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## Quality Performance In our World: What Fast Service Should Really Mean

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# Quality Performance In our World: What Fast Service Should Really Mean

**Abstract**

The service-producing industries have experienced problems in quality in the 1980s because of intense competition. The author discusses how these problems have been compounded in the fast food industry and how quality control can lead to success.

**Keywords**

Dianne Welsh, Quality Performance in Our World: What Fast Service Should Really Mean, Production, Quantity of product, Fast Food, Labor Shortage

# Quality Performance in Our World: What Fast Service Should Really Mean

by  
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*The service-producing industries have experienced problems in quality in the 1980s because of intense competition. The author discusses how these problems have been compounded in the fast food industry and how quality control can lead to success.*

An overriding concern of national and corporate leaders for decades has been to keep the United States competitive in the world market. This was achieved by adhering to high standards of performance quality as well as quantity. Performance is defined as the degree of attainment of desired goals established by the purpose and standards of an organization. A main purpose of most corporations, for instance, is to make a profit. The United States remained the world performance leader until 1960.

There were many reasons why this economic leadership occurred. An abundance of natural resources, innovative people, an environment that encouraged entrepreneurship, and a democratic government were a few of the major factors that contributed to our economic success<sup>1</sup>

However, since the 1960s, many corporations in the United States have become complacent and lost their competitive edge. High-quantity production techniques were stressed, while performance quality was relegated to a less important position. The consequence of the emphasis on quantity became apparent in the 1970s in manufacturing and in the 1980s in the service sector. The country had lost its reputation as a producer of quality goods and services. An outcry was heard from the audience most directly affected by poor performance quality: the customer. Dissatisfied customers voiced their complaints through the media and the marketplace by purchasing imported goods, which were perceived as superior.

The automotive industry exemplifies what took place in the manufacturing sector during the 1970s. Foreign manufacturers such as Volkswagen, Toyota, and Honda satisfied the demand for economy and quality. As a result, foreign profits skyrocketed while American manufacturers registered their greatest losses ever. Survival mandated a revolution in quality standards. Management ushered in a new era with emphasis on human performance and motivation, rather than relying only on technology and machinery. Ford Motor Company's new

slogan, "Quality is Job 1," says it all. As a result, 1987 was their most profitable year ever, with \$4.6 billion in earnings recorded. Ford distributed \$6.35 million in profit-sharing to hourly and salaried workers, which averaged \$3,700 per employee. General Motors and Chrysler Corporation experienced similar comebacks, recording earnings of \$3.6 and \$1.3 billion, respectively, in 1987.<sup>2</sup>

### **Service-Producing Industries Experience Problems**

Just as the goods-producing sector was rebounding, the service sector's quality problem came to prominence in the 1980s. Competition during this decade has been intense and the cult of "bigger is better" prevails. Strength has been kept on a scorecard of how many stores can open in a year, rather than in strength of quality and service, the first principles of any consumer-oriented business.<sup>3</sup> The unflagging efforts to increase sales have fueled market research that places too much emphasis on consumer demands. Most of the exploratory work done by fast service chains can be categorized as market research.<sup>4</sup> These research departments concentrate on learning more about customers to avoid competing chains luring them away. By approaching research in this manner, too much attention is devoted to the current demands of customers in an effort to increase sales. This has resulted in a sacrifice in quality, which has in turn affected productivity in subtle but direct ways.<sup>5</sup> Quality is most appropriately defined by Carlzon's "moment of truth"<sup>6</sup> in which quality service is determined by the degree to which products are delivered free from defects and customers are served to their complete satisfaction.

### **Fast Food Retailing Has Labor Shortage**

The problem has been compounded in the fast food industry in part because of the composition of the work force and its lack of success in attracting and retaining part-time employees. Concerning wages and hours, a 1985 survey by the Bureau of National Affairs estimated that more than 3.5 million people are employed by the fast food industry, working a mean of 29.5 hours per week. The study recorded 85.5 percent of all restaurant workers as part-time.<sup>7</sup>

Despite this astonishing figure, fast food restaurants are experiencing a labor crunch. Based on questionnaires answered by managers of 37 fast food restaurants in three national chains (Burger King, Kentucky Fried Chicken, and Wendy's), 16 of them offer paid bonuses to employees who bring others to work.<sup>8</sup>

One of the major reasons why fast food outlets encounter difficulty in attracting workers is the pay. In a major study conducted by the National Institute of Work and Learning, the two primary researchers, Charner and Fraser, found that the major areas of dissatisfaction among fast food workers are low pay and not being scheduled enough hours.<sup>9</sup> While 1983 hourly earnings in the United States averaged \$7.90, and the wholesale and retail trade norm fell at \$6.44, eating and drinking places paid only \$4.21.<sup>10</sup>

Other studies confirm these figures. The Bureau of National Affairs' 1985 survey reported the average starting salary as \$3.59 per hour

for full-time fast food workers, only 24 cents above minimum wage; part-time employees averaged \$3.43 an hour.<sup>11</sup> Charner and Fraser's 1984 report found the mean hourly wage rate for their sample of fast food employees during the fall of 1982 and winter of 1983 as \$3.69.

More disturbing specifics than low pay emerged, as well. Hourly wage directly correlated to age, with 14- to 15-year-olds averaging \$3.39 per hour and employees 25 or older averaging \$4.11 per hour. Also, there were differences in the mean salary for males and females and for different racial groups. The hourly wage for males (\$3.71) was 4 cents more than for females (\$3.67). The mean hourly wage for black employees (\$3.60) was 11 cents lower than for white and Hispanic workers (\$3.71).

The pay problem is coupled with offering employees fewer hours per week, making the eating and drinking places industry the poorest paid in the country. The average hours worked in wholesale and retail trade dropped from 38.2 in 1962 to 31.5 in 1983. The average weekly salary in 1983 was \$273, compared to \$106 for eating and drinking places. Not surprisingly, these earnings did not keep pace with inflation. In 1972 dollars, hourly earnings declined from \$3.16 in 1973 to \$3.08 in 1979 for the eating and drinking places industry.<sup>12</sup> In terms of hourly wages, Charner and Fraser (1984) reported that wages rose as hours of work per week increased in their study. Mean hourly wage was \$3.52 for those who worked 15 or fewer hours per week and increased steadily to \$4.03 for those employees who worked more than a 40-hour week.

The National Institute for Work and Learning study<sup>13</sup> reported demographic statistics on fast food workers, including age, race, and socioeconomic background. Employees ranged from 14 to 71 years of age. The survey showed approximately 75 percent of the employees under the age of 21; 22 percent between the ages of 21 and 30 years; 2.5 percent between the ages of 31 and 50; and only .03 percent more than 50 years old.<sup>14</sup>

Females outnumber males by 2:1 in this industry, but racially the numbers stray little from the national average. Three-fourths of the workers are white; almost 20 percent are black, and nearly 5 percent are Hispanic.<sup>15</sup>

Socioeconomically, the survey of 4,600 workers demonstrated the diversity of fast food workers. Although more than 60 percent of those involved in the study claimed the lower or lower-middle class, 30 percent came from the middle class, and the remainder from the upper and upper-middle classes.<sup>16</sup>

### **People Are Important Part of Equation**

While two-thirds gave extra money for non-essentials as their primary financial reason for working at a fast food restaurant, a surprising number—more than 25 percent of those surveyed—reported that they need the money earned from fast food employment to help support their families.<sup>17</sup> This is especially interesting in light of the statistics on fast food wage levels compared to other industries. Authors should be care-

ful when basing conclusions on the assumption that all fast food employees work for extra spending money, not for survival, and therefore are motivated differently than others in the work force. Krackhardt and Porter, in a longitudinal study of turnover and stayers' attitudes in three fast food restaurants, based one of the reasons that their sample could be considered atypical on just this assumption.<sup>18</sup> Add these labor force woes to the fast food industry's exclusive focus on industrial manipulation to the exclusion of human resources management and the severity of the situation becomes clear.

Even Harvard University's Theodore Levitt, a vocal defender of industrialized approaches to service, realized the importance of people in the productivity equation. He has suggested setting explicit performance standards and methods for people to observe so that quality is not lost with high quantity production techniques.<sup>19</sup> R.C. Mill, director of the School of Hotel and Restaurant Management at the University of Denver, has advocated an optimal prescription for managing the service encounter. He has proposed managing employee behavior.<sup>20</sup>

This lack of attention to management of employee behavior in the fast food industry may have led to the "I-just-work-here" syndrome. One example of employee behavior management to prevent this syndrome would be to hold new staff orientations every week. These would include not only basic materials, but segments on the values of the organization and the critical importance of each employee. The seminars would attempt to instill a sense of service orientation in both new and experienced workers.<sup>21</sup>

Others see the problem in worker attitudes as stemming from a lack of respect for the individual, resulting from a changing value system. Consequently, there is little concern for the customer, a necessary component of business success.<sup>22</sup> Harvard sociologist David Riesman agrees that the effect of "me generation" service workers has been a decline in care and attention.<sup>23</sup>

### **Studies Show Worker Concern**

Not all studies indicate such a deterioration in worker attitudes. A survey conducted by the Chamber of Commerce and the Gallup polling organization reported that 49 percent of the workers polled considered themselves and their colleagues as "very concerned" about quality of product and service; another 37 percent said they were "somewhat concerned." Only 11 percent admitted they and their co-workers were "not very much concerned."<sup>24</sup>

Management views of workers' concerns for quality reflected similar attitudes. Forty-seven percent said workers were "somewhat concerned," while 43 percent believed employees to be "very concerned." These surveys revealed that managers and workers know that worker involvement in the decision-making process will improve quality, especially if workers know it will affect their jobs.<sup>25</sup>

The importance of a quality experience—which includes positive employee attitudes—was confirmed in a recent survey of 502 consumers who ordered in or from a restaurant at least once a week. Forty-six

percent of the respondents named an outlet's service as a reason for visiting it. This was followed by quick service (16 percent) and friendliness (15 percent).<sup>26</sup>

Shapiro, a restaurant consultant, believes employees must have clear objectives and even clearer standards in order to improve the customers' experience. He tells employees about the "Customer Law of Time Lapse."<sup>27</sup> Time passes much more slowly to customers than to those serving them. An inexperienced fast food employee frustrates a customer because of the unexpected disruption in routine, which leads to slower service. Quality and speed must be consistent to avoid a negative customer experience.<sup>28</sup> Davis conducted a marketing study of the relationship between customer satisfaction and waiting time and its impact on employee requirements in a fast food restaurant. Results showed that the relationship between customer satisfaction and waiting time varied depending on the time of day and store location. The Davis study concluded that waiting time is a acceptable surrogate for customer satisfaction.<sup>29</sup>

The past president of a nationally-franchised fast food restaurant chain confirmed that the customer's need base is expanding. Convenience and speed are still important, but more emphasis is placed on quality food, ambience, cleanliness, and friendly employees.<sup>30</sup> A good price/value relationship and good quality food are the bottom line expectations.<sup>31</sup>

Using two decision models, Brinberg and Durand conducted a study to identify the factors that determined an individual's intention to eat at a particular fast food restaurant. The two most relevant factors were found to be taste and high quality.<sup>32</sup> Quality can no longer be considered as taking the "high road." Rather, it is the only road that will lead to success in fast food retailing.

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