

Creating Memories: The Interactive Process of Service Delivery

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Abstract: A model is presented that captures the complex nature of the service experience in an attempt to aid in the design, development and evaluation of service delivery personnel and systems.

Service encounters are created and consumed simultaneously; involve interactions between the customer and the host employee who each have unique needs, emotions and expectations; and are never the same twice (Ashforth & Humphrey, 1993; Pine & Gilmore, 1999). The primary relationship is between the customer, who must behave appropriately and pay, and the service-providing employee, who must have knowledge about the organization and the customers, the ability to anticipate their needs, and refined social skills (King, 1995). The service encounter is guided by the personal, cultural, organizational, physical and interpersonal contexts in which the interaction takes place. Efforts to influence or control service encounters must consider the activities and factors involved in its creation, experience and conclusion; the purpose of which is to create a memory. HRD can play an important role in improving service quality in organizations since customer satisfaction is highly correlated with employee satisfaction (Schneider, 1994). HRD is any process or activity with the potential to develop “work-based knowledge, expertise, productivity, and satisfaction” (McLean & McLean, 2001, p. 322).

The purpose of this paper is to present a model of service delivery that includes the components HR practitioners must consider in creating, managing or evaluating service quality, in an effort to improve performance. This model is based on a synthesis of theoretical models, empirical research, and organizational approaches to service delivery from a variety of fields. The paper addresses: who the major players are, the interactions between players and what each player adds to service delivery and quality. Additionally, the paper addresses the usefulness of the model for practitioners.

Conceptual Framework

The Gaps Model of Service and SERVQUAL, its measurement tool, measures customer expectations against perceived performance and attributes the difference between them to five gaps (Zeithaml, Berry & Parasuraman, 1988). The Service-Profit Chain, which integrates customer loyalty, organizational needs, employee motivations, and the relationships between these stakeholders (Heskett, Sasser & Schlesinger, 1997), takes a holistic approach to service quality, and suggests that every part of the system must align to achieve optimal organizational outcomes. Control theories address the complex interconnections in providing service to customers. Controls, defined as efforts by management to influence the behavior of employees to meet set objectives, allow organizations to provide structure, set performance standards, monitor implementation and correct poor performance to consistently deliver quality service (Maguire, 1999). Jaworski’s (1988) Theory of Marketing Control demonstrates the volatility of the external and internal environments, formal organizational controls and informal controls. Informal controls and employee discretion are necessary to support employees when formal controls are inadequate (Bittner, Booms & Tetreault, 1990).

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Hospitality is the interaction between the guest and the host employee, involving social rituals along with services such as safety and the meeting of guest needs and wants (King, 1995). Organizational support is crucial to King's hospitality model, involving providing resources required by employees to meet guest requirements, and to maintain employee satisfaction. Best practice champions in hotels have consistently focused on innovative HR practices including empowerment, job design, compensation mix, training, learning and control, and on creating a service culture and climate (Dube, Enz, Renaghan & Siguaw, 2000; King, 1995).

HRM contributions to service quality focus on attracting, selecting and managing employees to encourage strategic focus on the customer (Schneider, 1994), although the literature is scarce. HRM practitioners tend to focus internally, and on individuals, rather than strategically positioning themselves for a customer orientation, in alignment with business strategy (Schneider, 1994). The HRD literature contributes competency models (Chung-Herrera, Enz & Lankau, 2003; Russ-Eft, 2004) suggesting that defining competencies and adjusting selection, training, development, evaluation, coaching, compensation, career development and change management are appropriate and needed components of creating and sustaining service quality (Chung-Herrera, Enz & Lankau, 2003).

None of the many models of service delivery are inclusive of the components within the umbrella of human resource management and development. Such a model would encourage a broader integration of organizational process with human resource strategies, encouraging a customer-directed and service-oriented organizational climate.

Creating a Model of Interactive Service Experiences

The Model of Interactive Service Experiences introduced here expands the understanding of service delivery as demonstrated in the research literature (see Figure I). External to the circles is the environment surrounding the participants, which exerts a number of influences on the players and the interactions among them. The model shows three circles; each representing a player/ participant in service delivery: the customer, the front-line service provider and the organization. Each of the players has a unique set of needs, expectations and standards they bring to the service encounter, along with elements that influence behaviors and actions. Interactions occur between participants, so the circles overlap, producing outcomes of the service experience. Arrows indicate the location of the interactions between each interacting pair and boxes list the outcomes of the interactions. The central intersection represents the interactive service experience, the outcomes of which are customer satisfaction, loyalty, and commitment when the service delivery experience creates a positive memory (Oh, 1999).

Environment

The social, political and market forces surrounding the service organization influence service quality. External forces include competition, economic uncertainty, market dominance, government regulation, and even location and weather (Jaworski, 1988). The importance of environment to an organization is impact on the development of a service orientation and strategy and alignment of the orientation with external markets (Dickson, Ford & Upchurch, in press).

The Players

There are three players in any service experience: customers, service providers and the organization. Service providers are the interface between their organization and the customer, so they must be aware of complex and often conflicting needs and expectations. Customers are the recipients and beneficiaries of service experiences. Each of the players is affected by the environment and by the service delivery process itself. This section looks at each player.

Customer. Service must start with a focus on the customer, and the customer's wants, needs and desires (Pine & Gilmore, 1999). Customers come to the service encounter with some level of expectations, although not enough is yet understood about how customers form expectations (Ekinici & Riley, 1998). The Gaps Model adds responsiveness, assurance, and empathy as components of customer perceptions (Zeithaml et al., 1988), but this fails to consider a more direct evaluation of performance, the reality of expectations changing over time, and the need to view service quality both objectively and subjectively (Ekinici & Riley, 1998). Customers co-create service experiences, which are created specifically for them. They must be guided to perform their part, and expect to pay for the service.

Organization. Exemplary service organizations develop strategies to create competitive advantage using service as the differentiator, and then use these strategies to define the organization's mission, vision and values, ultimately developing systems for operations and services that are aligned and congruent (Yasin & Zimmerer, 1995). The ephemeral nature of service experiences challenges the development of policies, standards, and processes that can be applied across an organization with satisfactory results (Zeithaml et al., 1988). Human resource strategy is essential to the ability of organizations to recruit, hire, train, motivate and promote customer oriented personnel and to continually raise performance levels to meet increased customer demands (Tsaur & Lin, 2004). Organizations must create the physical setting in which the service occurs, referred to as a "servicescape" (Lin, 2004, p. 163). The safety, comfort, and convenience of the customer are the organization's responsibility within the servicescape. No single approach to service design guarantees great outcomes or builds upon the same essential factors (Schneider & Bowen, 1999), so service leaders realize that they need a service culture that supports their specific commitment. This commitment must be reflected in the way service is designed and executed, and how layers of management and individual employees are compensated, appraised, and supported (Enz & Siguaw, 2000; Pine & Gilmore, 1999).

Interactions within an organization can support or destroy service quality, so organizations need to carefully monitor the interactions between managers and service providers, between contact personnel and those who support them, and among service team members. Organizations need to eliminate barriers, and help providers evolve their ability to anticipate customer needs and meet their expectations (Berkley & Gupta, 1995). Service managers need support to ensure that service providers are able to satisfy customers (Hartline & Ferrell, 1996).

Service provider. Individual service providers need knowledge, skills and experience. The identification of core competencies—skills, knowledge and attitudes possessed by front-line service employees—are important in determining what service providers need to know in order to provide quality service (Russ-Eft, 2004). Essential competencies include the ability to: see the big picture, establish a human connection, give effective and efficient service, care about and act to meet customer needs, and make an effort to fix problems (Russ-Eft, 2004). Individual expertise is also a factor in top performance: Expert salespeople somehow learn to use abstract knowledge representations and evolve complex and extensive mental models that allow them to make most decisions without needing to consider alternatives. These "experts" are adept at picking up on cues and clues that novices might not even notice; experts are also adept at using those cues to quickly redirect a customer situation when necessary (Palmer & Pickett, 1999). Effective sales people develop sophisticated knowledge structures and distinctive sales approaches, and they categorize information well and have skills that help them develop more useful knowledge structures (Sharma, Levy, & Kumar, 2000).

Interactions

Customers often interact directly with only one or a few individuals who provide the service, but are simultaneously also interacting with the organization. Customers view individual service providers as if they are the organization, often blaming the provider for the inflexibility of the organization and for disappointing service outcomes (Bittner et al., 1994). Creating bridges between the organization and the customer can cause role conflicts. Service providers look to their organization for support and systems for delivering on customer expectations, (King, 1995).

Customer/organization interactions. Customers who are satisfied with the service provided tend to be loyal to the organization (Schneider & Bowen, 1999). Customer knowledge and insight are essential to designing and providing service experiences, as are reliability and the tangible aspects of the service offer (Zeithaml et al., 1988). These interactions create the quality of the relationship between customer and company, often by creating policies that enhance or detract from the service experience and support solving problems (King & Garey, 1997).

Organization/service provider interactions. Organizations are most profitable when they have a service vision and culture that ensures alignment among operations, marketing, human resource practices and customer expectations (Dickson et al., in press). The employee must be supported by an organizational service delivery system based on customer research and insight. Organizational support is highly correlated with the ability of the service provider to work under pressure, satisfy guests and build guest relationships (Kim, McCahon & Miller, 2003). Top service providers successfully translate strategic guidelines into “practices, motivational techniques and a common language that provide a company-wide framework” (Dube et al., 2000, p. 38). Empowerment enhances a service provider’s ability to control customer outcomes, if it is supported by information, knowledge and rewards, rather than simply being a way to pass on responsibility without authority (Bowen & Lawler, 1995). When employees perceive customer expectations are aligned with management rewards, they report less role conflict and are more likely to remain with the organization and have positive attitudes toward it (Chung & Schneider, 2002). Employees who believe their organizations support them in their service efforts through good HR policies and fair customer policies provide higher quality service (Tsaur & Lin, 2004).

Customer/service provider interactions. Personalization, the social content of service, can greatly influence customer perceptions of service quality. Personalization is one way that top service providers change the quality of their services based on customer values, if the organization or the service provider has the time, money and information to do so (Kokko & Moilanen, 1997). Chenet, Tynan, and Money (2000) tested the influence of trust, commitment and cooperation on service delivery standards, concluding that the service experience involves an interlocking web of interaction, with the relationship between the organization and the service provider being central to service quality. Reynolds & Arnold (2000) reinforced the interactive nature of relationships by demonstrating that loyalty to the employee is the primary influencer of customer loyalty, with loyalty to the firm secondary, suggesting training should focus on helping employees build and expand successful customer relationships. This strengthens the findings of Schneider and Bowen (1999), and Russ-Eft (2004) that employees need to focus on relationships, not transactions, treating customers as people first. Positive relationship quality leads to repeat business, commitment and positive word-of-mouth (Oh, 1999).

The Interactive Service Experience

The essence of the interactions between customers, service providers and organizations is to create a positive memory that satisfies all stakeholders, builds loyalty and enhances

commitment. Yet customers, managers and service providers have differing views of what constitutes satisfactory service (Chung & Schneider, 2002; Zeithaml, et al., 1988). More than 40% of all customer satisfaction or dissatisfaction was the result of unprompted and unsolicited employee behaviors (Bittner, Booms, & Tetreault, 1990), and what made the incidents memorable was the service provider's response to the unique customer situation.

Understanding and touching the customer emotionally, and using genuine emotion to help customers get what they want, has led to the recent attention toward creating customer experiences, which meet and exceed the customer's needs and encourage feelings of pleasure, happiness, contentment or delight, creating positive memories and increased loyalty (Pine & Gilmore, 1999; Schneider & Bowen, 1999). One exemplary provider suggests a luxurious fine dining experience can be life enhancing, physically, mentally and emotionally (Levin, 2000).

Implications for Human Resource Development

The Interactive Service Experience Model will contribute to the HR practitioners' understanding of the complex nature of the service experience and their potential role in performance improvement by providing a framework for the analysis of service strategy effectiveness and service deficiencies. Service providers need skills to anticipate customer needs and deal with problems (Bittner et al., 1994), and help in managing customer expectations and management demands, to avoid role conflict which can lead to employee turnover, absenteeism and job dissatisfaction (Chung & Schneider, 2002). HR practitioners need to consider the needed competencies for service personnel, developing recruitment, selection and training strategies that enhance quality. HR needs to encourage appraisal, coaching, counseling and compensation systems that encourage service performance to the highest standards. For service quality to improve dramatically, organizations must design systems that promote and foster excellence, which will require extensive changes in organizational culture and climate. There is a huge need for service quality research, and perhaps improvement, in many fields outside of retail and hospitality. Hospitals, colleges and universities, government agencies and others could benefit from an analysis of their current service orientation and quality and a commitment to service performance improvement.

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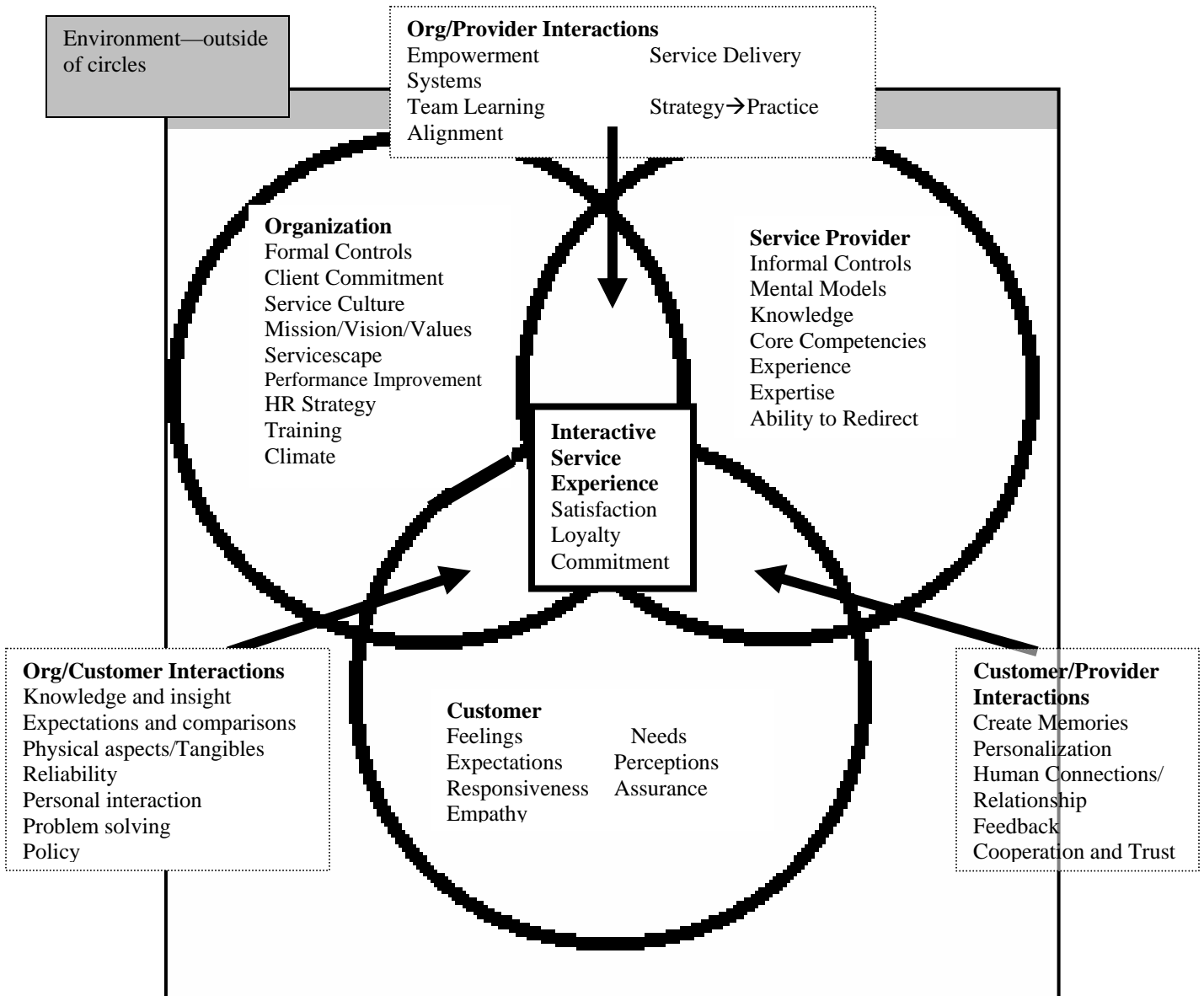


Figure I. *Interactive Service Experience Model*