



The Service Quality Conundrum

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- **"Quality" in a service organization is a measure of the extent to which the service delivered meets the customer's expectations.**
- **The nature of most services is such that the customer is present in the delivery process. This means that the perception of quality is influenced not only by the "service outcome" but also by the "service process".**
- **The "perceived quality" lies along a continuum. "Unacceptable quality" lies at one end of this continuum, while "ideal quality" lies at the other end. The points in-between represent different gradations of quality. (Ghobadian et al, 1994).**

- **Measures of service quality may either be hard or soft. Hard measures are those which are quantifiable or objective; for example, computer downtime or the proportion of telephone calls answered.**
- **Soft measures are those which are qualitative, judgmental, subjective and based on perceptual data, for example, customer's satisfaction with speed of service or manager's assessment of staff attitude towards customers.**
- **Soft measures of service quality are particularly relevant to the measurement of the quality of intangible aspects of service (Voss, 1985).**

Grönroos (1990) describes the quality of service as having two dimensions - a technical or outcome dimension and a functional or process-related dimension.

- What customers receive is clearly important to them and to their overall evaluation of quality. This could be looked on as "product quality": what the customer is left with when the production process and the personal interactions are over. Frequently this dimension can be measured objectively because it represents the technical provision.**
- The interactions between the customer and the service provider - constitute the "how" of the service provision. This functional quality will have a major influence on the way the customer perceives the technical quality.**

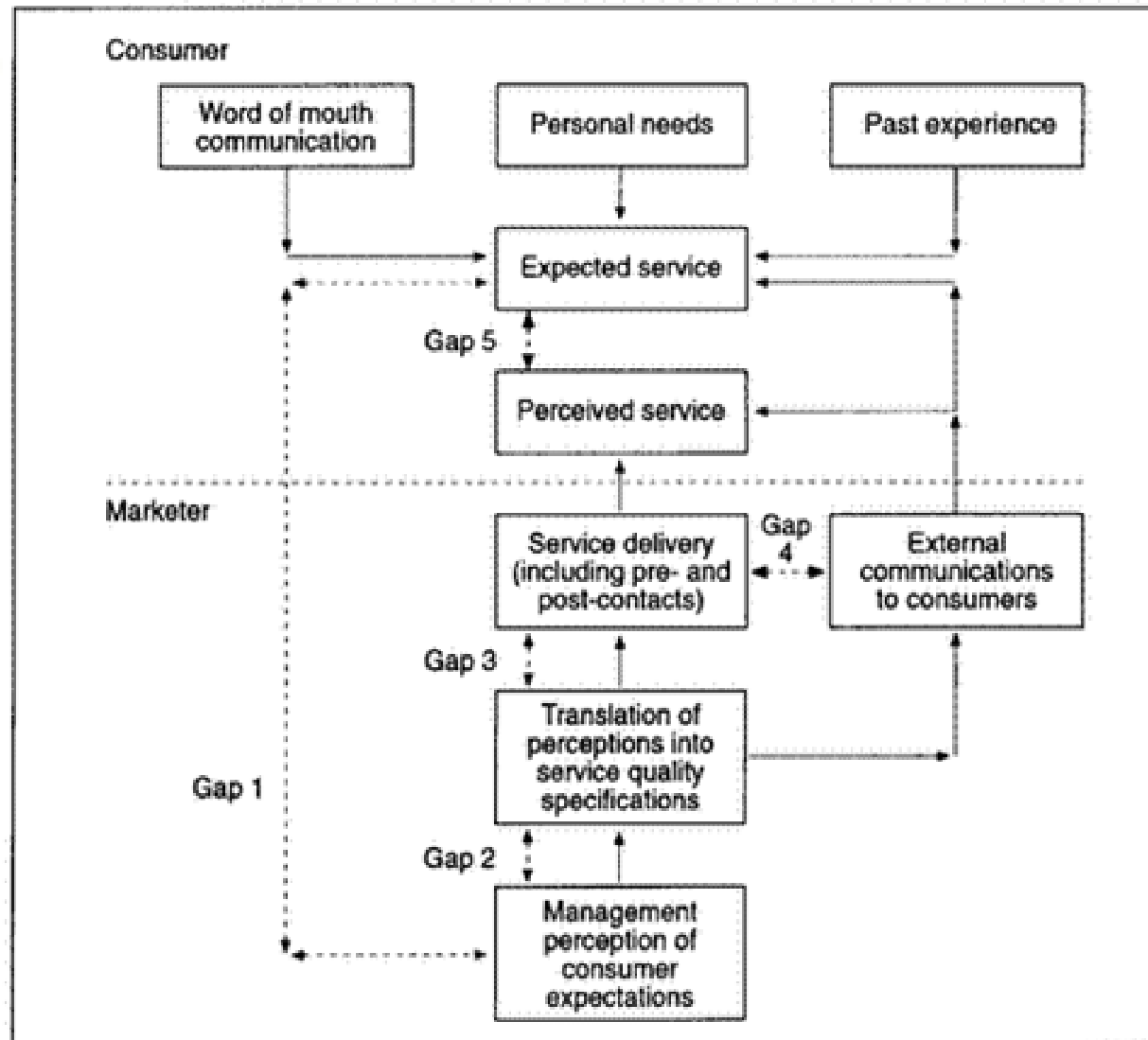
- In addition, Grönroos identifies the corporate image dimension of quality. This image will be built up from the functional and technical quality of the services the organization offers, plus the effects of traditional marketing activities such as advertising, pricing and public relations.

- Information on service quality can be gathered from internal and/ or external data sources.
- Internal data are those generated by the staff or management inside an organization, enabling the organization to ensure that it is meeting its own internal specification of service quality.
- Customers also inevitably assess the quality of the service during and after its provision. Their assessments (external measures of service quality) result in a level of customer satisfaction. Thus service organizations may measure service quality not only on the basis of their own internal data but also by using external data, by monitoring customer satisfaction (Silvestro et al).

Degree of Interaction and Customization

| | | Low | High |
|---------------------------|------|--|--|
| Degree of Labor Intensity | Low | Service factory: <ul style="list-style-type: none"> • Airlines • Trucking • Hotels • Resorts & recreation | Service shop: <ul style="list-style-type: none"> • Hospitals • Auto repair • Other repair services |
| | High | Mass service: <ul style="list-style-type: none"> • Retailing • Wholesaling • Schools • Retail aspects of commercial banking | Professional service: <ul style="list-style-type: none"> • Doctors • Lawyers • Accountants • Architects |

The service process matrix (Schmenner, 1986)



SERVQUAL is a questionnaire designed to measure the gap between the expectations and perceptions of a customer from a particular service. This questionnaire has five categories:

- **Tangibles**
- **Reliability**
- **Responsiveness**
- **Assurance**
- **Empathy**

Cronin and Taylor (1992) conclude that current performance best reflects a customer's perception of service quality and that expectations are not part of this concept. They perform an empirical test with four alternative service quality models:

- **SERVQUAL: Service quality = performance - expectations**
- **Weighted SERVQUAL: Service quality = importance × (performance - expectations)**
- **SERVPERF: Service quality = performance**
- **Weighted SERVPERF: Service quality = importance × performance**

From the results of their empirical investigation they conclude that the unweighted SERVPERF measure (performance only) performs better than any other measure of service quality.

- Despite Parasuraman *et al.*'s (1988) initial claim that their five service quality dimensions are generic, it is generally agreed that this is not the case, and that the number and definition of the dimensions varies depending on the context.
- When measuring the quality of accounting firms, Freeman and Dart (1993) conclude that service quality is a seven-dimensional construct.
- Robinson and Pidd (1998) propose 19 dimensions of service quality in the context of management science projects.

Parasuraman, A., Zeithaml, V.A., Berry, L.L., 1988, "SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality", *Journal of Retailing*, 64, 1, 12-40.

Freeman, K.D., Dart, J., 1993, "Measuring the perceived quality of professional business services", *Journal of Professional Services Marketing*, 9, 1, 27-47.

Robinson, S., Pidd, M., 1998, "Provider and customer expectations of successful simulation projects", *Journal of the Operational Research Society*, 49, 3, 200-9.

- According to Robinson (1999), developing separate instruments depending upon the purpose and context of the service quality measurement may be the most fruitful way forward. Since the understanding of service quality is so limited it seems unrealistic to be aiming for a global measurement approach until a much better understanding is obtained.

According to Stauss & Weinlich (1997), a closer look, however, reveals some deficits of attribute-based quality measurement (like SERVQUAL).

- First, the data collected by these methods cannot completely reflect the customer's quality perception.
- Second, the respondents are forced to aggregate their quality experiences in a problematic way. A customer of a bank asked to evaluate the friendliness of customer contact employees of a bank is forced to tick a single point on a scale even if he/she had contacts with three employees whose behaviour and friendliness differed considerably.
- Third, as the quality items are formulated in a necessarily abstract manner, survey results are not particularly concrete (Bitner *et al.*, 1985).

The fundamental purpose of the sequential incident technique (SIT) is to record all incidents customers perceive in a specific service transaction sequentially in the course of the consumption process. SIT is very similar to the critical incident technique (CIT), but avoids its weaknesses:

- It applies the story-telling method of the CIT, but collects not only the critical incidents, but the usual, uncritical incidents, too.
- It gives the opportunity to collect critical and usual incidents within a single interview.
- It explicitly takes the process character of service experiences into consideration and thus overcomes the negligence of this important fact by all conventional methods (Stauss & Weinlich, 1997).

Service blueprinting is a special type of flowcharting for service operations propounded by G. Lynn Shostack (1984).

- The service blueprints are different from other forms of flowcharts as these demarkate the operations in the visibility of the customers and the back office operations (invisible to the customer).**
- In the blueprints, small circles with F written inside are used to identify potential points of failures so that effective measures (Poka-Yoke) may be planned to avoid such failures.**
- Similarly, small triangles with W written inside are used to identify those points (in the visibility of the customer), where the customer has to wait.**

Bank of America®



- When Bank of America (BOA) began its quality journey back in 2001, there were skeptics who wondered whether a discipline from the factory floor could be applied at one of the world's largest financial services companies. It could—and it has.
- Today, Bank of America handles almost 200 customer transactions per second, faster and more accurately than ever.
- Same day payments have improved by more than 36% and deposit processing has improved by 47%.
- Overall, BOA expects their quality initiatives to have made measurable contributions totaling \$2 billion in 2003, with more than half of that in added revenue generation.

- **Step 1 – Define**

Define the priorities of the customers with respect to quality.

- **Step 2 - Measure**

Measure the processes and the defects arising in the product due to the process.

- **Step 3 - Analyze**

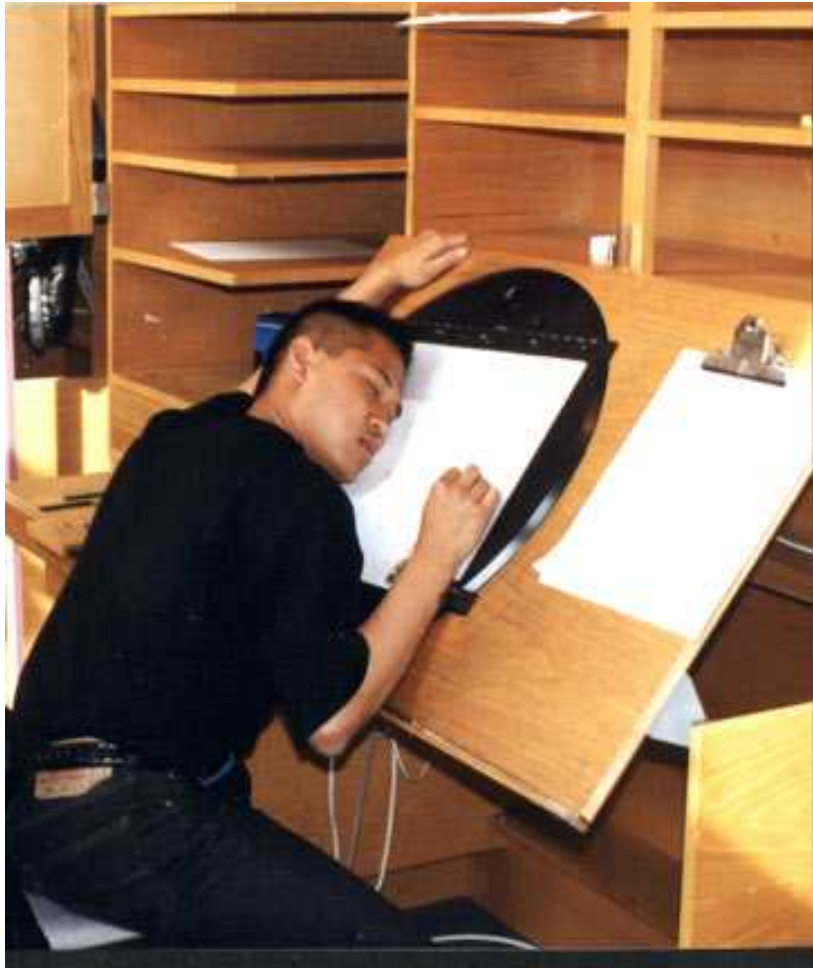
Analyzing the process to determine the most likely causes of defects

- **Step 4 - Improve**

Improving the performance of the process and removing the causes of the defects.

- **Step 5 - Control**

Ensure that the improvements are maintained over time.



Which Service Quality Model to follow to ensure Service Quality?

Causes for Lack of Service Quality





**Questions
Please...**