Managerial Approaches to Service Quality Practices: Some Case Study Evidence

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ABSTRACT
The main objective of this paper is to demonstrate the linkage between management’s approach and attitudes and (in)effectiveness of quality of service operations as well as its implications for middle and first line managers. In doing so, three primary issues of service operations, namely, the control of service quality, service recovery, and service processes were chosen to be probed as part of a qualitative research. Drawing upon 52 semi-structured interviews with managers at top, middle and first levels, the findings suggest that the type of approach and attitudes adopted by top management in managing the quality of service has a strong prescriptive overtone. Specifically, the findings highlight that the impact of service quality programmes on organisational productivity and performance is indirect through the type of approach and attitudes adopted by top management. Finally, managerial and theoretical implications are discussed.

Keywords: Service Quality, Service Sector, Case Study Research.

1.0 Introduction

In the late 1970s, many if not most of organisations which previously had been left unchallenged, started to lose their market share in both domestic and international markets. This situation was followed by the severe recession of the early 1980s. Those who survived the economic recession began to improve their viability through adoption of quality and productivity programmes which had proven themselves particularly successful in Japan [Deming, 1986; Storey 1995; Kaynak 2003]. Of these, the initiatives aimed at enhancing quality in general and TQM in particular, have then become indelibly fixed as the most common change programme to achieve competitive advantage of whether service or manufacturing organisations [Conference Board, 1991; Wilkinson et al., 1998; Soltani et al., 2005]. Despite the considerable interest in the concept of TQM and its application over the last two decades, however, a large number of studies on its implementation have indeed revealed a considerable degree of failure. The position of TQM was further weakened by failure of widely acclaimed quality-related programmes of Japan’s Deming prize winners and recipients of MBNQA in the United States [Training and Development 1992; Paton, 1994; Choi and Behling 1997]. More recently, such unsatisfactory outcomes of TQM programmes have been observed by Soltani et al.’s [2006] study of 150 EFQM-affiliated organisations in the UK.

Despite the large number of studies that have investigated the impediments to TQM success, there is little agreement on and consistency among the main causes of TQM failure. Choi and Behling [1997, p. 38] summarise such inconsistency in previous research by arguing that the majority of previous research on TQM failure focused mainly on identifying practices and circumstances that affected TQM’s chances of success, thereby emphasising on actions that must be taken to ensure TQM success; on errors made by people who design and implement TQM programmes; on inadequate training; and on a lack of understanding of the organisation’s mission, goals, and objectives [see Becker 1993; Pherson 1994]. However, the problem with the majority of aforementioned findings is that they only display, in the words of Randell [1995, p. 235], the current conventional wisdom, rather than clarifying the root cause of TQM failure. Our argument is this: to a large extent, the success or failure of TQM and other management programmes relies on the degree of consistency and congruity between top management’s approach and attitudes and those precepts and assumptions central to TQM [see Murphy and Cleveland, 1991]. Our argument suggests that the tendency to see, among others, limited resources, workloads, lack of continuous monitoring of TQM process, lack of an integrated performance measurement, employee resistance, and low engagement of employee or even low commitment of top management as the major contributors to TQM failure is far too simple. This paper also reveals how the type of top management’s
approach to the quality of service operations firstly can affect middle and first line manager’s approaches and attitudes, secondly, how a dependence on an incongruence top management’s approach and attitude with that of service quality operations not only generates tension and conflict but also undermines the competitive advantage which TQM had lent top management, and finally, how the top management’s approach to the quality of service can be regarded as the root cause and the most powerful determinant of either its success or failure.

The research takes a qualitative methodology to explore managerial approaches to service quality practices and the resultant outcomes in a sample of three service organisations. The qualitative approach and the selection of three service-oriented case organisations were chosen for two main reasons: first, the relative lack of qualitative research surrounding the practice of managing TQM initiatives in the service industry, and second, due to many different interpretations of service quality and their different implications for its implementation. Specifically, these differences, it is argued, yield distinctly different approach to quality management, thereby influencing TQM’s chances of success [Choi and Behling, 1997, p. 38; Waldman et al. 1998]. In short, the paper aims to help the understanding of the centrality of top management’s approach and attitudes toward quality of service as the major contributor to either its success or failure as well as to explore its implications for middle and first line managers. It tries to achieve this through an empirical analysis of the types of top management’s approaches and attitudes toward quality of service operations.

2.0 Method of Study

We conducted this study as part of a larger research project about the application of quality management precepts in one of the national partner organisations [NPOs] of European Foundation for Quality Management [EFQM] in the UK [see Soltani et al., 2004; Soltani, 2005]. To determine whether and why top management approach influences the effectiveness of service quality programmes [i.e. quality of service], a qualitative methodology seemed to be appropriate not least because “the sine qua non [of qualitative methodology] is a commitment to seeing the world from the point of view of the actor…” [Bryman, 1984, p. 77]. To this end, a multiple case study was adopted because case study is an ideal method when a holistic, in-depth investigation is needed [Feagin et al., 1991] and when the researcher aims to bring out the details from the viewpoint of the participants by using multiple sources of data [Stake 1995; Yin, 1994]. Three criteria were set to decide on the choice of case study organisations: [1] a top executive with over 4 years of tenure [Deming, 1986], [2] experience with TQM initiatives for over 4 years [Garvin, 1988; Oakland, 2003], and [3] existence of a separate quality department in the organisation with a vice-president [VP] quality. Of a sample of nearly 46 service organisations in our initial large-scale survey, some 21 agreed to take part in further study of their service quality programmes. Of these three cases, varied in size, met the aforementioned criteria: a Hotel, a Hospital, and a Telecommunication company. Brief details of the case study organisations are given in Table 1.

Table 1: The three service cases studied

<table>
<thead>
<tr>
<th>Name</th>
<th>No. of Employees</th>
<th>Activity</th>
</tr>
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<tbody>
<tr>
<td>Telecoms</td>
<td>1000-4999</td>
<td>Network operator</td>
</tr>
<tr>
<td>Hotel &amp; Conference Centre</td>
<td>500-999</td>
<td>Accommodation &amp; conference facilities</td>
</tr>
<tr>
<td>Hospital</td>
<td>100-499</td>
<td>Healthcare services</td>
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Date were gathered from three types of key informants at various managerial levels: top/senior management [n=12], middle management [n=15], and first line managers [n=25]. In total, 52 interviews were carried out during a two-year period [2004-6]. Interviews were open-ended in nature and primarily focused on management’s attitudes and approaches toward the quality of entire service operations [e.g. attitudes toward evaluation of service quality, involvement of customers in monitoring the quality of service delivery, responsibility for service control system, approaches toward operational improvement…]. To analyse the collected data, content analysis was then conducted on the interview transcripts [see Krippendorf, 2004]. As a result of content analysis, the following three categories and six sub-categories were identified [see Table 2].
Table 2: Specified characteristics of the interviewees’ responses: main and sub-categories of data

<table>
<thead>
<tr>
<th>Main categories</th>
<th>Sub-categories of each variable based on the interviewees’ responses</th>
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<tbody>
<tr>
<td>1. Control of service quality</td>
<td>1.1 Point of contact with customer [inspection view]</td>
</tr>
<tr>
<td>2. Service recovery</td>
<td>2.1 Cost element [counterproductive/a sign of poor quality of service]</td>
</tr>
<tr>
<td>3. Service processes</td>
<td>3.1 Visible services to customer [the major element of service delivery]</td>
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3.0 Qualitative Examination of the Interviewees’ Responses

3.1 Managing Service Quality Control
In the Hotel and Hospital cases, it was found difficult for managers to disentangle the twin issues of production and consumption, and monitor the entire service delivery from the very early points of contact to post-purchase experience of service quality. In the Hospital case, part of the argument that service quality was difficult to monitor was that the customer had to spend a considerable amount of time [without being served] on the waiting list to be admitted. One senior manager at the Hospital case talked about the existence of a cost-benefit approach to service quality control, which according to the interviewee, was not always likely to favour the adoption of more real choices that were easy to understand for patients [see The Guardian 2005]. Similarly, in the Hotel case, middle and first line management failed to provide an appropriate level of control over the process of service quality. Two issues were found to be relevant here. First, the task of service quality control was responsibility of an external organisation. According to one middle manager, this organisation was merely responsible for the service quality control of the service provider. Indeed, it appeared that inclusion of customer as a witness to the process of service was not part of the service process control. Second, not only were customers not included in the service process control, but also the existence of customer feedback management was seen to be a tactic used by the Hotel to convince the guests that they had not been ignored. In both Hotel and Hospital cases, both middle and first line managers mentioned the very infrequent and rare customer involvement in the service quality control. This was also evident in top executives’ responses. In this regard, while there were much fewer mentions of customer involvement in service quality control, there was clearly an extremely high mention by top executives of externally imposed standards with which both the Hotel and Hospital cases had to comply. Compliance with these standards appeared to be a sign of excellence and an indication of an accurate monitoring service quality.

The existence of both the Hotel and Hospital self-interest to monitoring their service quality and compliance driven pressures of their headquarter or imposed by other means only appeared to produce minimally acceptable as opposed to desired service quality [see Zeithaml et al., 1999]. Top executives also pointed to other factors [e.g. recipient of a quality award] to justify the credibility of their service control system, and its positive impact on quality of their service. But it is a moot point whether such claims, which according to Garvin [1987], can be termed ‘defensive actions’, were perceived by the customers. Moreover, one middle manager explained that external investigation and control of the quality of their services was infrequent, placing too much emphasis on aesthetic and physical objectives, thereby providing little continual feedback and finally with limited impact of service quality improvement.

While the senior managers at the Telecoms case highlighted the externally-driven standards as important to enhancing the quality of service delivery, they argued that these standards would not be sufficient, however. The middle and first line managers were also enthusiastic to follow top executive’s emphasis on enhancing employee’s behavioural and technical skills as a prerequisite and acid test of their effective service quality control. According to middle and first line managers at the Telecoms, the current service quality control encompassed a wide range of aggregating information from various activities or subprocesses that linked together to provide the whole service. This approach, on the one hand, supports the overall, cumulative, satisfaction based on all transactions [Johnston and Clark 2005], and on the other hand, fits in well with Florida and Goodnight’s [2005] idea of creative capital: help employees do their best work by keeping them behaviourally and technically engaged, by removing distractions, or as Fleming et al. [2005] put it, by improving the quality of the employee-customer interaction.
3.2 Managing Service Recovery

Despite the importance of service recovery positive implications [see Van Ossel and Stremersch 1998; Tax and Brown 1998; Johnston and Clark 2005] for turning a service failure into a service delight, the analysis of managers’ responses at Hotel and Hospital cases showed that not only the aforementioned benefits had not been obtained but also how the behaviour of middle and first line managers and a lack of appropriate persistence on the part of top management subverted the intention of this prescription for service failure. Again, there appeared to be wide variation in managers’ responses with regard to the effectiveness of their service recovery practices. At the Hotel, the majority of first line and middle managers mentioned that there had always been a problem in handling the customer complaints. In this respect, they tended to give undue emphasis to four issues. First, the increase in their Hotel occupancy was not necessarily related to their service recovery policies or customer loyalty programmes. Second, the disproportionate rise or fall revenues were associated with their service recovery policies. Third, the tendency of senior management to a quick fix approach in handling customer complaints. Fourth and last, a lack of qualified and well-trained front line employees who were mainly temporary or flexible workers.

In a similar vein, first line and middle managers at the Hospital case, showed concern about the under-skilled workforce who were the first points of contact with the patients. They also tended to give overwhelming importance to the negative impact of the lack of a well-defined policy to advise front line staff to handle a service failure, without taking any real and corrective action in practice, however. In both cases of the Hotel and Hospital, many middle and first line managers believed that customer complaints were mainly related to service failures as opposed to equipments/goods or even customer failures. This, however, does not support the previous research [e.g. Johnston, 1998; Bitner et al., 1994] on the types of failure in which the majority of failures were customer failure. This was partly due to the labour-intensive nature of the Hotel and to a lesser extent the Hospital case.

Surprisingly, senior management in both cases of Hospital and Hotel mentioned that they had not received or observed any serious customer complaints. There was also, of course, the feelings amongst senior management that all service failures and follow-up recovery had been dealt with appropriately at middle and first line management levels. Indeed, we had long discussion about open versus closed reporting with senior management teams in both cases. Our point was that: who should see, sign or countersign the service failure report and actions needed to handle it? In fact, senior management’s responses to service failure and recovery did not only appear confused, but it also gave the impression that senior managers were left unaware to the plight of service failures. The kind of support and awareness we observed from senior management more often than not reflects the beliefs and judgement of the organisation about the quality of their approach to handling service failure and subsequent recovery. Clearly, then, such recovery systems often become ends in themselves. Moreover, as we observed, not only had the difficulties of their current service recovery systems and the importance of frontline worker-customers interaction [see Heskett et al., 1994] been underestimated, so too had the benefits.

Regarding the service recovery in the Telecoms, there was relatively high mention by middle and first line managers of an effective service recovery system being continuously monitored and reviewed by senior management. A middle manager believed that front line employees acquiesced more readily to handle a service failure simply because they did have the authority and responsibility to do what was necessary to correct a service mistake. It has been argued by Hart et al. [1990] that although service companies often cannot prevent mistakes, but they can learn to recover by delegating authority to front line employees to take the necessary action even if it means deviating from the rules. Indeed, we found that middle and first line managers appeared to lend senior management a considerable advantage by listening to the customers, interpreting what they revealed about their level of satisfaction, and communicating this to the senior management team accordingly [see Jones and Sasser 1995]. Consistent with the middle and first line managers, a senior manager mentioned that they had made earnest efforts to take initiative to identify their service failures and cascading this down the organisational hierarchy.

3.3 Managing Service Processes

The approach to service process and hence customer satisfaction did vary considerably between Hospital and Hotel, one the one hand, and Telecoms on the other. In the Hospital case, when asked whether there had been awareness of the importance of various processes taken by a patient, a senior manager replied that, “I think the whole system depends on the quality of our GPs and specialists”. Other senior manager noted, “The main strength of our hospital is our experienced medical staff”. A middle manager at the Hospital indicated that “it appears that we [non-medical staff] add no value to the service delivered to our patients”. In a similar vein, [non medical] line managers recognised that they often have less say over
those managers who have medical background. In the Hotel case, there were also much fewer mentions of the importance of service processes that are invisible to the customer. The evidence suggests that senior management team are more concerned to motivate and support their staff in the housekeeping department. The analysis of the interviewees’ responses at the Hotel case suggests that an important factor which influences the top executives’ approach to the housekeeping department [the point where the guest receives the service] is its visibility to the hotel guests. Another element in the different treatment of various processes/activities in the hotel is the view that other departments/processes do not contribute sufficiently in creating a guest’s overall impression of the hotel. In contrast, middle and first line managers noted the tendency for their senior management to ignore or undermine other departments/processes that operate at a distance from customers and a more pronounced emphasis on the front office processes. These arguments are in spite of the fact that hotel receptionists are those who establish the first point of contact with the guest, thereby creating the first point of service experience.

Nonetheless, in spite of the fact that senior management team adopt such non-process-oriented approach to service delivery, it is evident from the foregoing evidence that both hospital patients and hotel guests are seen in the eyes of those service employees who are immediate service provider to the patients and guests. This, in turn, might provoke a different attention and approach from that deployed in relation to other back office activities. Clearly, in both the Hospital and Hotel cases, top management seemed to confirm that service processes only processed the patient and the guest, respectively. That is, there were much fewer mentions of other elements/processes of service operations. This evidence suggests that the approach adopted by management of Hotel and Hospital has close affinity with Schneider et al.’s [1998] argument that there exists the potential danger for service organisations of focusing too much on end user of service quality.

In contrast, interviewees at the Telecoms frequently mentioned the presence of a process-driven approach to managing service delivery. The evidence seems to suggest that first line and middle managers and indeed senior management team view the customer experience as a function of a whole set of interrelated processes. Their arguments exhibit a similarity with Bitner’s [1992] notion of ‘servicescape’ in which a service is both created and delivered. The paramount importance of the process environment has also been noted by Johnston and Clark [2005]. They take this argument further by arguing that the process environment includes both the physical and informational environment [p. 182]. At Telecoms case, similar observations were also made by middle and first line managers. On the one hand, the majority of both the middle and first line managers noted the tendency of their senior management to emphasise on the importance of main and sub-processes, on their impact on the customer’s perception of the service experience, and on the importance of the total chain of processes and their relationship – to name but a few. On the other hand, they showed the necessary awareness and care toward the contribution of various processes to creating the service experience.

4.0 Conclusions

The main aims of this study were two-fold: first, to explore the impact of top management’s attitudes and approach on the quality of service operations [referred to as ‘the entirety of outcome and experience’ in this paper rather than quality as one of the performance objectives, see Johnston and Clark, 2005, p. 108; Slack et al., 2007], and second, to examine the implications of the top management’s approach toward the quality of service for middle and first line managers. Overall the evidence cited suggests that the quality of service operations depends upon, first, top management’s approach and orientation toward the overall quality of service delivery, and second, existence of a certain degree of consistency between top management’s approach and orientation with that of middle and first line managers, whether dealing with managing quality control, recovery, or processes. The overriding implications arising out of the research evidence is that there is a fundamental need for top executives to reconsider their role and adjust their approach and attitudes toward meeting the needs of both customer and organisations in a long-term horizon, and that there is to be a consistent and congruent approach for managing the quality of service operations. Other implication which the research evidence recognises as being perhaps the most problematical suggests that middle and first line managers, as our data indicates, [have to] follow their top management’s approach even if it is seen to be inappropriate in the specific circumstances. This implies that the organisation faces a stark choice if they intend to enhance the quality of their service operations.
References


Authors’ Backgrounds


Dr. Pei-Chun Lai gained degrees in business administration, MSc and PhD in hospitality management from Soochow, Florida International (USA) and Strathclyde (UK) Universities, respectively. She has recently taken a lectureship in hospitality management at Ming Chuan University in Taiwan. Her research interests are human resource management, operations management, organizational commitment and managing change initiatives. Pei-Chun published papers in Total Quality Management & Business Excellence, International Journal of Operations and Production Management, Employee Relations, International Journal of Human Resource Management, Service Industries Journal and presented papers in numerous international conferences.