MANAGING SERVICE QUALITY: HUMAN RESOURCE MANAGEMENT STRATEGIES

KK GOVENDER
Faculty of Economic Sciences
University of Transkei

ABSTRACT

This article reports the results of an empirical evaluation of a conceptual service encounter management model (Govender, 1999). The various hypotheses proposed to show a relationship between formal and informal socialisation strategies, and the bank employees' perception of the organisational climate and their role are empirically evaluated. Furthermore, the mediated effects of these socialisation tactics on the bank customer's perception of the service quality was also ascertained by matching a random sample of 210 bank employees with 1050 customers.

From the service customer's point of view, the most immediate evidence of service occurs in the service encounter or the "moment of truth" when the customer interacts with the firm. The crucial importance of the human interaction between personnel and the customer during the service encounter has been almost universally acknowledged (Keltner & Finegold, 1996; Baron, Harris and Davies, 1997). By examining several reasons for poor service and customer switching, Keaveney (1995) ascertained that service encounter failures were attributed to some aspect of the service employee's behaviour. Poor service encounter experience was the second most important reason for switching services. Thus, to ensure that service encounters are successful, service firm managers need to devise strategies to improve employee behaviour. In an attempt to address the aforementioned, research was conducted to explore the effects of the employees' perception of the type of organisational socialisation on:

- their perception of the organisational climate for service and their role, and
- the bank customers' perception of service quality.

In order to achieve the objectives, the service encounter model (Govender 1999) was empirically evaluated by fitting the theoretical model to the data in order to permit statistical inferences from the hypothesised relationships.

Theoretical review and hypotheses

Senge (1990) asserts that since customer service programmes cannot succeed within a company unless top management is committed to the concept, management should develop a clear service vision for the organisation and communicate this to all employees so that they could make it a reality. Furthermore, Senge (1990) posits that "it is through organisational socialisation that employees become aware of the philosophy and corporate culture of their organisation". Socialisation focuses on how individuals learn the values, beliefs, orientations, behaviours, skills, and so forth necessary to fulfill their roles and function effectively within an organisation's milieu. The process would therefore include inter-alia, formal and informal programmes. During formal socialisation, employees are separated from others while they learn about the organisation and their tasks, whereas during informal socialisation, (new) employees interact with more experienced employees, become integrated into their work groups, and learn on the job. Despite the cogency of this typology, research on socialisation tactics with reference to service employees has been relatively scarce.

In order to explore the effects of formal and informal socialisation strategies on the service employees' behaviour, it is hypothesised that:

H1: Formal organisational socialisation of the service employee is positively associated with the overall service quality as perceived by the service customers.

H2: Informal organisational socialisation of the service employee is negatively associated with the overall service quality as perceived by the service customers.

Because of the intangibility of most services, the only tangible cue may be the service employee. In the light of this, it is also proposed that:

H3: The service customers' perception of the overall service quality is positively associated with their perception of the employee service quality.

In view of H3, it is also postulated that:

H4: Formal organisational socialisation of the service employee is positively associated with the employee service quality as perceived by the service customers.

H5: Informal organisational socialisation of the service employee is negatively associated with the employee service quality as perceived by the service customers.

Organisational socialisation – organisational climate

Since service organisation employees have face-to-face contact with customers their work may result in increased stress and strain because employees try to meet conflicting demands from management and customers. Schneider and Bower (1995) assert that management can potentially manage employee stress by establishing a climate in which the employees' desire to give good service are made easier and encouraged. In order to shed more light on the relationship between the type of organisational socialisation and the service climate as perceived by the service employee, it is hypothesised that:

H6: Formal organisational socialisation of the service employee is positively associated with the organisational climate for service as perceived by the service employees.

H7: Informal organisational socialisation of the service employee is negatively associated with the organisational climate for service as perceived by the service employees.

Organisational climate – service quality

Since organisations can only indirectly control the interaction or "service encounter" because of the simultaneous nature of production and consumption, it is posited that the climate or organisational practices and procedures that communicate service as top priority will succeed in delivering high quality service. It is therefore hypothesised that:

H8: The organisational climate for service as perceived by the service employee is positively associated with the overall...
service quality as perceived by the service customers.

H10: The organisational climate for service as perceived by the service employee is positively associated with the employee service quality as perceived by the service customers.

Organisational socialisation – role perceptions

Service employees are susceptible to role conflict because they occupy a position at the boundary between the firm and the customer. Thus they must try to satisfy the often inconsistent demands of people in two independent organisations. Wagner and Hollenbeck (1996) assert that the socialisation tactics influence the role orientations that newcomers ultimately adopt. When an individual has gained an appropriate understanding of his or her role, and the roles of the other members of the role set, it is possible to formulate accurate role expectations. Schneider and Bowen (1995) proposed that in order for the service employees to learn their roles, and be able to form accurate role expectations for the service encounter, they must be socialised into the organisation. In view of the need to better understand the effects of different socialisation tactics on the service employees’ role perception, the following hypotheses are proposed:

H11: Formal organisational socialisation of the service employee is negatively associated with the role ambiguity experienced by the employees.

H12: Informal organisational socialisation of the service employee is positively associated with the role ambiguity experienced by the employees.

H13: Informal organisational socialisation of the service employee is positively associated with the role conflict experienced by the employees.

Role perception – service quality

Singh, Rhoads and Vebreke (1996) assert that the formulation of accurate role expectations could result in superior quality for the service encounter. Tait (1996) also ascertained that role ambiguity affects the service employee’s performance which may spill over to the perceptions of service quality on the part of the customers. In order to explore the relationship between service quality and role, the following hypotheses are proposed:

H14: The level of role conflict as perceived by service employee is negatively associated with the service customers’ perception of the overall service quality.

H15: The level of role ambiguity as perceived by the service employee is negatively associated with the service customers’ perception of the overall service quality.

H16: The service employees’ level of role conflict is negatively associated with the service customers’ perception of the employee service quality.

H17: The service employees’ level of role ambiguity is negatively associated with the service customers’ perception of the employee service quality.

Organisational climate and role perception

Rowland and Ferris (1982) assert that the organisational climate may be explained in terms of role theory. Incongruence between the service orientation of employees and the perceived orientation of management may engender role ambiguity and conflict. Role ambiguity may prohibit an individual from experiencing a sense of accomplishment, because the individual is unclear about what ought to be accomplished. In order to explore the relationship between the organisational climate and role, it is hypothesised that:

H18: The role ambiguity experienced by the service employee is negatively associated with the organisational climate for service as perceived by the employee.

H19: The role conflict experienced by the service employee is negatively associated with the organisational climate for service as perceived by the employee.

METHOD

Sample and sampling procedure

The nature of this research necessitated the use of a combination of convenience and judgemental sampling to obtain data from bank customers and bank employees. A total of 210 employee questionnaires were distributed equally among branches of the three major commercial banks in the Eastern Cape. Each bank employee was requested to distribute five customer questionnaires, which resulted in 1050 bank customers being surveyed.

Since attempts to administer the employee questionnaires during regular staff meetings were not successful, branch managers were requested to distribute the employee questionnaires after being briefed about the research. The bank employees were requested to distribute a questionnaire to every third customer with whom they interacted for at least five minutes. The rationale for choosing every third customer was to introduce a “sense of randomness” into the customer sample, a method which has been used by researchers such as Naumann and Giel (1995). A covering letter explaining the purpose of the research, as well as self-addressed, stamped envelopes accompanied both questionnaires. Codes were inserted on the employee and customer questionnaires, and this made it possible to match the data collected from bank employees with that obtained from the bank customers.

After editing, only 50 (23.81 per cent) employee responses could be matched with 166 (15.81 per cent) customer questionnaires. Using a similar method, Hartline and Ferrell (1993) reported an employee response rate of 34.1 per cent and a customer response rate of 3.8 per cent. As a follow-up, branch managers were requested to put up notices requesting customers to complete and return the questionnaires to the researcher.

Research Instruments

Where possible, research instruments whose validity and reliability had been ascertained during previous research were used in this study. However, negatively worded items were rephrased because the pilot study revealed that respondents were ignoring negatively worded questions. This approach has been followed in previous research by Kamfe, Venter and Boshoff (1994).

The type of organisational socialization as perceived by the bank employees was measured with a five point Likert scale with anchors of (1) strongly disagree, (2) disagree, (3) neither agree nor disagree (neutral), (4) agree, (5) strongly agree. The questions were adapted from the questionnaire developed by Jones (1986). Of the fifteen questions, six were intended to measure informal socialisation.

To measure the employee perception of the organisational climate, a twenty-two item, five point Likert scale with anchors of (5) strongly agree and (1) strongly disagree was developed based upon an adaptation of Kelley’s (1987) scale. The conflict and ambiguity scales developed by Chonko, Howell and Bellenger (1986) were adapted for this research.

To ascertain information about role conflict, employees were asked to indicate the agreement between themselves and their jobs, supervisors and customers with reference to seven items, on a five point scale ranging from 1 (no agreement) to 5 (complete agreement). For the role ambiguity scale, bank employees were asked to indicate how certain they were about each of the sixteen items using a scale ranging from 1 (completely uncertain) to 5 (completely certain).

An adapted SERVQUAL (Parasuraman, Zeithaml and Berry, 1985) instrument was used to measure overall service quality. This instrument [SQUAL] instrument was based on the twenty-two items of the SERVQUAL questionnaire; however, it combined expectations and perceptions into one measure by asking customers whether certain aspects of service quality ex-
eced or fell short of expectations. Bank customers were asked to rate each of the twenty two items on a scale ranging from 1 (worse than expected) to 5 (better than expected). After adapting the SERVQUAL questionnaire, a sixteen-item instrument (EQUAL) was developed to measure employee service quality. Bank customers were required to indicate their disagreement with each of the sixteen items, where one indicated strongly disagree and five indicated strongly agree.

**Measurement Reliability and Validity**

The computer programme SAS PROC CORR (SAS Institute, 1990) was used to perform Stepwise Reliability Analysis (Wille, 1996) on the various measuring instruments. In terms of the Cronbach's coefficient alpha (Cronbach, 1951) reflected in Table 1, it is evident that the five valid latent variables were measured with acceptable levels of reliability.

**TABLE 1**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>FACTOR 1</th>
<th>FACTOR 2</th>
<th>FACTOR 3</th>
<th>FACTOR 4</th>
<th>FACTOR 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overall Service Quality</td>
<td>Employee Service Quality</td>
<td>Organization Socialization</td>
<td>Role Ambiguity</td>
<td>Informal Socialization</td>
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<tr>
<td>SQ1</td>
<td>0.47**</td>
<td>-0.062</td>
<td>0.053</td>
<td>0.041</td>
<td>0.059</td>
</tr>
<tr>
<td>SQ2</td>
<td>0.45**</td>
<td>0.066</td>
<td>-0.069</td>
<td>0.022</td>
<td>-0.000</td>
</tr>
<tr>
<td>SQ3</td>
<td>0.46**</td>
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<td>-0.012</td>
<td>-0.060</td>
<td>-0.026</td>
</tr>
<tr>
<td>SQ4</td>
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<td>0.038</td>
<td>0.034</td>
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</tr>
<tr>
<td>SQ5</td>
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<td>0.045**</td>
<td>-0.007</td>
<td>-0.031</td>
<td>-0.002</td>
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<tr>
<td>EQ1</td>
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<td>0.078*</td>
<td>-0.001</td>
<td>0.023</td>
<td>0.026</td>
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<tr>
<td>EQ2</td>
<td>0.132</td>
<td>0.783*</td>
<td>0.028</td>
<td>-0.017</td>
<td>-0.038</td>
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<tr>
<td>EQ3</td>
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<td>0.784*</td>
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<td>-0.082</td>
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<td>EQ4</td>
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<td>0.056</td>
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<td>0.705*</td>
<td>0.028</td>
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<tr>
<td>EQ5</td>
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<td>0.026</td>
<td>0.022</td>
<td>0.065*</td>
<td>-0.066</td>
</tr>
<tr>
<td>EQ6</td>
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<td>0.034</td>
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<tr>
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<td>0.096</td>
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<td>0.024</td>
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<td>0.028*</td>
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<tr>
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<tr>
<td>SS</td>
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<td>-0.070</td>
<td>0.060</td>
<td>0.055</td>
<td>0.028*</td>
</tr>
</tbody>
</table>

**Cronbach's Coefficients**

| ALPHA** | 0.50  | 0.46  | 0.08  | 0.40  | 0.74  |

* Factor loadings > 0.4 were considered significant  
** Cronbach's coefficients alpha > 0.7 were considered reliable.

Stepwise Exploratory Factor Analysis (Wille, 1996) was performed to ascertain the discriminant and construct validity of the measuring instruments. In each step of the analysis, BMDP4M (Franz, Jennrich & Sampson, 1993) was used to perform a maximum likelihood factor analysis with a direct quartimin rotation (Jennrich & Sampson, 1966) of the unrotated factor matrix. During each step of Stepwise Exploratory Factor Analysis (SEFA), individual items were deleted from the respective measuring instruments if this action improved the validity of the measuring instruments. This process was repeated until all the (remaining) measuring instruments possessed acceptable levels of discriminant and construct validity.

The latent variables "Role Conflict" and "Formal Socialisation" were removed from the analysis during the process of Stepwise Exploratory Factors Analysis. Role Conflict yielded a Heywood case (Brown and Mels, 1990) and Formal Socialisation did not adhere to discriminant validity, since items S1, S2 and S3 loaded on FACTOR 4 and FACTOR 5. Table 1 reflects that the remaining (adapted) measuring instruments possess acceptable levels of discriminant and construct validity since they load with loadings above 0.4 (Rummel, 1967) on one factor only. In terms of the remaining latent variables and the empirical factor structure, the revised research model is presented in Figure 1.

**RESULTS AND DISCUSSION**

It is evident from Figure 2 that the employees' perception of informal socialisation does not exert a significant influence on the customers' perception of either the overall service quality (p=0.07; p<0.05), or the employee service quality (p=0.03; p<0.05). This finding is contrary to that reported by Hartline and Ferrel (1993) does not support hypotheses H2 and H5.
In line with previous findings (Govender, 1998), the employee service quality emerged as the most significant determinant of the overall service quality (0.752; p < 0.00). More specifically, the better the employee service quality the customer experiences, the better will be the overall service quality as perceived by the customers. This finding supports hypothesis H3.

Figure 2 also reveals that the employees' perception of informal socialisation is significantly positively correlated with the employees' perception of the organisational climate (0.297; p < 0.05). More specifically, employees who are informally socialised are more likely to perceive the organisation as being supportive of customer service. This finding results in hypothesis H7 being rejected.

From Figure 2 it is also evident that the employees' perception of the organisational climate is a significant determinant of the overall service quality (0.149; p < 0.05). This finding implies that the warmer the employee perceives the organisational climate, the better will be the overall service quality experienced by the customers. This finding which support hypothesis H8, is contrary to that reported by Kelley (1987), but is supported by various other researchers (Schneider, Gunnarson and Niles-Jolly, 1994 and McNabb and Sepic, 1995).

Contrary to expectations, the employees' perception of the organisational climate is not significantly associated with the service customers' perception of the employee service quality (0.120; p > 0.05). Thus hypothesis H9 is rejected.

It is further evident from Figure 2 that the employees' perception of informal socialisation is significantly positively correlated with the employees' role ambiguity (0.520; p < 0.00). More specifically, the more role ambiguity the employee experiences, the lower will be the level of informal socialisation perceived by the employee and vice-versa. The aforementioned finding leads to a rejection of hypothesis H11.

Figure 2 also shows that the perception of role ambiguity by the service employees does not exert a significant influence on either the overall service quality (0.062; p > 0.05), or the employee service quality (-0.030; p > 0.05) as perceived by the customers. This finding which is contrary to that reported by Hartline and Ferrel (1993) does not support hypotheses H15 and H17. Hartline and Ferrel (1993) reported that informal socialisation maintained a strong negative relationship with the employee role ambiguity and role conflict. This could be attributed to the conflicting messages that employees receive during formal socialisation.

The employees' perception of the level of role ambiguity is also significantly positively correlated with the organisational climate as perceived by the service employees (0.448; p < 0.01). More specifically, the more role ambiguity the employee experiences, the warmer the employees will perceive the organisational climate and vice-versa. This finding which is also supported from previous studies (Hartman, Hadaway and Badovick, 1994) results in a rejection of hypothesis H18.

The model (Figure 1) provided a fair fit to the data. The expected cross validation index of 1.819 was lower than the cross validation index for the saturated model which was given as 2.794. Furthermore, the root mean square error of approximations [RMSEA] was 0.079. Kerlinger and Pedhazur (1973) caution that with the path analysis techniques, even if a model is consistent with the data, one cannot conclude that it automatically mirrors the true causal process, since there might be other models not tested. Since it may be assumed that the reverse could also be true, the need to report the findings is justified.

It is apparent that since the employee service quality is the most important determinant of the overall service quality, service firms should improve the overall service quality by improving their employee service delivery. Although, it emerged that the types of organisational socialisation of the service employee as measured in this study, did not directly influence the customers' perception of the overall service quality, informal socialisation strongly influences the employees' perception of the organisational climate. The organisational climate as perceived by the service employee influences the customers' perception of the overall service quality. Thus by developing a healthy informal socialisation policy and a "warm" organisational climate, service firm managers could influence the customers perception of the overall service quality.

Since informal socialisation is highly positively correlated with the role ambiguity perceived by the service employees, it may be deduced that the process of organisational socialisation provides a means for the service organisation to help employees to develop more accurate role expectations. This may result in the employees performing their service roles better, and this may contribute to the delivery of higher levels of service quality. In addition, it has emerged that the role ambiguity experienced by the employees is highly positively correlated with their perception of the organisational climate and with informal socialisation. Since the organisational climate as perceived by the employees has a significant influence on the customers perception of the overall service quality, it may also be deduced that informal socialisation of the service employee indirectly influences the customers perception of service quality.

Managerial implications

Since the regulators of profit in a service business are to a large degree those individuals who directly interface with customers and deliver the service in concert with the customer, service firms must practice the belief that the customer contact staff are their most important asset. An important part of practising this belief is to put in place a system to support the employees on a personal level. When hiring employees, management should orientate them as to what the organisation is, who the customers are, and why the customers are important.

Since customers pass judgement on the business at contact points, these points should be managed and treated as opportunities, even though the contact point might be attending to something mundane as changing the address. These contact points provide an opportunity to create a favourable impression; they must be cherished and not let to slip by.

The unit of analysis in marketing should be the relationship, which is a mutual recognition of some special status between exchange partners that is the result of a successful series of encounters. Since service firms are often in direct contact with their customers, they have the ability to build parallel economic and personal ties with their customers. Such strong ties would enable the firm to better serve its customers and to deter competitive efforts to win those customers away.

Limitations and future research

Since the data did not provide a perfect fit to the theoretical model, on-going research using more favourable samples should be undertaken to test the model and also identify other models. A possible reason for the fair model fit may be attributed to the difficulty of aggregating and matching responses across respondent groups. A larger sample may produce more favourable results. A different picture may also emerge by developing reliable instruments to measure Formal Socialisation and Role Conflict, and then fit the data from a favourable sample to the model. The customer questionnaires were completed at home and it is possible that the encounter experience may not be vivid so as to enable the customers to respond as accurately as possible. A possible suggestion would be to try to interview them immediately after the encounter. To increase the validity and generalisability of the findings of this study, future research might involve the replication of this study in a variety of service settings, industries and organisations.

REFERENCES

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