

Quality System Management and Education in Service Environments

Richard R. Perdue

Hospitality and Tourism Management
Pamplin College of Business
Virginia Polytechnic Institute and State
University
Blacksburg, VA 24060
rick.perdue@vt.edu
540-231-4373

Steven D. Sheetz

Director, Center for Global e-Commerce
Pamplin College of Business
Virginia Polytechnic Institute and State
University
Blacksburg, VA 24060
sheetz@vt.edu
540- 231-6096

ABSTRACT

Service quality is widely recognized as a core construct of services management. Effective service quality management, however, requires integration both across organizational units and the functional areas of a corporation. Using the Gaps Model of Service Quality, this paper articulates numerous quality challenges of large, multi-unit organizations, including measurement, service design, service delivery, and marketing communications. Meeting these challenges requires effective integration of various business disciplines, particularly marketing, human resource management, accounting, and information systems management. The paper concludes by relaying the challenges experienced in teaching this integration in service operations and marketing courses.

Introduction

Quality is widely recognized as a critical services management challenge, due to three separate, but converging trends. First, there is an increasing emphasis on customer loyalty, personal referrals, and relationship marketing throughout the service industry [5]. Service quality and customer satisfaction are recognized as primary determinants of both loyalty and personal referrals [7]. Second, service consumers expect higher and higher levels of quality, not only in service design, but also in the quality and personalization of services received [1]. Third, for a variety of reasons, service businesses are finding it increasingly difficult to attract and retain quality employees [3, 8]. Yet, quality employees have historically been considered the *raison d'être* of service quality.

Facing these challenges, it is essential that service businesses identify ways of increasing employee productivity, defined as increasing the quality of service provided to consumers while, at the same time, reducing the necessary number of employees [8]. Further, to be competitive for employees, service businesses must identify ways of improving the quality of jobs; making them both easier and more enjoyable [2]. Effective integration of tradi-

tional functional areas of business, particularly marketing, human resource and operations management, accounting, and information systems management is widely recognized as the key means by which these divergent goals may be attained [2,4]. The purpose of this paper is to examine this integration. The implications to services management education are then discussed.

Service Quality Challenges

The Gaps Model of Service Quality [6] will be used to organize the following discussion of key service quality challenges impacting this integration (Figure 1). Consistent with the service quality literature, the Gaps Model conceptualizes quality as the congruence between a customer's service expectations and the perceived quality of service received. Four potential gaps or problem sources are identified.

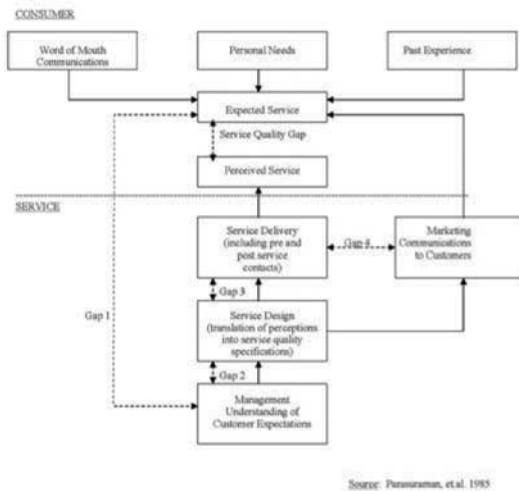


Figure 1. The GAPS Model of Service Quality

First, in order to design and provide quality services, management must understand customer expectations both overall and by an ever increasing variety of market segments, particularly given the dramatic growth in customer relationship management and service customization. Much of the existing services research has focused on developing diagnostic measures of service quality and assessing their relationship with customer satisfaction, repeat consumption and referral propensity. While this work certainly continues, the management challenge now is to develop the capacity to integrate various quality measures, make the results easily and quickly available to managers, and train managers in the effective interpretation and use of these data. If expectations change or quality problems occur, managers and employees must quickly identify these changes and respond with

appropriate service recovery and improvements. This is further complicated for service categories which experience cyclical changes in customer segments and demand.

Second, management must design products and services that satisfy those expectations. Mass customization seems to be the focus of virtually every service category. Customer relationship systems are creating massive amounts of data which theoretically enhance both service improvements and innovations. Along with data provided by competitive benchmarking and quality monitoring systems, the options are virtually unlimited. Given the human resource challenges of service delivery, however, the key question seems to be how much of the service design and delivery process can be effectively shifted to the consumer through technology-enhanced self service systems. Further, since entire service categories are sharing essentially the same technologies, the issues of product commodification and shorter cycles for both development and competitive advantage put ever greater pressure on service design and process improvement teams. Traditional market research and product development methodologies such as conjoint analysis, process blueprinting and fishbone analyses are increasingly challenged by these pressures.

Third, even if expectations are well understood and appropriate products and services have been designed, it is still critical to effectively deliver those services. Determining the best investments is to improve, facilitate, and speed up the actual delivery of services is perhaps the key challenge. For a variety of reasons, providing customer services can be both physically and emotionally difficult. Employee burnout is a serious problem impacting service quality both directly through discourteous employees and indirectly through employee turnover. Consequently, given the difficulty of recruiting and retaining a quality workforce, employee satisfaction is equally or even more important than customer satisfaction.

Three major trends reflect current practices. First, and by far most important, improving employee training systems is essential. Creating more flexible, technology-based systems is enhancing both initial and, particularly, on-going training systems. Second, many businesses are significantly investing in technology to improve both service processes and the ability of employees to answer customer questions. As examples, customer history and membership databases are being used to reduce the service delivery times and improve process accuracy. Third, information technology can also reduce number-of-employee needs, particularly for repetitive services which have highly cyclical demand. For example, customer relationship management and loyalty systems are being used in some cases to greatly reduce customer service.

Fourth, customer expectations are a function not only of the customer's background and experience, but also of effective and appropriate marketing communications. Much of the excitement surrounding services marketing communications focuses on e-commerce. As an example, recent travel industry data indicate that 78 percent of U.S. adults are now us-

ing the Internet for travel planning, as compared to 38 percent in 1998. Beyond traditional advertising, travel industry companies are using the Internet for advertising fulfillment, e-club management and direct marketing, on-line reservation systems, ancillary product sales, and, in some cases, for customer blogs. As with any marketing communication, the key service quality issue is effectively delivering on promotional promises, including not only making realistic promises, but also keeping customers and intermediaries informed of service availability and changes in schedules and offerings. Further, as service businesses increasingly shift to self-service systems, customer education must be an element of the marketing communications strategy.

Service Education Implications

The preceding discussion reflects the complexities and challenges of one key service construct, service quality. It is largely based on the author's research experience focusing on the travel industry, specifically the resort industry. The following reflects the author's experiences concerning the design and implementation of corresponding service education systems. These experiences are based on eight years of teaching a course entitled "Services Marketing" within a more traditional undergraduate marketing curriculum at a major AACSB accredited institution.

Constraints

The obvious conclusion of the preceding discussion is the need for services management education to integrate across the traditional functional areas of business education, particularly marketing, human resource and operations management, and information systems management. There are a number of constraints, both bureaucratic and faculty based, to such integration.

It is important to recognize that specialized coursework in service marketing and management is a relatively new phenomena. As recently as the mid 1990's, it was difficult to get approval of such courses. Effectively arguing that services were fundamentally different from other product categories and, consequently, deserving of special treatment in the form of "services marketing or management" courses required both persistence and perseverance. Even today most business schools offer a limited array of such courses and very few require services coursework as a core curricula component. Specific treatment of services concepts is sporadic in core curricula courses, such as Introduction to Marketing, Management, etc.

True integration of multiple functional areas within a given course or even a series of courses is also difficult. Rarely does an individual faculty member have the necessary range of experience and expertise. While team teaching is a possible solution, it is difficult to implement within the personnel accounting systems of most universities, particularly at

the undergraduate level. In most cases, team teaching is reserved for capstone strategy and policy courses, which again tend not to focus heavily on services.

As always, budget issues are also a concern. Most universities have in some shape or another an accounting system based on credit hour production, again particularly at the undergraduate level. Such systems are an impediment both to team teaching and to teaching relatively small classes. Additionally, over the past decade, a combination of student and budget pressures has reduced the range of coursework available in many business schools. Many business schools face enrollment pressures that exceed faculty capacities. Yet, business school budgets have not kept pace, often resulting in fewer “non-traditional” and “non-core” courses being offered as schools attempt to just meet core course demand.

As already noted, rarely does an individual faculty member have the range of experience and expertise to teach a truly integrated services management course. Importantly, most university reward systems do not encourage such a range of expertise, particularly for research activities. Over the past two decades, there has been an enormous proliferation of research journals, leading business schools to increasingly encourage and reward faculty for publishing in a limited set of “top tier” outlets. While it is certainly possible to publish services research in these outlets, most require research which adheres to the traditional functional areas of business. For example, in marketing most schools recognize the *Journal of Marketing*, *Journal of Marketing Research*, *Journal of Consumer Research*, and the *Academy of Marketing Sciences* as the premier journals. All of these journals publish services research, but require a fairly focused emphasis on marketing theory and practices.

Innovative Solutions

The “cluster hire” as recently implemented at Virginia Tech is a possible solution to these problems. Essentially, the purpose of a cluster hire is to bring together a multi-disciplinary group focused on a core topic. While developed primarily in the biological and physical sciences, this same concept could be applied to services sciences. Bringing together a concentrated group of faculty from various business and engineering disciplines with common interest in services management and operation would effectively address the identified integration issues.

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