Critical implication of Service Employees

There is enough evidence that satisfied employees make for satisfied customers (and satisfied customers can, in turn, reinforce employees' sense of satisfaction in their jobs). Some have even gone so far as to suggest that unless service employees are happy in their jobs, customer satisfaction will be difficult to achieve.

Through their research with customers and employees in 28 different bank branches, Benjamin Schneider and David Bowen have shown that both a *climate for service* and a *climate for employee well-being* are highly correlated with overall customer perceptions *of* service quality. That is, both service climate and human resource management experiences that *employees* have within their organisations are reflected in how c*ustomers* experience the service.

Real Life Case Scenario

Sears

In a similar vein, Sears found customer satisfaction to be strongly related to employee turnover. In their stores with the highest customer satisfaction, employee turnover was 54 percent, whereas in stores with the lowest customer satisfaction, turnover was 83 percent Studies by Ryder Truck demonstrated that when the company put pressure on employees through certain negative human resource practices, employees reacted with low motivation and dissatisfaction. Ultimately there is a connection between employee tension levels, poorer quality service, and negative customer reactions

What the service profit chain suggests is that there are critical linkages among internal service quality; employee satisfaction/productivity; the value of services provided to the customer; and ultimately customer satisfaction, retention, and profits. Service profit chain researchers are careful to point out that the model does not suggest causality. That is, employee satisfaction does not cause customer satisfaction; rather the two are interrelated and feed off

each other. The model does imply that companies exhibiting high levels of success on the elements of the model will be more successful and profitable than those that do not. Jeffrey Pfeiffer of the Stanford Graduate School of Business reports that companies that manage people right will outperform companies those do not by 30 to 40%. *Fortune* magazine also determined that the publicly traded companies making their list of the "100 Best Companies to work for in America" delivered higher average annual returns to shareholders than did companies making up the Russell 3000, a general index of companies similar to the Fortune sample.

All of the five dimensions of service quality (reliability, responsiveness, assurance, empathy, tangibles) can be influenced directly by service employees.

- *Reliability:* Delivering the service as promised, reliability is often totally within the control of front-line employees. Even in the case of automated services (such as ATMs or self-service restaurants), behind-the-scenes employees are critical for making sure all of the systems are working properly. When services fail or errors are made, employees are essential for setting things right and using their judgment to determine the best course of action for service recovery.

- *Responsiveness:* Front-line employees directly influence customer perceptions of responsiveness through their personal willingness to help and their promptness in serving customers. Consider the range of responses you receive from different retail store salespeople when you need help finding a particular item of clothing. One employee may ignore your presence, while another offers to help you search and calls other stores to locate the item. One may help you immediately and efficiently, while another may move slowly in accommodating even the simplest request.

- *Assurance:* The assurance dimension of service quality is highly 'dependent on employees' ability to communicate their credibility and to inspire trust and confidence. The reputation of the organisation will help, but in the end, individual employees with whom the customer interacts confirm and build trust in the organisation or detract from its reputation and ultimately destroy trust. For startup or relatively unknown organisations, credibility, trust, and, confidence will be tied totally to employee actions. It is difficult to imagine how an organisation would deliver "caring, individualised attention" to customers independent of its employees.

- **Empathy:** It implies that employees will pay attention, listen, adapt, and be flexible in delivering what individual customers need. Organisations that leave this quality dimension to chance are likely to find extreme variation on this dimension across employees and customer experiences.

- **Tangibles:** Employee appearance and dress are important aspects of the tangibles dimension of quality, along with many other factors that are independent of service employees (e.g., the service facility, decor, brochures, and signage).

Boundary Spanning Roles

The front line service employees are referred to as *boundary spanners* because they operate at the organisation's boundary. Boundary spanners provide a link between the external customer and environment and the internal operations of the organisation. They serve a critical function in understanding, filtering, and interpreting information and resources to and from the organisation and its external constituencies. Their skills and experience cover the full spectrum of jobs and careers. In industries such as fast food, hotels, and retail, the boundary spanners are the least skilled, lowest-paid employees in the organisation. They are order takers, front-desk employees, telephone operators, store clerks, truck drivers, and delivery people. In other industries, boundary spanners are well paid, highly educated professionals, for example, doctors, lawyers, accountants, consultants, architects, and teachers.

No matter what the level of skill or pay, boundary-spanning positions are often high-stress jobs. In addition to mental and physical skills, these positions require extraordinary levels of emotional labour, frequently demand an ability to handle interpersonal and inter-organisational conflict, and call on the employee to make real-time trade-offs between quality and productivity on the job. Sometimes these stresses and trade-offs result in a failure to deliver services as specified, which widens gap 3.

Emotional Labour

This term was coined by Arlie Hochschild to refer to the labour that goes beyond the physical or mental skills needed to deliver quality service. It means delivering smiles, making eye contact, showing sincere interest, and engaging in friendly conversation with people who are essentially strangers and who may or may not ever be seen again. Friendliness, courtesy,

empathy, and responsiveness directed toward customers all require huge amounts of emotional labour from the front-line employees who shoulder this responsibility for the organisation. Emotional labour draws on people's feelings (often requiring them to suppress their true feelings) to be effective in their jobs. A front-line service employee who is having a bad day or isn't feeling just right is still expected to put on the face of the organisation when dealing with customers.

The organisation must carefully select the front-line people who can handle emotional stress. Subsequently, it should impart training for developing needed skills (e.g., listening skills, problem solving), and coping abilities and strategies (e.g., job rotation, scheduled breaks, teamwork).

Sources of Conflict

Front-line employees often face interpersonal and inter-organisational conflicts on the job. Their frustration and confusion can, if left unattended, lead to stress, job dissatisfaction, a diminished ability to service customers, and burnout. Because they represent the customer to the organisation and often need to manage a number of customers simultaneously, front liners inevitably have to deal with conflicts, including person/ role conflicts, organisation/client conflicts, and inter-client conflicts.

- o Person or role conflicts: In some situations, boundary spanners feel conflicts between what they are asked to do and their own personalities, orientations, or values. Person/role conflict also arises when employees are required to wear clothing or change some aspect of their appearance to conform to the job requirements. A young MBA may feel an internal conflict with his new role when his employer requires him to cut his long hair and trade his casual clothes for a three-piece suit. Another source of role conflict is the employee's relative inability to control the relationship s/he has with the customer: The customer largely determines when the interaction will begin and when it will end. In naturally occurring relationships both parties share the right to begin and end the interaction.

- o Organisation/client conflict: A more salient type of conflict for most front-line service employees is the conflict between their two bosses, the organisation and the individual customer. Service employees are typically rewarded for following certain standards, rules, and procedures. Ideally these rules and standards are customer based.

When they are not, or when a customer makes excessive demands, the employee has to choose whether to follow the rules or satisfy the demands. The conflict is greatest when the employee believes the organisation is wrong in its policies and must decide whether to accommodate the client and risk losing her job or follow the policies. These conflicts are especially severe when service employees depend directly on the customer for income. For example, employees who depend on tips or commissions are likely to face greater levels of organisation/client conflict because they have even greater incentives to identify with the customer.

o Inter-client conflict: Sometimes conflict occurs for boundary spanners when there are incompatible expectations and requirements from two or more customers. This occurs most often when the service provider is serving customers in turn (e.g., a bank teller, a ticketing agent, a doctor) or is serving many customers simultaneously (e.g., teachers, entertainers).

In the case of serving customers in turn, the provider may satisfy one customer by spending additional time, customising the service, and being very flexible in meeting the customer's needs. Meanwhile, waiting customers are becoming dissatisfied because their needs are not being met in a timely way. Beyond the timing issue, different clients may prefer different modes of service delivery. Having to serve one client who prefers personal recognition and a degree of familiarity in the presence of another client who is all business and would prefer little interpersonal interaction can also create conflict for the employee.

In the case of serving many customers at the same time, it is often difficult or impossible to serve the full range of needs of a group of heterogeneous customers simultaneously.

This type of conflict is readily apparent in any college classroom where the instructor must meet a multitude of expectations and different preferences for formats and style. Some students prefer lectures, some prefer class discussions, some prefer projects, and others prefer learning through reading. Some students expect familiarity and openness in the classroom while others expect formality and a business-like environment.

Trying to satisfy all of these needs results in conflict for the instructor.

Quality/Productivity Trade-Offs

Front-line service workers are asked to be both effective and efficient. They are expected to deliver satisfying service to customers and at the same time to be cost effective and productive in what they do. A physician in a nursing home is expected to deliver caring, quality, individualised service to the patients, but at the same time to serve a certain number of patients within a specified time frame. Peter Drucker suggests that productive performance in all service jobs will combine both quality and quantity objectives. For some jobs, such as that of a research scientist, quality is really all that matters whereas the number of results, or quantity, is quite secondary. If a scientist can develop one new drug with the potential of saving millions of lives and generating substantial revenues for a company, that one quality result is invaluable. At the other extreme, there are service jobs that are almost totally quantity dominated; for example, filing papers, processing claims, cleaning rooms, serving fast food. In these jobs, once certain customer-based standards are set and systems are in place to ensure conformance, the pleasure of performance is largely that of how much the worker can accomplish in a certain period of time. Most service jobs fall somewhere between that of the research scientist and that of the claims processor. Most require a balance of quality and quantity, as in the case of the physician, grocery, clerk, and draftsperson already described, and often the worker is faced with making the trade-off.

Research suggests that these trade-offs are more difficult for service businesses than for manufacturing and packaged goods businesses and that pursuing goals of customer satisfaction and productivity simultaneously are particularly challenging in situations in which service employees are required to customise service offerings to meet customer needs.

However, technology is being used to an ever-greater degree to balance the quality/ quantity trade-off to increase productivity of service workers and at the same time free those to provide higher quality service for the customer.

Strategies for closing gap 3

A complex combination of strategies is needed to ensure that service employees are willing and able to deliver quality services and that they stay motivated to perform in customer-oriented, service-minded ways. These strategies for enabling service promises are often referred to as internal marketing. By approaching human resource decisions and strategies

from the point of view that the primary goal is to motivate and enable employees to deliver customer-oriented promises successfully, an organisation will move toward closing gap.

The strategies presented here are organised around four basic themes. To build a customer-oriented, service-minded workforce, an organisation must do the following:

(1) Hiring the right people

(2) Developing people to deliver service quality

(3) Providing the needed support systems, and

(4) Retaining the best people

One of the best ways to close gap 3 is to start with the right service delivery people from the beginning. This implies that considerable attention should be focused on hiring and recruiting service personnel. Such attention is contrary to traditional practices in many service industries, where service personnel are the lowest on the corporate ladder and work for minimum wage. But even in these industries, managers are beginning to focus on more effective recruitment practices. At the other end of the spectrum, in the professional services, the most important recruiting criteria are typically technical training, certifications, and expertise. However, there are too many organisations, which look above and beyond the technical qualifications of applicants to assess their customer and service orientation as well.