

CHAPTER I

INTRODUCTION

1.1 What is Service Quality?

- Service Quality is the quality of service interaction between staff and customers.
- Service Quality is about managing variability successfully to achieve optimum employee performance and customer delight. We need to delight each customer, whilst responding to their various needs.
- Service Quality is dynamic with customer expectations increasing with their global experience of delivery of different products and services.
- Service Quality is particularly challenging because one never knows what the next customer may want.

1.2 Standard Quality Management (SQM) Philosophy

Standard Quality Management recognizes variability as the core to delivering effective customer service and that customer perception and satisfaction is the ultimate measure of its delivery. Everyone wants to be treated as an individual. Organizations need to encourage employees to respond to customers in this way.

Standard Quality Management has studied best practice in both North America and the United Kingdom. SQM has established new customer service operations embracing research, surveys, a call center and staff and retailer training. SQM has initiated strategies to ensure that organization culture is customer focused. (Service Quality Management, <http://www.servicequality.co.uk>)

A focus on customer satisfaction is the starting-point of quality. Long-term continuous improvement is the ultimate aim of a quality initiative. Everyone must be involved in quality, but it must be led from the top. Customer care can be accomplished as follows:

- 1) To understand the customer, companies must undertake a formal process of market research and seek feedback through informal discussions with customers and customer service staff.
- 2) Companies must establish methods of measurement. Measurement should always be from the customer's perspective; in other words, it is necessary to define what are the most critical aspects of the business from the customer's point of view.
- 3) Involve all employees in setting and improving standards. If employees are involved from the beginning, they will be more committed to achieving the improvements.
- 4) Develop system, structures and management styles, which are consistent with the needs of the customer.
- 5) Communicate with employees and customers. This applies equally to both internal and external customers. (Herbig, Palumbo and O Hara. 1994, <http://www.library.uow.edu.au>)

Talking to one's sales people is another way to develop an understanding of one's customers. They are the closest to the customer and often have a good feel for what customers want. Less obvious, but just as useful, is the possibility of using one's own employee suggestions to provide a useful customer perspective. Those clerks, waitresses, agents, and other front-line service providers can provide a ground level perspective often missing in corporations. (Denton, 1992)

Thus, we assert that the buyer forms a judgement of value and acts on it. Whether the buyer is satisfied after purchase depends upon the offerer's and/or products performance in relation to the buyer's expectations. Here is our definition of customer satisfaction:

Satisfaction is the level of a person's felt state resulting from comparing a product's perceived performance (or outcome) in relation to the person's expectation.

Thus the satisfaction level is a function of the difference between perceived performance and expectations. A customer could experience one of three broad levels of satisfaction. If the performance falls short of expectations, the customer is dissatisfied. If the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied, pleased, or delighted. Expectations are formed on the basis of the buyer's past buying experience, statements made by friends and associates, and marketer and competitor information and promises. If marketers raise expectations too high, the buyer is likely to be disappointed. On the other hand, if the company sets expectations too low, it won't attract enough buyers although it will satisfy those who buy. (Kotler, 1994)

For services, the assessment of quality is made during the service delivery process, which usually occurs with an encounter between a customer and service contact person. Customer satisfaction with service quality can be defined by comparing perceptions of the service received with expectations of the service desired. When expectations are exceeded, service is perceived to be exceptional quality and also to be a pleasant surprise. When expectations are not met, however, service quality is deemed unacceptable. When expectations are confirmed by perceived service, quality is satisfactory.

The dimensions of service quality as shown in Figure 1.1 were identified by marketing researchers studying several different service categories: appliance repair, retail banking, long-distance telephone service, securities brokerages, and credit card companies. They identified five principal dimensions that customers use to judge service quality - reliability, responsiveness, assurance, empathy, and tangibles, which are listed in order of declining relative importance to the customer. (Fitzsimmons, Seay & Fitzsimmons, 1998)

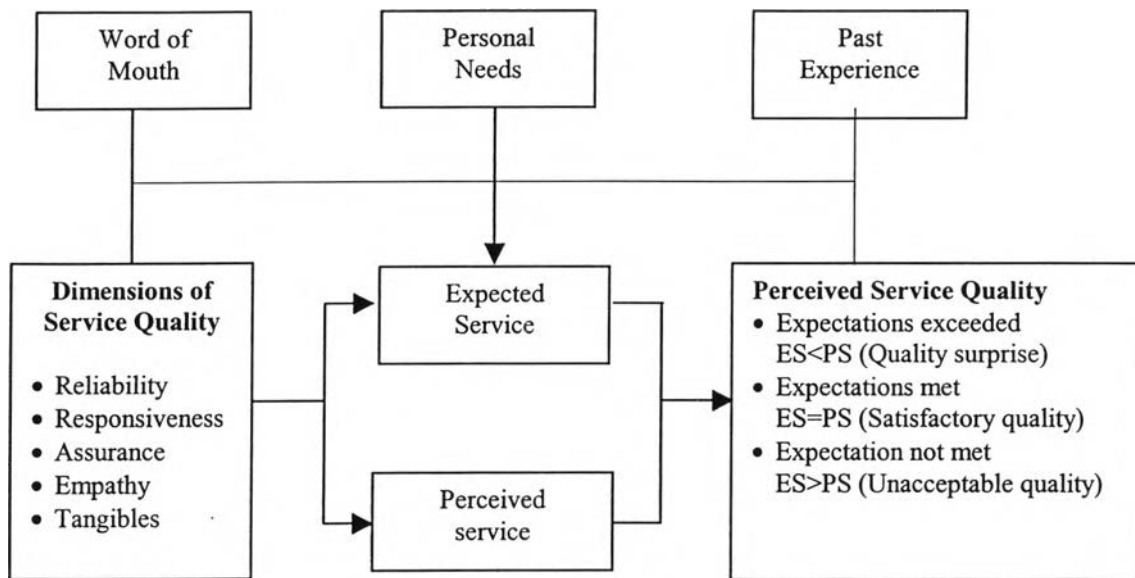


Figure 1.1: Perceived service quality

Reliability is the ability to perform the promised service both dependably and accurately. Reliable service performance is a customer expectation and means that the service is accomplished on time, in the same manner, and without errors every time. For example, receiving mail at approximately the same time each day is important to most people. Reliability also extends into the back office, where accuracy in billing and record keeping is expected.

Responsiveness is the willingness to help customers and to provide prompt service. Keeping customers waiting, particularly for no apparent reason, creates unnecessary negative perceptions of quality. If a service failure occurs, the ability to recover quickly and with professionalism can create very positive perceptions of quality. For example, serving complimentary drinks on a delayed flight can turn a potentially poor customer experience into one that is remembered favorably.

Assurance is the knowledge and courtesy of employees as well as their ability to convey trust and confidence. The assurance dimension includes the following features: competence to perform the service, politeness and respect for the customer, effective communication with the customer, and the general attitude that the server has the customer's best interest at heart.

Empathy is the provision of caring, individualized attention to customers. Empathy includes the following features: approachability, sensitivity, and effort to understand the customer's needs. One example of empathy is the ability of an airline gate attendant to make a customer's missed connection the attendant's own problem and find a solution.

Tangibles involve the appearance of physical facilities, equipment, personnel, and communication materials. The condition of the physical surrounding (e.g., cleanliness) is tangible evidence of the care and attentions to detail that are exhibited by the service provider. This assessment dimension also can extend to the conduct of other customers in the service (e.g., a noisy guest in the next room at a hotel).

Customers use these five dimensions to form their judgements of service quality, which are based on a comparison between expected and perceived service. The gap between expected and perceived service is a measure of service quality; satisfaction is either negative or positive. (Fitzsimmons et al., 1998)

The presence of the customer as a participant in the service process requires attention to facility design that is not found in traditional manufacturing operations. That automobiles are made in a hot, dirty, noisy factory is of no concern to the eventual buyers, because they first see the product in the pleasant surrounding of a dealer's showroom. The presence of the customer on-site requires attention to the physical surrounding of the service facility that is not necessary for the factory. For the customer, service is an experience occurring in the environment of the service facility, and the quality of service is enhanced if the service facility is designed from the customer's perspective. Attention to interior decorating, furnishings, layout, noise, and even color can influence the customer's perception of the service. An important consideration in providing a service is the realization that the customer can play an active part in the process.

(Fitzsimmons et al., 1998)

Service organizations are sufficiently unique in their character to require special management approaches that go beyond the simple adaptation of the management techniques found in manufacturing a product. The distinctive characteristics suggest enlarging the system view to include the customer as a participant in the service process. As Figure 1.2 shows, the customer is viewed as an input that is transformed by the service process into an output with some degree of satisfaction. (Fitzsimmons et al., 1998)

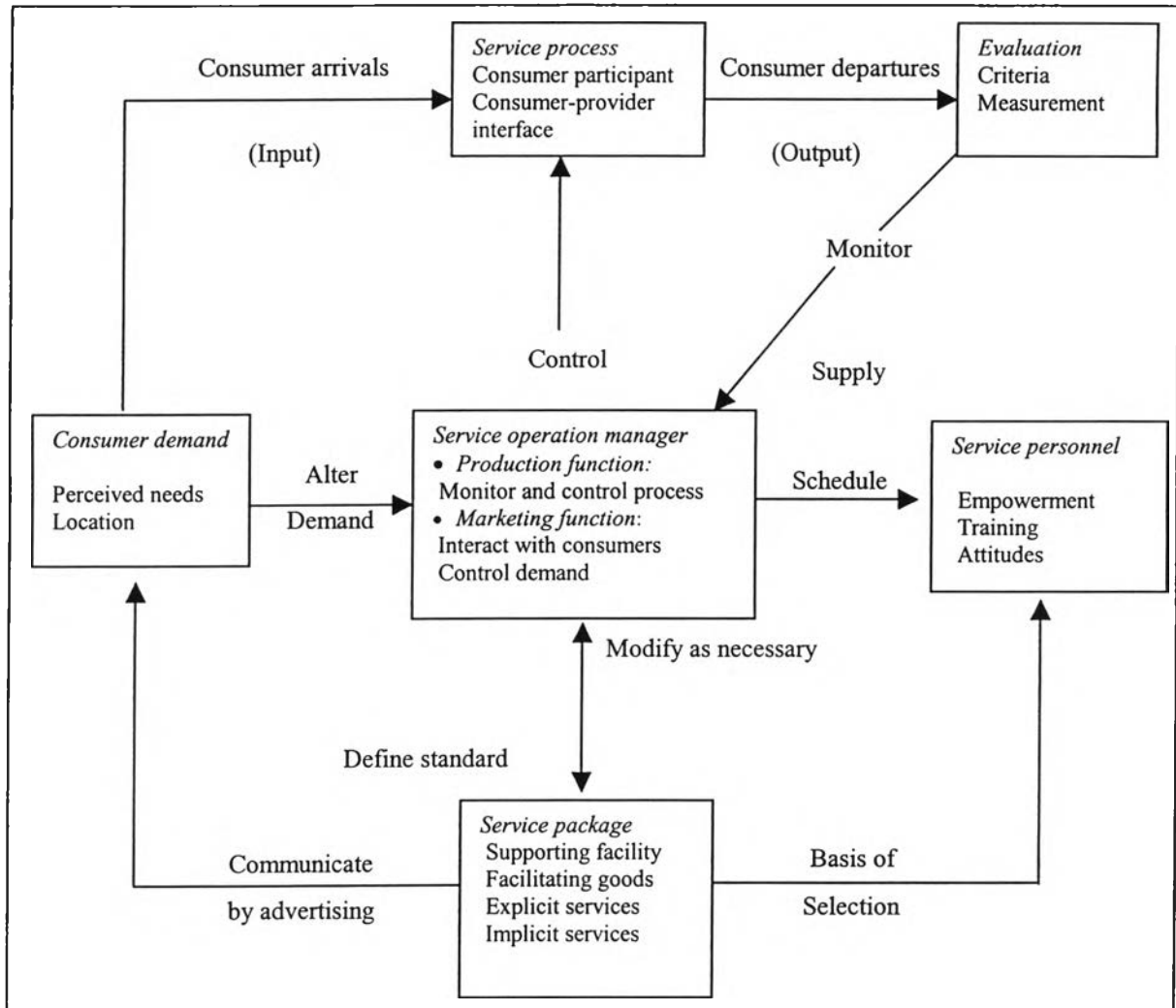


Figure 1.2: Open – systems view of service operations

For service, the process is the product. The presence of the customer in the service process negates the closed-system perspective that is taken in manufacturing. Techniques to control operations in an isolated factory producing a tangible good are inadequate for services. No longer is the process machine-paced and the output easily measured for compliance with specifications. Instead, customers arrive with different demands on the service; thus, multiple measures of performance are necessary. Service employees interact directly with the customer, with little opportunity for management intervention. This requires extensive training and empowerment of employees to act appropriately in the absence of direct supervision.

Further, customer impressions of service quality are based on the total service experience, not just on the explicit service that is performed. A concern for employee attitudes and training become a necessity to ensure that the implicit service is also appreciated by the customer. When viewed from the customer's perspective, the entire service process raises concerns ranging from the aesthetic design of the facility to pleasant diversions in waiting areas.

An open – system concept of services also allows one to view the customer as a co-producer. Permitting the customer to participate actively in the service process can increase productivity, which in turn can create a competitive edge. (Fitzsimmons et al., 1998)

Definitions

Explicit services are the essential or intrinsic features readily observable by the senses. (e.g., on-time departure, quality of meal)

Implicit services are psychologic benefits or extrinsic features the customer may sense only vaguely. (e.g., security of a well- lighted parking lot, privacy of a loan office)

Customer contact with the service delivery system can occur in three basic ways. First, the customer can be physically present and interact directly with the service providers in the creation of the service. In this instance, the customer has full sensory awareness of the service surroundings. Second, the contact may be indirect and occur

via electronic media from the customer's home or office. Third, some service activities can be performed with no customer contact at all. Banking provides an example where all three actions occur: making an application for an automobile loan requires an interview with a loan officer, payment on the loan can be accomplished by the electronic transfer of funds, and the financial record keeping for the loan is conducted in a back office of the bank.

Direct customer contact is subdivided into two categories: no interaction with service workers and customer interaction with service workers. When customers desire direct interaction with service providers, all the issues addressed earlier concerning the processing of people (i.e., training in interpersonal skills and facility issues of location, layout, and design) become important to ensure a successful service experience. (Fitzsimmons et al., 1998)

A well - planned training program, which involves the input of human resource professionals, is critical in this regard.

Shifting from a production-oriented company to service-oriented one involves a slow process of cultural change. New behaviors and skills are required; however, these do not appear miraculously but must be learned. The development of learning programs is essential in this regard.

To be successful, training programs need to be designed around the participant's job and based on real life experiences, which can be translated into actions back on the

job. A strategy for implementing training, which addresses the basic issues relating to customer service, such as communication, interpersonal skills and longer-term issues of quality involved with continual improvement, is to create a customer culture in which service quality is the dominant value. If this program is to be a success, people not only need to have good skills but also require good systems and procedures with which to work. It conducted basic training sessions with all staff to outline exactly what quality meant to the organization. (Herbig, Palumbo & O Hara, 1994.)

Improvement requires, first, knowing what processes are inadequate-gained through diagnosis-and, second, doing something to make the inadequate processes more effective-accomplished by taking corrective actions. Taking corrective actions is achieved through activities in the client system called intervention, which we define as “sets of structured activities in which selected organizational units engage with a task or sequence of tasks where the task goals are related directly or indirectly to organizational improvement”. To intervene in the client system is to interpose or interject activities into the normal activities of the organization in such a way that the intervention activities are done in addition to the normal activities or are done instead of the normal activities. (French & Bell, 1984)