squared of 0.435 meant that 43.5% of variation in the customer loyalty is explained by customer relation strategy. The remaining percentage of 56.5% is explained by other variables not included in the customer loyalty model. This is further shown as F = 351.071 and p-value of 0.000 which is less than the adopted level of significance 0.05). This shows that customer relation strategy is a significant predictor of customer loyalty. The resulting regression model from the analysis was given by:

CL = 1.985 + 0.879CRS ____ eq. 2

Where:

CL = Customer Loyalty

CRS = Customer Relation Strategy

From the regression equation, taking customer relation strategy constant at zero, customer loyalty would be 1.985. The regression coefficient for customer relation strategy was 0.879, implies that a unit increase in customer relation strategy would lead to 0.879 unit increase in customer loyalty. The significant value is less than 0.05. Therefore, the null hypothesis two (H_{02}) which states that customer relation strategy has no significant influence on customer loyalty in Lagos State is hereby rejected. This implied that customer relation strategy has significant influence on customer loyalty.

Discussion

With respect to the customer relation strategy and customer loyalty, the finding of hypothesis two reveals that customer relation strategy has a significant influence on customer loyalty in Lagos State. Findings agree with those of Hafeez and Muhammad (2012) who noted that service quality, customer satisfaction and loyalty programmes are the important factors that can increase the loyalty of a customer so banks must focus on providing loyalty programmes to their loyal and valued customers. Research also indicates that banks should focus on improving the quality of their services for better and greater customer satisfaction and customer loyalty. The finding is in agreement with Wamuyu, Gichira, Wanjau, andMung'atu (2015) who found that employee behaviour has a significant influence on customer loyalty. The study of Younas (2012) on the Impact of Employee Service Recovery on Customer Loyalty and Retention" a study of Swedbank discovered positive relationship between the service recovery measures and customer loyalty measures, both word of mouth and repurchase intention. Further, Taleb and Kamar (2013) found that hotels' service recovery approaches influence the customers' satisfaction with differences among these types of approaches.

The finding is also consistent with the study of Chou, Hsub, and Goo (2009) that a service provider's recovery strategy decision is affected by the service failure type, and moderated by the reliance structure, but not by buyer-seller relationships. Beirami (2012) assessed Total Quality Management Commitment to Service Recovery Performance among the Front-Line Hotel Employees in the USA and found a substantial positive relationship between TQM factors and their affective outcomes which are employees' job satisfaction and affective commitment plus a significant positive relationship between these two elements and their behavioural outcome which is service recovery performance.

In this study, 84.5% of the respondents agreed that they would consider their banks' as their first choice in future. 75.1% of the respondents agreed that they prefer to pay their banks higher prices than leave for a competitor. Those who agreed that their banks pay attention to their concern are 83.6%. Essentially the majority of the respondents indicated high customer loyalty to their banks on Table 4.6.Based on the findings and its supporting literature, the study therefore rejects the null hypotheses (H_{02}) which states that customer relation strategy has no significant influence on customer loyalty in Lagos State

5. Conclusion

When service fails, customers become dissatisfied because the quality of service falls short of their expectations.

Service recovery strategies bring back aggrieved customers to the organisation. Service recovery is crucial to the survival of any business organisation whether for profit-making or not-for-profit making. Failure by an organisation to meet customers' expectations on services can contribute to a rise in customer complaints, spread of negative word-of-mouth and increase in litigations. The study examined service recovery strategies and customer retention of selected banks in Lagos state, Nigeria. The study was evaluated with two objectives, aligned with research questions and hypotheses.

The first hypothesis is; Process recovery strategy has no significant effect on customer repurchase of bank services. The finding of hypothesis revealed that process recovery strategy has a significant effect on customer repurchase of bank services. The reason behind this is that banks' customers are satisfied when their banks process service recovery response exceeds their expectation. These have motivated customers to make future purchase with their banks. Therefore, the hypothesis was negated.

The second hypothesis; Customer relation strategy has no significant influence on customer loyalty. With respect to the customer relation strategy and customer loyalty, the finding of hypothesis reveals that customer relation strategy has a significant influence on customer loyalty in Lagos State. In this study, 84.5% of the respondents agreed that they would consider their banks as their first choice in future. 75.1% of the respondents agreed that they prefer to pay their banks higher prices than leave for a competitor. Those who agreed that their banks pay attention to their concerns are 83.6%. Essentially majority of the respondents indicated high customer loyalty to their banks. Based on the findings and its supporting literature, the study therefore rejects the null hypotheses (H_{02}) which states that customer relation strategy has no significant influence on customer loyalty in Lagos State.

6. Recommendations

Targeting at service recovery strategies and customer retention of selected banks in Lagos State, Nigeria, the research results show the importance of Service Recovery. Therefore, the following recommendations are made based on the findings from the study:

1. The banking industry in Nigeria is challenged with process recovery strategies to enhance repurchase of bank services. It therefore, recommended that bank's service recovery quality should exceed their customers' expectations and subsequently improve future purchase with their banks. In addition, banks should keep their promises, and go-extra mile to serve existing and potential customers.
2. It is also recommended that bank employees should provide accurate information when needed and pay more attention to customers' concerns. When these services are provided customers will consider their banks as their first choice in future and even prefer to pay higher prices for their banks than leave for a competitor.
3. Complaints handling should be done in a timely manner. The bank customers should be treated fairly well and meet their service expectations. In addition, customers are satisfied when immediate apology and explanations is received from their banks.
4. The banking sector should provide compensation to their customers depending on the severity of the service failure to elicit positive word of mouth

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Mr. ITAI, Muktar Monday

He is a PhD candidate at Babcock University. He holds Master of Philosophy Degree in Business Administration, Master of Science Degree in Banking & Finance, Master of Business Administration, and Bachelor of Science in Banking & Finance. He work with one of the leading banks in Nigeria. His areas of research includes Service Delivery and Small Business Management. He can be contacted at muktarng@yahoo.com Number +234 (0) 8033031824