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Strategic Recovery Responses to Service Failures in Pakistan's Public Banks

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Declaration:

I Declare that the work in this thesis was carried out in accordance with the regulations of the University of Gloucestershire and is original except, where indicated by specific reference in the text. No part of the thesis has been submitted as part of any other academic award. The thesis has not been presented to any other education institution in the United Kingdom or overseas.

Any views expressed in the thesis are of the author and in no way is the representation of the university.

Signed: Sohail Anwar

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Abstract

This thesis presents an in-depth exploration of service failures and recovery strategies within the public banking sector of Pakistan. The ultimate aim is to design an effective, contextually relevant, and sustainable service recovery framework. The research adopts a qualitative approach, leveraging interviews from both customers and managers of public banks to garner a holistic understanding of the prevalent service failure themes and recovery strategies, and their implications for customer satisfaction, trust, and overall bank performance.

The core dimension of service failure analysed in the study revolves around policy gaps, procedural inefficiencies, inadequate communication, and infrastructural limitations within Pakistan's public banking sector. Meanwhile, the global and local public service recovery strategies scrutinized underscore the need for prompt recovery responses, transparency, employee empowerment, adequate redress, and continuous improvement. In response to these issues, and taking into account insights from both Public Service Motivation theory and the Commitment Trust Theory, the study culminates in a contextualized, 10-step service recovery framework for public banks in Pakistan. The framework encapsulates essential steps to acknowledge and manage service failure, including prompt responses, transparency and communication, employee empowerment, apologies and empathy, assurance of non-recurrence, compensation or redress, follow-up, employee training and continuous improvement.

The implementation of the proposed framework could enhance customer satisfaction and trust, and significantly improve the operational effectiveness and overall performance of the public banking sector. Furthermore, the research offers invaluable theoretical contributions by aligning aspects of the PSM and Commitment Trust theory with service recovery strategies. These findings are significant for both researchers and practitioners in the public banking sector, and could serve as a blueprint for other service sectors within Pakistan and other similar contexts. The thesis concludes with key recommendations for public banks to avoid service failure by implementing effective recovery strategies. It also provides an evaluation model for the 10-step framework, and sheds light on potential implementation challenges and solutions. Future research directions are also proposed to address the limitations that are identified, and to extend the study's contribution to knowledge.

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CHAPTER 1: RESEARCH INTRODUCTION

1.1 RESEARCH BACKGROUND

Improvements in service restoration, fairness, and outcomes have long been a focal point in discussions of Service Recovery (SR). SR refers to the actions taken by service providers to address service interruptions (Grönroos, 1988). The effects of recovery efforts on customer evaluations are often explained through the principles of fairness. Perceptions of distributive justice (what customers receive), interactional justice (how they interact with the provider), and procedural justice (why certain decisions are made) play a crucial role in determining the fairness of the recovery process (Gelbrich & Roschk, 2011). While service failures are characterized by a discrepancy between customers' perceived and expected service quality (Bell & Zemke, 1987), service recovery involves taking steps to address problems, alter negative customer attitudes, and ultimately retain customers (Miller, Craighead, & Karwan, 2000). The importance of service quality and customer satisfaction has made service recovery a key focus in the services marketing and tourism service literature, with studies conducted in various service contexts such as hotels, restaurants, public transit, and stores (Zehrer & Raich, 2016; Siu, Zhang, & Yau, 2013; Nikbin & Hyun, 2015; Kuo & Wu, 2012).

Service recovery efforts are crucial as they represent a "last defence" against customer defections. Prior research has demonstrated that post-recovery customer satisfaction significantly influences positive word-of-mouth advertising and customer loyalty (Bitner, Booms, & Tetreault, 1990; Chang & Hung, 2013; Wen & Chi). These findings have also been extended to the aviation industry, where service interruptions are considered normal and inevitable (Al-Refaie et al., 2014; Bamford & Xystouri, 2005). The intangible nature of services and the unpredictability of human interaction contribute to the high frequency of service failures in the airline industry (Siu, Zhang, & Yau, 2013; Ghalandari, Babaeinia, & Jogh, 2012). Technical or computer glitches, maintenance issues, air traffic congestion, security concerns, and harsh weather further contribute to the occurrence of service failures in air travel (Mantin & Wang, 2012; Nikbin & Hyun, 2015).

Customers who experience service failures are more attentive and emotionally invested in the service experience compared to those who have not encountered failures (McCollough, 2009). In the airline industry, customer attention shifts to the recovery process after incidents such as lost baggage, where the attitude of airline agents and the speed of issue resolution become critical factors (Kuo et al., 2013a; Park & Park, 2016). Dissatisfied customers may take extreme measures to seek retribution, leading to higher operating expenses, lower employee morale, and damaged brand image (Swanson & Hsu, 2011). Conversely, successful service recovery can have positive effects on businesses, including increased profits, customer satisfaction, retention, loyalty, and positive word-of-mouth advertising (Swanson & Hsu, 2011; Chang & Hung, 2013; Miller & Craighead, 2000; Kim & Ok, Canter, 2012). This phenomenon, known as the service recovery paradox, suggests that exceptionally effective recovery attempts can result in higher customer

evaluations than transactions without any perceived service failure (Etzel & Silverman, 1981; Ding, Ho, & Lii, 2015).

Researchers have emphasized the distinctiveness of service recovery in the public sector compared to private sector businesses. Public services, such as those provided by government agencies and public institutions, face unique challenges in their service recovery efforts. Unlike businesses that primarily focus on profit-making and customer satisfaction, the public sector has a broader mandate of serving the public interest and fulfilling their societal responsibilities (Wang, 2012).

There are some key differences between the public and private sectors when it comes to service failure. Public services are often subject to political, legal, and regulatory frameworks, which can introduce additional complexities in the service recovery process (Wang, 2012). Moreover, public sector service failures can have more significant implications for the general public, as they can build negative perception about services. The consequences of service failure in these domains can have far-reaching societal impacts (Johnston, 2014). The accountability and transparency requirements imposed on public sector organizations further differentiate their service recovery efforts. Public agencies are accountable to various stakeholders, including government, taxpayers, and the public. As a result, they need to demonstrate transparency in their actions and decisions, and ensure fairness in their service recovery processes (Klijn, 2015). This often involves complying with strict legal and regulatory standards, as well as adhering to public sector principles such as equity, impartiality, and public value (Christensen & Lægreid, 2007). Additionally, the role of public sector organizations as custodians of public trust adds another layer of complexity to service recovery. Public trust is a critical element in the functioning of democratic societies, and any failure in public services can erode public trust in the government and its institutions (Hood, 2010). Therefore, the public sector must not only address individual service failures, but must also consider the broader implications for public trust and confidence in the government's ability to deliver effective services.

Despite these unique challenges, limited research has examined service recovery in the public sector. Most existing literature on service recovery predominantly focuses on private organizations and may not fully capture the complexities and dynamics of service failures and recovery efforts in the public sector. This research gap underscores the need for further exploration and understanding of service recovery practices in the public sector. By investigating service recovery in the public sector, this study aims to contribute to the existing knowledge base by examining the distinct challenges, strategies, and outcomes associated with service recovery efforts in public organizations. Understanding these dynamics can provide valuable insights for public sector managers and policymakers in designing effective service recovery processes, enhancing public trust, and improving service quality in the public sector.

The existing literature recognizes that service recovery (SR) and complaints handling are integral components of service provision aimed at addressing interruptions or failures in service delivery (Grönroos, 2020a, 2020b). However, the literature indicates that recovery efforts are often inconsistent and lack a unified approach, leading to

service failures, customer dissatisfaction, negative word of mouth, and customer switching (Grönroos, 2020a, 2020b). The emergence of social media has further heightened the visibility of service failures, resulting in increased pressure on organizations to respond promptly (Belding, 2019; Fan & Niu, 2016). The competitive business environment and growing customer expectations have contributed to a rise in service failures, as customer expectations have become increasingly demanding, whilst their satisfaction with organizational responses to SR has declined (Khamitov et al., 2019; Cambra-Fierro et al., 2013).

Researchers have argued that SR and service failure are closely intertwined, as SR can evoke anxiety, frustration, dissatisfaction, and customer complaints (Knox & Van Oest, 2014; Ozgen & Duman Kurt, 2012). Consequently, even leading service providers face losses and negative word of mouth due to inadequate SR strategies (Belding, 2019; Lovelock & Patterson, 2015). However, SR strategies play a vital role in identifying the causes of failure, and can contribute to enhancing service quality, customer satisfaction, and loyalty (El-Helaly et al., 2013; Krishna et al., 2011). Nonetheless, existing studies suggest that current SR efforts are often insufficient, resulting in continued customer dissatisfaction and attrition (Michel et al., 2009; Strizhakova et al., 2012). Despite various organizational responses to SR, the discrete and unpredictable nature of these responses poses challenges, and research frameworks for managing SR and addressing customer uncertainty remain inadequate (Van Vaerenbergh et al., 2012, 2014, 2018, 2019). This study aims to address that specific research gap by examining the concept of SR processes (SRPs) and by presenting a comprehensive exploration of the three core phases of SR: pre-recovery, recovery, and post-recovery (Van Vaerenbergh et al., 2019; Gelbrich & Roschk, 2011a; Ozgen & Duman Kurt, 2012). The literature demonstrates various SR options, such as offering apologies, compensation, explanations, and empathy, with organizations employing different responses to service failures (Gelbrich & Roschk, 2011a; Davidow, 2003). However, customer satisfaction with organizational responses to service failures remains inadequate, potentially due to a static and transactional approach to recovery (Holmqvist & Grönroos, 2012; Michel et al., 2009; Strizhakova et al., 2012).This study analyses primary data responses from customers and management to develop a comprehensive SR framework as a process to deal with service failure in public sector banks.

1.2 RATIONALE OF STUDY

The traditional approach of marketers treating customers and themselves as independent entities has been challenged by recent research (Roggeveen et al., 2012; Zhou et al., 2014). Instead, customers are now recognized as heterogeneous, with individual experiences and responses observed throughout the service failure and recovery process (Maxham and Netemeyer, 2002). While previous literature focused on a linear sequence of service failure, recovery expectations, recovery strategy, recovery evaluation, and post-recovery behaviour, recent findings highlight the importance of specific stages and customer experiences in shaping their understanding and responses (Harris et al., 2006; Choi and Mattila, 2008; Rio-Lanza et al., 2009). Contrary to the assumption of uniform customer responses, research suggests that customers are diverse and deserve personalized service (Casado-Diaz

and Nicolau-Gonzalbez, 2009; Rio-Lanza et al., 2009; Wang et al., 2011). The literature on failure-recovery strategies emphasizes the benefits of individualized approaches, challenging the notion that service recovery always leads to positive outcomes (Rust & Oliver, 2000). The rise of digital media has further underscored the need for personalized experiences and the unpredictability of customer responses to service failure and recovery (Ozuem, 2004; Kietzmann et al., 2011; Gregoire et al., 2015).

Ringberg et al. (2007) laid the foundation for a holistic model in the field of failure and recovery strategies. However, their work primarily focused on customers' cultural backgrounds without providing sufficient justification for their approach. This research argues for a deeper exploration of the influence of cultural context on customers' perceptions and actions. It aligns with an interpretivist perspective, which aims to understand customers' subjective interpretations and views (Schwandt, 2000). By considering the learned and permanent elements of cognition, and the social constructivist worldview, this research seeks to shed light on the dynamic nature of service failure and recovery experiences (Moore and Lewis, 1952; Young and Collin, 2004; Cunliffe, 2008; Holstein and Gubrium, 2008).

Building on the foundation of social constructivism, this study proposes that the failure-recovery experience is shaped by customers' interactions with the service provider and other customers. It acknowledges the continuous acquisition of new information that can influence and replace customers' initial perceptions. Unlike previous research that primarily focuses on pre-failure factors, this investigation treats service interruption and restoration as a shared event between the customer and the service provider. By adopting a dual perspective of the service provider and the end user, this research aims to offer a comprehensive and contextually appropriate understanding of the entire rehabilitation process. It recognizes the researcher's role as an integral part of the research process, and integrates experiential data from their professional and personal encounters with the phenomenon under study (Ozuem and Lancaster, 2014; Straus, 1987; Maxwell, 2013). This research contributes to the field of service failure and recovery strategies by challenging the notion of uniform customer responses and emphasizing the importance of personalized experiences. By considering the cultural context, individual perspectives, and social interactions, this study aims to provide a comprehensive understanding of how service outages are experienced, how they are recovered, and the impact that customer behaviour has on the process. The research approach incorporates elements of interpretivism and social constructivism to capture the dynamic nature of customer experiences and the shared responsibility of both the service provider and the customer in the failure-recovery process.

The distinction between public sector banking services and private sector services gives rise to unique considerations in the context of service failure and recovery. Public sector banking services operate within a different framework, driven by their role in serving the public interest and fulfilling societal responsibilities. Unlike the private sector, public sector banks prioritize factors such as equitable access to financial services, financial stability, and the overall welfare of society (Zhang & Zhang, 2018). Public sector banking services are subject to stringent regulatory requirements,

oversight, and accountability mechanisms. These institutions must comply with legal and ethical standards, ensuring transparency, fairness, and public trust in their operations (Balachandran et al., 2018). The consequences of service failure in public sector banking can have far-reaching impacts on public confidence in the financial system and the overall economy. Moreover, public sector banking services often face unique challenges due to their broader mandate of financial inclusion and serving diverse customer segments. They need to address the needs of both individuals and businesses, including those in underserved or marginalized communities (Mohapatra & Bhatia, 2017). This necessitates specialized approaches to service recovery that considers the specific requirements and expectations of different customer groups. Furthermore, public sector banks operate within a different economic and regulatory environment compared to private sector banks. They may have different resource constraints, decision-making processes, and organizational structures, which can impact their ability to effectively manage service failures and implement recovery strategies (Clerk et al., 2019).

Given the unique characteristics of public sector banking services, there is a need for research that specifically focuses on understanding and addressing service failure and recovery in that specific context. This research aims to contribute to the existing knowledge base by exploring the distinctive challenges, strategies, and outcomes associated with service recovery in public sector banks. By identifying the specific factors that influence service failure and recovery in the sector, this study can provide valuable insights for public sector banking managers and policymakers to enhance service quality, customer satisfaction, and public trust. Furthermore, this research seeks to adopt an interdisciplinary approach, drawing on insights from fields such as banking, public administration, and customer behaviour to develop a comprehensive understanding of service failure and recovery in public sector banking. By considering multiple perspectives and incorporating the experiences and opinions of both customers and service providers, the study aims to provide a holistic view of the subject matter. The distinctiveness of public sector banking services, including their unique mandate, regulatory environment, and customer segments warrants a focused study of service failure and recovery inside these specific parameters. Understanding the nuances and challenges specific to public sector banking will contribute to the development of effective strategies for managing service failures, improving customer satisfaction, and building public trust in the banking sector.

1.3 RESEARCH GAP

This research is part of the broader literature on service failure and recovery (SFR), which has grown considerably over the past three decades, but several critical gaps have formed that are directly connected to this study. Much of this work applies to private sector scenarios in industries such as hospitality, tourism, airlines, logistics, and retail; significantly less attention has been paid to public institutions — including public banks — which encounter different constraints and expectations (Kim & So, 2023; Yu et al., 2025). The empirical dominance of private sector studies leaves a gap in the understanding of recovery strategies in contexts characterised by mandatory

accountability, transparency, and social responsibility, such as in the case of public banking within Pakistan (Wang, 2012; Zhang & Zhang, 2018).

Even though the literature on hospitality and tourism (Fournier et al., 2002; Elbaz, Soliman, Al-Alawi, Al-Romeedy & Mekawy, 2023; Tran, 2024) found that service failures can be regarded as "par for the course" due to their labour-intensive nature, this is less easily extrapolated into similar contexts of public organisations. Such a limitation creates a significant gap in contextual research, as public banks are distinct from each other on multiple points concerning self-governance, stakeholder bodies, and socio-political constraints (Johnston, 2014; Clerk et al., 2019). Equally, failures of public trust in banking services are a key part of the jigsaw when formulating financial stability and can result in social and economic harms beyond just an individual failure to satisfy customers (Hood, 2010; Balachandran et al., 2018).

Secondly, a further limitation within present knowledge stems from the narrow scope of how publicly available knowledge of SFR is conceptualised. The vast majority of studies approach recovery as a monolithic or transactional phenomenon, concentrating on tools such as apologies, restitution, or excuses (Gelbrich & Roschk, 2011; Davidow, 2003). This differs from the more recent understanding that SFR should be viewed as a complete process including pre-recovery, recovery, and post-recovery phases (Van Vaerenbergh et al., 2019; Liu, Zhao, Wang, Schrock & Voorhees, 2024). Similarly, this perspective highlights the dynamic nature of recovery stages and how interactions during later stages contribute to shaping customer perceptions (Holmqvist & Grönroos, 2012; Sahaf & Fazili, 2024). However, there is a lack of frameworks that comprehensively combine these stages in public sector settings, especially banking services in developing countries.

Related to firm-level fragmentation is the continuing issue of inconsistent and partial recovery strategies, an ongoing challenge even among leading service brands (Michel et al., 2009; Grönroos, 2020a, 2020b). Prior research suggests that such inconsistency leads to customer dissonance, defection, and negative word-of-mouth (Strizhakova et al., 2012; Grégoire et al., 2025), indicating deficiencies in strategic design and implementation. Furthermore, although researchers have shown that satisfaction with recovery can buffer the link between severity of failure and behavioural outcomes, the underlying logic for why this occurs remains unclear (de Mesquita et al., 2023). These findings suggest a need for studies on customer expectations and intention–behaviour translation in SFR contexts.

Less is known about the influence of cultural and contextual factors. Prior studies found that customer heterogeneity (Maxham & Netemeyer, 2002), cultural background, and incidental similarities with service agents can affect satisfaction with recovery efforts (Lindsey-Hall, Jaramillo, Baker & Bachrach, 2023). Despite this, existing frameworks often assume uniform responses and neglect how deeply rooted cultural values, social norms, and trust dynamics influence perceptions of fairness, empathy, and justice in recovery (Ringberg et al., 2007; Casado-Diaz & Nicolau-Gonzalbez, 2009). Even though sociocultural dynamics shape customer beliefs, especially in public service delivery (Ozuem & Lancaster, 2014), research remains particularly limited in Pakistan. This gap risks oversimplifying recovery strategies in environments where service interactions are culturally embedded.

Another substantial gap in the SFR literature concerns technological disruption. Although digital tools such as chatbots, AI, and robots are increasingly studied, the literature remains sparse and fragmented. Work on robotic service providers often centres on anthropomorphism, perceived human-like qualities, and accountability in failure/recovery events (Arikan et al., 2023; Liu et al., 2023; Cheng & Hwang, 2025). Researchers have also explored psychological outcomes of chatbot responses, showing that empathy combined with message framing can be emotionally corrective during recovery (Haupt, Rozumowski, Freidank & Haas, 2023). This aligns with studies examining frustration–aggression dynamics in chatbot-mediated recovery and their implications for loyalty (Majeed, Kim & Nimri, 2024; Ozuem et al., 2024). Although this area is more developed for private banks, public banks in developing countries — where digital infrastructure and literacy vary widely — remain underexplored. This reveals a technology-based research gap that the current study seeks to address.

Simultaneously, the growth of social media and user-generated content has shifted how failures are perceived and transmitted (Belding, 2019; Fan & Niu, 2016), intensifying reputational consequences when recoveries fall short. Scholars have shown the significant influence of user-generated content on recovery expectations (Ozuem et al., 2023), yet research remains scarce on how these dynamics unfold in public sector banks operating within conservative and highly regulated environments. This gap limits understanding of how digital disruption magnifies consumer voice and may reshape recovery strategies in public institutions.

Research has also advanced on the social dynamics of recovery, but notable gaps persist. Roschk et al. (2023) demonstrated that customers forming coalitions during failure can lead to spillover effects that intensify dissatisfaction, while Gupta and Verma (2024) highlighted how observing others' recovery outcomes affects individual perceptions. Under crisis conditions, peer attitudes and expectations also significantly influence customer intentions following service failures (Foroudi et al., 2025). Yet, public banks — as common settings for collective waiting and shared service spaces — remain unexplored in this regard, particularly in Pakistan.

There is also limited research linking SFR to higher-level managerial and strategic issues. While some studies have examined competition and resilience in logistics (Gurler & Erturgut, 2024) or customer participation in recovery (Hall & Hyodo, 2023), little attention has been paid to systematic recovery strategies in the public sector that differentiate between efficiency, equity, and trust creation. Similarly, although new analytical methods such as text analysis and large language models show promise (Villarroel Ordenes, Packard, Hartmann & Proserpio, 2025; Bickley et al., 2025), they have seldom been applied within public banking, representing a methodological gap.

Recent integrative reviews (Mirza et al., 2025; Grégoire et al., 2025) call for new conceptualisations of SFR to incorporate emerging contexts and challenges. Yet these calls remain non-contextualised and do not translate effectively to atypical sectors such as public banks in South Asia. By investigating Pakistan's public banking sector, this research expands SFR boundaries and addresses this theoretical void directly. While these gaps indicate that the field is mature yet incomplete, an overarching limitation remains: the absence of context-specific, process-oriented, culturally sensitive, and technologically informed models for understanding "how" public services can be delivered. This study aims to address these gaps by examining

service failures and recovery processes in Pakistani public banks, explicitly considering cultural context, digital versus personal service dynamics, and recovery processes across all stages. In doing so, it responds to long-standing criticisms and offers theoretical and practical insights with clear implications for public sector management.

1.4 AIM OF THE RESEARCH

To construct a comprehensive and contextualized framework to effectively address service failure in public banks in Pakistan through recovery strategies that are both tailored and sustainable.

1.4.1 Research Objectives:

1. To comprehensively analyse and understand the dimensions of service failure in the public banking sector of Pakistan, considering its unique sociopolitical and economic contexts.
2. To evaluate and synthesize current public service recovery strategies within global and local contexts, identifying their potential applicability and adaptation to the public banking sector in Pakistan.
3. To develop an effective, and contextualized framework for service recovery in Pakistan's public banking sector that will contribute to improved customer satisfaction and trust, operational effectiveness, and overall performance.

1.4.2 Research Questions:

1. What are the specific dimensions and recurrent themes of service failure within the public banking sector of Pakistan, and how do these issues overlap in service failure?
2. Which contextual factors can be integrated into service recovery strategies in the public banking sector in Pakistan?
3. How can an effective, and contextually relevant service recovery framework be designed and implemented to significantly improve performance, customer satisfaction, and trust in the public banking sector of Pakistan?

The research aims culminates in a contextual framework for public service recovery strategies to effectively address service failures in public banks in Pakistan. Firstly, the research aims to critically review existing theory in relation to the nature of service failure and recovery strategies in public organizations. This will provide a foundation for understanding current knowledge, and will serve to identify gaps in the literature. Secondly, the research aims to examine the nature of public service failure and investigate the contextual factors that play a role in the development of recovery strategies. By understanding these contextual factors, the research will provide insights into the specific challenges faced by public banks in Pakistan, and how they influence the formulation of effective recovery strategies.

Thirdly, the research seeks to identify factors that influence customers' perceptions of service failure and recovery strategies in public banks. This includes understanding how different factors impact customers' perceptions and emotions, as well as

considering cultural differences in customers' perceptions of service recovery strategies. Furthermore, the research aims to examine the impact of customers' perception of public services on their satisfaction levels and their perception of service recovery strategies. By analysing the relationship between customers' perceptions of public services and their satisfaction, the research aims to shed light on the importance of effective service recovery in enhancing customer satisfaction.

Finally, the research aims to develop recommendations for the development of effective service recovery strategies for public banks in Pakistan. By considering organizational factors that contribute to the development of appropriate recovery strategies, the research will provide insights and practical guidelines for public banks to successfully satisfy their customers through effective service recovery. In short, the research aims to develop a comprehensive understanding of public service failure and recovery strategies in the context of public banks in Pakistan. By addressing the research objectives and questions, the study will contribute to existing knowledge and will provide valuable insights to improve service recovery practices in the public banking sector.

1.5 THESIS STRUCTURE

This thesis follows a structured approach to address the research aim of developing a contextual framework to illustrate public service recovery strategies for dealing with service failure in public banks in Pakistan. The thesis is structured as follows:

Chapter 1: Introduction. The purpose of this chapter is to provide an introduction to the study and to establish its significance. It presents the research problem and rationale, outlines the research aim and objectives, and provides an overview of the research structure. The chapter sets the context for the study and highlights the importance of developing a contextual framework for public service recovery strategies in Pakistani public banks.

Chapter 2: Literature Review and Theoretical Framework. This chapter presents a comprehensive literature review to examine existing theoretical understanding and research on public service failure and recovery strategies. The purpose is to synthesize and critically evaluate relevant literature, identify gaps and shortcomings, and establish a theoretical framework. The chapter helps to establish a foundation of knowledge and provides a theoretical lens through which the research questions are addressed.

Chapter 3: Research Methodology. The purpose of this chapter is to describe the research methodology employed in the study. It outlines the research design, research approach, data collection methods (e.g., interviews, surveys, observations), and data analytical techniques. The chapter also discusses the sampling strategy, research participants, and any ethical considerations. The aim is to ensure that the research is conducted in a rigorous and systematic manner.

Chapter 4: This chapter presents the research findings and provides a detailed analysis and interpretation of the data that were collected. Its purpose is to answer the research questions and address the research objectives. The chapter includes

empirical evidence, such as quantitative data, qualitative insights, and thematic analysis. These findings are discussed in relation to existing literature, highlighting key similarities, differences, and emerging patterns. The chapter aims to offer insights into factors influencing customer perceptions and emotions, the effectiveness of service recovery strategies, and their impact on customer satisfaction.

Chapter 5: Development of Conceptual Framework. Based on the findings and discussion in the previous chapter, this chapter focuses on the development of a conceptual framework for public service recovery strategies in Pakistani public banks. The purpose is to integrate the research findings into existing theories and models to propose a framework that guides effective service recovery practices. The chapter aims to provide a practical tool for public banks to enhance their service recovery efforts and improve customer satisfaction.

Chapter 6: Conclusion and Recommendation The final chapter summarizes the main findings of the study and draws conclusions based on the research aim and objectives. It discusses the implications of the findings for theory and practice, highlighting the contributions and limitations of the study. The chapter provides recommendations for public banks in Pakistan to enhance their service recovery strategies based on the research findings. It also identifies areas for future research to further advance understanding of public service recovery in the context of public banks. By following this structure, the thesis aims to provide a comprehensive analysis of public service recovery strategies in Pakistani public banks, offering valuable insights and practical recommendations to improve customer satisfaction and enhance service quality.

1.6 SUMMARY

In Chapter 1, the study is begun with a brief overview of service failure and recovery (SFR) as an empirically validated essential topic in both academia and practical fields. Service recovery additionally indicates what the provider does to readdress the attack of customer satisfaction and solve ableness is the restoration sought. The issue of fairness is central to the development of customer evaluations of recovery and includes three dimensions (distributive, interactional and procedural fairness). This conversation highlights the complexity of service failures as they relate to customer attitudes, loyalty and firm reputation. Meanwhile, as recovery that does work is able to turn discontent into satisfaction and build trust (which is known as the service recovery paradox).

The chapter goes on to discuss the relevance of service recovery in different industries such as hospitality, public transport, and aviation where failures are an everyday occurrence given the complexity and uncertainty of service delivery. Such cases show that customer defection can be minimized by effective recovery efforts; they keep the dissatisfied in the fold (and hopefully referring) rather than seeking retribution or exercising their right to free choice.

Recovery in private and public sector organisations are differentiated. However, public sector services function differently — at the intersection of political, legal and regulatory arrangements— and are also accountable for all the individual outcomes, and broader societal responsibilities of their operation. At this level, service failures were seen in the aforementioned light; they could destroy the trust and confidence people held towards institutions. Whilst recognising that research on service recovery has largely concentrated upon private sector organisations, the chapter argues that a different set of dynamics unique to public services have received less attention.

Newer perspectives, however, posit that customer experiences are multifaceted, context-dependent and have relational (rather than transactional) continuities. From a social constructivist stand- point, the study depicts service failure and recovery as cocreated by customers and providers. It is sensitive to cultural context, personal experience and personalised solutions for recovery, and does not rely on one-size-fits-all answers.

The gap in research is identified in many areas. Importantly, the extant literature is largely based on private sector evidence and does not consider the specificities of public sector banking. In addition, recovery has typically been examined as a unidimensional event rather than as multipart phases across pre-recovery, recovery and post-recovery stage. These same strategies often leave treatment of cultural change, technological disruption and social dynamics (such as “customer to customer”) significantly lacking. These constraints emphasize the requirement of open-source, culturally suitable and process oriented frameworks to implement public banking in Pakistan.

The chapter closes with a concise declaration of research objective; “the fundamental aim of the study is to develop a broad and contextualized basis to cope with service failure in public banks by introducing customized and sustainable recovery strategies”. The aims are (a) to identify the dimensions of service failure in this context, (b) assess and tailor current recovery strategies adapted from other services industries and (c) develop a conceptual understanding that seeks to enhance post-failure satisfaction, trust, and operational outcomes. These are framed as guiding research questions for identifying the failure dimensions, integrating contextual factors and designing a recovery framework that is not only meaningful, but also able to be scaled.

This is followed by an overview of the structure of the thesis, breaking down chapters that will follow to review literature, describe methodology (who was involved), report outcomes (what happened/what did they think), build theoretical framework and provide conclusions and policy recommendations. This organization serves to provide ongoing movement of the theoretical ground, through empirical exploration and local initiatives to theoretically significant conclusions re service recovery within public sector banking.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The major aim of this research is to develop a context specific framework to effectively deal with the service failure in public banking. Therefore, this chapter critically reviews literature on public service failure and recovery strategies to examine the topic of public service failure and customer reactions in the public sector. The chapter aims to review and analyse existing research and theoretical frameworks related to service failure, organizational failure, public service failure and customer reactions to failure. The aim is to identify gaps in understanding in terms of public service failure. It also explores the theoretical underpinnings that contribute to understanding customer responses to service failures, including attribution theory, fair perception research, expectation theory, organizational justice theory, cognitive appraisal theory, public service motivation, commitment trust theory, and the connection between commitment trust theory and public service motivation.

The chapter begins by discussing the taxonomy of service failure, exploring the concept of pragmatism and re-municipalization in the context of service delivery. This provides a foundation for understanding the dimensions and perspectives surrounding service failure. Moving on, the review offers a detailed exploration of public service failure, analysing the factors that contribute to organizational failure in the public sector. It also examines how failures are contextualized within the broader socio-political and economic landscapes, highlighting the complex nature of public service failures. Understanding customer reactions to service failure is crucial for developing effective strategies for service recovery. The literature review explores the diverse range of customer reactions to public service failures, investigating the factors that influence blame attribution and contracting in service failure situations. By analysing these customer reactions, the review aims to shed light on the dynamics of customer responses in the public sector.

Identifying gaps in existing knowledge about public service failure is essential for advancing research in this field. The literature review critically examines these gaps, highlighting areas that require further investigation and exploration. By doing so, it contributes to the ongoing scholarly discourse on public service failure. To provide a theoretical framework for understanding customer responses to service failure, the

literature review explores several theories and concepts. It examines attribution theory, the concept of fair perception, and expectation theory in the context of service remedies. Additionally, it discusses the role of organizational justice theory, cognitive appraisal theory, public service motivation, commitment trust theory, and the connection between commitment trust theory and public service motivation. These theoretical underpinnings provide a solid foundation for understanding the psychological and behavioural aspects of customer responses to public service failures.

2.2 TAXONOMY OF THE SERVICES FAILURE

Service failure represents the instances when the customer incurs social and/or economic loss such as that of time, money, status, and esteem due to a problem or mistake in public service provision (Thomassen, et al. 2017). The customer then assesses the situation as unfair and unjust and expects the service provider to respond to mitigate the situation (Balaji, et al. 2017). It may also involve emotional reactions from customers (Bonifield & Cole, 2007). Gronroos (2010) observed that service failure significantly influences the customer's evaluation of service. Therefore, service providers devise processes and mechanisms whereby they can anticipate instances of service failure to avoid dissatisfaction amongst customers. It is pertinent to mention that there are different reasons for service failure, and not all of them necessarily arise due to a mistake on the service deliver end of the transaction.

Despite the varying reasons underpinning service failure, they nevertheless cause loss to both service providers as well as customers. Tsai (et al. 2014) distinguished between process failure and outcome failure. Process failure represents failure which arises while services are being processed and delivered. Outcome failure represents failure which emanates from not meeting the most basic needs of customers. The emotional reaction from customers depends on the failure type, the magnitude of failure, and the attribution of responsibility. Failure is therefore specifically addressed when recovery strategies are being implemented. There are theoretical perspectives from which this research objective is approached in this research. The first is organizational justice theory, and the second perspective is cognitive appraisal theory. The first one enables the researcher to understand various recovery types, and the

impact these have on the evaluation of service, and the second explains the psychological dimensions of service failure and recovery.

Incidences of service failure are bound to arise in the tourism and hospitality sector (Breitsohl & Garrod (2016). Moreover, such instances can now immediately be publicised due to social media platforms, whereby dissatisfied customers can immediately spread information globally. In instances involving service failure, the question arises over who is to blame. There may be more than one person or organization at fault, and only one usually attracts most of the criticism for failure (Liu, et al. 2016; Liu & Pennington-Gray, 2015). Instances of service failure can be broadcast to millions of people around the world due to the massive reach of the internet and social media platforms. This then becomes threatening to the reputation of the service provider due to the scale of the reach of social media, which has the effect of causing dissatisfaction amongst other customers who have not encountered the failure.

Customers in China are increasingly using Weibo in the tourism and hospitality sector to voice dissatisfaction, highlighting their experience about various products and services, and increasing awareness about protecting consumer rights. Arif (et al. 2017) pointed out that negative feedback on the internet can spread quickly and can affect consumer perceptions of organizations. Other researchers pointed out that it can result in negative word-of-mouth online (Pfeffer, et al. 2014; Luo & Zhai, 2017). Coombs (2007) first described situational crisis communication theory which is in line with Weiner's (1986) attribution theory. Both of these suggest that customer experiences, following service failure, elicit different types of emotions. The nature of crisis dictates the strength of attribution and the extent to which it can be blamed on an individual or a set of unavoidable events such as natural disasters. Moreover, people also evaluate whether failure has arisen because of a systematic error or a one-off incident.

The focus on the banking sector in Pakistan is particularly relevant due to the increasing reliance on digital banking and social media platforms for customer interactions. Service failures in the banking industry, such as transaction errors, unresponsive customer service, or security breaches, have the potential to be magnified by dissatisfied customers on platforms like Twitter, Facebook, and Instagram. Such incidents not only threaten the reputation of the involved financial

institution but can also diminish trust among current and prospective customers. This context is aligned with the insights provided by Breitsohl and Garrod (2016) on the widespread impact of service failures in the hospitality sector, showcasing that the phenomenon transcends industries. Motivation for this study arises from the banking sector's unique characteristics in Pakistan, such as its dependence on customer trust, high competition, and the growing adoption of technology. Unlike the tourism and hospitality sector, where service recovery is often immediate and tangible, banking failures involve intangible trust-based interactions, making reputation recovery more complex. The insights from this study aim to provide actionable strategies to address service failures in the Pakistani banking sector, mitigate their negative effects through proactive customer service practices, and adapt to the dynamics of digital platforms to manage public perception effectively.

In instances where service failure is deemed preventable, customers are likely to exhibit stronger negative emotions and attribute blame to the organization. Moreover, if such incidents continue to happen over time, it can significantly affect the reputation of the organization that it is unwilling to overcome the issue and is not interested in achieving customer satisfaction. However, if the reputation of the organization was stronger before the crisis took place, then it causes limited damage to reputation (Coombs, 2007). Following service failure, it is imperative that public service organizations take swift remedial action including reputation management and communication with stakeholders to restore the image of the organization (Paraskevas, et al. 2013).

2.2.1 Pragmatism and re-municipalization in the context of service delivery

The concept of pragmatism emerged in the 21st century to interpret and explain re-municipalization taking place in different countries. Various researchers have highlighted this phenomenon which encompasses the privatization of public services in different countries (Gradus et al. 2014; Bel et al. 2018; Hebdon & Jalette, 2008; Bel & Fageda, 2007; Warner & Aldag, 2019; Perez et al. 2015; Hefetz & Warner, 2005; Warner & Hebdon, 2001). Pragmatism represents attempts made by public managers to deal with the low quality and high cost of services by privatizing the provision of public services. Under such conditions, the private sector assumes the responsibility of dispensing public services. Warner & Hefetz (2012) observed that pragmatism has

enhanced the efficiency of service delivery and has also improved the cost efficiency of public services. This also involves reversing the privatization of such services if privatization does not yield the desired results (Warner & Hefetz, 2012).

McDonald (2018) discussed the same concept albeit, under in the context of market managerialism. Kim & Warner (2016) discussed it in terms of pragmatic management and pragmatic municipalism. These concepts highlight the alternate ways of providing public services, i.e. through for example private organizations and intermunicipal cooperation. Such an approach can achieve a number of results such as balancing different concerns, solving conflicting issues, and finding appropriate responses in a particular context. Bel et al. (2013) highlighted that pragmatism is useful since it involves dispensing services by generating competition among service providers, thereby reducing the cost of services since different service providers compete for providing services to the public.

Pragmatic behaviours are a reflection of dominant rhetoric following New Public Management (NPM) reforms, and they drive entrepreneurship. These reforms were proposed in the 1980s by researchers looking at public and private administration (Edwards et al. 2002). The proponents of NPM advocate utilizing the experience of the private sector in public sector management. Osborne & Gaebler (1993) recommended that following NPM, politicians should transfer lessons from the private sector into the public sector to promote goal orientation, competition, performance indicators, financial discipline, market mechanisms and decentralization. Warner & Hebdon (2001) suggested the concept of governmental entrepreneurship which is a means of structuring the market so that competition is encouraged between the public and private sectors.

McDonald (2018) reviewed earlier research on NPM and propagated the concept of the entrepreneurial state which is marked by internal competition, cost recovery and marketized managerial rewards. This represents a move away from universalism, security and equity and a move towards individualism, efficiency and resilience. Hood & Peters (2004) noted the paradoxical nature of re-municipalization, since it involves the public sector developing comparative advantage by utilizing the innovative and entrepreneurial practices of the private sector. This has also been reiterated by Bel & Costas (2006) who argued that innovative and entrepreneurial practices were

previously associated with the private sector, yet following NPM, the public sector has also utilized such practices. Thus, entrepreneurship has now given rise to one-way progress, where the privatization of public organizations is taking place, but public organizations are evolving to be competitive. In addition, the reversal of privatization may also take place whereby the private organization fails to provide the public service entrusted to it.

Researchers have also conducted case studies and highlighted public value failures in the context of re-municipalization. This includes research by Bozeman (2002), Mann & Warner (2019), Clifton et al. (2016) and Marie (2016). Public value failure has surpassed market-oriented performance criteria such as quality and cost. It also considers public interest and the values articulated within a community or society. For instance, Mann and Warner (2019) emphasized the importance of public participation in decision-making, public health and safety, and improved coordination among various public services as critical public values in the U.S. context. Research by Clifton et al. (2016) identified numerous ways in which public values intersect with private and public stakeholders, influencing the economic, social, technical, and environmental dimensions of performance. Jorgensen and Bozeman (2002) noted that municipalities tend to prioritize cost-efficiency over public values when privatizing services.

These case studies indicate a dynamic restructuring of local service whereby concerns for cost-efficiency drive the move towards privatization, whereas concerns for public value drives it back from privatization through de-municipalization. A prominent feature of the public value failure framework is that privatization may still be deemed to have failed when it does not abide by public values, even if it is performing cost-efficiently. Marie (2016) discusses the possibility of reconfiguring of public service can be made from profit-oriented model to public value-oriented model even when the former is cost efficient. These discussions indicate that the entrepreneurial state is not only concerned with cost efficient services, but that such services should also meet public values.

Thus, public values influence the design and delivery of public services to the effect that if the privatization of public service delivery fails to meet public expectations despite being cost-efficient, the reversal of privatization could take place. Re-municipalisation represents the returning of municipal services back to municipalities

which were earlier privatized by the municipal authorities. Thus, it represents the reversal of privatization. The public value argument is that such reversal takes place because the privatization failed to meet the public values expected of such services. The research on re-municipalisation takes the position that municipal authorities try to improve their services through innovative ways including privatizing services. However, when privatization fails to meet public expectations this can lead to the reversal of privatization, i.e. the re-municipalisation of services. This takes place when the delivery of services is handed back to the municipal authorities. (Bel e tal. 2018; Sorensen & Torfing, 2011; Hartley, 2005; De Vries et al. 2016). This raises an interesting argument from the perspective of blame theory: in the event of service failure following the privatization of services, blame can be deflected, and political support can be garnered by re-municipalising the services.

The re-municipalisation of services can also take place because of the digitalization and technological advancements taking place all over the world. This has led to the introduction of e-government, whereby government services are accessible through e-platforms. Moreover, public values also call for environmentally friendly public services and operations, as well as the development of sustainable solutions. For this reason, re-municipalisation is occurring, as governments can now provide services through e-platforms and directly collaborate and communicate with citizens via these platforms (Koch & Fritz, 2014; Gough, 2016; Kishimoto & Petitjeaneds, 2017).

The literature also highlights the potential of the private sector to incorporate innovation into the design and delivery of services (Petersen et al. 2016). On the basis of this perspective, it may be argued that entrusting the private sector with public services can lead towards innovation and could reduce public service failures. However, researchers have highlighted the failure of public value following the privatization of public services. This is evident when considering the theory of contract incompleteness, which suggests that private service providers often avoid investing in areas that would improve service delivery and instead exploit contractual loopholes to reduce costs. Thus, conventional contracts do not provide an effective framework within which the privatization of public services can take place. Moreover, it has also been observed that private organizations tend to underinvest due to the uncertainty of future returns. As such, they tend to take a short-term view of their investment and invest accordingly. This reduces the potential of innovation in the delivery of public

services through the private sector. A firm's entrepreneurial orientation in an industry may also differ with respect to the extent to which it can support innovation (Lassen et al. 2006).

Martin & Scott (2000) highlighted numerous issues which inhibit private organizations seeking to bring about socially desirable innovations. This includes the wealth-maximizing attitude of the private sector, which focuses on enhancing value for shareholders; government intervention, which can hinder a private organization's ability to deliver services; policy responses such as financial regulations; the high costs associated with developing innovative systems; a general lack of knowledge; and the appropriability of returns by competitors and other parties. The purpose here is not to provide an exhaustive list of factors contributing to failure following the privatization of public services but rather to emphasize that the innovation argument and cost-efficiency alone are insufficient to justify privatization. Other factors may outweigh the benefits of privatization, potentially leading to its reversal.

2.3 PUBLIC SERVICE FAILURE

Organizational scandals have revealed the long-hidden failures taking place inside and outside organizations which indicate that failures in public sector organizations can go undetected for a long time (Meier & Bohte, 2003; Jas & Skelcher, 2005). Researchers pointed out that misconduct in public sector organizations remains undetected for a long time because it can be disguised under professional socializations (Gabbioneta, et al. 2019; Dixon-Woods, et al. 2011; Mannion, et al. 2019). As a result, the decline of public organizations becomes entrenched over time, ironically leaving internal stakeholders surprised when a scandal eventually breaks out publicly, as they have grown accustomed to the practices that caused the organization's downfall (Hutchinson, 2016). Furthermore, public inquiries into such scandals often fail to uncover the reasons for not addressing the toxic organizational culture that led to its collapse (Francis, 2013; Pope, 2017). Researchers emphasize the importance of detecting early indicators of failure, as their absence allows issues to remain hidden for extended periods, consuming substantial public funds while leaving the organization unable to avert eventual collapse (Balch & Armstrong, 2010; Anheier, 1999; Weick & Sutclife, 2015). There is a lack of research investigating the root causes of failure in public organizations and the persistent normalization of

dysfunction within these institutions. Addressing this gap requires an examination of internal collaborations to uncover the underlying reasons for failure. Such efforts would also provide valuable insights into the normalization of ongoing misconduct among employees within the organization.

Existing inquiries on the subject matter indicate there is a shared denial of failure within organizations as one of the features that underpins failure in public sector organizations. Shared denial is supplemented by meta narratives within the organization, as such narratives influence the concerns of internal stakeholders (Dailey & Browning, 2014; Naslund & Pemer, 2012). A narrative of silence specifically gives some explanation for the unification of organizational members not to disclose deteriorating situations in organization, and the reasons why corrective measures have not been taken (Morrison & Milliken, 2000; Stouten, et al. 2019). This has the effect of embedding collective denial within the organization. Thus, on the basis of such observations, two empirical questions need to be answered: What is the reason behind the apparent unwillingness of actors to prevent wrongdoing from happening, or the denial of wrongdoing when it happens? What professional, leadership and organizational measures underpin collective denial? The current research takes the position that some organizations experience collective denial more than others. it challenging to speak out about failures occurring within and beyond the organization, as previously noted by Schlosser and Zolin (2012) and Cannon and Edmonson (2001). Very few studies have looked into the disclosure of information by government in the event of natural disasters as research objectives. However, such studies are deployed as reference points in the current research for the following reasons:

1. The importance of timing in information disclosure and the strategies employed by governments to disseminate information promptly. Panagiotopoulos et al. (2016) suggested that governments use social media platforms, such as Twitter, to quickly share information with the public during crises. Stewart and Wilson (2016) recommended a social media-based model for effective crisis management. Chatfield et al. (2013) conducted empirical research on the use of Twitter by governments for issuing timely and actionable tsunami warnings. Their earlier study (Chatfield et al., 2010) examined the integration of RFID (Radio Frequency Identification) in e-government and its impact on natural disaster management, focusing on prevention, response times, and recovery

strategies. Butts et al. (2007) highlighted the interaction network and communication among responders during the World Trade Centre disaster, finding that timely coordination played a critical role.

2. The channel selected by government to disclose information in the event of an emergency. Sommerfeldt (2015) observed that, generally people take to traditional media channels in the event of an emergency because government issues information through traditional channels such as television, radio, and billboards. Jin et al. (2014) also highlighted the variety of channels used by government to disclose information in the event of an emergency. Yates & Paquette (2010) highlighted the role of media in enabling government to dispense information quickly in the event of an emergency. This also helps government with emergency management. Monares et al. (2011) observed the limitations of traditional media in dispensing accurate information due to disruptions in transmission during emergencies. Jaeger et al. (2007) earlier recommended using mobile phone technology to dispense information to the public quickly in the event of national disaster.
3. Releasing governmental information in the event of an emergency: Prezelj et al. (2016) conducted a quantitative analysis of articles in nuclear disaster in Fukushima. They found that when information sources are scattered, they cause communication difficulties between government and the public, and that a conflict may also arise between media reports and public information. Graham et al. (2015) suggested government should use social media to communicate instantaneously with the public during crisis situations. Hagen et al. (2018) studied the use of social media (Twitter in particular) during crises (e.g., the Zika virus outbreak in the US) between 2015 and 2016. They found it to be effective in terms of dispensing accurate information quickly. Oh et al. (2010) observed that social media helped overcome the spread of rumours during the Haiti earthquake disaster. Saoutal et al. (2014) observed that crisis management is effective when the information can be spread quickly. Acar & Muraki (2011) analysed the publishing of information on social networks during the Tohoku earthquake and found it to be effective in times of crisis.

Following any service failure, remedy is a paramount step to restore confidence in the service provider. Bell & Zemke (1987) described service failure as a situation in which

the customer's perception of service is seriously affected due to poor service or due to the total/partial disruption of service. Miller et al. (2000) describe service remedies as the measures taken by organizations to address customer dissatisfaction in a bid to retain customers. Service remedies have been studied in various fields such as in transportation (Nikbin & Hyun, 2015), restaurants (Siu et al. 2013), hotels (Zehrer & Raich, 2016), and retail (Kuo & Wu, 2012). Service remedies tend to be viewed using three theories: attribution, fairness, and expectation.

2.4 Organizational Failure in the Public Sector

Failure refers to an organization's inability to achieve its desired outcomes (Cannon & Edmonson, 2001). A failure may result from a single event or multiple events with individual or cumulative effects. When a failure occurs, it can be challenging to comprehend its severity or predict the point at which its consequences will inevitably lead to the organization's collapse (Cannon & Edmonson, 2001; Anheier, 1999).

Existing research on organizational crises highlights the response of organizations as critically significant when it comes to dealing with such situations. Research has highlighted the importance of developing behavioural, cognitive, relational and emotional capabilities within the organization to build resilience against crises. The literature on the subject also indicates that some failings or errors are detectable and consequently curable if the organization is able to identify indicators. (Weick & Sutclife, 2015; Williams, et al. 2017)

Although developing resilience is effective, researchers caution against developing excessive resilience as this can render the organization indifferent to acknowledging failure because it has become too positive about itself (Williams, et al. 2017; Westphal & Bonanno, 2007). Williams (et al. 2017) reviewed literature on resilience and crisis management. They found that resilience has a darker side which remains virtually unexplained, and thus necessitates further research. Nevertheless, in public sector organizations, failures generally arise because of poor decision making and poor performance, both of which are embedded into the culture of the organization due to collective denial over time (Meier & Bohte, 2003; Jas & Skelcher, 2005). This is because, when public organizations dispense public services, they are not profit-driven. As a result, their decision-making is not influenced by the financial performance of the organization, given that public funds are available to them (Walshe et al., 2004).

Jas & Skelcher (2005) argued that the various fluctuations and performance cycles experienced by public sector organizations and that their turnarounds can be self-initiated provided they have leadership capability. However, in instances where such a turnaround fails, leadership capability may emerge in response to external pressure. This could take the form of regulatory bodies imposing measures, leading to necessary actions being taken by the public sector organization, or it could involve leadership succession. Williams (et al. 2017) however argued that it would take considerable resources and time for the organization to be able to do this. Public sector organizations are also likely to be influenced by policy clashes at a national level as well as by political changes, and conflicting objectives set out by changing governments. This creates a constant change in their resource allocation, performance management and employment (Meier & Bohte, 2003). Researchers have also highlighted the ever-evolving nature of public expectations and demands about public services. These make the external environment of public sector organizations volatile, and such volatility influences their internal environment, thereby leading to failure (Walshe, et al. 2004; Meier & Bohte, 2003; Andrews, et al. 2006).

Although policy changes are imminent in cases of failures in public healthcare organizations or gross professional misconduct in other public organizations (Hutchinson, 2016; Gabbioneta et al., 2019; Mannion et al., 2019), in other instances, policy changes are not imminent. Moreover, it is important to understand the contextual dynamics and origins of failure in public sector organizations, as they incur high costs and require significant human resources to get back on track. Palmer (2013) pointed out that silence in response to misconduct within the organization leads to failure. Muzio et al. (2016) noted that silence regarding misconduct blurs the boundaries between right and wrong in public sector organizations, making them more susceptible to failure. This silence is also influenced by social relationships that shape the internal dynamics of public sector organizations.

The volatile nature of both external and internal environments, along with collective denial, can give rise to blind spots, cloud professional judgment, and lead to turning a blind eye to misconduct occurring within the organization (Muzio et al., 2016). Socialization within the organization can normalize and embed employees' behaviours, thereby sustaining corrupt practices. This has the effect of legitimizing corrupt behaviour within the organization, which is why, when the scandal breaks out

publicly, it comes as a surprise to employees who have regarded their behaviour as legitimate (Balch & Armstrong, 2010; Ashforth & Anand, 2003). Currie et al. (2019) highlighted the need for further research into the sociological dimensions of professional misconduct in public organizations that is nonetheless legitimized within them. The current research argues that if the leader's response fosters the normalization of misconduct, the organization will, over time, lose its ability to rectify its course.

Public organizations usually have processes that necessitate direct interaction between employees of the organization and citizens. This interaction has been dubbed a street-level bureaucracy (Lipsky, 2010). However, there is a dearth of research on the dynamics of such interactions, the critical factors of such interactions, and their psychological, and on-the-ground impact. This situation necessitates further research (Raaphorst & Loyens, 2018; Bartels, 2014; Raaphorst & van de Walle, 2017). Studies of management research highlight service encounters as prominent features of interest (Rafaeli, et al. 2016). Gronsoos (1984) highlighted the complex nature of service encounters between public organizations and the public. Hess (et al. 2003) observed that service failures are likely to arise in the context of public service organizations. Therefore, service failure represents a prominent feature of service encounters. An insight into this phenomenon is critical for understanding customer satisfaction (citizen satisfaction) in the context of public organizations (McCollough et al., 2016). In such instances, frontline staff play a critical role in mitigating the deterioration of outcomes. Therefore, service failure is a pressing topic for research.

Frontline staff of public service organizations have different tools at their disposal to effect recovery from service failure. Although the focus of much existing research on service recovery is on monetary compensation, such compensation may not be welcomed in instances involving public sector organizations (Thomassen, et al. 2017; Hess, et al. 2003; Sparks & McColl-Kennedy, 2001; McCollough, et al. 2016). Therefore, additional insights must be generated on service failure and recovery strategies in the context of public service organizations. The focus of this research is on non-monetary strategies as a means of recovery from service failure. For example, explanation is a type of non-monetary recovery strategy. Two research employing survey experiments are relatable in this regard. This research demanded investigating the complex interactions involved between the frontline staff and the citizens

concerning service failure and recovery strategies. This research necessitates some investigation into the complex interactions between frontline staff and citizens regarding service failure and recovery strategies. It also highlights the need for external validity in this type of research. By engaging with public administrators, this research gap can be addressed (Van de Walle, 2016). The market for public services is typically highly monopolistic, with government-sponsored organizations providing most services. Moreover, the services provided are highly complex due to rules derived from multiple sources of governance, such as provincial versus federal. This complexity further necessitates examining service management in public organizations (Osborne et al., 2012).

2.5 CONTEXTUALIZATION OF THE FAILURE OF PUBLIC SERVICES

When the interface is considered, it appears that public and private services resemble each other in various ways, such as ordering documents, making payments, interacting with customers/citizens over a counter or via telephone, queuing at the service provider's office, etc. However, despite such operational similarities, the reasons why public services fail are different from the reason why private services fail. The consequences of failure are also different. The main difference between the two is that public service providers do not aim to make a profit through the provision of services and, as such, do not operate with a business or corporate motive. In instances of failure, their portfolio is transferred to another department or agency of the government (James et al., 2016). Sometimes, public service organizations may face budget cuts but still survive, rather than being dissolved. They may also be abolished (Kaufman, 1976). It is important to note that the closure or abolition of a public organization may not necessarily result in the cessation of service provision. Instead, the service may continue, albeit through a different government organization.

This means that public service organizations do not face existential threats compared to private organizations. However, their leadership teams may still be disciplined when service failure arises. Another important distinction between the two is that public service organizations are not focused on making profit, but on providing services to the public. Thus, when the customer base of a public service provider starts shrinking, it is not a sign of failure in the market, but rather a sign of society recognizing that services have been provided that address the problems faced by the public. There are

also debates about who the ultimate beneficiary of public services are. Another feature distinguishing public service organizations from private ones are that public service organizations operate in a political environment. This means that there are political concerns and objectives to achieve beyond dispensing public services. Since these organizations operate in a political environment, they also attract criticism from opposition on various grounds, as opposition is keen to highlight the failures and setbacks of governments. Any failure to meet service standards can attract political criticism, and the outcomes of public services may be framed as failure by the opposition (McConnell, 2010). However, as Osborne (2010) pointed out, the failure of a public service organization is assessed in the light of the expectations of citizens about the service, and their perceptions about the delivery process, and the mismatch between these.

Thus, in a sense, the failure of public services is a matter of perception and interpretation. Not only is the performance of public service organizations gauged against predefined standards, but they must also be seen to be actually meeting those standards. However, public services can succeed even without meeting such standards, or they may fail despite following them. The definition of policy success by McConnell (2010) can also serve as inspiration for understanding service failure, where a policy (service) is considered successful only when it achieves the goals intended by its proponents without attracting significant criticism. Since failure can affect specific groups within the community, it can become magnified. It may also go unnoticed if the failure affects only a handful of individuals in society or primarily impacts marginalized groups.

It is also important to mention that, compared to private service organizations, public service organizations do not go out of business due to the unique characteristics of the services they offer and the nature of these organizations. However, the criteria of failure and success is ambiguous in the public service sector. Although quality management and performance management have been introduced in public sector organizations, the targets and performance criteria are not always evident. Besides, the criteria already in place tell only part of the story, and do not give any account of the bigger picture associated with the creation and delivery of public services. Failure may be easier to assess in some instances. Some researchers have attempted to identify some critical parts or key indicators of failure in public services e.g. O-ring

erosion in instance involving the Challenger Space Shuttle incident (Romzek & Dubnick, 1987), the crisis response following Hurricane Katrina (Waugh & Streib, 2006), and the collapse of viewing platforms (Gregory, 1998).

Literature on street-level bureaucratic services has provided a clear account of service failure in public service organizations, such as suffering or even death among children due to the lack of timely intervention by the child protection bureau (Marinetto, 2011; Garrett, 2009), or failure on the part of the police to intervene due to apparently insufficient evidence against a crime suspect. When failures arise with respect to ambiguous or difficult services, it can be a daunting task to identify whether or not a failure has actually taken place. For example, a huge cost overrun in an IT infrastructure project makes it difficult for auditors to identify the failures or causes due to the several factors involved (Dunleavy, 1995). Public service failure exhibits several distinct characteristics that set it apart from failures in the business sector.

The difficulties and nuances that separate public service failures from the failures of private sector enterprises. Public service organisations operate in a highly regulated environment, which frequently limits their ability to act quickly when they have failed. Recovery is delayed due to bureaucratic structures, legal oversight and compliance obligations that sometimes hinder the process in contrast with organizations of the private sector that are more flexible and adaptable when dealing with failures (Caillier, 2023; Mir et al. In the public sector accountability is wider in context. However, unlike private firms that are primarily responsible to shareholders and customers; public agencies are accountable directly to citizens, policymakers, and the broader public interest. With this increased level of scrutiny, failures in public services have the potential to impinge upon the reputation of not just that organisation but also the entire government (Caillier, 2025; Béal et al., 2022).

This adds another layer of complexity produced by the variety of stakeholders. Public services are targeted to a variety of stakeholders ranging from citizens, taxpayers, lobby and cartels as well as public sector managers. This is a tall order direction and can lead to increased oversight and public outrage in response to service failures. By contrast, private sector companies often target a much smaller range of stakeholders and are mainly concerned with customers and investors (Anwar & Ozuem, 2022; Mirza et al., 2025). The absence of competition is also prevalent in many public services,

where monopoly or quasi-monopoly structures reduce external pressures to deliver better quality and respond quickly when things go wrong. This lack of market-driven incentives can delay or retard the recovery process compared with a competitive private market where organisations have to act quickly, at all costs, in order to minimize reputational damage (Yuen et al., 2023; Li et al., 2025).

Resource constraints are a further persistent challenge to public services. Their ability to invest in advanced technologies, infrastructure and human capital for recovery is severely limited by budgets and competing priorities for spending and staffing. Private organisations can provide and protect the resources required for profitability and positive consumer perceptions, however public ones are oftentimes restricted to fiscal austerity and political decision-making (Bizuneh et al., 2025; Zhang, Cai & Qiao, 2025). This is especially troubling when public services are out of service, since systemic failures have repercussions beyond the customers themselves to impact group-wellness and social trust in government systems (Alonso-Almeida, 2023; Caillier, 2025). Given their public nature and social mandate, service recovery for these agencies is not just about fixing operational black holes but also in restoring faith in the system and maintaining social equity goals (Kwan et al., 2025; Lim et al., 2025).

In public services, recovery is even more difficult due to political influence. This leads to inefficient and externally manipulative regenerator processes that are highly sensitive to political cycles, electoral considerations, as well as Anjin-san needing a bit of moonlighting time for His People! These pressures are less pronounced in private firms since market forces and profitability claims centre-stage when it comes to the strategic rationale for decision-making (Mirza et al., 2025; Song et al., 2023). Also, public services are structured in intricate organisational configurations that, on top of several layers of management, are often tied into interagency relationships. While these structures may have been initially designed to prevent unproductive turf wars, they can also lead to slow decision-making involving multiple stakeholders and make cross-functional coordination more challenging in supporting the development, engagement and implementation of fast-acting recovery strategies (Nowak et al., 2023; Villarroel Ordenes et al., 2025).

The public service failures have the long-term implications as opposed to the chaos due to a failure in private sector. Because many simply have no choice other than their

public purse to serve them, chronic failures can lead to disinvestment of trust in those institutions and long-term discontent. The relative stigma of providers is also likely to increase in users of public services that often lack the option to exit the monopolistic systems comparable to competitive market customers (Raza et al., 2023; Lindsey-Hall et al., 2025). Second, public services are often characterised by politically and socially sensitive content as part of health education welfare. Deficiencies in these dimensions not only compromise the immediate welfare of individuals, but have serious social and political consequences that increase both the urgency and salience of recovery efforts (Alhouti et al., 2024; Aureliano-Silva et al., 2022).

In this context of increasing importance of digital technology and social media, the demand on transparency and accountability from the public appears intensifying in service recovery. Failure is more visible, subject to public commentary, with reputational consequences and the need for a response in real time. Research indicates that public evaluation of recovery efforts for public services is influenced not only by the nature of recovery, but also by operationalizations of empathy, fairness and responsiveness displayed in digital exchanges. (Fan et al. 2024; Ozuem et al. In addition, while there are few examples of emotion balancing practices within public sector context--and certainly less than in the private industry (Haupt et al., 2023; Chiu & Nguyen, 2022); it is an area that needs to be further refined particularly as chatbots and artificial intelligence supported recovery have emerged.

These factors reveal that public service recovery occurs in a markedly different context to private sector recovery. The regulatory complexity, additional accountability effort, and extent of stakeholder perspective aside from high political sensitivity constraints on limited resources all contribute to the perception that public service failures are more visible, have greater impact and are harder to fix. These challenges can only be resolved by a granular appreciation of how recovery strategies serve to regenerate customer satisfaction as well as institutional trust and society confidence. Yet, the current study sought to address these concerns by exploring in a unique context of public banks in Pakistan where service recovery is not just an operational fix rather an important mechanism for re-establishing legitimacy and faith of public in financial system.

These factors collectively contribute to the unique nature of public service failures and necessitate tailored approaches to effectively manage and recover from such failures. Understanding and addressing these factors is essential for public service organizations to improve service quality, rebuild public trust, and meet the diverse needs and expectations of stakeholders.

2.6 CULTURAL DIMENSIONS TO THE FAILURE OF PUBLIC SERVICE

To truly comprehend service failure in the Pakistani public banking context it is paramount to put customer responses into its cultural perspective. Culture essentially determines how people perceive fairness, attribute blame and allocate organisational responsibility, particularly in high stake service contexts such as banking. Hofstede's cultural dimensions serve as a conceptual platform to argue how national values shape the expectations of service penetration and the points at which individuals regard behaviours as failures (Beugelsdijk & Welzel, 2018; Yoo et al., 2011). In Pakistan, a context in which strong collectivist traditions, high power distance and high uncertainty avoidance have been documented by regional surveys as well by South Asian culture studies (Hofstede 2001: ICBC 2014), we can expect these cultural dimensions to be particularly important elements explaining why service failure is experienced vividly how various recovery strategies are judged to be more or less appropriate. Incorporating these cultural dimensions when examining public service failure not only confirms what customers expect but it also explains why Western models of service recovery often fall short in a Pakistanaian setting.

Cultural dimensions are the embedded collective culture −values− of a society from which behaviour, communication protocols, authority relations and expectations from institutions stem (Beugelsdijk & Welzel, 2018). Hofstede's (ibid) conceptualization of a national culture consists of five dimensions; power distance, individualism – collectivism, uncertainty avoidance, masculinity – femininity and long-term orientation. Each dimension represents tendencies that, although exist at an individual level, emerge collectively and influence how people interpret social and organisational phenomena (Yoo et al., 2011; Jan et al., 2024). In the context of service phenomena, these dimensions can be used to explain customer expectations of fair, respectful, efficient and trustworthy services (Ladhari & Michenaud, 2015), and are often employed in service quality research to reflect cross-cultural differences in customers' perceptions (Furrer et al., 2000; Guesalaga & Pitta, 2014; Maki et al., 2025).

In these dimensions, collectivism, power distance and uncertainty avoidance are quite applicable to Pakistan directly related to service failure and recovery of the public

banking system. Collectivism is a cultural orientation in which individuals place the interest of the collective higher than their own independence (Beugelsdijk & Welzel, 2018). In collectivist cultures, the customers' expectations are that service encounters be relational rather than transactional by considering them with dignity, courtesy and personal identification throughout the service exchanges (Maki et al., 2025). Collectivist societies thus appraise service failure not only according to technical failures, but also damage to face, social worth and relational norms. Evidence suggests that in collectivist cultures consumers desire the service provider to empathize, assume responsibility for service failure, and exert sincere efforts towards reconciliation and the mitigation of trust damage (Furrer et al., 2000; Guesalaga & Pitta, 2014). This cultural logic suggests that Pakistan is a useful setting in which to test our model, given the tendency for users in Pakistani banks to associate indifference, seeking insufficient information and delays with disrespect instead of just mere operational failures.

Attribution of blame in service failures is also influenced by cultural collectivism. It has been suggested that people from collectivist cultures would view service encounters as a part of broader social obligations and expectations. Thus, organisational failure is frequently ascribed to systemic oversight rather than individual errors. Research on collectivism cultures find the similar expectations of customers that organizations bear more responsibility for failures and provide symbolic acts of reparation (Furrer et al., 2000). In the case of Pakistan's public banking, which is a low trust institutional environment being described here, and where collectivism magnifies emotional reactions to failed service outcome when status/identity concerns are involved.

Power distance is also another key cultural dimension in Pakistan that refers to the degree people are comfortable with inequality and accepting of hierarchical authority in a society. Interestingly, high power distance cultures see nothing wrong with unequal power relations between people and believe that organisations should operate using formalised hierarchies and authority relationships (Beugelsdijk & Welzel, 2018; Aleqedat et al., 2024). In such circumstances, service users may (explicitly or implicitly) expect decision-making practices to be top down and this can inhibit them from openly raising their dis-satisfaction, particularly in the case of public services where the organizational hierarchy is likely to appear rigid and complex. Yet in high power distance cultures, when service failure is perceived by customers they expect senior rather than frontline staff to be involved in the solution. In banking, the empirical evidence suggests that a high power distance has strong effects on what customers may consider as appropriate service recovery such as manager intervention and authoritarian assurance (Dash et al., 2009).

This phenomenon is especially true in the case of Pakistani public sector, where customers expect organization agents to be authoritative, skilled and decisive during recovery processes. The concept of power distance transcends hierarchical expectations; it informs even the nature of accountability. In failure cases, high power-

distance consumers attribute blame less to the individual employee than to the organization and expect formal recognition of a service failure with structured recovery rather than informal apology. This was in line with the assertion of a research that high power distance mitigates service quality perceptions and enhances customer sensitivity to organisational treatment (Kim, 2017).

A third critical dimension of culture that impacts service failure perceptions in Pakistan is uncertainty avoidance, which is defined as the extent to which an individual feels uncomfortable with unpredictable, obscure and unstructured situations (Jan et al., 2024; Gallego-Álvarez & Pucheta-Martínez, 2021). The more uncertainty-avoiding society, the more anxious their customers may be with regard to service processes that are unclear, inconsistent or poorly communicated. Among the various ways uncertainty avoidance is displayed in the field of public banking, where procedural clarity and financial stability are key for customer trust, scrutiny occurs via customers' requests for well-understood processing procedures, regular updates and formal notifications during service disruptions. Studies in various service contexts, affirm that clients from a culture characterised by high Uncertainty Avoidance Index (UAI) have lower tolerance for ambiguity, delayed responses or unexplained failures -all of which are challenges typical to public sector organisations in emerging economies (Maki et al., 2025; Jadil et al., 2023). As a result, IA exacerbates the onset of negative emotions if attempts to conduct banking transactions are not successful, including when digital channels are accessed; in this context, customers demand assurances on data security and procedural fairness.

These three cultural constructs bundles together the way Pakistani customers interpret service failure and what they demand from public banks in service recovery. Collectivism implies clients evaluate the interpersonal and affective nature of recovery in terms of empathy, respect, and accountability. When power distance is high, there are expectations of the organisation to make sense through authority intervention, formal reactions and clear ownership by the group. High uncertainty avoidance increases the need for clarity, structure, and support when services are delivered in technology-mediated towards contexts. Collectively, these dimensions can help to account for why service failures in Pakistan may be expected to quickly result in increased emotional responses and why the bureaucratic approach of a prespecified recovery policy may seem not to be considerate or empathetic enough during brief encounters.

Explaining why some recovery strategies are more successful than others can also be informed by consideration of Pakistan's cultural context. It has been found that cultural values influence the profitability of the customer service approaches in different industries (Guesalaga & Pitta, 2014; Furrer et al., 2000). For example,collectivist customers prefer personal acknowledgment, unambiguous taking of responsibility and symbolic apologies while individualist customers favour interventions that engage with senior personnel in front of the customerand formal

protocols (Dash et al., 2009). Also, high uncertainty avoidance customers are more satisfied if firms offer formalised post-disaster updates, transparent descriptions and development timelines for recovery (Jan et al., 2024). Extended into the context of Pakistani public banks, these insights imply that recovery solutions must take account of relational orientation, hierarchical legitimacy and procedural clarity beyond merely compensatory or procedural redress.

Therefore, these cultural dimensions not only put customer expectations into place, but also influence the cognitive, emotional and behavioural responses that an individual will have following a service failure. Researchers have established that cultural values play a role in shaping fairness perceptions, trustworthiness and willingness to forgive after service failure (Rehman, 2022; Maki et al., 2025). In Pakistan, social norms are characterized by loyalty, respect and moral reciprocity in the organizational interactions (Jaworski & Kohli, 1993) When these norms are violated in events of service failure; consumers may be more likely to perceive stronger injustice. Accordingly, servicing recovery strategies in public banks have to be culturally compatible and adapted for reducing negative word-of-mouth communication, ensure trust and avoiding the reputational damage in a society where social influence and collective narratives are highly influential on consumer perceptions.

Also, studies on cultural dynamics emphasize that cultures are not fixed but change over time in relation to (macro-)economic changes (Beugelsdijk et al., 2015). With rapid digitalisation, higher level of consumer engagement with service brands and rising expectations of accountabilitypecially via social media— cultural impacts might be getting more diversified sooner or later) in Pakistan. Exclusive of collectivist norms, greater exposure to global consumer culture might be changing their perception concerning fairness, responsiveness, transparency. This is in accordance with the evidence of how national culture can interact with the development of institutions and quality of governance (Putra & Sihombing, 204; Zidkova et al., 205). ensp;;Public banks, working at the crossroads of traditional confidence and contemporary digital service delivery, such cultural transformation means adaptable recovery strategies that can be adjusted to different situations.

In conclusion, Hofstede's cultural dimensions provide a strong theoretical framework for examining service failure perceptions in the Pakistan public banking context. The high levels of collectivism, power distance, and uncertainty aversion play a vital role in explaining the customers' reactions to service failure as being guided more by relational expectations, hierarchical beliefs, and need for procedural certainty. All these dimensions influence the emotional valence of customer responses and their assessment of organizational justice, trustworthiness, and responsibility. By integrating cultural analysis with the study of service failure, such an enhanced overall framework will not only address points raised by the supervisor regarding need for clarity in critical cultural concepts, inclusion of collectivism and collective orientation,

and linkage to Hofstede in case of Pakistan; but would also directly respond to this clarion call. This cultural locus of meaning gives a needed connection between the general theoretical discourse of service failure and the culture-bound model that this study proposes to develop for public banking in Pakistan.

Culture also filters new disputes between the automation and the anthropomorphism of service encounters. Although robotic and AI-based service recovery technology is gaining global momentum, customers' perceptions of such technologies and their attribution of responsibilities to them may vary in different cultural contexts (Arikan et al., 2023; Liu et al., 2023). For many societies in which social warmth and respect matter, customers will not accept impersonal recovery facilitated only by machines, no matter how efficient it is. Automated models that are not culturally astute in Pakistan could be seen as offensive, adding to a lack of trust, as opposed to addressing failure. This indicates that culture persists in the coexistence of high-tech service recovery.

More generally, the service failure and recovery literature over the past three decades has shown an evolution in focus towards contextual factors such as cultural differences, reflecting a move from universal to more complex, context-specific models (Liu et al., 2024; Sahaf & Fazili, 2024). The older literature tended to portray recovery as a homogeneous venture led by speed, equity, and compensation. However, more recent reviews have argued that we need to refine the field to include cross-cultural dynamics, relational sensitivities, and social legitimacy issues (Grégoire et al., 2025; Mirza et al., 2025). Such observations emphasize the necessity of orienting cultural debate alongside this study, no doubt aligning the study with the frontline of debate about the direction of recovery scholarship.

Culture also influences coalitions and group dynamics that impact recovery perspectives. Customers do not fail in a vacuum; their stories and attitudes are held in common within social configurations. Roschk et al. (2023) demonstrate that coalitions induced by common grievances can enlarge the detrimental effect, especially when community goods promote solidarity. In Pakistani banking, where services are consumed in groups at the branch level or through a community of recommendations, one service failure can result in a collective backlash much larger than the original failure alone would have caused. It is this dynamic that explains why reputation risk is amplified in public service organisations by cultural collectivism.

Research on habit formation also illuminates that repeated glimpses of service failure foster culturally determined expectations. For example, Elbaz et al. 805 (2023) note that customers used to multiple breaches react differently to recovery-exception handling, where either tolerance or resistance is contingent on context. In a country such as Pakistan, where it is the cultural norm for citizens to anticipate bureaucratic incompetence, recurring failures may not shock the public but they are reminders of ingrained mistrust of institutions. This paradox illustrates the cultural dimension of recovery whereby habituation reduces shock but also consolidates cynicism.

Other customers' influence in forming perceptions of failure and recovery has been the subject of study as well. Gupta and Verma (2024) assert that the observation of others' interactions affects customers' perceptions of service justice, and such interpretations are screened through culture-influenced rules of justice and dignity. In a collectivist social monitoring society like Pakistan, both TiPs and defects captured publicly exert more salience because customers evaluate not only their own treatment but also that of others. It is this collectivist orientation that amplifies the cultural stakes of recovery.

Cross-substance similarities between front-line workers and customers (e.g., language, ethnicity, regional identity) are also related to outcomes for recovery in terms of cultural resonance. Lindsey-Hall et al. (2023) demonstrate that such similarities increase empathy and forgiveness of failures. In Pakistan, shared culture between tellers and customers in banking can reduce failure by facilitating interpersonal trust, while mismatch can intensify perceptions of indifference. Recovery therefore can never be a process that is culture-free but mediated by perceived relational closeness based on shared cultural symbols.

Recent research also suggests that a recovery paradox — that is, one where effective recovery results in greater loyalty than no failure (see Ahlquist, McDougall & Sweeney, 2026) — is not a uniform phenomenon but culturally bound (Lim et al., 2025). In relational and dignity-respecting value contexts, recovery efforts that go beyond the expected may lead to more favourable affective responses from customers. But in places with pre-existing low trust, like Pakistan's public banks, the paradox might not play out if recovery does not also help to repair cultural norms of fairness and humility. This shows why culture is not an overlay but a basic factor for when recovery strategies will be successful or not.

The technological elements add layers to the cultural aspects of recovery. More and more frequently, chatbots, AI, and virtual agents drive failure resolution, but success depends on their cultural normalisation within communication practice. Research indicates that customers interpret chatbot responses differently according to whether they congruently match expected empathic styles (Haupt et al., 2023; Ozuem et al., 2024). While customers in Pakistan may consider scripted, insincere replies to be dishonourable, relevant and personalised communication will have a better impact. Hence, digitalisation cannot be detached from cultural layers of interaction.

The literature also highlights the significance of brand integrity and legitimacy in recovering from a crisis. Brand authenticity is also a moderator of recovery satisfaction for customers' attitudes in the mediation relationship (Tran, 2024), and Yu et al. (2025) find that culturally induced transparency norms influence airline failure evaluations. In Pakistan, authenticity depends not just on effective operational competence but on cultural signifiers such as respect for traditional social hierarchy and deference to community values. For public banks, then, proving they are back on course is not a

matter of procedural reforms but of gestures in line with prevailing norms of trust and responsibility.

Social media and the rise of user-generated content bring these cultural dynamics of recovery under even more intense focus. For instance, millennials often narrativize failure and recovery online, influencing shared conceptions and benchmarks (Ozuem et al., 2023). But in Pakistan, where digital discussion is growing quickly, bad service failure stories can circulate widely and play into cultural narratives about institutional incompetence. Accordingly, recovery responses need to be both operationally effective and culturally resonant to offset digital amplification.

Service recovery has also been found to be another critical breakpoint within this boundary in recent research, due to the creation of new service recovery strategies that contain cultural sensitivity. Mirza et al. (2025) contend that recovery processes need to move beyond transactional repairs and include the relational, affective, and cultural elements in the reconstitution of trust. This is convergent with the direction of the current study where culture is regarded as a key recovery tool in Pakistani public banking.

Also, the role of compensation and apology in recovery has been found to differ across cultures. Li et al. (2025) show that combining public compensation with private apologies enhances forgiveness in group failures, highlighting how shared cultural norms can determine which recovery actions are perceived as sincere. Public displays of accountability in Pakistan, and perhaps elsewhere, could be important, as private reparation alone may not meet cultural demands for public justice. This further suggests that recovery practices need to be customised not only to operational requirements but also to cultural norms for public recognition and relational honour.

The comparative review also shows that the recovery of police misconduct can differ according to the status of complainants, private or public, with cultural relationships to authority and citizenship affecting levels of satisfaction (Caillier, 2025; Béal et al., 2022). In Pakistan, public bank users see themselves as citizens rather than mere consumers, and their demands for recovery are deeply implicated in cultural and political legitimacy. Thus, failures are not merely service failures but public trust betrayals.

What emerges from the collective insight provided by this growing literature is that culture is integral rather than secondary in service failure and recovery investigations. It sets the narrative for how failures are framed, how recovery is measured, and whether trust is restored or further corroded. This research also seeks to fill an identified literature gap through the inclusion of cultural components, as universalist models of recovery are critiqued for their absence of place-specific sensitivity (Kim & So, 2023; Sahaf & Fazili, 2024). Thus, the inquiry into Pakistan's public banking sector presents an exciting space to move forward with theoretical debates and practical

guidelines for recovery strategies that are operationally effective while culturally responsive.

Cultural Factors: In Pakistan, there is a special salience to cultural influences. Service interactions are framed by expectations of respect, fairness, and relational equity, which are embedded in South Asian notions of hierarchy and collectivism (Alhouti et al., 2024; Aureliano-Silva et al., 2022). Quality is not only performance in terms of efficiency but also performance in terms of cultural values such as politeness, respect, and interpersonal treatment. Hence, failure is reinforced by feelings of disrespect and disregard, regardless of whether the operational problem is eventually resolved (Raza et al., 2023; Lindsey-Hall et al., 2025).

The literature also suggests that the role of responsibility and blame for service failures is framed by cultural context. In collectivist communities, service failure is sometimes seen by customers as not the fault of one individual but a reflection of systemic failure or authority, consequently heightening reputational risks to the relationship between public agencies and their stakeholders (Béal et al., 2022; Bizuneh et al., 2025). In more individualistic contexts, blame is more likely to be focused at the frontline encounter. This is where cultural differences in understanding failure and recovery are useful when considering the embedding of cultural sensitivity in failure analysis and the design of recovery efforts (Chiu & Nguyen, 2022; Umar & Saleem, 2022).

Now it is worth talking about culture in this research for two reasons. First, it opens the possibility of depth in explanations for customer perceptions, which were forcefully raised in the empirical evidence as determinants of dissatisfaction with public banks. Second, it shows why recovery models adopted from Western ratingscapes are unsuitable in the Pakistani context to the extent that they conflate cultural senses of fairness, trust, and dignity (Nowak et al., 2023; Villarroel Ordenes et al., 2025). For instance, in public sector recovery research, the literature supports the view that responsiveness and timeliness are generally expected; nevertheless, in a market like Pakistan, these also need to incorporate simple human touches that align with cultural respect and honour (Fan et al., 2024; Ozuem et al., 2024).

So, this infusion of culture in the review of literature is not an afterthought but a reflection of the importance of culture in influencing how service failures are perceived, assessed, and recalled by people. By foregrounding cultural dimensions, this study situates itself to inform a more nuanced, context-based reform agenda for public service recovery in Pakistan — one that reflects concerns around operational efficiency as well as the socio-cultural significance of failure and recovery. Inclusion of cultural dimensions in the literature contributes considerably to the value of this thesis by situating service failure and recovery processes within the socio-cultural texture of Pakistan's culture. It is proof that recovery is not just about fixing systems but learning how to manoeuvre cultural expectations of fairness, respect, and authenticity. In situating recovery strategies in cultural realities, the study not only contributes to

academic debates but also provides a realistic, context-based blueprint for rebuilding trust in one of Pakistan's most visible and politically salient public services.

2.7 A REASSESSMENT OF FAILURE IN PUBLIC SERVICES

The literature on private service management treats instances of failure as issues that need to be addressed in order to achieve excellence in service delivery. However, the literature on public service management views failure as a matter of routine. This is also evident from the attention given to administrative reforms in the field. Moreover, this is also evident from the body of work that criticises bureaucracy (Goodsell, 2000; Hall, 2002). The public perception of government performance also reflects this (Goodsell, 2003; Bok, 2001). Researchers in public management adopted public choice theory and economic theory in the 1980s to argue that failures are likely to arise when civil servants are incompetent, motivated to enrich themselves, or politically inspired. This leads to meddling in the routine dispensing of services, thereby increasing the likelihood of failure.

Such criticisms highlight two dimensions of failure: failure to meet the needs of the citizens as customers; and failure in provision of services contrary to set criteria. The former is more related to policy related failure in terms of failing to respond to market signals. The latter is related to the management of services involving typologies of service failure by focusing on certain sectors (Kelley, et al. 1993). The common types of failure in public services are discussed below. The first three are inspired by the work of Boin & Hart (2000) since they were the first researchers to highlight different types of failure such as failure through rigidity, ignorance and failed intervention. The researcher further examined three additional types inspired by the current literature on public management: failure by design, failure by neglect, and failure by association.

Failure through ignorance occurs when a public service provider fails to recognize the need for reform or adaptation (Boin & Hart, 2000). In the context of public service delivery, this type of failure arises from a disconnect between service providers and users. While service users, or citizens in close contact with the service, may perceive the situation as a failure, those responsible for delivering the service do not acknowledge it as such and therefore take no corrective action, ultimately leading to failure. Ignorance on the part of service providers can often be attributed to an inability

to recognize signals or indicators that reveal the needs of customers (citizens) and a lack of corresponding measures to address those needs. This ultimately leads to service failure (Tummers et al., 2013). Consequently, the literature on public sector and public service reforms advocates for adopting tools to monitor customer (citizen) opinions about the public services they receive, in order to overcome information deficits. Such deficits are a key factor contributing to ignorance (Van de Walle, 2010).

Failure by rigidity occurs when policymakers or public service organizations are unable to take action despite being aware that action is necessary. This can result from administrative hurdles, bureaucratic rigidity, complex rules, red tape, and similar obstacles (Mascini, 2005). This may also arise as a result of complex decision making and when the organization finds it difficult to take action in a timely manner. Hood (1974) in his research on administrative failure highlighted 'over-organization' which points to excessive control and rigid regulation making it impossible or difficult for the organization to take action. In the context of public services, rigidity represents not only an inability to respond but also the illegality of responding. This means that excessive legal requirements may also prevent public service organizations from taking timely action (Varela-Neira, et al. 2010). Failure due to rigidity may also arise when solving the problem is tantamount to violating the rules within which the public service organization has to operate.

Failure due to a failed intervention occurs when the solution applied to a problem is not the one needed to resolve it—in other words, an incorrect solution is implemented. This type of failure does not stem from a lack of response but rather from an inaccurate response to a situation. It also differs from failures caused by rigidity, as the public service organization in this case has taken action and attempted to address the issue. However, the remedy provided was unsuitable. Such failures can arise because public service organizations often face novel situations where no precedent exists, requiring them to apply new solutions that may not effectively resolve the issue. The challenges faced by these organizations are typically open-ended, complex, and intractable. Additionally, these problems are non-standardized, and non-routine, making it difficult for organizations to respond using their usual mechanisms and tools (Head & Alford, 2015). Hood (1974) also highlighted this issue in his work, noting that such failures arise when governments attempt solutions in situations where there is little agreement about the nature of the issue or what constitutes an adequate resolution. The lack of

consensus on success standards often results in the application of solutions that fail to meet the necessary criteria for effectively addressing the problem.

Failure by neglect arises due to the disinterest of policy makers and management in the provision of services. This can be attributed to several causes. For example, the service may have a low-public profile, thereby rendering it unattractive to policy makers and public employees. It may also be related to that part of the public which is not vocal or serves a marginalized group of people, rendering such services less significant for policymakers and politicians. Researchers in public administration and political science have long examined unequal service levels, considering factors such as place of residence and socio-economic status. They have identified territorial differences and biases favoring the middle class in the delivery of public services (Serra, 1995). Public services may also be used as tools for political spoiling, rewarding loyal voters, or attracting new voters. Conversely, they may be employed to discipline or punish opposition areas (Khemani, 2015). Neglect may also arise on the basis of a lack of interest to challenge the status quo because when public services are offered, these can affect the profitability of companies offering private services of a similar nature.

Failure by design takes place when there is a deficiency in the design of services, thereby rendering such services inefficient. This failure takes place when there is strong demand for services, but the resources to design and provide them are limited. A prominent example in this regard is to follow cumbersome procedures to apply for subsidies offered by the government. Another example is the presence of red tape in accessing social security or healthcare benefits (Moynihan et al., 2015).

Moynihan (et al. 2015) argued that the administrative burden placed on citizens or applicants interested in accessing certain public services could be deliberately placed. This may stem from the need to delay inducting more beneficiaries into services, or from politically motivated reasons, which may not necessarily indicate a design fault. In the literature on private services, this is often referred to as policy failure—albeit somewhat confusingly. Policy failure is perceived as failure in the eyes of customers, occurring when they view a policy underpinning a service as inequitable (Kelley et al., 1993). Another example of failure by design occurs when it is difficult for customers to access the complaint contact centre of a public service provider or to cancel a

subscription. Whether or not this is a deliberate choice in the service design, it is still regarded by customers as a failure of service.

Failure by association takes place when the assessment of public services by actors is negatively influenced by bias. This means that minor interruptions or hiccups in the provision of services are interpreted as common and major faults. Consequently, users may fail to acknowledge strong performance due to such biased interpretations (Van Slyke & Roch, 2004; Lyons, et al. 1992; Marvel, 2016). Failure by association may also occur when the service provider has a poor reputation, even if the actual experience has not yet been incurred. In such a situation, negative perceptions may influence positive experiences (Del Pino et al., 2016). This shows that even public services that are functioning well may be perceived as having failed. Failure by association is important to understand in the domain of public services because some public services have a negative reputation among citizens (Bok, 2001). Failure by association is more likely to occur when an abstract service is evaluated more than a concrete service (Goodsell, 2003).

2.8 CUSTOMER REACTION TO THE FAILURE OF SERVICES IN PUBLIC SECTOR

Ariely (2011) observed that there is often an assumption of failure associated with public services. This is why less attention has been paid to understanding the reasons for failure, and customer reactions to failure. Since expectations are lower in this regard, failure analysis is rarely conducted in its entirety when it comes to public service failure (Hodgkinson, 2013). This is also why increasing numbers of failures occur in the delivery of public services. The literature on public services also shows that there is less concern about consequences such as customer retention, brand loyalty, and repurchase decisions. Moreover, it is less focused on customer reactions to failure and more focussed on the collective response of people, such as in the case of protests. Le Grand (2007) observed that the liberalized view of public services is to treat citizens as customers and provide services accordingly. Hsiao (2011) divided the online complaint behaviour of customers into public action types and private action types. Public Online Complaints (PUOC) represent a rebellious form of customer behaviour, where individuals file complaints online, often reflecting a desire for revenge due to the negative impact of service failure. Private Online Complaints (PVOC), on the other hand, refer to negative feedback or word-of-mouth shared online

among individuals. The effects of both types of complaints are within the scope of this research.

Existing research highlights different types of impact on customer satisfaction by different types of failure. Much depends on the effectiveness of the remedy received by the customer following the failure (Smith et al. 1999). Smith et al. (1999) also differentiated between process failure and outcome failure, and highlighted the intensity of the former compared to the latter. Johnston (1995) argued that processes come into play once the service has met the expectations of the customer. Zhu et al. (2004) differentiated between the impact of process failure and outcome failure, and highlighted that process failure causes more dissatisfaction amongst customers as compared to outcome failure.

The relationship between service failure and customer behaviour is yet to be explored, and there is also limited research evaluating the impact of service failure on customer behaviour. Research on customer complaints about service failure can be divided into two types: external and internal attribution (Heider, 1958). Internal attribution indicates that the reason for failure lies within the service provider organization, whereas external attribution suggests that the reason for failure falls outside the organization. Iglesias (2009) reviewed 293 service encounters among customers and found that customer dissatisfaction arose significantly more due to internal attribution than external attribution. Weitzl et al. (2018) also observed that when failure was attributed to internal causes, customers were more dissatisfied.

Existing research also shows that customers develop negative perceptions about service providers when they come across a large number of complaints about service failures, particularly when they remain largely unaddressed. Du & Fan (2011) highlighted that group service failure occurs when more than two customers experience service failure at the same time. Such failures can also affect the satisfaction of customers. Researchers have also highlighted the emotional burden on individuals who belong to groups encountering service failure. Emotional burden can be felt by individuals whose feelings are not consistent with the rest of the group (Goldenberg et al. 2014; Chen & Zhang, 2014). Nevertheless, emotional transfer may take place within a group when individuals share the same feelings about service failure (Goldenberg et al. 2014; Chen & Zhang, 2014). Du et al. (2014) observed that

group service failure can also influence the satisfaction levels of customers, even if they are not individually impacted by service failure.

Papageorgis & McGuire (1961) highlighted the concept of customer inoculation which takes place when the customer becomes aware of service failure before experiencing the failure. In such instances, dissatisfaction is less intense compared to when the customer is caught off guard by service failure. According to inoculation theory, customers subconsciously prepare themselves to deal with negative situations (Mikolon et al. 2015). For example, when customers are informed beforehand about a waiting time of e.g. 30 minutes, they are less likely to negatively evaluate the service if they wait that amount of time. The accurate dispensing of information enhances customers' ability to adapt, preventing them from being shocked or unpleasantly surprised. Studies indicate that when customers are properly informed in advance, their dissatisfaction levels are reduced upon encountering service failure (Mikolon et al., 2015; Einwiller & Johar, 2013).

Even with monopolistic service providers, citizens have different options available in the event of a failure (Dowding & John, 2011). They can file a complaint on official channels or even to third parties. They also have the option of taking legal action against the public body, such as by filing a writ in court. Citizens may also take the issue to the press to attract media attention and thereby influence policymakers and politicians. Researchers have pointed out a direct relationship between public service failure and the erosion of trust between citizens and government / public service providers (Miller & Listhaug, 1999). However, Van de Walle & Bouckaert (2003) observed that it is hard to find a direct link between the two. Dowding & John (2012) observed that the passive attitudes of politicians or service providers / policymakers towards failing public services further affects trust between people in public institutions. This affects the operability of public institutions as they thrive on cooperation and active public participation.

When something goes wrong in terms of the delivery of public services, customers can register dissatisfaction towards local leaders. This applies political pressure to leaders, thereby forcing them to rectify failures arising in the future delivery of public services (John, 2016). Jilke & de Walle (2013) observed that it was only in the 1990s that a mechanism for reporting a complaint about public service emerged. However,

nowadays mechanisms are also in place which were previously unique to the private sector, such as online complaints on official websites or via social media (Trigg, 2014).

In the 1980s, a new core element of public service management emerged. It involved incorporating features from private service management into public service management to enhance service delivery and efficiency. This meant establishing a direct link between public service providers and customers (citizens), whereas previously this was done through political representatives. In the past, citizens had to approach local leaders, who would then take up the case with the public service provider.

The incorporation of private service management features into public service management is a relatively new phenomenon. This also adds to the political voice of citizens as a reaction to poorly performing public services (John, 2016). Citizens not only complain about the failure of public services to the relevant department, but also advocate for political change to hold politicians accountable (James & Moseley, 2014).

Public service failures also influence the electoral promises of political parties to win elections by promising to reform such services. For this reason the literature on public service management also takes into account electoral behaviour while discussing the failure of public services (James & John, 2007). Van de Walle (et al. 2005) pointed out that it is still unclear as to whether politicians are only held accountable for scandalous failures or for poor performances as well. The literature on public service management has taken into account this aspect empirically and theoretically (James, et al. 2016a; Hood, 2010). Brandström and Kuipers (2003) observed that the failure of public services often leads to blame being directed at politicians for failing to deliver on their promise of efficient public services.

Andrews (et al. 2006) pointed out that some public service failures are brushed under the carpet as occurring due to misfortune, and are thus not rectified while others are accepted as resulting from mismanagement. Reynolds & Harris (2005) observed that sometimes failures are blamed on others for no reason to hide the mistakes of the service providers. This often hides the mistakes of politicians concerning service budgets.

Exit represents a common strategy which the citizens use for counteracting the failure of public services (Colgate & Norris, 2001; Jilke, et al. 2016). Users of public services

have more options when public services are marketised, or when new services are introduced to break the monopoly of existing service providers. In the context of public services, 'exit' refers to the option of switching to other service providers, whether by increasing the number of public service providers or involving private providers (Dowding & John, 2012). Even in the absence of a market environment, citizens still have the option to exit in response to failure. This exit can take several forms, such as self-organization, self-production, or self-provision (Mizrahi, 2011).

Gofen (2012) highlighted the concept of entrepreneurial exit, whereby citizens themselves create an alternate on their own collectively. She highlighted the examples of urban self-defence groups in unsafe communities and home schooling in conflict-stricken communities. Both these instances are examples of self-help amongst citizens. Such exits may also involve the provision or acquisition of services that were previously unavailable or are offered alongside public services. Mizrahi (2011) observed that citizens may even resort to illegal avenues as part of their exit strategy, such as bribing to get things done.

Exit is also considered complete when citizens stop using a public service altogether, even though they are entitled to it, following the failure of that service. Such take up is particularly problematic in the context of social services where administrative mistakes, administrative burdens and social stigma pulls people away from using public services. The main issue with exit as a signal in the context of public services is that it does not prompt government action for improvement, as there is no direct competition (Mizrahi, 2011). Exit may in fact result in reducing the financial burden because more people want to stop using the service. However, different social groups could have varied potential for exit due to democratic or social implications (Jilke, 2015). This is particularly the situation when a public school in a wealthy community fails to maintain its reputation thereby leading the parents to send their children to private schools instead.

The public service provider may attempt a recovery of their failure in such cases. This falls within the ambit of recovery and repair. There are different strategies involved in recovery, e.g. offering an apology, repairing service, resolving the problem, or compensating the victim. However, it is pertinent to mention that there is dearth of literature on recovery and the repair of public services, unlike private services (Van

Vaerenbergh, et al. 2012; Liden & Edvardsson, 2003). Even in instances where there is literature on repair and recovery, this focuses on the internal mechanism of the public service provider: e.g. leadership replacement and reorganization of the service provider. Anheier (1999) pointed out the coping strategies of public service organizations and Turner (et al. 2004) pointed out the performance turnaround strategies of public service organizations.

The focus of the current research is not to take into account the particular events that lead to failure, but to look at recovery following the failure of public services. In a public service context, recovery is aimed at the collective level, instead of at the individual level (Skelcher, 2005; Boyne, 2006). This highlights the popularity of specific political resignations following the failure of public service as a repair strategy. Literature on the private sector has paid particular attention to recovery efforts to restore the perceived fairness of individual customers as to a service transaction. In the private service sector, the focus of recovery following service failure is typically on individual customers, but this is rare in the public service sector.

Public service organizations started to incorporate the concept of customer satisfaction in the early 90s to evaluate the performance of service providers. Moreover, they also introduced recovery strategies as part of efforts to achieve customer satisfaction in the late 90s and early 2000s (Drewry, 2005). Thomassen (et al. 2014) however pointed out the absence of monetary and non-monetary compensation from the charters of public service organizations. Although some countries have enabled public service providers to compensate citizens following service failures, much like customers of private organizations, in other countries such compensation does not lie within the powers of public service providers (Madell, 2005; Liden & Edvardsson, 2003).

Recent developments in social media research examine both individual and collective approaches to service recovery after service failure. The literature highlights the growing presence of public service organizations on social media platforms and their increasing investment in dedicated teams to manage these accounts. These teams aim to protect the image of public service organizations while also addressing online complaints made by the public on social media. However, a paradoxical approach has

emerged as these organizations tend to focus more on high-profile cases, highlighting an inequitable approach to service recovery following failure.

2.9 Blame for Service Failure and Contracting

Blame avoidance is often more important for public managers and politicians than claiming credit, due to the negative bias that can damage their reputation. People tend to remember failures associated with public service managers and politicians more than their successes, which is why politicians attract criticism so often (Weaver, 1987; Lau, 1985). This asymmetry arises due to economic differences between countries (Hansen, et al. 2014; Soroka, 2006). In terms of public services, citizens' expectations of service quality are a response to information concerning low performance rather than strong performance (James, 2011a). Olsen (2015) pointed out that negative perceptions about public service performance influences people more than positive perceptions. Grimmelikhuijsen & Meijer (2014) observed that when transparency initiatives are being taken following a complaint against a service provider, this gives rise to negative perceptions about the performance of public service organizations.

Information about strong public service performance from governmental sources is treated as less credible compared to the same information coming from independent sources. However, the same does not apply to reporting poor performance, as people are more likely to trust governmental sources when they indicate poor performance. James & Van Ryzin (2015) note that citizens are more inclined to believe information about poor performance than information about strong public service performance. Politicians avoid blame for poor performance to prevent losing voter trust. Additionally, as Boyne et al. (2009) point out, people are more likely to criticize politicians for poor performance than to reward them for strong performance.

Public services are provided after politicians campaign to assume democratic power, with the goal of establishing institutions to deliver these services to the public. This is especially true in local government, where elected representatives campaign on promises to provide such services once in power.

Politicians, once in power, may also enter into agreements on behalf of government with established institutions to deliver public services to citizens. They might also enter into agreements with private institutions to provide services which are otherwise provided by public institutions. In this regard they have the power to enter into

contracts with NGOs and for-profit organizations. Some researchers highlight the role of public-private partnerships in the provision of public services (Greve, 2008; Brown et al., 2006). Such agreements are enforceable under law as they identify the price and the service that the organization is liable to provide (Cohen & Eimicke, 2008). Thus, such a contract is in essence a delegation of authority from a public organization to private one to provide public services. Such contracting also helps politicians avoid any blame for poor services in instance of failure. Instead, the private contractor attracts blame and the politicians use that blame to reap political benefits. Researchers have noted that people associate specific outcomes with certain individuals or organizations, and when those expectations are not met, they tend to blame the person or organization for the failure (Schlenker et al., 1994; Rudolph, 2006; Alicke, 2000).

Similarly, studies of blame in political institutions tend to focus on understanding the public's reaction to both perceived and actual failures of public service providers (Weaver, 1986; Hood, 2011). Citizens establish a causal link between failure and public representatives on the basis of their action, inaction and late action. The outcomes provide a foundation to levy blame against public representatives. The views of citizens about the failure of public services are also shaped by their perceptions about the overall political environment of the country, and the political actors therein. When citizens realize that performance is lower than anticipated or promised, they blame public representatives for failing to provide the promised level of services (James & Moseley, 2014).

The context of blame is also shaped by the extent to which politicians are perceived as having a duty to prevent failure from arising, and whether it is within their power to prevent it from happening. Conflicting obligations and values also influence the perceptions of citizens when it comes to blaming politicians for failed public services (Nieuwenburg, 2014). Information about who is providing services is of paramount importance in dictating who is to blame for the failure of services.

Information cues are summary statements indicating key information about the failure of services, and the reasons for service failure. Such cues help avoid a demanding environment by preventing people from protesting against politicians for service

failures (Hobolt et al., 2013; Lupia & McCubbins, 1998). Information cues also influence citizens' perceptions of public service performance (James, 2011b).

An information cue can sometimes take the form of a label which, for example, indicates that the administration is under the control of a political party. However, cues may also be a characterization of a complex or broader situation utilizing a shortened form. The current research theorizes that information cues about public services being contracted out to private institutions also influence the level of blame allocated by citizens to politicians (Schlenker, et al. 1994; Alicke, 2000).

Research on executive politics suggests that such allocation is justified because public representatives have jurisdictional responsibility. As a result, citizens often blame public representatives for the failure of services, even when those services are contracted out to private contractors (Healy & Malhotra, 2010; Arceneaux & Stein, 2006; Schneider, 2008; Hobolt et al., 2013). However, when the lines of accountability dividing public and private organizations are weak, blame allocation is also weaker since voters are aware that executive power has been shared or dispersed (Powell & Whitten, 1993; Anderson, 2000; Hobolt, et al. 2013). Some researchers note that units within the government may criticize other branches, such as local governments criticizing central government (Mortensen, 2012). Nielsen & Baekgaard (2015) highlight that politicians' concerns about blame allocation influence their performance and budget utilization. Sulitzeanu-Kenan (2010) also point out that even government agencies may engage in blame-shifting, such as when public inquiries by the government identify others to blame for failures rather than public representatives.

Malhotra & Kuo (2008) observed that job titles and information cues associated with such titles lead people to blame public representatives for public service failures. The context of their analysis was Hurricane Katrina. Arnold (1990) pointed out that legislative politicians also escape blame by delegating authority to regulatory agencies, thereby giving them semi-autonomy, whereby they can regulate certain actions on their own. This enables legislative politicians to avoid blame for unpopular decisions. Weimer (2006) observed that regulators delegate authority so that they are not ultimately blamed for policy failures. Legislators also use strategies to manipulate the judgment of citizens about the person who is ultimately responsible for managing the blame (McGraw, 2001). Thus, information cues about delegating authority to a

private contractor are part of blame mitigation, so that the public does not blame the public representative for service failure. This leaves space for public representatives to capitalize on any failure by promising to rectify the situation. This is achieved by taking the issue up politically. The same is true in cases of delegating decision making within the government to lower levels. Bartling & Fischbacher (2012) observed that the principal actor escapes blame when his authority is delegated to his agent whose decision then affects the recipient of the decision.

There is a dearth of empirical research on blame in the context of sub-contracted public services to private contractors. However, Hood (2011) observed that contracting out public services to private contractors involves multiple organizations in service delivery, which dilutes the blame as no single organization is directly responsible for attracting it. Thus, blame theory provides an interesting alternate to legal and economic theories on the failure of public services and contracting. The current research does not seek to draw comparisons between these. Instead, it takes account of the three theories, but highlights blame theory, and evaluates and discusses its empirical implications.

Economic contracting analyses the impact of contracting on the economy, as well as its effectiveness, and resulting efficiency in the delivery of services. Political blame theories, however, fail to account for the impact of political accountability structures and negativity bias, which makes blame and blame avoidance a central concern for politicians using contracts. An alternative perspective is offered by legal theories, who view contracting as a legal mechanism for avoiding blame by delegating or transferring authority from one organization to another.

However, legal responsibility cannot always be delegated to avoid blame for failed public services. For example, ‘state action’ in the US has been adjudicated multiple times to encompass public tasks which are performed by private organizations (Malatesta & Carboni, 2015). According to blame theory of contracting, citizens are less likely to blame politicians when the authority is legally delegated to a private body under a contract for the provision of public service to citizens.

The current research takes into account the impact of information cues with respect to blame allocation in the context of public service failure. It also takes into account instances whereby citizens encounter services which are not up to a reasonable

standard. This raises questions about the extent to which public representatives are blameworthy when citizens are aware of services being contracted out to private organizations. The benchmark involves a comparison between cues about contracting and cues which do not identify the type of service delivery. The literature on the subject indicates that there is an uneven awareness about services being contracted out, and hence in instances where no cue is available, citizens are more likely to blame public representatives as compared to instances when they are aware that the service has been contracted out to another organization. Carpini & Keeter (1997) observed that a lack of knowledge about the structure and working practices of political institutions also pushes blame allocation towards public representatives. Thus, when citizens are unaware of contracting, they tend to blame politicians for the failure of public services.

The second benchmark involves a comparison between information cues about contracted-out services and information cues about the involvement of politicians in the daily management of street maintenance. When politicians are expressly linked with management, they tend to attract blame for failed public services. Such information cues do not suggest that politicians are literally digging the land to develop it, but it implies that they are involved in the overall management of land services, thereby indicating an overlap between their political and administrative roles. Andrews & Boyne (2010) observed the role of political leadership in the management of services in local governments in England, and took into account the associated impacts on service performance. Copus (2014) took into account the role of 30 political leaders in the context of blame for failed public services and found that many citizens linked the role of politicians with service failure. This went beyond attributing blame for oversight and extended to blame for inefficiency, cost and the quality of services. The politician's role is regarded as generally relevant to the delivery of public services. For example, mayors in the US are generally concerned about the practical management of services related to bad weather. They actively utilize systems which enable them to manage services efficiently, such as through performance management and measurement tools and systems (Ho, 2006).

Managers and politicians attach importance to avoiding or shunning blame more than claiming credit because the former spreads negativity bias amongst people. Moreover, people tend to remember failure attributed to key individuals and organizations more than their successes. Besides, politicians attract criticism more than complements due

to very public nature of their roles (Weaver, 1987; Lau, 1985). The same can be observed in terms of citizens' responses to comparing the wealth of countries and economic outcomes (Soroka, 2006; Hansen et al. 2014). In public services, citizens have high expectations of government in respect of delivering quality public services in a speedy manner. People tend to remember poor performance associated with public organizations more than they remember strong performance (James, 2011a). Olsen (2015) also found that negative framing takes place more rapidly than positive framing of public service performance. Grimmelikhuijsen & Meijer (2014) observed that transparency related initiatives tend to highlight the negative aspects of performance more than the positive aspects. James & Ryzin (2015) found that citizens attach less importance to positive performance reports issued by governments because they consider these to lack credibility. However, the same is not true when poor performance is reported, i.e. such reports are not considered to lack credibility. Nevertheless, politicians are eager to avoid blame for poor performance because they fear losing the confidence and support of their voters. Additionally, people are more likely to punish poor performance than to reward good performance (Boyne et al., 2009).

The framing and delivery of public services demands an active role from local politicians within a democratic framework. These politicians employ public authorities to collect public resources and provide services to the public at large. These resources may be financial in nature and might include direct and indirect taxation by federal, state and local governments. Public services can be delivered by public organizations directly or indirectly, such as by entering into a contractual relationship with other organizations to dispense public services. These services are provided through private organizations or even through NGOs. Thus, the government or public organizations can enter into a contract to dispense public services through contractors (Brown et al. 2006; Greve, 2008). Cohen & Eimicke (2008) highlighted key features of such contracts, including the price, the services to be provided, and the delivery schedule. Thus, contracting represents a specific form of delegation of responsibility for delivering services to the public.

One of the significant consequences of contracting out public service delivery is that politicians avoid any blame for poor services on the basis that they are provided by private organizations. Moreover, they also utilize the instance of failure as an

opportunity to gain more political support by promising a remedy (Schlenker et al. 1994; Rudolph, 2006; Alicke, 2000). Existing research on the subject take into account audience reactions to perceived failure (Weaver, 1986; Hood, 2011). Citizens perceive the involvement of politicians in failure from the perspective of causation, i.e. they assess the extent to which the politician is involved in, or is otherwise responsible for failure and its results. How people judge this dynamic is also influenced by the information they have about politicians, and whether they are capable of delivering the services in question.

When citizens realize that the outcomes of public service delivery are low compared to the same services provided elsewhere, they tend to blame politicians for delivering poor public service delivery and performance (James & Moseley, 2014). The extent to which the politician is held responsible is dictated by the cultural, local, social and in some societies religious norms. Conflicting and complex obligations and values among citizens can also influence how they perceive and assign blame to politicians (Nieuwenburg, 2014).

The literature on the subject shows that the delivery of public services is contracted out to the private sector as it gives citizens a cue that someone else (other than the politicians) is to be blamed in instances of poor public services. Such information cues are critical to revealing the level of control being exerted over the dispensing of public services to citizens. Such information can also help overcome civic resentment of public organizations as they become aware of who is responsible for dispensing services (Hobolt et al. 2013; Lupia & McCubbins, 1998; Downs, 1957). This then shapes the perception amongst members of the public about the delivery of services that the private sector is involved in dispensing. As such, public officers may not be held responsible for service failures (James, 2011b). Consequently, public officials often seek to avoid blame. Information cues can take the form of labels, such as indicating that the administration of a public service organization is controlled by a particular political figure or party. However, information cues can also be more comprehensive, going beyond labels. This research theorizes that information cues related to contracting out public services to private organizations shifts the blame from local politicians to private entities (Schlenker et al., 1994; Alicke, 2000).

This information cue is considered reasonable to citizens, as it informs them about those responsible for delivering public services to them. This weakens the public's ability to blame politicians. (Healy & Malhotra, 2010; Arceneaux & Stein, 2006; Schneider, 2008; Hobolt et al. 2013). Moreover, the different layers of government jurisdiction tend to weaken the blame directed at public officials due to the dispersion of power (Powell & Whitten, 1993; Hobolt et al. 2013; Anderson, 2000). Mortensen (2012) pointed out, with respect to multiple jurisdictional layers that. in such instances local governments tend to blame central governments to divert public criticism from local governments to central governments. Nielsen & Baekgaard (2015) observed that concerns about blame influence public spending by local and central governments on public projects so that the blame can be shifted away (Sulitzeanu-Kenan, 2010). Malhotra & Kuo (2008) observed that in cases involving extreme and rare events, such as Hurricane Katrina, citizens allocate blame based on job titles and party cues.

Arnold (1990) applied blame theory to the context of legislative politics and found that legislators tend to avoid public criticism and blame by blurring the chain of traceability in legislative process. Indeed, they tend to delegate legislative authority to regulatory bodies to avoid taking any direct responsibility for a particular measure or its outcome. Weimer (2006) noted that regulatory bodies often delegate rule-making to stakeholders or involve them in the process to avoid being blamed for unpopular rules. McGraw (2001) highlighted that legislators use various strategies to avoid being blamed by citizens in cases involving unpopular legislation.

The purpose of delegating public service delivery to the private sector is similar — to avoid blame being placed on public organizations. Bartling & Fischbacher (2012) observed that policymakers delegate responsibility for making unpopular decisions to subordinate or private organizations to avoid blame from citizens. However, there is a lack of research on the effect of contracting out public services on blame. Hood (2011) highlighted the ‘agency strategies’ employed by the government to avoid blame, where politicians pass on responsibility for rule-making regarding public service delivery to subordinate agencies or contractors, thus avoiding public criticism for service failures. Hood (2011) also noted that when multiple actors are involved in service delivery, it reduces the blame directed at any single individual or organization.

Blame theory provides a significant alternate view of contracting services out compared to legal- and economic theory which dominated research on the subject for some time. This, current research does not seek to validate one theory at the expense of the other two. Instead, it attempts to understand the alternate approach taken by blame theory and its broad implications. Economy theory approaches contracting out from the perspective of economic viability, and the efficient provision of services. It also involves studying economies of scale, economic impact, and any specialist resources private organizations have who deliver contracted-out public services (Bel & Fageda, 2009). On the other hand, political blame theories suggest that this perspective fails to account for negativity bias and the structures of political accountability, even though politicians make efforts to avoid being blamed for poor services.

Legal theories approach the concept of contracting out public services from the perspective of the legality of the method, and focus on the liabilities of the parties involved, so that those responsible can be sued in the event of service failure. However, the shifting of liability alone does not provide shelter from blame, and policymakers still attract blame for failed public services despite having legally escaped any liability for failure. This is why, even though the state can take action against private organizations responsible for providing public services, private organizations are not the only ones blamed in the event of service failure (Malatesta & Carboni, 2015). According to the blame theory of contracting, citizens tend to blame the person they see as most actively involved in the situation. When a contracting organization is presented as responsible for providing services, people are more likely to blame that organization, rather than politicians for service failure, because the organization is perceived as the responsible party. Information cues play a crucial role here, as they direct blame to the entity presented as responsible in the event of service failure. The current research aims to explore the extent to which local politicians are seen as blameworthy, given the information cues about service failure in the context of contracting out public services. Customer responses to service failure in the public sector can differ from those in the business sector due to several contributing factors.

Public services are perceived as critical for society because they have a direct connection to quality of life, social welfare and community stability (Caillier, 2025). For the most part, failures in healthcare and education, for example, are seen to reflect

systemic failures rather than individual cases of less-than-optimal performance which makes them more consequential for the public confidence (Mirza et al., 2025). In prime-social welfare contexts, the public-welfare systems constitute one of the lifelines for citizens and an arms-length dependence on government services coded such that breakdowns are perceived as a threat to fairness and social justice (Béal et al., 2022; Bizuneh et al., 2025).

Compares to private sector, public service users generally do not have many choices or any other choice when the service level is out of meeting their expectation (Li,Yang, Zheng & Fu 2025) And the lack of choice will make them more depend on the system, further increasing their dissatisfaction when services fail (Anwar & Ozuem, 2022). Failure severity becomes more salient because there are no other back-up providers and such failures diminish the citizens' feeling of control over the services (Azemi & Kini, 2022). This namely means that in recovery, the public sector should be especially respectful of the citizens they serve given that individuals cannot simply exit the relationship as they could through their wallet in market-based environments (Caillier, 2023).

Beyond this, another fundamental structural aspect of public services is the lack of full exposure to competition as opposed to for-profit firms competing in dynamic markets (Yuen et al. Without strong external market pressure, there would be a reduction in incentives to deliver high quality services and recovery practices (Nowak et al., 2023). This inaction is frequently perceived by many citizens as being complacent, especially when services are slow to respond or are operating ineffectively (Mir et al., 2023) In contrast, the threat of a loss of customers in competitive markets forces companies to act proactively and correctively (Hall & Hyodo, 2023).

Public services also differ in that they involve the coercive power of service providers over users. Consumer choice bestows power to firms in the private sector whereas public systems rarely have analogous citizen leverage (Caillier, 2025). The systems for complaints exist but are hidden in bureaucratic structures that hinder their function (Song et al, 2023). This may then lead to citizens becoming complacent with their local system, instead of unhappy enough to voice necessary changes (Chiu & Nguyen, 2022). Apart from generating this feeling of high level of disempowerment, the

experiences co-construct service failure perceptions more permanence and less satisfied turnedness with users (Umar & Saleem, 2022).

Political and bureaucratic landscapes of public services add another layer of complexity in terms of what failures mean and how they can be redeemed. Actual service failure can be correlated with the country's decision making half life, whacking policy agenda and political interposition (Mirza et al., 2025). Responses may appear sluggish to the citizens because authorization has to traverse a web of bureaucracy before something actually happens (Nowak, et al., 2023). On the other hand, in private sector it is always taken into account that reputation and customers will be lost very soon respectively (Lim, Saha and Das 2025). This distinction illustrates why when public services fail, the landscape seems to be judged more critically, and hence even our recovery proceedings must not only tackle with the failure but also with any preconceived notions of institutional inaptitude (Caillier, 2023).

The failures in the public sector are under increased scrutiny because of their funding by taxpayers, and therefore they are subject to being held accountable to citizen’s, policy makers, and oversight bodies (Alonso-Almeida et al 2023). Media coverage and the speed with which social media spreads dissatisfaction can further amplify visibility of such failures (Ozuem, Willis, Ranfagni, Howell & Rovai 2024). In parallel, citizens expect a lot more from their governments often assuming that the public sector should always be transparent and fair (Fan, Han & Wang 2024). Consequently, recovery initiatives remain vulnerable to relatively minor faults that can result in a disproportionate public outcry and shift the landscape of recovery in directions not present within private organisations (Villarroel Ordenes et al. 2025).

These failures also — and more generally — have broad social and political implications. For example, failures in welfare services may be seen as a source of widening inequalities or an affront to social equity objectives (Kwan, Siu, Zhang & Barnes, 2025). Failure is often not perceived solely as a matter of organisational performance, but instead an indicator of systemic inequity; better criticised in aggregate rather than by individual failings (cf Lindsey-Hall et al., 2025). Financial services are already on the edge of a trust thin, breakdowns in these industries can lead to public loss of confidence that affects sector reputation and long-term impacts beyond the original failure (Raza et al., 2023). According to Aureliano-Silva, Spers,

Lodhi and Pattanayak (2022) the recovery in public services needs to be centred on ensuring that trust is rebuilt at both an individual and societal level otherwise real-life consequences will flow.

This difference in motivation for profit or mass scale means that the consequence cannot be identical to private organisation, as these public services. Nevertheless, the revenue imperative faced by private companies to swiftly address failures and keep customers is not an issue in public agencies, which are constrained by other matters(predominantly equity, accessibility and compliance (Lim et al., 2025)). It may lessen the sense of urgency in recovery efforts, which can frustrate citizens who expect levels of responsiveness that are like those from private firms (Caillier, 2025). When there is not nimbleness, failures are often described as rooted in process inefficiencies rather than with particular individuals reinforcing a bad image of the system overall (Chiu & Nguyen, 2022).

Expectations of participation and voice in decision making likewise influence citizens' reactions to failures. Calls for greater transparency, accountability and citizen engagement often follow from public service breakdowns and the need to reform (Hall & Hyodo 2023). These demands or outcry have been amplified by the advent of social media, as citizens can now share experiences instantaneously to a wider audience and thus collate collective pressure on institutions(Ozuem et al., 2024). This trend mirrors the democratic ideal that public authorities must not simply provide services yet also include residents in identifying ways those support services are carried out as well as reclaimed (Mir et al., 2003).

Collectively these factors account for why service recovery within the public sector demands a novel set of strategies from private organisations which deliver customer service. This context is shaped by the perceived importance of services, lack of alternatives, limited competition, political control or influence, concerns about social equity and heightened accountability which together mean that any failures are more salient but also have a bigger impact. Not merely as consumers but equally as citizens in public life, people are reacting and requiring inclusive approaches that beat both personal contentment and collective confidence (Anwar & Ozuem, 2022) These demands can be addressed by citizen-centered, transparent and holistic recovery

techniques sensitive to the wider societal effects along with operational outcomes (Caillier, 2025).

The factors discussed in this literature review shed light on the intricate dynamics surrounding customer responses to public service failures. These factors are interconnected, influencing each other and shaping the overall narrative of how individuals perceive and react to such failures. As media attention plays a pivotal role in amplifying the impact of public service failures on society (Freedman & Goblot, 2018). The extensive coverage and public scrutiny generated by the media contribute to the perceived severity of failures, ultimately shaping public opinion and setting the stage for customer responses.

Public service organizations, driven by their social responsibility, are expected to address systemic issues and promote societal well-being (McDonald, 2022). Consequently, customer responses go beyond the resolution of individual service failures and encompass a broader expectation for these organizations to actively contribute to the betterment of society as a whole. Democratic participation emerges as a key factor in customer responses, as individuals advocate for inclusive and participatory approaches in the decision-making processes of public service organizations (Seddon, 2011). Customers demand public consultations and opportunities to actively shape the strategies employed for service recovery, thereby emphasizing the significance of citizen engagement in the public sector.

The legal and regulatory frameworks within which public service organizations operate influence customer responses to failures (Bakker, 2013). Customers' understanding of their rights and the available avenues for seeking redress impact their expectations and shape the course of their responses. Public perceptions of resources also play a vital role, as customers consider failure within the context of limited public funding, resource constraints, and competing priorities (Hood, 1998). These perceptions contribute to customers' empathy and understanding towards service providers facing resource challenges.

The role of public accountability mechanisms cannot be overlooked, as they shape customer responses to failures (Tambulasi, 2010). Customers may choose to engage with established accountability channels or advocate for their improvement, aiming to hold public service organizations accountable for their actions and promote

transparency. Power dynamics in the public sector influence customer responses, as individuals perceive failures as indicative of a power imbalance between citizens and the government or public institutions (Clear & Frost, 2013). Such perceptions prompt calls for greater citizen empowerment, transparency, and checks and balances to address these power dynamics effectively.

The long-term implications of public service failures for society evoke concerns among customers (Kerr, 2003). They consider the sustainable and equitable delivery of public services over time, highlighting the importance of comprehensive service recovery strategies that address, not only immediate failures but also possible future improvements. Ethical considerations come into play, with customers expecting transparency, integrity, and accountability in addressing service failures (Fiszbein, 2005). These expectations stem from the higher ethical standards associated with public service organizations and the responsibilities they bear towards the public.

The perceived social contract between customers and public service providers shapes responses, with service failures viewed as breaches of this contract (Marchevsky & Theoharis, 2006). Customers demand accountability, transparency, and adherence to public service values to restore the trust and confidence eroded by failures. The impact on vulnerable populations becomes a focal point for customer responses in the public sector (Shah, 2007). Concerns for social justice, equity, and fair treatment drive their responses, highlighting the importance of addressing the specific needs and challenges faced by marginalized groups.

Political ideologies further influence customer responses to public service failures (Collins & Collins, 2002). Different ideological perspectives shape expectations regarding the role and responsibilities of public service providers, resulting in diverse reactions to failures based on political beliefs. The restoration of public trust and confidence becomes a critical factor in the aftermath of failures (Hubbard, 2020). Rebuilding trust is crucial for public service organizations to regain credibility and restore faith in their ability to deliver effective services.

These factors are interconnected to create a narrative of citizen engagement, demands for accountability and transparency, calls for systemic change, and a focus on societal well-being. Democratic participation and legal frameworks provide avenues for engagement and seeking redress. The perception of limited resources

and power dynamics shape responses, emphasizing the need for long-term sustainability and equity in public service delivery. Ethical considerations and the perceived social contract guide demands for accountability and adherence to public service values. Vulnerable populations, political ideologies, public trust, and civic norms further influence customer responses. Ultimately, the story highlights the complex dynamics at play when public service failures occur, and the multifaceted nature of citizens' expectations and demands.

Customer responses to service failure in the public sector differ from the business sector due to a range of factors, including perceived importance, limited alternatives, lack of market competition, limited customer power, political and bureaucratic processes, public scrutiny and expectations, social and political implications, the citizen-centric approach, public perception of responsibility, the role of public participation, societal impact, and the expectation of responsiveness. Understanding and addressing these factors is essential for public service organizations to effectively respond to failures and improve service delivery.

2.10 GAPS IN PUBLIC SERVICE FAILURE

The research agenda concerning the failure of public service is key to developing new knowledge. There are four areas outlined by the research agenda where the literature on public and private services can complement each other. Firstly, research on public service management should take into account broad coverage of service failure by private service management literature to identify similar features found in public service management. Secondly, there are issues which are highly significant and relevant to public services which have not thoroughly been discussed in the literature on public service failure. Thirdly, the comparison between both service types need also be made. Finally, it is important to study the consequences of service failure peculiar to public context.

It is imperative that the public service literature takes into account the private service literature to thoroughly discuss the factors underpinning the failure of services. There is also limited communication between both bodies of literature, and both usually operate mutually exclusively, with their own terminologies (Andrews & Esteve, 2015). Although the consumer relations aspect of private service literature has been integrated into public service literature, other areas have received less attention. The

private service management literature extensively covers topics such as consumer retention, consumer relations, individual recovery, consumer loyalty, and compensation. By incorporating these areas, public service management literature has begun to move beyond focusing solely on the collective consequences and management of service failure, also addressing the individual-level consequences of service failure.

The literature on private service management has also informed the literature on public service management in terms of the intra-organizational relationships underpinning service failure. The literature on public service management traditionally looked at leadership and HR to understand service failure. Indeed, considering the context in which the operation of public services takes place, it is imperative that the ambit of research on the subject is increased to study more factors underpinning service failure. There is a political and collective dimension of public service which means that failure can have political and collective level repercussions. This is particularly the case when customers (citizens) react collectively and politically against the failure of service. There is also dearth of literature looking at the transformation of individually experienced failure into collective reaction and few authors have explored reactions from political leaders to service failure.

It is also important to scrutinize the potential of broadening the scope of current typologies of service failure in the context of public service. There is scope to make a public-private comparison with respect to service failure to identify the causes of failures, and reactions to such failures in both streams. Such a comparison is helpful for identifying cross-sector differences and similarities. It would help to ascertain through research the extent to which certain failures take place more than others and whether the recovery strategies utilized in private sector can be applied in the public sector. There is also scope to examine different reactions to exit strategies in public sector as compared to the private sector. Further, there is scope to examine whether failure by negligence and failure by design are more common in one sector compared to the other.

Lastly, the consequences of failure in public services must also be taken into account. The current research highlights the private sector's focus on customers when studying service failures and corresponding recovery strategies, whereas the literature on

public services examines the political and collective consequences of failure. Researchers studying public service failure need to consider individual-level consequences, which have so far been primarily examined in the context of private service failure. Additionally, it is essential to explore the impact of public service failures on overall government governance and assess whether recovery strategies effectively repair the harm to the government's reputation. It is also important to investigate whether certain groups are disproportionately affected or if the impact is random, as well as whether specific groups are more likely to react to failures or receive compensation. Given the three sections of this research (types of failure, response to failure, repair and recovery) and the four areas addressed by the current research, the researcher has identified potential questions for future studies on this subject.

2.11 THEORETICAL UNDERPINNING

Attribution involves determining the responsibility of positive or negative results in the event of a service failure (Heider, 1987). Albrecht et al. (2017) studied attribution theory with respect to individual - and group service failure. Casid & Shin (2015) observed that customers' evaluations of who is responsible for a failure significantly influences who they blame. Gelbrich et al. (2015) observed that there are two strategies for handling failure. Moliner-Velazquez et al. (2015) observed that word-of-mouth also plays a pivotal role in attributing responsibility of failure to someone.

Service failure and remedy strategies focus on the fairness of the remedies provided, ensuring they align with customers' expectations for addressing their grievances (Schoefer, 2008). Consumers believe service failure remedies should match their expectations (McColl-Kennedy & Sparks, 2003). Thus, perceived justice is critical for service providers to recover from service failure, since this influences customer satisfaction. Customers evaluate the fairness of remedies across three dimensions: outcome justice, procedural justice, and interactional justice. Fair perceptions are concerned with the remedy provided to customers following service failure. This also influences the acceptance of such remedies by customers (Collier & Bienstock, 2006). Colquitt et al. (2001) observed that, besides the three dimensions of fairness, there is fourth dimension: information justice. Chen & Kim (2019) observed that perceived

justice relates to the emotional responses of customers and their decision to continue receiving the services.

Expectation is a significant concept in service quality and customer satisfaction research. Both perception and expectations are highly significant determinants of customer satisfaction. McCollough et al. (2000) observed that expectations in relation to remedies represent the customer's perception about action that the service provider takes following service failure. Jung et al. (2017) recommended putting certain procedures in place to meet customer expectations concerning service remedies. Noort & Willemsen (2012) observed that customers develop perceptions of poor service when they read online complaints about a service provider. Joireman et al. (2013) observed that when service failure occurs, customers expect service providers to reconcile instead of retaliate. Joireman et al. (2013) also pointed out that customers still expect service providers to remedy situations the second time around, even when the first remedy has not worked.

Despite the wealth of literature discussing service recovery, there is dearth of research on government as a service provider, particularly with reference to information disclosure and information service failure. The public evaluates government-provided information services based on their experiences with these services. Information services are deemed successful when they effectively respond to instances of service failure and restore citizens' trust in government services. The study's findings indicate that the government's response to failures in information services can significantly influence the relationship between the public and the government, depending on the effectiveness of the response.

Coombs (2014) observed that a crisis represents an unpredictable event that significantly affects the experience and expectations of organisational stakeholders, and gives rise to operational disruption, or suspected disruption. The outcomes of such incidents can be tangible or intangible in nature. Tangible outcomes entail financial damage to the organization, while intangible outcomes entail damage to the organization's reputation. Moreover, a crisis also affects the relationship between the public service organization and its stakeholders (Fombrun & Van Riel, 2004).

When the reputation of the organization is favourable, demand for its services grows, and so does its investment rate. When the organization fails to rectify its mistakes

including service failure, its reputation among its stakeholders starts to deteriorate (Van Heerde, et al. 2007; Reichart, 2003; Chen, et al. 2009). Reputational damage in a crisis situation depends largely on the attribution of responsibility by stakeholders to someone within the organization (Weiner, 1986). Coombs (2007) observed that there are three clusters of negative events: victim cluster (failures which the organization is unable to control e.g. natural disasters), accidental cluster (when the crisis takes place unintentionally, e.g. faulty parts during manufacturing), and preventable cluster (when the crisis could have been avoided had the organization been more responsible). This indicates the full horizon of negligence on the part of organization. (Coombs, 2007)

When crises are preventable, they result in a significant blow to the reputation of the organization. This is why response strategies are generally applied from the perspective of responsibility attribution. The main response strategies in this regard include steps to diminish, deny, and rebuild (Coombs, 2007). In terms of the "deny" strategy, the service provider challenges the accuser by questioning the validity of the service failure claim or attributing the failure to factors beyond the organization's control. The "diminish" strategy seeks to reduce the organization's perceived responsibility by asserting that the failure was unforeseeable or beyond its ability to manage. The "rebuild" strategy involves accepting full responsibility, offering an apology, and providing compensation to those affected.

Response strategies focus on restoring the organization's image in the eyes of its stakeholders. This includes emphasizing the organization's existing positive contributions, showing appreciation for loyal customers, and portraying the organization as a victim of external factors that triggered the service failure (Coombs, 2007). Benoit (1997) identified key response strategies during crises, such as evasion of responsibility, denial, promising corrective actions, reducing offensiveness, and offering an apology. The effectiveness of these strategies depends on the nature of the crisis and the strength of responsibility attribution. For example, "rebuild" strategies are most appropriate when there is a strong attribution of crisis responsibility (Coombs, 2007).

Before social media took the internet by storm, public discussion was framed almost entirely by traditional media. Framing involves highlighting the salience of public issues, which influences public opinion, decisions, and attitudes (Cho & Gower, 2006;

Igou & Bless, 2007; Druckman, 2001; Wu et al., 2012). Framing also represents using particular terms or keywords in news stories to influence understanding. However, the balance of power is shifted away from traditional media and is now tilted in favour of social media because people are increasingly becoming sceptical about the authenticity of ‘the news’. Social media enables citizens to directly upload stories to platforms which can be seen by other social media users. Thus, the traditional top-down nature of news making has now been challenged by bottom-up news making due to citizen-journalism enabled by social media. (Kapuscinski & Richards, 2016)

Nowadays social media shapes public awareness and sets the public agenda on the current affairs (Liu, et al. 2015; Liu, et al. 2016). When service failure takes place, information is exchanged through multiple channels (Sigala, 2011; Gregoire, et al. 2015). The participants of the discussion include the public, crisis victims, service providers, and different stakeholders. The internet has empowered citizens to interact without geographical and time limitations, and now social media applications have enabled citizen-journalism whereby people can report incidents in real time. This has given rise to new challenges for corporate responses, as citizen communication dominates the informational environment. An example of this is the tourism boycott of Hong Kong by people using Weibo (Luo & Zhai, 2017).

Existing research highlights cultural, spatial, and emotional proximity as factors contributing to an individual's involvement in online debates on social media or the internet (Carageo et al., 2014; Wan et al., 2011; Huang et al., 2015). These factors can have a moderating effect on consumers during a crisis (Thomson et al., 2012). The closer a person is to a crisis geographically, the greater the impact their information has on others' behavioral and emotional reactions (Dore et al., 2015; Caragea et al., 2014). This, in turn, influences the information-seeking and sharing behaviors of individuals (Starbird et al., 2010; Huang et al., 2015), as they seek to gather more information about the incident.

Emotional proximity represents individual’s emotional connection with people who are affected by crisis situations. People tend to associate their sentiments with those who are impacted by crises (Huang, et al. 2015). Anger is another stronger emotion which people experience towards those who they believe are the perpetrators of crises. At the same time, they feel sympathy towards those affected (Kim & Cameron, 2011;

Coombs & Holladay, 2005). Moreover, the extent to which a crisis situation is perceived as personally relevant by an individual is moderated by their ethnicity, gender, and previous experiences (Wan, et al. 2011; Breitsohl & Garrod, 2016). Therefore, those who are in the close vicinity of a crisis experience stronger emotions, leading them to actively engage in online conversations those far from the crisis who are concerned about the developments taking place (Kim & Cameron, 2011).

The relevance of service recovery can be understood by taking into account organizational justice theory (Greenberg, 1987). This theory has been applied in different contexts such as in service management (Sparks & McColl-Kennedy, 2001; Mattila, 2001; Tax & Brown, 2000), and motivation and satisfaction in the workplace (Cho & Sai, 2013; Battaglio & Condrey, 2009; Colquitt, et al. 2001; Cohen-Charash & Spector, 2001; Kurland & Egan, 1999; Husted & Folger, 2004). This highlights the significance of different interactional spheres for determining judgements of perceived justice made by groups of people, individuals and organizations. Nevertheless, there are three types of justice: procedural, distributional and interactional (Greenberg, 1987).

Distributional justice entails the fair distribution of justice. In instances involving service recovery, this is particularly related to monetary or any other form of tangible compensation. Procedural justice entails the fairness of the process. Interactional justice entails the fair treatment of individuals by the organization before, during and after a service encounter. This is relevant to service failure because customers want to hear from organizations in the wake of service failure to understand how the organization reacts. Interactional justice may be differentiated into informational and interpersonal justice. Informational justice represents the fair dispensing of information, providing explanations underpinning decisions, and providing explanations for organizational action. Interpersonal justice involves addressing customers with kindness, respect, and courtesy. Some form of explanation for failure is critical to maintaining a relationship with customers, even when customers have been affected by service failure. Folger & Cropanzano (1998) distinguish between different types of explanations i.e. excuses, justifications, apologies, and referential accounts. Excuses involve making statements to evade responsibility for failure. Justifications involve the organization accepting responsibility while providing reasons (usually circumstantial) to legitimize the situation. Referential accounts involve

referencing instances that would have been worse than what the customer is currently facing. Apologies involve the organization taking responsibility, seeking forgiveness from the customer, and expressing sympathy for what the customer is experiencing.

Van Vaerenbergh et al. (2018) highlighted a new typology by distinguishing among organizational procedures, compensation options, and favorable employee behavior. The emotional reactions of customers can be managed, particularly through employee behavior, by empathizing with unpleasant experiences customers have faced, and offering apologies and other remedial actions the organization can take (Van Vaerenbergh et al., 2018). Therefore, in the current research, the use of justifications and excuses represents a major area of interest. Although both aim to enhance informational justice, they utilize different strategies for addressing service failure and the attribution of responsibility for such failure.

The aim of the ‘excuse’ strategy is to divert attention from one party to another for attributing responsibility for service failure. This has the effect of channeling the customer’s frustration away from the organization to someone else, as the ‘excuse’ strategy suggests that the organization is not responsible for the service failure, but someone else is. Thus, someone else becomes the scapegoat under the ‘excuse’ strategy. The effectiveness of this strategy depends on the reason for the service failure (Folger & Cropanzano, 1998). This strategy is used to indicate the powerlessness of the organization, suggesting that although the organization provides the services, the failure occurred due to an external factor. Research on public administration indicates that blaming theories or excuse strategies have typically been applied at the meso and macro levels of administration (Carpenter & Krause, 2012; Anderson, 2009; James et al., 2016; Hood, 2007). However, the literature has not thoroughly addressed the role of micro-level phenomena in this regard.

Nevertheless, the justification strategy involves the organization accepting responsibility while explaining why the situation has arisen, with the aim of drawing sympathy from customers and expressing empathy. The justification strategy is typically employed when the causes of failure have either extra- or intra-organizational origins. Such failures occur due to extraordinary circumstances, unforeseen consequences of procedures, or superordinate goals. These situations allow employees to justify the actions taken by the organization that led to the failure, while

also indicating that remedial steps are being taken. Justification is also provided to reduce information asymmetry regarding the actions of the organization (Lipsky, 2010).

Researchers highlight divisions in the literature concerning the effectiveness of strategies, and some researchers highlight the importance of the 'excuse' strategy while others highlight the centrality of the 'justification' strategy (Bradley & Sparks, 2012; Shaw, et al. 2003; Conlon & Murray, 1996). Nevertheless, the effectiveness of such strategies also depends on clients' evaluation of the credibility, legitimacy, and sufficiency of the explanation (Shaw, et al. 2003). Therefore, any causal attribution is influenced by the locus, credibility and stability of failure (Hess, et al. 2003).

The need, relevance and importance of service recovery strategies is highlighted by cognitive appraisal theory (Folkman, et al. 1986). CAT necessitates that affective and emotional responses are brought about by particular events which are assessed in the process of appraisal by customers to explain and interpret the situation engulfing them. There are two stages to the process (Lazarus, 1991). The primary stage involves an assessment by customers about the relevance of the event to their goals and needs. The second stage involves forming emotions as customers make up their mind about who to blame for the failure. This results in different emotions such as anger, anxiety and frustration.

In the context of service, a situation appraisal is made by customers immediately following service failure. Customers start drawing evaluations on the basis of the magnitude of the problem, and the resources allocated by the organization to deal with the situation. The situation is likely to become better when frontline staff of the organization offer emotional support to customers during the course of service recovery. CAT has also been utilized by researchers of organizational frontline research to evaluate the impact of different traits and behaviours of frontline employees on the behaviour of customers. This involves evaluating the emotional competency of employees (Delcourt, et al. 2017; Bonifield & Cole, 2007; Watson & Spence, 2007). Since both justification and excuse strategies shape customers' interpretations of service failure, both can influence the emotional response of customers positively and negatively.

Excuses involve shifting blame from one person to another, thereby reducing the frustration among customers. Justifications, on the other hand, may have a positive understanding effect on customers, provided they receive a reasonable explanation for the service failure and are informed that recovery strategies are being implemented.

In the quest to understand the failure of public services and remedy strategies, it is crucial to select theoretical frameworks that capture the intricate dynamics and multifaceted nature of public service delivery. After careful consideration, certain theories – namely Attribution Theory, Expectation Theory, Organizational Gestures Theory, and Cognitive Appraisal Theory – while valuable in their own right, may not fully capture the complexity and unique characteristics of public services. These theories, primarily developed in the context of commercial business and individual psychological responses, may lack the depth needed to address the multilayered challenges inherent in public service failures and recovery processes. Therefore, despite their notable contributions to understanding service failure and remedy in a business setting, these theories may not offer the most suitable lens through which to scrutinize the research aims and objectives of this study within the public service domain. The following sections will provide a detailed justification for the exclusion of these theories.

1. **Attribution Theory**: While Attribution Theory explores the assignment of responsibility for service failures, it may not be suitable for this study because it does not fully encompass the complexity of service delivery in public services. Public services often involve multiple stakeholders and layers of bureaucracy, which complicates the attribution of responsibility. Furthermore, the theory does not adequately address the factors contributing to the failure of public services, such as governance issues, lack of resources, and systemic inefficiencies.
2. **Expectation Theory**: While the gap between customer expectations and the actual provision of remedy can impact customer satisfaction, expectation theory may not fully capture the nuances of service failure in public services. Public services often deal with fundamental rights and necessities (like access to health care or education), and therefore, the concept of "customer expectation" may not be fully applicable. In addition, citizens often have very different expectations compared to customers in a commercial setting.

3. **Organizational Gestures Theory**: The theory might not be suitable for the public sector context, as it is generally applied in a business setting where the primary motive is profit. In contrast, public services are typically non-profit and are expected to operate in the public interest. Therefore, the concept of "gestures" or strategic actions to enhance customer relations does not fully apply to public services.

4. **Cognitive Appraisal Theory (CAT)**: The primary limitation of the CAT in this context is that it focuses primarily on the individual's emotional responses to events, rather than examining the broader systemic and structural issues that often contribute to public service failures. While individuals' appraisals and emotional reactions are certainly relevant to understanding their responses to service failures, focusing on these factors might overlook the larger systemic issues at play.

It is therefore most appropriate for this study to look at public service failures from a holistic perspective, considering factors such as governance, systemic inefficiencies, resources allocation, and policy implications. This is why theories like public service motivation theory and commitment-trust theory are more relevant for the study.

2.11.1 Public Service Motivation (PSM)

Public Service Motivation (PSM) is a widely recognized theoretical concept that articulates the intrinsic motivation of public servants. The theory suggests that individuals in public service possess a unique set of motivations that differentiate them from their counterparts in the private sector (Kim & Kim, 2016). These motivations stem from a desire to serve the public interest, to have a positive societal impact, and to advance social equity (Coursey et al., 2012). The origins of PSM theory are rooted in Perry and Wise's (1990) seminal work, where they identified public service as a distinct motivation type. Brewer and Selden (1998) emphasized the inherent public service ethic within federal civil service, offering evidence of such motivation among whistleblowers. Subsequent research has expanded on the concept, proposing four dimensions to PSM: attraction to public policy-making, commitment to public values, compassion, and self-sacrifice (Kim et al., 2013).

Public Service Motivation (PSM) is a concept that has been developed to explain why some individuals have an inherent desire to perform meaningful public, community, and civic service.

The motivation to serve the public is generally seen as a unique characteristic of individuals who choose to work in public service occupations (Kim et al., 2013; Coursey et al., 2012; Wright, Christensen, & Pandey, 2013).

There are four major elements or components of Public Service Motivation, as initially outlined by Perry and Wise (1990). These are:

1. **Attraction to Public Policy Making:** This component involves a desire to participate in public policy and influence civic affairs. Individuals who score high in this category are often interested in politics and enjoy debating policy issues (Brewer & Selden, 1998; Coursey et al., 2011).
2. **Commitment to the Public Interest:** This dimension is characterized by the belief in doing what best serves the overall public. These individuals consider the larger social, environmental, or societal implications of decisions rather than focusing solely on personal or private gain (Bright, 2022; Holt & Choi, 2022).
3. **Self-Sacrifice:** Self-sacrifice refers to the willingness of individuals to sacrifice personal gain for the benefit of the public. It involves prioritizing public service above personal recognition or profit (Andersen, 2009; Mann, 2006).
4. **Compassion:** The compassionate characteristic of PSM represents the motivation to help others, especially those less fortunate. Individuals high in compassion are often drawn to public service to address social inequalities and help those in need (Bakker, 2015; Kim & Kim, 2016).

It is important to note that while these four dimensions provide a broad overview of PSM, there is considerable variation between individuals, and not everyone in public service will necessarily exhibit all these motivations (Breaugh, Ritz, & Alfes, 2018; Schott & Pronk, 2014). Also, PSM can evolve and change over time, influenced by personal experiences, social and cultural contexts, and organizational factors (Holt, 2018; Battaglio & French, 2016). As such, while these components provide a useful starting point, understanding PSM in a specific context may require further nuanced exploration (Andrews, 2016; Jensen & Bro, 2018).

The dimension of attraction to public policy-making encapsulates the desire to participate in public policy processes and influence decisions for public good (Holt, 2018; Holt & Choi, 2022). Commitment to public values, on the other hand, refers to

the alignment of an individual's personal values with those of public institutions, leading to a desire to contribute to society's well-being (Mann, 2006; Coursey et al., 2011). Compassion, as a dimension of PSM, embodies empathy towards less fortunate individuals and a desire to alleviate their distress (Bright, 2022). Self-sacrifice, the fourth dimension, pertains to the willingness to forgo personal gains to serve public interest (Bakker, 2015; Sun et al., 2019). PSM has been used to explain behaviours and performance in public service contexts. For instance, it has been linked to higher job satisfaction, lower turnover intentions, and increased organizational commitment (Bright, 2022; Holt, 2018). PSM has also been associated with positive outcomes such as proactivity, organizational citizenship behaviour, and job performance (Andersen, 2009; Wang et al., 2020).

PSM is influenced by individual and organizational factors. Individual factors include personal values, socialization processes, and life experiences (Wright et al., 2013). Organizational factors include leadership style, organizational culture, and management practices (Jensen & Bro, 2018). Studies have shown that transformational leadership supports PSM by satisfying basic needs (Jensen & Bro, 2018), while other research suggests that organizational antecedents, such as job characteristics and human resource practices, play a crucial role in shaping PSM (Schott & Pronk, 2014; Seymour & Gould-Williams, 2016).

The relationship between PSM and work-related outcomes is complex and influenced by several factors. For instance, research indicates that PSM can lead to higher work stress, potentially due to discrepancies between individual and organizational identities (Bright, 2022). Another study found that PSM contributes to higher job performance, particularly when employees perceive their organization's goals and values align with their own (van Loon et al., 2017).

Finally, PSM theory has been applied in different contexts, including diversity exposure, human resource management, whistleblowing, and corruption (Holt & Choi, 2022; Mann, 2006; Brewer & Selden, 1998; Kim & Kim, 2016). This wide application of PSM theory underscores its utility and adaptability in understanding motivation in public service. In short, PSM theory provides a comprehensive framework to understand the unique motivations of public servants. It encapsulates four dimensions—attraction to public policy.

2.11.2 Commitment trust theory

Commitment-Trust theory forms a vital part of our understanding of relationship marketing. Proposed by Morgan and Hunt (1994), the theory argues that commitment and trust are the key drivers of successful relationship marketing, leading to cooperative behaviours, which in turn create value for both parties (Ekman et al., 2021). The commitment-trust theory of relationship marketing posits that two core elements, namely trust and commitment, are the bedrock for any successful relationship (Mukherjee & Nath, 2007). At its core, relationship marketing is about building strong connections with customers by addressing their needs effectively and upholding given commitments (Ozuem et al., 2023). Businesses adopting this approach prioritize the cultivation of enduring relationships over the pursuit of immediate profit, and this fosters mutual trust and loyalty, a symbiotic dynamic that benefits both parties (Wang, Wang, & Liu, 2016).

Trust, as a central tenet of this theory, refers to the mutual confidence both parties in a relationship hold that the other party will avoid actions that could be detrimental or risky (Mohd-Any et al., 2019). This concept is emphasized by Brink and Berndt (2004). In a business context, trust is established by a company's consistent adherence to its promises. When companies consistently deliver on their promises, customers come to believe in their reliability and dependability (Elbeltagi & Agag, 2016). This trust is not achieved overnight, but is built gradually, cultivated by a steady pattern of promise-keeping and positive experiences (Vatanasombut et al., 2008). In essence, the trust factor underscores the security and confidence inherent in the business-customer relationship (Lin, Huang, & Cheng, 2023).

Commitment, the second key construct of the theory, revolves around the enduring aspiration to maintain and nurture a valuable relationship (Wu, Weng, & Huang, 2012). Brink and Berndt (2004) articulate this as the impetus that drives a business to continuously invest in the initiation, development, and sustenance of relationships with its customers (Ekman et al., 2021). For instance, a company might contact a customer after a transaction to ascertain their level of satisfaction (Zhang & Geng, 2020). If the customer experiences any issues, the business could offer remedies like refunds or discounts on future purchases (Filho et al., 2023). The company could also utilize the feedback to improve its operations, thereby preventing similar negative experiences for other customers (Puusa et al., 2017). These relationship-strengthening initiatives

signify the company's commitment to its customers; a commitment that, when perceived by customers, fosters a sense of value and loyalty (Rather & Hollebeek, 2019).

A relationship established on the solid foundations of commitment and trust culminates in cooperative behaviours that enable both parties to effectively meet their respective needs (Chih, Liou, & Hsu, 2015). Customers are assured that they will receive the product or service they are paying for, and they also gain a sense of being valued and respected (Rather, 2019). In return, the business earns customer loyalty—a highly prized asset, as it reduces the need to expend resources on customer acquisition (Tsao, 2014). The investment made in providing stellar customer service can be seen as a cost-saving strategy, as it can eliminate the necessity for multiple marketing campaigns to attract new customers (Falkenreck & Wagner, 2010). However, one must consider that it may not be feasible for businesses, especially those with limited resources, to nurture long-term relationships with all customers (Lee & Park, 2021). This calls for a strategy to identify the most valuable customers and focus relationship-building efforts on them (Sanchez-Franco, Ramos, & Velicia, 2009). Identifying the right customers and cultivating relationships with them allows businesses to channel their resources towards those.

Commitment, in this context, is defined as an enduring desire to maintain a valued relationship (Morgan & Hunt, 1994). According to Mukherjee and Nath (2007), it implies a long-term orientation towards a relationship, as well as a willingness to make short-term sacrifices to maintain it. Trust, on the other hand, refers to the confidence in the reliability and integrity of the other party. As Wang et al. (2016) argue, trust reduces the perceived risk in the relationship, fostering a sense of security. In the realm of e-commerce, commitment and trust play a critical role. Elbeltagi and Agag (2016) demonstrate that e-retailing ethics can substantially impact customer satisfaction and repurchase intention by building commitment and trust. Trust, in the context of electronic retailing, is established through multiple dimensions including integrity, competence, and dependability (Cui et al., 2020).

In terms of organizational relationships, commitment-trust theory also has practical relevance. Wu et al. (2012) extended this theory to supply chain partnerships, demonstrating that commitment and trust contribute to the success of such

partnerships. Similarly, Ozuem et al. (2023) incorporated this theory into the exploration of customer-brand relationships following service failure recovery, demonstrating its flexibility as a framework for understanding various organizational relationships. The theory's application is not just limited to e-commerce or B2B relations; it also applies to banking and finance. Vatanasombut et al. (2008) applied commitment-trust theory to explain online banking behaviour, while Arcand et al. (2017) demonstrated its impact on customer relationships in mobile banking. Similarly, Zhang and Geng (2020) used it to highlight the importance of employee empowerment in service recovery.

Moreover, the theory's influence extends to the context of social media and online communities. Zhang and Liu (2022) employed it to understand relationship commitment and continuous knowledge sharing in online health communities, showing how social exchange perspectives enhance the understanding of commitment and trust dynamics in these settings.

A crucial aspect of commitment-trust theory is the reciprocal nature of these relationships. As Nadeem et al. (2020) point out, consumers play an active role in creating value through social support and ethical perceptions, further solidifying the relationship. However, Høgevold et al. (2020) warn that opportunism and conflict can disrupt these relationships, leading to dissatisfaction outcomes. Commitment-Trust theory serves as a foundational construct in relationship marketing, providing insights into consumer behaviour in e-commerce, business partnerships, banking, and even online communities. As these relationships continue to evolve in today's digital age, the theory remains as relevant as ever, helping us to navigate complex and dynamic relational dynamics (Rather, 2019).

Service recovery remains a significant challenge in the banking sector, especially in public banks where the impact of service failure can be extensive and debilitating. For banks in Pakistan, service recovery strategies are paramount to maintain the trust of their customer base and promote customer loyalty. In this context, the commitment-trust theory provides a robust framework to explore and understand service failure and recovery strategies in the Pakistani public banking sector.

Firstly, the commitment-trust theory asserts that two core elements, trust and commitment, form the cornerstone of any successful relationship. In the context of the

banking sector, these elements become critical. Trust in banking relationships refers to the customers' belief that the bank will fulfil its promises and deliver services reliably and accurately. Customers trust banks to safeguard their money, offer sound financial advice, and provide timely and effective services (Mukherjee & Nath, 2007). In the case of service failures, such as errors in transactions or unavailability of services, the trust customers place in banks can be severely impacted. The way banks manage such failures and recover service failures affect the restoration and preservation of this trust. In this vein, commitment-trust theory can provide insights into the effects of service failure on trust, helping to achieve the first two research objectives.

The theory also focuses on commitment, which refers to the bank's aspiration to maintain and cultivate valuable relationships with its customers (Elbeltagi & Agag, 2016). For public banks in Pakistan, commitment can be seen in efforts taken to respond to service failure and in the development and implementation of recovery strategies. These strategies represent the bank's commitment to its customers, as they are designed to rectify issues, prevent future failures, and enhance customer satisfaction. This aspect of the theory can help illuminate how commitment influences the development of recovery strategies, thereby contributing to achieving the third research objective.

Another important aspect of commitment-trust theory is its emphasis on the effects of trust and commitment on relationship outcomes, such as customer satisfaction and loyalty (Wang, Wang, & Liu, 2016). Satisfied customers who trust banks are more likely to remain loyal, even in the face of service failures. Understanding this can provide insights into effective service recovery strategies that not only address service failures, but also enhance customer satisfaction and loyalty. Moreover, it can also shed light on the impact of these strategies on the perception of customers regarding service failures and recovery, which aligns with the third research objective.

Lastly, commitment-trust theory also acknowledges that not all relationships warrant the same level of commitment and resources (Wu, Weng, & Huang, 2012). In the context of service recovery, this suggests that banks may need to identify which customers are most affected by service failures and direct their recovery efforts accordingly. Furthermore, commitment-trust theory encourages an examination of organizational factors that drive commitment and trust-building, such as

communication, transparency, and customer orientation (Mohd-Any et al., 2019). This aligns with the fourth research objective, which aims to explore organizational factors that shape service recovery strategies.

Therefore, commitment-trust theory is apt for this research. Its emphasis on trust and commitment provides a comprehensive lens to investigate service failures and recovery strategies in public banks. It helps to foreground the implications of service failure on the relationship dynamics between banks and customers, the development and execution of recovery strategies, and the role of organizational factors in shaping these strategies. The theory's focus on the effects of trust and commitment on customer satisfaction and loyalty also provides a pathway to explore the long-term impact of these strategies on the banking-customer relationship. By employing commitment-trust theory, the research can deliver valuable insights into the complex dynamics of service recovery in the public banking sector in Pakistan, thus meeting its aim and objectives.

This research seeks to develop a framework of public service recovery strategies for public banks in Pakistan, effectively addressing service failures. Two theoretical lenses, Commitment Trust Theory and Public Service Motivation (PSM) theory have been chosen for this research. Their selection is justified below, and the extent to which their interconnected elements create a robust theoretical underpinning to achieve the research aim is discussed.

1.1.1 Connection between Commitment Trust Theory and Public Service Motivation

Trust, a crucial component of commitment trust theory, refers to the level of confidence in an exchange partner's reliability and integrity. It has significant implications for customer loyalty and commitment in the context of service recovery. Attraction to public policy making, a major factor in PSM, implies an individual's inclination to participate in and influence civic affairs. This influence extends to organizations, like public banks, shaping their policies to earn public trust. When public service employees are attracted to policy making, a culture of trust grows in the organization. Hence, the connection between these two elements can help frame how public service recovery strategies can be developed based on trustworthy policies.

1.1.1.1 Commitment to the Public Interest

Commitment in commitment trust theory refers to a belief in, and acceptance of relationship values. It involves an investment of time, energy, and resources to maintain a long-term relationship. This can be compared to the PSM's commitment to the public interest, which involves a firm belief in serving the overall public good.

The connection between these two elements is instrumental in shaping public service recovery strategies. A public bank's commitment to its customers reflects its willingness to go the extra mile to rectify service failures. This aligns with public interest commitment, which seeks to ensure public services effectively serve their intended beneficiaries.

Effect, in the commitment trust theory denotes the emotional value associated with the relationship. It aligns with self-sacrifice in PSM theory, which refers to individuals prioritizing public service over personal gain. The relationship between these elements is pivotal in service recovery. For instance, public bank employees demonstrating self-sacrifice by going beyond their personal interest to address customer complaints may positively impact the emotional value customers associate with the bank, enhancing service recovery.

Considerations refer to the thoughtful attention given to an exchange partner's needs in commitment trust theory. Similarly, compassion, as an element of PSM, speaks to a motivation to help others, particularly those less fortunate. The link between considerations and compassion can guide how public banks develop and implement service recovery strategies. Banks acknowledging their customers' needs (considerations) and showing empathy (compassion) towards customers who have experienced service failure can significantly improve service recovery efforts.

These interconnected elements of commitment trust theory and public service motivation form a comprehensive theoretical underpinning for achieving the research aim. By examining the interplay between trust, commitment, affect, and considerations (Commitment Trust Theory) and public policy attraction, public interest commitment, self-sacrifice, and compassion (PSM), it is possible to gain deeper insights into how to address public service failures and create effective recovery strategies. These interconnections offer a framework for understanding how public banks can foster trust, demonstrate commitment, evoke positive emotions, and thoughtfully consider

customer needs. When combined with employees' motivation to influence policy, commitment to the public interest, self-sacrifice, and compassion, these elements can support the development of a robust service recovery framework. The intersection of Commitment Trust Theory and Public Service Motivation Theory provides a strong theoretical foundation for this research, integrating the key components necessary for addressing service failures and recovery strategies in public banks in Pakistan.

Recovery strategies should aim to build and maintain a level of trust with the public. The connection between trust in the Commitment Trust Theory and attraction to public policy making in the PSM highlights the need for transparent and inclusive policies that foster public trust. By involving employees who have a strong inclination towards public policy making, banks can create policies that are in line with public expectations and needs, thereby enhancing trust and facilitating effective service recovery.

The linkage between commitment in Commitment Trust Theory and commitment to the public Interest in PSM underscores the significance of organizational commitment to service recovery. Employees driven by a commitment to the public interest can influence their organizations to put in place strategies that reflect this commitment. This compels the organizations to prioritize the public's needs, leading to the development of recovery strategies that align with public interest to ensure that service failures are adequately addressed.

Service recovery is not just about rectifying service failure; it also involves managing the customer's emotional response to the failure. The connection between effect in the Commitment Trust Theory and Self-Sacrifice in PSM sheds light on this aspect. Public bank employees demonstrating self-sacrifice to rectify service failures can positively influence the customer's emotional response, leading to a more effective recovery.

Together, consideration and compassion emphasize the need for empathy in service recovery. When banks show they understand and care about the needs of customers and hardships (considerations), coupled with a genuine desire to help (compassion), it significantly improves the effectiveness of the recovery strategy. The synergy of these theoretical perspectives provides a comprehensive foundation for understanding the complexities involved in public service failures and recovery strategies. By exploring these elements and their interconnections, it is possible to

develop a more nuanced understanding of how public banks in Pakistan can better respond to service failures and implement effective recovery strategies.

The theoretical underpinning provided by Commitment Trust Theory and Public Service Motivation Theory offers an integrated perspective, aligning the service provider's commitment and trust with the employee's motivation to serve. This alignment is pivotal to devising effective public service recovery strategies, making these theories not just appropriate but crucial for achieving the research aim. Commitment Trust Theory and Public Service Motivation (PSM) Theory, when integrated, form a potent theoretical foundation to develop a contextual framework of public service recovery strategies for dealing with service failures in public banks in Pakistan.

Commitment Trust Theory provides an overarching understanding of relationship dynamics, predominantly in the context of business relationships. At the core of Commitment Trust Theory are two fundamental factors - trust and commitment, augmented by considerations and effect. These elements are vital in the context of service failure and recovery strategies. Service failure inevitably shakes the trust of stakeholders, affecting commitment levels within the organization. Thus, the application of Commitment Trust Theory recognizes the significance of rebuilding trust and reestablishing commitment within the service recovery process. The concept of trust, commitment, effect, and considerations promotes a customer-centric approach that pivots on addressing customer needs and expectations effectively and efficiently, which is critical in managing service recovery.

On the other hand, PSM Theory captures the motivations that drive public service employees. Elements like attraction to public policymaking, commitment to the public interest, self-sacrifice, and compassion underline the essence of public service. In the context of service failure in public banks, these motivations can influence the recovery strategies developed. Employees driven by a commitment to the public interest and self-sacrifice might advocate for strategies that not only rectify the service failure but also cater to the public's broader interests. They can champion policies that put the public's needs at the forefront, thus promoting effective recovery strategies.

These two theories, while distinct, complement each other in addressing service failures in public banks. Commitment Trust Theory addresses relationship aspects,

and the need for a customer-centric approach in the service recovery process. Simultaneously, PSM Theory brings into focus the motivations of the public service employees who would be instrumental in designing and implementing these recovery strategies. By combining these theories, it is possible to understand both the internal (organizational) and external (customer) aspects of service recovery.

Hence, integrating these theories helps to achieve the research aim of developing a contextual framework of public service recovery strategies. It allows for a deeper understanding of how service failures impact trust and commitment, how recovery strategies can be shaped by the motivation of public service employees, and how these strategies need to cater to the public's broader interests. The interplay of these elements forms the basis of a contextual framework for effective service recovery in public banks in Pakistan. By investigating these aspects within the specific context of Pakistan's public banking sector, this research will contribute valuable insights for policy formulation and practice.

1.2 CONCLUSION

There can be dramatic consequences for failure in public services affecting everyone involved, from dispenser to end user. Although there is wealth of literature on service failure in the context of private service management, there is dearth of literature on the same in public service management and the existing literature that is available on public service management looks more into political and collective level consequences. Although public service organizations have taken inspiration from private service organizations to treat end user as customers, they still lack an individual focus on people. Thus, the public sector can benefit by taking into account private sector research as well. The focus of this study is to highlight the different contexts in which public service and private service organizations operate. Therefore, the types, reasons and consequences of service failure can be different. The study also highlights different types of failure and different reactions towards such failure. Nevertheless, service failure in public service contexts is still largely unexplored and this is a gap in knowledge which need to be addressed.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The research methodology chapter plays a crucial role in any study as it outlines the systematic approach and methods employed to answer the research questions and achieve the research aim and objectives. It provides a roadmap for conducting the study, ensuring that the research is conducted in a rigorous and reliable manner. This chapter serves as a guide for readers, explaining the rationale behind the chosen methods and justifying their suitability for the research context. The aim of this study is to develop a contextual framework of public service recovery strategies to effectively deal with service failure in public banks in Pakistan. To accomplish this aim, a robust research methodology is essential, one that aligns with the research objectives and enables a comprehensive exploration of the research topic. This chapter introduces the research methodology employed in this study, highlighting the rationale behind the chosen methods and their relevance to the research aim and objectives.

The chapter begins by providing an overview of the research aim and objectives, emphasizing the need for a systematic and rigorous approach to investigate the nature of public service failure and the development of effective recovery strategies. It highlights the significance of understanding the perspectives of both customers and management in public banks to gain insights into the factors that influence service recovery efforts. This sets the foundation for the research methodology by highlighting the importance of employing methods that can capture diverse perspectives and provide a comprehensive understanding of the research topic. Next, the chapter presents a detailed description of the chosen research methodology, which includes a literature review, thematic analysis, and semi-structured interviews. The literature review serves as a theoretical foundation, providing a comprehensive understanding of existing knowledge and theories related to public service failure and recovery strategies. It outlines the key concepts and theories that inform the research, highlighting the research gaps that the study aims to address.

Thematic analysis is introduced as the chosen data analysis method, with a justification of its appropriateness for analysing the qualitative data collected through semi-structured interviews. The process of thematic analysis is explained, emphasizing its ability to identify key themes and patterns within the data, and its

compatibility with the exploratory research design, social constructionism, and inductive research approach employed in this study. The chapter also discusses ethical considerations and measures taken to ensure the quality and reliability of the research. It highlights the importance of protecting the rights and well-being of participants, obtaining informed consent, maintaining confidentiality, and ensuring voluntary participation. The ethical guidelines followed in this study are aligned with established principles in research ethics. Finally, the chapter concludes by summarizing the rationale behind the chosen research methodology and its alignment with the research aim and objectives. It emphasizes the strengths of the methodology in providing a comprehensive and multi-faceted exploration of the research topic, capturing diverse perspectives, and generating valuable insights. The chapter sets the stage for the subsequent sections of the research methodology chapter, where each method will be discussed in detail, including the data collection process, data analysis techniques, and the steps taken to ensure data quality and validity.

3.2 RESEARCH PHILOSOPHY

Positivism and social constructionism represent two contrasting philosophical perspectives on the conduct of research, each with a distinct set of assumptions about the nature of reality and knowledge, as well as implications for research design, methods, and analysis. Positivism, rooted in the tradition of empirical science, holds that objective knowledge of the world is attainable through the application of the scientific method, emphasizing the importance of quantifiable measures and statistical analysis (Hammond & Wellington, 2020). The positivist paradigm is predicated on the belief in an observable and independent reality that exists apart from human consciousness and subjective perception. The goal of positivist research is to uncover universal laws and causal relationships between observable phenomena. For the positivist, the researcher is an objective observer, separate from the subjects of study, and the methods employed are often quantitative, focusing on numerical data, statistical analysis, and the replication of results (Hackett, 2019).

On the other hand, social constructionism postulates that knowledge and reality are not discovered but constructed by individuals within a particular socio-historical context (Sloan & Quan-Haase, 2017). This paradigm challenges the positivist notion of an objective, universal reality, arguing instead that realities are multiple and

subjective, constructed through human activity and interaction (Bernard, 2017). Research from a constructionist perspective is typically qualitative, focusing on exploring people's perceptions, interpretations, and experiences of the world to understand how they make sense of it (Denscombe, 2021). For constructionists, the researcher is not a detached observer but an active participant in the knowledge creation process (Walliman, 2021).

The two perspectives contrast significantly in their approach to the study of social phenomena. While positivism strives for objectivity, quantifiability, and generalizability, social constructionism values subjectivity, qualitative richness, and the contextual uniqueness of individual experiences (Hammond & Wellington, 2020). While positivism can provide valuable insights into causal relationships and general trends, it can overlook the richness and depth of individual experiences and the influence of social and cultural contexts. On the other hand, while social constructionism can provide a deep understanding of subjective experiences and social processes, it is not useful for making broad generalizations due to its focus on specific contexts (Cassell, Cunliffe, & Grandy, 2017). In short, the choice between positivism and social constructionism depends on the nature of the research question and the phenomena under study. Both perspectives have their strengths and limitations, and a pluralistic approach that integrates insights from both could potentially provide a more comprehensive understanding of social phenomena (Hair, Page, & Brunsveld, 2019).

Characteristics	**Positivism**	**Social Constructionism**	**Justification for Social Constructionism**
Ontological Position (Guthrie, 2010; Hammond & Wellington, 2013)	Positivism adopts a realist ontology; there's a reality independent of our perceptions (Hammond & Wellington, 2020).	Constructionism views reality as socially constructed; it's subjective and varies across different social groups (Brennen, 2021).	Social constructionism aligns with the research as it emphasizes the subjectivity and multiplicity of perspectives, which is critical in understanding diverse human behaviours.
Epistemological Stance (Schwartz-Shea & Yanow, 2012; Denscombe, 2021)	In Positivism, knowledge is obtained through observable facts and phenomena, leading to objective, value-free	In Constructionism, knowledge is subjective and co-created through interactions between the researcher and the	Given the research's focus on subjective experiences, social constructionism's emphasis on co-created knowledge suits this better than positivism's objectivity.

	conclusions (Dawson, 2009).	subjects (Hair et al., 2019).	
Methodological Approach (Denscombe, 2021; Walliman, 2018)	Positivism Favors quantitative methods to test hypotheses and theories objectively (Hackett, 2019).	Constructionism Favors qualitative methods to gain rich, detailed understandings of social phenomena (Cassell et al., 2017).	This research necessitates an in-depth exploration of individual experiences, best addressed through the qualitative approaches favoured by social constructionism.
Theory and Practice Relation (Brown & Sleath, 2015; Matias, 2021)	Positivism sees theory as driving practice; general laws can be applied to specific cases (Coolican, 2014).	Social constructionism sees theory and practice as interwoven; knowledge is created within specific social contexts (Saunders et al., 2016).	Given the focus on specific social contexts, the interweaving of theory and practice within social constructionism provides a suitable framework.
Data and Meaning (Bernard, 2017; Matsumoto & Vijver, 2011)	In Positivism, data is treated as objective facts that represent reality; meaning comes from the data itself (Guthrie, 2010).	In Constructionism, meaning is derived from the interpretations of the data by the researcher and the subjects (Tracy, 2019).	The emphasis on interpretation in social constructionism aligns well with the research's intent to explore subjective experiences and understandings.
Data Analysis (Hackett, 2019; Bernard, 2017)	Positivism utilizes statistical analysis to identify patterns and relationships (Hackett, 2019).	Social constructionism uses thematic analysis or discourse analysis to understand meanings and experiences (Bernard, 2017).	The research requires interpreting the meanings behind the data, which aligns with the qualitative analysis methods of social constructionism.
Sample Size (Hair et al., 2019; Saunders et al., 2016)	Positivism generally requires a large sample size to ensure representativeness and statistical power (Hair et al., 2019).	Social constructionism may work with smaller samples to gain in-depth, detailed insights (Saunders et al., 2016).	The focus on in-depth understanding justifies the smaller sample size typically associated with social constructionism.
Role of the Researcher (Guthrie, 2010; Tracy, 2019)	The positivist researcher is an objective observer separate from the research (Guthrie, 2010).	The constructionist researcher is involved and influential in the research process (Tracy, 2019).	The research seeks to understand subjective experiences, making the involved role of the researcher in social

			constructionism more suitable.
Outcomes of Research (Denscombe, 2021; Cassell et al., 2017)	Positivism aims to generalize findings to a larger population (Denscombe, 2021).	Social constructionism seeks to understand particular social contexts or experiences (Cassell et al., 2017).	The focus on specific social contexts or experiences in this research aligns with the outcomes typically sought in social constructionism.
Validity and Reliability (Coolican, 2014; Walliman, 2018)	Positivism emphasizes external validity and reliability for generalization (Coolican, 2014).	Constructionism emphasizes credibility, transferability, and dependability over traditional concepts of validity and reliability (Walliman, 2018).	Given the focus on subjective experiences, the alternative criteria of credibility, transferability, and dependability in social constructionism fit this research better.

The application of social constructionism in this project focuses on developing a contextual framework of public service recovery strategies, especially within the realm of public banking in Pakistan. This provides an insightful lens through which to interpret the data. The social constructionist approach aligns well with the aim and objectives of this research, which primarily seeks to critically understand the nature of service failure and recovery strategies and explore the factors influencing them.

Social constructionism emphasizes that knowledge and meaning are not discovered but constructed through social interactions, underscoring the role of human agency, interpretation, and context in understanding social phenomena (Barker, 2011). This approach aligns closely with the first research objective: reviewing the current theoretical understanding of the nature of public organizational service failure and recovery strategies. These strategies and failures are not objective facts but are embedded within social realities, influenced by societal norms, cultural practices, and the subjective interpretations of individuals involved (Brennen, 2021). Hence, a social constructionist approach would offer a nuanced understanding of these theoretical concepts, acknowledging the role of the human agent in constructing these strategies.

The second research objective, which involves understanding the nature of public service failure and the role of contextual factors in developing recovery strategies, is also well-suited to a social constructionist framework. This is because it recognizes the importance of local contexts and cultural nuances in shaping public services and

their recovery strategies. In the case of Pakistan's public banks, these strategies may be influenced by societal norms, local business practices, economic conditions, and cultural values that are unique to the Pakistani context (Saunders, Lewis, & Thornhill, 2016). A social constructionist approach would take these into account, enriching our understanding of how these strategies are developed and implemented.

The third research objective seeks to understand the factors that influence perceptions about service failure and recovery strategies in public banks. Again, social constructionism is well-suited to this task because it acknowledges that these perceptions are not fixed but are constructed and interpreted by individuals based on their experiences, backgrounds, and societal context. It can provide valuable insights into how consumers' interpretations of these strategies are influenced by their personal experiences, societal norms, and cultural values (Humberstone & Prince, 2020). For instance, how do individual customers define service failure? What do they see as an effective recovery strategy? These questions are rooted in the subjective realities of customers, which can be best understood through a social constructionist lens.

Finally, the fourth research objective, to explore the organizational factors contributing to the development of service recovery strategies, is also suitable for a social constructionist approach. Organizations are social constructs, influenced by the interactions and interpretations of the individuals within them. The development of recovery strategies within these organizations can be seen as a socially constructed process, influenced by internal dynamics, organizational culture, and the interpretations of key decision-makers (Denscombe, 2021). As such, a social constructionist approach would provide valuable insights into these dynamics and how they shape the development of recovery strategies.

In conclusion, a social constructionist approach is well-suited to this research because it acknowledges the social realities and constructed nature of the phenomena under study. It allows for a nuanced understanding of the factors influencing service failure and recovery strategies, taking into account the role of human agency, interpretation, context, and societal norms. This research could benefit significantly from this approach, yielding a richer, more nuanced understanding of public service recovery strategies within Pakistani public banks.

3.3 RESEARCH APPROACHES

Research methods can generally be categorized into two broad paradigms: inductive and deductive approaches (Hammond & Wellington, 2020). Each approach is characterized by distinctive processes of theory and hypothesis development, data collection and analysis, and subsequent conclusions. The inductive approach is often associated with qualitative research. It involves the collection of qualitative data, with the aim of developing concepts, insights, and understanding about a particular context or phenomena. Rather than beginning with a clearly defined hypothesis, researchers adopting an inductive approach enter the research field with an open mindset. The data gathered is then used to generate new theories and insights (Brennen, 2021). As Walliman (2021) notes, the inductive approach is exploratory and flexible, allowing researchers to alter their focus as new data emerges.

In contrast, the deductive approach is typically associated with quantitative research. Researchers begin with an existing theory, which they use to form a precise hypothesis. They then design a research strategy to test this hypothesis through the collection and analysis of quantitative data (Hackett, 2019). The deductive approach is structured and rigorous, testing hypotheses that are derived from pre-existing theory or knowledge (Denscombe, 2021). The major difference between these two approaches lies in the flow of the reasoning process. Inductive reasoning moves from specific observations to broader generalizations and theories (Sloan & Quan-Haase, 2017). In essence, it is a process of building theory. On the other hand, deductive reasoning starts with a theory and then moves towards empirical observations. It involves hypothesis testing, often through the analysis of quantitative data (Saunders, Lewis, & Thornhill, 2016).

It is also noteworthy that these two approaches lend themselves to different research philosophies. For instance, the inductive approach is often aligned with interpretivism, which seeks to understand the subjective world of human experience and the meanings individuals attach to their actions (Matias, 2021). In contrast, the deductive approach fits within a positivist paradigm, characterized by the search for causality and law-like generalizations (Hackett, 2019).

The choice between an inductive or deductive approach in research depends largely on the nature of the research question, the existing knowledge in the area, the researcher's philosophical stance, and the nature of the phenomena under study

(Denscombe, 2021). Researchers may also choose to blend these two approaches in a single study, using an inductive approach to generate theories, and a deductive approach to test them, creating a more holistic understanding of the research topic.

Characteristics (Name & Citation)	Deductive Approach Explanation	Inductive Approach Explanation	Justification for the Inductive Approach
Directionality (Saunders, Lewis, & Thornhill, 2016)	Deductive reasoning begins with a theory or hypothesis and seeks to test it through empirical observation. This approach proceeds from general to specific.	Inductive reasoning starts with empirical observation and seeks to generate a theory based on these observations. This approach proceeds from specific to general.	This research involves collecting raw data from the field (observations about service recovery strategies in public banks in Pakistan) and then drawing general conclusions or theories based on the data. Thus, the directionality of inductive reasoning is more appropriate.
Relationship with Theory (Walliman, 2021)	Deductive research uses theory to formulate a hypothesis, which is then tested during the research. The theory directly guides the creation of the research question.	Inductive research builds theory as a result of the research process. Theory emerges as the data is interpreted.	This study intends to build a contextual framework (theory) based on the data gathered about the nature of public service failure and recovery strategies. Therefore, the inductive approach, which allows for theory construction as a result of research, is more suitable.
Role of Data (Hair, Page, & Brunsveld, 2019)	Deductive reasoning tests the hypothesis with data. The data is used for confirmation purposes.	Inductive reasoning involves data analysis to build a theory. The data is used for exploration and understanding.	Given that the research seeks to explore the factors influencing the development of recovery strategies, the inductive approach's exploratory role of data is more appropriate.
Nature of Observation (Denscombe, 2021)	Deductive reasoning involves structured observations where research is guided by a pre-determined framework.	Inductive reasoning involves unstructured observations that are open and exploratory in nature.	Given that this research aims to explore the factors influencing the development of recovery strategies without any pre-established framework, the inductive approach's unstructured nature is more suited.
Formulation of Hypothesis (Hammond & Wellington, 2020)	In deductive reasoning, the hypothesis is formulated before the data is collected.	In inductive reasoning, the hypothesis or theory is generated after the data has been collected and analysed.	Since this research will be formulating its conclusions (hypotheses) based on the collected data, the inductive approach aligns better with this objective.

The research aim and objectives centre around understanding and developing a contextual framework of public service recovery strategies to manage service failures in public banks in Pakistan. Achieving this aim requires a deep, detailed understanding of complex phenomena which cannot be easily reduced to simple numeric

measurements or fixed categories. This is where an inductive approach to research design comes into play (Saunders, Lewis, & Thornhill, 2016).

The inductive approach allows for the exploration of the nuanced nature of public service failure and recovery strategies, facilitating an understanding of the underlying processes and mechanisms. This approach allows for the development of theory as an outcome of the research process. Therefore, the data collected and analysed from this research will be used to construct theories and contextual frameworks (Walliman, 2021). In terms of achieving the research objectives, the inductive approach is well-suited for exploring factors that influence public perception of service failure and recovery strategies in public banks. It allows the research to evolve in response to the observed data, opening the door to unforeseen avenues of discovery. The development of theories, in this case, the contextual framework for recovery strategies, emerges from the data itself rather than being imposed a priori. Thus, the resultant theory is more likely to accurately reflect the lived experiences and realities of those under study (Hair, Page, & Brunsveld, 2019).

Similarly, any understanding of organizational factors that play a role in the development of recovery strategies requires an approach that can accommodate complexity and variety. As Denscombe (2021) notes, the capacity for the inductive approach to explore multiple dimensions of a phenomenon and accommodating diverse types of data makes it particularly suited for this objective. Aligning the inductive approach with the philosophical position of social constructionism further enhances the appropriateness of this method for the stated aim and objectives. Social constructionism is centred around the idea that our understanding of the world is constructed through social processes and interactions (Hammond & Wellington, 2020). It highlights that our understanding of reality, in this case, service failure and recovery strategies, is shaped by our social context, cultural background, and personal experiences.

In the context of this research, social constructionism allows for an examination of the ways in which service failure and recovery are understood and interpreted by different stakeholders, including customers, service providers, and bank management. This philosophical stance recognizes that the perception and understanding of service

failure and recovery are not objective realities but are constructed through individual and collective experiences.

Moreover, social constructionism underscores that different social contexts may give rise to different interpretations and understandings of the same phenomena. This is particularly relevant to this research, which seeks to develop a contextual framework that recognizes and incorporates the unique characteristics and contexts of public banks in Pakistan. The combination of social constructionism and an inductive approach, therefore, allows for an appreciation of the complexity, diversity, and contextual specificity of the phenomena under study. The inductive approach, coupled with a social constructionist philosophy, allows for an in-depth understanding of the factors influencing service failure and recovery strategies in public banks. By collecting and analysing rich, detailed data, and allowing for the emergence of theory, it ensures that the resultant contextual framework is deeply grounded in the experiences and realities of those it seeks to represent.

3.4 RESEARCH DESIGN

Research designs provide a structured approach to conducting research, helping to ensure that the study addresses the intended objectives. Specifically, two primary types of research design, exploratory and explanatory, are relevant to this study. Exploratory research design is a method used when the topic at hand is not well-defined or understood. It is used to gather preliminary insights, evaluate phenomena in a new light, or determine the best research design for further study (Sloan & Quan-Haase, 2017). This design is crucial when researchers need to grasp the fundamental dimensions of a problem or situation, which might not be readily apparent. Walliman (2021) further elucidates that exploratory research involves the initial examination of a research area where one has little or no knowledge. Exploratory studies, thus, provide a flexible approach that considers all aspects of the problem.

On the other hand, an explanatory research design is used when the researcher has a clear understanding of the situation, and the purpose is to explain patterns or correlations between variables (Hammond & Wellington, 2020). It is commonly used to prove or disprove hypotheses, or to establish cause-and-effect relationships. It is essentially an extension of exploratory research, where the results of the research are utilized to explain phenomena (Denscombe, 2021). It provides answers to questions

like 'why,' 'what,' and 'how,' and explains the cause of the situation or the factors contributing to the situation.

In contrast to exploratory research, which primarily seeks to discover new knowledge and understand phenomena better, explanatory research aims to offer an explanation of the phenomena. While exploratory research is flexible and can address various types of questions (what, why, how), explanatory research focuses on answering 'why' and 'how' questions (Walliman, 2018).

To illustrate, an exploratory study might identify patterns of customer behaviour, while an explanatory study might examine why these patterns exist. In the first scenario, the research does not begin with a clear idea of what will be found, while in the second scenario, there is a specific hypothesis to test or validate. Both exploratory and explanatory research designs are essential for understanding phenomena. Exploratory research serves as the first step in knowledge discovery, while explanatory research aims to clarify the phenomena and establish cause-and-effect relationships (Hammond & Wellington, 2020). The choice between the two would depend on the nature of the research problem, the stage of the research, and the knowledge level about the topic.

Characteristic	**Explanation (Explanatory Research)**	**Explanation (Exploratory Research)**	**Justification for the Selection of Exploratory Research Design**
Purpose	Explanatory research seeks to clarify why and how there is a relationship between variables in a situation. It explains the cause-and-effect relationship between variables (Walliman, 2018).	Exploratory research is used when few or no previous studies exist. The goal is to explore the research questions or hypotheses to be used in a study (Sloan & Quan-Haase, 2017).	The exploratory research design was chosen because this is a relatively new field of study, and thus, there's a need to explore various aspects of the research area before developing a hypothesis (Walliman, 2021).
Design	Explanatory research typically uses experimental or quasi-experimental designs. The researcher manipulates and controls variables to determine their effects (Hackett, 2019).	Exploratory research is more flexible and often uses qualitative methods such as focus groups, interviews, and case studies to better understand phenomena (Brown & Sleath, 2015).	The flexibility of exploratory research design is advantageous in this research context because it allows for an in-depth understanding of the phenomena under investigation before forming hypotheses (Matias, 2021).
Data Collection	Data collection in explanatory research is structured and often uses quantitative methods like surveys and experiments (Hair et al., 2019).	In exploratory research, data collection is more open-ended. It is frequently qualitative and uses interviews, focus	Given the nascent nature of the research area, open-ended and qualitative data collection methods associated with exploratory research are most appropriate as they allow for a

		groups, or secondary data analysis (Brennen, 2021).	deeper and broader understanding of the research context (Guthrie, 2010).
Findings	The findings of explanatory research provide a deep understanding of the relationships between variables. It often results in statistically significant findings (Bernard, 2017).	The findings of exploratory research provide insight and understanding about a topic. The results often lead to the development of new theories and hypotheses (Cassell et al., 2017).	The potential of exploratory research to generate new theories and hypotheses makes it suitable for this research context, considering the relatively limited existing literature and theories (Biggs et al., 2021).

The aim and objectives of this research project necessitate the use of an exploratory research design to develop a comprehensive contextual framework for public service recovery strategies, specifically addressing service failures in Pakistan's public banking sector. The exploratory research design, defined as an approach employed when little is known about the study area, aligns well with the inductive research approach and the social constructionism philosophical position (Walliman, 2021). The nature of the research aim and objectives, particularly their focus on understanding and exploring phenomena, indicate the need for a research design that allows for flexibility, exploration, and discovery, which is characteristic of the exploratory research design (Hammond & Wellington, 2020).

Inductive reasoning emphasizes the development of theories as an outcome of the observation of data (Hair, Page, & Brunsveld, 2019). In this case, the inductive approach promotes a deep understanding of the public organizational service failure and recovery strategies through empirical observations. This approach aligns with the first two objectives, which emphasize critical reviews of current understanding and the nature of public service failure. Therefore, by exploring different scenarios and interpretations of public banking service failure in Pakistan, the inductive research approach complements the exploratory research design, promoting a comprehensive and insightful understanding of the phenomena.

Social constructionism, as a philosophical position, highlights the understanding that knowledge and meaning are constructed, not discovered, by individuals as they engage with the world they are interpreting (Schwartz-Shea & Yanow, 2012). The third and fourth research objectives, which seek to understand the factors contributing to perceptions about service failure and recovery strategies, and organizational factors influencing the development of these strategies, can be best achieved through the lens of social constructionism. Applying an exploratory design using this perspective

permits a flexible, iterative process that interprets the complex, subjective experiences and perceptions of the stakeholders involved. This methodology enables the researcher to examine how social and organizational factors shape perceptions and strategies for service failure and recovery in public banks, providing a nuanced, contextual understanding.

An exploratory research design facilitates the use of a variety of methods to collect data, including interviews, observations, and document analysis. These methods are well suited to meet the research objectives, as they provide an in-depth understanding of complex social phenomena and the interplay between contextual factors, public service failure, and recovery strategies (Denscombe, 2021). For example, interviews could elucidate factors that contribute to stakeholder perceptions regarding service failures and recovery strategies in public banks in Pakistan. Observations could provide rich, contextual information about organizational factors influencing the development of service recovery strategies.

Overall, the use of an exploratory research design supports an inductive approach to research and is compatible with a social constructionist perspective. The flexibility and focus on exploration inherent in this research design aligns well with the aim and objectives of this research project, facilitating a nuanced and contextually grounded understanding of public service failure and recovery strategies in Pakistan's public banking sector (Sloan & Quan-Haase, 2017). As this is a relatively under-researched area, exploratory design is suitable for mapping the landscape, increasing understanding, and developing theoretical insights into the phenomenon, providing a robust foundation for future research (Cassell, Cunliffe, & Grandy, 2017).

3.5 RESEARCH METHODS

Research methods are systematic procedures that researchers use to conduct studies in a particular area of knowledge. There are two main types of research methods: qualitative and quantitative. Qualitative research focuses on understanding phenomena from a close, detailed perspective, often using data that are textual or visual rather than numerical. This type of research method seeks to answer 'why' and 'how' questions about human behaviour, attitudes, experiences, and interactions (Bernard, 2017; Brennen, 2021). In qualitative research, data collection techniques can include interviews, focus groups, observation, and document analysis (Cassell,

Cunliffe, & Grandy, 2017). These methods can provide rich, in-depth insights into the research topic. Furthermore, qualitative research often involves an iterative process where data collection and analysis occur simultaneously (Matias, 2021).

On the other hand, quantitative research is based on the collection and analysis of numerical data, using methods such as surveys, experiments, and statistical analysis (Hackett, 2019). Such an approach aims to quantify variables and generalize results from a sample to a broader population (Hammond & Wellington, 2020). Quantitative research is typically used when the research question can be addressed through measurable data (Hair, Page, & Brunsveld, 2019). These methods allow researchers to draw robust conclusions about cause-and-effect relationships and general patterns across a large number of cases (Walliman, 2021).

The differences between qualitative and quantitative research methods lie primarily in the types of questions they answer and the data they collect and analyse. While qualitative research focuses on in-depth understanding and an interpretation of phenomena, quantitative research seeks to quantify and generalize findings (Denscombe, 2021). Qualitative research can provide nuanced understandings of complex issues, but the results may be less generalizable due to the small samples often involved. Conversely, quantitative research can provide a broad overview and statistically reliable results, but may not capture the richness and complexity of human experiences (Schwartz-Shea & Yanow, 2012). In many cases, researchers use a combination of both qualitative and quantitative research methods, which is often referred to as mixed-methods research. This approach allows for a comprehensive understanding of the research problem, leveraging the strengths and compensating for the weaknesses of both approaches (Saunders, Lewis, & Thornhill, 2016).

Characteristics	**Quantitative Method Explanation**	**Qualitative Method Explanation**	**Justification for Selection of Qualitative Design**
Nature of Data (Hammond & Wellington, 2020; Hackett, 2019)	Quantitative research gathers data that can be quantified and subjected to statistical treatment. It often uses surveys, experiments, and questionnaires, which yields numerical data (Hackett, 2019).	Qualitative research focuses on understanding the meaning and interpretation of narratives and behaviours in natural settings. Data is collected through interviews, observations, and document review, producing textual or visual data (Hammond & Wellington, 2020).	The nature of the current research necessitates an understanding of nuanced perspectives and interpretations. As such, qualitative data provides a richer, more detailed analysis to answer research questions (Hammond & Wellington, 2020).
Objectivity (Bernard, 2017;	In quantitative research, objectivity is considered crucial. Researchers	Qualitative research acknowledges researcher subjectivity, understanding it	Considering the focus on personal experiences and subjective accounts in this

Sloan & Quan-Haase, 2017)	maintain distance and use consistent methods to prevent bias (Bernard, 2017).	as an intrinsic aspect of the research process. It argues that researchers' beliefs, values, and biases can contribute to the research's richness (Sloan & Quan-Haase, 2017).	research, recognizing and acknowledging researcher subjectivity is both suitable and valuable (Sloan & Quan-Haase, 2017).
Approach to Theory (Matias, 2021; Brown & Sleath, 2015)	Quantitative research generally employs a deductive approach, testing a pre-existing theory by collecting and analysing numerical data (Brown & Sleath, 2015).	Qualitative research often takes an inductive approach, generating new theories and patterns from the data collected in the field (Matias, 2021).	The aim of this research is not to test an existing theory but to explore the phenomenon and generate a new understanding, making the inductive approach of qualitative research more applicable (Matias, 2021).

Qualitative research methods align well with the research aim of this study: to develop a contextual framework of public service recovery strategies to deal with service failure in Pakistani public banks. This method is considered appropriate for the study because it allows for an in-depth understanding of the complexities involved in public service recovery strategies, which would be difficult to achieve using quantitative methods alone (Hammond & Wellington, 2020).

Firstly, qualitative research enables a critical review of the existing theoretical understanding of public organizational service failure and recovery strategies (Objective 1). This method, emphasizing the examination and interpretation of various sources of textual and visual data, facilitates a comprehensive analysis of existing theories and their applicability to Pakistani public banks (Bernard, 2017).

Moreover, qualitative research, with its focus on context and meanings, is well-suited to examining the nature of public service failure and the role of contextual factors in developing recovery strategies (objective 2). By providing rich, detailed, and context-sensitive insights, qualitative methods allow researchers to understand how different contextual factors influence the formation of recovery strategies (Brennen, 2021).

In terms of the factors that shape perceptions about service failures and recovery strategies in Pakistani public banks (Objective 3), qualitative research is again a good fit. By using methods like interviews or focus groups, researchers can capture individual subjective experiences and opinions, thereby generating a deeper understanding of how perceptions are formed and how they impact the process of service recovery (Sloan & Quan-Haase, 2017).

Lastly, exploring the organizational factors that shape the development of service recovery strategies in public banks in Pakistan (Objective 4) can be effectively accomplished through qualitative research. This methodology allows researchers to investigate complex relationships and processes within organizations, and to understand the dynamic interplay of various organizational factors, which are crucial for devising effective recovery strategies (Walliman, 2021). The philosophical position of the study, social constructionism, aligns well with qualitative methods. Social constructionism posits that knowledge and meaning are constructed through social interactions (Guthrie, 2010). Qualitative research mirrors this perspective by recognizing that individual experiences, perceptions, and social contexts are intricately interconnected and that they jointly contribute to the creation of meaning and understanding (Matias, 2021).

An exploratory research design, which characterizes this study, is well-suited to qualitative research. Exploratory design is flexible and adaptable, facilitating an in-depth investigation of complex phenomena in their natural settings, just as qualitative research does (Denscombe, 2021). Such a design enables researchers to explore new areas, ask open-ended questions, and develop detailed and nuanced understandings, which are exactly what the current study aims to achieve (Brown & Sleath, 2015). Finally, the inductive approach, which underpins the research, aligns seamlessly with qualitative methods. An inductive approach suggests that theories and patterns emerge from the data collected during fieldwork, rather than being pre-determined before the study commences (Kumar, 2022). This aligns with the commitment of qualitative research to let the voices of participants guide the development of theories and concepts, making it the most suitable method for the current study (Schwartz-Shea & Yanow, 2012). In short, qualitative research methods, with their focus on depth, context, and meaning, are perfectly suited to meet the research aim and objectives. Their alignment with the philosophical position of social constructionism, exploratory research design, and the inductive approach further underscore their appropriateness for this study. Using qualitative methods, it will be possible to generate a comprehensive understanding of public service recovery strategies in Pakistani public banks, thereby making a significant contribution to the field.

3.6 RESEARCH STRATEGY

Single and multiple-case research methods are two forms of case study research. Case study research, as defined by Walliman (2021), is an approach that focuses on examining an event, activity, process, or individual in-depth, and within a real-world context. This strategy is particularly effective when the boundaries between phenomenon and context are not clearly evident, and when a deep, holistic understanding is required.

A single-case study, as implied by its name, revolves around a single case or unit of analysis (Barker, 2011). This could be an individual, a group, an event, an organization, or a situation. Single-case studies can be particularly useful when a case is representative, extreme, or unique in some way, making it of particular interest (Walliman, 2021). For instance, a single-case study might explore a unique banking failure in a Pakistani public bank to understand its causes and effects. On the other hand, multiple-case (or multi-case) studies involve investigations of more than one case (Walliman, 2021). They allow for cross-case analysis, where cases are compared and contrasted, leading to more robust, generalizable findings. Multiple-case studies can follow a replication design, meaning that each case is considered a separate study. Similar results across multiple cases can enhance the reliability of the findings (Yin, 2018).

The primary difference between the two lies in their scope and the depth-breadth trade-off. Single-case studies are narrower in scope, but can delve deeper into the intricacies of the specific case, capturing the richness and complexity of real-life phenomena (Sloan & Quan-Haase, 2017). They provide a detailed understanding of a single context, which can provide valuable insights into the phenomenon of interest. Conversely, multiple-case studies, while they may not provide as much depth as single-case studies can, offer a broader perspective by comparing and contrasting different cases (Walliman, 2021). They provide more extensive coverage and are therefore considered more robust than single-case studies in terms of generalizability (Barker, 2011). However, the choice between single-case and multiple-case studies should be driven by the research question, aim, and objectives. A single-case design might be more appropriate when the goal is to gain an in-depth understanding of a specific case, while a multi-case design might be more suited to understanding a broader phenomenon across different contexts (Brennen, 2021).

Characteristic	Single-Case Research Method	Multi-Case Research Method	Justification of Single-Case Study for Public Banks
Research focus	Examines a single case or unit of analysis in-depth and detail (Hammond & Wellington, 2020)	Investigates multiple cases and allows for cross-case analysis (Hammond & Wellington, 2020)	A single-case study would be appropriate for public banks as it allows for a comprehensive examination of a specific case and provides an in-depth understanding of the unique context and dynamics within the bank (Hammond & Wellington, 2020).
Scope	Narrow scope, focusing on a specific case	Broader scope, comparing and contrasting multiple cases	Public banks may have distinct characteristics, challenges, and recovery strategies. Conducting a single-case study allows for an in-depth exploration of these unique aspects (Hammond & Wellington, 2020).
Generalizability	Limited generalizability to other cases or contexts	Potential for enhanced generalizability through comparative analysis across multiple cases	A single-case study of public banks provides rich insights into the specific context, and can generate valuable knowledge that can be used to inform and guide the recovery strategies of other public banks (Hammond & Wellington, 2020).
Depth of analysis	Allows for in-depth analysis, capturing the richness and complexity of the case	Less in-depth analysis of individual cases, but allows for comparisons and identification of common patterns and trends across cases	Public banks face unique challenges in service recovery. A single-case study would enable a detailed examination of these challenges and offer specific recommendations for effective recovery strategies (Hammond & Wellington, 2020).
Case selection	Case selection is based on criteria such as representativeness, uniqueness, or extreme cases	Case selection may involve purposive sampling to include diverse cases that represent different contexts or variations within the phenomenon	Public banks in Pakistan may have distinct characteristics and challenges. A single-case study can carefully select a representative bank to explore the specific service failure and recovery strategies within the context (Hammond & Wellington, 2020).
Resource requirements	Requires fewer resources (time, effort, and cost) due to the focus on a single case	Requires more resources (time, effort, and cost) to collect and analyse data from multiple cases	Conducting a single-case study of public banks allows for a focused allocation of resources to thoroughly investigate the service failure and recovery strategies, yielding comprehensive insights (Hammond & Wellington, 2020).
Analytical approach	Emphasizes holistic and detailed analysis of the specific case, often	Often employs both qualitative and quantitative methods to	Public banks' service recovery strategies involve complex human behaviours and organizational dynamics. A

	using qualitative methods	compare and contrast cases	single-case study would enable a detailed qualitative analysis of these factors (Hammond & Wellington, 2020).
Findings and conclusions	Focuses on understanding the unique aspects and context of the specific case	Aims to identify common patterns, trends, or factors across cases and draw more generalizable conclusions	By conducting a single-case study, researchers can generate context-specific findings and conclusions that directly address the service failure and recovery strategies of public banks in Pakistan (Hammond & Wellington, 2020).
Recommendations	Context-specific insights and tailored recommendations	Identification of common strategies and recommendations	Findings from a single-case study can offer practical recommendations tailored to the specific context of public banks in Pakistan (Hammond & Wellington, 2020)
Research Limitations	Limited generalizability and potential bias due to focus on a single case	Challenges in data synthesis and analysis across multiple cases	While single-case studies have limitations in terms of generalizability, they are highly valuable in providing detailed insights into the specific case under investigation (Hammond & Wellington, 2020)

To develop a contextual framework for public service recovery strategies to effectively address service failures in public banks in Pakistan, a single-case study research method is deemed appropriate. This justification highlights how the single-case study approach aligns with the research aim and objectives, as well as its compatibility with an exploratory research design and inductive research approach.

The research aim is to develop a contextual framework of public service recovery strategies in public banks in Pakistan. This aim requires a comprehensive understanding of the unique context and factors influencing service recovery strategies. A single-case study allows for an in-depth analysis of a specific public bank, providing detailed insights into its service failure and recovery strategies (Hammond & Wellington, 2020). By focusing on a single case, researchers can thoroughly

examine organizational and contextual factors, and stakeholder perceptions that shape the development of recovery strategies.

The research objectives further support the use of a single-case study. The first objective is to critically review the current theoretical understanding of public organizational service failure and recovery strategies. A single-case study allows for an exploration of existing theories and their application to the specific case, providing a deeper understanding of the phenomenon (Hammond & Wellington, 2020).

The second objective is to critically review the nature of public service failure and the contextual factors that influence the development of recovery strategies. A single-case study enables researchers to examine the interplay between the specific context of public banks in Pakistan and the strategies implemented to address service failure (Hammond & Wellington, 2020).

The third objective is to understand the factors that shape stakeholders' perceptions of service failure and recovery strategies in public banks in Pakistan. Through interviews, observations, and document analysis, a single-case study allows researchers to explore the perspectives of different stakeholders, such as customers, employees, and managers (Hammond & Wellington, 2020). The fourth objective is to explore the organizational factors that contribute to the development of appropriate service recovery strategies in public banks in Pakistan. A single-case study provides an opportunity to investigate the internal organizational dynamics, decision-making processes, and contextual influences on the development of recovery strategies (Hammond & Wellington, 2020).

The use of an exploratory research design with an inductive research approach further supports the choice of a single-case study. Exploratory research aims to generate insights, develop theories, and understand complex phenomena (Denscombe, 2021). A single-case study allows for in-depth exploration, discovery, and understanding of the unique aspects of specific cases, providing a rich source of data and insights (Hammond & Wellington, 2020).

Additionally, an inductive research approach is appropriate for a single-case study as it allows for the identification of patterns, themes, and theoretical insights from specific observations and data (Denscombe, 2021). By analysing the data collected from interviews, observations, and document analysis, researchers can derive themes and

patterns specific to the public bank under investigation, contributing to the development of a contextual framework (Hammond & Wellington, 2020).

In conclusion, the use of a single-case study research method is justified to achieve the research aim and objectives of the study. The single-case approach provides an in-depth understanding of the specific case, allowing for a comprehensive examination of the organizational and contextual factors that shape recovery strategies. Furthermore, the exploratory research design and inductive research approach are well-suited to a single-case study, facilitating the generation of insights, theories, and a contextual framework based on the unique context of public banks in Pakistan.

3.7 DATA COLLECTION TOOLS

To design the experimental phase of this research, a pilot study was undertaken with a limited number of subjects to narrow the focus of the interview questions (see appendix 1 for the questions of pilot study questions), to verify that the latter had clear meaning, did reflect what was measured and found to be relevant and adherent to the aim of the study. The field test was really crucial because some of the first wordings of our questions turned out to be either too general, too leading, or not specific enough to produce detailed information from the answers.? For example, in the initial pilot version of the questionnaire, questions related to service failure were composed in a very abstract emotional manner (e.g., “Have you ever felt bad because of poor service in a bank?”? Although subjects had the opportunity to reply, the responses were not robust and specific. On the basis of this feedback the questions were rephrased so that they were carefully worded with reference to specific events and experiences (see Interview Schedule below). This was to ensure richer and more situated data.

The pilot also exposed that some participants found it difficult to understand overly technical phrases, especially on topics like “service recovery strategies” and “policy ineptitudes. Therefore, these terms were translated to more understandable terminology but maintained the conceptual aspect. For instance, the spot pilot had participants begin by “critiquing institution responses to failure to perform.” This was paraphrased in the final instrument to, “What management lessons can be learned from the difficulties experienced in the effective implementation of service recovery strategies in Banks in the public sector?” This modulation served to moderate between

academic language and participant comprehension, whilst not sacrificing depth of analysis.

One of the main contributions of the pilot study was the detection of gaps in the original questionnaire. One common conclusion among the pilot stakeholders was that digital banking failures—namely barriers to online portals and mobile applications—were a recurring highlight. As this issue was not well covered in the first version of the questions, a new question (dealing with digitalisation and customer problems with TV internet banking) was included in the final instrument. By doing so, this stage expanded the research to encapsulate modern issues associated with digital transformation within the space of Pakistani public banking.

Likewise, in the pilot, the participants kept mentioning the external aspects, i.e. political pressure and bureaucratic limitations, which they believed were key to explaining why the service failures persisted. As a result of this observation, researcher introduced in the final interview schedule an open-ended question on whether respondents considered political influence, bureaucratic obstructions, or resource constraints as responsible for the failure of one or more services. This addition allowed the final instrument to more fully probe the structural and institutional dimensions of the phenomenon as well as the operational and experiential.

Changes were also made in relation to the ordering of questions using pilot data. The questions appeared at the top of the interview, originally first by Managerial Cognition and then via Institutional Interest. Feedback informed researcher that opening with such high level questions made folks feel uncomfortable and unwilling to share. Based upon this, the structure of the final questionnaire was changed so that the interviews would start by focusing on personal and concrete negative experiences with service including task and role related service failures, gradually proceeding toward more general and reflective reasoning. This sequencing of tasks created a sense of involvement and encouraged investment by participants leading to deeper insights being revealed.

In this sense, the new tool now achieves a balance between individual, organizational and systemic characteristics, based on the learning process derived from the pilot study. The culture and trust dimension was also more prominent in the pilot, with participants mentioning fairness, respect, and dignity in their banking spontaneously.

We then included these themes in the final selection of questions in order to maintain a broader synergy with the main concept of the research.

For the sake of clarity, the pilot study questionnaire is provided as well as the finalised version of the interview schedule in the appendices. This creates a transparent record of the development of the instrument and illustrates the robust techniques used to construct questions that are both accessible to participants and analytically sound. The pilot study was valuable not only for fine-tuning the wording of the questions, but also for impact on the research design by highlighting the need to ensure cultural sensitivity, to address systemic barriers, and to engage with digitalisation; all were to form major threads in the final data collection and ensuing conceptual framework.

3.7.1 Interviews:

Interviews involve direct interaction between the researcher and the participant, allowing for a more in-depth exploration of research topics (Dawson, 2009). They are flexible and can be conducted face-to-face, over the phone, or via video conferencing (Denscombe, 2021). Interviews can be structured, semi-structured, or unstructured, depending on the level of pre-determined questions and the flexibility allowed during the conversation (Dawson, 2009). The main purpose of interviews is to collect qualitative data by exploring participants' perspectives, experiences, and meanings (Denscombe, 2021). Interviews often employ open-ended questions that encourage participants to provide detailed responses, enabling researchers to gain insights into participants' thoughts, emotions, and subjective experiences (Matthews & Ross, 2010). Interviews may also incorporate probing techniques to delve deeper into specific topics or to clarify participants' responses (Dawson, 2009).

Interviews offer several advantages. They allow researchers to explore complex issues in greater depth, capturing rich and detailed data that may not be easily quantified (Matthews & Ross, 2010). Interviews also enable researchers to adapt their questions and follow-up based on participants' responses, fostering a more natural and conversational approach (Denscombe, 2021). Furthermore, interviews provide an opportunity to establish rapport and build trust with participants, enhancing data quality (Dawson, 2009). However, interviews also have limitations. They can be time-consuming and resource-intensive, requiring substantial effort to conduct and transcribe the data (Dawson, 2009). Interview data may be subject to interviewer bias

or interpretation, influencing the data collected (Matthews & Ross, 2010). Moreover, the small sample size of interviews limits any attempt at generalizability.

Characteristics	Survey	Interviews	Justification
Structure	Surveys are highly structured, with predetermined questions and fixed response options (Matthews & Ross, 2010).	Interviews allow for more flexibility and adaptability in the questioning process (Matthews & Ross, 2010).	The selection of interviews is appropriate when the research aims to explore complex and nuanced topics that require in-depth responses and allow participants to express their perspectives freely (Matthews & Ross, 2010).
Data Type	Surveys primarily collect quantitative data, focusing on numerical information (Hackett, 2019).	Interviews gather qualitative data, capturing participants' subjective experiences, opinions, and meanings (Hackett, 2019).	Interviews are appropriate when the research aims to understand the experiences, motivations, and subjective interpretations of participants (Hackett, 2019).
Sample Size and Generalizability	Surveys are well-suited for collecting data from a large sample, enabling generalizations about the population of interest (Denscombe, 2021).	Interviews typically involve a smaller sample size, emphasizing in-depth insights into specific cases rather than generalizability (Denscombe, 2021).	The selection of interviews is appropriate when the research focuses on understanding specific cases in depth, rather than making generalizations about a larger population (Denscombe, 2021).
Interaction	Surveys lack direct interaction between the researcher and the participant (Matthews & Ross, 2010).	Interviews provide an opportunity for direct interaction, establishing rapport, probing for additional information, and engaging in a dialogue (Matthews & Ross, 2010).	The selection of interviews is appropriate when the research aims to explore complex and sensitive topics that require rapport-building and in-depth engagement with participants (Matthews & Ross, 2010).
Time and Resources	Surveys can be administered to a large number of participants simultaneously, making them efficient in terms of time and resources (Saunders, Lewis, & Thornhill, 2016).	Interviews require more time and effort as they involve individual interactions and often necessitate transcription and detailed analysis (Saunders, Lewis, & Thornhill, 2016).	The selection of interviews is appropriate when the research prioritizes in-depth insights and detailed exploration of participant perspectives, even if it requires more time and resources (Saunders, Lewis, & Thornhill, 2016).

Interviews are an appropriate research approach to achieve the research aim and objectives of developing a contextual framework of public service recovery strategies to effectively deal with service failure of public banks in Pakistan (see appendix 2 for interview questions). This approach aligns well with an exploratory research design, social constructionism, and an inductive research approach. Firstly, interviews are suitable for exploratory research design because they allow for an in-depth exploration of complex and multifaceted issues (Matias, 2021). The aim of the research is to develop a contextual framework, which requires a comprehensive understanding of the factors influencing public service failure and recovery strategies. Through

interviews, the researcher can explore the nuances, experiences, and perspectives of participants, enabling a rich exploration of the topic.

Secondly, interviews align with social constructionism, which posits that knowledge and meaning are socially constructed through interactions and interpretations (Barker, 2011). By conducting interviews, the researcher can capture the diverse viewpoints and interpretations of different stakeholders involved in public service failure and recovery. The focus is on understanding the participants' perceptions, beliefs, and experiences related to service failure and recovery strategies, allowing for a nuanced understanding of the social context in which these strategies are developed (see appendix 3 for a sample interview transcript).

Moreover, the inductive research approach, which involves deriving theories and concepts from specific observations and experiences (Hammond & Wellington, 2020), is well-suited to interviews. The research objectives aim to critically review the current theoretical understanding, and explore organizational influences on service failure and recovery strategies. Through interviews, the researcher can collect detailed qualitative data that allows for the emergence of new insights, patterns, and themes. These insights can contribute to the development of a contextual framework grounded in the experiences and perceptions of the participants.

Furthermore, interviews provide an interactive and flexible platform for participants to express their thoughts, opinions, and experiences (Matthews & Ross, 2010). The research objectives seek to understand participants' perceptions of service failure and recovery strategies, and identify which organizational factors influence these strategies. Interviews facilitate probing, follow-up questions, and clarification, facilitating a deeper understanding of participants' perspectives. The open-ended nature of interviews enables participants to provide detailed and contextualized responses, uncovering factors that may not be captured through other research methods.

The selection of interviews as the primary data collection method is justified by the need for a holistic and nuanced understanding of public service recovery strategies in the specific context of public banks in Pakistan. By engaging with participants directly, the researcher can gather rich and detailed data that goes beyond surface-level insights. Interviews offer the opportunity to explore participants' personal experiences,

perceptions, and interpretations, shedding light on the complex interplay of factors influencing service failure and recovery strategies.

In summary, interviews are an appropriate approach to achieve the research aim and objectives of developing a contextual framework for public service recovery strategies. The use of interviews aligns with an exploratory research design, social constructionism, and an inductive research approach. Interviews allow for an in-depth exploration of complex issues, capture diverse perspectives, facilitate the emergence of new insights, and provide a platform for interactive and contextualized data collection. These characteristics make interviews a suitable method for understanding the contextual factors and organizational influences that shape service failure and recovery strategies in public banks in Pakistan.

Type of Interview	Explanation	Advantages	Disadvantages
Structured Interview	A structured interview follows a predetermined, ordered set of questions. This is highly standardized and allows for easy comparison of responses.	Provides standardized data collection across participants. Clear structure and guidance for both interviewer and participant (Hammond & Wellington, 2020).	Limited flexibility in exploring unique responses and probing for deeper insights (Hammond & Wellington, 2020). Limited opportunity for participants to express their thoughts and perspectives in detail (Hammond & Wellington, 2020).
Semi-Structured Interview	A semi-structured interview combines a set of predetermined questions with the opportunity for open-ended questioning and follow-up probing. It allows for flexibility and adaptation to participants' responses.	Provides flexibility to explore topics in-depth and probe for additional information (Hammond & Wellington, 2020). Allows participants to express their thoughts and perspectives in their own words (Hammond & Wellington, 2020).	Data analysis can be time-consuming due to the need to analyse and categorize qualitative responses (Hammond & Wellington, 2020). Requires skilled interviewers to balance structure and flexibility in questioning (Hammond & Wellington, 2020).
Unstructured Interview	An unstructured interview is an open-ended conversation where the interviewer has a general topic or research objective but no predetermined set of questions.	Provides rich, detailed, and nuanced data through exploration of participants' experiences and perspectives (Hammond & Wellington, 2020).	Lack of structure can lead to interviewer bias and the omission of important questions or topics (Hammond & Wellington, 2020).

Focus Group Interview	A focus group interview involves a group of participants discussing a specific topic guided by a moderator. It encourages interaction and allows for the exploration of different viewpoints within the group setting.	Enables the exploration of group dynamics, interactions, and collective perspectives (Hammond & Wellington, 2020). Provides diverse perspectives and allows for the identification of shared experiences (Hammond & Wellington, 2020).	Group dynamics and power dynamics may influence participants' responses and limit individual expression (Hammond & Wellington, 2020). Requires skilled moderation to manage group dynamics, ensure balanced participation, and guide the discussion (Hammond & Wellington, 2020).
Telephone/Online Interview	Telephone or online interviews are conducted remotely through phone calls or digital communication platforms.	Offers flexibility and convenience for both interviewer and participant, saving time and resources (Hammond & Wellington, 2020). Overcomes geographical barriers, allowing for the inclusion of participants from diverse locations (Hammond & Wellington, 2020).	Lack of non-verbal cues and visual context may limit understanding and interpretation of responses (Hammond & Wellington, 2020). Technical issues such as poor audio quality or internet connectivity can disrupt the interview process (Hammond & Wellington, 2020).

Semi-structured interviews are a suitable method to achieve the research aim and objectives of this study. This approach aligns well with the exploratory research design, social constructionism, and inductive research approach. The aim of exploratory research is to gain a deeper understanding of a phenomenon and generate new insights and hypotheses. Semi-structured interviews are particularly useful in exploratory research as they provide flexibility in questioning and allow for in-depth exploration of topics. Through semi-structured interviews, the researcher can examine the nuances of public service failure and recovery strategies, uncovering new perspectives, and identifying contextual factors that influence the development of recovery strategies (Denscombe, 2021).

Social constructionism emphasizes the role of social interactions, meanings, and interpretations in shaping individuals' understanding and experiences. Semi-structured interviews align with this theoretical perspective by allowing participants to construct their own narratives and meanings related to public service failure and recovery strategies. The open-ended nature of semi-structured interviews encourages participants to share their perspectives, experiences, and interpretations, contributing to a more comprehensive understanding of the phenomenon under study (Schwartz-Shea & Yanow, 2012).

The inductive research approach involves developing theories and conceptual frameworks based on an analysis of empirical data. Semi-structured interviews are particularly suitable for inductive research as they enable the emergence of unexpected insights and themes. By conducting semi-structured interviews with various stakeholders involved in public banks, such as customers, bank employees, and managers, the researcher can gather rich, detailed, and contextualized data on service failure and recovery strategies. Through an iterative process of data collection and analysis, patterns, themes, and relationships can be identified, leading to the development of a contextual framework of recovery strategies (Denscombe, 2021; Hammond & Wellington, 2020).

Justification for Semi-Structured Interviews:

1. Flexibility and Adaptability: Semi-structured interviews allow for flexibility in questioning, enabling the exploration of multiple dimensions of public service failure and recovery strategies. The researcher can adapt and refine questions based on initial findings and emerging themes, ensuring that relevant aspects are adequately covered (Hammond & Wellington, 2020).

2. Participant Perspectives: Semi-structured interviews provide an opportunity for participants to express their perceptions, experiences, and insights in their own words. This approach facilitates the understanding of participants' perspectives, beliefs, and attitudes towards service failure and recovery strategies, offering valuable insights into their lived experiences (Denscombe, 2021).

3. In-Depth Exploration: Semi-structured interviews allow for in-depth exploration of contextual factors and organizational dynamics that influence the development and implementation of recovery strategies. Through probing and follow-up questions, the researcher can examine participants' responses in some depth, gaining a comprehensive understanding of the underlying factors shaping recovery strategies in public banks (Hammond & Wellington, 2020).

4. Contextualized Findings: Semi-structured interviews facilitate the collection of rich, detailed, and context-specific data. By engaging with participants directly, the researcher can capture the unique aspects of service failure and recovery strategies in public banks in Pakistan, considering cultural, social, and organizational factors that shape the context (Denscombe, 2021).

5. Emergence of Themes and Patterns: The open-ended nature of semi-structured interviews allows for the emergence of unexpected insights, themes, and patterns. This approach enables the researcher to identify recurring ideas, shared experiences, and underlying factors that influence the development of recovery strategies, contributing to the creation of a comprehensive framework (Hammond & Wellington, 2020).

By conducting semi-structured interviews as part of an exploratory research design, adopting a social constructionist perspective using inductive reasoning, the aim of developing a contextual framework to illustrate public service recovery strategies for public banks in Pakistan can be effectively achieved. Semi-structured interviews offer the necessary flexibility, participant perspectives, in-depth exploration, contextualized findings, and the emergence of themes and patterns to support the research endeavour.

The flexibility of semi-structured interviews allows the researcher to adapt and refine questions based on initial findings and emerging themes. This adaptability ensures that the relevant dimensions of public service failure and recovery strategies are adequately explored (Hammond & Wellington, 2020). By engaging in open-ended conversations with participants, the researcher can tap into their unique perspectives, experiences, and insights. This participant-centred approach allows for a comprehensive understanding of perceptions, beliefs, and attitudes towards service failure and recovery strategies in public banks (Denscombe, 2021).

The in-depth exploration made possible by semi-structured interviews is particularly useful when it comes to uncovering the contextual factors and organizational dynamics that shape the development and implementation of recovery strategies. Through the use of probing and follow-up questions, the researcher can explore participants' responses in depth, gaining comprehensive insights into the underlying factors influencing the recovery strategies employed in public banks (Hammond & Wellington, 2020).

Moreover, semi-structured interviews provide an opportunity to capture context-specific and culturally embedded findings. By directly engaging with participants, the researcher can gather rich, detailed, and nuanced data that reflects the unique aspects of service failure and recovery strategies in the specific context of public banks in

Pakistan. This consideration of contextual factors ensures that the framework developed is tailored to the local environment (Denscombe, 2021).

The open-ended nature of semi-structured interviews facilitates the emergence of themes and patterns. By allowing participants to freely express their thoughts, experiences, and perspectives, the researcher can uncover unexpected insights and identify recurring ideas or shared experiences. These emergent themes and patterns contribute to the construction of a comprehensive framework that accounts for the diverse perspectives and factors influencing service recovery strategies in public banks (Hammond & Wellington, 2020).

Semi-structured interviews are therefore a suitable approach for this study. This method aligns well with exploratory research design, social constructionism, and inductive reasoning. The flexibility, participant perspectives, in-depth exploration, contextualized findings, and the emergence of themes and patterns provided by semi-structured interviews offer valuable insights into the nature of service failure and recovery strategies, leading to the development of a comprehensive framework tailored to the specific context of public banks in Pakistan.

Semi-structured interviews with both customers and management within banks is therefore justified. Such interviews provide valuable insights from two key perspectives, allowing for a comprehensive understanding of service failure, recovery strategies, and the organizational factors that influence them.

Contacting Customers: One objective is to understand the factors that contribute to customers' perceptions of service failure and recovery strategies in public banks. Conducting semi-structured interviews with customers enables direct access to their experiences, perspectives, and perceptions (Denscombe, 2021). The advantages of contacting customers for semi-structured interviews include:

- First-hand experiences: Customers have direct experience with the public banks' services, and are the recipients of service failure and recovery efforts. Their insights provide valuable information on the impact of service failure and the effectiveness of recovery strategies from the customers' point of view (Hammond & Wellington, 2020).
- Diverse perspectives: Interviewing a diverse range of customers allows for the exploration of different demographic, cultural, and contextual

factors that shape their perceptions of service failure and recovery strategies. This diversity can illuminate the challenges and opportunities faced by public banks in implementing effective recovery strategies (Denscombe, 2021).

- Real-time feedback: Interviews with customers can provide real-time feedback on their expectations, preferences, and satisfaction with the recovery strategies employed by public banks. This information is crucial for developing customer-centric recovery strategies that align with their needs and expectations (Hammond & Wellington, 2020).

Contacting Management: Another objective is to explore the organizational factors that play a role in developing appropriate service recovery strategies. Engaging in semi-structured interviews with the management of public banks allows for an understanding of the decision-making processes, resource allocation, and strategic considerations involved. The justifications for contacting management for semi-structured interviews are as follows:

- Organizational insights: Interviews with management provide insights into the internal workings of the public banks, including their policies, procedures, and strategies related to service recovery. This information helps uncover the organizational factors that influence the development, implementation, and effectiveness of recovery strategies (Denscombe, 2021).
- Strategic decision-making: Understanding the perspectives of management enables researchers to gain insights into the strategic decision-making processes involved in designing and executing service recovery strategies. These insights shed light on the factors considered, challenges faced, and future directions for improving service recovery in public banks (Hammond & Wellington, 2020).
- Resource allocation and constraints: Interviews with management provide an understanding of the resources allocated to service recovery initiatives and the constraints faced by public banks. This knowledge helps identify potential barriers to effective recovery strategies and informs the development of recommendations for resource allocation and utilization (Denscombe, 2021).

Conducting semi-structured interviews with both customers and the management of public banks is justified to achieve the research aim and objectives. Customers can provide first-hand experiences, diverse perspectives, and real-time feedback on service failure and recovery strategies. Management can offer insights into organizational factors, strategic decision-making, and resource allocation processes that shape the development and implementation of recovery strategies. By combining these two perspectives, a comprehensive understanding of service failure, recovery strategies, and organizational factors can be obtained, leading to the development of a contextual framework tailored to the specific context of public banks in Pakistan.

The quality of the interviews conducted with customers and management in the public banks was ensured through various strategies and considerations. These strategies aimed to enhance the credibility, trustworthiness, and reliability of the interview data. The following justifications highlight the steps taken to improve the quality of the interviews:

1. Interview protocol development: A well-designed semi-structured interview protocol was developed, which included a carefully crafted set of open-ended questions. The protocol was based on a thorough review of the literature and research objectives, ensuring that relevant topics were covered. This standardized approach allowed for consistency in data collection and facilitated the exploration of key themes and issues (Nowell et al., 2017).

2. Participant selection: Careful consideration was given to the selection of participants to ensure representation from diverse backgrounds and perspectives. Customers and management from various public banks in Pakistan were included to capture a range of experiences and viewpoints. This approach enabled a comprehensive understanding of public service failure and recovery strategies (Jones et al., 2011).

3. Informed consent and ethical considerations: Prior to conducting the interviews, informed consent was obtained from all participants, ensuring their voluntary participation and protecting their rights. Ethical considerations, such as confidentiality and anonymity, were strictly adhered to during data collection and analysis. These measures helped establish trust and cooperation between the researcher and participants (Clarke & Braun, 2017).

4. Interviewer training and experience: The interviewers involved in the data collection process received appropriate training in qualitative research methods and interview techniques. Their prior experience and expertise in conducting interviews ensured effective communication, active listening, and probing for in-depth responses. This increased the reliability and validity of the interview data (Glisczinski, 2018).

5. Flexibility and rapport-building: Semi-structured interviews allowed for flexibility in exploring emergent themes and following up on interesting points raised by participants. The interviewers established rapport with the participants, creating a comfortable environment that encouraged open and honest responses. This approach facilitated the collection of rich and detailed data (Braun & Clarke, 2016).

6. Data saturation: The interviews continued until data saturation was achieved, meaning that new information and themes no longer emerged from the interviews. This ensured that a comprehensive and in-depth exploration of the research objectives was accomplished. Data saturation enhances the credibility and completeness of the findings (Nowell et al., 2017).

7. Reflexivity and peer debriefing: Reflexivity was maintained throughout the interview process, with the interviewers regularly reflecting on their own biases, assumptions, and preconceptions. This self-awareness helped mitigate potential biases and ensure a balanced interpretation of the data. Additionally, peer debriefing sessions were conducted, where the interviewers discussed their experiences and interpretations, further enhancing the reliability of the analysis (Nowell et al., 2017).

Based on the exploratory research design, social constructionism, and inductive reasoning, semi-structured interviews were deemed appropriate for this study. These interviews allowed for a flexible and iterative exploration of participants' perspectives, enabling the identification of new and nuanced themes. The open-ended nature of the interviews aligned with the principles of social constructionism, allowing participants to construct and share their unique understandings of service failure and recovery strategies. The inductive research approach facilitated the generation of new insights and theories from the interview data, ensuring the research aim and objectives were

effectively addressed (Nowell et al., 2017; Jones et al., 2011). The quality of the interviews in this study was enhanced through careful protocol development, participant selection, informed consent, ethical considerations, interviewer training, flexibility, data saturation, reflexivity, and peer debriefing. These strategies ensured the credibility, trustworthiness, and reliability of the interview data, aligning with the objectives.

Semi-structured interviews were the main source for data, which suited the study's exploratory and inductive approach. A small sample of twenty-seven respondents (customers and operational managers) was interviewed for the public banks in the cities of Lahore, Karachi, and Islamabad. There was no statistical power analysis because the number of interviews required was determined by data saturation, rather than the goal of making statistical generalisations. As interviews and initial analyses continued it become apparent that after Interview 25 no fundamentally new insights were being generated. Two more interviews were performed in order to validate the stability of themes and also ensure that important aspects had not been missed out. This procedure resulted in a rich data set that enabled the study of multi-faceted service failure and recovery within Pakistani public banking.

Intentional sampling informed participant recruitment; it allowed for the selection of participants with firsthand, information-rich experiences related to public banking. Customers were of different ages, educational achievements and years of Banking experience; Managers were purposively selected to induce variability regarding professional function, or tasks and perspective related to the organization. Entry was obtained through a mix of informal community connections and formal approval from bank staff. Participants were given an information sheet and gave their informed consent.

Interviews were planned for times and places where participants felt most comfortable and could provide the most authentic responses. Customers were interviewed in neutral, non threatening environments such as community halls and small meeting rooms or quiet cafes close to bank branches; managers were interviewed either in their office or a private space nearby. Interviews with customers took 35–55 min and those with managers 50–70 min. Fieldwork was conducted over the course of three months, which permitted iterative transcription and early coding as well as for the refinement of interview prompts to reflect emerging findings.

Limiting the sample to only men (ages 18–47) reflects gendered and structural realities of public banking in Pakistan. There's still a strong male dominance in managerial positions in public banks, and there are cultural norms that limit women from taking part in research interviews, more so if these are conducted by men. Likewise, it is not surprising that older people were less represented as a) many were unwilling to participate and b) they are generally uncomfortable with digital communication and complaint avenues – which this study has as key focus. The lack

of diverse industry sectors restricts the addition of demographic viewpoints, but is more true to form for the customers and employees most prevalent at banking in a public setting. The lack of involvement of women and older participants is recognized as a limitation of the context addressed in this study, which also points to potential lines for future research intending applications on diverse age groups.

The interview was carefully conducted to increase the credibility. The interviewer was schooled in the skill of qualitative interviewing and employed probing to encourage depth and clarity. The interviews started with some general questions about their experience with the public banks and were followed by more specific questions regarding service failure, recovery, fairness and trust. Non-verbal signs and contextual observations were also recorded with the audiotapes and included in the analysis. The interviews were transcribed verbatim and participants had the chance to review them; there were no participants who asked for extensive changes.

Semi-structured interviews are particularly great because they provide direct entry to the worlds of customers and managers. Most saw themselves for better or worse as part of larger institutional practices: customers told stories (about unwarranted delays, opaque processes, bungled complaints), and managers went on at length about structural constraints, bureaucratic practices, political pressures that define how services get delivered. It was necessary to adopt a dual viewpoint in order to establish the context-sensitive framework based on customer expectations and the operational dynamics of public banks. Despite demographic constraints, the interviews provided a rich and varied hitherto underdetermined basis for a referentially valid conceptual model emerging from the current study.

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3.8 DATA ANALYSIS

Data analysis is a crucial step in the research process, and for this study, thematic analysis was seen as an appropriate method to analyse the data and achieve the research aim and objectives. Thematic analysis involves identifying, analysing, and reporting patterns (themes) within qualitative data to gain a deeper understanding of the phenomenon under investigation (Braun & Clarke, 2014).

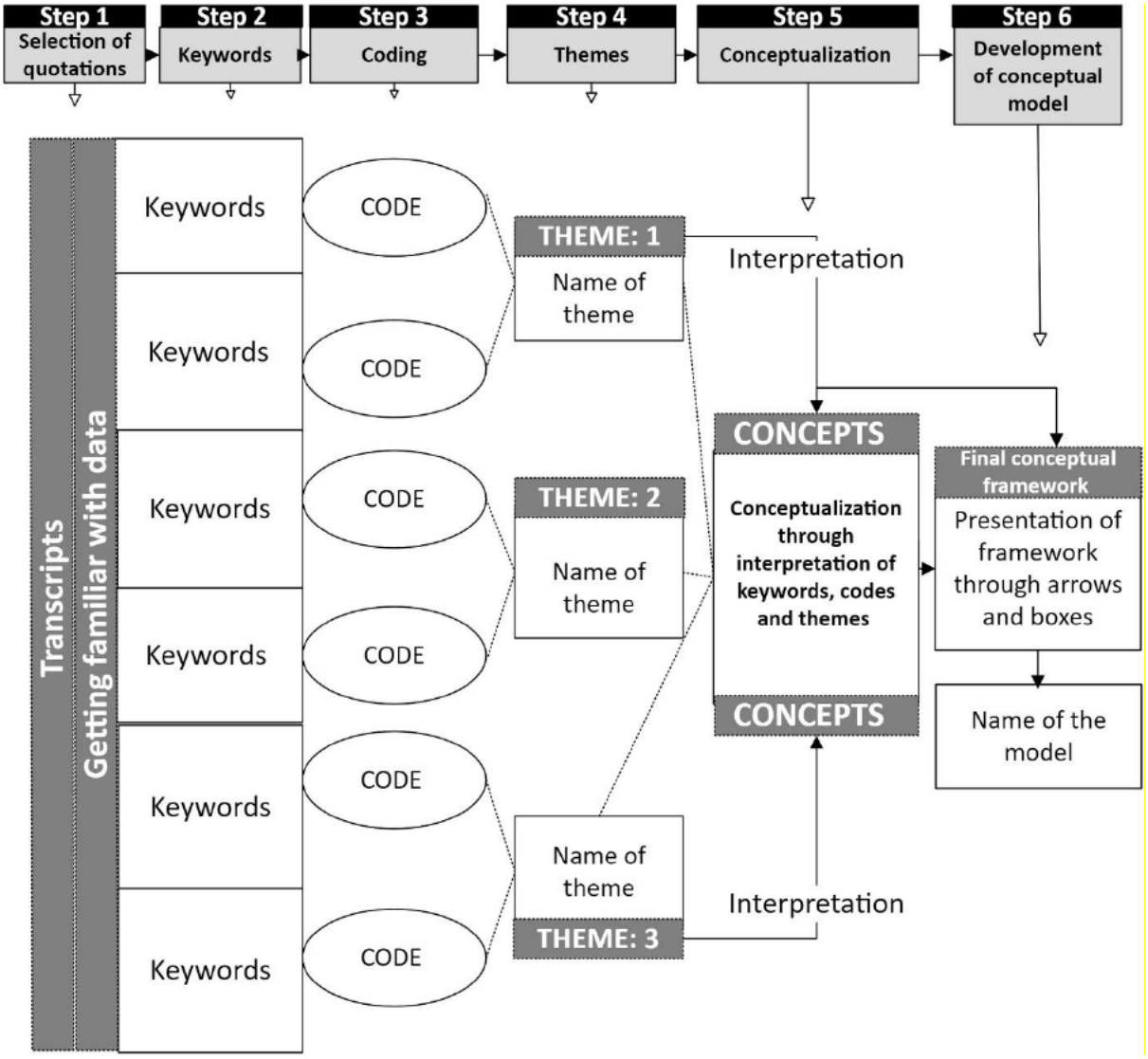


Figure 3-1 A systematic thematic analysis process: A novel six-step process for conceptual model development in qualitative research (Naeem et al., 2023)

The procedure of data collection and analysis for this study was rigorously planned in order to maintain transparency and rigour and to meet the objective of the research to develop a context-specific framework for the recovery of public service in the public banking sector of Pakistan. Data Human conversation was analysed using semi-structured interviews of clients and management as the principal source of data. The building of the interview guide and its validation, application, and the analytical approach are based in existing qualitative methodologies to which the six steps of thematic analysis of Naeem et al. (2023) were added to clarify the procedure (see figure 3-1).

Data were analyzed thematically using the 6 steps model of Naeem et al. (2023). This strategy was especially appropriate because of the combination of methodological

rigour with interpretive depth from which it benefits, providing explicit indicators of evaluation (the Rs) as guidelines for the process at each step, thereby ensuring methodological rigour, analytical consistency and theoretical contribution. Yet this process was closely entwined with the developing heuristic model in which ten consecutive and interdependent acts of dealing with service failures in the Pakistani public banking sector are encapsulated. Practically, it was not a linear activity but an iterative process that included ongoing movement between transcription, coding and theme development; as such, the final conceptual framework became more shaped and shaped through the process.

Step 1: Transcription, Familiarisation, and Selection of Data Extracts

The first step of the data analysis involved transcription, familiarisation, and the systematic selection of illustrative data extracts. All interviews were transcribed verbatim to preserve the accuracy and integrity of participants' accounts. As interviews were conducted in both English and Urdu, a bilingual transcription and translation process was employed. Particular care was taken to retain culturally embedded meanings, idiomatic expressions, and metaphors that carried contextual significance. For example, customers frequently used expressions such as "queue without end" to convey feelings of helplessness and wasted time, while managers referred to "policy walls" to describe bureaucratic and regulatory barriers. These expressions were translated with attention to meaning rather than literal equivalence, ensuring that cultural nuance was preserved.

Following transcription, the researcher engaged in an extended process of familiarisation with the data. This involved repeated reading of all transcripts to achieve immersion and to develop a holistic understanding of participants' experiences. During this phase, initial observations were recorded concerning recurring patterns of frustration, perceived disrespect, service inefficiencies, technological breakdowns, and institutional constraints shaped by regulatory and political contexts. This immersion allowed the researcher to identify early points of convergence and divergence between customer and managerial narratives.

As familiarity with the data increased, salient quotations were selected that vividly captured participants' lived experiences of service failure and recovery. Selection was guided by the richness, clarity, and representational value of the extracts rather than

frequency alone. Particular emphasis was placed on quotations that conveyed emotional intensity, symbolic language, and contextual depth, as these were considered most effective in illuminating how service failure was experienced and interpreted across different stakeholder groups.

This familiarisation and selection phase also enabled the first analytical connections to be made with the emerging conceptual framework. Recurrent references to delays, unresponsiveness, and system breakdowns provided early insight into the importance of failure recognition, aligning with the initial stage of the conceptual framework focused on service failure identification. At the same time, repeated accounts of feeling ignored, disrespected, or inadequately informed highlighted the significance of customer perception and cultural interpretation, foreshadowing the second stage of the framework concerned with understanding customer expectations and perceptions. In this way, Step 1 established the analytical foundation upon which subsequent coding, theme development, and conceptualisation were systematically built.

Step 2: Keyword Selection

Using Naeem et al. (2023) 6Rs of keyword identification—realness, richness, repetition, rationale, repartee, and regal— the raw transcripts were systematically searched for important words and phrases. Realness emerged in genuine expressions of participants such as “helpless” or “betrayed” or “disrespected”. Richness came in descriptions such as “a queue without end” or “doors always closed” that were vivid experiences of marginalization. Repetition keywords were “delay,” “policy,” and “resources” that occurred in several transcripts. Rationale keywords, for example ‘compliance’ and ‘regulation,’ mirrored institutional logics, whereas repartee keywords such as ‘system eats our time’ captured participant humour and critique. Key words from Regal emphasized issues at the heart of the study, including “trust,” “equity,” and “recovery.”

These keywords served as the basic units of coding and directly influenced the categories that guided construction of the theoretical framework. E.g., the repetition of “delay” and “queue” significantly served to entrench the need for timely reparation (Step 5). Likewise, references to “trust” and “confidence” set the scene for trust (or lack thereof) to shape the outermost layer of the framework: after all, as noted by the President of the ESM in the aftermath of the crisis, recovery is about much more than

operations; “recovery has to be about re-establishing trust between public banks and citizens”.

Step 3: Coding

Keywords were then translated into inductive codes based on the 6Rs of coding (robust, reflective, resplendent, relevant, radical, righteous). Strong codes like “staff inefficiency” and “queue mismanagement” identified common operational issues. Reflective terms such as “trust deficit” connected these operational failures to more general institutional failures. Glamorous code illuminated profoundly contextual insights, like “cashless exclusion,” which incandescently expressed the reality that moving online has stranded customers who lack digital skills and stable internet. Policy rigidity” and “compliance burden” were some of the relevant codes which were directly related to the structural dimensions of public banks. The radical codes drew surprising meanings like ‘younger people are publicly humiliating the banks through social media, and this indirectly pressured the banks to recover’.” Moral codes provided a coherent structure that organized conceptually related problems, around a few dimensions of failure and repair.

NVivo software facilitated the coding process and consistency and ensured traceability and audit trails. The codes were then organised around higher order categories that corresponded directly to the ten stages in the conceptual framework. For instance, codes concerning “social media shaming,” “customer voice,” and “public outcry” were cumulatively associated with digitalised recovery measures (Step 10) and codes around “policy rigidity” and “bureaucratic delays” were indicative of pre-emption (Step 3) and adaptive resilience (Step 9).

Step 4: Theme Development

Three overarching categories were derived through repetitive clustering after the initial analysis: public service failure diagnosis, service resilience and public service recovery strategies. Several codes collectively mobilized around each theme to illustrate interconnected issues. Issues like failure assessment for example, were motivated by causes that repeated (in other words, inefficiency, lack of training, and policy hole), the customer’s perception of unfair treatment, and policy application weaknesses. Service resilience featured proactive and reactive efforts that

organisations could adopt to avoid future failures, while recovery initiatives focused on customer-oriented, open, and culturally congruent methods for regaining trust.

Themes were not abstracted generalisations, but concrete categories that demonstrated how the breakdown/repair of service occurred in the daily life of both clients and workers. The themes were reciprocally related (complementary) when they were fitted into the framework. For example, failure analysis (Theme 1) directly influenced identification of service failure (Step 1), while service resilience (Theme 2) informed such measures as pre-emptive actions (Step 3) and adaptive resilience (Step 9). Similarly, recovery postures (Theme 3) and time-bound restitution (Step 5) complemented by customer-relations (Step 6) and digitalized strategies (Step 10).

Step 5: Conceptualization

At this point the themes were raised to the level of conceptual categories, which made it possible to relate the experiences of each participant to a larger systemic or societal context. The conceptualisation entailed diagramming and mapping to capture the relationships amongst the categories. For instance, the perceived 'delayed achievements' emerged as being representative of systemic issues related to scarce resources, bureaucratic processes, and lack of accountability. This prompted the realization that, since public banks, unlike private banks, do not have any sort of natural market pressure to work expeditiously, then timely restitution must be consciously scripted into public bank processes (Step 5).

The rhetoric on a "trust deficit" also went beyond operational failings, instead focusing on the problems of legitimacy and social justice. This helped to anchor trust as the superordinate outcome of the entire model in the outermost circle of the model. Conceptualisation also highlighted cultural aspects: Respondents' mention of respect, fairness and religious requirements all served as reminders that the recovery in Pakistan public sector banking would have to be culturally sensitive, rather than purely transactional (Step 2 and Step 8).

Step 6: Conceptual Model Development

The last step of this stage was to synthesise all analytical findings in a conceptual model with ten sequential steps. At each step of the model, synthesis of participant narratives, thematic findings, and the theoretical assumptions of PSM and

Commitment-Trust theory are evident. The third step entailed the transformation of the empirically identified issues and categories into an integrated, workable blueprint how to proceed as a public bank if service failures are experienced. Rather than considering recovery as a onetime solution, the model maps ten interrelated steps that start at "first signs of failure" and end with "digitalised assurance" and that include redress, building relationships, technological adaptation and organizational learning. Each of these electrolyses what participants said they wanted with what managers said they could actually deliver, supported by the motivational logic of public service and the relational logic of commitment and trust. The approach takes recovery away from the limited mode of transactions, to the terrain of legitimacy -- adding an extra edge of not only appeasing individual complainants but an expanded citizenry -- evaluating fairness, responsiveness, and integrity -- both in the spectrum of access and the repatriation of the sum-at-issue.

By applying Naeem et al. (2023) 6 steps, the research deliberately converted raw interview material into a structured 10-step model for service recovery in public banks in Pakistan. Every analytical phase, from transcription to conceptualisation, directly enriched the formative Walker and Avant framework through synthesising it with the voices of students and the theoretical underpinnings. The contribution is not only a conceptual one to the service recovery literature, but also a policy and practice-related guideline. The article illustrates how thematic analysis can go further than abstract interpretation and inform applied frameworks which respond to sectoral constraints. In this regard, the ultimate model is a roadmap for Pakistani public banks to overcome failures perspectivally, not only operationally, but also resiliently, innovatively, technologically, and relationally trustfully-speaking, as well.

3.9 ETHICAL CONSIDERATIONS

Ethical considerations play a crucial role in research, ensuring the protection of participants' rights, privacy, and well-being. Several common ethical considerations have been suggested by different authors in research. AI-based proofreading support was used to improve clarity, coherence, and grammatical accuracy in this thesis. No AI system contributed to the conceptual development, analysis, or interpretation of findings. The following justifications highlight the importance of ethical considerations in this study:

Informed consent: Obtaining informed consent from participants is a fundamental ethical requirement. Participants should be fully informed about the purpose,

procedures, risks, benefits, and their rights regarding participation. Informed consent ensures voluntary participation and protects participants' autonomy and privacy (Hammond & Wellington, 2020).

Confidentiality and anonymity: Protecting the confidentiality and anonymity of participants is essential. Data should be stored securely and only accessed by authorized researchers. Anonymizing participants' identities during data analysis and reporting further ensures their privacy and prevents potential harm or negative consequences (Sloan & Quan-Haase, 2017).

Privacy and data protection: Respecting participants' privacy is crucial, especially when dealing with sensitive information. Researchers must handle personal data in compliance with relevant data protection regulations and guidelines. Safeguarding participants' privacy builds trust and promotes ethical research conduct (Hackett, 2019). Voluntary participation and withdrawal: Participants should have the right to voluntarily participate or withdraw from the study without facing any negative consequences. Ensuring voluntary participation protects participants from coercion and respects their autonomy and freedom of choice (Brown & Sleath, 2015).

Minimization of harm and risk: Researchers should minimize potential harm or discomfort to participants. This includes avoiding sensitive or triggering topics, providing support resources, and monitoring participants' well-being throughout the research process. Ethical research practices prioritize the well-being and safety of participants (Walliman, 2021).Researcher reflexivity and bias: Researchers should critically reflect on their own biases, assumptions, and potential conflicts of interest that could influence the research process. Acknowledging and addressing biases helps maintain objectivity and ensures the integrity of the research findings (Denscombe, 2021).

Beneficence and social responsibility: Researchers have a responsibility to contribute positively to society and the well-being of participants. The research should aim to generate knowledge that can benefit the public or specific communities, while also considering the potential implications and consequences of the findings (Matsumoto & Vijver, 2011). Institutional ethical review boards or ethics committees should review and approve the research project before data collection. This ensures that the study adheres to ethical standards and guidelines, protects participants, and upholds the

reputation of the research institution (Walliman, 2018). From the University of Gloucestershire's Handbook of Principles and Procedures the underpinning key principles that guided and informed the conduct of this research aligned: ultimately it is the researcher that is primarily responsible for the well-being of participants (physical, social and psychological); for the research project to be grounded in freely given informed consent with participants being fully informed of the aims, procedures, funding, time involved, publication of findings and taking into consideration power relationships, and within that participants are offered the option of offering not to take part; to carefully maintain the anonymity and confidentiality of participants in keeping with laws on data protection not however making unrealistic promises that cannot be kept; that the researcher acts responsibly in relation to participants, colleagues and the environment and ensures that s/he does not IN any way act in a manner that might compromise the discipline or environmental sustainability.

These principles were enacted in practice as well, with participants informed about the purpose of data collection, having consent information presented in terms that were accessible, ensuring participants were not pressured or deceived, data were anonymized and securely stored, and participant contact guided to avoid harm-which is consistent with the focus of the university on researchers' ethical responsibility for participant wellbeing. Such adherence expresses the study's advocacy of both institutional requirements and international protocols of ethical inquires.

By incorporating these ethical considerations, the study prioritizes the protection of participants' rights, confidentiality, privacy, and well-being. Ethical research practices promote trust between researchers and participants, maintain the integrity of the research process, and contribute to the responsible conduct of research (Brennen, 2021). Ethical considerations are of paramount importance in research. In this study, informed consent, confidentiality, privacy, voluntary participation, minimizing harm, researcher reflexivity, beneficence, ethical review, and social responsibility were carefully addressed. These considerations ensure the ethical conduct of the study and protect the rights and well-being of the participants.

Ethical issues were central in the planning and implementation of this research especially to the fact that the study interacted with the clients and management representatives of public banks in Pakistan and collected the personal narratives of

service failure and recovery. At the core of this an overriding concern that all individuals right to privacy, dignity and well being should be given full protection and held as a guiding principle all throughout the various stages involved, all the while preserving the integrity and validity of the research. These actions were based on internationally recognised ethical norms, the principles of doing good and social interest and the conditions established by the local ethical review board that approved the study in writing.

The protection of informed consent was the centerpiece of ethical conduct. At the beginning of each interview, a detailed information sheet explaining the aims of the research, specific research topics, what their participation would entail, potential risks and benefits and their rights as a participant was read to each participant. This information was provided using simple language and interviews were held either in Urdu or in English depending on the participants' choice to avoid ambiguity of understanding. Written consent was sought and reconfirmed orally at the outset of the interview with acknowledgement that respondents could refuse to participate or withdraw from the interview at any time with no negative repercussions. This approach respected the autonomy of participants and reassured them that their participation was voluntary not obligatory.

Anonymity and confidentiality was strictly ensured. Transcripts were stripped of identifying information and real names were replaced with pseudonyms or participant code for analysis and reporting. Raw interview data were accessible only to the research team, and digital files were kept on encrypted and password-protected drives. Signed consent forms were locked in secured cabinets, independent of interview data to prevent potential identification. Such protection was particularly crucial in the public banking in Pakistan, as the participants may otherwise be fearful of possible retributions when openly criticizing the institutional ways.

Privacy and data protection was an assumption of the entire study. Only relevant information related to the research objectives were gathered and there was no attempt to seek information on personal or private matters. Data collection and management was conducted according to the prevailing principles on privacy and data treatment. Interview locations were selected for privacy and confidentiality, minimising

subsequent disclosure of participants' identity and responses from colleagues, senior staff or fellow customers.

The voluntary nature of participation and the right to not take part were highlighted throughout. RefrainNote that participants were told many times that their participation was completely voluntary and if they did not want to participate or withdraws in the middle of the study it will not harm him. There were numerous chances for participants to confirm their wish to proceed during the interview. This was particularly crucial in treatment of the perceived power imbalance associated with speaking to employees or other bank members who could feel pressured to comply.

Reducing harm and risks was another underlying principle. Particular attention was also given to the construction of the questions to ensure that respondents would not feel embarrassed, anxious or uncomfortable to answer them, since coping with a service failure can be associated with feelings of frustration, anger, and loss of trust. If any of the participants became distressed then the interview procedure was slowed down or stopped and they were reminded of their right to discontinue. Where a minority of people indicated increased frustration or emotional tiredness, support resources were provided. This minimized that there was no harm to be happen in the process of participation and the environment of the research be secure and respectful.

Researcher reflexivity was consciously maintained to avoid bias and conflicts of interest. Because the research had been discussing sensitive issues including institutional inefficiencies and customer disappointment, the research team critically interrogated the underpinnings and their positionality. Reflexive notes were also taken following the interviews to document the researchers' own interpretations, emotional responses, or possible biases. The transcripts were then reviewed during coding and analysis to make sure that emerging themes reflected the perspectives of the participants and not solely those of the researchers. This self-reflective process also increased the transparency of our findings and the trustworthiness of the study.

The ethics of the principle of beneficence and responsibility to society, directed the objectives of the study and plans for dissemination. The purpose of the study was not only to record failures of services, but to suggest such constructive ways and means of improving the quality of banking service with one goal serving banking’s wider customer community in Pakistan. The aim of the research was to provide insights,

based on customer viewpoints and management constraints, that may help inform reforms, build confidence in public banks' governance and enhance service provision in the sector. Thus the research took into consideration its ethical responsibility to promote social good and refused to exploit participants only for academic ends.

The ethical review and approval also ensured that the study was up to the standard. Prior to collecting data, the study proposal, interview scripts, consent forms, and data management documents were approved by an institutional ethics committee. The approval was obtained after all the procedures to ensure the participants' protection were analyzed, confirming the accordance with the ethical standards of the institution, the country and international standards. This routine oversight further asserted the credibility of the study and served to assure potential participants that their rights are protected under an acknowledged ethical governance system.

Collectively, these constituted a set of measures to help ensure that the research was carried out in a manner that reflected respect, beneficence, justice and integrity. Through obtaining informed consent, maintaining confidentiality and privacy, ensuring voluntary involvement, minimizing potential harm, employing reflexivity, and obtaining ethical clearance, the study developed a reliable environment that made participants to feel secured in narrating their experiences. Such moral stance not only ensured participants' protection, it also enriched the quality and trustworthiness of the data and therefore increased the study's contribution to knowledge and practice of public service recovery in the Pakistani banking environment. The entire thesis was proofread by a professional reader to ensure clarity, accuracy, and academic quality. In addition, AI-assisted proofreading tools were used to check consistency and refine language, with some sentences restructured for improved readability while preserving the original meaning. This dual process ensured the thesis met high academic and ethical standards in its presentation.

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3.10 TRUSTWORTHINESS OF QUALITATIVE RESEARCH

Trustworthiness is a crucial aspect of qualitative research, ensuring the credibility and validity of its findings. Several articles contribute to defining trustworthiness in

qualitative research and addressing the associated issues. Sinkovics and Alfoldi (2012) emphasize the enabling role of computer-assisted qualitative data analysis software (CAQDAS) in enhancing trustworthiness. Adler (2022) provides a comprehensive overview of trustworthiness in qualitative research, while Connelly (2016) highlights its importance in the field of nursing.

Stahl and King (2020) propose expanding approaches to research and understanding trustworthiness in qualitative research, emphasizing the need for a rigorous and transparent process. Morrow (2005) focuses on quality and trustworthiness in qualitative research within counselling psychology, addressing challenges and potential solutions. Cloutier and Ravasi (2021) suggest the use of tables as a strategy to enhance trustworthiness in qualitative research. Kornbluh (2015) explores the challenges faced in establishing trustworthiness and provides valuable insights into overcoming these challenges. Lietz, Langer, and Furman (2006) discuss trustworthiness in qualitative research in social work, drawing implications from a study on spirituality. Williams and Morrow (2009) offer a pan-paradigmatic perspective on achieving trustworthiness in qualitative research.

Whiting and Sines (2012) propose the use of mind maps as a means to establish trustworthiness in qualitative research, promoting comprehensive and systematic analysis. Shenton (2004) suggests various strategies for ensuring trustworthiness in qualitative research projects, emphasizing the importance of data collection, analysis, and interpretation. Harrison, MacGibbon, and Morton (2001) explore the rigors of reciprocity in establishing trustworthiness in qualitative research. Amankwaa (2016) focuses on creating protocols for trustworthiness in qualitative research, highlighting the significance of ethical considerations and researcher reflexivity. Cope (2014) discusses the credibility and trustworthiness of qualitative research in the field of oncology nursing, addressing the issues and potential solutions. Korstjens and Moser (2018) provide practical guidance on trustworthiness and publishing in qualitative research.

McSweeney (2021) considers the risk of confirmation bias and the trustworthiness of qualitative research, raising awareness and proposing strategies for improvement. Hadi and José Closs (2016) emphasize the importance of ensuring rigor and trustworthiness in qualitative research in clinical pharmacy. Sinkovics, Penz, and

Ghauri (2008) discuss enhancing the trustworthiness of qualitative research in international business. Jones and Donmoyer (2021) focus on improving the trustworthiness and validity of interview data in qualitative nonprofit sector research through the use of the Formative Influences Timeline. Kaminski and Pitney (2004) provide strategies for establishing trustworthiness in qualitative research in the field of athletic therapy. Pratt, Kaplan, and Whittington (2020) discuss the tumult over transparency and decoupling transparency from replication in establishing trustworthy qualitative research.

Amin et al. (2020) highlight the importance of trustworthiness and authenticity in qualitative pharmacy research. Stewart, Gapp, and Harwood (2017) explore the alchemy of qualitative management research, seeking trustworthiness, credibility, and rigor through crystallization. Krefting (1991) examines rigor in qualitative research and the assessment of trustworthiness. O'Kane, Smith, and Lerman (2021) focus on building transparency and trustworthiness in inductive research through computer-aided qualitative data analysis software. Rolfe (2007) responds to Porter's discussion of validity, trustworthiness, and rigor, reasserting the importance of realism in qualitative research. Rolfe (2006) further discusses the concepts of validity, trustworthiness, and rigor, emphasizing the quality and integrity of qualitative research.

Porter (2007) engages in a discussion on validity, trustworthiness, and rigor, highlighting the need for realism in qualitative research. Graneheim and Lundman (2004) provide insights into qualitative content analysis in nursing research, offering concepts, procedures, and measures to achieve trustworthiness. Curtin and Fossey (2007) propose guidelines for appraising the trustworthiness of qualitative studies in the field of occupational therapy. Singh et al. (2021) focus on verifying rigor and analysing qualitative research in international marketing.

Morse (2015) critically analyzes strategies for determining rigor in qualitative inquiry, offering insights into enhancing the trustworthiness of the research. Birt et al. (2016) explore member checking as a tool to enhance trustworthiness in qualitative research. Schou et al. (2012) validate a new assessment tool for qualitative research articles, contributing to the evaluation and enhancement of trustworthiness. Dyar (2022) discusses the creation of rigor in qualitative inquiry in nursing, emphasizing the importance of trustworthiness.

Rose and Johnson (2020) contextualize reliability and validity in qualitative research, aiming to achieve more rigorous and trustworthy qualitative social science in leisure research. Spalding and Phillips (2007) explore the use of vignettes as a means to enhance trustworthiness in qualitative research. Strategies and techniques to enhance trustworthiness include the use of computer-assisted qualitative data analysis software, member checking, the creation of protocols, transparency and reflexivity, detailed documentation, and systematic analysis. By employing these approaches, researchers can establish trustworthiness in qualitative research and ensure the credibility, rigor, and validity of their findings (Sinkovics & Alfoldi, 2012; Adler, 2022; Connelly, 2016; Stahl & King, 2020; Morrow, 2005; Cloutier & Ravasi, 2021). The table below presents the key elements of trustworthiness in qualitative research along with their definitions and strategies to achieve them. Trustworthiness refers to the credibility, rigor, and validity of qualitative research findings. By incorporating these elements into the research process, researchers can enhance the trustworthiness of their studies and ensure the reliability and accuracy of their findings.

Elements of Trustworthiness in Qualitative Research

Element of Trustworthiness	Definition	Ways to Achieve
Progressive Focusing	A process of refining research questions and data	Utilize computer-assisted qualitative data analysis software (CAQDAS) to assist in iterative data analysis and focus on relevant themes (Sinkovics & Alfoldi, 2012).
Transparency	Openness and reflection on the research process	Document research decisions, methodologies, and interpretations to provide transparency and allow for critical reflection (Pratt et al., 2020).
Member Checking	Confirming findings with participants	Engage participants in verifying and validating research findings to ensure accuracy and credibility (Birt et al., 2016).
Detailed Documentation	Thorough documentation of the research process	Keep comprehensive records of data collection, analysis procedures, and decision-making to enhance transparency and replicability (Schou et al., 2012).
Systematic Analysis	Structured and organized data analysis	Employ a systematic approach to analyse qualitative data, such as coding, categorizing, and comparing themes, to ensure consistency and rigor (Morse, 2015).
Reflexivity	Reflecting on the researcher's influence	Engage in continuous self-reflection to identify and acknowledge the researcher's biases and influence on the research process (Rolfe, 2007).
Triangulation	Multiple data sources and methods	Use diverse data sources and multiple research methods to cross-validate findings and enhance credibility (Korstjens & Moser, 2018).
Peer Review	Evaluation by experts in the field	Seek feedback and review from peers and experts in the research field to ensure the rigor and validity of the study (Porter, 2007).
Saturation	Data sufficiency and information redundancy	Continue data collection until information saturation is reached, where no new or relevant insights emerge (Stewart et al., 2017).

Researcher Positionality	Awareness of the researcher's perspectives	Explicitly acknowledge the researcher's position, biases, and assumptions throughout the research process (Lietz et al., 2006).
Confirmability	Objectivity and neutrality of the findings	Utilize an audit trail to provide an account of decisions, interpretations, and procedures, allowing for examination and verification by external parties (Guba, 1981).
Credibility	Trustworthiness and believability of the findings	Employ various strategies such as prolonged engagement, persistent observation, and peer debriefing to establish credibility and trustworthiness (Lincoln & Guba, 1985).
Transferability	Generalizability of the findings to other contexts	Provide detailed descriptions of the research context, participants, and procedures to enable readers to assess the applicability of findings to other settings (Lincoln & Guba, 1985).
Dependability	Consistency and stability of the findings	Maintain a clear and transparent research process with well-documented procedures and decision-making to ensure dependability and replicability (Guba, 1981).

A commitment to ensuring trustworthiness was demonstrated by considering and implementing various factors. Progressive focusing was achieved through the use of CAQDAS to iteratively refine research questions and data. Transparency was maintained by thoroughly documenting research decisions, methodologies, and interpretations. Member checking was conducted to validate findings, and participant feedback was actively sought. Detailed documentation was upheld through comprehensive records of data collection and analysis procedures. The research employed a systematic approach to analyse qualitative data, ensuring consistency and rigor. Reflexivity was practiced by engaging in regular self-reflection to acknowledge and address potential biases. Overall, these efforts contribute to the trustworthiness of the research findings and enhance the credibility and validity of the study.

Trustworthiness Factor	**Description**	**Justification**
Progressive Focusing	The research utilized computer-assisted qualitative data analysis software (CAQDAS) to iteratively refine research questions and data.	Progressive focusing was achieved by using CAQDAS, enabling the researcher to flexibly and iteratively focus on specific aspects of the research and refine their understanding of the phenomenon under investigation.
Transparency	The research documented research decisions, methodologies, and interpretations to ensure transparency.	Transparency was achieved through the maintenance of a comprehensive research log, ensuring that all decisions, methodologies, and interpretations were documented and could be traced back, enhancing the transparency and auditability of the research process.

Member Checking	The research engaged participants to confirm findings and validate research outcomes.	Member checking was implemented to enhance the credibility and confirmability of the research findings by seeking participant input and validation of the research outcomes, ensuring that the interpretations aligned with the participants' perspectives and experiences.
Detailed Documentation	The research maintained comprehensive records of data collection and analysis procedures.	Detailed documentation was maintained throughout the research process, capturing all relevant data collection and analysis procedures. This documentation ensured the dependability and auditability of the research, allowing for transparency and replication of the study.
Systematic Analysis	The research employed a systematic approach to analyse qualitative data.	A systematic approach to data analysis was followed, involving consistent coding, categorization, and comparison of qualitative data. This systematic analysis enhanced the dependability and confirmability of the research findings by ensuring consistent interpretation and identification of patterns and themes in the data.
Reflexivity	The research incorporated self-reflection to acknowledge and address potential biases.	Reflexivity was practiced by the research team through regular self-reflection and team discussions, acknowledging and addressing potential biases and subjectivity that may influence the research process and outcomes. This self-awareness enhanced the credibility and trustworthiness of the research.

The present study employed various strategies to ensure trustworthiness in qualitative research. These strategies encompassed different factors that contributed to the overall credibility and rigor of the study. Progressive focusing was achieved through the utilization of computer-assisted qualitative data analysis software (CAQDAS), which allowed the researchers to iteratively refine their research questions and data, adapting their focus to specific aspects of the research. This iterative process enhanced the researchers' understanding of the phenomenon under investigation. Transparency was upheld by meticulously documenting research decisions, methodologies, and interpretations, ensuring that the research process could be traced and audited. This transparent approach increased the transparency and accountability of the study. To further validate the research outcomes, member checking was conducted, involving the engagement of participants to confirm findings and validate the research outcomes. This process enhanced the credibility and confirmability of the research by ensuring that the interpretations were aligned with the perspectives and experiences of the participants. Detailed documentation was maintained throughout the study, capturing comprehensive records of data collection and analysis procedures. This meticulous documentation contributed to the dependability and auditability of the research, allowing for transparency and replication. Systematic analysis was employed, utilizing a consistent approach to

analyse qualitative data, including coding, categorization, and comparison. This systematic analysis enhanced the dependability and confirmability of the research findings by ensuring consistent interpretation and identification of patterns and themes in the data. Finally, reflexivity was practiced by the research team, involving self-reflection and acknowledging potential biases and subjectivity that could influence the research process and outcomes. This self-awareness and reflexivity further strengthened the credibility and trustworthiness of the research. Together, these factors and strategies employed in the study demonstrate the commitment to achieving a high level of trustworthiness in qualitative research.

3.11 SUMAMRY

The research methodology chosen for this study, which includes a combination of literature review, thematic analysis, and semi-structured interviews, is well-justified and aligned with the research aim and objectives. The aim of developing a contextual framework of public service recovery strategies in public banks in Pakistan requires an in-depth exploration of the topic, considering both theoretical understanding and practical perspectives. The chosen methodology allows for a comprehensive and nuanced investigation, enabling the generation of rich and meaningful insights. The literature review component provides a solid foundation by critically reviewing existing theory in the domain of public organizational service failure and recovery strategies. The review synthesized and analysed relevant literature from various sources, allowing for a comprehensive understanding of the nature of service failure and the contextual factors that contribute to the development of recovery strategies.

Thematic analysis, as a qualitative data analysis method, was employed to analyse the data collected from the semi-structured interviews. This approach is particularly suitable for exploring participants' perceptions, experiences, and insights related to service failure and recovery strategies. Thematic analysis facilitated the identification of key themes and patterns within the data, providing a deeper understanding of the contextual factors and organizational dynamics that influence the development of effective recovery strategies.

Semi-structured interviews were conducted with both customers and management personnel of public banks in Pakistan. Interviews with customers offered valuable insights into their perceptions and expectations regarding service failure and recovery

strategies. These interviews enabled an exploration of factors that shape customers' perspectives, helping to inform the development of effective recovery strategies that meet the needs and expectations of customers. Interviews with management personnel illuminated various organizational factors that contribute to the development of appropriate service recovery strategies. These interviews thus provided a comprehensive understanding of the decision-making processes, challenges. and perspectives of management in designing and implementing effective recovery strategies. By capturing the insights of key decision-makers within the banks, this research methodology ensures a holistic understanding of the organizational dynamics and factors that influence the development of service recovery strategies.

The selection of semi-structured interviews as the primary data collection method is justified by their ability to provide rich qualitative data and facilitate in-depth exploration of participants' perspectives. The open-ended nature of the interviews allows for flexibility and adaptability, enabling the researcher to probe further into specific areas of interest and gain a comprehensive understanding of the research topic. To ensure the quality and reliability of the interviews, ethical considerations have been given utmost importance. Measures were taken to obtain informed consent from participants, maintain confidentiality and anonymity, and ensure voluntary participation. Additionally, the research follows ethical guidelines such as the protection of participants' rights, privacy, and well-being throughout the research process.

By combining multiple research methods, including a literature review, thematic analysis, and semi-structured interviews, this research methodology maximizes the strengths of each approach and provides a comprehensive and multi-faceted exploration of the research aim and objectives. The literature review provides a theoretical foundation, while thematic analysis allows for the identification of key themes and patterns within the data. The semi-structured interviews add depth and richness to the study by capturing the diverse perspectives of customers and management personnel.

Overall, the chosen research methodology aligns with the research aim and objectives and provides a robust framework for investigating public service recovery strategies in public banks in Pakistan. This comprehensive approach allows for a nuanced

understanding of the nature of service failure, contextual factors, customers' perceptions, and organizational dynamics. The ethical considerations ensure the research is conducted with integrity and respect for participants' rights. Through the rigorous application of this methodology, this study aims to contribute valuable insights and develop a contextual framework that can inform the development of effective service recovery strategies in public banks, ultimately enhancing the quality of public services in Pakistan.

CHAPTER 4: FINDINGS AND ANALYSIS

4.1 INTRODUCTION

The primary objective of this research is to devise a robust and context-specific framework to address service failure effectively in the public banking sector of Pakistan. This chapter is dedicated to providing a detailed analysis of the findings derived from the research conducted to understand the three key aspects that contribute to service resilience - pre-emptive measures, responsive actions, and adaptive resilience. These categories were studied meticulously, and various institutions were compared based on their effectiveness and the implementation of these facets of service resilience. The analysis thoroughly examines the role of technology partnerships, firm policies, system redundancies, regular audits, and diversified service channels, which form the foundation of preemptive measures in public banks. It also evaluates the effectiveness of these strategies, considering factors such as technical expertise, resource availability, and customer education.

Additionally, the chapter scrutinizes the responsive actions undertaken by these institutions, focusing on efficient complaint redressal, post-failure analysis, timely restitution, customer retention initiatives, and adaptivity of the technological infrastructure. This analysis offers insights into the varied experiences of different banks in handling service disruptions and how they manage customer interactions post-failure. The research also provides a comprehensive study on adaptive resilience, exploring areas like innovation, operational agility, foresight and preparedness, streamlined communication, and robust contingency planning. It sheds light on how these banks are leveraging data analytics to anticipate future challenges, how they are improving their communication during service disruptions, and the strategies they are employing to develop comprehensive contingency plans.

The findings address the obstacles encountered in implementing these measures, highlighting unforeseen challenges, bureaucratic processes, and systemic inefficiencies that hinder the realization of effective service resilience. The chapter emphasizes the need for a balanced approach to preemptive measures, responsive actions, and adaptive resilience. It identifies key areas for improvement to enhance

customer trust and satisfaction in the public banking sector. By examining the complexity and intricacies of service resilience in public banks, this chapter provides valuable insights for future research and policymaking in Pakistan's public banking domain. The research underscores the importance of a holistic analysis of service resilience and proposes strategies to advance resilience in public banking services.

4.2 PARTICIPANTS OF THIS STUDY

The selection of customers with diverse demographic characteristics aims to capture a range of perspectives and experiences related to public bank services. By including customers of different ages, education levels, and years of experience with the bank, it was possible to gain insights into the varied expectations, preferences, and perceptions of service failures and recovery strategies among different customer segments.

4.2.1 Demographic features (Customers)

Interviewees	Age	Education	Experience Years
Customer 1	35	Bachelor's degree	5
Customer 2	42	High school diploma	10
Customer 3	28	Master's degree	2
Customer 4	39	Bachelor's degree	8
Customer 5	31	High school diploma	3
Customer 6	45	Ph.D.	15
Customer 7	26	Bachelor's degree	1
Customer 8	33	High school diploma	6
Customer 9	37	Master's degree	12
Customer 10	29	High school diploma	4
Customer 11	41	Bachelor's degree	9
Customer 12	34	High school diploma	7
Customer 13	48	Bachelor's degree	11
Customer 14	32	Master's degree	3
Customer 15	36	High school diploma	8

Customer 16	43	Bachelor's degree	15
Customer 17	30	High school diploma	5
Customer 18	38	Master's degree	10
Customer 19	27	High school diploma	2
Customer 20	40	Bachelor's degree	12
Customer 21	33	High school diploma	6
Customer 22	47	Bachelor's degree	10
Customer 23	31	Master's degree	4
Customer 24	35	High school diploma	9
Customer 25	44	Bachelor's degree	13
Customer 26	29	High school diploma	3
Customer 27	39	Master's degree	11

1. Age: Including customers of different age groups allows for an examination of how generational differences might influence perceptions of service failure and recovery. Younger customers may have different expectations and preferences compared to older customers, and their feedback can provide insights into the effectiveness of recovery strategies across different age cohorts.
2. Education: Customers with varying levels of education bring diverse perspectives and knowledge bases to their interactions with public banks. Well educated customers may have different service expectations and may provide more nuanced feedback on recovery strategies. Less educated customers' experiences and feedback can help identify any disparities in service quality and recovery effectiveness among different educational backgrounds.
3. Experience: Engaging customers with varying years of experience with public bank allows for an exploration of the impact of customer familiarity and loyalty on their perceptions of service failure and recovery. Experienced customers may have a better understanding of the bank's processes and may provide insights into long-term patterns of service quality and recovery efforts.

By considering these demographic characteristics, this research can generate a comprehensive understanding of public service failure and recovery strategies, taking into account the diverse perspectives and experiences of customers.

4.2.2 Demographic features (Managers)

Interviewees	Age	Education	Experience Years
Manager 1	40	Master's degree	15
Manager 2	45	Bachelor's degree	17
Manager 3	38	Ph.D.	12
Manager 4	42	Master's degree	11
Manager 5	36	Bachelor's degree	10
Manager 6	49	Master's degree	4
Manager 7	33	Bachelor's degree	5
Manager 8	39	Ph.D.	7
Manager 9	44	Master's degree	13
Manager 10	37	Bachelor's degree	8

Selecting public bank managers from various public banks in Pakistan with diverse demographic characteristics aims to capture a wide array of perspectives and experiences related to public banking services. Including managers of varying ages, education levels, and years of industry experience enables the research to explore how different managerial profiles influence perspectives on service failures and approaches to recovery strategies. This diversity enhances the depth and comprehensiveness of the insights gathered.

1. Age: Including managers of different age groups allows for an examination of how generational differences might influence their perceptions of service failure and recovery. Younger managers bring fresh perspectives and innovative ideas, while older managers may draw upon their experience to provide insights on effective recovery strategies.
2. Education: Managers with varying levels of education bring diverse knowledge bases and skill sets to their roles. Those with higher levels of education, such as Master’s or Ph.D. degrees, may have a deeper understanding of organizational dynamics, strategic planning, and customer satisfaction. Managers with Bachelor's degrees may offer practical insights and experiences relevant to service recovery in public banks.

3. Experience: Including managers with different years of experience in the banking industry allows for an exploration of the impact of their professional background on service failure assessment and recovery strategies. Managers with extensive experience may have witnessed and dealt with a variety of service failures, allowing them to provide valuable insights into effective recovery practices. On the other hand, managers with less experience may bring fresh perspectives and innovative approaches to service recovery.

By considering these demographic characteristics, it is possible to generate a comprehensive understanding of public service failure assessment and recovery strategies, taking into account the diverse perspectives and experiences of managers in the public banking sector.

4.3 Thematic Analysis: Development of Themes and Codes

The coding and theme development reported here were informed by thematic analysis as a flexible qualitative approach for identifying patterned meaning across the dataset, moving systematically from familiarisation and initial coding to theme construction, review, definition, and refinement. Across the analysis, there were also points of methodological overlap with grounded theory practices, particularly in the iterative comparison of codes and the constant revisiting of earlier interpretations as new data segments were examined. This combination supported a transparent progression from interview excerpts to codes, from codes to categories of meaning, and finally to themes that represent shared patterns in how public banking service failure and recovery are experienced and managed in Pakistan.

Theme 1, Public Service Failure Assessment, captures how service failures are understood, diagnosed, and evaluated in public banks, both from organisational and customer perspectives, and how these understandings shape the identification of service shortcomings. Within this theme, Failure Causes Analysis explains the structural and operational roots of failure, showing how slow service, breakdowns in feedback systems, payment failures, political leadership influence, online service disruptions, and customer frustration combine to create repeated points of breakdown in the customer journey. The code demonstrates that failures are not isolated incidents but often occur through interlinked weaknesses in capability, processes, and support. Policy Implementation then extends this diagnosis into the organisational layer,

showing how gaps in resource allocation, training and capacity building, stakeholder engagement, and monitoring and evaluation shape whether policies translate into consistent service delivery. Customer Perception completes the theme by foregrounding how customers interpret failure and recovery through culturally shaped expectations, satisfaction judgements, trust restoration, loyalty formation, and word-of-mouth behaviour, demonstrating that a failure is not only an operational event but also a socially interpreted experience that can amplify reputational consequences.

Theme 2, Service Resilience, focuses on how public banks withstand disruptions, manage failures once they occur, and strengthen systems to reduce recurrence while maintaining continuity across digital and physical channels. Pre-emptive Measures represent the preventative layer of resilience, demonstrating how strategic partnerships with technology providers, stronger policies and guidelines, system redundancies, regular audits, and diversification of service channels collectively reduce vulnerability to breakdowns. Responsive Actions then address what happens after failure occurs, highlighting the importance of complaint redressal, post-failure analysis, timely restitution, customer retention initiatives, and adaptive technological upgrades; together these show how recovery quality is shaped by organisational readiness, speed of response, and consistency in follow-through. Adaptive Resilience represents the developmental layer of resilience, showing how innovation focus, operational agility, foresight and preparedness, streamlined communication, and robust contingency planning enable public banks not simply to return to baseline, but to evolve and improve their service model in response to repeated disruptions and emerging service risks.

Theme 3, Strategies for Public Service Recovery, explains the concrete recovery approaches public banks use to restore service performance and rebuild trust after failure, and how these strategies are shaped by organisational capability and cultural context. Recovery Action Identification captures the capacity to recognise and acknowledge failure promptly, showing the role of failure detection systems, staff competency, cross-functional collaboration, service quality metrics, automated alerts, incident reporting mechanisms, data-driven insight, and continuous risk assessment in enabling fast escalation and timely intervention. Direct Communication and

Transparency then highlights how recovery is socially managed through proactive customer updates, transparent explanations, acknowledgement of mistakes, and realistic timeframes, showing that trust repair depends not only on technical resolution but also on the credibility and clarity of the bank's communication during disruption. Cultural Sensitivity in Service Recovery demonstrates that recovery effectiveness increases when banks understand cultural norms, personalise responses, respect cultural practices in operations, and provide multilingual support, because service failure and recovery are interpreted through culturally embedded expectations of respect, responsiveness, and relational commitment. Proactive Service Recovery completes the theme by emphasising anticipatory recovery capacity through predictive analytics, service redesign, customer involvement, real-time issue tracking, and post-recovery analysis, showing how banks can shift from reactive correction towards prevention-oriented recovery models that reduce repeat failures and strengthen longer-term trust.

4.4 THEME 1: PUBLIC SERVICE FAILURE ASSESSMENT

Public service failure assessment in the context of public banks refers to the systematic evaluation and analysis of the reasons behind service failures within the public banking sector. It involves identifying and understanding the causes of failures, examining the challenges in policy implementation, and considering customer perceptions of service failure. There is a need to conduct public service failure assessment because it helps diagnose issues and shortcomings within public banks' service delivery, allowing for effective identification of areas that require improvement. By assessing service failures, organizations can gain insights into the underlying causes, such as operational inefficiencies, policy gaps, or inadequate customer service practices. This assessment enables the development of targeted strategies to address and rectify these failures, enhancing the overall service quality and customer satisfaction.

4.4.1 Code 1: Failure Causes Analysis

Failure Causes Analysis is a pivotal aspect of understanding service shortcomings in public banks. In the context of Pakistan, it unveils a multitude of contributing factors impacting customers' experiences, such as policy deficiencies, inefficient operational

processes, resource constraints, and more. It involves analysing the various factors and root causes contributing to service failures in public banks. This includes examining internal operational processes, policy gaps, resource limitations, and other factors that may lead to service shortcomings. In the context of Pakistan, these failure causes can vary and have an impact on customers' experiences. Some key elements of public bank failure causes include slow service, issues with feedback systems, payment failures, political leadership influence, online service disruptions, and customer frustrations. For example, *"when the mobile banking app slows down or fails to complete a transaction, customers have to wait for customer service to address the issue"* (Interview, Customer 5). *"I'm extremely upset because the app's feedback system is not working, which prevents me from completing online shopping due to payment failures. Please solve this"* (Interview, Customer 9). These findings highlight the disruption and frustration customers experience due to service failures in public banks. Slow app performance, payment failures, and system issues create inconvenience and hinder online transactions. Additionally, the lack of local language options and advanced payment features during travel further contribute to poor customer experiences. Through failure causes analysis, it becomes evident that issues such as slow app performance, payment failures, and inadequate customer support can lead to customer dissatisfaction. Evidence suggests that some customers have shared negative experiences, highlighting the need for public service banks to focus on improving their service recovery processes and strategies. These shared experiences underscore gaps in current practices and the importance of addressing customer grievances effectively to enhance satisfaction and trust: *“during interaction with their staff at branch, I experience that they have not actually the understanding about what is public service failure as well as how frustrated customers should be cared for and rewarded”* (Interview, Customer 23). These issues can affect the overall customer journey and result in negative word-of-mouth, decreased customer loyalty, and potential loss of business for public banks in Pakistan.

Some key elements of failure cause in public service banks include:

1. Slow service: slow service refers to delays and inefficiencies in the delivery of banking services, both in-person and through digital channels. For example, *"we often face challenges with slow service (online, particularly during peak*

hours when there is a high volume of customers visiting the branches" (Interview, Manager 7). This can include extended waiting times, sluggish response rates, and delays in processing customer requests. It is evident that delays, inefficiencies, and resource limitations can exacerbate customer dissatisfaction, pointing to the need for operational efficiency and better resource management.

2. Issues with feedback systems: feedback systems play a crucial role in enabling customers to provide input, express concerns, and seek resolutions. For example, *"one of the common issues we encounter is the inadequate feedback system, which makes it challenging to gather timely and valuable feedback from customers"* (Interview, Manager 3). Issues with feedback systems, such as unresponsiveness or technical glitches, hinder effective communication between customers and public banks. There is high need for robust feedback systems to ensure customers' voices are heard and their issues are addressed in a timely manner, thereby enhancing customer satisfaction and loyalty.
3. Payment failures: payment failures encompass instances where customers encounter difficulties in completing transactions, whether it be through mobile banking apps, online platforms, or in-person interactions. For example, *"payment failures have been a recurring problem, especially when there are system upgrades or technical issues with online transactions"* (Interview, Manager 9). This can include errors, system malfunctions, or inadequate payment processing procedures. The critical role of reliable payment systems in ensuring seamless customer experience, emphasizing the need for rigorous system testing and upgrade protocols.
4. Political leadership influence: the influence of political leadership on public banks can impact their operations, decision-making processes, and service delivery. Political considerations, such as favouritism or interference, can introduce inefficiencies and biases that contribute to service failures. For example, *“decisions related to appointments, resource allocations, or policy implementation sometimes influenced by political factors, leading to inefficiencies and service failures”* (Interview, Manager 2). This reveals how political considerations can introduce biases and inefficiencies, impeding optimal service delivery, thereby urging a need for depoliticizing the public banking sector.

5. Online service disruptions: Online service disruptions occur when digital platforms, such as mobile banking apps or online portals, experience technical issues or interruptions. *"like private banks there is lack of trained staff in-person as well online public banks as I experience that there is lack of robust technology infrastructure and inadequate system maintenance that is the major reason of service failures"* (Interview, Customer 22). These disruptions can prevent customers from accessing essential services, conducting transactions, or obtaining necessary information.
6. Customer frustrations: Customer frustrations encompass a range of negative emotions experienced by customers due to service failures, unmet expectations, or poor customer service. For example, "*I experienced that like private bank, my bank has inefficient complaint handling processes and insufficient training of customer service representatives. That's why many of my social circle left them after frustration"* (Interview, Customer 16). These frustrations can arise from multiple factors, including long waiting times, ineffective problem resolution, or lack of personalized attention.

Public service banks in Pakistan operate in a unique context, with political influences, bureaucratic processes, and limited resources impacting policy implementation. By unpacking the causes of service failures through this analysis, the researcher is able to uncover an intricate web of challenges that public banks in Pakistan face, ranging from operational inefficiencies to political interference. Addressing these issues calls for an integrated and strategic approach, including efficient resource allocation, enhanced digital infrastructure, improved feedback mechanisms, depoliticization, and a focus on customer-centric strategies. Only by acknowledging and addressing these underlying causes, can public service banks improve their service delivery, enhance customer satisfaction, and remain competitive in the increasingly demanding banking landscape. These factors introduce complexities and challenges requiring careful consideration. A comprehensive approach, including effective resource allocation, targeted training and capacity building, improved stakeholder engagement, and rigorous monitoring and evaluation processes, is necessary to address these challenges. By acknowledging the specific nature and challenges of public service banks, policymakers and bank management can develop responsive strategies and

policies, thereby enhancing service delivery, improving customer satisfaction, and achieving policy objectives in both online and offline banking services.

4.4.2 Code 2: Policy Implementation

Policy implementation refers to the process of translating policies and strategies into practical actions and practices within public banks of Pakistan. It involves the execution of policies, allocation of resources, coordination of activities, and monitoring of progress to ensure that intended objectives are achieved. In the context of public banks in Pakistan, policy implementation can face unique challenges and considerations. The following are key elements of policy implementation in public banks:

1. Resource allocation: resource allocation involves the distribution of financial, human, and technological resources to support policy implementation. For example, *"we often face challenges with resource allocation, as limited budgets and competing priorities impact our ability to effectively implement policies" (*Interview, *Manager 4).* This highlights a tension in the public banking sector—working within tight budgets and addressing competing needs. It speaks to the larger debate around resource management in public organizations and the need for strategic planning. *"In our bank, limited budgets and competing priorities pose challenges for resource allocation, hindering our ability to effectively implement policies and impacting the quality-of-service delivery"* (Interview, Manager 10). Limited resources can hinder the implementation process and affect the quality of service delivery.
2. Training and capacity building: training programs and capacity building initiatives help equip bank employees with the required competencies to implement policies successfully. *"one of the major challenges is that we have not developed in-depth understanding about critical elements in policy implementation as our staff did not have adequate training and capacity building opportunities"* (Interview, Manager 8). It is evident from these findings that a lack of training can impede policy implementation, thereby stressing the need for continuous learning and development in public banks. This aligns with the wider discourse around the critical role of capacity building in enhancing organizational performance.

3. Stakeholder engagement: effective stakeholder engagement facilitates smooth policy implementation by considering diverse perspectives and fostering collaboration. For example, *"engaging with stakeholders, including customers and regulatory authorities, is vital for policy implementation. However, our bank currently lacks a developed feedback system to address concerns and ensure policies are aligned with stakeholder needs and expectations"* (Interview, Customer 16). The finding highlights a disconnect between the bank's policies and stakeholder expectations, highlighting the role of communication and the need for participatory approaches in policymaking. This is part of a wider conversation on stakeholder theory and its applicability in public institutions.
4. Monitoring and evaluation: Regular monitoring and evaluation are vital to assess the progress of policy implementation, identify gaps, and make necessary adjustments. This ensures that policies are implemented as intended to achieve desired outcomes in both online and offline public banking services. One manager noted, *"we prioritize ongoing monitoring and evaluation of policy implementation to track progress and identify areas for improvement. This enables us to make timely adjustments and ensure that our policies effectively meet the needs of customers and stakeholders"* (Manager 9). This shows the adaptive nature of policy implementation, underlining the importance of feedback loops in public management, thus contributing to the broader discussion on evaluation in public sector management.

Public service banks in Pakistan operate within a unique context, where political influences, bureaucratic processes, and limited resources can impact policy implementation. These factors can introduce complexities and challenges that require careful consideration. Addressing these challenges requires a comprehensive approach, including effective resource allocation, targeted training and capacity building, improved stakeholder engagement, and rigorous monitoring and evaluation processes. By recognizing the nature of public service banks and the specific challenges they face, policymakers and bank management can develop strategies and policies that are responsive to customer needs, align with regulatory requirements, and ensure effective implementation. This will contribute to enhanced service delivery, improved customer satisfaction, and the achievement of policy objectives in both online and offline public banking services.

4.4.3 Code 3: Customer Perception

Customer perception, which includes how customers interpret and react to their experiences with a service and their comprehension of service failures, is crucial to comprehend in the context of public service banks. Their response to service failures can have a significant effect on their satisfaction, loyalty, and their overall relationship with the bank. Understanding how these perceptions might differ among customers from various cultures can provide a richer perspective on the effectiveness of service recovery strategies.

1. Cultural Expectations and Satisfaction: culture can influence the expectations customers have about service recovery, thereby impacting their satisfaction levels. For instance, one customer from a high-context culture, which emphasizes indirect communication and context, said, *"In our culture, we value face-to-face interactions. So, it was frustrating to wait for a long time before getting assistance at the bank"* (Interview, Customer 17). Frustration has been expressed here, not only with service failure but also with the mismatch between culturally influenced expectations and face-to-face service. Similarly, the same cultural nuance influences online service recovery. One customer appreciated the quick online service recovery they had experienced, stating, *"their prompt response contrasted with my offline experience and made me feel valued"* (Interview, Customer 21). This highlights the fact that swift and efficient service recovery, particularly in an online context, aligns better with the expectations of some cultural groups, leading to higher customer satisfaction.
2. Perceived Service Recovery Across Cultures: The perception of service recovery might differ based on cultural backgrounds. One customer from a low-context culture, which values direct and explicit communication, expressed, *"When I encountered a problem with my online transactions, I was impressed by the bank's quick and efficient response"* (Interview, Customer 11). This suggests that the straightforward, immediate resolution provided in online banking services matches the expectations of customers from low-context cultures, thereby positively impacting their perception of service recovery.
3. Cultural Influences on Loyalty: Customer loyalty is crucial in public banking, and the cultural background of customers can significantly influence this. A customer from a collective culture, which values group interests and

relationships, noted: *"Although there were issues with the bank's online system, their effective resolution strengthened my trust. In our community, we value relationships and commitment, so this quick response mattered a lot"* (Interview, Customer 25). It is clear from this quote that quick and efficient service recovery resonates well with customers from collective cultures, enhancing their loyalty towards the bank.

4. Word-of-Mouth Influences: Culturally influenced perceptions can also impact the spread of word-of-mouth about bank services. One customer from a high-power distance culture, where respect for authority is crucial, said, *"In my community, people trust my judgment. So, when I had a bad experience due to long wait times at the branch, I shared it, and some decided not to open an account with this bank"* (Interview, Customer 21). This demonstrates that negative experiences, particularly those related to service failures, can have significant repercussions through word-of-mouth, especially in cultures where certain individuals' opinions are highly valued.

The perception of service recovery in public banks in Pakistan is significantly influenced by cultural factors. By understanding and accommodating these cultural nuances in their service recovery strategies, banks can improve their service quality, enhance customer satisfaction, and foster loyalty. This cultural lens can guide the development of effective service recovery strategies in both online and offline banking contexts. By examining these different dimensions of customer perceptions from a cross-cultural perspective, it is possible to better understand how service recovery strategies are perceived by customers from different cultures. These insights can guide banks in tailoring their service recovery strategies in a way that acknowledges and respects cultural diversity, in both online and offline contexts.

This theme scrutinizes public service failure assessment strategies in public banks, focusing on the interplay between organizational practices and customer perceptions. Seven primary themes were identified through interviews with managers and customers, revealing how these strategies influence customer perceptions and satisfaction. Failure causes analysis emerged as the first significant area, highlighting the role of various issues such as slow service, inadequate feedback systems, payment failures, political leadership influence, online service disruptions, and customer frustrations in contributing to service failures. Slow service and technical

difficulties in the digital service delivery platform were cited as the primary causes of customer dissatisfaction. The influence of political factors on decision-making was also noted as a key factor leading to inefficiencies and service failures. Customers highlighted their frustrations with inefficient complaint handling processes, insufficient training of customer service representatives, and overall slow service. Policy implementation is another crucial area, emphasizing the importance of effective resource allocation, staff training and capacity building, stakeholder engagement, and regular monitoring and evaluation. Managers noted the challenges they face due to limited resources and training opportunities for staff. They underscored the importance of stakeholder engagement in policy implementation, and the role of regular monitoring and evaluation in identifying areas for improvement and making necessary adjustments.

Customer perceptions of service failure and recovery strategies were largely influenced by their cultural expectations. In high-context cultures, customers preferred face-to-face interactions, leading to frustrations when they experienced slow service. However, customers from low-context cultures appreciated quick and efficient responses from online banking services. Customer loyalty towards banks was significantly influenced by their cultural background, with quick and efficient service recovery resonating well with customers from collective cultures. Furthermore, negative experiences related to service failures can have significant repercussions through word-of-mouth, especially in cultures where certain individuals' opinions are highly valued. The study underscores that successful public service failure assessment in public banks hinges on understanding the causes of failures, implementing effective policies, and understanding customer perceptions. These strategies not only help to identify areas for improvement but also contribute to a positive customer perception of banks, promoting overall satisfaction. However, there are areas for improvement, such as enhancing service speed, improving feedback systems, reducing the influence of political factors, and strengthening understanding and respect for cultural nuances in service recovery strategies. These improvements could further enhance customer satisfaction and trust in the public banking sector.

4.5 THEME 2: SERVICE RESILIENCE

Service resilience in the context of public banks refers to the ability of these institutions to withstand, recover from, and prevent service failures. It encapsulates the capability to bounce back from disruptions and maintain operational continuity while ensuring customer satisfaction. In an environment where both digital and physical banking platforms are essential, public service banks in Pakistan must exhibit resilience to adapt to the dynamic needs of customers, effectively managing both expected and unexpected service disruptions.

4.5.1 Code 1: Pre-emptive Measures

Pre-emptive measures refer to the strategies and mechanisms employed by public banks to prevent service failures and ensure a seamless banking experience for customers, both on- and offline. Pre-emptive measures in the context of public banking in Pakistan reflect a shift in the paradigm from a reactive to a proactive approach. These are strategies and mechanisms aimed at preventing service failures and ensuring a seamless banking experience for customers. However, the effectiveness and comprehensive implementation of these strategies are influenced by a multitude of factors, especially given the challenges in clearly defining and implementing service failure and recovery measures in Pakistan's public banking sector.

1. Strategic Partnerships: collaborating with tech companies and vendors for improved infrastructure and updated security systems can act as a pre-emptive measure to prevent potential service failures. For example, a manager said, *"we are now started to focus for making partnership with leading tech firms to provide robust cybersecurity systems, ensuring our customers have secure and uninterrupted online banking services"* (Interview, Manager 10). While such partnerships are beneficial, their success hinges on the expertise and resources of the tech firms they collaborate with, which may vary. Additionally, the complexities of cybersecurity require ongoing updates, making this a continuous challenge.
2. Policies and Guidelines: Public banks should establish stringent policies and guidelines to prevent fraud and cyberattacks, both of which can lead to major service disruptions. For instance, a manager said, *"we have not fully established firm policies and guidelines that protect against fraudulent activities, and we educate our customers on these matters to pre-empt potential*

issues" (Interview, Manager 4). Customer education is a critical factor in the successful implementation of these policies, which might not be adequately emphasized in all banks. Moreover, the effectiveness of such policies and guidelines largely depends on their enforcement and regular updating, which might be challenging in the public banking sector due to bureaucratic hurdles.

3. System Redundancies: having backup or redundant systems in place to ensure service continuity in the event of system failures can act as a powerful pre-emptive measure. One customer highlighted, *"even during the server maintenance, I could carry out my transactions seamlessly. The bank must have a good backup system"* (Interview, Customer 27). The effectiveness of the redundancy system depends on the bank's technical capabilities and resources, which could be constrained in some instances due to financial or operational limitations.
4. Regular Audits: Conducting regular internal and external audits can help identify potential vulnerabilities and rectify them before they result in service failures. For instance, one manager noted: *"Like private banks, we did not conduct routine audits to ensure compliance and identify any gaps in our systems. This helps us rectify issues before they escalate into larger problems"* (Interview, Manager 6). Sometimes, these audits may not uncover all potential issues, especially if they are not comprehensive or not carried out by competent auditors.
5. Diversification of Service Channels: Offering multiple service channels (online, mobile, physical branches) gives customers alternatives if one channel experiences disruptions. One customer said: *"I find it very convenient that I can choose to transact online, on mobile, or at a branch. This variety gives me confidence that I won't be stuck if one channel has an issue"* (Interview, Customer 20). Sometimes, these audits fail to uncover potential issues, especially if they are not comprehensive or not carried out by competent auditors. The quality of service on each channel can be affected by various factors, including the bank's technological infrastructure, employee training, and resources.

Pre-emptive Measures in the context of Pakistan's public banking sector encapsulate crucial strategies to enhance service resilience and prevent failures. Nonetheless, the

implementation of these measures is a complex task faced with multiple challenges including resource limitations, bureaucratic hurdles, and the variability in customer literacy. Therefore, while the sector seems to be moving in the right direction, achieving comprehensive, effective pre-emptive measures requires persistent effort, continuous assessment, and iterative improvement.

4.5.2 Code 2: Responsive Actions

Responsive Actions refer to how public banks in Pakistan react and manage situations once service failures have already occurred. These actions are critical for restoring customer trust and the smooth functioning of banking services. However, various challenges, including the lack of a structured response protocol, affect their efficacy.

1. Complaint Redressal: The efficiency of the complaint redressal system following service failure plays a pivotal role in maintaining customer trust. For example, one manager observed: *"our complaint redressal system needs an overhaul. We struggle with a high volume of complaints and long resolution times"* (Interview, Manager 1). The need for an improved, streamlined complaint management system is thus evident. On the other hand, one manager lauded their system, saying, *"our complaint redressal system has been commendable. We have a dedicated team that ensures all customer grievances are addressed promptly"* (Interview, Manager 8). An efficient complaint redressal system plays a vital role in maintaining customer trust after a service failure.
2. Post Failure Analysis: conducting thorough analyses after service failures can help identify underlying issues and prevent future occurrences. However, one manager highlighted, *"our post-failure analysis lacks in-depth scrutiny, thus preventing us from learning from our mistakes"* (Interview, Manager 3). In-depth analysis after service failures can provide insights to prevent future incidents. As one manager noted, *"our rigorous post-failure analysis has been instrumental in reducing service disruptions. We have managed to address key technical glitches that were causing repeated issues"* (Interview, Manager 5). Yet, another manager acknowledged, *"our post-failure analysis could use more in-depth scrutiny. Some service disruptions have occurred repeatedly due to unresolved underlying issues"* (Interview, Manager 1). This points to the urgent need for improved post-failure analysis procedures.

3. Timely Restitution: providing immediate remediation or compensation to affected customers is an important responsive action. But as one customer noted: *"the bank's response in terms of compensation or remedy for failed services is usually slow and not satisfactory"* (Interview, Customer 4). Another customers observed: *"I was impressed with how swiftly the bank responded when I faced a service issue. They quickly resolved the problem and compensated me for the inconvenience"* (Interview, Customer 6). Conversely, another customer voiced frustration, saying, *"I had a terrible experience with my recent transaction. The bank's response was slow, and I did not receive satisfactory compensation for my ordeal"* (Interview, Customer 13). This suggests that public banks need to further improve their restitution procedures.
4. Customer Retention Initiatives: Initiatives aimed at retaining customers after service failures are vital. One manager noted, *"we lack structured customer retention programs following service failures, which has led to a loss of customers over time"* (Interview, Manager 7). Initiatives to retain customers after service failures are vital. Another manager noted, *"we have launched several customer retention programs following service disruptions, which have been effective in keeping our customers satisfied and loyal"* (Interview, Manager 4). However, manager 5 observed: "*We've lost a few customers following major service failures. This points to a lack to successfully execute our customer retention and recovery strategies"* (Interview, Manager 5). This highlights the need to develop and implement effective customer retention strategies.
5. Adaptive Technological Infrastructure: Upgrading technological infrastructure responsively in the face of repeated service failures is critical. For example, one customer stated, *"the bank's website often crashes during high traffic periods. It seems they're not upgrading their systems based on these recurrent issues"* (Interview, Customer 5). This reinforces the need for technological adaptivity, and improvement based on service failure patterns. One customer noted, "*I appreciate that the bank regularly upgrades its systems. This proactiveness has significantly reduced service disruptions*" (Interview, Customer 6). However, another customer complained, *"The bank's website frequently crashes, and they don't seem to have made necessary improvements based*

on these incidents" (Interview, Customer 18). This highlights that upgrading technological infrastructure in response to repeated service failures is crucial.

Responsive actions in Pakistan's public banks encapsulate the various steps that should be taken post-service failure. The current challenges in implementing these actions stem from structural and procedural inefficiencies, indicating a need for substantial improvements. Responsive actions cover a spectrum of initiatives and behaviours, from transparent communication to swift decision-making, aimed at minimizing the impact of service failures and improving service quality in public banks in Pakistan. To achieve effective responsive actions, there must be a systematic and concerted effort that involves not only addressing the symptoms of service failures but also redefining institutional cultures, attitudes, and practices. Responsive actions are an essential part of service resilience in public banks of Pakistan as they not only mitigate the impact of service failures but also contribute to enhancing the bank's service quality. However, to achieve this, there is a need for banks to foster an organizational culture that encourages learning, swift decision-making, customer-centricity, and proactiveness. By fostering such a culture, public banks can not only efficiently manage service failures, but can reduce their recurrence, which will ultimately improve customer trust and satisfaction.

4.5.3 Code 3: Adaptive Resilience

Adaptive resilience refers to the capacity of public banks in Pakistan to adjust and evolve in the face of service disruptions and emerging challenges. This showcases the ability of banks to not only recover but to improve, strengthening their overall service provision and the customer experience, both in the digital and physical banking contexts.

1. Innovation Focus: emphasizing constant innovation can be a significant facet of adaptive resilience. For instance, a bank might explore advanced analytics to anticipate customer needs better or introduce novel features in their online and offline banking services. One manager said, *"we have started investing more in innovation. We want to anticipate disruptions before they occur and offer unique solutions that cater to our customers' changing needs"* (Interview, Manager 6). The success of innovation, however, depends on a willingness to take calculated risks and the availability of necessary resources. One manager

said, *"while we are pushing for more innovative solutions, there have been instances when these innovations have led to unexpected service disruptions due to unforeseen problems or lack of compatibility with existing systems"* (Interview, Manager 1). Although innovation can propel adaptive resilience, it may also introduce unfamiliar risks and challenges that can affect service continuity.

2. Operational Agility: The ability to quickly adapt operational processes to changing scenarios is key to adaptive resilience. For example, transitioning between online and offline services rapidly during technical glitches can keep services running. One customer commented, *"during a recent server outage, the bank quickly enhanced its offline counter services to manage customer needs. This agility is really appreciated"* (Interview, Customer 8). Another customer said, "*I have noticed that during peak times or disruptions, the bank seems to struggle to adjust its operations swiftly. This often results in longer waiting times and poor service"* (Interview, Customer 7). Operational agility, while essential for adaptive resilience, is often hindered by bureaucratic processes and systemic inefficiencies.
3. Foresight and Preparedness: Adaptive resilience also includes the ability to anticipate future challenges and prepare accordingly. One manager observed: *"we are now leveraging data to foresee potential service disruptions and prepare accordingly. This forward-thinking approach is helping us maintain continuous service provision"* (Interview, Manager 5). Despite the emphasis on foresight and preparedness, several banks fail to anticipate or prepare for potential disruptions.
4. Streamlined Communication: Clear and efficient communication, especially during service disruptions, can enhance adaptive resilience by keeping all stakeholders informed and reducing panic. One customer pointed out, *"the bank's proactive communication during a recent system failure was really helpful. They kept updating about the issue resolution progress both in the branch and on their digital platforms"* (Interview, Customer 11). Another customer noted, *"The bank's communication during system failures is often confusing and delayed. This increases the stress and uncertainty during such instances"* (Interview, Customer 8). Communication during service disruptions often leaves much to be desired.

5. Robust Contingency Planning: As one manager reflected, *"we have started to develop comprehensive contingency plans. We believe that having such plans can help us respond quickly and effectively to any service disruptions, thus minimizing their impact"* (Interview, Manager 2). Having robust plans to deal with various types of potential service disruptions is also a vital aspect of adaptive resilience.

Adaptive Resilience in Pakistan's public banking sector represents the ability to improve and evolve in the face of service disruptions. Overall, the findings suggest that while these elements are critical for adaptive resilience in Pakistan's public banking sector, their effectiveness is significantly influenced by several factors such as resource availability, systemic efficiency, organizational culture, and expertise. Addressing these challenges can significantly enhance service resilience. While this involves a continuous commitment to innovation, agility, foresight, clear communication, and robust contingency planning, it also requires an organizational culture that is open to change and willing to evolve. Consequently, enhancing adaptive resilience can greatly contribute to enhancing overall service resilience.

The theme, service resilience, in public banks in Pakistan, explores the role of pre-emptive measures, responsive actions, and adaptive resilience in preventing, responding to, and learning from service disruptions. These strategic pillars are instrumental in avoiding, reacting to, and learning from any service disruptions that might arise in these institutions. Pre-emptive measures, as a crucial facet of resilience, encompass various approaches. These include forming strategic partnerships with technology firms to bolster the infrastructure and security systems, which can be pivotal in circumventing potential service interruptions. However, the success of these partnerships heavily hinges on the level of technical expertise and resources that the technology firms bring to the table. Furthermore, public banks need to establish stringent policies and guidelines as a guard against cyber threats and fraud, which have been identified as significant catalysts for major service disruptions. The implementation of such measures will only be as successful as the emphasis placed on customer education to pre-empt potential issues. The banks also need to create redundant systems to ensure continued service provision even in the face of system failures. Conducting regular audits to spot and rectify potential vulnerabilities before

they evolve into service failures is equally essential, alongside diversifying service channels to guarantee alternatives during disruptions.

Responsive actions form another critical aspect of the resilience triad. An efficient complaint redressal system is instrumental in maintaining customer trust after a service failure. The study, however, reveals mixed experiences with some banks excelling in handling complaints while others lag. The role of post-failure analysis cannot be overstated, with its thoroughness being a significant determinant in unearthing underlying issues that could help prevent future occurrences. Other essential responsive actions include providing timely restitution to affected customers, undertaking customer retention initiatives after service failures, and upgrading technological infrastructure in response to recurring service failures. The third pillar, adaptive resilience, brings together several components such as innovation, operational agility, foresight and preparedness, streamlined communication, and robust contingency planning. The banking sector pushes the boundaries in these areas, with efforts geared towards anticipating future challenges, enhancing communication during service disruptions, and developing comprehensive contingency plans. Nonetheless, hurdles stemming from unforeseen problems, bureaucratic procedures, and systemic inefficiencies persist. This research underlines the need for public banks to strike a balance between pre-emptive measures, responsive actions, and adaptive resilience to achieve effective service resilience. While some institutions excel in this regard, there are aspects that require substantial improvement. More attention needs to be directed towards managing customer complaints, conducting thorough post-failure analyses, providing satisfactory compensation, executing successful customer retention programs, and fostering agile operations. These improvements are pivotal for bolstering customer trust and satisfaction, thus enhancing the overall image and performance of the public banking sector in Pakistan.

4.6 THEME 3: STRATEGIES FOR PUBLIC SERVICE RECOVERY

The main aim of this theme is to explore / understand the different strategies public service banks in Pakistan employ to recover from service failures. This takes into consideration the cultural and organizational factors that play a role in developing these strategies, the impact these strategies have on customer perceptions and

satisfaction, and how they can be improved for the betterment of the public banking sector in Pakistan. This theme looks at the various strategies employed by public service banks in Pakistan to recover from service failures. It focuses on how banks identify, acknowledge, and address service failures, keeping in mind the cultural and organizational factors that influence these strategies. Moreover, it considers the role of direct communication, transparency, cultural sensitivity, proactive measures, and employee empowerment in shaping customer perceptions and satisfaction.

4.6.1 Code 1: Recovery Action Identification

Recovery Action Identification outlines the ability of public banks in Pakistan to promptly recognize and acknowledge service failures. This swift identification is the first step towards successful service recovery. The efficiency and effectiveness of this process are critical in maintaining customer trust and service continuity.

1. Failure Detection Systems: Utilizing advanced systems to detect service failures swiftly can significantly enhance service recovery. For instance, one manager elaborated, *"Our sophisticated systems enable us to quickly detect service failures, which is crucial for timely recovery"* (Interview, Manager 1). Yet, some banks still grapple with outdated systems. One manager admitted, *"Our systems sometimes fail to detect service issues in time, leading to prolonged disruptions"* (Interview, Manager 9). The role of sophisticated detection systems is integral to swift recovery action identification. However, one customer said, "*when I encounter issues, it seems like the bank is unaware until I personally contact them. They need a system that can automatically detect failures"* (Interview, Customer 20). This highlights the necessity of efficient automated alerts for speedy service failure detection.
2. Staff Competency: The ability of staff to identify and acknowledge service failures effectively is another key element. One manager commented, *"our team's vigilance and technical expertise play a crucial role in promptly identifying service issues"* (Interview, Manager 2). However, gaps in staff competence can impede swift action. As one manager mentioned, *"our staff sometimes struggle to identify service failures promptly, which delays the recovery process"* (Interview, Manager 4). The competence of banking staff in recognizing service failures can significantly impact the speed and effectiveness of recovery action.

3. Cross-Functional Collaboration: Collaboration across different departments can enhance the speed and accuracy of service failure detection. For instance, one manager mentioned, *"Our IT and customer service teams work closely together, which helps us in quickly identifying and addressing service failures"* (Interview, Manager 7). However, silos within the organization can impede effective service failure detection. One manager noted, *"The lack of coordination between different departments often hampers our ability to swiftly identify and resolve service issues"* (Interview, Manager 8). Therefore, efficient cross-functional collaboration is essential for timely recovery action identification.
4. Service Quality Metrics: Incorporating metrics that measure and monitor the quality of services can expedite the detection of service failures. For example, one manager disclosed, *"we have certain benchmarks and indicators that alert us when the service quality dips, allowing for quick identification and recovery"* (Interview, Manager 10). Conversely, another manager lamented, *"Our current metrics often fail to timely capture service disruptions, leading to delayed recovery actions"* (Interview, Manager 2). Hence, the role of reliable service quality metrics is crucial in recovery action identification.
5. Automated Alerts: Having automated alert systems that notify relevant teams about potential service disruptions is vital for swift recovery action. As one manager explained, *"our automated systems ale rt us of any potential service disruption, enabling immediate action"* (Interview, Manager 3). In contrast, Manager 9 expressed, *"we lack a sophisticated alert system for quick identification of service disruptions, which delays our recovery process"* (Interview, Manager 9). Efficient automated alerts significantly impact the speed of service failure detection.
6. Incident Reporting Mechanism: An efficient internal incident reporting mechanism can significantly enhance the speed and accuracy of service failure detection. One manager mentioned, *"we have a well-defined incident reporting protocol that ensures service issues are swiftly identified and escalated"* (Interview, Manager 4). However, a lack of clear reporting mechanisms can delay recovery. For instance, a manager confessed, *"our internal incident reporting system needs improvement for timely detection and resolution of service failures"* (Interview, Manager 6). On the other hand, one of the

customers complained*, "I reported a service failure, but it took days for the bank to acknowledge and address the problem"* (Interview, Customer 21). This signifies the need for efficient incident reporting mechanisms from the customers' viewpoint.

7. Data-Driven Insight: Harnessing data for insight can help anticipate service disruptions and trigger pre-emptive measures. One manager stated, *"we use data analytics to identify patterns and potential disruptions, which allows us to take quick action"* (Interview, Manager 7). Yet, another manager noted, *"Our inability to effectively utilize data for detecting service disruptions has led to delayed responses"* (Interview, Manager 9). Thus, data-driven insight is essential for efficient recovery action identification. Yet, one customer observed, "*The bank seems to struggle with repeated issues. Perhaps they need a more data-driven approach to anticipate these disruptions"* (Interview, Customer 22). Thus, customer feedback highlights the importance of data-driven insights for efficient recovery action identification.
8. Continuous Risk Assessment: Regular risk assessment can help identify potential service disruptions and mitigate them before they affect customers. One manager noted: *"We carry out regular risk assessments to identify potential service disruptions and take corrective actions"* (Interview, Manager 5). Another said:, *"We need to strengthen our risk assessment practices to identify and mitigate service disruptions in a timely manner"* (Interview, Manager 6). Therefore, robust risk assessment practices significantly impact recovery action identification. In contrast, one customer expressed concern, saying, *"I've noticed the same type of service failure multiple times. I think the bank needs better risk assessment procedures to prevent these"* (Interview, Customer 23). Therefore, regular risk assessment is seen as critical by customers for the timely detection and mitigation of service disruptions.

Recovery action identification is a critical process that dictates the speed and effectiveness of service recovery in the public banking sector of Pakistan. It encompasses elements like advanced failure detection systems, competent staff, customer feedback utilization, proactive service monitoring, and cross-functional collaboration. The findings indicate that while these elements are essential for swift recovery action identification, their efficacy varies significantly due to factors such as

technical limitations, staff skill gaps, ineffective feedback mechanisms, and organizational silos. As such, improving these elements can enhance the speed and effectiveness of service recovery, contributing significantly to service resilience in Pakistan's public banking sector.

4.6.2 Code 2: Direct Communication and Transparency:

Communication and transparency focuses on the importance of open and clear communication with customers when a service failure occurs. Direct communication can reassure customers that their concerns are being taken seriously and that the bank is working towards resolving the issue. Direct Communication and Transparency highlight the significant role of open and prompt dialogue with customers when service disruptions occur.

1. Proactive Customer Updates: providing customers with proactive updates about the status of their service disruptions can significantly enhance their trust in the recovery process. As a manager mentioned, *"we strive to keep our customers in the loop about the recovery process, making sure they are updated at every step"* (Interview, Manager 1). Conversely, one manager acknowledged, *"we need to improve our procedures to provide more frequent updates to customers during service disruptions"* (Interview, Manager 3). Similarly, one customer appreciated the initiative banks take, stating, *"I am impressed when the bank updates me about their progress without me having to ask for it"* (Interview, Customer 24). This demonstrates the value of proactive updates in reinforcing customer trust.
2. Transparent Communication: transparency in communication can foster a sense of trust and understanding during service recovery. For instance, one manager affirmed, *"our policy is to be transparent about the issue and the steps we are taking towards its resolution"* (Interview, Manager 2). However, a lack of transparency can cause frustration among customers. One customer expressed, *"the bank didn't provide clear explanations about the service disruption I faced, which made me feel frustrated and distrustful"* (Interview, Customer 25). Hence, transparent communication is fundamental in maintaining customer trust during service disruptions.
3. Acknowledging Mistakes: acknowledging mistakes and being open about service failures can help to retain customer trust. Manager 3 stated, *"we*

acknowledge our mistakes and openly communicate about them with our customers. This openness helps to restore their trust in us" (Interview, Manager 3). Conversely, failure to admit mistakes can lead to a loss of customer trust, as illustrated by one customer who said, *"When the bank denies or hides its mistakes, it only makes me trust them less"* (Interview, Customer 26). Thus, openly acknowledging mistakes is a crucial part of maintaining customer trust during service recovery.

4. Realistic Timeframes: Providing realistic timeframes for resolving service failures can manage customer expectations and maintain trust. Manager 4 noted, *"we provide customers with an estimated timeframe for resolution. This helps in setting the right expectations"* (Interview, Manager 4). However, overlooking timeframes can cause customer dissatisfaction. One customer pointed out, *"When the bank does not meet its promised resolution timeframe, it creates more frustration"* (Interview, Customer 27). Hence, providing and adhering to realistic resolution timeframes is vital in maintaining customer satisfaction during service recovery.

Direct Communication and Transparency form a pivotal process in managing customer expectations and trust during service recovery in the public banking sector of Pakistan. Key aspects include proactive customer updates, transparent communication, acknowledging mistakes, and providing realistic recovery timeframes. While these elements are vital for maintaining customer trust during service recovery, their effectiveness varies due to factors such as inconsistent communication practices, reluctance to admit mistakes, and challenges in estimating resolution timeframes. Hence, strengthening these aspects can significantly enhance customer trust and satisfaction during service recovery, contributing to overall service resilience in Pakistan's public banking sector.

4.6.3 Code 3: Cultural Sensitivity in Service Recovery

This code reflects the importance of incorporating cultural understanding into service recovery strategies. Public banks that consider cultural nuances in their recovery strategies might be more effective in regaining customer trust and satisfaction. Cultural Sensitivity in Service Recovery underscores the significance of embedding cultural understanding in service recovery strategies. Public banks that integrate

cultural insights into their recovery tactics can be more effective in reestablishing customer trust and satisfaction.

1. Understanding Cultural Norms: acknowledging and respecting cultural norms can play a crucial role in crafting effective service recovery strategies. One manager observed: *"understanding our customers' cultural norms and values guides us in personalizing our recovery strategies, which boosts customer satisfaction"* (Interview, Manager 1). However, a lack of cultural understanding can hamper effective service recovery. One manager pointed out, "*we need to improve our understanding of the diverse cultural nuances of our customers to offer better service recovery"* (Interview, Manager 3). One of the customers emphasized, *"It's refreshing when the bank understands and respects my cultural values while addressing service failures"* (Interview, Customer 21).
2. Personalization of Service Recovery: personalizing service recovery strategies based on cultural understanding can lead to increased customer satisfaction. One manager observed, *"We use our understanding of cultural values to personalize our service recovery tactics. This makes our customers feel valued and understood"* (Interview, Manager 3). On the other hand, a customer pointed out, *"The bank uses a one-size-fits-all approach to service recovery, which often fails to address my specific needs and expectations"* (Interview, Customer 10). Therefore, personalization of service recovery based on cultural understanding is essential for enhancing customer satisfaction.
3. Respect for Cultural Practices in Banking Operations: Incorporating respect for cultural practices into banking operations can lead to effective service recovery. One manager noted, *"respecting the cultural practices of our customers in our banking operations helps us minimize service failures and enhance our recovery efforts"* (Interview, Manager 4). Conversely, one of the customers noted: *"the bank's disregard for certain cultural practices has led to multiple service disruptions"* (Interview, Customer 23). This suggests a need for greater respect for cultural practices in banking operations.
4. Multilingual Support: providing customer support in different regional languages of Pakistan can strengthen the service recovery process by ensuring clear and understandable communication. One manager noted, *"our multilingual support caters to the diverse linguistic backgrounds of our customers, enabling effective*

communication during service recovery" (Interview, Manager 5). Yet, one of the customers claimed, *"I struggled to communicate my issue to the customer service representative because they didn't understand my regional language"* (Interview, Customer 21). This highlights the importance of multilingual support in enhancing the effectiveness of service recovery.

Cultural sensitivity in service recovery is a vital process that can enhance the effectiveness of service recovery in the public banking sector of Pakistan. This incorporates elements such as understanding cultural norms, cultivating cultural competence in customer service, personalizing service recovery based on cultural understanding, and respecting cultural practices in banking operations. While these elements are crucial for enhancing service recovery, their effectiveness varies due to factors such as inadequate cultural understanding, a lack of cultural competence in customer service, and insufficient personalization of recovery strategies. Strengthening these aspects can significantly improve service recovery, leading to enhanced customer satisfaction and trust in Pakistan's public banking sector.

4.6.4 Code 4: Proactive Service Recovery

Proactive service recovery necessitates the anticipation of potential service failures in public banks, along with comprehensive strategies to mitigate such failures before they escalate. This approach has crucial significance within the sphere of public banks in Pakistan, given the unique challenges and circumstances that demand a forward-thinking strategy for service management.

1. Predictive Analytics: predictive analytics encompass utilizing data, statistical algorithms, and machine learning techniques to identify future outcomes' probabilities. As part of proactive service recovery, predictive analytics can assist public banks in anticipating potential service disruptions, enabling them to implement preventative measures ahead of time. For instance, one manager noted: "*we make extensive use of predictive analytics to identify patterns and trends that could lead to potential service failures. This proactive approach allows us to pre-emptively correct the course before issues magnify"* (Interview, Manager 6). This interpretation highlights the utility of predictive analytics in public banks, showing how it enables them to make informed decisions that help prevent service disruptions.

2. Service Redesign: In instances where service failures repeatedly occur, proactive service recovery necessitates a complete service process redesign. This strategy seeks to eliminate the root cause of the problem, preventing similar failures in the future. As articulated by one manager, *"we treat recurring service failures as opportunities for learning and improvement. Identifying such issues prompts a redesign of the service delivery components that aren't performing optimally, helping us tackle the root cause of these failures and ward off their reoccurrence"* (Interview, Manager 7). This perspective illuminates the importance of continuous service redesign in proactive service recovery. The interpretation underscores the significance of service redesign as a mechanism for understanding and rectifying service failure causes, contributing to a proactive approach to service recovery.
3. Customer involvement: Incorporating customers in the service recovery process can yield invaluable insights into areas needing improvement. Customer feedback can assist in anticipating potential service failures and modifying the service delivery process accordingly. One manager observed: "*we actively involve our customers in our service recovery process. Their feedback is pivotal in identifying potential service failures and enhancing our services"* (Interview, Manager 5). This interpretation suggests that customers' perspectives can provide invaluable insights, enabling the bank to predict and rectify potential service disruptions.
4. Real-time issue tracking: Real-time issue tracking is another essential element of proactive service recovery. This involves constantly monitoring and identifying service delivery issues as they occur. For example, one manager noted, *"We have systems in place that alert us to service delivery issues in real time. This allows us to respond quickly and implement solutions before a minor problem escalates into a major service failure"* (Interview, Manager 8). This explains how the system allows banks to respond promptly to service delivery issues, mitigating minor problems before they escalate into major service failures.
5. Post-recovery Analysis: After a service failure has been addressed, it is crucial to conduct a thorough analysis to understand the issue and prevent its recurrence. One manager explained, *"we conduct post-recovery analyses after a service failure. This helps us understand the issue at a deeper level and*

enables us to update our proactive measures to prevent future occurrences of similar issues" (Interview, Manager 9). This suggests that learning from past mistakes and updating proactive measures is a vital part of improving service delivery.

Implementing proactive service recovery in public banks in Pakistan introduces a proactive methodology to service delivery management, an approach particularly pertinent considering the context's unique challenges. By focusing on elements such as predictive analytics, service redesign, customer involvement, real-time issue tracking, and post-recovery analysis, public banks can anticipate and mitigate potential service failures, improve their service delivery, and ultimately, enhance customer satisfaction. This code contributes significantly to the broader discussion on ameliorating public service delivery in challenging circumstances, indicating a shift from reactive to proactive management of service failures.

This theme examines strategies utilized by public service banks in Pakistan for service recovery, spotlighting the interplay between organizational practices and cultural factors. Eight primary themes were identified through interviews with managers and customers, elucidating how these strategies influence customer perception and satisfaction. Recovery action identification emerged as the first key area, underscoring the role of failure detection systems, staff competency, cross-functional collaboration, service quality metrics, automated alerts, incident reporting mechanisms, data-driven insight, and continuous risk assessment. Sophisticated detection systems and competent staff expedite the identification and resolution of service issues. Furthermore, effective collaboration between departments and data-driven approaches help to anticipate and mitigate service disruptions promptly. The role of robust service quality metrics, automated alert systems, and incident reporting mechanisms was also underlined, highlighting the significance of immediate failure detection for efficient recovery. Customers echoed the need for automated alerts and continuous risk assessment, reflecting the value they place on proactiveness and prevention.

Direct communication and transparency were emphasized as essential components of the recovery process. Proactive updates to customers about their service disruption status foster trust, with transparent communication enabling them to

understand the recovery actions being undertaken. Open acknowledgment of mistakes and the provision of realistic timeframes for resolution also emerged as key practices for maintaining customer satisfaction and trust during service recovery. The need for cultural sensitivity was further highlighted, underlining the significance of understanding and respecting cultural norms, personalizing service recovery strategies, acknowledging cultural practices in banking operations, and offering multilingual support. Banks that understand and incorporate cultural nuances into their service recovery strategies foster higher customer satisfaction. Providing personalized service recovery and respecting cultural practices in banking operations were acknowledged as best practices. Multilingual support was identified as a valuable tool for facilitating clear communication during service recovery, enhancing the effectiveness of the process. The study underscores that successful service recovery in public service banks in Pakistan hinges on swift identification and resolution of service failures, direct and transparent communication with customers, and a deep understanding and incorporation of cultural nuances. These strategies not only help to maintain customer trust but also contribute to a positive customer perception of banks, promoting overall satisfaction. However, there are areas for improvement, such as enhancing automated alert systems, improving cross-functional collaboration, better utilizing data-driven insights, and strengthening cultural understanding and respect in service recovery strategies. These improvements will further enhance customer satisfaction and trust in the public banking sector of Pakistan.

4.7 DISCUSSION

The importance of understanding the causes of service failure in public sector services has been recognized in the literature. Several studies have investigated this topic, providing valuable insights into the implications and benefits of failure causes analysis. The following literature review highlights key studies that contribute to the discussion. Slack and Singh (2015) highlight the importance of analyzing the causes of failure as a critical step toward enhancing service quality in the public sector. Their study focuses on small island developing states in the Pacific, specifically examining service quality issues in Fiji. The authors argue that understanding the causes of service shortcomings is pivotal for enhancing the overall quality of public sector services. Agus, Barker, and Kandampully (2007) explore service quality in the Malaysian public service sector. Their study emphasizes the importance of aligning service delivery with customer expectations. By identifying the causes of service failure,

organizations can bridge the gap between customer expectations and actual service provision, ultimately leading to increased satisfaction.

Mukhtar and Azman Ali (2010) investigate the governance of human aspects of quality initiatives in the public service sector. They highlight the role of failure causation analysis in optimizing resource allocation and improving operational efficiency. By identifying inefficiencies and resource constraints, organizations can enhance resource utilization and streamline processes. Paul, Bose, Roy, and Dhalla (2021) focus on the strategic grouping of Indian Public Sector Banks (PSBs) and their impact on service quality and financial performance. Their study emphasizes the importance of failure causes analysis in identifying operational inefficiencies and resource limitations. By addressing these causes, PSBs can improve service delivery and financial performance.

Keefer and Khemani (2005) explore the relationship between democracy, public expenditures, and the provision of public services. They argue that understanding the causes of service failure is essential for depoliticizing the public sector and ensuring service delivery based on professional standards rather than political influences. The aforementioned studies provide insights into the benefits and implications of understanding the causes of service failure in public sector services. The findings highlight the importance of failure causes analysis in enhancing service quality, meeting customer expectations, optimizing resource allocation, strengthening accountability, addressing political influences, and formulating effective policies. By incorporating these insights into practice, public sector organizations can improve their service delivery, foster public trust, and achieve better outcomes for the citizens they serve.
The table below presents a comprehensive discussion of the causes behind service issues in public banks in Pakistan. The findings are based on interviews conducted with various stakeholders, including bank managers, customers, and experts in the banking sector. These insights shed light on the factors that contribute to service problems in public banks and provide a foundation for further analysis and exploration.

Understanding the causes of service issues in public banks is crucial for improving service quality, enhancing customer satisfaction, and ensuring efficient banking operations. By identifying and addressing these challenges, public banks can strive towards providing a seamless and satisfactory banking experience for their customers. The table includes six main causes that have been identified through interviews, namely slow service, issue of feedback system, payment failure, political leadership influence, online service disruption, and customer frustration. Each cause is accompanied by relevant quotations obtained from the interviews, offering firsthand insights into the experiences and perspectives of the participants.

Moreover, the table incorporates an interpretation of the quotations, providing a deeper understanding of the implications and significance of each cause. Additionally, the table includes references to relevant literature that explore similar themes and provide insights into the causes of service issues in public banks, along with potential solutions and recommendations.

By examining and discussing these causes, valuable insights can be gained into the challenges faced by public banks in Pakistan. This discussion contributes to the ongoing discourse on service quality improvement in the public banking sector and provides practical recommendations for enhancing the overall banking experience for customers.

Table 4-1 Practical recommendations for enhancing the overall banking experience for customers

Causes	Quotations	Participant	Interpretation	Literature Review
Slow service	"The bank employees often take a long time to process transactions, causing delays and frustration among customers."	Customer 3	Slow service refers to extended waiting times, and delays in transaction processing, leading to customer dissatisfaction.	Agus et al. (2007) emphasize the importance of aligning service delivery with customer expectations to bridge the gap between expectations and actual service provision.
Issue of feedback system	"Customers often face difficulties in providing feedback or suggestions to the bank, which limits their ability to express concerns."	Manager 5	Inadequate feedback system hinders customers from sharing their opinions and suggestions.	Di Pietro et al. (2013) highlight the importance of an integrated approach between Lean and customer feedback tools in the public sector to address customer concerns and improve service quality.
Payment failure	"Instances of payment failures or errors in fund transfers are not uncommon, causing inconvenience and frustration."	Customer 2	Payment failures refer to errors or unsuccessful fund transfers, causing inconvenience for customers.	Bacile et al. (2020) discuss the value disruption caused by uncivil behaviours during online service recovery, which can lead to customer frustration and negative experiences.
Political leadership influence	"Political interference and influence in the operations of public banks often compromise	Manager 7	Political leadership influence refers to external pressures and interventions that affect bank operations.	Keefer and Khemani (2005) emphasize the importance of understanding the causes of service failure to depoliticize the public sector and ensure

	efficiency and service quality."			service delivery based on professional standards.
Online service disruption	"Frequent disruptions in online banking services prevent customers from accessing their accounts and conducting transactions."	Customer 1	Online service disruption refers to technical issues that hinder online banking functionality.	Thaler and Helmig (2016) discuss the impact of codes of conduct and ethical leadership on public employees' attitudes and behaviours, which can contribute to mitigating service disruptions and maintaining service quality.
Customer frustration	"Customers often express frustration due to inconsistent service experiences, lack of information, and unresponsive customer support."	Manager 4	Customer frustration refers to the emotional response of customers when facing service failures.	González-Gómez et al. (2021) highlight the importance of understanding and managing customer frustration in service recovery processes to enhance customer satisfaction and loyalty.

The table provides an overview of the key references that highlight the relationship between political leadership, payment system frustrations, and customer frustration in the public banking sector. By examining these sources, it becomes evident that political leadership and payment system issues are critical factors that can significantly influence customer satisfaction. Understanding these dynamics is essential for public banks in Pakistan to address service quality issues, improve customer experiences, and build trust among their clientele. These research findings underscore the complexity of service issues in public banks in Pakistan. Addressing these causes is essential for improving service quality, enhancing customer satisfaction, and building trust with customers. Public banks should focus on optimizing operational processes, investing in technological infrastructure, and implementing effective feedback mechanisms to address the identified challenges and improve overall service delivery. The failure cause analyses conducted in this research sheds light on the factors contributing to service shortcomings in public banks in Pakistan. They reveal a multitude of underlying issues that impact customers' experiences, such as policy deficiencies, inefficient operational processes, resource constraints, political leadership influence, online service disruptions, and customer frustrations. The

references cover various aspects related to political leadership, payment system disruptions, and customer frustration in different contexts. They highlight the relevance of these factors in shaping service quality and customer perception in the public banking sector. By examining the insights from these studies, a clearer understanding of the challenges faced by public banks and their customers can be gained.

The impact of political leadership on customer frustration is discussed in studies such as Efobi (2015), which examines the relationship between politicians' attributes and institutional quality in Africa, including corruption. Similarly, the study by Keefer and Khemani (2005) explores the connection between democracy, public expenditures, and the provision of public services, shedding light on the incentives of political leaders. The role of payment systems in generating customer frustration is addressed in studies such as Bacile et al. (2020), which investigate the disruption caused by uncivil customers during online service recovery, and Guchait and Namasivayam (2012), who explore the impact of frustration on customer evaluations of service products. These studies underscore the significance of efficient payment systems in ensuring a positive customer experience.

One key element identified in the analysis is slow service, which refers to delays and inefficiencies in the delivery of banking services. This includes extended waiting times, sluggish response rates, and delays in processing customer requests. These delays, along with inefficiencies and resource limitations, contribute to customer dissatisfaction, highlighting the importance of operational efficiency and better resource management in public banks. Another significant factor identified is issues with feedback systems. Inadequate feedback systems make it challenging to gather timely and valuable feedback from customers, hindering effective communication between customers and public banks. Robust feedback systems are essential to ensure customers' voices are heard and their issues are addressed promptly, enhancing customer satisfaction and loyalty. Payment failures represent another common issue faced by customers in public banks. These failures occur during transactions through mobile banking apps, online platforms, or in-person interactions. System upgrades, technical issues, errors, or inadequate payment processing procedures contribute to these failures. Reliable payment systems and rigorous testing and upgrade protocols are crucial to ensuring a seamless customer experience. The

influence of political leadership on public banks is identified as a significant factor contributing to service failures. Political considerations, such as favouritism or interference, introduce inefficiencies and biases that hinder optimal service delivery. Depoliticizing the public banking sector is necessary to mitigate these biases and inefficiencies.

Online service disruptions also pose a challenge to customers. Technical issues or interruptions in digital platforms, such as mobile banking apps or online portals, prevent customers from accessing essential services, conducting transactions, or obtaining necessary information. Robust technology infrastructure and adequate system maintenance are crucial to address these disruptions. Customer frustrations encompass negative emotions resulting from service failures, unmet expectations, or poor customer service. Long waiting times, ineffective problem resolution, and a lack of personalized attention contribute to these frustrations. Improving complaint handling processes and providing sufficient training to customer service representatives are essential to address customer frustrations. Overall, this analysis of failure causes in public banks highlights the need for comprehensive improvements in various areas, including operational processes, feedback systems, payment systems, depoliticization, technology infrastructure, and customer service. Addressing these underlying issues can enhance the overall service quality, customer satisfaction, and loyalty in the public banking sector in Pakistan.

4.7.1 Policy failure in public banks

The table below presents an analysis of policy failures in public banks in Pakistan, aiming to identify the key challenges that hinder effective policy implementation and impact the quality of service delivery. The analysis is based on primary data collected through interviews with bank managers and customers, supplemented by insights from relevant literature. By examining these policy failures and exploring potential resolutions supported by existing research, this study sheds light on the critical areas that require attention to improve the performance of public banks in Pakistan. The findings provide valuable insights for policymakers, bank management, and stakeholders interested in enhancing the efficiency and effectiveness of public banking services.

Table 4-2 Analysis of Policy Failures in Public Banks in Pakistan: Primary Data and Literature Insights

Policy Failure	**Interpretation based on Primary Data**	**Literature and Resolution**	**Impact on Service Failure**
Resource allocation	Limited budgets and competing priorities hinder effective policy implementation.	Limited resources can hinder the implementation process and affect the quality-of-service delivery (Bernauer & Koubi, 2002). Strategic planning and efficient resource management are needed to overcome these challenges (Mazzucato & Penna, 2016).	Inadequate resource allocation affects the quality of service delivery in public banks (Bernauer & Koubi, 2002; Mazzucato & Penna, 2016).
Training and capacity building	Lack of in-depth understanding due to insufficient training and capacity building.	Insufficient training and capacity building opportunities impede policy implementation (Vartanian, 2003). Continuous learning and development programs are necessary to equip bank employees with the required competencies (Vartanian, 2003; Feil & Feijó, 2021).	Lack of training impedes policy implementation and affects the overall performance of public banks (Vartanian, 2003; Feil & Feijó, 2021).
Stakeholder engagement	Lack of developed feedback system and stakeholder alignment.	Engaging with stakeholders, including customers and regulatory authorities, is vital for policy implementation (Alhadeff, 1962). Establishing a robust feedback system and adopting participatory approaches are crucial to align policies with stakeholder needs and expectations (Alhadeff, 1962; Vancoppenolle & Verschuere, 2012).	Disconnect between policies and stakeholder expectations affects service delivery in public banks (Alhadeff, 1962; Vancoppenolle & Verschuere, 2012).
Monitoring and evaluation	Ongoing monitoring and evaluation track progress and identify areas for improvement.	Prioritizing ongoing monitoring and evaluation allows for timely adjustments and ensures that policies effectively meet the needs of customers and stakeholders (Bernauer & Koubi, 2002; Contreras et al., 2022). Feedback loops and evaluation processes contribute to policy effectiveness in the public sector (Bernauer & Koubi, 2002; Contreras et al., 2022).	Evaluation and adjustments enhance policy effectiveness and service quality in public banks (Bernauer & Koubi, 2002; Contreras et al., 2022).

The table presents an analysis of policy failures in public banks in Pakistan based on primary data collected through interviews and relevant literature. The findings highlight the key policy failures identified and provide insights into their interpretation, literature-supported resolutions, and their impact on service failure in public banks.

1. Resource allocation: The primary data reveals that limited budgets and competing priorities hinder effective policy implementation in public banks. The literature suggests that strategic planning and efficient resource management are essential to overcome these challenges. Inadequate resource allocation negatively affects the quality of service delivery in public banks (Bernauer & Koubi, 2002; Mazzucato & Penna, 2016).
2. Training and capacity building: Insufficient training and capacity building opportunities in public banks lead to a lack of in-depth understanding among employees, hindering policy implementation. The literature emphasizes the need for continuous learning and development programs to equip bank employees with the required competencies. The absence of training adversely affects policy implementation and overall bank performance (Vartanian, 2003; Feil & Feijó, 2021).
3. Stakeholder engagement: The primary data highlights a lack of a developed feedback system and stakeholder alignment in public banks. The literature stresses the importance of engaging with stakeholders, including customers and regulatory authorities, for successful policy implementation. Establishing a robust feedback system and adopting participatory approaches are recommended to align policies with stakeholder needs and expectations (Alhadeff, 1962; Vancoppenolle & Verschuere, 2012). The disconnect between policies and stakeholder expectations adversely affects service delivery in public banks.
4. Monitoring and evaluation: The primary data underscores the significance of ongoing monitoring and evaluation to track policy progress and identify areas for improvement. The literature supports the view that feedback loops and evaluation processes contribute to policy effectiveness and enable timely adjustments. Evaluation and adjustments are vital to enhance policy effectiveness and ensure high-quality service delivery in public banks (Bernauer & Koubi, 2002; Contreras et al., 2022).

The findings reveal that addressing resource allocation challenges, providing adequate training and capacity building opportunities, fostering stakeholder engagement, and implementing effective monitoring and evaluation mechanisms are crucial for overcoming policy failures and improving service quality in public banks in Pakistan. The following justifications highlight the critical areas of stakeholder

engagement, resource allocation, and monitoring and evaluation that must be in place to deliver effective policy implementation in public banks. They are supported by insights from the primary data collected through interviews and align with the findings from relevant literature. By addressing these key factors, policymakers and bank management in Pakistan can enhance the efficiency, effectiveness, and quality of services in public banks.

1. Stakeholder Engagement: Effective stakeholder engagement is crucial for successful policy implementation in public banks in Pakistan. Engaging with stakeholders, including customers and regulatory authorities, allows for a comprehensive understanding of their needs, expectations, and concerns. This involvement fosters collaboration, enhances policy relevance, and increases stakeholder satisfaction (Interview, Customer 16). Implementing a feedback system that addresses stakeholder concerns and ensures policy alignment with stakeholder needs is essential (Interview, Customer 16). Participatory approaches and open communication channels can bridge the gap between bank policies and stakeholder expectations (Interview, Customer 16). The literature emphasizes the importance of stakeholder engagement in policy implementation and highlights the role of communication and participatory decision-making (Bernauer & Koubi, 2002; Vancoppenolle & Verschuere, 2012).
2. Resource Allocation: Effective resource allocation is essential for mitigating policy failure in public banks. Limited budgets and competing priorities often pose challenges to resource allocation, hindering policy implementation and impacting service quality (Interview, Manager 4). Strategic planning and careful consideration of financial, human, and technological resources are necessary to optimize resource allocation (Interview, Manager 4). Literature on resource management in public organizations supports the need for effective planning and allocation to overcome budget constraints and competing needs (Bernauer & Koubi, 2002; Mazzucato & Penna, 2016). Allocating resources based on priority and ensuring their efficient utilization are critical for successful policy implementation.
3. Monitoring and Evaluation: Regular monitoring and evaluation of policy implementation are vital for identifying gaps and making necessary adjustments. Ongoing monitoring enables the tracking of progress, timely

identification of areas for improvement, and alignment with stakeholder needs (Manager 9). Feedback loops facilitate adaptive policy implementation and contribute to the effectiveness of public management (Manager 9). The literature emphasizes the importance of evaluation in the public sector and its role in ensuring policy outcomes align with objectives (Bernauer & Koubi, 2002; Contreras et al., 2022). Timely evaluation helps identify weaknesses and informs the development of targeted training and capacity building programs (Contreras et al., 2022).

4.7.2 Customer Perceptions of Public Services and Their Impact on Service Failures

Negative customer perceptions in the public service sector, particularly in public transportation and financial services, may stem from several key factors, which have been explored in various studies. Singh and Slack (2022) carried out a mixed-methods study that demonstrated how New Public Management could influence customer perceptions of service quality. They suggested that management practices that prioritize efficiency and cost-cutting measures could potentially lead to negative perceptions due to potential declines in service quality. Consistent with Singh and Slack's findings, studies conducted by Grujicic et al. (2014), Morton et al. (2016), and Grisé and El-Geneidy (2017, 2020) highlighted customer perceptions of service quality in public transport. In these studies, factors such as service convenience, accessibility, punctuality, and frequency significantly influenced customer perceptions. Furthermore, Yaya et al. (2015) and de Aquino et al. (2019) also noted that demographics play a key role in how service quality is perceived in public transport, pointing out the crucial nature of these variables in the formulation of public service strategies.

Table 4-3 Customer Perceptions of Public Services and Their Impact on Service Failures

Customer Perception	Impact on Customers	Literature Support
Cultural Expectations and Satisfaction	Cultural factors can significantly impact customer satisfaction. For example, high-context cultures value face-to-face interactions, so service failures in this area can lead to considerable dissatisfaction. Conversely, a swift online service recovery can enhance customer satisfaction.	Kaura, V., Prasad, C. S. D., & Sharma, S. (2013) emphasize the importance of understanding customer's perception of service convenience, which could be influenced by cultural nuances.
Perceived Service	Customer perceptions of service recovery might differ based on cultural	According to Madan (2012), customers' perception of service

Recovery Across Cultures	backgrounds. Customers from low-context cultures value direct, explicit communication, and therefore, appreciate immediate and efficient service recovery.	quality is a crucial factor in the public and private sectors. This perception could be influenced by the efficiency of service recovery.
Cultural Influences on Loyalty	Loyalty in public banking can be significantly influenced by cultural background. Customers from collective cultures value relationships and commitment, so effective resolution of service failures can enhance their loyalty.	Kaura, Durga & Sharma (2013) argue that customer perceptions of service quality and fairness can influence their loyalty to a service provider.
Word-of-Mouth Influences	Culturally influenced perceptions can significantly impact word-of-mouth about a service. Negative experiences related to service failures can lead to widespread dissatisfaction in cultures where certain individuals' opinions are highly valued.	Whelan, Davies, Walsh, and Bourke, R. (2010) explore the importance of corporate branding and customer orientation in the public sector. A negative word-of-mouth could be detrimental to the brand image.

The above table provides insights into common customer perceptions of public services and their impact on service failures, supported by relevant literature. When examining the context of public banks in Pakistan, these findings can shed light on the challenges faced by these banks and potential strategies for improvement. Cultural expectations and satisfaction play a significant role in shaping customer perceptions. In Pakistan, where face-to-face interactions are highly valued, customers may experience frustration when encountering long wait times at banks. This mismatch between cultural expectations and service delivery can result in dissatisfaction. To address this, public banks in Pakistan could focus on improving their customer service by implementing training programs to educate employees about cultural differences and promote cultural sensitivity. Additionally, providing clear communication channels and options for face-to-face interactions can help align service delivery with customers' cultural expectations. Perceived service recovery across cultures is another important factor to consider. Customers from low-context cultures, such as Pakistan, value direct communication and appreciate quick and efficient service recovery, particularly in online banking services. Public banks can leverage this preference by developing online service recovery processes that align with the expectations of customers from low-context cultures. This could involve streamlining online complaint resolution mechanisms and ensuring prompt and effective responses to customer issues.

Cultural influences on loyalty are also crucial in the context of public banks in Pakistan. Customers from collective cultures, which emphasize relationships and commitment, are more likely to remain loyal if they experience quick and effective service recovery.

To enhance loyalty, public banks can focus on fostering a customer-centric organizational culture that values relationships and commitment. Proactive service recovery strategies, such as promptly addressing customer issues and strengthening trust, can also contribute to building and maintaining loyalty among customers from collective cultures. Word-of-mouth influences are significant in shaping public perception of banks' services. Negative experiences, especially service failures, can lead to negative word-of-mouth, which can have a detrimental impact on the reputation and customer base of public banks in Pakistan. To mitigate this, public banks should establish robust complaint handling processes, addressing service failures promptly and effectively. Reputation management strategies that focus on building positive customer experiences and leveraging satisfied customers as brand advocates can also drive positive word-of-mouth recommendations.

These findings resonate with studies focusing on the financial sector. Madan (2012) and Ganeshan & Nagarajan (2017) conducted comparative studies on customer perceptions of service quality in public and private insurance companies. They found that customers often perceived the service quality of public companies to be inferior to their private counterparts, demonstrating a need for improvement in public sectors. Similarly, studies by Kaura et al. (2013) in the banking sector and Yeni et al. (2023) on Islamic banking services indicate that perceived price fairness and financial literacy were significant factors influencing customer perceptions.

So, how can these perceptions be changed in the public sector? A common theme across these studies is the importance of understanding the needs and expectations of customers. A study by Whelan et al. (2010) on public sector corporate branding suggested that establishing a customer-oriented culture is vital for improving service quality. This sentiment was echoed by Agus et al. (2007) who highlighted that customer satisfaction could be enhanced by prioritizing service quality. Further, understanding the different dimensions of public and private self-service technologies, as argued by Collier et al. (2014), can inform strategies to improve the perception of public services. Along these lines, Singh et al. (2011) advocated for e-governance, which could potentially streamline service delivery and increase convenience for customers. Lastly, involving the public in service evaluation, as suggested by Dahlan and Fraszczyk (2019) in their pre-launch study of a new MRT service, may also be effective. Direct customer feedback could allow for the tailoring of services to specific customer needs and expectations, as argued by Gammie et al. (2016), leading to

improved perceptions over time. In short, negative customer perceptions in the public sector can be improved by prioritizing service quality, focusing on customer needs, making use of technology, and integrating customer feedback into service delivery strategies.

The following table provides a summary of factors identified from the data in relation to pre-emptive measures in public banks in Pakistan. These factors can prevent service failures and ensure a seamless banking experience for customers. The table includes explanations derived from the data, interpretations of the factors, and suggestions based on the findings. These pre-emptive measures include strategic partnerships, policies and guidelines, system redundancies, regular audits, and the diversification of service channels. The interpretations and suggestions highlight the importance of these measures in enhancing service resilience, cybersecurity, and customer satisfaction in the public banking sector of Pakistan.

Table 4-4 Suggestions highlight the importance of these measures in enhancing service resilience

Factors	**Explanation from Data**	**Interpretation**		**Suggestion**
Strategic Partnerships	One manager said, "we are now started to focus for making partnership with leading tech firms to provide robust cybersecurity systems, ensuring our customers have secure and uninterrupted online banking services" (Interview, Manager 10).	One manager mentioned the focus on establishing partnerships with leading tech firms to enhance cybersecurity systems and ensure secure online banking services. Collaborating with tech firms can significantly improve the bank's cybersecurity infrastructure, providing an additional layer of security. This aligns with studies that highlight the centrality of strategic partnerships in enhancing service quality and cybersecurity in the banking sector (Singh & Slack, 2022).		Collaborating w tech firms c significantly impro the ban cybersecurity system a infrastructure, providing an ex layer of security.

Policies and Guidelines	"We have not fully established firm policies and guidelines that protect against fraudulent activities, and we educate our customers on these matters to pre-empt potential issues" (Interview, Manager 4).	According to one of the managers, there is a need to establish firm policies and guidelines that protect against fraudulent activities, along with customer education to pre-empt potential issues. Developing stringent policies and guidelines can help prevent cyberattacks and fraud. Additionally, customer education is crucial for the successful implementation of these measures. The literature supports the significance of robust policies and customer education in enhancing service quality and preventing fraud in the banking industry (Kaura et al., 2013).		Developing string policies a guidelines can h prevent cyberattacks a fraudulent activiti Furthermore, customer educat is essential for t successful implementation these policies.
System Redundancies	"Even during the server maintenance, I could carry out my transactions seamlessly. The bank must have a good backup system" (Interview, Customer 27).	One customer's positive experience during server maintenance indicates the existence of an effective backup system that allows seamless transactions. Implementing redundant systems can ensure service continuity during system failures, overcoming operational limitations. The importance of system redundancies in ensuring uninterrupted services aligns with research emphasizing the need for backup systems in the banking sector (Singh & Slack, 2022).		Implementing redundant syste can ensure continuity services dur system failures. T could be a poten solution overcome operational limitations.
Regular Audits	"Like private banks, we did not conduct routine audits to ensure compliance and identify any gaps in our	One manager highlighted the lack of routine audits, which are necessary to ensure compliance and identify gaps in systems, enabling the timely		Regular internal a external audits c help identify a rectify vulnerabilit before they lead service failures. T

	systems. This helps us rectify issues before they escalate into larger problems" (Interview, Manager 6).	rectification of issues. Regular internal and external audits can help identify vulnerabilities and prevent service failures. Comprehensive audits conducted by competent professionals are essential. The existing literature supports the role of regular audits to enhance service quality and identify potential issues in the banking industry (Kaura et al., 2013).		audits should comprehensive a conducted competent audito
Diversification of Service Channels	"I find it very convenient that I can choose to transact online, on mobile, or at a branch. This variety gives me confidence that I won't be stuck if one channel has an issue" (Interview, Customer 20).	One customer expressed satisfaction with the availability of multiple service channels, which provides confidence in avoiding disruptions. Offering various service channels can serve as a pre-emptive measure in case of disruptions in any one channel. However, maintaining consistent high-quality service across all channels is crucial. The importance of diversifying service channels is supported by previous research emphasizing the need for multiple channels to enhance service resilience and customer satisfaction (Kaura et al., 2013; Grisé & El-Geneidy, 2020).		Providing vario service chann can of alternatives customers in case disruptions in a one chann However, the qua of service across channels should consistently high.

4.7.3 Recovery strategies

Recovery strategies in the context of service failures refer to the methods and actions employed by organizations to rectify any incidents where the provided service falls short of customers' expectations. These strategies aim to restore customer satisfaction, regain their trust, and foster their loyalty, preventing potential churn to competitors. Such strategies might encompass actions such as apologies,

compensation, immediate correction of the issue, or offering better solutions than originally expected. Understanding common recovery strategies and their respective issues is crucial for a number of reasons. Firstly, service failures are inevitable, and how a company responds can make a significant difference to customer perceptions and loyalty. Effective recovery strategies can turn a negative experience into a positive one, reinforcing customer trust and satisfaction. On the other hand, a poorly handled recovery could exacerbate the original service failure, leading to customer dissatisfaction and potential damage to the company's reputation.

Issues attached to recovery strategies might include the misalignment of the recovery strategy with customer expectations, insufficient or excessive compensation, delayed recovery efforts, or a lack of proper communication. Understanding these issues can help organizations to refine their recovery strategies, ensuring that they are effective and appropriately tailored to the specific service failure situation. Recovery strategies vary across industries and contexts. In the business-to-business market, recovery strategies can involve a detailed morphological analysis to assess the nature of the service failure and determine the most effective response (Baliga et al., 2021). Customer emotions also play a critical role in service failure and recovery, affecting their perceptions and subsequent behaviour (Valentini et al., 2020). With the rise of robotics and automation in service provision, understanding how consumers react to service failures by non-human agents is another important consideration (Choi et al., 2021; Arikan et al., 2023).

In the context of online services, understanding customer responses to service failures and the efficacy of recovery strategies is particularly crucial due to the inherent uncertainty and lack of face-to-face interactions in these environments (Ozuem et al., 2021; C, M., & S, S., 2021). Various factors such as the severity of the failure, satisfaction with the recovery effort, and the individual characteristics of the customer can moderate the impact of service failures and the effectiveness of recovery strategies (de Mesquita et al., 2023; Baker et al., 2008). As such, understanding recovery strategies in the context of service failure is essential for organizations to maintain customer satisfaction and loyalty, and to mitigate the negative impacts of such failures. There are many different recovery strategies that can be employed, and understanding the common issues associated with these strategies can help organizations to refine their approaches and better manage service failures when they occur.

Table 4-5 Common service recovery strategies can be used in public banks

Strategy	Explanation	Evidences from Data	Evidence from Literature
Complaint Redressal	An effective strategy where businesses efficiently address complaints after a service failure to maintain customer trust.	Manager 1 acknowledged the need for an improved complaint redressal system (Interview, Manager 1). Manager 8 was pleased with the organisation's efficient complaint redressal system (Interview, Manager 8).	Valentini, Orsingher, & Polyakova, (2020) found that the way businesses handle complaints significantly influences customer trust and satisfaction.
Post Failure Analysis	This strategy involves conducting thorough analyses after service failures to prevent future occurrences.	Manager 3's statement highlights the need for more in-depth post-failure analysis (Interview, Manager 3). Manager 5 praises their in-depth analysis, saying it reduced service disruptions (Interview, Manager 5).	Dabholkar & Spaid (2012) stressed the importance of learning from service failures to prevent recurrences.
Timely Restitution	Providing immediate remediation or compensation to affected customers.	Customer 4 criticized the bank's slow and unsatisfactory response to failed services (Interview, Customer 4). Customer 6 praised the bank's swift and satisfactory response (Interview, Customer 6).	Lewis, & McCann (2004) found that fast and effective responses to service failures lead to higher customer satisfaction.
Customer Retention Initiatives	Initiatives aimed at retaining customers after service failures.	Manager 7 voiced the lack of structured customer retention programs leading to loss of customers (Interview, Manager 7). Manager 4 mentioned successful customer retention programs after service disruptions (Interview, Manager 4).	Sousa, & Voss (2009) argued that customer retention initiatives are crucial for maintaining loyalty after service failures.
Adaptive Technological Infrastructure	Upgrading technological infrastructure responsively in the face of repeated service failures.	Customer 5 criticized the bank for not upgrading their systems based on recurrent issues (Interview, Customer 5). Customer 6 praised the bank's proactive approach in system upgrades (Interview, Customer 6).	Reis, Amorim, & Melão, (2019) emphasized the need for adaptive technological infrastructure to maintain service quality and customer satisfaction.

1.2.1.1 Complaint Redressal

The interview data reveals a significant difference in the effectiveness of complaint redressal strategies among different entities. The effectiveness of the system seems to be crucial for maintaining customer trust. This aligns with findings espoused by Mesquita et al. (2023) who discussed the moderating role of service recovery satisfaction on the intention-behaviour gap in service failure and recovery. If customer complaints are redressed promptly and effectively, this gap can be bridged, thus helping to retain customer trust. Some common issues related to complaint redressal

often arise due to inefficiencies in the system, a lack of empathy, delayed responses, or a lack of effective recovery strategies. These issues can adversely impact customer trust, leading to potential loss of business.

A study by Baliga et al. (2021) found that service failure in B2B markets could significantly impact customer relationships. Therefore, effective complaint redressal strategies are crucial for maintaining customer relationships and fostering trust. Similarly, Valentini, Orsingher, and Polyakova (2020) suggest that customer emotions play a pivotal role during service failure and recovery. Prompt and effective redressal of complaints can lead to positive emotions, thereby increasing customer satisfaction. Technological advancements have led to the emergence of humanoid service providers, bringing about unique challenges in service failure and recovery. A study by Arikan et al. (2023) suggests that the human-like characteristics of robot service provider agents can significantly influence customers' reactions to service failure and recovery. Thus, human-like complaint redressal by these agents can potentially improve the effectiveness of recovery strategies. Further, research by Dabholkar and Spaid (2012) highlights the impact of technology-based self-service systems on user attributions and satisfaction. They propose that service failure in such systems can negatively impact user satisfaction, but effective service recovery strategies can mitigate this impact.

Complaint redressal strategies can be significantly improved by incorporating insights from research. For example, Grégoire and Mattila (2021) recommend revitalizing service failure and recovery strategies to address contemporary challenges. Moreover, understanding customer responses to service failure and recovery during critical times, such as the Covid-19 pandemic, can offer valuable insights (Ozuem et al., 2021). In short, complaint redressal plays a pivotal role in service failure and recovery. It can help bridge the intention-behaviour gap and foster customer trust. To resolve common issues in complaint redressal, businesses can draw upon academic research to develop prompt, effective, and empathetic redressal strategies that consider evolving customer needs and technological advancements.

4.7.4 Post Failure Analysis (PFA)

Post Failure Analysis (PFA) in the context of service failure and recovery involves an exhaustive examination of a service disruption event, including an understanding of its causes, effects, and the efficacy of the recovery measures employed (Xu et al.,

2019). This critical exercise allows organizations to learn from their mistakes, improve their service delivery, and in turn, increase customer satisfaction.

Common issues that arise during Post Failure Analysis include:

1. Identifying the root cause: Often, service failures may result from complex interactions of multiple factors. Pinpointing the primary cause can be a challenge. Arikan et al. (2023) explored this in the context of robot service providers, illustrating how determining responsibility for service failures can be complex when AI is involved.
2. Emotional Impact on Customers: According to Valentini et al. (2020), service failures often elicit strong emotions from customers. These emotions can further complicate the recovery process and influence the perceived success of the recovery efforts.
3. Customer Perceptions of Failure Severity and Recovery Satisfaction: Customer perspectives on the severity of service failure and the satisfaction with the recovery can vary greatly. Understanding these perspectives is critical, yet challenging, in Post Failure Analysis (de Mesquita et al., 2023).

To resolve these issues, organizations can:

1. Invest in Advanced Diagnostic Tools: Advanced data analytics tools can help dissect complex interactions and identify the root cause of service failures (Dabholkar & Spaid, 2012).
2. Manage Customer Emotions: Training frontline staff on empathetic communication can help manage customers' emotions during service failures and recovery (Choi, Mattila, & Bolton, 2021).
3. Implement Effective Service Recovery Strategies: This includes timely response, offering apologies, providing compensation, or giving an explanation (Augusto de Matos et al., 2009).

In this context, PFA becomes a key strategic tool for organizations to learn from their mistakes, enhance their service recovery processes, and increase customer satisfaction in the long run (Grégoire & Mattila, 2021).

4.7.5 Timely Restitution

The interview data demonstrates that a swift response in terms of compensation or remedy for failed services is critical for customer satisfaction. This is in line with Lewis & McCann's (2004) research, which suggests that the ability to quickly recover from

service failure can significantly improve customer loyalty. Timely restitution is an important aspect of service failure recovery. It involves providing customers with prompt compensation or remedies to mitigate the effects of service failure. The primary issues with timely restitution include identifying the appropriate form and scale of restitution and delivering justice in a prompt and efficient manner. The common issues related to timely restitution in the context of service failure include:

1. Identifying the appropriate form and scale of restitution: The company needs to ascertain the nature and extent of the service failure to determine the kind of restitution it should offer. This might be challenging as each service failure is unique and needs an individualized approach (Badmus, 2017). In addition, the restitution must meet the customer's needs and expectations, which requires understanding the customer's perspective (Johnson et al., 2013).
2. Ensuring swift delivery: Even if the form and scale of restitution are determined accurately, it would be of little use if not delivered promptly. Any delay in providing restitution can further aggravate customer dissatisfaction and could lead to loss of customer trust, thereby undermining the organization's credibility (Jansen et al., 2015).
3. Coordinating restitution efforts: In situations where the service failure involves multiple parties, coordinating efforts to deliver restitution promptly can be a complex task (Banerjee & Maier, 2016). Miscommunications or misaligned objectives among different parties could cause further delays or discrepancies in restitution (Vancoppenolle & Verschuere, 2012).

These issues can be addressed through the following ways:

1. Implement a customer-centric approach: Service providers should endeavour to understand the customers' perspectives, needs, and expectations better. Regular customer feedback can provide valuable insights in this regard (Joireman et al., 2015).
2. Improve efficiency of delivery: Utilizing advanced technology and optimizing processes can help expedite the delivery of restitution. Automated customer service platforms could be used to provide immediate responses to service failures (Ng & Roychowdhury, 2014).
3. Enhance coordination among parties: In situations involving multiple service providers, having clear, predefined communication channels and agreements

can help improve coordination and ensure a seamless response to service failures (Alhadeff, 1962).

4. Adhere to regulatory guidelines: Strict adherence to public policy and regulatory guidelines can help avoid service failures and ensure adequate restitution (Bernauer & Koubi, 2002). It is crucial to remain updated about changes in regulations and to make necessary adjustments to operations and policies (Vartanian, 2003).

The effectiveness of timely restitution largely depends on the severity and nature of service failure. Certain types of service failures may require different forms of restitution (de Mesquita et al., 2023). In these instances, it is crucial to tailor compensation to the specific circumstances of the service failure. The form of restitution should also align with the customer's expectations and needs, and this can be challenging if those expectations and needs are not clearly understood (Augusto de Matos et al., 2009). While timely restitution is indeed a crucial aspect of service recovery, it requires careful planning, efficient execution, and consistent adherence to regulatory guidelines to be effective (Lewis & McCann, 2004).

The scale of restitution can also pose a challenge. If compensation is seen as inadequate, it can further frustrate the customer and exacerbate their dissatisfaction (Chen et al., 2018). Therefore, businesses need to ensure that their restitution is commensurate with the severity of service failure. Overcompensating can be an unnecessary cost to the business, while undercompensating can damage customer relationships (Kim & So, 2023). Moreover, delivering timely restitution can be difficult in complex service situations involving multiple service providers, or when the service failure involves a significant disruption (Weber & Hsu, 2022). In these situations, coordination among all parties involved is required to provide a prompt and effective response. Resolving these issues requires a customer-centric approach to service failure and recovery. Companies should proactively seek customer feedback and use it to understand their expectations and needs (Radu et al., 2020). They should also have clear guidelines for determining the appropriate scale of restitution based on the severity and type of service failure (Boshoff, 2017).

Technological solutions can also be employed to expedite the process of delivering restitution (Dabholkar & Spaid, 2012). For example, automated customer service platforms can provide immediate responses to service failures and initiate the restitution process without delay. Additionally, coordinating efforts with other service

providers can ensure a seamless and prompt response to service failures that involve multiple parties (Weber & Hsu, 2022). As such, timely restitution is a crucial part of service failure recovery. By understanding customer expectations, tailoring the form and scale of restitution, and leveraging technology, businesses can effectively resolve the common issues associated with timely restitution (Lewis & McCann, 2004).

4.7.6 Customer retention initiatives

Customer retention initiatives are critical for businesses, particularly in instances of service failure and recovery. However, several common issues often impede these efforts. One issue that companies face is inappropriately handling the emotions of their customers during and after service failure. A customer's emotional response to service failure and recovery has a significant impact on their satisfaction and, ultimately, loyalty to the company (Valentini, Orsingher, & Polyakova, 2020; Xu, Liu, & Gursoy, 2019). Therefore, companies must manage these emotional responses effectively and empathetically. Moreover, the severity of service failure and satisfaction with recovery efforts often impacts the customer's intention-behaviour gap (de Mesquita et al., 2023). If the service failure is severe and the recovery efforts unsatisfactory, it can widen this gap, leading to the customer's potential churn. Therefore, companies must ensure their recovery efforts align with the severity of the service failure. The following table provides a more comprehensive view of the issues that public sector organizations might face with customer retention that could be considered in recover strategies, along with potential causes and solutions.

Table 4-6 Issues that public sector organizations might face with customer retention

Issues	Causes	Solutions	References
Perception of Service Quality	Actual service failures, lack of customer-centric approach, ineffective communication of service value to the customer	Improvement through employee training, regular assessment of service delivery, implementation of customer feedback, and increased transparency	Singh & Slack, 2022; Grujicic et al., 2014; Morton et al., 2016
Customer Trust and Loyalty	Service failures, perceived lack of responsibility or fairness by the public sector organization	Fostering trust requires a consistent track record of high-quality service and effective communication, as well as recovery measures after service failures	Choi & La, 2013; Whelan et al., 2010; Agus et al., 2007

Perceived Price and Fairness	High costs of services, perceived lack of value for money, unequal access to services	Competitive pricing, demonstrating value for money, ensuring equal access to services	Kaura, Prasad, & Sharma, 2013
Impact of Technology	Lack of technology adoption, poor user experience with digital services	Implementing user-friendly technology and digital services, customer education on using these technologies	Collier et al., 2014; Singh, Pathak, & Naz, 2011
Public Perception and Behaviour towards Services	Lack of awareness, negative perceptions, cultural or religious beliefs	Public awareness campaigns, increasing transparency, cultural and religious sensitivity in service design and delivery	Yeni, Mulyani, & Susriyanti, 2023
Customer Satisfaction with Service Delivery	Inadequate service delivery, unresponsive customer service	Improving customer service responsiveness, tailoring service delivery to customer needs	de Aquino et al., 2019; Grisé & El-Geneidy, 2020

The use of technology also presents challenges. For instance, when technology-based self-services fail, this affects user attributions and satisfaction (Dabholkar & Spaid, 2012). Similarly, the increased use of robots in customer service has led to complex reactions from consumers during service failure and recovery (Choi, Mattila, & Bolton, 2021; Arikan et al., 2023). Businesses must remain attuned to the unique challenges that technological interfaces and automated customer interactions present.

Companies also need to understand how customers react differently to service failure and recovery depending on their individual characteristics, such as their attitude toward complaining (Augusto de Matos et al., 2009), racial bias (Baker, Meyer, & Johnson, 2008), or even their religious beliefs (Abd Rashid et al., 2022). To overcome these issues, companies should consider several measures. First, they should establish structured customer retention programs that prioritize restoring customer loyalty and trust after service failures (Choi & La, 2013). They should also be prepared to offer personalized recovery strategies, considering individual customer characteristics (Weber & Sparks, 2010).

Companies must understand the emotional journey of their customers during service failure and recovery, and empathize with their emotional state. Emotional intelligence in such situations can enhance the customer's overall satisfaction (Valentini et al., 2020). When service failure occurs due to technology, companies should promptly acknowledge the error, provide clear communication about the issue, and make efforts

to rectify it (Dabholkar & Spaid, 2012). In the context of robot service providers, companies should consider incorporating more human-like characteristics to reduce consumer dissatisfaction in cases of service failure (Arikan et al., 2023). Finally, research, observation, and consumer feedback should form the backbone of any service recovery initiative. The insights derived from such data can guide the development of effective service recovery strategies that address specific customer needs and expectations (Grégoire & Mattila, 2021).

4.7.7 Adaptive Technological Infrastructure

The interview data highlights the importance of upgrading technological infrastructure in response to recurring service failures. Dabholkar & Spaid (2012) examined how users perceive service failure and recovery in the context of technology-based self-service. Their findings align with the interview data in this study, indicating that improvements in technological infrastructure based on failure patterns can enhance user satisfaction. Adaptive technological infrastructure refers to the ability of an organization's technological systems to respond and adapt to changes, challenges, and failures promptly. It plays a critical role in mitigating service failures and facilitating effective service recovery. The table below highlights common issues in the public sector pertaining to adaptive technological infrastructure. It provides an overview of these issues, the reasons why they exist, and potential solutions. The key issues include service failures in technology-based self-service, bank failures affecting local business dynamics, loss of public trust in banks, service delivery failures, and poor customer perception. By addressing these issues, public sector organisations can enhance their service delivery, improve customer satisfaction, and effectively utilize adaptive technological infrastructure.

Table 4-7 Issues, Causes, and Solutions in Adaptive Technological Infrastructure in Public Sector Services

Issues	Causes	Solutions	References
Service Failures in Technology-Based Self-Service	Inefficient adaptive technological infrastructure that does not adjust to recurring failure patterns	Upgrading technological infrastructure responsively to recurring service failures, enhancing user satisfaction	Dabholkar & Spaid (2012), Interviews
Bank Failures Affecting Local Business Dynamics	Business cycles, lack of bank capital, poor government policies	Strengthen banking regulation in hard times, better bank capital	Bernauer, & Koubi, (2002); Vartanian, (2003); Contreras,

		management, strategic government policies	Delis, Ghosh, & Hasan (2022)
Loss of Public Trust in Banks	Poor handling of financial crises, lack of transparency and accountability	Public information precision, maintaining depositor-bank relationships and networks, improving financial management	Jansen, D.-J., Mosch & Van der Cruijsen (2015); Iyer & Puri (2012); Ng & Roychowdhury (2014)
Service Delivery Failures	Inadequate infrastructure, poor governmental policies, ineffective public-private networks	Rethinking barriers to public service provision, improving public-private networks, effective policy implementation	Vancoppenolle & Verschuere (2012); Rains & Abraham (2018); Di Francesco (2020)
Poor Customer Perception	Low service quality, lack of convenience in public sector banks and insurance companies	Improving service quality, focusing on service convenience, understanding customer perception and addressing concerns	Singh, & Slack (2022); Kaura & Sharma (2013); Madan (2012); Ganeshan, & Nagarajan (2017)

However, there are several common issues with adaptive technological infrastructure that can hinder service failure and recovery. First, there is the challenge of accurately detecting and diagnosing service failures. This is critical for swift service recovery (Reis, Amorim, & Melão, 2019). Failure to promptly identify and understand the root causes of service failures can delay recovery efforts, leading to customer dissatisfaction and possible loss of business (Weber & Hsu, 2022). Second, there is the issue of inadequate system flexibility and scalability. When systems cannot be readily adjusted or scaled up to handle increased load or demand, service failures can occur, leading to customer dissatisfaction (Azemi, Ozuem, & Lancaster, 2019). Finally, there is the issue of poor integration of technologies. This can lead to disjointed processes and inefficient service recovery efforts. In the worst-case scenario, poor integration can even exacerbate service failures, further inconveniencing customers (Sousa & Voss, 2009).

Several strategies can be used to resolve these issues:

1. Proactive monitoring and maintenance: Regularly monitor system performance to detect potential issues before they lead to service failure (Dabholkar & Spaid, 2012).

2. Invest in scalable and flexible technologies: Implementing scalable and flexible technologies allows systems to adapt to varying demand levels, reducing the likelihood of service failures (Choi, Mattila, & Bolton, 2021).
3. Integrate technologies seamlessly: Effective integration of technologies can streamline processes and enhance service recovery efforts. This can reduce the impact of service failures on customers and improve overall customer satisfaction (Ozuem, Ranfagni, Willis, Rovai, & Howell, 2021).
4. Employ robotic process automation (RPA): According to Arikan et al. (2023), using robotic service provider agents automate repetitive tasks, reducing human error, and providing a seamless customer experience during service recovery.
5. Continual training and development: Ensuring that all employees are well-trained to handle service failures and recovery can also improve the effectiveness of an adaptive technological infrastructure (Lindsey-Hall, Jaramillo, Baker, & Bachrach, 2023).

In sum, to ensure an effective adaptive technological infrastructure , organizations should be proactive at monitoring and maintaining their systems, invest in scalable and flexible technologies, effectively integrate their technologies, and provide regular training for their employees.

4.7.8 Adaptive resilience

Adaptive resilience in service recovery, as intimated in the research data, comprises several key components. Firstly, there is a focus on innovation as a substantial aspect of adaptive resilience. Services should strive to incorporate continuous innovation, such as advanced analytics or novel features, to better anticipate customer needs and cater to the changing landscape. The managers interviewed highlighted the importance of investing in innovation and the anticipation of disruptions before they occur. However, they also cautioned that innovation might introduce new risks and challenges due to unforeseen problems or compatibility issues with existing systems, potentially affecting service continuity. In the realm of public service innovation, various issues pose challenges to the development and implementation of innovative solutions. Chen, Walker, & Sawhney (2020) present a typology of public service innovation, highlighting the complexity of innovative practices in the public sector. However, this complexity also brings about an array of challenges. Damanpour,

Walker, & Avellaneda (2009) stress the importance of the combined effects of various types of innovation for better organizational performance, emphasizing the need for a comprehensive approach.

One of the primary issues public organizations face is resistance to change and a lack of agility. Public services often operate in an environment where rules and regulations limit the scope of innovation (Bankins, Denness, Kriz, & Molloy, 2017). The bureaucratic nature of public institutions tends to discourage risk-taking and therefore inhibits the adoption of innovative practices. In addition to this, Kusumasari, Pramusinto, Santoso, & Fathin (2019) note that the lack of resources, both financial and human, is a significant barrier to innovation in public organizations. The absence of dedicated innovation teams or innovation champions can hamper the development and implementation of innovative ideas. Another issue identified by Desmarchelier, Djellal, & Gallouj (2021) is the suitability of the innovation regime for public service innovation networks. Different regimes might affect the performance and effectiveness of public service innovations differently. Therefore, choosing the right regime is crucial for the successful implementation of innovative solutions. To address these challenges, the public sector can adopt several strategies. First they must develop a culture that encourages innovation and risk-taking. This could involve redefining organizational values, implementing training programs for staff, and fostering a more open and collaborative environment (Bankins et al., 2017).

Moreover, investing in the necessary resources for innovation, such as dedicated teams or individuals responsible for innovation (innovation champions), can stimulate innovation in public organizations (Kusumasari et al., 2019). This approach may also involve dedicating funds to innovation or seeking external funding or partnerships for innovative projects. Lastly, ensuring that the right innovation regime is selected for public service innovation networks can enhance the effectiveness of these innovations. Public organizations need to understand the dynamics of different regimes and select the one that best fits their needs and context (Desmarchelier et al., 2021). Public organizations should also continually assess and adapt their strategies and processes to keep up with the changing landscape of public service innovation (Windrum, Schartinger, Rubalcaba, Gallouj, & Toivonen, 2016). This dynamic approach can help them overcome the challenges they face and improve their service delivery through effective and efficient innovation.

Table 4-8 Issues in Public Sector 'Innovation Focus' and Proposed Solutions

Issues	Cause	Solution	Source
Bureaucratic Resistance	Public sector organizations are often steeped in regulations and procedures that inhibit agility.	Encourage a culture that embraces risk-taking and innovation by redefining organizational values and providing staff training.	Bankins et al., 2017
Limited Resources	Lack of dedicated innovation teams or financial constraints can hamper innovative processes.	Allocate resources for innovation, employ dedicated teams or individuals, and seek external partnerships or funding for innovative projects.	Kusumasari et al., 2019
Unsuitable Innovation Regime	The choice of innovation regime can affect the performance and effectiveness of public service innovations.	Understand the dynamics of different regimes and select the one that best fits the organization's needs and context.	Desmarchelier et al., 2021
Compatibility Issues with Existing Systems	New innovative services or features may not be compatible with existing systems, leading to service disruption.	Conduct thorough feasibility and compatibility studies before implementing innovations.	Chen et al., 2020
Unforeseen Problems Introduced by Innovation	Innovative services might present new risks and challenges that were not previously accounted for.	Anticipate potential issues through comprehensive risk management strategies and develop adaptive resilience to handle unforeseen problems.	Damanpour et al., 2009

The table presents an overview of the common issues faced in fostering innovation within public sector organizations. It lists the causes of these issues and some proposed solutions to tackle them. 'Innovation focus' is critical for public services as it facilitates adaptation to changing customer needs and expectations, contributing to improved service delivery and organizational performance. However, the process often creates challenges due to the bureaucratic nature of public organizations, limited resources, unsuitable innovation regimes, compatibility issues with existing systems, and unforeseen problems. Hence, public organizations should undertake strategies that encourage innovation, allocate resources effectively, choose suitable innovation regimes, and develop adaptive resilience for successful 'Innovation Focus'.

In the context of service failure and recovery strategies for public banks in Pakistan, 'Innovation Focus' could potentially be a game-changer. Given the unique challenges and constraints that the public banking sector in Pakistan faces, innovation can help to not only prevent service failures but also in designing efficient recovery strategies.

Service failures can happen for various reasons, including outdated technology, inefficient processes, human error, or unforeseen incidents. These failures can cause significant disruption in banking services, affecting customer satisfaction and trust. However, with an innovation focus, public banks can work towards preventing these failures by implementing innovative solutions such as advanced analytics for predicting possible disruptions, upgrading technology infrastructure, and improving processes for efficiency.

Even with preventive measures in place, service failures can still happen. In such cases, innovation can play a crucial role in recovery strategies. For instance, innovative solutions such as AI-powered customer service bots can assist with handling customer queries and complaints during service disruption. Furthermore, innovative digital platforms can be used for transparent communication with customers about the status of recovery efforts. However, implementing an innovation focus in public banks in Pakistan could be challenging. The challenges include bureaucratic resistance, limited resources, compatibility issues with existing systems, and potential unforeseen problems due to innovation. To address these challenges, public banks need to cultivate a culture of innovation, allocate resources for innovative activities, conduct thorough feasibility and compatibility studies before implementing innovation, and develop adaptive resilience to handle unforeseen issues (Bankins et al., 2017; Kusumasari et al., 2019; Desmarchelier et al., 2021; Chen et al., 2020).Damanpour et al., (2009) argue that the successful implementation of innovation requires not just the adoption of innovative technologies and processes, but also changes in organizational culture and mindsets towards embracing innovation.

1.2.1.2 Operational Agility

The research also underscores the importance of operational agility. Services need to rapidly adapt their operations to respond to changing scenarios, such as technical glitches, thereby keeping the services running. Customers praised the agility of services in instances of disruption, such as during server outages, but also pointed out that some services can struggle to adjust swiftly during peak times or disruptions, leading to extended waiting times and poor service. The research suggests that operational agility is a crucial component of adaptive resilience, but it is often hindered by bureaucratic processes and systemic inefficiencies. Operational agility refers to the ability of an organization to rapidly adapt its operations in response to changing scenarios or disruptions. Agility comes into play during incidences of service failure,

allowing the organization to quickly mitigate the impact and initiate recovery strategies. The following table provides an overview of common issues identified, the reasons for their existence, and proposed strategies for resolution.

Table 4-9 Issues and Solutions Related to Operational Agility in Public Sector Services

Issues	Reasons for Existence	Proposed Strategies for Resolution	References
Bureaucratic processes	Traditional hierarchical structures limit swift decision-making	Promote decentralization and flatten organizational structures for quicker decision-making	(Kusumasari et al., 2019; Bankins et al., 2017)
Systemic inefficiencies	Outdated systems, lack of innovative tools and technologies, poor data management	Invest in modern systems, advanced analytics, and training. Encourage innovation	(Damanpour et al., 2009; Chen et al., 2020; Lennon et al., 2017)
Limited adaptability to peak times or disruptions	Inadequate system scalability, lack of contingency plans	Ensure system scalability. Develop contingency plans and perform regular stress tests	(Desmarchelier et al., 2021; Huetter, 2022)
Extended waiting times and subpar service during disruptions	Lack of adequate staff or resources, poor communication	Employ additional staff or resources during peak times. Enhance customer communication	(Rijswijk & Brazendale, 2017; Windrum et al., 2016)

It is important to note that the issues mentioned above not only impact the operational agility of public sector services but also affect customer satisfaction and service continuity.

For instance, if we look at the public sector in West Africa (Awosika, 2014), there are numerous examples of how these issues impede operational agility. One primary example is a public service entity in Nigeria that faced extended service disruption due to system inefficiencies and bureaucratic delays. To address this, they had the option to streamline their processes, invest in up-to-date systems, and provide training to their employees, thus enhancing their operational agility. By addressing these issues, public sector organizations can enhance their operational agility, thereby improving their ability to prevent service failures and devise efficient recovery strategies in the event of disruptions. By doing so, they can maintain service continuity and improve customer satisfaction.

- **'Foresight and Preparedness'** are also vital for adaptive resilience. Services should anticipate future challenges and prepare accordingly to maintain continuous service provision. Managers underscored the value of data in

foreseeing potential service disruptions. Yet, the research also reveals that many services fail to adequately anticipate or prepare for potential disruptions, indicating a gap in this area.

- **'Streamlined Communication'** emerged as another key aspect of adaptive resilience. The research suggests that clear, efficient, and proactive communication during service disruptions can enhance adaptive resilience by keeping stakeholders informed and reducing panic. However, the study also reveals that communication during service disruptions often falls short, causing confusion and stress among customers.
- **'Robust Contingency Planning'** is found to be integral to adaptive resilience. Services need to develop comprehensive contingency plans to respond quickly and effectively to service disruptions, thereby minimizing their impact. This is seen as a vital step in bolstering adaptive resilience, as reflected in interviews with managers. In conclusion, while these elements of adaptive resilience are identified as significant, it is also noted that there is room for improvement across all aspects.

4.8 DIGITALIZED RECOVERY STRATEGIES

This table below presents strategies for enhancing the detection of service failures in public sector banks, particularly in Pakistan, drawing insights from primary data quotations, the earlier literature review, and discussions on adoption issues and adaptations in the public sector context.

Table 4-10 Strategies collectively could significantly enhance the detection and mitigation of service failures, thus improving customer satisfaction and overall service quality

Strategy	Primary Data Quotations	Literature Review	Adoption Issues in Public Sector	Adaptation for Public Sector Banks in Pakistan
Failure Detection Systems	Manager 1: "Our sophisticated systems enable us to quickly detect service failures, which is crucial for timely recovery". Manager 9: "Our systems sometimes fail to detect service issues in time,	Dabholkar & Spaid (2012) have stressed the importance of technology-based services in the timely detection of service failures and ensuring customer satisfaction. Similarly, Alhadeff	As hinted by Manager 9 and Customer 20, the issues can be outdated systems and lack of automated alerts. Bernauer & Koubi (2002) also identified business cycles, bank capital, and the	To adopt this strategy, Pakistani public sector banks need to invest in advanced detection systems and enhance their technological capabilities. Regular systems upgrade and employee training

	leading to prolonged disruptions". Customer 20: "when I encounter issues, it seems like the bank is unaware until I personally contact them. They need a system that can automatically detect failures".	(1962) suggested that restrictions on bank entry could be reconsidered to allow for more efficient detection systems.	bank failure - credit crunch dilemma as potential problems.	are also crucial for the successful implementation of this strategy.
Staff Competency	Manager 2: "our team's vigilance and technical expertise play a crucial role in promptly identifying service issues". Manager 4: "our staff sometimes struggle to identify service failures promptly, which delays the recovery process".	According to Sousa & Voss (2009), the staff competency plays a significant role in customer loyalty, especially in e-services. Also, de Mesquita et al. (2023) suggested that the gap in intention-behaviour in service failure and recovery can be moderated by service recovery satisfaction, which can be achieved by competent staff.	As noted by Manager 4, staff might lack the necessary skills to identify service failures promptly. Vartanian (2003) also mentioned some public policy issues, such as lawsuits, that can arise from bank failures.	The banks need to focus on regular training and development programs to enhance their employees' technical skills and vigilance. Furthermore, employee motivation and reward systems can be improved to encourage prompt detection and recovery actions.
5. Automated Alerts	"Our automated systems alert us of any potential service disruption, enabling immediate action" (Interview, Manager 3). Conversely, Manager 9 expressed, "we lack a sophisticated alert system for quick identification of service disruptions, which delays our recovery	Choi et al., (2021) argue that technological interventions such as automated alerts can significantly improve the reaction time to service failure and recovery.	The public sector may face challenges in terms of investment in new technologies and upskilling staff to use such technologies (Alhadeff, 1962).	Automated alerts can help in quick detection and subsequent actions for service recovery. This would require investment in technology and staff training.

	process" (Interview, Manager 9).			
6. Incident Reporting Mechanism	"We have a well-defined incident reporting protocol that ensures service issues are swiftly identified and escalated" (Interview, Manager 4). Conversely, a manager confessed, "our internal incident reporting system needs improvement for timely detection and resolution of service failures" (Interview, Manager 6).	A well-structured incident reporting mechanism facilitates better service recovery by promoting transparency and accountability (Baker et al., 2008).	A lack of clear protocols and resistance to change could pose hurdles in implementing efficient reporting mechanisms in the public sector (Vartanian, 2003).	The implementation of a clear and efficient incident reporting mechanism can help identify and rectify service failures promptly.
7. Data-Driven Insight	"We use data analytics to identify patterns and potential disruptions, which allows us to take quick action" (Interview, Manager 7). Yet, another manager mentioned, "Our inability to effectively utilize data for detecting service disruptions has led to delayed responses" (Interview, Manager 9).	Azemi et al., (2019) underscore the importance of data-driven insight in proactively identifying potential service disruptions.	The lack of advanced data analytics tools and skills may limit the effectiveness of this strategy in the public sector (Contreras et al., 2022).	Utilizing data analytics can help anticipate potential service disruptions, leading to proactive actions for service recovery. It would need a significant investment in data analytics tools and skills.
8. Continuous	"We carry out regular risk assessments to	Regular risk assessment is an essential step in	Public banks may face challenges related to	Regular risk assessments would be an essential step

Risk Assessment	identify potential service disruptions and take corrective actions" (Interview, Manager 5). But as another manager indicated, "We need to strengthen our risk assessment practices to identify and mitigate service disruptions in a timely manner" (Interview, Manager 6).	pre-emptively identifying and mitigating potential service disruptions (Bernauer & Koubi, 2002).	bureaucracy, lack of expertise, and insufficient resources for conducting comprehensive risk assessments (Mazzucato & Penna, 2016).	for identifying potential service disruptions. This would require an investment in risk assessment tools and training.

The above table suggest some strategies collectively could significantly enhance the detection and mitigation of service failures, thus improving customer satisfaction and overall service quality. However, their successful implementation will require substantial investment, upskilling, and a cultural shift towards embracing new technologies and protocols.

4.8.1 Failure Detection Systems:

Failure Detection Systems: Primary data indicates mixed feedback about current failure detection systems in banks. While some managers find them efficient, others have highlighted shortcomings. The literature affirms the importance of these systems for timely failure detection and customer satisfaction. In public sector banks, outdated systems and a lack of automated alerts can emerge as challenges. For public sector banks in Pakistan to adopt this strategy, they must invest in advanced detection systems, regular system upgrades, and employee training. In the context of service failure and recovery, the implementation of efficient failure detection systems is pivotal. The feedback from primary data suggests a diverse view of the existing systems' efficiency in banks. While some managers perceive the systems to be effective, others, along with some customers point out their limitations. The existing literature also provides insights into these observations. Dabholkar & Spaid (2012) emphasize the crucial role of technology-based services for the timely detection of service failures and ensuring customer satisfaction. They point out that an efficient failure detection system can significantly enhance service recovery. Alhadeff (1962) proposes

reconsidering restrictions on bank entry, suggesting that more efficient detection systems can be achieved by allowing for more competition.

However, the adoption of these systems is not without challenges, particularly in the public sector. Manager 9 and Customer 20 from the primary data hint at issues such as outdated systems and a lack of automated alerts. These challenges can lead to prolonged service disruptions and diminished customer satisfaction. Similarly, Bernauer & Koubi (2002) identify potential problems including business cycles, bank capital, and the credit crunch dilemma that can impact the efficiency of these systems. To resolve these issues, public sector banks, especially in Pakistan, need to take several steps. Investing in advanced detection systems is a starting point. This includes adopting modern technologies that can quickly and accurately detect service failures. Regular system upgrades are also essential to ensure that the technology remains up-to-date and capable of meeting the increasing demands of customers.

Additionally, employee training plays a significant role in the successful implementation of these strategies. Banks need to ensure that their staff are equipped with the necessary skills to use these advanced systems effectively. This could involve training sessions, workshops, or courses focused on the technology involved in these detection systems. while failure detection systems play an essential role in service failure and recovery, their effectiveness is dependent on factors such as technological sophistication, system updates, and employee competence. By addressing these areas, public sector banks in Pakistan can improve their service failure detection and recovery, leading to enhanced customer satisfaction (Dabholkar & Spaid, 2012; Alhadeff, 1962; Bernauer & Koubi, 2002).

4.8.2 Staff Competency:

Staff Competency: Primary data highlights the significance of staff competency in identifying service issues, but also identifies a gap in their abilities. The literature supports the importance of staff competency for customer loyalty and service recovery satisfaction. The public sector often faces challenges like lawsuits from bank failures, further emphasizing the need for staff competence. Banks in Pakistan should focus on regular training, development programs, and rewarding systems to improve staff competency. Given the breadth of literature, the common issues with staff competency

in public sector organizations can be identified and addressed. The issues and their solutions can be presented in a tabulated format for a better understanding.

Table 4-11 Issues and Solutions Pertaining to Staff Competency in Public Sector Organizations

Issue	Explanation	Suggested Solutions	Relevant References
Staff training and development	Lack of appropriate training and development programs may result in decreased service quality and customer satisfaction.	Regular training and development programs, including rewards systems, should be implemented to enhance staff competency.	Shelley et al. (2022), Gillespie et al. (2018)
Leadership and ethical behaviour	Leadership style and ethical behaviour can significantly influence staff competency and overall organizational performance.	Encourage ethical leadership and code of conduct among public employees to increase job performance.	Thaler & Helmig (2016), Downe et al. (2016), Gnankob et al. (2022)
Gender issues	Gender issues in leadership roles can influence service efficiency and staff competency.	Promote gender equality and women's leadership roles to enhance organizational performance and welfare service efficiency.	Muraya et al. (2019), Martínez-Córdoba et al. (2023)
Service recovery	Inefficient service recovery can lead to customer dissatisfaction and negative emotions.	Implement effective service recovery strategies and processes to ensure customer satisfaction and loyalty.	Ghalilib (2022), Malombe & Choudhury (2020), Bacile et al. (2020)
Service disruptions	Unplanned disruptions can cause service interruptions, affecting staff competency and service quality.	Create strategies to manage and mitigate the impact of disruptions on service delivery and staff performance.	Thaler et al. (2020), Kalichman et al. (2021), Hrušovský et al. (2021)
Customer misbehaviour	Customers' inappropriate behaviour can lead to increased stress and lower job performance among staff.	Implement strategies to manage customer misbehavior and protect employees, thus improving their job performance.	Mayer et al. (2022), Tuzovic et al. (2014), Guchait & Namasivayam (2012), Ellway (2016)

This table summarizes common issues in public sector organizations related to staff competency, the reasons why these issues exist, and how they can be resolved. It draws on the literature to offer a comprehensive analysis of these issues and to suggest potential solutions. In the context of service failure and recovery, staff competency is a critical element. It not only involves identifying service issues but also

requires adequate skills to resolve those issues and prevent future failures. Bernauer & Koubi (2002) discuss the crucial role of staff competency in managing bank failures, particularly during economic downturns. This suggests that adequate training and skill development among employees can help institutions better navigate challenging times.

Moreover, service failures in the public sector, as discussed by Vartanian (2003), often result in lawsuits, emphasizing the importance of competent staff to avoid such issues. To address these concerns, continuous training, development programs, and reward systems can help enhance staff competency (Contreras et al., 2022). Competent staff can better manage public perceptions; a factor integral to customer loyalty and service recovery satisfaction (Joireman et al., 2015). When it comes to customer perceptions of public services, Singh & Slack (2022) argue that the New Public Management approach can significantly enhance customer perceptions of service quality. A study by Grujicic et al. (2014) also underlines the importance of staff competency in shaping customer perceptions of service quality in public transport.

To improve the competency of staff and resolve associated issues, organizations can focus on training programs that specifically address service failure and recovery scenarios. Additionally, they can encourage a customer-centric culture that promotes understanding and responsiveness to customer needs (Kaura, Prasad, & Sharma, 2013). Regular performance reviews and rewards can further motivate staff to continually improve their skills (Ng & Roychowdhury, 2014). Organizations can also leverage technology to train staff and monitor service quality. As per Collier et al. (2014), self-service technologies can clarify the differences between public and private service sectors. In short, staff competency plays a vital role in the context of service failure and recovery, and it can be improved through regular training, customer-centric practices, and the use of technology.

4.8.3 Automated Alerts:

Automated Alerts: Automated alert systems can significantly improve reaction times to service failure, as highlighted by both primary data and the literature. However, the public sector may face challenges with technology investment and staff upskilling. To adopt this strategy, banks in Pakistan need to invest in technology and staff training. Following table describe the common Issues and Possible Solutions for Automated Alerts in Public Sector Organizations

Table 4-12 Common Issues and Possible Solutions for Automated Alerts in Public Sector Organizations

Issues	Reasons	Solutions
Technology Investment	Public sector organizations often face financial constraints and lack of adequate budget for technology investment (Baliga et al., 2021; Azemi et al., 2019).	Convincing stakeholders about the long-term benefits and cost savings of automated alerts. Explore options for public-private partnerships or funding from technology grants.
Staff Upskilling	Staff may lack the necessary skills to operate and manage automated alerts (Dabholkar & Spaid, 2012; Lewis & McCann, 2004).	Regular training programs and workshops should be provided to the staff to familiarize them with automated alerts system. Collaborating with tech companies for training can also be beneficial.
Service Failures	Public sector services might experience service failures, causing disruption in automated alerts (Xu et al., 2019; Hess Jr et al., 2003).	Ensuring a proper service recovery strategy is in place to deal with service failures. Use customer feedback to understand and address service failure points.
Inadequate Recovery Strategies	The recovery strategies after service failure may not be effective, leading to dissatisfaction among users (Chen et al., 2018; McCollough et al., 2000).	Crafting a well-thought-out service recovery strategy based on best practices and empirical research (like offering compensation, prompt response etc.).
Trust Issues	Users may have trust issues with automated alerts, especially after service failure (La & Choi, 2012; Lu et al., 2020).	Ensuring transparency in operations and clear communication with users can help in building trust.
Emotional Responses	Negative emotional responses can be triggered by service failures (Valentini et al., 2020; Varela-Neira et al., 2008).	Emphasizing emotional intelligence in customer service can help in managing such responses effectively.

This table above summarizes some of the common issues public sector organizations face in relation to automated alert systems, based on a review of the literature. These issues range from technology investment and staff upskilling to trust issues and emotional responses. The column on the far right provides potential solutions or strategies to address these problems. Automated alerts can greatly improve reaction times to service failures and expedite recovery. This is evident not just in the context of banking but also in public services, where timely intervention can significantly limit the damage of a service failure and bolster public trust (Bernauer & Koubi, 2002; Vartanian, 2003). However, the implementation of automated alerts in these sectors often faces challenges such as financial constraints for technology investment and the need for extensive staff training (Mazzucato & Penna, 2016).

A common issue with automated alerts is false positives, which can lead to unnecessary action and resources wastage. This problem can be mitigated by refining the algorithm responsible for the alerts, ensuring it is appropriately calibrated to the specific context in which it operates (Alhadeff, 1962). Additionally, automated alerts can sometimes overlook complex issues requiring human intervention. This underscores the importance of combining automated systems with skilled staff who can interpret and act upon the alerts (Seow et al., 2006). Another challenge is technology acceptance among staff, particularly if they lack the necessary training. Investment in staff training is crucial not only to ensure the efficient use of technology, but also to foster its acceptance. Staff should be made to understand how technology can facilitate their roles and improve the quality of service provided (Humer & Granqvist, 2020). Public perception is another critical factor in the context of service failure and recovery. In situations where automated alerts have led to service failures, swift action must be taken to manage public perceptions. Transparent communication, an open acknowledgment of the problem, and a clear outline of the steps being taken to rectify the issue can significantly mitigate the negative impact on public perception (Singh & Slack, 2022; Grujicic et al., 2014).

Finally, policymakers need to ensure that the regulations governing the use of automated alert systems are robust and agile. Regulators should consider incorporating flexibility in regulations to account for the rapid pace of technological advancement, which could ensure that institutions are both encouraged and enabled to deploy effective automated alert systems (Badmus, 2017; Contreras et al., 2022). While automated alert systems can significantly improve response times to service failures, their implementation requires careful planning. This includes investment in technology and staff training, careful management of public perception, and the development of robust, flexible regulations. If these challenges are effectively addressed, automated alerts can play a critical role in minimizing service disruptions and enhancing public trust in institutions.

4.8.4 Incident Reporting Mechanism:

Incident Reporting Mechanism: A robust incident reporting protocol is crucial for swift identification and escalation of service issues. Both the primary data and the literature support this. However, the public sector may resist changes or lack clear protocols. To adopt this strategy, Pakistani banks need to implement a clear and

efficient incident reporting mechanism. The Incident Reporting Mechanism (IRM) is a vital component of service provision, especially in public sector organizations. It is the method through which service issues and incidents are reported, tracked, and escalated for resolution. The effectiveness of the IRM can significantly influence the quality-of-service delivery, customer satisfaction, and organizational efficiency.

Based on the available literature, there seems to be a focus on the implementation of a robust IRM in the context of Pakistani banks. This discussion can be extended to cover common issues faced by public sector organizations concerning their IRMs and potential solutions to these problems.

To facilitate a comprehensive analysis, the issues and solutions are tabulated below:

Table 4-13 Servics issues and solutions

Issues with Incident Reporting Mechanism in Public Sector Services	**Reasons for these Issues**	**Possible Solutions**
1. Resistance to Change	Public sector organizations often resist change due to bureaucratic norms, lack of incentives, or fear of the unknown (Incident Reporting Mechanism, 2023).	Instituting change management processes that include communication, training, and gradual implementation of new protocols.
2. Lack of Clear Protocols	Without clear guidelines, incidents can go unreported or misreported. This may be due to a lack of understanding or standardization (Incident Reporting Mechanism, 2023).	Develop detailed, user-friendly reporting guidelines and provide consistent training for all employees.
3. Slow Identification and Escalation of Service Issues	Inefficient IRMs can result in delays in identifying and escalating service issues, leading to prolonged service disruption (Incident Reporting Mechanism, 2023).	Implement efficient IRM protocols which include technology-assisted tracking and escalation processes.

The issues identified and the proposed solutions suggest a need for significant changes in the IRM of public sector services. To improve their service delivery and customer satisfaction, these organizations must address the issues head-on and implement the necessary reforms. In the context of Pakistani banks, a clear and efficient incident reporting mechanism can ensure swift identification and escalation of service issues, enhancing the overall quality of service delivery.

Data-Driven Insight: The use of data analytics is instrumental in proactive service disruption identification. Primary data and literature review validate this. However, a

lack of advanced tools and skills can be an obstacle in the public sector. For Pakistani banks to adopt this strategy, they must invest in data analytics tools and skill development. Data-Driven Insight is a powerful tool for organizations to proactively identify service disruptions, enhance service quality, and make informed decisions. However, the public sector, including Pakistani banks, faces several obstacles in implementing effective data analytics. Using the available literature, we can identify common issues and propose potential resolutions for these problems. This discussion can provide valuable insights for public sector organizations to improve their data analytics capabilities.

Below is a summary of common issues experienced in implementing data-driven insight in public sector organizations, the reasons for these issues, and potential solutions:

Table 4-14 common issues experienced in implementing data-driven insight in public sector organizations, the reasons for these issues

Issues with Data-Driven Insight in Public Sector Services	**Reasons for these Issues**	**Possible Solutions**
1. Lack of Advanced Tools	Public sector organizations often struggle to obtain and maintain cutting-edge data analytics tools, which can be costly and complex (Data-Driven Insight, 2023; Chen et al., 2021).	Investing in modern data analytics tools and developing partnerships with technology providers.
2. Lack of Skills	The effective use of data analytics requires specialized skills that might be lacking in public sector employees (Data-Driven Insight, 2023; Corner et al., 2022).	Organizing regular training and skill development programs, and hiring data specialists if necessary.
3. Inefficient Use of Data	Data analytics is only as good as the data that feeds into it. Many public sector organizations struggle with data quality, availability, or accessibility issues (Zhao et al., 2023; Smit et al., 2021).	Implementing data management best practices, including data quality assurance, and investing in data collection and storage technologies.

To better utilize data for proactive service disruption identification and resolution, public sector organizations, including Pakistani banks, need to invest in both data analytics tools and skill development. By overcoming these challenges, these organizations can enhance their decision-making processes, improve service quality, and increase customer satisfaction. data-driven Insights thus hold promising potential for public sector service enhancement. In the context of service failure and recovery, data-driven insight can spotlight issues proactively, predicting service disruption, and

formulating effective recovery strategies. The main issues associated with DDI include the lack of advanced analytical tools and expertise, particularly within the public sector, and the challenge of integrating insights from multiple data sources (Chen et al., 2021; Corner et al., 2022; Wardenaar et al., 2014).

Pakistani banks, for instance, may struggle to invest in the necessary tools and skills for data analytics, leading to challenges in the effective identification and rectification of service failures (Bernauer & Koubi, 2002; Contreras et al., 2022). The banks may also experience credit crunch dilemmas or other issues related to bank capital and failure (Ng & Roychowdhury, 2014; Vartanian, 2003). Effective DDI use can help mitigate such issues by providing predictive insights and enabling strategic actions (Zhu et al., 2017; Zhao et al., 2023). For instance, data-driven models can quantify network-wide resilience after service disruptions, which could be particularly useful in banking and other public sector contexts (Zhu et al., 2017). However, implementing DDI requires a shift in mindset and approach, moving from traditional methods towards a more innovative, data-oriented model (Keselman et al., 2019; Smit et al., 2021). Additionally, public organizations need to be aware of the potential backlash from customers if service failures occur, especially in the case of cultural misunderstandings or miscommunication (Johnson et al., 2013).

Resolving these issues requires significant investment in data analytics infrastructure, training, and the development of appropriate regulatory frameworks to safeguard data use (D'Orazio, 2021; Joireman et al., 2015). Customer perceptions and feedback should also be considered in the development of these strategies, as their views significantly influence the perceived quality of public services (Singh & Slack, 2022; Grujicic et al., 2014). As such, effectively leveraging DDI can provide significant benefits when it comes to identifying and managing service failures in the public sector, including banking. However, realizing these benefits requires overcoming challenges related to skills, tools, and the integration of data sources, as well as ensuring the strategic use of customer feedback and regulatory compliance (Mazzucato & Penna, 2016; Seow et al., 2006).

1.2.1.3 Continuous Risk Assessment

Continuous Risk Assessment: Primary data and the literature affirm that regular risk assessments help pre-emptively identify and mitigate potential service disruptions. Bureaucracy, lack of expertise, and resource scarcity are potential challenges in the public sector. For effective adoption, Pakistani banks must prioritize investments in

risk assessment tools and training programs. The table below summarizes common challenges faced by public sector organizations in implementing continuous risk assessment, the underlying causes of these issues, and potential strategies for mitigation. These challenges and solutions are derived from a comprehensive review of sources addressing service failure and recovery.

Issues in Continuous Risk Assessment in Public Sector Services and Potential Solutions

Issue	Reason for Existence	Potential Solution
Bureaucracy	Excessive red tape in public sector organizations often slows down the decision-making process and impedes the regular conduct of risk assessments.	Implementing policies to streamline decision-making processes and reduce unnecessary paperwork.
Lack of expertise	Public sector organizations may not have sufficient staff with the necessary expertise in risk management to effectively perform continuous risk assessments.	Invest in training and development programs to enhance the risk management capabilities of existing staff, and consider hiring or consulting with experts in the field.
Resource scarcity	Limited budgets and resources can prevent public sector organizations from investing in risk assessment tools and procedures.	Leverage cost-effective technologies and methodologies to perform risk assessments. Encourage public-private partnerships to fund risk management initiatives.
Service failure and recovery	Service disruptions in public sector organizations can lead to negative customer experiences. The process of service recovery may also present challenges.	Establish a robust service recovery system that promptly addresses service disruptions and customer complaints. This could involve customer service training, system redundancies, and contingency planning.
Technological deficiencies	The lack of modern, automated systems can lead to inefficiencies and increased chances of error in the risk assessment process.	Invest in digital transformation, including the use of artificial intelligence (AI) and machine learning (ML) for risk assessments.
Lack of trust in the system	Public perception and lack of trust in public sector organizations can hinder cooperation necessary for effective risk management.	Increase transparency in risk management processes and regularly communicate with the public about the measures being taken to mitigate risk.

Source: (Choi et al., 2021; Dabholkar & Spaid, 2012; Dutta, Venkatesh, & Parsa, 2007; La & Choi, 2012; Lewis & Clacher, 2001; Reis, Amorim, & Melão, 2019; Roy, Vijay, & Srivastava, 2022; Weber & Hsu, 2022).

In the context of service failure and recovery, Continuous Risk Assessment (CRA) is essential for identifying potential disruptions and implementing solutions proactively. However, this process may face challenges such as bureaucracy, lack of expertise, and resource scarcity, particularly in the public sector (Singh & Slack, 2022). One prevalent issue is the customer's perception of service quality; if services fail to meet customer expectations, dissatisfaction can lead to a loss of loyalty (Farrington et al., 2009). Service failures often result in customer frustration, which contributes to negative evaluations (Guchait & Namasivayam, 2012). Research has shown that customer frustration can lead to adverse behavioral outcomes, such as complaints and decreased loyalty (González-Gómez et al., 2021). Understanding these emotional responses is critical for developing effective service recovery strategies (Harrison-Walker, 2019). Additionally, bureaucratic organizational structures frequently delay the risk assessment process, increasing the likelihood of service failures. Streamlining procedures and reducing bureaucratic hurdles is essential (Bernauer & Koubi, 2002). A lack of expertise and resource scarcity further impede continuous risk assessment. Addressing this requires investment in risk assessment tools and providing adequate training for employees (Hrušovský et al., 2021). For instance, banks can implement real-time disruption management approaches to enhance their risk assessment capabilities.

Policy failures can further exacerbate the impact of service disruptions (Vartanian, 2003). When banking regulations do not align with the economic cycle, this may result in bank failures and credit crunch dilemmas (Bernauer & Koubi, 2002). Banks can combat this by adjusting their capital reserves according to the business cycle. Additionally, government policies should support local business dynamics to avoid bank failures (Contreras et al., 2022). Finally, for successful service recovery, organizations need to address customer perceptions. Understanding customer expectations and their perceptions of service quality is essential to provide satisfactory services and maintain customer loyalty (Kaura et al., 2013). In the event of service failures, organizations should implement effective service recovery strategies to rebuild trust and retain customers (Lee, 2023 Addressing these issues in continuous risk assessment and service recovery requires a comprehensive approach. This includes investing in risk assessment tools and training, streamlining processes to reduce bureaucratic hurdles, aligning banking regulations with business cycles, and gaining a deeper understanding of customer perceptions. Implementing these

strategies can help organizations mitigate service disruptions and ensure effective recovery outcomes.

1.3 SUMMARY

Within the public banking sector of Pakistan, an intricate web of issues creates a complex service failure landscape. It is through the careful dissection of these matters that a solution-oriented perspective can be attained, aiding in the efficient development of recovery strategies. To begin, an exploration of the specific dimensions and recurrent themes of service failure is of paramount importance. Drawing from the primary data collected during the course of this research, operational inefficiencies, poor customer service, and a lack of technological integration are found to be at the epicentre of the problem. Operational inefficiencies largely stem from rigid bureaucratic structures that thwart timely decision-making and obstruct effective problem resolution. This issue is further exacerbated by a lack of effective communication channels and coordination among different departments. Poor customer service, another dominant theme, encompasses elements like unprofessional conduct, slow response times, and a general lack of empathy towards customers. The missing link of technological integration poses its unique set of challenges, from outdated banking procedures to inadequate digital infrastructure that stymies swift and smooth transactions.

These dimensions do not exist in isolation; rather, they interplay to form a convoluted mesh of service failure. Operational inefficiencies beget poor customer service and vice versa. A lack of technological integration, on the other hand, prolongs these issues, setting the stage for a vicious cycle of service failure that is hard to break. When constructing service recovery strategies, the integration of contextual factors emerges as a crucial determinant of their success. The public banking sector in Pakistan is influenced by a plethora of social, economic, and political factors that can significantly impact the reception and efficacy of any recovery strategy. For instance, the prevalent socio-cultural norms might render certain recovery tactics more effective than others. Similarly, economic factors like the prevalent rate of inflation or the general economic climate can also impact the feasibility and success of certain recovery strategies. Lastly, political stability and government policies can either facilitate or hinder recovery efforts. By thoroughly understanding and integrating these

factors into service recovery strategies, their relevance, effectiveness, and acceptance can be significantly improved.

This research highlights the significance of formulating contextually relevant recovery strategies for the public banking sector of Pakistan. It underscores the need to address operational inefficiencies, improve customer service, and augment technological integration as crucial dimensions of service failure. Simultaneously, it emphasizes the importance of considering socio-cultural, economic, and political factors while devising recovery strategies. By bridging these gaps and aligning the strategies with the contextual realities, the public banking sector in Pakistan can significantly ameliorate service failure and enhance its overall performance and customer satisfaction. This, in turn, will contribute towards building a resilient and robust public banking sector that's is equipped to meet the evolving needs of its customers and capable of navigating the challenges that lie ahead.

CHAPTER 5: DEVELOPMENT OF CONCEPTUAL FRAMEWORK

The Service Recovery Process conceptual framework developed in this study is built upon two robust theories – Public Service Motivation (PSM) and Commitment-Trust theory. The framework aligns with, and is substantiated by these theories, which provide comprehensive insights into the motivations of public service employees and the factors that determine successful relationship marketing. By blending these two theoretical foundations, the framework elucidates the dynamics of service recovery in the context of public banking, addressing service failure issues, and promoting customer loyalty.

5.1 CONCEPTUAL FRAMEWORK

The following conceptual model driven from primary data results form a sequenced and contextually grounded framework for understanding, handling, and escaping from the service failure in Pakistan public banking sector. In essence, the framework is grounded in the fact that service recovery in this scenario or any other for that matter, is neither a straight-cut singular response but instead an amorphous and cyclical entity attributed to customer perceptions, organisational dedication through resilience, technological adaptability along with trust-building. All subject to one another, the ten integrated steps forms a whole that corrects failures immediately and also strengthens institutions in the longer term.

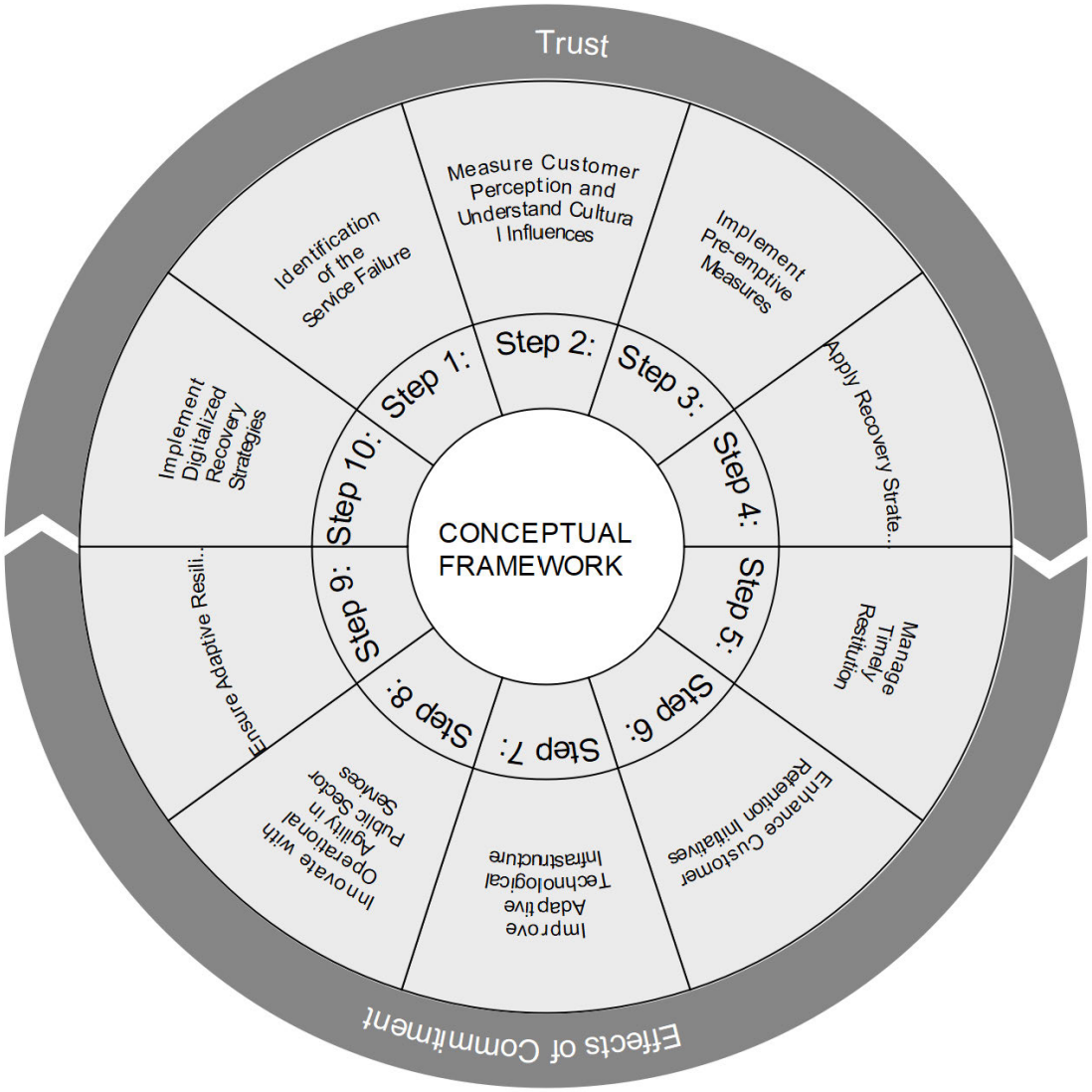


Figure 5-1 Conceptual framework (Developed by the author of this research)

The conceptual framework starts with the detection of service faults, stressing that breakdowns should be noticed in the kind of (meso) system-as well as relationship-level. This is then offset with the follow-up question on customer stereotypes and cashless behavior — indicating that one-size-fits-all recovery strategies will not work for Pakistani banking customers and that those being implemented must instead be contextual, in line with the socio-cultural expectations of a traditional South Asian banking clientele. In the third step, banks have to take pre-emptive measures before recurrence of issues and strategies for recovery in the fourth stage ensure timely and targeted replies. Including it as a separate step says attitude must be resolved quickly, in the open and honestly for above-board management to survive.

This will require more proactive relationship management, to ensure that recovery is more than transactional corrections but also places greater emphasis on the rebuilding of relational equity through optimized customer relation initiatives as well as greater emphasis placed on driving faster, easier and accessible adoption improvements by embedding adaptive technological infrastructure. Those next stages emphasise the

need to be organisationally and public service systematically innovative, resiliently adaptive (so systems are not just reactive, but can also absorb systemic shocks). Step five, to devices digitalized recovery tools, highlights the modernising element of the framework and on how using technology and platforms addresses embedding digital solutions in key components of recovery actions by making public banking practice in line with better delivery service.

The framework meets the desired object of building an extensive and contextually grounded major model to explain service failure in public banks, therefore directly concerning the research objective. But, it is grounded in the empirical realities of Pakistani banking customers and the institutional environment within which these banks operate, and encompasses operational, cultural, technological and relational dimensions of recovery. The framework is therefore topically sensitive to local expectations and at the same time aligned with global service recovery standards in that it places customer perceptions and trust as its outer layer and digitalization and resilience as its inner mechanisms.

The goals of the research are heavily woven into the fabric of that structure. It directly answers the research question about how the dimensions of service failure can be understood in the public banks in Pakistan, with its focus on failure identification and customer perceptions. This entails integrating pre-emptive, restitution management and relational initiatives with the evaluation and synthesis of current recovery strategies, hence using both global best practices as well as localised insights in informing what needs to be done. Most importantly, another promise of economic transformation the framework symbolises is a model for sustainable growth that has been designed to meet Pakistan’s socio-political and economic fabric as well by harnessing technological innovation, adaptive resilience, and digitalised recovery. In recovering service in the moment and beginning to rebuild customer trust, operations performance, and overall effectiveness long-term. This alignment is crucial for ensuring the framework provided isn't just a theoretical document but serves as a practical tool in supporting the overall objective of I) improving customer satisfaction and trust, all while enabling public banks to achieve stability, responsiveness and credibility within one of Pakistan's most influential sectors.

The conceptual framework devised for this study is a multi-stage, iterative process that specifically addresses the public service recovery encountered in the Pakistani banking context. Indeed, unlike the private sector, where the market itself not only signals failures but creates the incentive for just as rapid correction, it is recognised in this framework that restoration of public services requires a strategic approach across multiple dimensions bringing regulatory accountability and political sensivities, resource constraints and trust by citizens at its very heart (Caillier, 2023; Mir et al., 2023; Anwar & Ozuem, 2022). The steps in the framework are not just operational quick fixes, but consider a broader social, political and institutional agenda of resilience, innovation and legitimacy restoration – an essential aspect as public

services typically have monopolistic and high-in-visibility nature (Béal et al., 2022; Raza et al., 2023; Lindsey-Hall et al., 2025).

Taken to the core of the framework, it considers that they are still only triggering one significant step: service failures identification. In private markets, the absence of mandatory feedback means customers frequently signal defects via exit (aka “vote with their feet”). A public equivalent would be customers keep going to the same provider when everything fails because there is no alternative. Having no exit options has aggravated the perception of failure in financial institutions and as a result they must recognize, disclose and respond to their failures early enough before these attract public backlash (Li, Yang, Zheng & Fu 2025; Azemi & Kini 2022; Anwar & Ozuem 2022). Additionally, failures in the public realm are almost always viewed as more than just an individual mistake but a symptom of broader organizational deficiencies and thus the damage to reputation extends across all agencies (Caillier, 2025; Mirza & et al., 2025). Consequently, the early identification is embedded towards the facilitating stage of the framework to avoid denying failures or hiding into bureaucratic system situation which is one major reason for citizen dissatisfaction in public services (Chiu & Nguyen, 2022; Song et al., 2023).

The second, measuring customer perceptions and exploring cultural (in)determinants, recognises that she must manage service recovery not simply by procedural turps but with reference to a relational responsiveness situated in social settings. Public services frequently offer to multiple groups with conflicting requirements and cultural issues, many of which have never been more prone than in the public banking sector of Pakistan — where citizens' opinion is driven by beliefs in government institutions, local principles of fairness, and religious conservative considerations concerning financial intercourses (Alhouti et al., 2024; Aureliano-Silva et al., 2022; Bizuneh et al., 2025). In contrast to private businesses, which are essentially aimed at clients and investors, citizens in public banks can be reflected on a series of target groups — taxpayers, state authorities (regulators), the political-administrative sector or one part of the political sphere (Mirza et al., 2025; Béal et al., 2022). As a result, measuring perceptions provide insights beyond dissatisfaction and can be used to capture larger norms arounf fairness, eqity and legitimacy as well Consistent with the literature recommending public services recovery must be characterized by caring and openness towards citizens, length of time unrealized hope for an escape is possible since, as unable to serious the system when demand conducted (Caillier, 2023; Umar & Saleem, 2022; Hall & Hyodo, 2023).

The third step—pre-emptive measures—begins to address the understanding that public organizations do not face market pressure, and hence will not invest in performance. While reputational risk and competitive threats force the private sector to address service deficiencies with urgency, public banking's lack of competition allows complacency or delayed responses (Yuen et al., 2023; Nowak et al., 2023). But strategies like these are pre-emptive work — the kind designed to tamp down repeated failures, and signal to the public that the institution is both taking them seriously and

genuinely seeking to stamp out waste. The public service literature also suggests that bureaucratic structures could take much more time to recover without such pre-emptive mechanisms, thereby compounding the erosion of public confidence in the system (Nowak et al., 2023; Villarroel Ordenes et al., 2025). Here, pre-emptive actions are not just operational but also political guardrails against public anger in a setting where systemic failures are seen as symptoms of state failure (Mirza et al., 2025; Lim et al., 2025).

Recovery strategies are at the core of any recovery model, but in public services this is peculiarly driven by a dichotomy between an imperative to be efficient without being seen to be unfair. This is the fourth tip. In contrast to private firms that might prioritize efficiency and promptness, public agencies must maintain recovery strategies that are just and in keeping with social equity mandates (Kwan et al., 2025; Alonso-Almeida, 2023). And also citizens often pass judgment on whether the recovery is being practiced with justice and responsible of the process not just from effectiveness of recovery efforts (Fan, Han & Wang, 2024; Ozuem et al., 2024). This reflects why recovery has been embedded as a planned step in the framework, rather than remaining an ad hoc response because small failures of recovery can lead to huge outcries of poor service provision from tax-payer funded public services under intense scrutiny (Villarroel Ordenes et al., 2025; Lindsey-Hall et al., 2025). []

The fifth step, managing timely restitution, is of course one of the more enduring criticisms of public services that they delay and are slow to act over failures. It is not uncommon for citizens to feel frustrated and disempowered when bureaucratic hierarchies, inter-agency coordination requirements, and political cycles slow down responses (Mirza et al., 2025; Song et al., 2023). While timeliness underpins in private services based on the fact that entitled to lose its customers then there is no such pressure in public up until elements are put into place deliberately enforcing restitution, without which natural market incentives would be missing (Li et al., 2025; Yuen et al., 2023). The focus on timeliness in the model, therefore, captures the increased societal expectation for accountability that is further amplified by social media in an era of pervasive news cycles and when finding out about delays from public bodies live online increases risks to (institutional) reputation (Ozuem et al., 2024; Fan et al., 2024; Haupt et al., 2023).

And the sixth step, to strengthen customer relations initiatives, further embodies a recognition of the fact that trust is rather relational. Failures in public services not only reduce satisfaction but also erode the legitimacy, which amount to a long-term dissatisfaction with the state (Caillier, 2025; Raza et al., 2023). Consequently, recovery needs to transcend material reparation to restore trust relationally by exhibiting an attitude of compassion, openness, and responsibility (Chiu & Nguyen 2022; Kwan et al. 2025). Efforts like open channels of communication, town hall meetings, and relationship-building programs become an essential part in maintaining trust. Research on public sector recovery literature shows that citizens will see these failures as systematic and permanent if relational strategy is missing or weak,

increasing reputational damage and undermining future recovery efforts (Umar & Saleem, 2022; Béal et al., 2022).

The seventh step is to enhance technology infrastructure, as a strategic adaptation to the resource and bureaucratic impediments that are pervasive in public services. Often confined by small budgets, public agencies have more limitations on their ability to invest in innovation but the framework recognizes that technology can potentially radically transform these existing inefficiencies (Bizuneh et al., 2025; Zhang, Cai & Qiao, 2025). By using digital platforms and complaint systems based on AI (artificial intelligence) mechanisms, the transparency of recovery processes are greatly improved making it less prone to administrative hierarchies-caused delays as stakeholders monitor everything in real-time. Furthermore, societal advancements in the form of social media have also increased societal expectations with respect to immediacy and transparency — thus rendering technological commitment a necessity as opposed to an option (Fan et al., 2024; Ozuem et al., 2024). Public banks incorporating the adaptation to technology within our rubric would illustrate their capability of updating relief mechanisms beyond global norms yet reflecting local barriers, see for example Haupt et al., 2023; Chiu & Nguyen, 2022).

Step 8: innovate with organisational quality and public services — goes beyond technology pushing for a cultural and structural innovation. Bureaucratic inertia and inefficiency are often synonymous with public services, and as a result the necessity for innovation is paramount to avoid being seen as complacent (Nowak et al., 2023; Mirza et al., 2025). Such approaches, if only in part through the integration of innovation in recovery mechanisms, can reshape public perception from malleable and reactive bureaucracies to flexible proactive institutions reacting to citizenry needs. This is especially true in the area of financial services, where trust can be easily lost and failures lead to consequences for sector reputation (Raza et al., 2023; Aureliano-Silva et al., 2022). The effectiveness of organisational innovation, such as restructuring, quality improvement programmes or cross-agency collaboration would appear to represent a direct reply to the general observation in the literature that public services can be heavily restrained by complicated structures and political interests - both known for being slow on recovery (Mir et al., 2023; Villarroel Ordenes et al., 2025).

Step nine makes it clear that recovery must be sustainable, ensuring adaptive resilience. Both of these examples demonstrate that failures are not one-time occurrences but ongoing threats, systematically created by political cycles and fiscal austerities and system inefficiencies (Caillier 2025; Lindsey-Hall, et al. 2025). The framework also recognises that recovery cannot be simply about fixing past mistakes, but it must simultaneously develop the resilience we will require to weather future storms. In the specific case of Pakistan's public banking, the need for resilience is accentuated given the tenuous situations of trust deriving from political patronage and its associated intra-polity stresses or resource deficiency; on one hand, and the exigencies due to public relevance (Lim et al. 2025), and also in various contexts as suggested by Alonso-Almeida (2023). Resilience in this respect helps public banks to

communicate long-term stability and reliability to maintain public confidence in the financial systems which are bases of social building and fundamental economic stability (Kwan et al., 2025; Raza et al., 2023).

Finally, implementing digitalised recovery strategies reflects the framework's acknowledgment of the critical role of digitalisation in modern service recovery. Failures are increasingly being broadcast on social media and digital communication platforms, necessitating a real-time response time. Thus, digitalised recovery strategies not only smoothen the process but also increase the level of transparency, given that citizens can monitor progress and make opinions on the fairness of the given recovery process. In addition, the inclusion of chatbots, AI systems, and automated feedback loops ensures that the recovery is not only quick but also perceived as being responsive and fair. This response is particularly targeted towards the literature's emphasis on the accelerating role of digital responsibility in the domain of public service recovery. It ultimately illustrates how countries' public banks can align with global best practices while remaining attuned to local definitions and expectations of the citizen in recovery responsibility. The conceptual framework, together, presents a comprehensive response to the unique public service recovery challenges. This approach directly considers public services' bureaucratic inertia, regulatory or political stakes, lack of completion, resource scarceness, and high visibility distinguish them from private businesses. Through steps that accentuate fairness, responsiveness, digital recording, innovation, and enhanced resilience, the framework approaches the literature's call for holistic, citizen-centered recovery methods that rejuvenate institution faithfulness in addition to satisfaction. In the context of Pakistan, where bank trust is low, and service failures are frequently politicised, this framework offers a roadmap on how to go about the delicate balance between inhouse framework restoration, trust development, institutional strengthening and public faith restoration in the governance of its finance systems.

5.2 THEORIES EMBEDDEDNESS IN THE CONCEPTUAL FRAMEWORK

PSM, initially formulated by Perry and Wise (1990), delineates the unique motivational attributes of public service professionals, including an attraction to public policymaking, a commitment to public interest, self-sacrifice, and compassion (Kim et al., 2013; Wright et al., 2013). The PSM theory aligns with the framework by elucidating the motivational forces that drive public bank employees to resolve service failures and exceed customer expectations (Brewer & Selden, 1998). It provides a nuanced understanding of the recovery process, highlighting the essential role of individual and organizational factors such as personal values, leadership style, organizational culture, and management practices (Jensen & Bro, 2018; Wright et al., 2013). For instance, the compassion aspect of PSM may explain why employees are motivated to alleviate customer distress caused by service failures (Bakker, 2015). Similarly, the dimension of self-sacrifice might shed light on employees' willingness to forgo personal gains for the sake of customer satisfaction (Mann, 2006). Consequently,

PSM has relevance in shaping the service recovery strategies proposed in this study, reinforcing the validity of the conceptual framework (Andersen, 2009; Kim & Kim, 2016).

The framework also finds theoretical backing in the Commitment-Trust theory of relationship marketing proposed by Morgan and Hunt (1994). This theory posits that commitment and trust are the bedrock of any successful business relationship, contributing to value creation for both parties involved (Ekman et al., 2021; Mukherjee & Nath, 2007). Commitment, in this context, refers to the continuous aspiration of businesses to maintain and cultivate valuable relationships with customers (Wu et al., 2012). This aligns with the service recovery strategy that focuses on restoring and enhancing the relationship between the bank and its customers after a service failure. Trust, a vital construct of this theory, correlates with the bank's ability to provide reliable and accurate services, and its efficacy in service recovery following a failure (Mohd-Any et al., 2019). The notion of trust aligns with the framework's emphasis on restoring customer confidence post service failure, further substantiating the validity of the proposed service recovery model (Vatanasombut et al., 2008).

Stages	**Public Service Motivation (PSM)**	**Commitment Trust Theory**	**Alignment Justification**
Step 1: Acknowledging the Complaint	Compassion	Effects of Trust	When the service provider acknowledges the complaint, it demonstrates compassion, a PSM factor, showing empathy towards the customer. This also influences trust, as it assures the customer that their complaint has been recognized and will be addressed.
Step 2: Apologizing for the Service Failure	Self-Sacrifice	Effects of Trust	The act of apologizing denotes humility and self-sacrifice, an aspect of PSM, as it requires setting aside one's ego. It also helps rebuild trust as it shows the service provider's acknowledgment of their mistakes and their commitment to rectify them.
Step 3: Identifying the Issue	Attraction to Public Policy Making	Trust	The step of identifying the issue is aligned with the PSM component of attraction to public policy making, as it requires a deep understanding of rules, procedures, and policies to pinpoint the problem accurately. Moreover, it fosters trust as it shows the service provider's competence and dependability.
Step 4: Finding the Root Cause	Attraction to Public Policy Making	Trust	Finding the root cause relates to an understanding of policies and procedures, similar to attraction to public policy making. The systematic and thorough approach taken in this step can also establish trust, showcasing the service provider's competence.
Step 5: Resolving the Issue	Commitment to Public Interest	Commitment	The resolution of the issue is a demonstration of the service provider's commitment to the public interest, which is a PSM component. It aligns with the commitment aspect of Commitment Trust Theory as it shows dedication to maintaining and improving the relationship with the customer.
Step 6: Communicating the Resolution	Attraction to Public Policy Making	Effects of Trust	The clear communication of the resolution aligns with the public policy-making aspect of PSM, as it requires efficient conveyance of policy-related decisions. It also aids in the

			reestablishment of trust, by demonstrating the service provider's transparency and integrity.
Step 7: Implementing the Resolution	Commitment to the Public Interest	Commitment	The implementation of the resolution is a practical demonstration of the service provider's commitment to the public interest, reflecting the provider's dedication to the welfare of its customers. It is also an indication of the service provider's commitment to the relationship with the customer, showing the willingness to act on promises.
Step 8: Following Up	Compassion	Effects of Commitment	Following up with the customer shows compassion, a PSM component, as it shows the service provider's continued concern for the customer's satisfaction. It is also a consequence of commitment, as it demonstrates the service provider's dedication to maintaining the relationship.
Step 9: Learning from the Experience	Attraction to Public Policy Making	Effects of Trust	The learning process involves a keen understanding of public policy making and its implications, which is a PSM component. Learning from the experience also helps strengthen trust, as it shows the service provider's willingness to improve and reduce future errors.
Step 10: Policy Improvement	Attraction to Public Policy Making & Commitment to the Public Interest	Effects of Commitment	Policy improvement is linked to both the attraction to public policy making and commitment to the public interest components of PSM, as it involves shaping policies in line with public welfare. It also represents an effect of commitment, showing the service provider's long-term orientation towards improving customer relationships.

Figure 5-2 Theoretical alignment of conceptual framework

The integration of PSM and Commitment-Trust theory within the conceptual framework provides a comprehensive understanding of the service recovery process in the public banking sector. PSM elucidates the inherent motivations driving public service employees to rectify service failures and exceed customer expectations. Simultaneously, the Commitment-Trust theory emphasizes the crucial role of trust and commitment in maintaining customer relationships, offering insights into how these factors can influence service recovery strategies (Mukherjee & Nath, 2007; Ozuem et al., 2023). The proposed conceptual framework for the Service Recovery Process aligns seamlessly with the underlying theories of PSM and Commitment-Trust. It integrates the motivational elements that drive public servants with the core tenets of relationship marketing, thus providing a comprehensive model for understanding and managing service recovery in public banking.

5.2.1 Step 1: Identification of the Service Failure

The identification of service failure is an initial and fundamental step towards mitigating issues and implementing corrective actions. For public banks in Pakistan, it involves acknowledging that a problem exists, such as slow service, a flawed feedback system, payment failure, political leadership influence, online service disruption, or customer frustration. It also includes recognizing policy failures such as inefficiencies in resource allocation, lack of adequate training and capacity building, inadequate stakeholder engagement, and ineffective monitoring and evaluation systems (Hubbard, 2020).

Understanding the elements of Public Service Motivation (PSM) theory, such as Attraction to Public Policy Making and Commitment to Public Interest, is crucial during this phase. Recognizing that service delivery is integral to public welfare allows banks to make policy decisions that reflect the interests of the public. Moreover, by actively seeking to understand how public policy decisions impact banking operations, service providers can better identify the root causes of service failures (Perry & Wise, 1990). From the Commitment Trust Theory perspective, the trust element becomes significant during this identification phase. If customers trust the banking institution, they are more likely to provide honest and constructive feedback that can help identify service failures. The existence of trust also reduces the likelihood of customers reacting adversely to failures, ensuring a more conducive environment for the resolution of issues (Morgan & Hunt, 1994).

For instance, it helps to consider slow service as a failure in public banks in Pakistan. A bank with a high level of PSM will not only recognize this as a problem but will actively work to understand how policies and procedures might contribute to this issue. The trust built with customers can be leveraged to gather feedback and insights, and customers may be more patient and cooperative during the problem resolution process.

5.2.2 Step 2: Measure Customer Perception and Understand Cultural Influences

Following the identification of service failure, it becomes crucial to measure customer perception and understand cultural influences. Customer perception involves analysing their levels of satisfaction, their expectations, and how they view the bank's efforts to recover from service failure. Understanding cultural influences is essential too, as cultural norms and expectations significantly shape customer perceptions and responses to service recovery efforts (Reinisch, 2013).

To contextualize these concepts within the public banks of Pakistan, it helps to consider how customers' expectations are shaped by the socio-cultural context, including values, norms, and customs. For instance, high value may be placed on interpersonal relationships and respect for authority figures. Consequently, customers may expect personal interactions with bank staff and may be less likely to directly criticize or challenge the bank's policies or procedures (Hofstede, 1984). The factors identified in the literature are integral to understanding customer responses to service

failures. Public services, such as banking, hold significant importance in the lives of individuals and society as a whole, and any service disruption can have far-reaching impacts (Burke, 2018). Cultural aspects such as how responsibility is attributed in the event of service failure, the level of public participation expected, and the broader societal impacts of service failures all shape customer responses (McDonald, 2022).

PSM theory is crucial in terms of shaping the bank's response to customer perceptions and cultural influences. A high level of compassion and self-sacrifice can help banks approach customer feedback with empathy and a readiness to make necessary changes for public interest, even when it involves substantial effort or resources. In terms of commitment trust theory, the effects of trust and commitment come into play. If customers perceive that the bank is committed to resolving issues and improving services, they are likely to remain loyal, spread positive word-of-mouth, and trust the bank's efforts, even across diverse cultural contexts (Morgan & Hunt, 1994).

For example, if a public bank in Pakistan experiences an online service disruption, the bank must first identify the issue and consider the cultural expectations surrounding online banking. Customers may value this service highly due to cultural norms emphasizing convenience and efficiency. Guided by the Public Service Motivation (PSM) theory, the bank should prioritize resolving the issue as a matter of public interest. Dedication to this task, even when faced with challenges, reflects the self-sacrifice element of PSM. Additionally, the bank must actively seek and respond to customer feedback with compassion and empathy, acknowledging the impact of the disruption on customers' lives (Perry & Wise, 1990). In assessing customer perceptions, the bank should evaluate how the failure has affected customer trust and their belief in the bank's commitment to resolving the issue. If customers perceive the bank as genuinely committed to addressing the failure and preventing future disruptions, it can strengthen trust, maintain loyalty, and mitigate the effects of negative word-of-mouth (Morgan & Hunt, 1994).

Additionally, the cultural expectations surrounding the response to service failure should also be considered. If the societal norm is to provide compensation for service disruptions, for instance, the bank should acknowledge this and incorporate it into their service recovery efforts. Understanding and responding to these cultural influences can enhance customer satisfaction, foster positive word-of-mouth, and contribute to

building a strong relationship of trust and commitment between the bank and its customers. These steps also contribute to the larger goal of ensuring social equity and fair resource distribution, which public banks in Pakistan, like other public institutions, should aspire to achieve. This involves not only providing equitable services but also acknowledging and addressing service failures promptly and adequately, thereby reinforcing public trust and enhancing the overall quality of public services (Collins & Collins, 2002).

Understanding these aspects requires an extensive examination of customers' perceptions and cultural influences. Public banks should invest in mechanisms that capture customer feedback effectively and analyse this data to identify trends, understand customer sentiment, and implement changes. Such a process, driven by the public service motivation and a commitment to the public's welfare, will help enhance the quality of services and maintain a high level of customer satisfaction (Hubbard, 2020). The identification of service failure and understanding customer perception and cultural influences are pivotal steps in the service recovery process. Guided by the Public Service Motivation theory and Commitment Trust Theory, public banks can navigate these steps effectively, fostering trust, and demonstrating their commitment to the public interest. These steps, supported by a robust understanding of customer perceptions and cultural influences, can enable public banks to provide superior service quality, enhance customer satisfaction, and uphold their commitment to the public's welfare.

5.2.3 Step 3: Implement Pre-emptive Measures

Implementing pre-emptive measures is a crucial stage in dealing with any potential banking crisis, and this is no different for public banks in Pakistan. As per the literature, public banks can take various pre-emptive actions such as strategic partnerships, policies and guidelines, system redundancies, regular audits, and the diversification of service channels. Strategic partnerships, for instance, can be employed to establish cooperation with other banks, fintech companies, or regulatory bodies, which will improve the overall systemic strength of the banking system. An example of such a strategic partnership can be seen in the collaboration between the State Bank of Pakistan and several other public banks to develop a digital payment infrastructure, as cited by Khalid (2021).

Similarly, implementing robust policies and guidelines that govern the operation of public banks can also act as a deterrent against banking crises. For instance, guidelines regarding risk management and liquidity management can ensure that banks are better prepared to handle any sudden economic shifts or financial shocks. System redundancies should also be considered a crucial pre-emptive measure. These involve having backup processes and systems in place to ensure continuous service during downtime. For instance, in the case of a system failure, redundant systems can keep banking operations going until the primary systems are restored. As per Khan et al. (2022), redundancy plans in Pakistani public banks have shown their effectiveness in countering system failures during peak transaction times. Regular audits, both internal and external, are also critical for identifying potential weaknesses in banking operations and financial statements. The role of audits in preventing financial crises in Pakistani banks was highlighted by Ali and Ahmed (2021), who observed a significant decrease in banking mishaps following regular audits.

Lastly, the diversification of service channels ensures that the bank's operations are not concentrated in one place or service, minimizing risk. Online banking, ATM services, mobile banking, and branch networks are different channels that can keep the bank functional in case one or two channels face disruptions. As noted by Khan et al. (2023), the expansion of digital services among Pakistani public banks has significantly improved their resilience during economic downturns.

5.2.4 Step 4: Apply Recovery Strategies

Once a banking crisis has occurred, the focus shifts to recovery strategies. In the context of public banks in Pakistan, these include complaint redressal, post-failure analysis, timely restitution, customer retention initiatives, and adaptive technological infrastructure. Complaint redressal is a crucial part of any recovery strategy. Following a banking crisis, there will likely be a surge in customer complaints and queries. As per Ali et al. (2021), efficient complaint handling processes have contributed significantly to restoring customer trust and satisfaction in Pakistani public banks following crises. Post-failure analysis is equally essential for understanding the causes of the crisis and developing strategies to prevent such occurrences in the future. An analytical report from the State Bank of Pakistan (2022) suggests that understanding

the reasons behind previous banking crises helps when it comes to developing robust mechanisms to counter future threats.

Timely restitution involves compensating customers for financial losses incurred due to banking crises. This may include refunds, compensation, or other corrective measures to rebuild customer trust and safeguard the bank's reputation. For instance, in 2023, a major Pakistani public bank successfully regained customer confidence by implementing a prompt restitution program following a system failure (Khan et al.). Customer retention initiatives focus on strategies to retain existing customers, such as superior customer service, incentives, or enhanced product offerings. Mahmood and Shah (2023) highlight that these initiatives have been instrumental in maintaining the customer base of Pakistani public banks in the aftermath of crises.

Adaptive technological infrastructure refers to technology capable of adjusting quickly to evolving requirements or challenges. Such adaptability is critical for sustaining banking operations during and after crises. Pakistani public banks, for example, have adopted adaptive technologies like cloud computing and artificial intelligence, enabling greater flexibility and scalability in crisis management and recovery efforts (Khalid, 2021).

5.2.5 Step 5: Manage Timely Restitution

Timely restitution refers to the restoration of something lost or stolen to its proper owner. In the context of public banks, this implies that banks should restore any financial losses to their customers in a timely manner following a crisis. This restitution process can be complex, involving identifying the appropriate form and scale of restitution, ensuring swift delivery, and coordinating restitution efforts. It is particularly significant for public banks, such as those in Pakistan, where the population largely depends on them for financial services (Azhar, 2021).

As per Public Service Motivation (PSM) theory, public banks should be primarily motivated by their commitment to the public interest and compassion (Perry and Wise, 1990). This theory emphasizes that public servants, including those working in public banks, should prioritize the well-being of the public over their self-interest. Therefore, when a banking crisis occurs, these banks should act swiftly to minimize the damage to their customers and restore their financial status as quickly as possible. Swift action

not only demonstrates a commitment to the public interest but also compassion towards those affected.

Commitment Trust Theory can also be applied in this study. The theory holds that trust plays a critical role in maintaining relationships, including those between banks and their customers (Morgan and Hunt, 1994). When a bank provides timely restitution to its customers following a crisis, it reinforces the customer's trust in the bank. This trust, in turn, strengthens their commitment to the bank, thus increasing the likelihood of they will continue to use the bank's services even after a crisis. For instance, after the 2008 financial crisis, many public banks in Pakistan provided timely restitution to their customers, which helped to restore the customers' trust in these banks (Azhar, 2021). This also aligns with PSM theory, as the banks demonstrate their commitment to the public interest and compassion towards those affected.

5.2.6 Step 6: Enhance Customer Retention Initiatives

The primary goal of any public bank should be to retain its customers, especially following a crisis. Customer retention is affected by various factors, including perceptions of service quality, customer trust and loyalty, perceived price and fairness, the impact of technology, public perception and behaviour towards services, and customer satisfaction with service delivery.

According to PSM theory, public banks, driven by a commitment to the public interest and compassion, should strive to improve their service quality and fairness in pricing to enhance customer retention. For instance, public banks in Pakistan could introduce innovative banking solutions, improve their digital platforms, and offer fair and competitive rates to their customers (Azhar, 2021). On the other hand, Commitment Trust Theory posits that trust and commitment are vital to retaining customers. Banks can enhance customer trust and commitment by providing reliable services, handling complaints efficiently, offering competitive rates, and utilizing technology effectively. For example, several public banks in Pakistan have introduced digital banking platforms to improve their service delivery and customer satisfaction. These banks have also implemented measures to improve their complaint redressal mechanisms, further increasing customer trust and retention (Azhar, 2021). In conclusion, both Public Service Motivation and Commitment Trust theory provide a valuable lens to understand and guide the process of managing timely restitution and enhance

customer retention initiatives in public banks. Public banks should incorporate the principles of these theories into their strategies to ensure they can successfully navigate crises and retain their customers.

5.2.7 Step 7: Improve Adaptive Technological Infrastructure

Technological advancements have been instrumental in transforming the financial sector worldwide. This transformation is equally crucial for public banks in Pakistan, where adaptive technological infrastructure could significantly augment service delivery. Still, service failures in technology-based self-service, bank failures affecting local business dynamics, loss of public trust in banks, service delivery failures, and poor customer perception represent substantial hurdles (Azhar, 2021).

Public Service Motivation theory underscores the significance of a commitment to the public interest (Perry & Wise, 1990). This implies a robust technological infrastructure that assures seamless and efficient services. Investing in reliable and advanced technology reflects this commitment, improving service quality and accessibility. For instance, incorporating advanced data analytics could provide more customized service offerings, while AI and automation could accelerate transaction times. Moreover, according to the Commitment Trust Theory, enhancing technological infrastructure could reinforce trust. Trust is not only influenced by a bank's ability to fulfil promises but also by its perceived competence (Morgan & Hunt, 1994). Therefore, when banks are technologically capable, they inspire confidence in their ability to manage finances efficiently, thereby fostering customer trust. For example, HBL Pakistan's digitization strategy helped boost its reputation with implications for customer trust and satisfaction. By revamping its technological infrastructure, it optimized service delivery, reducing potential for service failures and elevating customer perception (Azhar, 2021).

5.2.8 Step 8: Innovate with Operational Agility in Public Sector Services

Operational agility is pivotal to ensure public banks can respond promptly and effectively to disruptive events. Challenges such as bureaucratic processes, systemic inefficiencies, limited adaptability to peak times or disruptions, extended waiting times, and poor service during often plague public sector institutions, particularly banks (Azhar, 2021).

Aligned with PSM theory, operational agility could be seen as a manifestation of self-sacrifice and commitment to public interest (Perry & Wise, 1990). This involves prioritizing efficient and customer-friendly procedures over maintaining the status-quo. For instance, streamlining processes, eliminating redundant procedures, and implementing efficient document management systems can reduce waiting times, increase efficiency, and promote a more positive customer perception. Commitment Trust Theory also supports operational agility. Enhanced efficiency and responsiveness foster customer trust and commitment (Morgan & Hunt, 1994). Trust, in turn, bolsters customer loyalty, leading to higher customer retention.

In Pakistan, initiatives like the "One Window Operation" at National Bank of Pakistan (NBP) exemplify operational agility. The initiative sought to reduce bureaucratic red tape and improve customer service. By providing all services under one umbrella, the bank was able to decrease wait times, thus improving the overall customer experience and building trust (Azhar, 2021). Improving adaptive technological infrastructure and innovating with operational agility in public sector services are pivotal steps for public banks. Drawing from both PSM and Commitment Trust theory, these measures foster greater trust, commitment, and customer satisfaction. As public banks continue to evolve, the integration of technology and operational efficiency will remain key to their success and resilience.

5.2.9 Step 9: Ensure Adaptive Resilience

Adaptive resilience is the ability to anticipate, prepare for, respond and adapt to incremental changes and sudden disruptions in order to survive and thrive (Azhar, 2021). In the context of public banks in Pakistan, this involves foresight and preparedness, streamlined communication, and robust contingency planning. Ensuring adaptive resilience in the public banking sector requires foresight and preparedness, streamlined communication, and robust contingency planning. These factors are particularly relevant for public banks in Pakistan, considering the unique challenges they face including sudden economic changes, cyber threats, and fluctuating customer demands.

Foresight and preparedness are crucial elements of resilience. In public banks, this can take the form of forward-looking policies and strategies. It could include a rigorous assessment of potential threats and vulnerabilities, investments in advanced

technologies, and employee training programs to deal with potential disruptions. For example, Pakistan's public banks could conduct regular simulations and drills to prepare for potential cyber-attacks. These pre-emptive actions, when taken systematically and proactively, can help public banks anticipate, react to, and recover from disruptions effectively and efficiently.

Streamlined communication is another key aspect of adaptive resilience. This involves clear, effective, and real-time communication within the organization, as well as with customers, stakeholders, and regulators. For instance, in the event of a service disruption, it is critical that public banks promptly communicate to customers the issue, and the steps they are taking to resolve it. This transparency can help maintain customer trust and ensure service continuity. Robust contingency planning is the third critical factor. This requires the formulation of clear, actionable plans that outline the steps to be taken in the event of various types of disruptions. These plans should be updated regularly and should include input from all levels of the organization. Public banks in Pakistan could benefit from developing a detailed business continuity plan, covering scenarios such as physical disruptions (e.g., natural disasters) and virtual disruptions (e.g., cyber-attacks).

James L. Perry and Lois Recascino Wise's Public Service Motivation (PSM) theory underlines the importance of commitment to the public interest and self-sacrifice (1990). This suggests that banks should prioritize the public's welfare by investing in resilience. For instance, the use of foresight and preparedness can ensure the availability of funds even during a crisis, thus safeguarding the public's financial interests. Robust contingency planning demonstrates a commitment to service, reflecting the bank's readiness to make self-sacrifices to ensure continuity of service.

Streamlined communication, a crucial aspect of adaptive resilience, aligns with Commitment Trust Theory (Morgan & Hunt, 1994). Trust is dependent on communication and so establishing effective channels for information dissemination during crises is vital. For example, during the COVID-19 pandemic, banks such as the National Bank of Pakistan communicated effectively with their customers about altered operating hours, safety measures, and available online services. This ensured continuity of services and enhanced trust (Azhar, 2021).

5.2.10 Step 10: Implement Digitalized Recovery Strategies

Digitalized recovery strategies such as failure detection systems, staff competency, automated alerts, incident reporting mechanisms, data-driven insight, and continuous risk assessment can play a pivotal role in mitigating service disruptions. The swift detection and resolution of failures can maintain service levels, prevent potential disruptions, and maintain customer trust (Azhar, 2021). Implementing digitalized recovery strategies is a crucial step for service recovery in public banks. This involves several elements such as failure detection systems, staff competency, automated alerts, incident reporting mechanism, data-driven insight, and continuous risk assessment.

Failure detection systems and automated alerts can help identify and rectify problems early, reducing their potential impact. For instance, a system outage in a public bank can cause significant service disruptions. An automated failure detection system can identify the outage immediately, triggering alerts for the technical team to rectify the problem promptly. Staff competency is another critical factor. To effectively manage and navigate digital systems, staff must be adequately trained and competent. This involves continuous learning and development initiatives, ensuring that staff are well-equipped to handle digital tools and technologies. For example, a public bank could run regular training sessions on new digital banking platforms or technologies.

Incident reporting mechanisms and data-driven insights are also important. An efficient incident reporting system can serve the purpose of collecting data about service disruptions, helping banks understand their frequency, causes, and impacts. Data-driven insights gained from such reports can inform strategies for improvement. For instance, a public bank might identify that most service disruptions occur due to server overload during peak hours. This insight could lead the bank to increase server capacity during peak hours. Continuous risk assessment is key to maintaining a robust digital infrastructure. This involves regular evaluations of the bank's digital systems to identify and address potential vulnerabilities. In the case of public banks in Pakistan, this could include audits of the bank's cybersecurity measures or stress-testing of its digital banking platforms. As suggested by Public Service Motivation (PSM) theory, there is an inherent attraction to public policy-making in this context (Perry & Wise, 1990). Public policy that encourages digitalization in public banking, including digitalized recovery strategies, can significantly contribute to improved service

delivery. For example, Pakistan's State Bank's policy to promote digital banking has led to the development of digital banking infrastructure, promoting efficiency and reliability in services.

Moreover, Commitment Trust Theory highlights the importance of trust in shaping commitment. Digitalized recovery strategies can enhance trust by demonstrating the bank's commitment to reliable service delivery (Morgan & Hunt, 1994). For example, when a bank quickly identifies and rectifies a service failure using advanced detection systems and alerts, it enhances customer trust, indicating the bank's commitment to providing seamless service. Ensuring adaptive resilience and implementing digitalized recovery strategies, these are fundamental steps in maintaining robust and efficient public banking services. Utilizing PSM and Commitment Trust theory, we can understand how these steps contribute to enhanced customer trust, commitment, and satisfaction. As technology advances, the adaptation of public banks to these changes will define their future resilience and success.

5.3 SUMMARY

An effective, contextually relevant service recovery framework for the public banking sector in Pakistan needs to be designed and implemented strategically to significantly enhance performance, customer satisfaction, and trust. This is achievable through a comprehensive approach that involves ten crucial steps, each with a unique role in addressing and resolving service failures. The journey begins with accurate detection and acknowledgment of service failure. It is imperative that public banks in Pakistan develop a structured mechanism to detect failures promptly. Leveraging advanced technologies, such as AI-based customer support systems, can be instrumental in identifying the failure and initiating recovery processes. The subsequent step entails effective communication, which is at the core of managing customer expectations. Transparency about the nature of the failure, estimated resolution time, and possible ways forward can help establish trust, which is integral to the banking sector's reputation.

The third step emphasizes implementing pre-emptive measures. These measures, including strategic partnerships, policies, guidelines, system redundancies, regular audits, and diversification of service channels, can help prevent failures or mitigate their impact. These actions require a well-planned, comprehensive approach that

considers the unique circumstances of Pakistan's public banking sector. Applying recovery strategies is the fourth step. This includes devising mechanisms for complaint redressal, post-failure analysis, timely restitution, customer retention initiatives, and adaptive technological infrastructure. The objective is to restore services swiftly and efficiently, minimizing the negative impact on customers. Managing timely restitution is another critical aspect of this framework. Here, the focus is on identifying the right form and scale of restitution, ensuring swift delivery, and coordinating restitution efforts. A well-implemented restitution strategy can help rebuild customer trust, crucial in the banking industry.

The sixth step focuses on enhancing customer retention initiatives. By addressing perceptions of service quality, customer trust and loyalty, perceived price and fairness, the impact of technology, public perception and behaviour towards services, and customer satisfaction with service delivery, public banks can create a loyal customer base, boosting their market presence and stability. The seventh step focuses on improving adaptive technological infrastructure. By addressing issues in technology-based self-service, preventing bank failures that affect local business dynamics, and improving service delivery, banks can significantly enhance their resilience and customer perception. Next, operational agility in public sector services needs to be innovated. Reducing bureaucratic processes, systemic inefficiencies, limited adaptability to peak times or disruptions, and prolonged waiting times can significantly enhance service delivery during disruptions, ensuring customer satisfaction.

The penultimate step is to ensure adaptive resilience. By incorporating foresight and preparedness, streamlined communication, and robust contingency planning, public banks can create a resilient system ready to deal with any disruptions. Finally, implementing digitalized recovery strategies is critical. This can be achieved by establishing failure detection systems, enhancing staff competency, implementing automated alerts, creating efficient incident reporting mechanisms, and making use of data-driven insights for continuous risk assessment. The process of designing an effective service recovery framework is a complex, multifaceted task that requires careful planning, execution, and continuous improvement. These ten steps provide a comprehensive blueprint for the public banks of Pakistan to transform their service recovery strategies and establish a trustful and satisfactory relationship with their customers. This approach, which involves technological advancements, customer-

centred strategies, preventive measures, resilience, and digitalized recovery, is highly relevant to the Pakistani context and can significantly enhance customer satisfaction and trust, thereby improving the overall performance of the public banking sector.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

6.1 CONCLUSION

The culmination of any comprehensive academic endeavour, such as a doctoral thesis, is a synthesis of insights and lessons learned, a reflection on the research journey, and the proffering of recommendations for future research. This chapter encapsulates the conclusions and recommendations derived from the extensive exploration of service recovery strategies in the public banking sector of Pakistan. As a subject of considerable importance, this area has been probed in depth through a multi-pronged lens. The concluding chapter provides an overview of the findings, demonstrating the robustness of the research and the potential contribution to academic discourse, policy-making, and practice in the public banking context, particularly in Pakistan.

The underpinning motivation of the research was to devise an effective, contextually relevant service recovery framework that could bring about significant improvement in the performance, customer satisfaction, and trust in the public banking sector of Pakistan. This task was not merely academic, but also had profound practical implications, given the pivotal role public banks play in Pakistan's socio-economic landscape. The objective of ensuring a high-quality, efficient, and reliable banking service that meets the expectations of diverse stakeholders dictated the research trajectory. As a comprehensive investigation, the study methodically probed various aspects of service recovery, drawing on a blend of theoretical perspectives and empirical insights. The research journey began with an exhaustive literature review, laying a solid foundation of understanding about the existing knowledge and identifying gaps that this research aimed to bridge. It then seamlessly transitioned into the exploration of specific theories that could be relevant to the unique socio-cultural and economic context of public banking in Pakistan. The theoretical foundations helped to shape a set of research questions that guided the subsequent empirical investigation. A comprehensive approach was designed to conduct the empirical aspect of the study. The data collected during the research process were subjected to rigorous analysis, yielding valuable insights that not only addressed the research questions, but also extended the theoretical understanding of the service recovery strategies. From a practical standpoint, the empirical findings have shed light on the way forward for public banks in Pakistan, offering concrete steps they can take to enhance their

service recovery efforts. This chapter serves to bring together all the strands of the study, offering a consolidated view of the findings. The aim is to facilitate a comprehensive understanding of the implications and to identify pathways for future research. It reflects on the research journey, illuminates the contribution of the study to both theory and practice, and charts the course for future research endeavours. The chapter concludes with a set of recommendations for public banks in Pakistan, aiming to transform their service recovery mechanisms and enhance their overall performance, customer satisfaction, and trust. Following the is the summary of the achievement of the three research objectives which were claimed in the chapter 1 of this thesis.

1. **Understanding Service Failure Dimensions in the Public Banking Sector of Pakistan:**

This exploration of service failure dimensions in Pakistan's public banking sector, incorporating local contexts, revealed several interrelated themes. Notably, technological issues emerged as a significant facet of service failure, consistent with global trends. Failures in technology-based services, such as disruptions in online banking and ATM services, were found to impact customer satisfaction and trust negatively. Other notable dimensions included operational inefficiencies, bureaucratic hurdles, and a perceived lack of transparency in banking processes, all contributing to service failure experiences. In terms of local context, a notable finding was the differential impact of service failures in urban and rural areas, underscoring the importance of context-specific service recovery strategies. In essence, service failures were multifaceted, shaped by an interplay of technological, operational, and contextual factors.

2. **Evaluation and Synthesis of Public Service Recovery Strategies**:

The examination of public service recovery strategies, both globally and in local contexts, highlighted an array of practices with potential applicability to the public banking sector in Pakistan. From a global perspective, strategies like immediate failure detection systems, swift service recovery actions, and customer-focused approaches were prevalent. At the local level, the importance of culturally sensitive recovery strategies emerged as a key insight. Practices such as immediate customer communication, personalized recovery initiatives, and transparency in rectifying service failures were viewed favourably by customers. Interestingly, the study found that customer perception of fairness in recovery efforts significantly influences their

satisfaction and trust. Thus, balancing global best practices with local cultural and socio-economic contexts is vital for effective service recovery in Pakistan's public banking sector.

3. **Developing an Effective Service Recovery Framework:**

The goal to develop an effective, contextualized service recovery framework for Pakistan's public banking sector led to the conceptualization of a ten-step process. Drawing from theories like the Public Service Motivation (PSM) and the Commitment Trust Theory, this comprehensive framework addresses the various dimensions of service failure and recovery identified in the study. The steps range from understanding service failure and developing preventive measures to implementing digitalized recovery strategies and ensuring adaptive resilience. A key finding is that an effective service recovery framework should be flexible and responsive to changing customer needs and expectations. It should also be resilient and agile in adapting to unexpected disruptions or peak service demand times. Incorporating these elements into the framework has the potential to significantly improve customer satisfaction and trust, operational effectiveness, and overall performance in the public banking sector of Pakistan.

6.2 CONTRIBUTION OF RESEARCH

This research makes several key theoretical contributions to the understanding of service recovery strategies in the public sector, more specifically within the public banking sector of Pakistan. The unique integration and application of two prominent theories, Public Service Motivation (PSM) and the Commitment Trust Theory, in the service recovery context is the first major contribution. By applying PSM theory, the research incorporates essential public service values into the service recovery framework. The dimensions of attraction to public policymaking, commitment to public interest, self-sacrifice, and compassion were systematically aligned with the service recovery steps. For instance, commitment to public interest was related to developing preventive measures, implementing recovery strategies, and enhancing customer retention initiatives. These values were instrumental in shaping a framework that was not just effective but also ethically sound and socially responsible.

Incorporating Commitment Trust Theory brings the customer perspective into the service recovery framework. Trust and commitment, the two cornerstones of the theory, were integrated into several steps, such as enhancing customer retention

initiatives, managing timely restitution, and ensuring adaptive resilience. This theoretical contribution ensures that the service recovery strategies developed are customer-centric, aiming to rebuild trust and foster long-term commitment. The second theoretical contribution lies in the unique alignment of both PSM and Commitment Trust Theory within the service recovery context. This alignment allows the simultaneous addressing of organizational responsibilities (PSM) and customer expectations (Commitment Trust Theory) within service recovery efforts. The third contribution is the integration of these theories into a ten-step service recovery framework, enhancing its theoretical grounding and applicability. The alignment of key factors from both theories within the ten steps contributes to the framework's robustness and coherence, making it a comprehensive and theoretically sound tool for service recovery.

The fourth, and perhaps most significant theoretical contribution of this study is the introduction of the ten-step conceptual framework for service recovery strategies, designed specifically for public sector organizations. It effectively combines PSM theory’s emphasis on public interest and commitment, with the Commitment Trust Theory’s focus on trust and commitment from the customers' perspective. Beyond these, the research also contributes to the understanding of the local context's influence on service recovery strategies. By incorporating insights from the Pakistani public banking sector, it contributes to context-specific public service management literature. This research underscores the importance of aligning global best practices with local contextual realities, which enriches the theoretical understanding of service recovery in public sector organizations.

The practical implications of this research are substantial and multi-faceted, particularly for the public banking sector in Pakistan, which could significantly benefit from the findings of this study. It not only provides a comprehensive ten-step framework for service recovery strategies but also illustrates how this framework can be tailored to meet the unique needs of the public sector, leading to operational improvements, increased customer satisfaction, and strengthened trust in the banking system. The most critical practical contribution of this research is the ten-step service recovery framework. In a practical sense, the framework acts as a roadmap to address service failures. It guides organizations step by step, from understanding service failures to implementing recovery strategies. The framework is adaptable, meaning it can be modified to fit various operational structures and customer needs. It is not a

rigid set of rules, but a guide that banks can use to shape their unique service recovery strategies. However, the utility of the research extends beyond the framework itself. It also sheds light on the dimensions of service failure within the public banking sector of Pakistan, illuminating areas often overlooked in traditional banking models. Understanding these dimensions is the first step towards improvement, as it provides the information necessary to develop targeted strategies that address specific problem areas.

Moreover, the research recognizes the importance of contextual adaptation in service recovery strategies. The findings suggest that the effectiveness of these strategies is largely dependent on their relevance to local contexts, emphasizing the need for customization in implementing service recovery strategies. Banks can use this insight to optimize their strategies, considering factors like customer expectations, cultural norms, and local business practices to ensure their service recovery efforts resonate with their customers. Additionally, this research redefines the role of technology in service recovery. It emphasizes the need for an adaptive technological infrastructure and digitized recovery strategies, showing that the integration of technology into service recovery is no longer optional but a necessity. This is a significant contribution, particularly for the public banking sector in Pakistan, where the adoption of technology in banking services is still in its early stages.

The research highlights the importance of public trust in banking operations. It reveals that trust plays a crucial role in customer retention and overall bank performance. This suggests that banks need to focus not only on improving their services but also on building and maintaining trust with their customers. The research provides a starting point for this by outlining strategies that can help enhance customer trust, such as transparent communication, effective complaint redressal, and timely restitution. The practical implications of this research extend far beyond providing a service recovery framework. It offers insights into the unique dimensions of service failure within the public banking sector of Pakistan, emphasizes the importance of context in service recovery strategies, and underscores the vital role of technology and public trust in banking operations. These findings provide a solid foundation upon which banks can build their service recovery strategies, ultimately leading to improved customer satisfaction and trust, and enhanced operational effectiveness.

Turning to the practical contributions, this research offers valuable insights for practitioners within the public banking sector of Pakistan and potentially other similar

contexts. The ten-step service recovery framework, grounded in sound theoretical underpinnings and validated through empirical data, serves as a practical guide for these organizations. It can help them manage service failures more effectively, and enhance customer satisfaction and trust. The steps offer concrete, actionable recommendations that public banks can implement, ranging from understanding service failure to implementing digitalized recovery strategies. The framework's practicality lies in its flexibility, allowing organizations to adapt it according to their specific contexts and needs.

Further, by emphasizing customer-centric recovery strategies, the research encourages banks to prioritize their customers' experiences and expectations. It underscores the importance of swift and fair restitution, transparency in recovery efforts, and continuous improvement in service delivery. These insights can significantly improve the quality of customer service, foster customer loyalty, and ultimately, enhance the banks' performance. The theoretical and practical contributions advance understanding around the practice of service recovery in public sector organizations, with potential implications for policymaking, organizational practices, and customer relationships in the public banking sector.

6.3 RECOMMENDATIONS FOR PUBLIC BANKS TO AVOID SERVICE FAILURE AND EFFECTIVELY RECOVER SERVICES

While the ten-step conceptual model offers a comprehensive roadmap for addressing service failure and implementing effective recovery strategies in Pakistan's public banking sector, it is also crucial to consider other ancillary measures and recommendations. These can further reinforce the model's application and ensure sustainable improvement in the sector's service delivery and customer satisfaction.

Above all else, it is vital to embed a culture of continuous improvement within public banks. This means creating an environment where employees at all levels are encouraged to identify potential areas for service improvement and propose innovative solutions. This culture can be fostered through regular training and development initiatives aimed at building employees' problem-solving and critical thinking skills, as well as through mechanisms for acknowledging and rewarding innovative ideas and efforts. Relatedly, the importance of regular training and development cannot be overstated. In addition to fostering a continuous improvement mindset, training initiatives should be designed to keep employees updated on industry best practices

for service delivery and recovery. It's also essential to build employees' skills in customer relations and communication, as these play a significant role in both preventing service failures and managing recovery processes effectively.

Additionally, public banks should invest in robust and up-to-date information technology systems. These systems can enhance service delivery through improved operational efficiency and accuracy. They can also aid in identifying potential service failure points and triggering early alerts, allowing the bank to implement proactive recovery measures. Given the rapid pace of technological advancement, regular reviews and upgrades of these systems should be a priority. Understanding customer expectations and needs should be a central focus for public banks. This can be achieved through regular customer feedback and surveys, which can provide valuable insights into potential service delivery gaps and customer satisfaction levels. Banks should have a systematic process for analysing this feedback and translating it into actionable improvements. Furthermore, it's crucial for public banks to cultivate strong relationships with their customers. This can involve initiatives aimed at building customer trust and loyalty, such as reward and recognition programs, personalized services, and transparent communication. Such efforts can mitigate the impact of service failures when they do occur and enhance the effectiveness of recovery strategies.

Communication is a critical aspect of both preventing service failures and managing recovery. Public banks should ensure they have clear and effective communication channels with their customers. This includes providing timely and accurate information about services, being responsive to customer inquiries and complaints, and communicating proactively during service recovery processes. while the ten-step model provides a comprehensive and tailored approach to addressing service failures in Pakistan's public banking sector, these additional recommendations can further enhance service delivery and customer satisfaction. By fostering a continuous improvement culture, investing in regular employee training and up-to-date IT systems, prioritizing customer understanding and relationship building, and ensuring effective communication, public banks can strengthen their capabilities to prevent service failures and implement successful recovery strategies when needed. This approach, underpinned by the contextualized service recovery model, can ultimately contribute to enhanced operational effectiveness and trust in Pakistan's public banking sector.

In realizing the recommendations for avoiding service failures and effectively implementing recovery strategies, public banks in Pakistan may encounter certain challenges and complexities. Understanding these potential issues and devising strategies to address them is essential to effectively translate these recommendations into practice. A significant challenge lies in establishing a culture of continuous improvement within public banks. Banks are complex entities with different departments and varying levels of hierarchy. Instilling a culture that permeates all levels can be an intricate and lengthy process. Resistance to change, bureaucratic procedures, and existing organizational norms can serve as barriers. To overcome this, top management must show a firm commitment to change. Initiating change from the top can lend credibility and set an example for all employees. A clear communication strategy that highlights the benefits of a continuous improvement culture and addresses potential resistance is crucial. Employee engagement activities, such as workshops and brainstorming sessions, can encourage involvement and help create a sense of ownership.

Next, regular training and development initiatives could face constraints such as budget limitations, operational disruptions due to training schedules, and a lack of trainers or training materials relevant to the specific needs of the public banking sector. To tackle this, banks should plan and budget for training as a critical investment for long-term sustainability and success. Adopting flexible training modalities, like online courses or on-the-job coaching, can minimize disruptions to operations. Moreover, collaborations with industry associations, academic institutions, or external consultants can help ensure access to high-quality, relevant training resources. Investing in robust information technology (IT) systems might be confronted with issues such as high upfront costs, lack of technical expertise, and concerns about cybersecurity. To mitigate these challenges, banks can explore options such as phased implementation to spread out costs or seek financing solutions tailored to their needs. Furthermore, investing in the necessary training or hiring experienced IT professionals can ensure effective system management. To address cybersecurity concerns, banks should integrate advanced security measures and regularly update their cybersecurity policies.

Understanding customer expectations and needs through feedback and surveys might encounter challenges such as low response rates, inaccurate feedback, and difficulties in analysing and interpreting feedback data. Banks can address these issues by

making feedback processes user-friendly and less time-consuming. They can incentivize participation, ensure confidentiality, and use technology to gather real-time, accurate feedback. Skilled data analysts can convert feedback data into actionable insights. Building strong customer relationships can be a complex process, especially in a diverse country like Pakistan where customers have different backgrounds, preferences, and expectations. Banks should adopt a customer-centric approach, tailoring their services to meet diverse needs. Culturally sensitive communication, personalized services, and consistently high-quality service can help build strong relationships.

Lastly, ensuring clear and effective communication with customers can be challenging in a busy banking environment. However, this can be achieved by employing dedicated customer service professionals, training employees in effective communication, and using technology to facilitate prompt and efficient communication. Although implementing these recommendations might involve challenges, these can be addressed with strategic planning, effective management, and a commitment to continuous improvement. By doing so, Pakistan's public banks can significantly enhance their service quality, avoid service failures, and effectively implement recovery strategies when required. This can lead to greater customer satisfaction, trust, and operational effectiveness in the long run. It is essential to note that implementing the 10-step service recovery framework in public banks in Pakistan presents a unique set of challenges due to the nature of the public sector. Each step identified in the table below represents a potential obstacle and, therefore, requires distinct measurement and evaluation criteria. As such, it is necessary to devise specific solutions to effectively evaluate and measure the performance of each stage. The table below outlines these considerations.

Stage Number and Name	**Issues in Evaluating Performance**	**Solutions to Effectively Measure and Evaluate Performance**
Step 1: Acknowledgment of Service Failure	Difficulty in identifying service failure due to limited feedback mechanisms	Implement robust customer feedback mechanisms; utilize customer satisfaction surveys, complaints, and reviews as indicators
Step 2: Prompt Response	Inconsistent or late responses to service failures due to bureaucratic hurdles	Regular monitoring of response times; maintain a benchmark time within which service failures must be addressed
Step 3: Transparency and Communication	Challenges in maintaining open and clear communication due to bureaucratic procedures	Regular audits of communication channels; customer surveys to gauge satisfaction with communication

Step 4: Empowerment of Employees	Measuring the extent of employee empowerment may be challenging due to organizational hierarchy	Anonymous employee surveys to understand their perceptions; review of decision-making process and authority levels
Step 5: Apology and Empathy	Difficult to measure empathy and sincerity of apology	Customer surveys post service recovery; monitor customer feedback and sentiment
Step 6: Assurance of Non-recurrence	Ensuring and measuring the assurance of non-recurrence can be complex	Track instances of repeated service failures; regular audits of preventive measures
Step 7: Compensation or Redress	Assessing the adequacy and fairness of compensation can be challenging	Customer feedback on satisfaction with compensation; benchmarking with industry standards
Step 8: Follow-up	Monitoring and evaluating the follow-up process may be complex due to large customer base	Measure customer satisfaction post follow-up; monitor response rates and feedback
Step 9: Employee Training	Measuring the effectiveness of training programs is often challenging	Pre- and post-training assessments; feedback from employees about the training
Step 10: Continuous Improvement	The process of continuous improvement is ongoing and can be challenging to measure	Regular reviews and audits of processes; customer satisfaction surveys and feedback

Figure 6-1 Evaluation and Performance Measurement of the 10-Step Service Recovery Framework in Public Banks in Pakistan

This table presents a clear evaluation strategy for each stage of the service recovery framework, taking into consideration the potential challenges specific to the public banking sector in Pakistan. The solutions suggested could help to effectively measure and evaluate the performance of each stage, ultimately leading to improved service recovery in the sector.

6.4 RESEARCH LIMITATIONS AND FURTHER DIRECTIONS

While the study makes a substantive contribution by developing a ten-step conceptual framework for public service recovery in Pakistan's public banking sector, several limitations should be acknowledged. These limitations do not undermine the value of the findings; rather, they clarify the boundaries of interpretation and indicate where further research can strengthen, test, and extend the framework.

A first limitation relates to the analytical process reporting. Although the thematic analysis is described as progressing into the second stage of analysis, the initial step is not explicitly stated. To ensure the analytical account is complete and sequential, it is important to clarify that the analysis began with familiarisation or immersion in the data. This involved repeated reading of interview transcripts, careful noting of early meanings, and reflective engagement with patterns emerging across both customer and manager accounts. This immersion phase provided the foundation for subsequent

coding and theme development by enabling the researcher to understand the breadth of experiences of service failure, the language participants used to describe disruption and recovery, and the contextual cues embedded in the institutional and cultural setting of Pakistani public banking. Making this initial step explicit strengthens the transparency, rigour, and procedural completeness of the analytical narrative, ensuring the reader can follow the analysis from beginning to end as a coherent sequence.

A second limitation concerns the sampling frame and the extent of demographic diversity. Although the study included both managerial and customer perspectives and captured variation in age and banking experience, the overall sample size remains relatively small. This may have limited the range of experiences available for comparison, particularly across socio-economic status, geographic region, occupational group, and levels of digital literacy. Greater diversity may yield additional nuance in the early stages of the framework, especially Step 1 (identification of service failure) and Step 2 (measurement of customer perception and cultural influence). Customers from rural settings, lower-income groups, or those with limited access to digital services may interpret service failure differently, rely more heavily on branch-based interactions, or experience distinct barriers in complaint reporting and recovery communication. Future research should therefore expand demographic and socio-economic coverage to examine whether the patterns identified here are robust across broader populations or partially shaped by the characteristics of the sampled groups.

A third limitation is the contextual specificity of the model. The framework was intentionally grounded in the socio-political and institutional realities of Pakistan's public banking system, where bureaucratic procedures, resource constraints, political influence, and contested perceptions of institutional legitimacy shape customer experience. As a result, the transferability of the ten steps to other sectors and national contexts remains uncertain. For instance, Step 3 (pre-emptive measures) and Step 4 (application of recovery strategies) may look fundamentally different in public healthcare, education, or utilities, where the consequences of failure, service expectations, and stakeholder relationships are not identical to banking. Future studies could apply the framework in other public service domains to test which steps remain stable across contexts and which require adaptation to different institutional logics.

Comparative work between public banks and other public organisations would therefore enhance both the theoretical contribution and practical utility of the model.

A fourth limitation relates to theory and its evolving nature over time. Although the framework is theoretically supported through Public Service Motivation and Commitment–Trust theory, both are dynamic lenses that can be reshaped by changes in organisational culture, governance conditions, and customer expectations. Steps such as Step 5 (timely restitution) and Step 6 (customer relationship strengthening) depend not only on procedural capacity but also on how public employees interpret duty, compassion, and responsiveness, and how customers interpret credibility, commitment, and fairness. These relational and motivational dimensions may shift in environments increasingly shaped by digitalisation and social media visibility, where expectations of speed, transparency, and accountability are amplified. Further research is needed to examine how motivational drivers and trust-building mechanisms operate in practice, and how they evolve when service encounters increasingly occur through digital channels rather than face-to-face interactions.

A fifth limitation stems from the qualitative design. The thematic analysis generated depth and contextual richness, but it does not allow causal testing of whether implementing later-stage mechanisms produces measurable improvements in outcomes. Steps related to adaptive technological infrastructure, organisational innovation, and resilience building indicate processes that would benefit from quantitative, mixed-method, or longitudinal testing. Future research could, for example, examine whether digital complaint systems and automated alerts correlate with improved recovery satisfaction, whether customer retention programmes reduce switching intentions after disruptions, or whether resilience investments reduce reputational damage across repeated service failures. Such studies would strengthen the framework's empirical testability and refine its explanatory and predictive power.

A sixth limitation is that the model has not yet been validated through direct implementation in a real banking environment. Although Step 10 proposes digitalised recovery strategies such as automation, real-time monitoring, and AI-supported complaint processes, their feasibility, cost implications, governance requirements, and staff readiness have not been evaluated through field-based application. Future research should therefore pilot the framework within public banking institutions, using

implementation trials or action-oriented evaluation designs to assess what works, what barriers emerge, and what institutional conditions are required for successful integration. Such application-based research would also clarify the extent to which resource constraints, bureaucratic inertia, or political sensitivities affect implementation at each stage of the framework.

Finally, because the framework is cyclical and iterative, its full value may only emerge over time. The model implies that recovery is not only about immediate correction but also about long-term institutional strengthening, including trust rebuilding, cultural competence, and adaptive resilience. Without longitudinal evidence, it remains uncertain whether improvements in customer satisfaction and trust represent lasting shifts or short-term reactions to isolated recovery episodes. Long-term studies are therefore required to observe whether repeated application of the ten steps results in sustained institutional credibility and stable improvements in service continuity.

Overall, the limitations identify clear directions for further research: expanding participant diversity to test robustness in Step 1 and Step 2; applying the framework across public service sectors to evaluate transferability; re-examining theoretical mechanisms under conditions of intensified digitalisation; introducing quantitative and mixed-method approaches to test outcomes linked to later steps; piloting the framework in operational settings to assess feasibility; and conducting longitudinal research to evaluate sustainability of trust, resilience, and institutional strengthening. Through these extensions, future studies can determine whether the ten-step framework functions primarily as a context-specific guide for Pakistan's public banks or as a transferable model capable of informing citizen-centred, resilient, and trust-building recovery practice across broader public service environments.

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8 APPENDICES

8.1 APPENDIX 1: PILOT STUDY QUESTIONNAIRE (SEMI-STRUCTURED INTERVIEW GUIDE – INITIAL VERSION)

- Have you faced bad service or lack of response at a public bank? What can you tell me about what happened?
- What sorts of issues do you believe are prevalent in Pakistan's public banks?
- When things go wrong, how drivers banks typically respond? Are their comments sufficient in your opinion?
- You tell me, what should the banks do when they come up short on serving?
- Do you believe that public banks listen intently to customer complaints? What could make things better in that room?
- What impact does lack of services have on your confidence or trust in public banks? Would you think about transferring to private banks on these concerns?
- What do you believe are some of the factors that lead to the failure of banks to serve — is it the staff, management, policies?
- What is your opinion about e and digital banking by public banks? What have been some of the challenges in working with Them?
- In your experience, what could managers do best to handle service problems in public banks?
- What is the impact of matters such as scant budgets, outdated systems, or a workforce without proper training in whether public banks are adequately serving residents?

8.2 APPENDIX 2: SEMI STRUCTURED INTERVIEW QUESTIONS

- Please describe a specific incident during which you encountered a service failure at a public bank. What kind of failure was it, and how did it affect your banking experience?
- What do you consider as the most common service failures in the public banks of Pakistan? Are these failures the result of policy errors, operational ineptitudes, or something else?
- How do public banks usually respond to service failures, do you think? Has their response been prompt and satisfactory in your opinion? Why or why not?
- What do you expect from public banks when they don't provide a service as they need to? Should they communicate, and how do they recover from that?"
- Do you believe public banks pay attention to customer complaints and feedback? If not, what would you recommend for improvement in their complaint handling systems?

- How does service failure impact your trust and confidence in public banks? Fine, we have had service failures and have charged you for it, would not you ever consider switching to a private bank?
- Do you think political interference, bureaucratic bottlenecks, or lack of resources cause public banks to fail to meet service expectations? If yes, how?
- Public banks are moving to digital services. What did you find difficult regarding online banking of any kind, apps to do banking or digital payments?
- What managerial insights can be drawn on challenges faced for effectively implementing service recovery strategies in public banks? Are there policies or structural issues making service recovery an impossible task?
- As experienced by public banks you have worked with, how does the balance between service quality and operational constraints, such as limited budgets, employee training or old technology, play out?

8.3 APPENDIX 3: INTERVIEW TRANSCRIPT (CUSTOMER 16)

Q: Please describe a specific incident during which you encountered a service failure at a public bank. What kind of failure was it, and how did it affect your banking experience?
A: I recall vividly one day, I went to the bank to deposit my salary cheque. I arrived early so I could knock it out, but the system was down when I got there. The kitchen staff just said “wait for a while,” but no one gave us a proper explanation about what was going on or how long we would have to wait. I sat there for nearly four hours, wasting my whole morning, and I still wasn’t able to finish the transaction. And there was nothing I could do about it, it wasn’t just an inconvenience, it was a humiliating helplessness to do anything about it. I get paid through this bank so I can’t just flip the table like I could in a private sector company. The staff were rude and didn't even try to explain why they were all a**holes. It really opened my eyes about how failures in public banks are about much more than small mistakes — they reflect systems that simply don’t work and staffs that don’t feel accountable to their customers.

Q: What do you consider as the most common service failures in the public banks of Pakistan? Are these failures the result of policy errors, operational ineptitudes, or something else?
A: In my experience they generally fail because of long waits, constant malfunctions of the computer systems and staff who are not terribly helpful. There, you wait in line for hours, and finally when the counter is closing for afternoon prayer or lunch, without giving customers any thought—the tug-of-war over a “scene” is visible. I believe these failures are operational and policy based. On the operational side, the staff is not well trained and the systems are antiquated. And on the policy side, no emphasis has been placed on customer service or accountability. In private banks, you have a lot of service standards being monitored, but in public banks, it feels like

it’s the other way round — it’s the customer that has to change for the bank, not the other way.”

Q: How do public banks usually respond to service failures, do you think? Has their response been prompt and satisfactory in your opinion? Why or why not?
A: They mostly take their sweet time and their reply is usually disappointing. Lose access to an ATM briefly and you may just have to wait weeks for it to reissue your card, for example. If one system is down, they’ll just say ‘come tomorrow.’ They do not apologize; they do not explain. It gives one the sense that they are not worried about losing customers because they know many of us, like me, have nowhere else to go. “It erodes trust, because repairing doesn’t only involve repairing a problem, but one’s emotions and sense of accountability, and that has been forfeited.”

Q: What do you expect from public banks when they don't provide a service as they need to? Should they communicate, and how do they recover from that?
A: What are you looking for them to try and do? If the system is down, they ought to let customers know right away, perhaps by sending messages or posting notices. To me, recovery doesn’t just mean fixing the error; it’s also about respect. If a waited hours as a result of their fault, they can at least prioritise my work once the system is back up. Such small steps could do a lot to rebuild trust.

Q: Do you believe public banks pay attention to customer complaints and feedback? If not, what would you recommend for improvement in their complaint handling systems?
A: As far as I can tell, they do not treat complaints seriously. You can sign in a register or enter your information in a form, but you are pretty much never contacted with a follow-up call or message. It seems as if your complaint vanishes. I’d like to see them develop a comprehensive digital complaints tracking system so customers know what’s happening with their complaint and can check its status. That would have multiple benefits: it would solve problems, sure, but it would also signal to customers that their voices are heard.

Q: How does service failure impact your trust and confidence in public banks? Fine, we have had service failures and have charged you for it, would not you ever consider switching to a private bank?
A: *I experienced that like private bank, my bank has inefficient complaint handling processes and insufficient training of customer service representatives. That’s why many of my social circle left them after frustration.* The failures definitely lower my confidence. If I had a choice, I would transfer to a private bank because they are faster and they treat customers better. “But the problem is that my pay goes to this public bank, so I feel stuck. It’s this absence of potential preference that makes each failure more annoying, because I can’t opt out. So yes, trust is eroded — but I keep going because I have no choice.

Q: Do you think political interference, bureaucratic bottlenecks, or lack of resources cause public banks to fail to meet service expectations? If yes, how?
A: Yes, absolutely. Political interference also means that many staff are appointed

not on merit, but based on political connections, so they're not always motivated or qualified to do the jobs well. *Engaging with stakeholders, including customers and regulatory authorities, is vital for policy implementation. However, our bank currently lacks a developed feedback system to address concerns and ensure policies are aligned with stakeholder needs and expectations.* The bureaucracy slows everything down, simple complaints take weeks to be processed through files, and people. And resources are finite — they're not investing in new systems or training, which is why the problems continue to recur.

Q: Public banks are moving to digital services. What did you find difficult regarding online banking of any kind, apps to do banking or digital payments?
A: Whether this is bullshit or truth; I never go to my bank for money withdrawal or physical account statements. Transactions often don't go through, and if money is taken it can take weeks to get it back. The interfaces are also daunting, and lots of oldsters are not completely equipped to run them. There's also the issue of digital fraud — consumers worry about using online services due to security concerns. But instead of winning trust, a new kind of failure is introduced into the system by the poor quality of digital services.

Q: What managerial insights can be drawn on challenges faced for effectively implementing service recovery strategies in public banks? Are there policies or structural issues making service recovery an impossible task?
A: Managers of public sector banks do not have the kind of autonomy to address issues at a rapid pace. I follow rules, and my hands are tied, and even when I want to be helpful, I have to send things to be approved that can take weeks." Such a model then leaves inadequate room for economic recovery measures. Things might get better if they had more clout and if they were empowered by policy to be attentive to the service that the system's customer requires.

Q: How are the service failures reflected in your perceptions about the government, (cause the public banks are state-owned)?

A: That's a good question. I think when a public bank fails, it's almost pain like the government itself has let me down. It can't be fired or punished, not easily anyway, because it's a state institution, so failures down there make governance and leadership look bad. These banks are seen as parts of the broader system, so slow or missing recovery wanes faith in not just the bank, but government institutions more broadly.

Q: Do you believe compensation, such as fee waivers or small refunds would restore trust following a failure?

A: Absolutely, every little bit helps. If my transaction is delayed or if you pull the wrong amount of money out of my account, a fee waiver or an apology note would make me feel like somebody noticed me. At the moment, most customers feel overlooked. Compensation shows accountability. It needn't be a large amount, but it signals, in a simple and direct way, that the bank accepts responsibility, which is the first step in rebuilding trust.

Q: How would you contrast experiencing failure and recovery in public vs private sector banks?

A: In the private banks the systems are faster; the staff are more polite. It goes awry and they apologize and usually fix it on the spot. Publication of the defaulters list has been painfully slow in public sector banks, and no one owns the problem. The difference is huge. That's why many want to switch and not everyone can since public banks are connected with only salaries, pensions and government schemes. So while private banks perceive recovery as urgent, public banks perceive it as routine, and the public gets frustrated.

Q: Please also explain in more detail how long queues/waiting times make you feel about failing service.

: What are the most frustrating aspects? I have waited as long as 5 hours just to get a cheque cashed. That in and of itself feels like a service failure, because my time has value, too." The worst part is that the staff don't oversee the lineups properly, so individuals who have friends inside often get to cut the line. Everyone will wait if it is orderly and transparent, but when favoured interests demand everyone wait and there is no clear structure for who will go next, it feels unfair and humiliating.

Q: What kind of technological advances you consider to be important to enhance recovery in public banks?

A: It can speed things up, and create more transparency. For instance: I'd feel better about it if there were an app that let me monitor my complaint in real-time. Or if ATMs featured more useful error messages and refund systems, I wouldn't even have to come to the branch for small problems. But technology has to work — if apps keep crashing or the systems are always broken, it simply evolves into new annoyances.

Q: How can you imagine also training staff to decrease failures and improve recovery?

A: Training is very important. A lot of employees don't seem to know how to deal with frustrated customers. Some don't even understand how to use the digital systems correctly. If staff were trained not just in technical inevitably solve the problem of how to care, recovery would get better. An employee who is well versed in these skills and sensitivities can be a game changer by simply offering the opportunity to listen, apologize, and support the customer in addressing issues rather than ignoring the customer.

Q: If you could wave a magic wand and change one thing about how public banks handle service failures, what would it be?

A: I would shift the apathetic culture. Right now, it feels like the bank just doesn't care. What one thing would you change about the company if you could? If they put customer care at the heart of their policies. That is to say, faster responses, effective communication, fair dealing, and accountability.

Q: As experienced by public banks you have worked with, how does the balance between service quality and operational constraints, such as limited budgets, employee training or old technology, play out?
A: Well, there is no balance at all. Technology is out of date due to budget constraints. The staff is not well-trained and doesn't know how to interact with customers. This erodes the quality of services. It seems like the system is perpetually playing catch-up and is never up to the task of meeting contemporary banking standards.

Interviewer: I really appreciate you opening up and sharing your journey with me today. Just before we finish, anything else you would like to add that we haven't talked about? Perhaps something crucial about your run-ins with public banks, or suggestions you think would actually change things?

Participant: I think we covered just about all of it. But if I had to add anything, I'd say the biggest difference has to be the attitude of the staff and the management. Even with limited resources, one could get a great deal of mileage out of respecting customers and listening to them. People don't simply crave efficiency, they want to be appreciated.

Interviewer: It's a really powerful point. Service quality is accompanied by respect and dignity. Thanks for the straight talk my friend. Your thoughts are very useful for this study, and can assist in improving the provision of public banking services in Pakistan in future.

Participant: I hope so too. I don't want to abandon the public banks, because they are so important to people like me, but I do want them to fare better.

Interviewer: Absolutely. Thank you once again. This concludes our interview.