

**MANAGING SERVICE QUALITY BY MANAGING THE SERVICE
ENCOUNTER: THE EFFECTS OF ORGANIZATIONAL SOCIALIZATION
STRATEGIES**

By

KRISHNA K GOVENDER
[B. Paed.(Com); B.Com (Hons); M.Com.; B. Ed)

**Thesis Presented for the Degree of
DOCTOR OF PHILOSOPHY
in the Department of Marketing
UNIVERSITY OF CAPE TOWN
FEBRUARY 1998.**

Supervisors: Prof. H Brice

Prof. E.J.Radford

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

ACKNOWLEDGEMENTS

The financial assistance of The Centre for Science Development (HSRC, South Africa) towards this research is hereby acknowledged. Opinions expressed in this work, or conclusions arrived at, are those of the author and are not to be attributed to the Centre for Science Development.

I am grateful to my wife Rosy, and my children Thashnee and Keegan for their constant support during my years of study.

A special thanks to my late parents for inculcating the values of education in me. I dedicate this thesis to them.

University of Cape Town

TABLE OF CONTENTS

CHAPTER 1

RATIONALE, RESEARCH QUESTIONS AND OPERATIONAL DEFINITIONS

	PAGE
1.1 Introduction	1
1.2 The "Human Element" in the Service Encounter	2
1.3 Research Objectives	5
1.4 Research Questions	6
1.5 Prior Research	7
1.6 Contributions of this Study	7
1.7 Operational Definitions	8
1.7.1 Service	8
1.7.2 Service Quality	8
1.7.2.1 Overall Service Quality	9
1.7.2.3 Employee Service Quality	9
1.7.3 Service Encounter	9
1.7.4 Organizational Socialization	10
1.7.4.1 Formal Organizational Socialization	10
1.7.4.2 Informal Organizational Socialization	11
1.7.5 Organizational Climate for Service	11
1.7.6 Partial Employee	12
1.8 Summary	12

CHAPTER 2

THE MANAGEMENT AND MARKETING OF SERVICES

	PAGE
2.1 Introduction	13
2.2 Characteristics of Services	13
2.2.1 Intangibility	14
2.2.2 Heterogeneity	15
2.2.3 Inseparability of Production and Consumption	16
2.2.4 Perishability	17

	PAGE
2.3 Managing the Service Marketing System	21
2.3.1 The Service Employee	27
2.3.1.1 Relationship Marketing	32
a. Internal Marketing	34
b. Relationship Customization	36
c. Service Augmentation	37
d. Relationship Pricing	37
2.3.2 The Service Customer	38
2.4 Summary	40

CHAPTER 3

THE SERVICE ENCOUNTER

3.1 Introduction	42
3.2 Importance of the Service Encounter	42
3.2.1 The Dyadic Nature of the Service Encounter	49
3.2.2 The Role Theory Perspective	50
3.2.2.1 Role Expectations, Congruency and Conflict	51
3.3. The Service Organization: Organizational Culture and Organizational Climate	54
3.3.1 The Organizational Climate	58
3.4 Organizational Socialization: Definition and Theoretical Foundation	62
3.4.1 Formal and Informal Socialization	64
3.4.2 The Socialization Process	65
3.5 Summary	67

CHAPTER 4

MANAGING THE SERVICE ENCOUNTER AND SERVICE QUALITY: PRIOR RESEARCH AND THE PROPOSED MODEL

4.1 Introduction	69
4.2 Service Quality and Service Quality Models	69
4.3 Managing Service Performance and Service Quality	76

	PAGE
4.4 A Brief Review of Some Service Quality Models	79
4.5 The Proposed Service Quality Management Model	88
4.5.1 Organizational Socialization and the Service Employee	89
4.5.2 Organizational Socialization and the Service Customer	90
4.5.3 Organizational Socialization and the Organizational Climate for Service	93
4.5.3.1 Formal/Informal Organizational Socialization-Organizational Climate	94
4.5.4 Organizational Climate for Service and Service Quality	95
4.5.5 Organizational Socialization and Role Perception	96
4.5.6 Role and Organizational Climate	97
4.5.7 Role and Service Quality	98
4.6 Summary	100

CHAPTER 5

RESEARCH METHODOLOGY

5.1 Introduction	101
5.2 Research Design	101
5.3 Sample and Sampling Procedure	102
5.4 Research Instruments	103
5.4.1 The Questionnaire	103
5.4.1.1 Formal/Informal Organizational Socialization	104
5.4.1.2 Organizational Climate for Service	104
5.4.1.3 Role Conflict and Role Ambiguity	105
5.4.1.4 Overall Service Quality	106
5.4.1.5 Employee Service Quality	107
5.5 Measurement Reliability and Validity	107
5.5.1 Reliability	107
5.5.2 Validity	108
5.6 Pre-Testing, Pilot Testing and Refinement of Measuring Instruments	110
5.7 Data Analysis and Testing of Hypotheses	111
5.8 Summary	114

CHAPTER 6
EMPIRICAL FINDINGS

	PAGE
6.1 Introduction	115
6.2 Response Rate	115
6.3 Preliminary Results	116
6.4 Empirical Findings: Customer Sample	118
6.4.1 Reliability of Customer Measures	118
6.4.1.1 Development of Adapted Measures: Customers	119
6.4.2 Validity of the Customer Measures	122
6.4.3 Significant Findings	126
6.4.3.1 Significant Findings: Customer Sample	126
6.4.3.2 Discussion of the Significant Findings: Customer Sample	133
6.5 Empirical Findings: Employee Sample	135
6.5.1 Reliability of the Employee Measures	135
6.5.1.1 Development of Adapted Measures: Employees	135
6.5.2 Validity of the Employee Measures	137
6.5.3 Significant Findings: Employee Sample	138
6.5.3.1 Discussion of Significant Findings: Employee Sample	142
6.6 Empirical Findings: Matched Employee-Customer Sample	143
6.6.1 Reliability of the Matched Employee-Customer Measures	143
6.6.1.1 Development of Adapted Measures: Matched Employee-Customer	144
6.6.2 Validity of the Matched Employee-Customer Measures	145
6.6.3 Significant Findings: Matched Employee-Customer Sample	149
6.6.3.1 Discussion of Empirical Findings: Matched Employee- Customer Sample	154
6.7 Summary	156

CHAPTER 7

MANAGERIAL IMPLICATIONS OF FINDINGS AND RECOMMENDATIONS

	PAGE
7.1 Introduction	157
7.2 Significant Findings	157
7.2.1 Formal/Informal Organizational Socialization-Service Quality	157
7.2.2 Formal/Informal Organizational Socialization-Organizational Climate- Service Quality	158
7.2.3 Formal/Informal Organizational Socialization-Role-Service Quality	158
7.2.4 Organizational Climate-Role-Service Quality	159
7.3 Managerial Implications of Empirical Findings	161
7.3.1 Managerial Implications Regarding Service Customers	161
7.3.2 Managerial Implications Regarding Service Employees	163
7.3.3 Managerial Implications Regarding Service Encounters	165
7.4 Some Limitations of this Study and Future Research Implications	166
7.5 Concluding Remarks	168
REFERENCES	169
APPENDIX A	195
APPENDIX B	200
APPENDIX C	207

LIST OF FIGURES

FIGURE	PAGE
2.1: SOME IMPLICATIONS OF SERVICE INTANGIBILITY	15
2.2: SOME IMPLICATIONS OF SERVICE INSEPARABILITY	17
2.3: THE SERVICE BUSINESS AS A SYSTEM	22
2.4: THE SERVICE CHAIN	25
2.5: THE SERVICES MARKETING TRIANGLE	26
2.6: CAUSES OF THE SERVICE PERFORMANCE GAP	30
3.1: THE SERVICE CULTURE	56
3.2: CONSEQUENCES OF THE "CLIMATE FOR SERVICE" IN BANKS	61
3.3: STAGES IN THE SOCIALIZATION PROCESS	65
4.1: A MODEL OF CUSTOMER PERCEIVED QUALITY	80
4.2: A CONCEPTUAL MODEL OF SERVICE QUALITY [SERVQUAL]	83
4.3: THE SERVICE-PERFORMANCE GAP	86
4.4: THE PROPOSED RESEARCH MODEL	92
4.5: HYPOTHESIZED RELATIONSHIP AMONG VARIABLES IN THE PROPOSED MODEL	99
6.1: EMPIRICAL EVALUATION OF THE HYPOTHESIZED CUSTOMER MODEL	128
6.2: HYPOTHESIZED EMPLOYEE MODEL	138
6.3: EMPIRICAL EVALUATION OF THE HYPOTHESIZED EMPLOYEE MODEL	139
6.4: HYPOTHESIZED EMPLOYEE-CUSTOMER MODEL	149
6.5: EMPIRICAL EVALUATION OF THE HYPOTHESIZED EMPLOYEE- CUSTOMER MODEL	150
7.1: REVISED ORGANIZATIONAL SOCIALIZATION-SERVICE QUALITY MODEL	160

LIST OF TABLES

TABLE	PAGE
2.1: UNIQUE SERVICE FEATURES AND RESULTING MARKETING PROBLEMS	18
2.2: SUGGESTED MARKETING STRATEGIES FOR PROBLEMS STEMMING FROM UNIQUE SERVICE FEATURES	19
2.3: THE THREE-STAGE MODEL OF SERVICES MARKETING	24
6.1: DESCRIPTIVE RESULTS-CUSTOMER	118
6.2: DESCRIPTIVE RESULTS- EMPLOYEE	118
6.3: CRONBACH'S ALPHA COEFFICIENTS FOR THE ORIGINAL CUSTOMER MEASUREMENTS	119
6.4 DEVELOPMENT OF ADAPTED MEASUREMENTS FOR THE CUSTOMERS	120
6.5 CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED CUSTOMER MEASUREMENTS	121
6.6: ROTATED FACTOR LOADINGS FOR CUSTOMER MEASURING INSTRUMENTS	123
6.7: REMAINING ADAPTED MEASURING INSTRUMENTS FOR CUSTOMERS	124
6.8: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED CUSTOMER MEASUREMENTS	124
6.9: ROTATED FACTOR LOADINGS FOR ADAPTED CUSTOMER MEASURING INSTRUMENTS	125
6.10: T-VALUES OF THE DEPENDENCE RELATIONSHIP AMONG THE VARIABLES IN THE CUSTOMER MODEL	130
6.11: T-VALUES OF THE VARIANCE/COVARIANCE RELATIONSHIP AMONG THE VARIABLES IN THE CUSTOMER MODEL	130
6.12: SUMMARY OF EMPIRICAL FINDINGS: CUSTOMER SAMPLE	131
6.13: MEASURES OF FIT OF THE CUSTOMER MODEL	132
6.14 CRONBACH'S ALPHA COEFFICIENTS FOR THE ORIGINAL EMPLOYEE MEASUREMENTS	135
6.15: DEVELOPMENT OF ADAPTED MEASUREMENTS FOR THE EMPLOYEES	136

	PAGE
6.16: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED EMPLOYEE MEASUREMENTS	137
6.17: ROTATED FACTOR LOADINGS FOR THE ADAPTED EMPLOYEE MEASURING INSTRUMENTS	137
6.18: T-VALUES OF THE DEPENDENCE RELATIONSHIP BETWEEN THE VARIABLES IN THE EMPLOYEE MODEL	140
6.19: T-VALUES OF THE VARIANCE/COVARIANCE RELATIONSHIP BETWEEN THE VARIABLES IN THE EMPLOYEE MODEL	141
6.20: SUMMARY OF EMPIRICAL FINDINGS: EMPLOYEE SAMPLE	141
6.21: CRONBACH'S ALPHA COEFFICIENTS FOR THE ORIGINAL MATCHED EMPLOYEE-CUSTOMER MEASUREMENTS	143
6.22: DEVELOPMENT OF ADAPTED MEASUREMENTS FOR THE MATCHED EMPLOYEE-CUSTOMER MEASUREMENTS	144
6.23: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED MATCHED EMPLOYEE-CUSTOMER MEASUREMENTS	145
6.24: ROTATED FACTOR LOADINGS FOR THE MATCHED EMPLOYEE-CUSTOMER MEASURING INSTRUMENTS	146
6.25: ROTATED FACTOR LOADINGS FOR THE ADAPTED MATCHED EMPLOYEE-CUSTOMER MEASURING INSTRUMENTS	147
6.26: ROTATED FACTOR LOADINGS FOR THE ADAPTED MATCHED EMPLOYEE-CUSTOMER MEASURING INSTRUMENTS	148
6.27: T-VALUES OF THE DEPENDENCE RELATIONSHIP AMONG THE VARIABLES IN THE EMPLOYEE-CUSTOMER MODEL	152
6.28: T-VALUES OF THE VARIANCE/COVARIANCE RELATIONSHIP BETWEEN THE VARIABLES IN THE EMPLOYEE- CUSTOMER MODEL	152
6.29: SUMMARY OF EMPIRICAL FINDINGS: EMPLOYEE-CUSTOMER- SERVICE QUALITY	153
6.30: MEASURES OF FIT OF THE MODEL	154

**MANAGING SERVICE QUALITY BY MANAGING THE SERVICE
ENCOUNTER: THE EFFECTS OF ORGANIZATIONAL SOCIALIZATION
STRATEGIES**

By

**KRISHNA KISTAN GOVENDER
DEPARTMENT OF BUSINESS MANAGEMENT,
UNIVERSITY OF TRANSKEI**

ABSTRACT

This research was undertaken primarily to develop a conceptual model of service quality showing the Organizational Socialization-Service Quality linkage. Two organizational socialization strategies, namely, Formal and Informal socialization were conceptualized to influence the participants in the service encounter (the service customer and service employee), and the customers' perception of service quality. Since the literature suggested that a number of variables mediate or intervene in the organizational socialization-service quality linkage, the following variables were also included in the conceptual model, namely, organizational climate, role ambiguity and role conflict.

In order to explore the association between the type of organizational socialization and service quality, the conceptualized model was also empirically evaluated by conducting an exploratory mail survey using self-administered questionnaires. A matched sample of 210 front-line employees and 1050 customers of three major commercial banks with national branch networks in South Africa were surveyed. The data from 104 employee and 190 customer respondents was analyzed in three stages: the customer data, the employee data and the combined customer-employee data. After assessing the reliability of the instruments by determining the Cronbach (1951) alpha coefficients using the computer programme SAS PROC.CORR. (SAS Institute, 1990), and validity by factor analysis, using BMDP4M (Frane, Jennrich & Sampson 1993), the data was fitted to hypothesized models using path analysis.

Exploratory empirical evidence suggests that Formal and Informal organizational socialization of the service customers is positively associated with their perception of the overall service quality and the employee service quality. However, Informal socialization of the service employees is not associated with the customers' perception of either the overall service quality or the employee service quality.

The employees' perception of the Organizational Climate is also positively related to the customers' perception of the overall service quality. Furthermore, a positive relationship emerged between the customers' perception of the organizational climate and their perception of the employee service quality.

The other intervening variables in the organizational socialization-service quality linkage model, namely, role perception (role clarity and role conflict) are not directly associated with the customers' perception of either the employee service quality or the overall service quality. However, with reference to the service customers, both Formal and Informal socialization were positively associated with the role ambiguity, role conflict, and the organizational climate as perceived by the customers.

It also became evident that there is a strong positive relationship between the customers' perception of the employee service quality and the overall service quality. This finding has highlighted the importance of the service delivery personnel.

The preliminary findings suggest that service firm managers could use the conceptualized model to develop better service management strategies. The exploratory findings also suggest the need for a more extensive study to validate the conceptualized model. This study therefore provides an avenue for academics to explore, and so contribute to the debate on how to improve service quality.

CHAPTER 1

RATIONALE, RESEARCH QUESTIONS AND OPERATIONAL DEFINITIONS

1.1 Introduction

The banking environment is becoming increasingly competitive and in the context of deregulated financial markets, customers of banks are increasingly able and willing to shop around for financial services which best meet their expectations. Nel, Boshoff and Mels (1992: 5) assert that the retail banking industry in South Africa does not satisfy the consumers' expectations in terms of service quality delivery.

Furthermore, various researchers (Zemke and Schaaf, 1990: 8; Stemper, 1991: 14; Gerson, 1992: 13) postulate that financial service companies lose customers mostly because of poor service. Research (Dwayne and Bitner, 1992: 111; Bitner, Booms and Mohr, 1994: 95) has shown that 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.

Although the issue of service quality has become vital in the eyes of the producers and consumers, limited academic research has been devoted to the definition and modelling of quality in the service encounter in South Africa (Bisschoff, 1996: 1; Bhowan, 1997: 20). This study attempts to address, albeit to a limited extent, this very issue.

This introductory chapter will highlight the role of the "human element" in the service encounter and present the rationale of this study, the research objectives and the research questions. In the latter section of this chapter, operational definitions of relevant concepts will be provided.

1.2 The "Human Element" in the Service Encounter

The importance of quality has prompted researchers and marketers of services to study new concepts and approaches to services marketing. The emphasis has been on the social psychology perspective and the focus was on the nature of the interaction between the customer and service personnel during the service delivery, namely, the service encounter¹ (Bowen, Chase and Cummings, 1990: 16).

The importance of people or the "human element" in the service offering cannot be over emphasized. Keltner and Finegold (1996: 57-58) assert that the human element can embed itself in the service offer in three principal ways:

1. Most service-production processes require the service organization's own personnel to provide significant inputs to the service-production process, both at the front-line point of delivery and in those parts of the production process that are relatively removed from the customer.
2. Many service processes require the active involvement of the consumer of the service and the consumer therefore becomes involved as a co-producer of the service.
3. Other people who simultaneously consume a mass-produced service can influence the benefits that an individual receives from the service.

In financial services marketing, especially among banks, there are a limited number of chances to impress the customer, since the services are becoming more automated. Moreover, since personal interactions with customers are becoming less numerous, customers are expecting higher quality contacts and more individual treatment. In the light of the aforementioned, some researchers (Schneider and Bowen, 1995: 68) assert that contact points should be treated as opportunities, even though the contact point might be attending to something as mundane as changing the address; the opportunity to create a favourable impression must be cherished.

Several researchers (Gerson, 1992: 14; Rust and Zahorik, 1993: 193; Keaveney, 1995: 76-77) have postulated several reasons for poor service and customer switching.

¹See section 1.7.3 for a definition and explanation of this concept.

Among them are: uncaring employees, poor employee training, negative attitude of employees towards customers, no customer service philosophy within the business, employees not empowered to provide good service, poor treatment of employees as customers, and differences in perception between what service businesses think they provide and what customers think they receive. Keaveney (1995: 77) ascertained that service encounter failures, attributed to some aspect of the service employee's behaviour, were the second (to price) most important reason for switching services.

Several researchers (Lovelock and Young, 1979: 167-178; Mills and Morris, 1986: 726-735; Schneider and Bowen, 1995: 85; Wikstrom, 1996: 1-8) have pointed out that service customers can be considered as 'partial employees' of the service organization in order to increase service productivity.

The crucial importance of the human interaction between personnel and the customer during the service encounter has been almost universally acknowledged, and the encounter has been studied from a number of perspectives, namely "Role Theory", "Script Theory", and "Critical Incident Theory," (Smith & Houston, 1983: 59-62; Solomon, Suprenant, Czepiel and Gutman, 1985: 99-111). Although these theories differ to some extent in approach, one common theme prevails, namely, the influence of the expectations of the participants in the service encounter. Customer and service personnel, who both participate in the service delivery, depend on each other for a successful service encounter. Each not only bring needs and expectations, but also competencies (Schneider and Bowen, 1995: 3) which has to be harnessed to ensure that they fulfil their roles effectively.

Since service customers often take on the role of 'partial' employees during the service encounter, it is important for the service organization to ascertain what management practices can be used to ensure that the customers have the competencies to perform their role as co-producers of the service. In view of the aforementioned, it seems that the service firm managers should devise strategies to manage not only their full-time employees but also their 'partial' employees (customers).

Some researchers (Senge, 1990: 146; Gerson, 1992: 8) assert that customer service programmes cannot succeed within a company unless top management is committed to the concept. These researchers maintain that top management should develop a clear service vision for the organization and communicate this service mission statement to all employees so that they could make it a reality. Senge (1990: 146) emphasizes that if people do not share a common vision, and they do not share common "mental models" about the business reality within which they operate, empowering people will only increase organizational stress and the burden of management to maintain coherence and direction. Furthermore, Senge (1990: 20) posits that "it is through organizational socialization that employees become aware of the philosophy and corporate culture of their organization."

According to Ashforth and Saks (1996:149), socialization focuses on how individuals learn the beliefs, values, orientations, behaviours, skills, and so forth necessary to fulfill their roles and function effectively within an organization's milieu. The process would therefore include formal training programmes that teach employees the technical skills associated with performing their jobs, as well as informal, day-to-day interactions with other employees and managers. In order for service employees and customers to learn their roles and be able to form accurate role expectations for the service encounter, they must be socialized into the organization (Bowen and Schneider, 1985: 122-148; Schneider and Bowen 1995: 237).

Several researchers (Kelly et al., 1992b: 197; Hartline and Ferrel, 1993: 3-6) have shown that in the service encounter the organizational socialization of the service employee is very important. Furthermore, the outcomes of organizational socialization practices, whether they take the form of employee conformity to norms, employee innovativeness or being able to calculate "cumulative interest", have been suggested as important determinants of successful service implementation (George, 1990: 63; Howard, 1990: 134; Reardon and Enis, 1990: 396; Hartline and Ferrel, 1993: 36)

Thus, if a service organization can effectively socialize its customers into the organization it may be possible to manage the service expectations of these customers and indirectly manage their perceptions of service quality. Furthermore, the process of organizational socialization may provide a means for the service organization to help customers develop more accurate

role expectations, and this could result in customers performing their roles better which may contribute to the delivery of higher levels of service quality. However, the socialization process may not necessarily be the same for all service industries. Differences may be noticeable across and within service industries. For instance a bank located in, and catering to higher income and perhaps more sophisticated customers may need to do more formal socialization among its employees than those banks that deal with lower income and less sophisticated groups. Thus what customers in the lower income and less educated group may regard as “good” service quality may be perceived as “poor” by the more sophisticated group. Furthermore, the needs of the more sophisticated group may be vastly different from that of the less sophisticated group.

Although researchers (Feldman, 1976: 64-80; Dubinsky, Howell, Ingram and Bellenger, 1986: 192-207; Hartline and Ferrel, 1993) have examined the process of organizational socialization as it pertains to employees of service organizations, to our knowledge, the impact of organizational socialization tactics on the service customer, or on the customer's perception of service quality has not been considered.

Due to the participatory nature of the role played by the service customers, that of a partial employee, it has been suggested that the process of socialization might also be considered as it pertains to the service customer (Mills and Morris, 1986: 735; Kelley, 1992: 2; Schneider and Bowen, 1995: 85-87). In view of the aforementioned, this study examined the effects of formal and informal socialization of both bank employees and bank customers upon the customers' perception of service quality.

1.3 Research Objectives

The primary objective of this research is to develop a conceptual model which depicts the association between the type of organizational socialization of both the service employee and the service customer, and the customers' perception of service quality. More specifically, it is conceptualized that Formal and Informal socialization of both bank employees and bank customers influences the bank customers' perception of the employee service quality [EQUAL] and the overall service quality [SQUAL].

Since the literature also suggests that the effects of the type of socialization on the service employee and customer may not be direct, secondary objectives include conceptualizing the influence of intervening or mediating variables (as suggested by the literature) on the employee service quality and overall service quality. In order to validate the models, some exploratory empirical evidence is provided.

1.4 Research Questions

In its most general terms, the following questions will form the basis of this study. Is Formal/Informal organizational socialization of the bank employees related to the bank customers' perception of the employee service quality and the overall service quality? Is Formal/Informal organizational socialization of the bank customers related to the bank customers' perception of the employee service quality and the overall service quality?

Since the literature (chapters 2, 3 and 4) suggests that a number of variables have a mediating influence between organizational socialization and service quality, this research also addressed *inter-alia*, the following questions:

What is the relationship between the type of socialization of the service employees and their perception of their role, and the organizational climate for service?

What is the relationship between the type of socialization of the service customers and their perception of their role and the organizational climate for service?

What is the relationship between the employees' perception of the organizational climate for service, and the customers' perception of the employee service quality, and the overall service quality?

What is the relationship between the customers' perception of the organizational climate for service and the employee service quality and overall service quality?

What is the relationship between the employees' role perception and the customers' perception of the employee service quality and overall service quality?

What is the relationship between the customers' role perception and their perception of the employee service quality and overall service quality?

Based on these research questions, a number of hypotheses were formulated and tested².

1.5 Prior Research

From an examination of the KWIC Index of Research Bulletins, the Union Catalogue of Theses and Dissertations of South African Universities, the HSRC Research Bulletin, and the National Register of Research Projects, Dissertations Abstract International, University Microfilm International and ABI/Inform, there is no evidence to suggest that research has been conducted on this topic.

1.6 Contributions of this Study³

Although the service encounter has been highly researched, to our knowledge no research has been undertaken to determine the association between the type of organizational socialization of the service customer, and the customers' perception of service quality. The conceptual model developed in this study may contribute towards filling this void. Academicians could use this model to undertake further research on services, and so contribute to the development of the theory on services marketing and management. Furthermore, since this study investigates factors influencing the attainment of high quality service within the financial services industry, it is significant to practitioners. Practitioners could use the findings to better manage the service organization and thus improve service delivery and service quality.

Empirical evidence on how the process of organizational socialization could be employed to effectively manage the customer resource contribution to the service encounter is also provided. More specifically by examining the effects of formal and informal socialization strategies on the customers' perception of their role, and the organizational climate for service, an association with service quality has been established.

²See section 4.5 for the hypotheses.

³See Appendix C for a list of publications.

Furthermore, based on the premise that service quality in the new millennium will be evaluated as combination of 'high tech through high touch', by distinguishing between the customers' perception of the overall service quality and the employee service quality, this research has highlighted the importance of the employee service quality.

1.7 Operational Definitions

In order to avoid any misconceptions and misinterpretations, operational definitions of several key concepts are provided.

1.7.1 Services

Kotler (1994: 466) defines a service as any activity or benefit that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Its production may or may not be tied to a physical product. However, Stanton, Etzel and Walker (1991: 510) define a service more explicitly as intangible activities that are the main object of a transaction designed to provide want satisfaction. By this definition, they exclude supplementary services that support the sale of tangible goods.

Although from the aforementioned it can be deduced that services incorporate a variety of activities, in this study the focus is on services offered by commercial banks in South Africa.

1.7.2 Service Quality

Quality of service is largely a subjective matter. Certain researchers (Grasing & Hessick, 1988: 70; Kotler, 1994: 37-39) maintain that to the consumer, value equals the sum of quality products, quality service, a quality environment, quality employee relations, and quality community involvement. Since the nature of services, particularly its intangibility, has restricted attempts to conceptualize service quality, the concept "perceived quality" has been suggested as a means of conceptualizing service quality (Parasuraman, Zeithaml and Berry, 1985: 41-50).

Since perceived quality is based on what consumers regard as quality rather than tangible cues of quality, service quality is generally thought to be the result of a comparison between expected service and an evaluation of the service actually received during service delivery.

While dividing service quality into five determinants (Parasuraman, Zeithaml and Berry, 1990: 16) offers valuable insights, recent research suggests that the use of global measurements of quality and value are worthwhile as well, at least on methodological grounds (Bolton and Drew, 1991: 1-9; Boulding et al., 1992: 7-27). Although there may be major variations in well-defined segments, research (Cronin & Taylor, 1992: 55-68; Parasuraman et al. 1994: 111-124) suggests that global measurements have better predictive properties. In view of the aforementioned, and for the relationships hypothesized in this study, the effects on the employee service quality and overall service quality are determined.

1.7.2.1 Overall service Quality [SQUAL]

Quality [for the purposes of this research] to commercial banks is probably best defined as the degree to which the customer's expectations are met or exceeded. Since consumers perceive quality in terms of the whole, a company must offer quality in the totality of its dealings with the public. Overall service quality [SQUAL] refers to the banks total offering.

1.7.2.2 Employee Service Quality [EQUAL]

Somewhat akin to Zeithaml and Bitners's (1996: 117) definition, employee service quality [EQUAL] refers to the consumers' perception of the quality of service in terms of how the outcome was delivered. The emphasis is on the consumers' perception of service quality, which involves the human element in the service delivery.

1.7.3 Service Encounter

Lewis and Mitchell (1990: 11) define a service encounter as "... the interaction between a service organization and its customers, and may take varying forms: face to face, over the telephone, by letter, or by automated means, for example when using automatic teller

machines (henceforth referred to as ATM's)." Bitner (1991: 69) on the other hand defines the service encounter as the face-to-face contact between two individuals, both with their own set of needs, expectations and resultant interaction. These individuals are the customer (demand side of the service encounter) and the staff member (supply side) who delivers a service or sells a product which, from his point of view, will satisfy the need(s) of the customer. On the demand side (the customer who requires the products or services), it is the satisfaction of the needs through specific performance or delivery that constitutes the service encounter process. Shostack's (1977:16) definition "...dyadic interaction between a customer and service provider..." brings the focus closer in terms of the interpersonal element of the performance of the service firm.

In this study, both Shostack's (1977) and Bitner's (1991) definitions of the service encounter are relevant and applicable. The encounter for investigation is that between the commercial bank front-line employee and the bank customer.

1.7.4 Organizational Socialization

Organizational socialization is the process by which employees learn, appreciate, and internalize an organization's goals, values, social knowledge, and expected behaviours (Wagner and Hollenbeck, 1996: 284). Socialization focuses on how individuals learn the beliefs, values, orientations, behaviours, skills, and so forth necessary to fulfill their (new) roles and function effectively within an organization's milieu (Ashforth and Saks, 1996: 149). Organizations may socialize their employees in many different ways. The process would include *inter-alia* formal training programmes that teach employees the technical skills associated with performing their jobs, as well as informal, day-to-day interactions with employees, managers and customers.

1.7.4.1 Formal Organizational Socialization

Also known as fixed, guided and sequential socialization, formal socialization refers to tactics and strategies which the banks adopt to actively and formally train, orientate and indoctrinate its employees (customers). Some of these strategies are training, education, apprenticeship and

debasement. The formal organizational setting is characterized by segregation from the on-going working environment and the emphasis is upon the specific role of the individual. Formal socialization takes the choice away from employees (and customers) by providing them with organizationally accepted socializing agents.

1.7.4.2 Informal Organizational Socialization

Also known as individual, random, variable and unguided socialization, informal socialization refers to all incidental methods by which employees (customers) become acquainted with their job (roles), and the organization. When informal organizational socialization is employed, there is not a recognizable difference between the work and the socializing environment. The role related learning of the individual is experienced in what might be considered a trial and error basis. When left to themselves, employees (and customers) will choose their own socializing agents, or be socialized by any incidental or accidental factors. For example, a bank customer who after having stood in a wrong queue for a long time learns about it by overhearing the bank teller directing another customer, or from other customers.

1.7.5 Organizational Climate for Service

Schneider, Gunnarson and Niles-Jolley (1994: 18) assert that service employees [and customers] observe what happens to them [and around them], and draw conclusions about the organization's priorities. These perceptions provide employees with "direction" and "orientation" about where they should focus their energies and competencies. The organization's (management's) commitment to quality in terms of service mindedness or customer consciousness, as manifested in the organizational climate should translate into enhanced service quality through its effects on employee behaviour.

Schneider and Bowen (1995: 18) assert that when considering the organizational climate construct, researchers should consider only the dimension(s) of the organizational climate that is (are) most likely to influence, or be associated with the constructs of interest in their study. In this research, the organizational climate for service refers to a summary of the perceptions that employees and customers have of the service-related attributes and practices of the banks.

1.7.6 Partial Employee

Service customers are viewed as 'partial' employees because, although they participate in the service production process, they are not remunerated for their efforts, as are all full-time employees. If someone is to participate in the production process it stands to reason that they should have certain basic skills and training. This requirement can be easily met with regards to the full-time employees. However, the process becomes complicated when the service customer becomes a participant or a co-producer of the service. Thus service firm managers need to ascertain what management practices could be used to ensure that the customers have the competencies to effectively perform their role as co-producers of the service.

1.8 Summary

This introductory chapter served to outline the nature and purpose of this research. It is apparent that since banks cannot always compete on the basis of innovation in terms of products, their only competitive weapon is the quality of service offered to clients. Furthermore, it became apparent that the encounter process can create big gaps between the expected and the actual, in terms of service quality. The greater the "gap" the less effective the service provider. The question to be asked is what can be done to be more effective? The literature implies that by managing the service encounter, banks could improve service quality. In the chapter that follows, the literature relevant to the research issues will be reviewed.

CHAPTER 2

THE MANAGEMENT AND MARKETING OF SERVICES

2.1 Introduction

The marketing of services has been propelled to the centre of the marketing stage by the relative growth of the services sector in many countries. The growth of the services sector has exposed new opportunities for marketing to broaden its traditional sphere of influence. In its turn, marketing has made a contribution towards the efficient functioning of the services sector through its attempts to ensure mutually beneficial exchange relationships between service firms and consumers.

The service sector today occupies a pre-eminent position in the economies of most countries. Not only are we producing more services than ever before, the manner in which services are made available to the final consumer is changing. Many of the familiar principles of marketing which were first developed when consumer goods experienced a great growth in competitive activity have been handed down to marketers who are engaged in services marketing. However, it has also been recognized that services can be quite different to goods in how they should be marketed (Gronroos, 1994: 4).

In view of the aforementioned, the specific purposes of this chapter are: to briefly explain the characteristics of services, and to discuss the marketing implications thereof; to provide an exposition of the services management literature; and to briefly review the literature on the service employee and service customer.

2.2 Characteristics of Services

Although service marketing and goods marketing are essentially the same, the basic characteristics that differentiate services from goods usually lead to quite a different marketing programme in a service organization.

Most researchers (Stanton et al., 1992: 512-514; Kotler, 1994: 466-468; Palmer, 1994: 3-6; Jobber, 1995: 662-666) agree that four aspects characterize services, namely, intangibility, heterogeneity, inseparability of production and consumption, and perishability. Each of these characteristics as well as the marketing implications thereof will be briefly discussed.

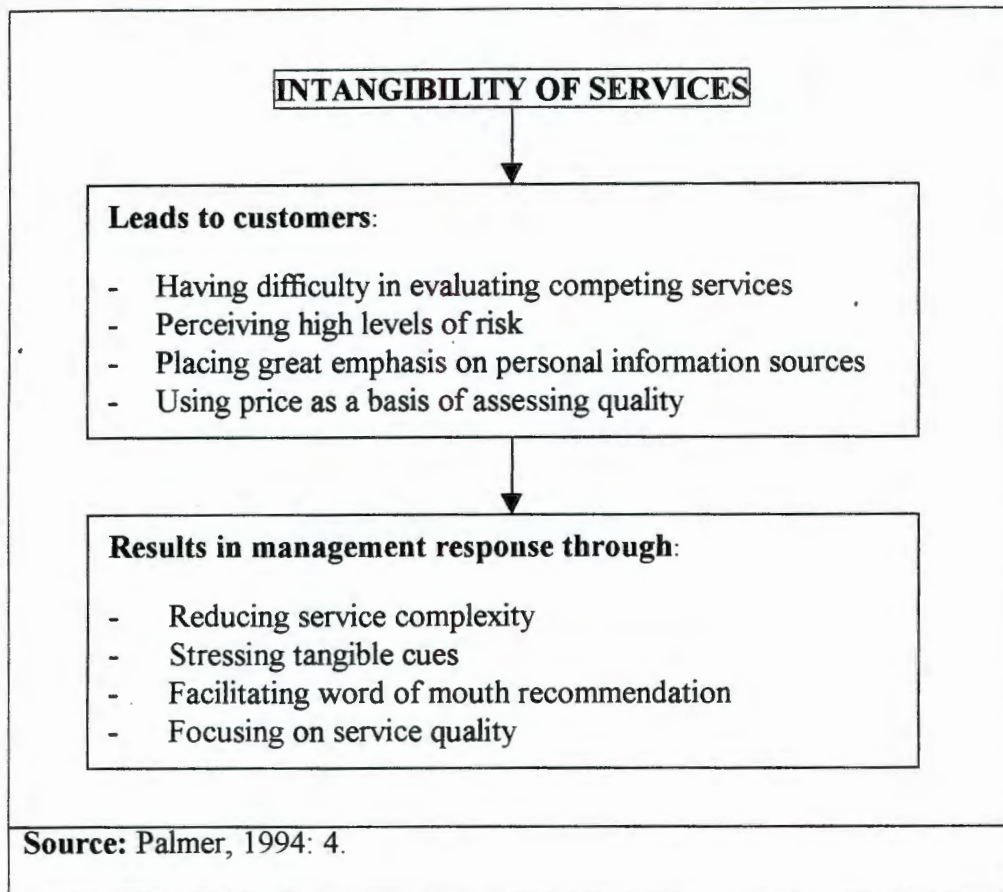
2.2.1 Intangibility

In contrast to goods, services cannot be touched, tasted, smelled or even seen. Since services are performances rather than objects, precise manufacturing specifications concerning uniform quality can rarely be set (Meidan, 1996: 2). Intangibility, according to Bateson (1979) as cited by Boshoff and Blem (1995: 256), is the characteristic which differentiates services marketing from all other areas of marketing. Furthermore Meidan (1995: 2) believes that services are double intangible in that they are not only untouchable, but also difficult to conceptualize.

Boshoff and Blem (1995: 257) maintain that in some cases, service buyers rely on the tangible aspects of a service known as support goods. This refers to the equipment used by service performers in delivering a service. For example, the computer or microfiche reader used by a bank employee to ascertain the client's bank details. These tangible goods must be in place before a service can be performed. A service such as bank credit that cannot appeal to a buyer's sense of touch, taste, smell, sight or hearing places a burden on the bank's marketing organization.

Since a bank is often selling an "intangible" and not necessarily a physical product, it must tell the buyer what the service will do. Figure 2.1 highlights some of the implications of the intangibility of services for customers and management. It is evident from Figure 2.1 that service consumers experience difficulty in evaluating services; thus the need for service firm managers to stress tangible cues and focus on service quality.

FIGURE 2.1: SOME IMPLICATIONS OF SERVICE INTANGIBILITY



2.2.2 Heterogeneity

Service performances often vary from producer to producer, from customer to customer, and from day to day. Because they are usually performed by human beings, services are difficult to standardise. Meidan (1996: 3) asserts that "even the most courteous and competent teller can have off days for a number of reasons, and inadvertently pass bad vibes on to the customer." Since consumers are involved in the production of the services, services cannot be produced beforehand and inventoried. This involvement of the consumers can also contribute to heterogeneity that leads to difficulty in standardizing service quality.

2.2.3 Inseparability of Production and Consumption

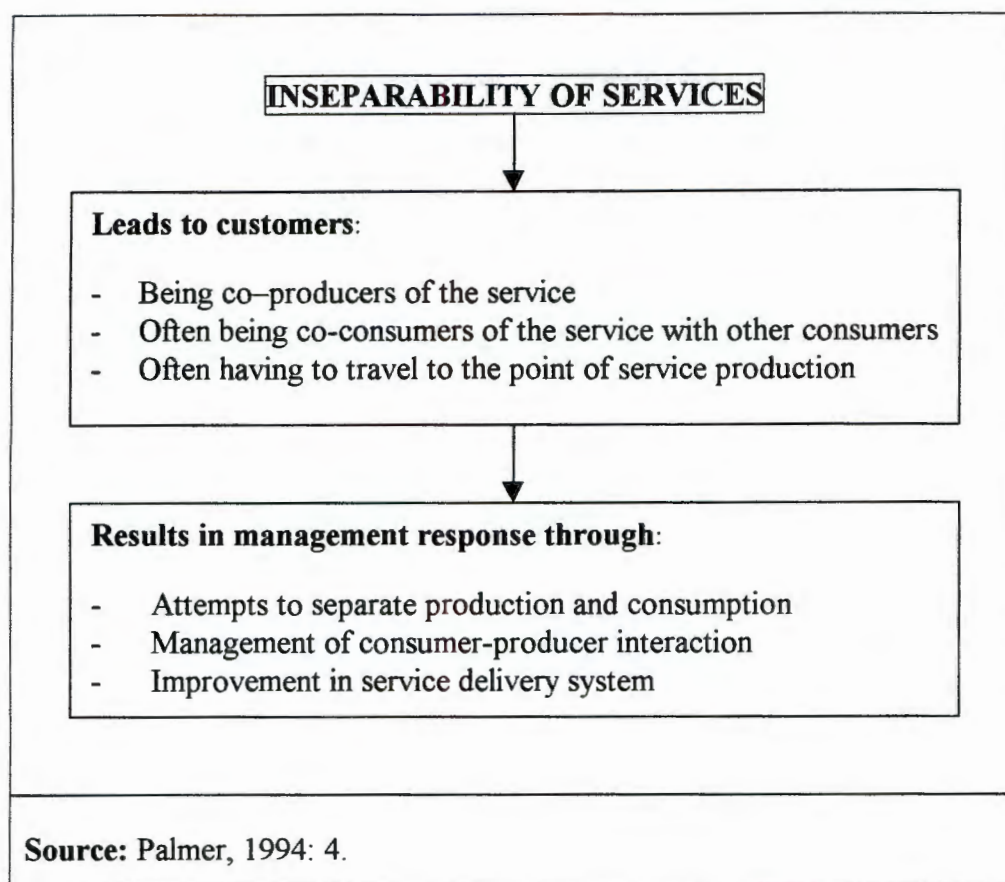
A service is generally consumed while being performed (processed), with the customer often involved in the process. A routine financial transaction can be marred by long waiting lines (Hui and Tse, 1996: 81-90), or unknowledgeable personnel (Baron and Harris, 1995: 7).

Since the customer must be present during the production of many services, inseparability "forces the buyer into intimate contact with the production process," (Avkiran, 1994: 11). Inseparability also means that the producer and the seller are the same entity, making only direct distribution possible in most cases (Meidan, 1996: 3), and causing marketing and production to be highly interactive.

Inseparability occurs whether the producer is human, as in health-care services, or a machine, as in the case of a bank ATM. The services of an ATM machine can only be realized if the producer and consumer interact. Figure 2.2 depicts some of the implications of service inseparability. It is evident from Figure 2.2 that the inseparability of service production and service consumption necessitates "management" of the service encounter by the service provider.

A further implication of the simultaneous production and consumption of a service is that the "production facility and the production tools," both contribute to the delivery experience (Bitner, 1993: 57; Schneider and Bowen, 1995: 30). Thus when a person goes to the bank to cash a cheque, the appearance of the bank and the modernness of the equipment used impact on the customer's perception of service quality.

FIGURE 2.2: SOME IMPLICATIONS OF SERVICE INSEPARABILITY



2.2.4 Perishability

Most services cannot be stored. If a service is not used when available, the service capacity is wasted. The perishability of services results in greater attention being paid to the management of demand by evening out peaks and troughs, and in scheduling service production to follow this pattern as far as possible (Bergman and Klefsjo, 1994: 266).

In addition to the above general characteristics pertaining to most services, Median (1996: 2-5) mentions that to the public, in most cases, one bank is very much like another. Each bank has to establish an identity by offering a "package" and implant this in the mind of the public. The "package" consists of branch location, staff, services, reputation and new services.

The above characteristics pose quality challenges unique to services and must be taken into account when designing, marketing, producing and delivering services (Jobber, 1995: 663).

Table 2.1 summarizes some of the problems associated with services marketing.

TABLE 2.1: UNIQUE SERVICE FEATURES AND RESULTING MARKETING PROBLEMS

Unique Service Features	Resulting Marketing Problems
Intangibility	<ul style="list-style-type: none">- Services cannot be stored- Cannot protect services through patents- Cannot readily display or communicate services- Prices are difficult to set
Inseparability	<ul style="list-style-type: none">- Consumer involved in production- Other consumers involved in production- Centralized mass production of services is difficult
Heterogeneity	<ul style="list-style-type: none">- Standardization and quality control are difficult to achieve
Perishability	<ul style="list-style-type: none">- Services cannot be inventoried

Source: Adapted from Zeithaml, Parasuraman and Berry, 1990: 35.

It is evident from Table 2.1 that since consumers are involved in the production of the services, this can also contribute to heterogeneity which leads to difficulty in standardizing service quality. Of particular relevance to this study are the characteristics of inseparability and heterogeneity, which present a challenge to managers of service businesses.

Table 2.2 lists some marketing strategies suggested in the literature to overcome the problems cited in Table 2.1.

**TABLE 2.2: SUGGESTED MARKETING STRATEGIES FOR PROBLEMS
STEMMING FROM UNIQUE SERVICE FEATURES**

Unique Service Features	Suggested Marketing Strategies
Intangibility	<ul style="list-style-type: none"> - Stress tangible cues - Use personal sources more than non-personal sources - Simulate or stimulate word-of-mouth communications - Create strong organizational image - Use cost accounting to help set prices - Engage in post-purchase communications
Inseparability	<ul style="list-style-type: none"> - Emphasize selection and training of public contact personnel - Manage consumers - Use multi-site locations
Heterogeneity	<ul style="list-style-type: none"> - Industrialize service - Customize services
Perishability	<ul style="list-style-type: none"> - Use strategies to cope with fluctuating demand - Make simultaneous adjustments in demand and capacity to achieve a closer match between the two

Source: Adapted from Zeithaml, Parasuraman and Berry, 1990: 35.

It is evident from Table 2.2 that with reference to the problems posed by the characteristics of services (Table 2.1), a suggestion for dealing with the inseparability of services is to manage customers and customer contact personnel. The invisibility of services places a special burden on tangibles associated with them, for example, service facilities or personnel (Bitner, Booms and Tetreault, 1990: 3).

The nature of the service can also be problematic to both the consumers and the marketers of services. Barron and Harris (1995: 1-3) assert that some of the problems typically experienced by consumers include:

- the absence [for many services] of a retailer who could advise the consumer on issues such as quality and value,
- the difficulty in assessing the quality of the purchase,
- gathering information on prices and quality is time-consuming,
- difficulty in specifying the exact nature of the service required,
- comparing various services and service providers is difficult, and
- fluctuations in the quality of the service delivered, not only among firms and service contact personnel, but also from service delivery to service delivery on the same day, and from the same staff member.

Some researchers (Zeithaml and Bitner, 1996: 29) have proposed that, in order to cope with the marketing problems posed by services, the traditional marketing mix be broadened or extended. In addition to the traditional 4P's (namely, product, price, promotion and placement), these researchers argue that attention should also be paid to three additional P's; physical evidence: the environment in which the firm and consumers interact and any intangible cues which could influence satisfaction with the service; participants: the service contact personnel who interact with consumers and who primarily influence customer perceptions; and, process: the procedures, methods and mechanisms which play a role in service delivery. Since all three of the additional P's will communicate the firm's image to the customer, they will thus influence, not only pre-purchase expectations, but also satisfaction levels (Danaher and Mattson, 1994: 5; Spreng, Mackenzie and Olshavsky, 1996: 15).

The fact that the production of services cannot normally be separated from the consumption results in producer-consumer interaction assuming great importance in the service offer. The service process can itself define the benefit received by the customer. The way customers are handled in a bank forms a very large part of the benefit that they receive.

The perishability of the service offer also distinguishes the nature of contact between service producers and consumers. While goods manufacturers can normally hold stocks in order to

meet fluctuating customer demand, services cannot be stored. This requires service organizations to carefully manage the contact they have with their customers in order to avoid bottlenecks and delays in the service-production process in which the customer is actually taking part.

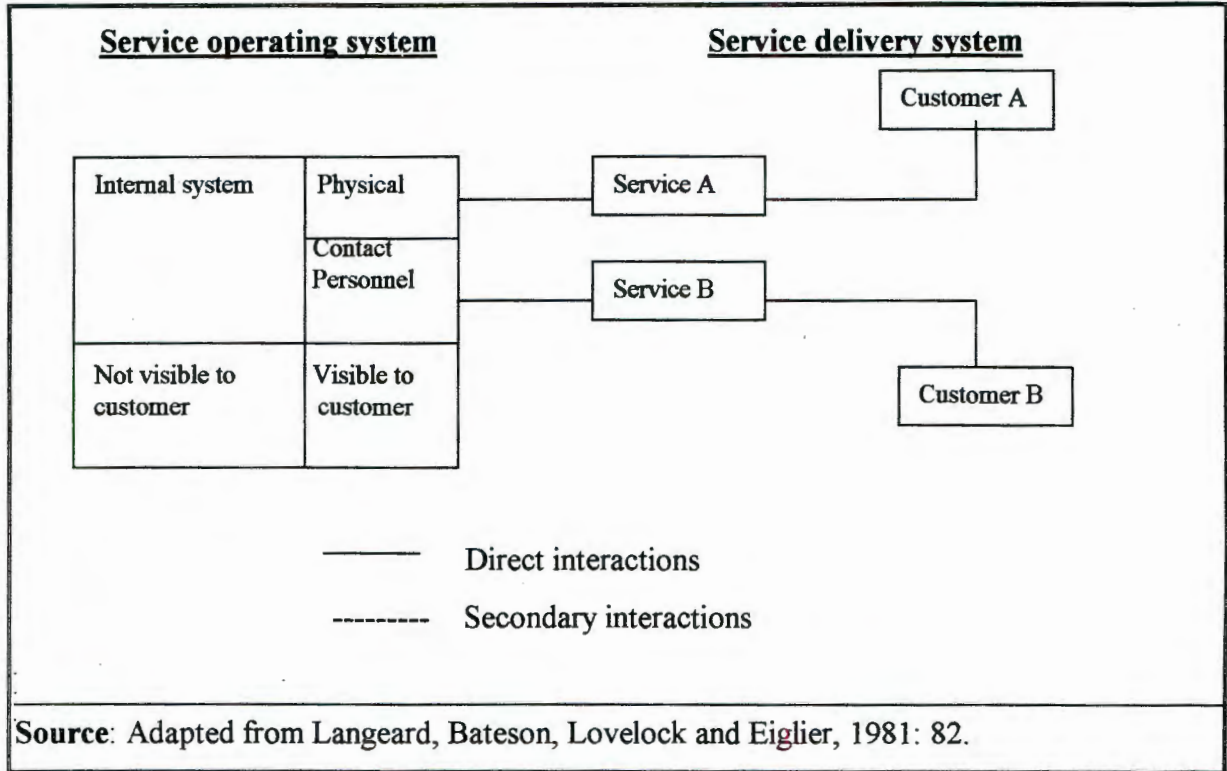
At its simplest, interaction can be seen as a series of discrete transactions between producers and consumers. However, in many situations, service producers seek to replace casual transactions with on-going relationships. Strategies for achieving such relationships and managing particular problems posed by the service encounter need to be developed.

2.3 Managing the Service Marketing System

Langeard, Eiglier, Bateson, and Lovelock (1981: 81) described service businesses as a system consisting of three overlapping components: service operations system, service delivery system, and service marketing system (Figure 2.3). As illustrated in Figure 2.3, Langeard et al. (1981: 82) conceptualize the service to be delivered, in real time, to a customer through his or her interaction with (a) the firm's personnel, (b) the service environment, and (c) other customers.

It is also evident from Figure 2.3, that the service firm is clearly divided into those parts that are visible to the customer, such as the physical environment and contact personnel, and those that are not, sometimes referred to as the back-office operations. The former, consisting of the other customers and the consumer constitute the "servuction system." Boshoff and Blem (1995: 257) concur with Langeard et al. (1981) who argued that although most authors talk of services being produced, delivered and retailed, this fails to convey the simultaneity of the process. Thus the use of the term "servuction system."

FIGURE 2.3: THE SERVICE BUSINESS AS A SYSTEM



It is also evident from Figure 2.3 that customers have a role to play in the production of the service they receive. A customer who fails to play his/her role properly [does not follow procedures laid down by the firm] may jeopardize not only the service that he or she receives, but also the quality of service received by other customers (Grove and Fisk, 1997: 80).

Given that the client/customer appears twice in the service management system, as a consumer in the market segment, and as part of the service delivery system, the management of the company-client interface becomes an extremely important and delicate task for the service organization. Empirical support for the "servunction" system concept came from the work of Schneider (1980: 52); Schneider, Parkington and Buxton (1980: 252); Schneider and Bowen (1995: 199), and Wikstrom (1996: 6). These researchers have shown empirically that the behaviour of the customer is crucial to the satisfaction of both the customer, and the personnel with whom that customer interacts.

In contrast (although somewhat similar in meaning) to Langeard et al.'s (1981) use of the term "servuction," Edvardsson, Thomasson and Ovretveit (1994: 13) use the term "co-service" to describe how both producers and consumers can work together to create rather than produce the service. These researchers contend that the term "co-service" recognizes that giving and receiving service is not like consuming or using a product. Often persons in need of service work with others to meet their own needs. They take the fullest part they can in co-producing the service by co-assessing, co-planning and co-providing. Furthermore, Wikstrom (1996: 6) asserts that when the customer is conceived as co-producer, the interaction between the parties should generate more "value" than traditional transactions during which the seller and buyer meet briefly, exchange services and then go their separate ways. In particular, it is assumed that the deeper relationship will create opportunities for acquiring more knowledge, thus making the company better able to adapt to the customer and provide higher quality.

Gronroos (1984: 64) also ascertained that consumers are influenced not only by the service personnel and the physical/technical resources, but also by each other during the consumption process. This interaction as it is perceived by customer A is schematically depicted in Figure 2.3. Gronroos (1984) refers to Langeard's (1981) model as "the customer's view of a service firm." The Nordic School of service management, and in particular Gronroos and Gummesson (1982), expanded on the views of Langeard et al. (1981).

Gronroos (1984: 30-41) initially saw the objective of interactive marketing as the management of resources involved in the buyer-seller interaction. These resources consist of contact personnel (service providers), the physical environment and consumers. Gronroos (1984) at no stage rejects the principles of the marketing concept or what he terms "traditional marketing." In fact he sees the relationship between traditional marketing and interactive marketing as supplementary. This view is elaborated in Table 2.3.

TABLE 2.3: THE THREE-STAGE MODEL OF SERVICES MARKETING

Stage	Objective of marketing	Marketing function
Internal stage	To get customer-conscious and sales-minded personnel	The internal marketing function
Initial stage	To create interest in the firm and its services	The traditional marketing function
Purchasing process	To turn the general interest into sales	The traditional and interactive marketing function
Consumption process	To create re-sales and enduring customer contacts	The interactive marketing function
Source: Gronroos, 1982: 32.		

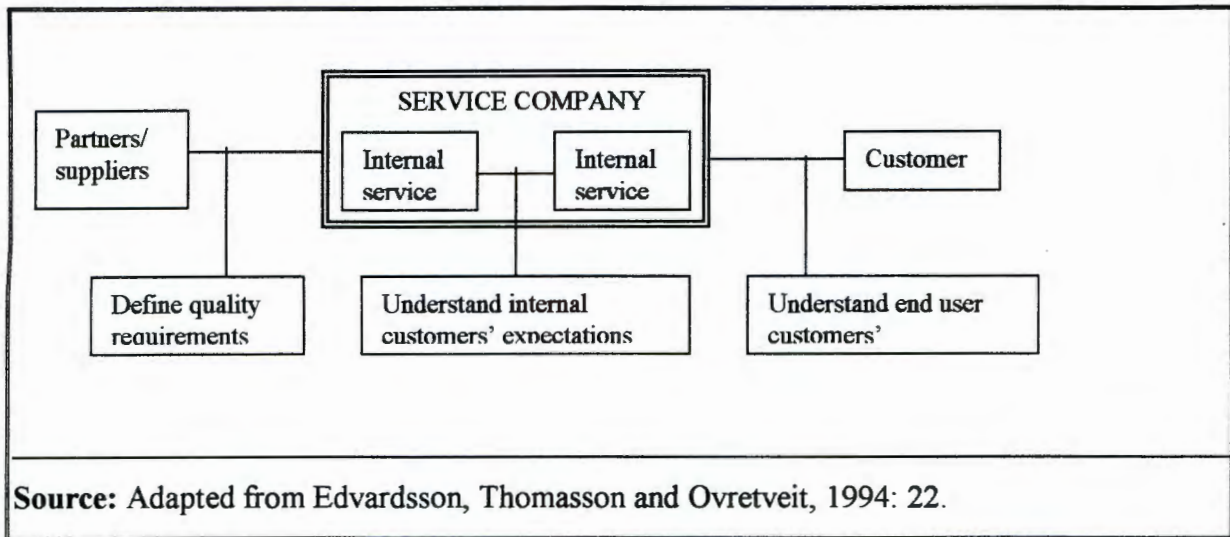
It is evident from Table 2.3 that in order to satisfy consumer needs, internal marketing⁴, traditional marketing and interactive marketing may have to be employed in combination. Interactive marketing implies that organizational considerations such as the service delivery system and organizational structure are of particular importance.

Gronroos (1982: 63) asserts that due to the complex nature of services and the high level of human interaction in the service delivery, responsibility for marketing should be vested in the firm as a whole, as many services marketing activities cannot be isolated from one another. Furthermore, in support of Gronroos's (1982) view, Edvardsson et al. (1994) have taken a Total Quality Management (henceforth TQM) approach to managing service quality and productivity. These researchers argue that TQM for services depends on and creates a culture in an organization that involves everybody in quality improvement. These researchers assert that modern quality thinking emphasizes the importance of having the right quality throughout the service chain, in all parts of the service organization. For people to take responsibility for making quality improvement and feel committed to changes, they need to understand their part in the organization. This view which is

⁴See section 2.3.1.1 (a) for a detailed discussion of this concept.

depicted in Figure 2.4 implies that all those involved in the links in the service chain should know what is expected of them, and what "right quality" means.

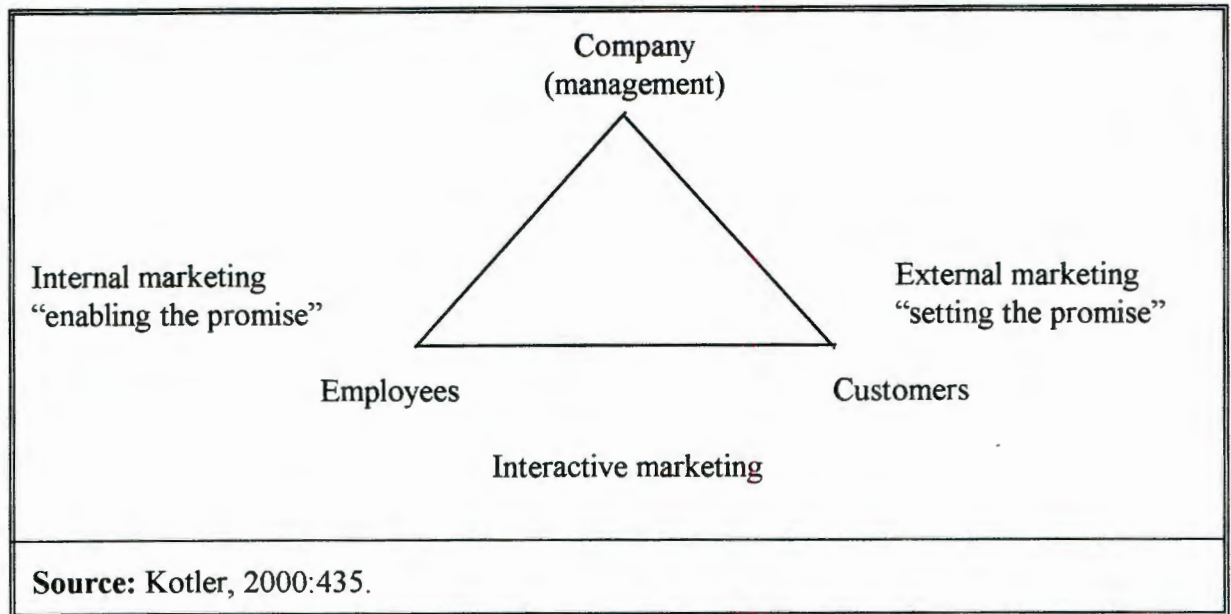
FIGURE 2.4: THE SERVICE CHAIN



Source: Adapted from Edvardsson, Thomasson and Ovretveit, 1994: 22.

Productivity, quality and profitability in the service are affected by how each acts and understands his or her role; in other words, what should customers do and what should the supplier do for co-service? A simple example is when the customer has "free time," that is time where he or she is not doing anything and would rather be doing something. The most common example is the "service queue." In these situations, a customer could possibly perform some part of the co-service process, for example filling in a form with background details. Kotler (1994: 470) asserts that there are three types of marketing that must be successfully carried out for a service organization to succeed, and that all of them revolve around making and keeping promises to customers. Kotler's view, depicted in Figure 2.5, implies that all three sides are critical to successful services marketing and management.

FIGURE 2.5: THE SERVICES MARKETING TRIANGLE



From Figure 2.5 it is also evident that during interactive marketing, the firm's employees interact directly with customers. Having a positive link between what is promised through external marketing and what is delivered through interactive marketing is critical (Zeithaml and Bitner, 1996: 22). Moreover, without one of the sides in place, the total marketing effort cannot be supported

From the preceding discussion it is obvious that service customers do not passively consume the service, but take an active part in the process, thus influencing the process. Moreover, the service as it is perceived [viewed] by the consumer is the result of various interactions, as is depicted in Figure 2.3. The visible components of the service operation can be divided into those relating to service personnel (bank staff), and those relating to physical facilities and equipment. Clients may find themselves interacting with either or both of these and also, possibly with other clients in the service delivery system. There are other components too, that may contribute to the clients overall view of the bank. These include word-of-mouth, telephone conversations with service personnel, newsletters, brochures and other correspondence. Collectively these components plus those in the service delivery system add up to what is called the service marketing system.

The importance of service personnel in the service delivery also became apparent during a discussion of the characteristics of services. The simultaneous production and consumption of services for instance, means that service quality depends almost entirely on the efforts of service contact personnel or the service provider. In the light of the aforementioned, the focus now shifts to a discussion of the service employee.

2.3.1 The Service Employee

The decisive role played by service contact personnel (the so-called boundary-role players) during the service encounter, has attracted much attention in recent services marketing research, and is a central theme in contemporary marketing thought. Bitner et al. (1990: 71-84) ascertained that 43 per cent of unfavourable [unsatisfactory] encounters were failure situations handled poorly by service employees. These researchers therefore recommend that proper training to make service personnel equally effective in their routine and recovery roles is imperative.

In the same vein, Zeithaml and Bitner (1996: 303) emphasize that the failure to deliver services as designed and specified can result from a number of employee and human performance factors. In-effective recruitment of service oriented employees, role ambiguity and role conflict among contact employees and lack of empowerment are among the key factors.

In a study investigating customer switching behaviour in service industries, Keaveney (1995: 76) ascertained that service encounter failures were attributed to some aspect of the service employee's behaviour or attitude. For example, if service employees were uncaring, impolite, unresponsive, or unknowledgeable, customers switched providers. Various researchers (Gremler, Bitner and Evans, 1994: 34-56; Bitner, Booms and Mohr, 1994: 95-106; Julian and Ramaseshan, 1994: 29-34; Jap, 1995: 1995: 4-6) concur that front-line employees and those supporting them from behind the scenes are critical to the success of any service organization.

More specifically, Julian and Ramaseshan (1994: 33), and Larkin and Larkin (1996: 95) assert that bank employees (front-line) play a significant and determining role in marketing retail banks services. A service provider (like a bank clerk) plays a marketing role and exerts an important influence on customer satisfaction, service quality, and both on the customers' initial buying decision and his repeat buying decisions. Each individual represents the firm, defines the product, and promotes it directly to the consumer.

Larkin and Larkin (1996: 96) assert that front-line employees are opinion leaders in the organization and therefore any attempt to communicate changes in the organization should be directed at them. Furthermore, Mohr and Bitner (1995: 239-252) maintain that employee effort is viewed positively by service customers in the evaluation of their satisfaction with the service.

Kunst and Lemmink (1992: 120) argue that customer perceptions of service quality are a key factor in the "excellence" of service and these perceptions are highly influenced by the quality of the interaction between customers and the store personnel. Furthermore, these authors assert that the "quality of interaction" is a complex variable, highly affected by subtle factors of verbal and non-verbal communications between personnel and customers.

Berry et al. (1991: 47) emphasize that even low contact services that typically involve little human interaction between service customers and company personnel [for example, ATM's] become high contact services when problems arise. Behind-the-scene employees are essential for setting things right when automated services fail or errors are made, and also have to use their judgement to determine the best course of action for service recovery. However, Berry et al. (1990: 160) argue that there is more variability among service outcomes in labour intensive services than when machines dominate the service delivery. For example, bank customers who use human tellers will experience far more service variability than those using automatic tellers machines (ATM's). It needs to be stressed that the main reason why banks are offering automated services is not to avoid physical contact with the customer. This is for the convenience of the customer and contributes to the overall service quality. ATM's were created to decrease both transaction cost and customer complaints about long lines and rude service. What is important though is that at some time or the other [even though for a short

period], the consumer comes into contact with the service organization. It is during these "moments of truth" that the bank has the opportunity to influence the customer's view of the service quality. In effect the satisfaction/dissatisfaction which the customer experiences by using the ATM's contributes to his perception of the bank's overall service quality. However, Zemke and Schaaf (1990: 13) argue that customers are sometimes distressed by their lack of trust in machines and the missing human contact. Customers frequently expect human contact from service providers and they value this contact.

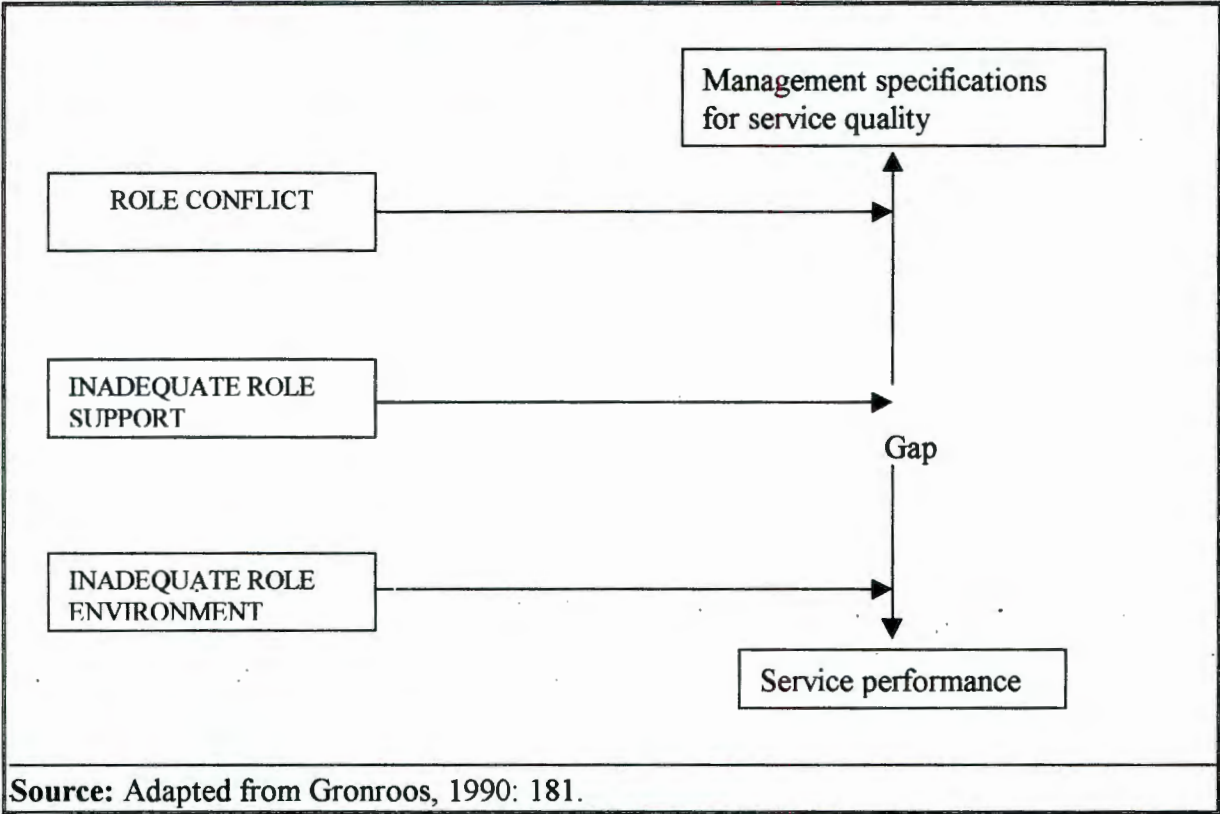
Several researchers (Rosenbluth, 1991: 26; Schlesinger and Heskett, 1991: 71) maintain that customer satisfaction is strongly influenced by the nature of customer contact and by the interaction between the firm and its employees. Since service organization employees have face to face contact with customers, their work involves much greater interpersonal interaction than manufacturing work. Ondrack & Mc Ateer-Early (1992: 120) argue that customer perceptions of service quality are a key factor in the "excellence" of service and these perceptions are highly influenced by the quality of the interaction between customers and store personnel. The "quality of interaction" is a complex variable, highly affected by subtle factors of verbal and non-verbal communications between personnel and customers. However, Denton (1989: 5), cautions that although the employee may be the most visible aspect of poor service, the "system in which the employee functions is sometimes the primary culprit."

In trying to explain how customers evaluate service quality, Parasuraman et al. (1985: 41-50) developed a model, commonly referred to as the SERVQUAL or GAPS model.⁵ These researchers identified four gaps which contributed to a difference between customers' expectations and marketers'/management's' perception of customers' expectations of the service. Through subsequent research, these researchers identified certain factors which contributed to the "Gaps." For example, Berry, Parasuraman and Zeithaml (1988: 160-163), ascertained that three organizational factors contributed to the service-performance gap, namely, role conflict, inadequate role support, and inadequate role environment. The contributing factors depicted in Figure 2.6, are of relevance to the present study and will be

⁵See Chapter 4, section 4.4.

discussed in greater detail later.⁶ According to Berry et al. (1988: 164), role conflict resulted from a poor fit among the different elements of the service provider's job; loss of personal control over the quality of the service rendered. For example, loans are processed and approved by the head office and branch employees are not able to give customers timely information on the status of their applications. Inadequate role support referred to in Figure 2.6 concerns hiring practices, training programmes, and support services that directly affect the employees' ability to perform. In this regard, Berry et al. (1988: 158) comment that their research solicited the following remark, "we draw from the bottom of the barrel because that's the way we compensate."

FIGURE 2.6: CAUSES OF THE SERVICE PERFORMANCE GAP



Whereas role conflict concerns the question "do I control my own destiny?" with role support the question is, "do others in the organization come through for me when I don't control my own destiny?" The notion implied is the extent to which employees of a particular organization

⁶See Chapter 3, section 3.2.2.

work as a team, as well as the availability of support services. Inadequate role environment is commonly referred to as the organizational climate.⁷

In order to have stores staffed with personnel who offer better quality service, firms generally follow two strategies: develop an appropriate organizational climate to elicit "good service" behaviour from staff, and develop a series of human resources management (hereinafter referred to as HRM) policies and practices to provide the organization with appropriate staff for "good service" behaviour. According to Ondrack & Mc Ateer-Early (1992: 120),

"Employees are the single greatest asset we have. They are always present at the "moment of truth" with customers in our stores. To achieve our service goals, our employees need to be the best trained, best motivated and most cared for."

Research (Shetty, 1991: 43-48) has shown that poorly managed and motivated employees convey messages in their interaction with customers. Shetty (1991: 44) therefore recommends that the most important means of improving service quality is through an emphasis on the people (motivation and training) rather than on technology.

Gronroos (1985: 43) affirms that a service firm cannot satisfy the needs of its customers unless it is able to attract the right employees and motivate them to behave in a desired manner. This he refers to as "internal marketing." Proponents of the aforementioned argument (George, 1990: 63; Berry, 1990: 61) describe employees as "internal customers." Takeuchi and Quelch (1990: 37) assert that the internal marketing programme should incorporate detailed procedures to guide customer-employee interactions. Previously the focus was on customer needs and satisfying these needs mainly through core business activities. Now the emphasis is more on establishing and maintaining a relationship between the corporations and their customer base through broader offerings.

The relevance of the concepts "relationship marketing" and "internal marketing" to service quality necessitates further discussion.

⁷See Chapter 3, section 3.4.

2.3.1.1 Relationship Marketing

Several researchers (Gronroos, 1994: 4; Buttle, 1995: 2; Keaveney, 1995: 79-82; Schell, 1996: 1, Benapudi and Berry, 1997: 15-37) assert that traditional marketing theory has focused attention on encounters as being a series of discrete events, too often viewed in isolation from preceding exchanges, and without analysis of both parties' expectations for future exchanges. Although some services can be supplied quite adequately on the basis of a series of discrete, casual encounters, a relationship-based series of encounters can be useful for both customer and producer in a number of circumstances (Ravald and Gronroos, 1996: 19). Gronroos (1994: 5) cites Berry (1981) who defines relationship marketing as "...those marketing efforts directed at attracting, maintaining and enhancing customer relationships."

Various researchers (Zeithaml and Bitner, 1996: 171; Nauman and Giel, 1995: iii) assert that the trend towards consumerism and the changing competitive climate have forced business to re-examine their relationships with customers. As a result customer service has become a strategic tool which is no more regarded as an expense, but as a positive force for increasing sales and reducing the cost of sales.

According to Gronroos (1994: 5), organizations are increasingly seeking to move their interactions with customers along a "Marketing Strategy Continuum." The aim is to move away from delivering goods and services by a series of discrete transactions towards continuous delivery through an on-going relationship. In other words, instead of relying solely on new customers, the focus should move towards retention of customers as a cornerstone for future growth. Furthermore, Ravald and Gronroos (1996: 19) argue that this shift in focus from attracting customers to retaining customers necessitates the creation of customer loyalty so that a stable, mutually profitable and long-term relationship is enhanced.

Christopher, Payne and Ballantine (1993: 1) assert that traditionally much of the emphasis of marketing has been directed towards the "getting" of customers rather than the "keeping" of customers. Relationship marketing has as its dual purpose the getting and keeping of customers. The practice of relationship marketing is most applicable to a service firm in which each of the following conditions exist: (1) there is on-going or periodic desire for the service

on the part of the service customer, (2) the service customer controls the selection of the service supplier, and, (3) there are alternative service suppliers and customer switching from one to another is common (Keaveney, 1995: 79). All these conditions are applicable to financial institutions in general and banks in particular.

According to Christopher et al. (1993: 3) marketing is concerned with exchange relationships between the organization and its customers and quality and customer service are key linkages in this relationship. These researchers view customer service as the building of bonds with customers and other markets or groups to ensure long term relationships of mutual advantage. In addition, these researchers assert that the challenge of relationship marketing is to bring the three "circles" of service, quality and marketing much closer into alignment. Christopher et al. (1993: 168) sum up the common ground between relationship marketing and quality management in the following statement: "the quality of relationships with people outside the company (customers) depends on the quality of relationships between people inside the company (staff)."

Perrien, Filiatrault and Richard (1993: 14) maintain that as more financial institutions employee relationship banking as a way to do more business with existing customers for a longer period of time, their executives will see that service excellence is the surest way to keep their customers coming back. However, Morgan and Hunt (1994: 20) rightfully point out that financial institutions are not alone in their drive to build customer relationships through service excellence. Many service businesses find it cost effective to increase volume by retaining and doing more business with existing customers than it is to attract new customers. Theodore Levitt (1983) as cited by Buttle (1995: 7), sees service as an on-going relationship between the customer and the business which is undertaken not for public image purposes, but for vital economic ones. In support of this view, Rust and Zahorik (1993: 193) assert that the relationship between quality and financial performance is inescapable.

Although there has been much recent interest in relationship marketing, this has tended to emphasize the producer's perspective of a relationship. It can be argued that with more knowledge and confidence, consumers are increasingly happy to venture outside a long-term relationship with a service provider. This is evident from the fact that in 1990, 43 per cent of a

United States, and 27 per cent of a United Kingdom sample of bank customers had changed banks within the last five years (Palmer, 1994: 166). With increased knowledge of financial services, consumers are more willing to venture to another bank which offers the best personal loan for them or the most attractive credit card (Palmer, 1994: 166).

Buttle (1995: 12-13) highlights *inter-alia*, two important requirements for the successful implementation of a relationship marketing programme. These are a supportive organizational culture and internal marketing. Furthermore, Buttle (1995: 13) elaborates that the need for a paradigm shift from the old transactional way of doing business necessitates changes to the existing corporate culture⁸.

Boshoff (1990: 23) asserts that five relationship marketing strategies of core service marketing have been identified, and these include the following: internal marketing, relationship customization, service augmentation and relationship pricing. With the quality determinants in mind, the abovementioned strategies and their relevance in the banking industry will be briefly discussed.

a. Internal Marketing

According to Gronroos (1990: 220), internal marketing starts from a notion that employees are first and foremost internal markets for the organization. Furthermore, Gronroos (1990: 221) asserts that internal marketing is a pre-requisite for relationship marketing. Several researchers (George 1990: 62; Gronroos 1990: 222; Reardon and Enis 1990: 377; Azzolini and Lingle, 1993: 38-40; Hauser, Simester and Wernerfelt, 1996: 268) concur that internal marketing is the best approach for establishing a service orientation as the organizational imperative. According to George (1990: 63), internal marketing focuses on achieving effective internal exchanges between the organization and its employees as a prerequisite for successful exchanges with external markets. Furthermore, Hauser et al. (1996: 269) recommend that one way to push marketing orientation deep into the organization is to focus back-office staff on serving their internal customers (front-line staff), who in turn, serve external customers.

⁸The concept culture will be discussed in section 3.3.

Azzolini and Lingle (1993: 40) assert that internal customer service is the key to company success and recommend that steps to improve internal customer service should assess customers, staff and suppliers to pinpoint performance gaps. Gronroos (1990: 225) cites Berry (1981) who asserts that the overall objective of internal marketing is twofold; namely, to ensure that the employees are motivated for customer-oriented and service minded performance and thus successfully fulfil their duties as "part-time marketers" in their interactive marketing tasks, and to attract and retain good employees. Gronroos (1990: 227) also argues that internal marketing can contribute towards developing and maintaining a service culture. Furthermore, Gronroos (1990: 228) cites Bowen and Schneider (1988) who maintain that because management does not have the ability to directly control service delivery and the moments of truth, it has to develop and maintain indirect control by creating atmospherics, that is, climate and ethics, that make employees feel that service is the predominant norm guiding their thinking and behaviour.⁹

The need for banks to match expectations held by clients, and to ensure that the staff are adequately trained to respond to unforeseen client needs, has led to the development of the internal marketing concept. Internal marketing involves the creation of an organizational climate in general, and job-products in particular, which lead to the right service personnel performing the service in the right way. One of the causes of the "service delivery gap" [Gap 3], Gronroos (1990: 61) maintains, is the lack of or insufficient internal marketing¹⁰.

Employees may feel that their role as service providers is ambiguous because a customer contact person realizes that a customer requires different behaviour on the part of the service provider than what is expected according to the existing specifications. This kills any motivation for good quality behaviour among the service personnel. The cure in these situations Gronroos (1990: 63) maintains, is to remove all reasons for ambiguity on the part of personnel; thus the role of internal marketing is critical. This view was also empirically supported in a study of financial institutions in South Africa (Tait 1996).

⁹The concept service climate is discussed in section 3.4.

¹⁰Refer to section 2.3.1 and 4.4.

Gronroos (1990: 235) cautions that the external focus of an internal marketing strategy and any internal marketing programme should never be forgotten. Improving the work environment and tasks for the employees is, of course, an important objective; it is nevertheless the external impact of every employee that is the ultimate focus of internal marketing. The ultimate objective is to improve the customer consciousness and servicemindedness of employees. Consequently the internal marketing abilities and the external performance go hand in hand (Tait, 1996: 16).

Service innovations targeted at existing and potential customers must be designed with customer needs and concerns in mind. This requires a strong orientation toward the marketplace. Langeard et al (1981: 92) emphasize that there is also an internal marketplace, in the sense that innovations usually affect service employees too. Sometimes innovations involve just minor changes in operating procedures; at other times, they may require major procedural changes, and retraining and displacement of staff. This poses a need for internal marketing, which may be as important for success as externally focused efforts.

For example a major retail bank in South Africa recently launched two new "products," namely, "accolades" and "plus cheque accounts." The researcher, having watched advertisements for these products on television, approached his branch to enquire about these new products. To his dismay, the employee at the enquiry counter was not familiar with these products. This example also serves to emphasize that internal marketing may be more important in some service industries than others. In view of the greater competition which exists among banks, these organizations are always introducing innovations. Thus, banks may need to do more internal marketing than for example hospitals.

b. Relationship Customization

It is impossible to have exactly the same relationship with all clients. The bank manager and his or her staff have the responsibility to "categorise" each client and to establish a relationship that satisfies the needs of the particular client as well as those of the bank. This is no simple task and requires significant understanding and skills related to human nature and behaviour.

Communication has been identified as a key factor in establishing and building any relationship (Parasuraman, Berry and Zeithaml, 1995: 20). Effective communication skills (both staff and clients) will therefore be essential in establishing a desired relationship with a particular client irrespective of demographic or psychographic considerations (Reardon and Enis, 1990: 377).

Researchers (Hartline and Ferrel, 1993: 18) contend that upward communication [between employees and management] enhances service quality because it provides managers/supervisors with feedback information from the front-line. Furthermore, this line of communication can enable managers to help employees adapt to meet the changing customer needs. Front-line employees can also be a valuable source of information about customer needs and preferences when decisions are being made about what new products to offer and how to deliver them.

c. Service Augmentation

For a marketing programme to be effective, the practice has to have a differential competitive advantage. This refers to the skills, services or facilities that distinguish it from other banks, especially if it is borne in mind that most banks offer similar services. It is what the clients know about the bank that will set it aside from other banks, develop a reputation and generate referrals. The key to attracting and retaining clients in today's highly competitive environment is to include "value-added services".

The essence of service augmentation is the provision of additional, valued services which differentiates a particular bank from another. In certain instances this requires additional training and skills on the part of the bank managers and staff.

d. Relationship Pricing

Parasuraman and Yadav (1996: 47) assert that the objective of relationship pricing is to encourage client loyalty by rewarding it financially. For example clients are not charged for certain transactions, clients are offered free investment advice, and wills are drawn free of charge. However, Zeithaml (1988: 4) cautions that although price plays an important role in

most relationships, in some it is less important and in others it may not even play a role at all. From the preceding discussion, it is apparent that service quality suffers when employees are unwilling or unable to perform a service at the level required. Maintaining service quality, then, depends not only on recognizing customer desires and establishing appropriate standards but also on maintaining a workforce of people both willing and able to perform at specified levels. The literature on the service employee does highlight the importance of the service employee [provider]. The important role of the service organization [firm] in providing an environment conducive for the service interaction was also alluded to. The discussion also highlighted the need for a change in strategic orientation from acquiring new customers to keeping and improving current customers. This shift to a relationship strategy implies a need for a change in mind set, organizational culture, and employee reward system (Senge, 1990: 299; Quick, 1992: 47; Zeithaml and Bitner, 1996: 172).

In view of the reference in the literature to the important role of service customers in the services marketing system, the focus now moves to this important participant in the services marketing system, namely, the service customer.

2.3.2 The Service Customer

The service consumer has been researched by drawing from social and environmental psychological theories (Bateson 1983: 50-55; Schneider and Bowen 1995: 84-106). Consumers do not passively consume the service, but actively take part in the production process, thus influencing the process and the service they are going to get (Chase, 1978: 137-142; Wikstrom, 1996: 6-19). The customers contribute directly to their own satisfaction, and in so doing they essentially are involved in a critical transaction with the service employee. Mills, Chase and Margulies (1983: 302) assert that one possible source of potentially increasing productivity in labour intensive service organizations is the client/customer who can be induced (motivated) to do more in the transaction.

The production role of the consumer has also been recognized by a number of other researchers (Langeard et al., 1981: 81-104; Bateson, 1983: 50-53; Mills et al., 1983: 302). Their work focused on the "self service" consumer and those situations in which the consumer

is called upon to perform more work by using such things as ATM's. Some researchers (Langeard et al., 1981; Gronroos 1990; Wikstrom 1996) frequently use the phrase "the customer as co-producer," and conclude that when the customer is conceived as co-producer, the interaction should generate more value than a traditional transaction process, during which the buyer and seller meet briefly, exchange products and services and then go their separate ways. Furthermore, Wikstrom (1995: 7) asserts that the deeper relationship will create opportunities for acquiring more knowledge, thus making the company better able to adapt to the customer and to provide higher quality service.

Since consumer behaviour lies at the heart of marketing, it is clear that effective marketing can have a major impact on improving the productivity of service firms. Participation is clearly a significant issue for service firm managers, as well as being one of the key elements in how consumers behave in the service situations. Langeard et al. (1981: 97) assert that consumers are likely to vary widely in their willingness to participate actively in the "servunction" system by which services are produced and delivered, according to the nature of the specific service situation encountered. These researchers developed a "systems model" by which the service is produced, delivered to, and consumed by the consumer.

As was evident from Figure 2.3, in the systems approach the service is delivered in real time, to a customer through his/her interaction with the firm's personnel, the service environment and other customers. A major feature of the systems model is that customers participate in the production of the service they receive. In view of this, Langeard et al. (1981: 16) caution that a customer who fails to follow the procedures laid down by the firm may jeopardise not only the service that he or she receives, but also the quality of the service received by other customers.

Because of the interactive nature of the "servunction" system, a service organization cannot totally segregate its "production" workers from its customers. Langeard et al. (1981: 16) assert that this profoundly changes the concept of quality control. Having numerous employees in contact with customers raises a very real problem of consistency of behaviour; an individual employee is likely to be torn between actions that will make the job easier and those that will best suit the needs of the customer. Thus the employee experiences stress and this can

affect his performance and the outcome or service quality. Service customers can even be "sole producers" when they use the ATM. It is for this reason that Bowen and Cummings (1990: 4) regard service customers as part of the "human resources" mix of the service organization. These researchers argue that the participation of the customer in the service operation makes it difficult to maximize the efficiency of the operation or to provide a consistent offering over time and across customers. When customers act as producers, service managers must control both employee and customer behaviour in order to operate effectively.

Furthermore, Bowen and Cummings (1990: 70) assert that service organizations are particularly dependent on functional integration. For example, customer contact personnel not only produce the service, but are also involved in marketing it. In turn, marketing services is very much a human resource activity, because the quality of selection and training of service personnel spills over to affect the customers' perception of the quality of service they receive. Moreover, unlike marketing managers in consumer or industrial goods firms, a marketing manager in a service organization cannot take responsibility for the product as it leaves the "factory" gate. Instead, the management of the marketing function is closely interrelated with, and dependent upon, the management of human resources and operations.

The above discussion highlights the important role played by the service customer in the service marketing process. Having reviewed the roles of both the service customer and the service employee, it is necessary to bring the participants together into the organization in an interaction known as the "service encounter."

2.4 Summary

It is apparent from the literature that service firm managers face significantly different challenges from their manufacturing counterparts. Two of the key challenges are service design and service quality. Obviously, product design and quality control are critical to any firm, but these aspects are more complex in a service firm because for most service firms, these activities involve planning for, implementing and controlling interactions between customers and service firms. Thus all the ambiguities of human behaviour and interpersonal communication are introduced into the service design and delivery process. Research has also

highlighted the active role of the consumer in the service production process and thus the influence of the consumer on the eventual outcome (Chase, 1978; Mills, et al., 1983; as cited by Wikstrom, 1996: 7). Of particular relevance to this research is the notion of viewing the customer as a member of the service organization. The service customer is a member of the service organization in the sense that he/she provides resources to the service organization.

It is also apparent that service quality does not just happen, thus it has to be continuously monitored and managed. Furthermore, it is also evident that the management of services is as different from the management of production as the farm is from the factory. The quest for quality in services should therefore be regarded as a journey rather than a destination.

It was also proposed that through internal marketing, firms may be able to obtain and develop motivated and customer-oriented personnel. However, although the employee may be the most visible aspect of poor service, the system in which the employee functions is sometimes of primary importance in assessing the service outcome. Though good service is most frequently seen by the customer as a satisfactory outcome of an interaction with a company's front-line personnel, the most powerful influence on that interaction comes through those myriad of things we refer to under the umbrella heading "management." The literature made constant reference to the 'moment' when the customer and employee meet or the service encounter. The relevance of the service encounter to this research entails a detailed explanation. Thus in the chapter which follows, the service encounter will be the focus of debate, with emphasis on the service organization, the service employee and the service customer.

CHAPTER 3

THE SERVICE ENCOUNTER

3.1 Introduction

Service delivery is recognized as one of the most important tools in the survival of a business in today's competitive environment. By providing service excellence a firm such as a bank can achieve a competitive advantage over its competitors. Although the concept of achieving a competitive edge through excellence in service is not a new idea, the popularity of the concept has grown tremendously in recent years. The 1980's and early 1990's saw a dramatic increase [in Europe and America] into service quality and service management, and the growth of knowledge about service quality management as a distinct subject on its own right (Edvardsson et al., 1994: 16).

Since one of the vital features of service organizations is the personal interface between the producer and consumer of services, this chapter will examine the service encounter in detail by exploring the roles of the service employee and service customer as well as that of the service organization.

3.2 Importance of the Service Encounter

Understanding the service encounter has been identified as a key challenge for service firm managers, having implications for service design, quality control, employee screening and training, and relationship marketing (Bitner, Booms and Mohr, 1994: 95; Price, Arnould and Tierney, 1995: 83; Mittal and Lasser, 1996: 95).

The quality of the bank service encounter has been recognized as a key strategic competitive weapon (Berry 1994, as cited by Mittal and Lasser, 1996: 95-96). According to Clark (1990: 2), the quality of the service encounter is affected by the following factors:

- the extent to which general guidance is given by management as to what level of service should be delivered,

- whether systems and resources are available to consistently deliver the specified level of service,
- whether management is consistent in policy and action being "role models" for service,
- the difference between what is specified and therefore expected by management, as against what service providers see are real requirements of the customers they meet day by day, and
- the extent to which management control systems conflict with service goals; a common example would be major emphasis on cost control, with the organization publicizing personalized service as its main selling point.

Bitner et al. (1994: 95) believe that the customer's perception of service encounters is a crucial component in the evaluation of the total quality of a service. This is particularly true of repetitive services, such as with banks, where long-term relations with customers depend on many "moments of truth," and for services with a high professional component.

In order to improve quality and build lasting relations, it is important to understand what happens in these encounters and what affects the customer's perception of them. Ondrack and McAteer-Early (1992: 120) assert that customer perceptions of the bank service quality are a key factor in the "excellence" of service and these perceptions are highly influenced by the quality of the interaction between customers and store personnel. These researchers maintain that the "quality of interaction" is a complex variable, highly affected by subtle factors of verbal and nonverbal communications between personnel and customers.

In most services, quality occurs during the service delivery, usually in an interaction between the customer and contact personnel of the service firm. In banking services, the face to face interaction or "personalization" between the customer and service personnel is vital to the outcome of the service experience. Inseparability, as one of the defining characteristics of services results in the producer-consumer interaction assuming great importance within the service offer. According to Price et al. (1995: 85-86), there are many opportunities for things to go wrong when the bank employee and bank customer interact; when both parties experience and respond to each others mannerisms, attitude, competence, mood, dress, language, and so forth.

Incidents occur each time service producers and consumers come together in an encounter. Palmer (1994: 152) asserts that while many incidents may be quite trivial in terms of their consequences to the consumer, some will be so important that they become critical to a successful encounter. Bitner et al. (1990:16) define critical incidents as "specific interactions between customers and service firm employees that are specially satisfying or dissatisfying." At each critical incident, customers have an opportunity to form an opinion of service quality.

According to Zeithaml and Bitner (1996: 105), from the bank customer's point of view, the most vivid impression of service occurs in the service encounter, or the "moment of truth". Furthermore, from the organizations' point of view, each encounter presents an opportunity to prove its potential as a quality service provider and to increase customer loyalty. Zemke and Schaaf (1990: 19) assert that it is important to listen to customers to find out what their "moments of truth" are, and how well they are managed. Furthermore, knowing not only the "moments of truth" but also their relative impact on customer satisfaction is essential to manage effectively and efficiently. These researchers agree that mapping "moments of truth" around a cycle of service can be most revealing. Moreover, managing each moment of truth is important to overall customer satisfaction.

Bank clients are a crucial market environmental element brought into the service operations through service encounters. Although clients are vital to the operation of services, they are simultaneously problematic because their behaviour cannot be predicted with any degree of regularity. Moreover, all customers entering the banks have different demands, expectations, and come from varying socio-cultural backgrounds. On the other hand, the staff [at most banks] tends to be multi-cultural, but of a higher socio-economic status, with higher educational qualifications than the bottom end of the demand structure they have to serve (Buys, Jooste and Schreuder, 1995: 2). Furthermore, the existing "micro" environment of the service encounter is a multicultural one, greatly varying in the ability to express needs. The challenge of any service operation therefore is that of bringing together simultaneously a number of facets of the business.

Although in reality the content of a service may be largely invisible to the customer, for example, the resources and systems required by a bank to ensure that cheques are processed quickly and accurately, his/her perception of service delivery is influenced disproportionately by the manner of his treatment at the point of contact. However, Senge (1990: 140) cautions that by viewing the service encounter as a "microcosm" or "micro" world, we should not lose sight of the functioning of the whole service delivery system. By adopting a systems view, service providers could realize that problems arise from the businesses own policies and strategies, rather than from outside. Furthermore, Senge (1994: 141) asserts that service providers should be able to see the full pattern or picture of its operations, that is, how the various disciplines interrelate rather than "snapshots" of the system.

Schneider and Bowen (1993: 39-56) caution against falling into a "human resources trap" by emphasizing the personal contact relative to the exclusion of the non-personal. Furthermore, these researchers embrace a broader definition of the "moment of truth" to refer to anytime customers come into contact with any aspect, and use that contact as one basis for judging quality. Managing all the "evidence" should yield a seamless service experience for the bank customers.

Recently, some researchers (Gremler et al., 1994: 34-56; Bitner et al., 1995-106) have examined the service encounter from the employee's point of view. These researchers concur that open communication between contact employees and managers can improve service quality. Gremler et al. (1994: 34) coined the phrase "internal service encounter" and assert that the internal customer's (service employee's) satisfaction with a service firm can be significantly influenced by service encounters experienced with internal service providers. For example, a loan officer's satisfaction with the bank he works for may well be influenced by internal services provided by the data processing group. By using the critical incident methodology on a sample of bank employees to investigate internal services, Gremler et al. (1994: 54) concluded that internal customers are similar to external customers in that, the same type of events and behaviours distinguish satisfactory and dissatisfactory incidents.

Certain researchers (Palmer, 1994: 15-151; Price et al., 1995: 84) distinguish between "high contact" and "low contact" encounters. According to Palmer (1994: 150), in some cases, the

entire service is produced and consumed during the encounter, whereas in other instances, the encounter is just one element of the total production and consumption process. Since the client appears twice in the service management system, as a consumer in the market segment and as part of the service delivery system; the management of the bank-client interface becomes extremely important. Interface design is a crucial variable, which determines much of the strategic positioning of the company, and it has profound operational consequences (Price, et al., 1995: 83). Moreover, Zeithaml and Bitner (1996:364) assert that since most customers are present during service production, they can contribute to or detract from the successful delivery of the service, and to their own satisfaction. For example, Bitner et al. (1994: 96) identified an additional source of customer dissatisfaction with the quality of service received, namely, the customer's own "misbehaviour." The customer's perception of service quality is influenced not only by his or her own actions or in-actions, but also by the presence of other customers.¹¹ For instance, bank customers waiting in line to receive the service sequentially, can influence whether the service is effectively and efficiently delivered (Hui & Tse, 1996: 81).

Schneider and Bowen (1995: 2) assert that since the customer is the foundation of any service organization, management practice should be based on a deep knowledge of customer characteristics in three areas: expectations, needs, and competencies. Customers not only bring expectations and needs to the organization to be fulfilled; they also bring competencies. According to Schneider and Bowen (1995: 3), organizations that can capitalize on customer competencies can be big winners.

Although some researchers (Levitt, 1972: 44; Chase, 1978: 138) conclude that since customers introduce uncertainty into the production process, less direct contact between the customer and the service production system can contribute to efficiency; others (Mills, Chase and Margulies, 1983: 302), believe that services can be delivered most efficiently if customers are truly viewed as partial employees and their participative roles designed to maximize their contributions to the service delivery process. In support of this view, Kelley, Skinner and Donnelly (1992: 213) ascertained that customers who believe that they have done their part to be effective in service interactions are more satisfied with the service.

¹¹Refer also to Figure 2.3.

Customer disposition to participate in the service production refers to the extent a customer tends to play an active role in supplying labour or information inputs to the service production process. This dimension stresses the degree of active participation as opposed to Chase's (1981: 698) high versus low contact dimension, which depends only on the customer's presence. The disposition to participate is driven primarily by customer motivation, which, in turn, stems from at least two sources, namely, customers find doing it for themselves intrinsically attractive, which means customers prefer to be involved in serving themselves even without a price reduction (Bateson, 1982: 50); and customers may feel that their active involvement is necessary to guarantee quality. This is in line with the agency theory rationale for the customer principal to monitor the service agent's fulfillment of the service contract (Larsson and Bowen, 1990: 101). It also includes the possibility of unique customer competencies, such as information about legal, psychological, or physical situations that the customer may need to supply, firsthand, during the service production.

Larsson & Bowen (1990: 100) contend that the more activities the customers tend to contribute, the higher the input uncertainty because the organization has incomplete information about what the customer actually will do before the service encounter. Furthermore, the customer disposition to participate can be constrained by insufficient ability or role clarity. In other words, customers may lack the competence and role readiness necessary to participate (Mills and Turk, 1986: 92). Thus, this dimension represents how willing the customers are to actively participate, given that they are capable of handling what the role entails and are clear about it (Bowen, 1986: 372).

An initial role expectation is for the customer to "go to the right spot or person." In other words the customer must have the proper "orientation" to the setting. Bowen (1990: 40) asserts that orientation is a compelling behavioural need of individuals upon entering a setting. Any customer who has stood in the wrong line at the bank can appreciate how disorientation, together with time constraints, is annoying and stressful. Disorientation can also result in employees spending more time answering directional questions for customers than actually providing the service. Repeat customers and customers of comparable services require less orientation than first time users of any unknown service.

Banks, like most service organizations, face the challenge of providing orientation for not only their employees, but their on-site customers as well. When the customers participate in service creation, they acquire benefits such as increased control over the terms of the service delivery, time and monetary savings. Bank managers need to clarify the performance-contingent rewards for their customers, as they do for their employees. Deciding on what rewards customers will value should take into account that customers, like employees, satisfy diverse needs via their organizational presence (Bowen, 1990: 43). Bank customers are not driven exclusively by economic needs. They may for example value interacting with the bank employees or even sheer enjoyment of the service experience. Moreover, Bowen (1990: 46) argues that service managers need to adopt a more Theory Y view of customers; see them as trustworthy collaborators in the service creation process who can creatively fashion their own service roles and be internally motivated to perform well.

It is therefore apparent that in most service organizations, the customer is no less a part of the firm's human resources than its employees. Having the "best" customers can be a source of competitive advantage but there is a mediating factor of segmentation. Good strategic management will deal with identifying and catering to the best market segment. Moreover, since customer interaction with other customers during the process of service delivery and consumption can influence the customer's perception of service quality, this requires management to manage the customer mix. The analysis of the service encounter from different perspectives should therefore be viewed against the background of the influence of personal interaction on service quality.

The centrality of the service encounter as a service component warrants a substantial theoretical focus. Furthermore, the complex nature of the service encounter may, preclude total reliance on a single approach or methodology. However, in terms of the relevance to the present study, the service encounter will be discussed from only two viewpoints, namely, its dyadic nature and the role theory perspective.

3.2.1 The Dyadic Nature of the Service Encounter

A personal selling situation implies a situation described by sociologists as a dyad (Solomon et al., 1985: 100). Both the buyer and seller influence each other, and a poor match between the sale's persons approach and the customer's needs in this interaction situation is bound to have a detrimental effect on satisfaction and thus sales (Weitz, Sujan and Sujan 1986: 85-100).

The eventual result of the interaction should thus be evaluated in terms of the contribution of each part of the dyad (Solomon et al., 1985: 101). Boshoff (1990: 120) cites Solomon et al. (1981) who contend that the potential advantage of this approach is that it could contribute to the design of need satisfying services; the design of service environments; the selection, training, and motivation of service providers; and customer behaviour guidance. Solomon et al. (1985: 95-111) have concentrated their research on the human interaction aspects of the service encounter. They believe that successful, satisfying, and thus quality service encounters are only possible if both service providers and customers behave according to pre-determined, established, and thus expected, patterns. If prior expectations of the customer are not met during the service encounter, dissatisfaction will result.

Although the work of Solomon et al. (1985) does not directly recognize the participatory role of the service customer, it does stress the importance of the dyadic interaction between the service provider and service customer during the service provision process. In many types of dyadic interactions, one cannot predict the quality of outcomes with knowledge of only one actor's behaviour. Since much of social behaviour consists of joint activity, a major task for the interacting person is the mutual co-ordination of appropriate behaviour vis-a-vis the other person (Solomon et al., 1985: 97).

It is evident from the preceding discussion that both participants or "actors" have to contribute in order to ensure that the end result is satisfactory for both. The section which follows attempts to shed light on the how the participants acquire their roles.

3.2.2 The Role Theory Perspective

Role consists of the activity the incumbent would engage in were he to act solely in terms of the normative demands upon someone in his position (Palmer, 1994: 155). The role theory perspective recognizes that in any interaction between the consumer and service personnel a number of rules must be obeyed (Solomon et al., 1985: 99-111). The analogy for this is the theatre, so that both parties are assumed to have roles that are to be played. The service encounter can be seen as a theatrical drama, with the stage being the location where the encounter takes place. In this regard, Bitner et al. (1990: 98) remark that a scruffy service outlet (the stage) may result in lowered expectations by the customer, and in turn, a lower level of service delivery by service personnel. Furthermore, Zeithaml and Bitner (1996: 26) assert that physical evidence cues (the theatre) provide excellent opportunities for the firm to send consistent and strong messages regarding the organization's purpose, the intended market segments, and the nature of the service.

The theatrical analogy extends to the costumes which service personnel wear; for example, the bank manager wears a suit to convince customers that he or she is capable of taking the types of decisions made by a competent bank manager. Stempfer (1991: 53) argues that only by defining an organization as "a system of roles", is it possible to understand the inter-relationships that enable a service organization to deliver its products and services seamlessly and efficiently. Moreover, Schneider and Bowen (1995: 4) emphasize that the "make-it-or-break-it" role service employees play is that of linking customers to the organization.

Since bank employees are both physically and psychologically close to the customers they serve, they play at least two important roles, namely, impression managers and gatekeepers of information. For many bank customers, the service employee is the organization. This means that the "boundary" employees' behaviour and the experiences their behaviour creates for the customers are service quality in the eyes of the customer. Moreover, boundary employees, being in constant contact with customers, are an endlessly useful source of insights into customer attitudes, information on competitor strategies, and ideas about how to enhance service quality (Schneider and Bowen, 1995:4 -5).

In a bank service encounter, both customers and service personnel are playing roles which can be separated from their underlying personality. Employees are employed to act in a specified role. According to Kendall (1996: 64), role implies a social determinism and a doctrine about socialization. Kendall (1996: 63) also asserts that role is a basic unit of socialization. This implies that roles are assumed as a result of conditioning by society and culture of which a person is a member. The role theoretic perspective of the service encounter emphasizes the social structure which constrains the social behaviour of the service "actors." For example, bank employees are socialized to play the role of cautious and prudent advisers and to represent the values of the bank in their dealings with customers.

Schneider and Bowen (1995: 16) stress that service characteristics such as intangibility, and customer contact require service employees to display more initiative, to cope more effectively with stress, to be more interpersonally flexible and sensitive, and to be more co-operative than their colleagues who work in manufacturing. In view of this, there is need to discuss, albeit briefly, the underlying implications of a role, namely, role expectations, role congruency and role conflict.

3.2.2.1 Role Expectations, Congruency and Conflict

Zeithaml and Bitner (1996: 67) cite Solomon et al. (1985) who define role expectations as comprising of "the privileges, duties, and obligations of any occupant of a social position." It is important to remember that a role player's behaviour is inter-dependent with the behaviour of those in complementary positions. The totality of complementary roles is known as a role set (Solomon et al., 1985: 99). To a bank teller, for example, there may be customers, co-workers, head teller, and branch manager.

While consumers and providers have common expectations about appropriate role behaviours, these expectations differ among encounters and are moderated by provider/consumer characteristics and perceptions (Solomon et al., 1985: 100-101). Provider/consumer characteristics and perceptions about the encounter dictate which behaviours comprise satisfactory interaction and can serve to differentiate offerings of the same type of service.

Zeithaml and Bitner (1996: 67) assert that satisfaction with a service encounter must be seen as a function of the congruence between perceived behaviour and the behaviour expected by role players. On the other hand, Schneider (1980: 52-65) proposed that incongruence between the service orientation of employees and perceived orientation of management engenders role ambiguity and conflict. Furthermore, these researchers assert that role ambiguity and role conflict translates into dissatisfaction, frustration and intentions to quit on the part of employees. If the service customer is also viewed as a member of the service organization, as is the assumption in this study, it would be reasonable to assume that a lack of role perception may result in customers switching to other providers.

Solomon et al. (1985: 102) assert that role discrepancy arises when the employee's perception of job duties or qualifications differ from the customer's expectations from those duties, and when the customer's conception of his/her role differs from the employee's notion of that role. Researchers (Singh, 1993: 11-13; Singh, Verbeke and Rhoads, 1996: 60-71) maintain that role conflict stems from a failure to set service specifications. When conflicting job demands are placed on an employee from two legitimate sources, and the complete satisfaction of both is not possible, such employees experience what is known as role conflict. Role conflict thus occurs if an employee, (for example, a bank teller) is subject to two sets of expectations (a manager/supervisor and a client), and it is impossible to satisfy both.

Various researchers (Walker, Churchill and Ford, 1993: 35; Singh, 1993: 11; Schneider and Bowen, 1995: 111) concur that service employees are susceptible to role conflict because they occupy a position at the boundary between the firm and the customer. Consequently they must try to satisfy the often inconsistent demands of people in two independent organizations. Schneider (1980: 52-65) believes that if the structure of the service script is better understood, the transaction can be engineered for congruency, and there is a greater probability that a 'climate' for service will prevail.¹²

Kelley (1992: 28) asserts that according to the role theoretic-symbolic interactionist perspective, when an individual has gained an appropriate understanding of his or her role and

¹²See section 3.4 for a detailed discussion of the service climate.

the roles of the other members of the role set, it is possible to formulate accurate role expectations. Furthermore, the formulation of role expectations may result in superior quality for the service encounter.

From the foregoing, it seems obvious that accurate mutual comprehension of role expectations is a pre-requisite for a satisfying service experience. Of importance to this research are the roles of the service customer and service employee as it is influenced by the service organization. It is therefore posited that the organization influences the interaction, and this affects the outcome of the encounter which eventually impacts on the overall service quality.

From the preceding discussion it is apparent that the service encounter itself occupies a central place in much of service marketing. It affects service quality control, differentiation, delivery systems, and customer satisfaction. Solomon et al. (1985: 99), summarize the importance of the service encounter as follows: "the quality of the subjective product - the service experience - is the true outcome of the service interaction." An important implication from the discussion is that the management of service organizations should create an environment [climate] in which the service employee does not experience any role conflict because this would influence the service outcome.

In view of the aforementioned, the debate now focuses on the service organization and attempts to illustrate how the organization [management] can create an environment conducive to service excellence. Although the concepts organizational culture and organizational climate are relevant and important to service organizations, the literature is sometimes unclear on the difference between these concepts. For example, (Schneider and Bowen, 1995: 238) use the terms "culture" and "climate" interchangeably, because both have to do with how employees "make sense" of the work environment. Thus, despite the construct organizational climate being of relevance to this research, a brief explanation of the organizational culture and its importance to the organization is provided.

3.3 The Service Organization: Organizational Culture and Organizational Climate

The concepts of service culture and marketing culture developed from the broader concept organizational or corporate culture (Webster, 1992: 54). Schneider, Gunnarson and Niles-Jolley (1994: 19) define organizational culture as an individual's perception and interpretation of what is important in the organization in terms of the "assumptions, values, and philosophies that produce the climates they experience." Normann (1985: 111) concurs with Gronroos (1990: 243) in proposing that high-quality service at the front-line has to start with a concept of service which exists in the mind of top management. These researchers maintain that there must be a customer-oriented culture in the organization. Without simple, concrete and visible demonstrations of desirable behaviour from the top, ideas about quality are unlikely to have any lasting effect on staff. Furthermore, unless quality improvement is firmly entrenched at the top, ambiguity and near schizophrenia (Schneider and Bowen, 1995: 240) are almost inevitable. By distinguishing between "espoused culture" and "culture-in-practice," Brown (1993: 26) points out that the effects of the difference between the espoused culture and the culture-in-practice can be dramatic, and this can be a source of role conflict in service employees.

Stanley and Narver (1995: 63) assert that a market oriented culture can achieve maximum effectiveness only if it is complemented by a spirit of entrepreneurship and an appropriate organizational climate, namely, "structures, processes, and incentives for operationalizing the cultural values." Buttle (1995: 12-13) also highlights *inter-alia*, two important requirements for the successful implementation of a relationship marketing programme, namely, a supportive organizational culture and climate, and internal marketing.

Zemke and Bell (1990: 302) assert that all employees have to be socialized into the organization so that they can adapt to its culture. In support of Zemke and Bell (1990), Rentsch (1990: 116) also maintains that culture is learned and reproduces itself through socialization of new members entering the group. Though the goal of socialization is to perpetuate the culture, the process does not have uniform effects.

Individuals respond differently to the same treatment, and, even more important, different combinations of socialization tactics can be hypothesized to produce different outcomes (Van Maanen & Schein, 1979: 16). An important fact highlighted by Gronroos (1990: 242) is that internal activities or even projects, such as training programs or single service courses, do not lead to expected results if they do not fit the existing culture in the firm. A weak corporate culture creates an insecure feeling concerning how to respond to various clues and how to react in different situations. A strong culture on the other hand enables people to act in a certain manner and to respond to various actions in a uniform way. Especially in service organizations, clear cultural values are particularly important for guiding employee behaviour (Gronroos, 1990: 242).

Gronroos (1990: 242) maintains that the complex corporate culture which can be felt as an internal climate, explains why people do certain things, think in common ways and appreciate common goals, just because they are members of the same organization. According to Gronroos (1990: 241), the corporate culture can be felt as the "internal climate" in the organization. This researcher maintains that the 'climate' is the surface layer of the organization's underlying culture. This view is clearly depicted in Figure 3.1.

FIGURE 3.1: THE SERVICE CULTURE

<u>VISIBILITY</u>	<u>CONTENT OF CULTURE</u>	<u>EXAMPLES</u>
Surface Layer	Shared perception of messages sent by routines and behaviours i.e. climate Routines and behaviours in operations management, marketing, human resources management, and so forth designed by management to send messages reinforcing its core values	Customers and employees say that this bank has a really friendly atmosphere Servicescape is inviting; customer opinions are solicited; employees are trained and rewarded for being friendly to customers
Underlying Foundation	Core values, meanings, and assumptions	Management espouses core values of caring for others

Source: Adapted from Schneider and Bowen, 1995: 49.

Brown (1995: 2) also maintains that the current fascination with organizational culture developed in part from work on organizational climate conducted during the 1990's. According to Brown (1995: 2), climate is a relatively enduring quality of an organization that is "experienced by employees and influences their behaviour." Furthermore, Robbins (1993: 602) asserts that that the organizational climate is concerned with how employee's perceive the characteristics of an organization's culture.

Mc Nabb and Sepic (1994: 373) assert that the climate of an organization emerges from the interaction of people and its underlying culture. These researchers also argue that in contrast to culture which sets the boundaries of behaviour, climate directly influences behaviour within the organization and with the organizations external customers.

Several researchers (Rentsch, 1990: 660-669; AL-Shammari, 1992: 30-32; Sandelands, 1994: 18) contend that climate deals with organizational characteristics which are perceived by the

individuals; anything in the organization which members interpret or attach meaning to in their attempt to make sense of the organizational environment. Moreover, climate is usually assessed with a questionnaire, whereas culture study entails a study of meaning in organizations, and meaning of events is not easily measurable (Payne and Pugh, 1976: 1125-1174).

Gronroos (1990: 244-245) asserts that there is a need to develop a strong service culture in order to achieve profitability. A service orientation that is a characteristic of a service culture improves service quality as perceived by customers. Since customer perceived quality is a key determinant of profitability, and service orientation improves service quality, hence service orientation positively affects profitability. Bitner (1991: 23) also believes that a strong internal service culture is likely to lead to higher quality in service delivery, which in turn will lead to higher perceived service quality from the customer's point of view.

Some researchers (Quick, 1992: 45-56; Lewis, 1994: 41-55) examined the association between organizational culture and performance, but no conclusive relationship was ascertained. However, Kotter and Heskett (1992) found a positive but weak relationship between culture and long term economic performance. In fact these researchers also ascertained that weak cultures are not necessarily disadvantageous. Kotter and Heskett (1992) also believe that a strong culture leads to high levels of employee motivation, and high levels of motivation translate into high organizational performance.

It is evident from the brief discussion that although a company's product or service plays a critical role in its development, it is the spirit and determination embedded in a company's core culture that may ultimately determine its success or failure. This culture, though not quantifiable, is often cited as a key contributing factor to the long term success of a business. However, as will become evident from the discussion which follows, there are several problems associated with the measurement of culture.

Schein (1990: 110) is of the opinion that it is difficult to measure culture using a survey instrument, as was done in previous research (Hofstede and Bond, 1988: 4-21). Furthermore, Lim (1995: 16-21) undertook a critical review of the methodologies and findings of recent

researchers (Kotter and Heskett 1992; Quick 1992; Lewis 1994) into the "presumed" link between organizational culture and organizational performance. This researcher highlights various flaws in the research methodologies used by the above researchers and therefore concludes that there is no link between organizational culture and performance. Lim (1995: 21) further asserts that in addition to definitional problems, the difficulty of measurement of culture seems to contribute to the inconclusiveness of the relationship between culture and performance. Brown (1995: 187) also concurs with Lim (1995), and cautions against accepting the findings of Kotter and Heskett (1992) because they were based on simplistic models of the link between culture and organizational outcomes.

From the foregoing, it is therefore apparent that there is little agreement on how the concept organizational culture should be observed and measured. On the other hand, the organizational climate, by virtue of it being a more salient cultural phenomenon, has lent itself to direct observation and measurement and thus has a longer research tradition. Although certain researchers (Schneider and Bowen, 1995: 238) use the terms "culture" and "climate" interchangeably, climate is different from culture. Climate is observable and can be easily interpreted by both employees and customers. Thus, despite the importance of the organizational culture, in view of some of the problems associated with determining and measuring the culture of an organization, this study focused on the service customers' and employees' perceptions of the organizational climate. A detailed discussion of the concept organizational climate and its effect on service quality thus follows.

3.3.1 The Organizational Climate

Organizational climate, its determinants and consequences has been the subject of research for many decades (Schneider, 1973: 211-217; Schneider, 1980: 53-65; Tyagi, 1982: 240; Schneider, Gunnarson and Niles-Jolley, 1994: 17-30; McNabb and Sepic, 1995: 369-385; Schneider and Bowen, 1995: 237). Since the interaction which takes place between the service organization, employees and customers during the service encounter (in many cases) cannot be clearly specified beforehand, the climate of the organization offers an ad hoc means of specifying the specific activities which should be carried out (Kelley, 1987: 88).

According to Beaumont (1993: 10), the traditional concern with the job satisfaction of individual employees initially led to an interest in the broader concept of organizational climate. Marcoulides and Heck (1993: 209) differentiate between organizational climate and leadership by stressing that the former consists of a description of the characteristics of the work environment as perceived by the employees in the organization, and the latter represents views of subordinates regarding the leadership traits of a single individual, instead of their experiences in the organization as a whole.

Over the years, several explanations have emerged about the dimensions that constitute the organizational climate construct. Tyagi (1982: 242) identified four general organizational climate variables, namely job challenge and variety, job importance, task conflict, role overload, leadership consideration, organizational identification, and management concern and awareness. Tyagi (1982: 240-254) also ascertained that these organizational climate variables were causative factors for attitude and performance. Some of these variables have been considered in developing the instrument to assess the employees' and customers' perception of the organizational climate. However, as will become apparent later, the emphasis in this study is on whether the organization was service oriented.

Organizational climates can be supportive or non-supportive of quality customer service. Some organizational climates are static, while others are dynamic. Martin (1990: 56) asserts that unlike the earth's atmosphere, the atmosphere within a work environment can be controlled; 'it can be made better or worse' by the actions of its leaders as well as employees." Every organization has its own unique traditions and ways of getting things done. This includes how customers are treated. Although situations may vary from organization to organization, there are some common and identifiable features of organizational environments that serve to support quality customer service. However, although quality customer service may thrive in some environments and wither in others, all environments may not require the same level of service quality. Moreover, service quality may differ based on the performance level in a particular environment. To illustrate, in a supportive environment, service quality may be high if there is super performance. On the other hand, service quality may be low if the performance is weak. Similarly, in a non-supportive environment, service quality may thrive if

the performance is high, and service quality may be low when the performance is totally inadequate.

Schneider and Bowen (1985: 423-433) found that the manner in which the service was delivered on climate dimensions was strongly related to bank customer evaluations of the service they received and their intentions to continue using the service. The results also revealed considerable agreement between employee descriptions of what happens in their branch with respect to customer service and what customers say about the service they receive. Furthermore, Gronroos (1990: 242) argued that service firms such as banks have to manage the internal climate for service so that employees who serve customers develop positive attitudes and behaviours. A warm (positive) internal service climate is likely to lead to higher quality in service delivery, which in turn will lead to higher perceived service quality from the customer's point of view (Bitner, 1991: 23; Schneider and Bowen, 1995: 237).

French (1993: 90) maintains that although climate is usually measured for the entire organization, perceptions may be ascertained for departments and divisions. Bowen and Cummings (1990: 4) maintain that the intangibility of services makes it difficult for management, employees and customers to assess the service output and service quality. Consequently, an organization's overall "climate for service", the atmospherics or feel of the setting is very important in shaping both customers' and front-line employees' attitude about the process and outcome of service delivery.

The work performed by service organization front-line employees results in increased stress and strain because employees try to meet conflicting demand from management and customers. The front-line employees or boundary spanners are expected to provide a link between the external customer, the environment and the internal operations of the organization. In addition to mental and physical skills, these positions require extraordinary levels of "emotional" labour (Ashforth and Humphrey, 1993: 88). The term "emotional" labour, coined by Hochschild (1983) and cited by Zeithaml and Bitner (1996: 307), requires the employee to deliver smiles, make eye contact, show sincere interest, and engage in friendly conversation with people who are essentially strangers. This adds to the stress experienced by front-line employees (Ashforth and Humphrey, 1993: 88-115; Singh et al., 1996: 83).

Schneider and Bowen (1993: 51) contend that management can potentially manage employee stress by establishing a climate in which employees' desires to give good service are made easier and encouraged. Schneider (1980: 52-65), has proposed that the climate for service created in an organization, including how the service is delivered, is critical for the service unit's effectiveness. Schneider (1980: 54-55) also hypothesized that service customers are responsive to the same kinds of organizational practices and procedures that affect employees. This viewpoint is depicted schematically in Figure 3.2.

FIGURE 3.2: CONSEQUENCES OF THE "CLIMATE FOR SERVICE" IN BANKS

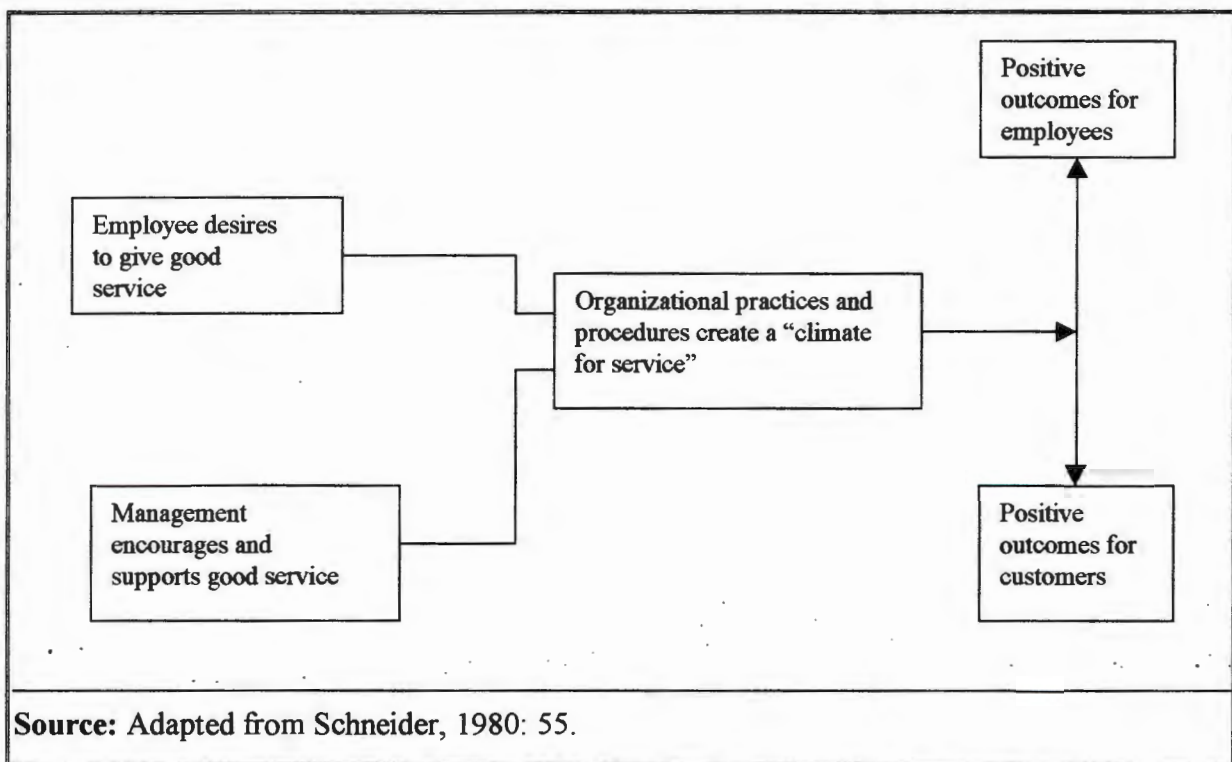


Figure 3.2 shows that positive outcomes for both the customer and employee are a direct function of the same set of organizational dynamics, namely, the extent to which the organization, through its practices and procedures, demonstrates a "climate" for service. Service firms have to manage their internal climate for service so that employees who serve the customers develop positive attitudes and behaviours.

Bowen (1986: 32) contends that a strategy for management to pursue in creating a favourable climate for service is to treat its customer contact personnel not only as employees, but as "partial customers", individuals deserving the same courteous treatment that management wants the organization's customers to receive.

In order for a favourable climate for service to be present, customer contact personnel should possess the interpersonal skills needed to be effective players in the "Game Between Persons" (Bowen: 1990: 37; Turnispeed and Turnispeed, 1992: 7). Bowen (1990: 39) also maintains that the more intangible the service provided, the more the customer will rely upon contextual cues surrounding service delivery in evaluating the quality of service they receive. When a product is not present to influence customer satisfaction with the service, as in banking, compared to dry cleaning, service firms must rely on managing tangibles such as characteristics of the setting, and contact personnel to create a positive image for their intangible offering.

The literature also suggested that through organizational socialization service employees could acquaint themselves with the organizational culture which management was responsible for translating by creating the climate for service. In view of the aforementioned, the next section will examine one mechanism used to influence both employee and customer behaviour, namely the socialization process.

3.4 Organizational Socialization: Definition and Theoretical Foundation

Organizational socialization is the process by which employees learn, appreciate, and internalize an organization's goals, values, social knowledge, and expected behaviours (Allen and Meyer, 1990: 847; Brown, 1995: 54; Wagner and Hollenbeck, 1996: 284). Socialization focuses on how individuals learn the beliefs, values, orientations, behaviours, skills, and so forth necessary to fulfill their (new) roles and function effectively within an organization's milieu (Ashforth and Saks, 1996: 149).

According to Kendall (1996: 152), the study of organizational socialization evolved from work in the field of socialization focusing upon the socialization of adults. Kendall (1996: 153)

cites Brim and Wheeler (1966) who maintain that adult socialization emphasizes the acquisition of habits, beliefs, attitudes and motives, which enable a person to perform satisfactorily the roles expected of him by society. Several researchers (Black, 1992: 171; Fogarty, 1992: 129; Kendall, 1996: 154) argue that although it is obvious that role acquisition cannot be regarded as the entire content of adult socialization, it is considered as the most important, and it is this aspect which is of relevance to this research. Furthermore, Kendall (1996: 183) asserts that workplace or occupational socialization is one of the most important types of adult socialization.

In order for service employees and customers to learn their roles and be able to form accurate role expectations for the service encounter, they must be socialized into the organization (Bowen and Schneider, 1985: 122-148; Schneider and Bowen 1995: 237). Researchers (Kelly et al., 1992b: 197; Hartline and Ferrel, 1993: 3-6) have shown that in the service encounter the organizational socialization of the service employee is important.

According to Schein (1979: 3), an individual is socialized into an organization through a series of events which are designed to undo old values and expectations and lead to the learning of new values and building of revised expectations. Schein (1979: 4) maintains that these events are derived from multiple sources, including role models within the organization, training instructions, rewards and punishment and official organizational literature.

The work of Schein (1979; 1990; 1992) emphasizes the linkage between organizational socialization and role learning, and demonstrates the importance of organizational socialization in understanding and explaining the service encounter. Furthermore, Van Maanen (1978), and Van Maanen and Schein (1979) as cited by several researchers (Starr and Fondas, 1992: 68; Hartline and Ferrel, 1993: 3; Wagner and Hollenbeck, 1996: 287) proposed various socialization tactics, practices or strategies that organizations could use to structure the socialization experiences of newcomers. These strategies include collective versus individual socialization, sequential versus random socialization, fixed versus variable socialization, guided versus unguided socialization, formal versus informal socialization, and investive versus divestive socialization.

Some researchers (Starr and Fondas, 1992: 69; Wagner and Hollenbeck, 1996: 287) concur that socialization tactics influence the role orientations that newcomers ultimately adopt. However, Ashforth and Saks (1996: 149-150) argue that despite the cogency of this typology, research on the tactics has been relatively scarce. In view of the aforementioned, this research attempts to investigate the effects of two types of socialization strategies, namely, formal and informal socialization, on the bank customers and bank employees and on the customers' perception of service quality.

3.4.1 Formal and Informal Socialization

During formal socialization, (new) employees are separated from others while they learn about the organization and their tasks. The formal organizational socialization setting is characterized by segregation from the ongoing working environment, and the emphasis is upon the specific role of the individual.

During informal socialization, (new) employees interact with more experienced employees, become integrated into their work groups, and learn on the job. When informal organizational socialization is employed, there is not a recognizable difference between the work and socializing environment; and the role related learning of the individual is experienced on what may be considered a trial and error basis. For instance, bank customers learn by trial and error how to correctly complete a bank form, or which form to complete in order to conclude various transactions. Since the bank customer is viewed as a co-producer of the service, verbal and non-verbal interaction between customers, and between customers and the bank personnel may provide an opportunity for the customers to learn about the bank and their role as customers. This is a form of informal socialization.

Thus, formal socialization allows the employees (and customers) to see and learn what the organization wants them to learn, whereas informal socialization allows employees (and customers) to experience the organization on their own terms.

3.4.2 The Socialization Process

Several researchers (Buchanan, 1974: 533-546; Van Maanen, 1975: 207-228; Feldman, 1981: 309-318, Wanous, 1992: 170; Kendall, 1996: 66) developed models suggesting various stages which an individual passes through during the formal organizational socialization process. Wanous's (1992: 170) developed an integrated view of post-entry formal organizational socialization as is depicted in Figure 3.3.

FIGURE 3.3: STAGES IN THE FORMAL SOCIALIZATION PROCESS

Stage 1: Confronting and accepting organizational reality

- confirmation/disconfirmation of expectations
- conflicts between personal values and needs, and the organizational climates
- discovering which aspects of oneself that are reinforced, not reinforced, and that which are punished by the organization.

Stage 2: Achieving role clarity

- being initiated to the tasks in the new job
- defining one's interpersonal roles:
 - with respect to peers
 - with respect to one's peers
- learning to cope with resistance to change
- congruence between one's own evaluation of performance and the organization's evaluation of performance
- learning how to work within the given degree of structure and ambiguity

Stage 3: Locating oneself within the organizational context

- learning which modes of one's own behaviour are congruent with those of the organization
- resolution of conflicts at work, and between outside interests and work
- commitment to work and to the organisation stimulated by first-year job challenge
- the establishment of an altered self-image, new interpersonal relationship, and the adoption of new values

Source: Adapted from Wanous, 1992: 170.

It is evident from Figure 3.3 that the achievement of role clarity, resolution of role conflicts and becoming committed to the job, are all achieved through the process of organizational socialization. Figure 3.3 also indicates that during stage one the newcomer experiences the organizational climate; during stage two he perceives his role within the organization, and is able to evaluate his performance; during stage three, commitment to work and to the organization results. Wanous (1992: 175) asserts that each stage should be defined in terms of the individual's view during socialization, rather than that of the organization. This is consistent with the notion that the direction of influence runs from the organization to the individual in the formal socialization process.

Kendall (1996: 65), and Starr and Fondas (1992: 68) differ somewhat from Wanous (1992) in that they recognize prior attitudes, beliefs, expectations and information sources (anticipatory socialization). For example, Kendall (1996: 65) divided occupational socialization into four phases/stages, namely, career choice, anticipatory socialization, conditioning and commitment, and continuous commitment. Furthermore, Ashforth and Saks (1996: 150) assert that although in theory the recruitment and selection process can substitute for socialization, in practice, there is need for organizational adjustment.

In their proposed model for entrepreneurial socialization, Starr and Fondas (1992: 67-76) distinguish between two stages, namely anticipatory socialization and socialization upon entry into the organization. Anticipatory socialization includes the prior experience and learning that prepares the individual for entry into an organization. According to Starr and Fondas (1992: 69), attitudes, beliefs, and abilities do not only influence an individual's choice of a career and the employing organization, but can also affect the person's experience and adjustment to the new setting. These researchers claim that in anticipation, the newcomer develops expectations, knowledge, and planned coping strategies for life on the job and in the organization. Furthermore, Starr and Fondas (1992: 69) assert that the degree to which an individual's prior expectations match the [new] situation may ease the adjustment period and lead to eventual success in adopting the new role.

The outcomes of organizational socialization practices, whether they take the form of employee conformity to norms or employee innovativeness, have been suggested as important

determinants of successful service implementation (George, 1990: 63; Howard, 1990: 134; Reardon and Enis, 1990: 396; Hartline and Ferrel, 1993: 36). Various researchers (Bitner, 1990: 69-82; Bitner, Booms, and Tetreault, 1990: 71-84) have likened the delivery of a service to a "performance" featuring the service provider and the customer. It is during this performance that the actions and behaviours of service providers become crucial determinants of service quality as perceived by consumers (Zeithaml et al., 1985: 31-40). To improve the implementation of service strategies, managers need to understand what employee behaviours most effectively serve and satisfy customers. They must therefore find ways to foster these behaviours in their customer-contact employees. This study thus examines the role of an important aspect of service implementation in enhancing desirable behaviours in customer-contact employees, namely, organizational socialization.

Early socialization research examined the process mainly from the perspective of the individual; that is, what the employee experiences during socialization and the outcomes of the process (See Dubinsky, Howell, Ingram, and Bellenger, 1986: 192: 207 for the application of the stage models to marketing). However, recent research in implementation (Cespedes 1991, as cited by Hartline and Ferrel, 1993: 120) and internal marketing (George, 1990: 63-70) indicates that employee socialization is a critical element of successful marketing implementation. Through socialization, employees (and customers) learn and internalize the organization's goals, values, norms, and expected behaviour.

The preceding discussion warrants an examination of the following research issue: What is the effect of formal and informal organizational socialization of bank employees and bank customers on the overall service quality?

3.5 Summary

Various theories have been proposed to explain the service encounter. Of relevance to this research are the theories explaining how the service customer and service employee behave during the service encounter. Solomon et al. (1985: 99-111) emphasized that the eventual outcome of the interaction should be evaluated in terms of the contribution of each part to the dyad.

Schneider (1980: 52-65) stressed that organizational dynamics have a direct impact on the people the organization serves as well as on the employee performance and attitudes. The importance of the "climate for service," and the active role of the service customer in the service encounter are well documented (Chase, 1978: 133-142; Mills et al., 1983: 301-310; Schneider and Bowen, 1995: 33). By utilizing the role theoretic approach, some researchers hinted at the importance of organizational socialization in explaining and understanding the service encounter. A discussion of the literature on organizational socialization culminated in a proposition of the main research question. In the chapter which follows, the literature on service quality will be discussed, followed, by a proposed research model [based on the literature in this and the next chapter] to understand and manage service quality.

CHAPTER 4

MANAGING THE SERVICE ENCOUNTER AND SERVICE QUALITY: PRIOR RESEARCH AND THE PROPOSED MODEL

4.1 Introduction

Although many top managers who are seeking to improve company competitiveness are now producing plans calling for a stronger organizational commitment to high-quality customer service, less attention has been given to the effective implementation of these plans by customer-contact employees (Berry and Parasuraman, 1991: 30). Far removed from the strategic planning table and lacking much practical guidance, customer-contact managers and employees must translate top management service goals into action.

All too often ambitious strategies for better service break down at the point of delivery, jeopardizing the organization's strategic plans and its very survival. To improve the implementation of service strategies, organizations need to understand what employee [and customer] behaviours most effectively serve to satisfy customers, and also find ways to foster these behaviours in their customer contact employees.

The purpose of this chapter is twofold. A model for managing service quality is proposed after reviewing the literature on service quality, its determinants, and the various service quality models. Thereafter, the research variables in the proposed model, and their hypothesized relationship between the variables is discussed.

4.2 Service Quality and Service Quality Models

Service quality is the foundation for services marketing. Berry and Parasuraman (1991:175) assert that service quality is not a separate discipline from services marketing; service quality is the central part of services marketing. Quality is regarded by most producers, customers and consumers as more important than ever before in their manufacturing, service and purchasing strategies (Edvardsson et al., 1994: 13).

According to Oakland (1993: 4), quality has to be managed, "it does not just happen." Oakland (1993: 6) further asserts that total quality management is far wider in its application than assuring product or service quality; "it is a way of managing the whole business or organization to ensure complete customer satisfaction at every stage, internally and externally."

Several researchers (Cronin and Taylor, 1992: 56; Zeithaml et al., 1993: 1; Danaher and Mattson, 1994: 5; Ostrom and Iacobucci, 1995: 17; Streng, Mackenzie and Olshavsky, 1996: 15-16; Spreng and Mackoy, 1996: 201) make a distinction between customer satisfaction with a service and the quality of the service. Although many of the studies on consumer satisfaction were conducted in service settings, these researchers see customer satisfaction as something that is directly linked with the transaction, based on the customer's comparison between expected service and his or her perception of the service actually received.

Ostrom and Iacobucci (1995: 17) cite Parasuraman et al. (1994) who posit satisfaction to be "a function of his or her assessment of the service quality, product quality and price." In order to emphasize the need to differentiate between customer satisfaction and perceived service quality, Spreng and Mackoy (1996: 201) state that "this distinction (between consumer satisfaction and service quality) is important to managers and researchers alike because service providers need to know whether their objective should be to have customers who are "satisfied" with their performance or to deliver the maximum level of "perceived service quality." Zeithaml and Bitner (1996: 117) while defining service quality as the "delivery of excellent or superior service relative to customer perceptions", emphasize that ultimately, consumers judge the quality of services on their perception of the technical outcome provided and on how the outcome was delivered.

Recent years have witnessed increased emphasis on service quality issues (Carman, 1990: 33-35; Fick and Ritchie, 1991: 1-9; Babakus and Boller 1992: 253-268; Boulding et al. 1993: 7-27; Kwon and Lee, 1994: 1-24; Ostrom and Iacobucci, 1995: 17-28). Many researchers (Stemper 1991: 16; Lewis, 1993: 4-5; Rust and Zahorik, 1993: 193; Anderson, Forwell and Lehman, 1994: 53-66) agree that quality influences variables such as profitability, price, market share, and marketing costs.

Garvin (1988: 69) maintains that "quality impacts on the bottom line." As aptly reviewed in an article by Yavas, Arsan and Dilber (1995: 3), a great deal of attention in the area has focused on the financial services industry, and this focus on the financial services industry is not without reason. In the banking sector, the products offered are essentially the same, and the cost structure amongst most banks is also quite equal. The products can also be copied easily and quickly, so competition based on innovation will be difficult. Competition is becoming more difficult in this sector, and will be even more so in the future (Edvardsson et al., 1994: 142; Heydenrych, 1997: 27). Therefore, defining specific quality aspects is a way of competing. By stressing certain aspects of its service(s), each bank could create a form of uniqueness in the marketplace. Furthermore, the customer's perception of a bank's "product" is affected more by the services associated with it than by the physical product itself. Since the products seldom differ, the services associated with them can be significantly different. The important question is: What can be done to bring the organization into a new mode of continuous quality improvement?

Managing service quality is one of the greatest challenges facing virtually every organization whether it is delivering a "pure service" or it is a manufacturing company needing to fully support its customers. Edvardsson et al. (1994: 20) maintain that improving quality in services depends on getting the right balance between techniques and methods for improving processes and systems, and staff attitudes, behaviour and service culture. Superior service quality on a sustained basis requires that quality become embedded in a company's culture, that quality become valued. Building a culture for quality involves establishing specific quality standards, hiring personnel with the capacity to meet those standards, training them to meet the standards, and rewarding them when they are successful. "There is a quality loop, and the loop must be closed," (Berry, Parasuraman and Zeithaml, 1990: 9).

According to Spechler (1993: 53), the actions of corporate leaders and their commitment to quality are the most important elements in achieving high levels of quality and productivity performance. Senior executives lead by personal involvement and visibility in developing and maintaining a customer focus and an environment for quality excellence.

Berry et al. (1990: 3) argue that because of the labour intensity of many services, quality can vary from one firm to another, and from one situation to the next within the same firm.

The aforementioned researchers further emphasize that too much emphasis on short-term profitability in a service firm may be reflected in lower service quality assessments from the customer. A short-run view can lead to many cost-reducing moves and their consequences, such as reducing the number of bank tellers and lengthening the lines at the teller windows. High employee turnover, according to Berry et al. (1989: 10), can cause poor service, so can service problems lead to higher employee turnover.

Various elements of service quality have proved particularly troublesome to both practitioners and researchers. Services are for instance largely intangible, and tangible cues to indicate quality to consumers are often absent. Objective or quantifiable measuring of service quality is troublesome because it is more difficult for consumers to evaluate service quality than the quality of physical products. Early researchers who have addressed the issue of service quality, *inter-alia*, (Gronroos 1983; Parasuraman et al. 1985) seem to agree on at least one critical issue; service quality is a measure of the discrepancy between the consumers' pre-service delivery expectations and actual service delivery. However, recently several researchers (Teas, 1993: 18-34; Cronin and Taylor, 1994: 125-133; Teas, 1994: 132-139) have questioned "expectations" as a standard of measuring service quality.

Despite the debate on the relevance of "expectations" as a measure of service quality, the question of what factors influence consumers' quality perceptions has become a key consideration in any attempt to successfully introduce, improve, or market quality. Parasuraman et al. (1994: 111-124) have argued that perceived quality is a particularly useful concept in services marketing because of the absence, in many cases, of tangible cues which could signal quality to consumers. A service is thus often regarded as being of quality only if it is perceived as such by consumers.

In their attempts to better define service quality, some researchers (Schneider et al., 1980: 252-267; Parasuraman et al., 1985: 41-50; Chase and Bowen, 1988: 15-27; Haywood-Farmer, Alleyne, Duffy and Downing, 1990: 62-69) identified various dimensions or determinants of service quality.

Chase and Bowen (1988: 15) used the Attribute Theory to describe service quality in terms of twenty seven determinants or dimensions of service quality. These are the service encounter, provisions for customer privacy during the service encounter, customer orientation and training, employee selection, employee skill training, employee attitudes, supervisor-employee relations, back-office/front-office co-ordination, reliability of service, consistency of service, effective use of technology, right degree of standardization, facility location, adequacy and atmosphere, logical, consistent business hours, handling of non-routine demands, handling of emergency situations, provision for the privacy of records, managing the queuing process, adhering to customer schedules, shifting capacity when needed, materials available when and where needed, understanding processes and procedures, point of service marketing, collecting and acting on customer feedback, correct worker-task assignment, and correct amount of self-service.

Schneider et al. (1980: 258-259) ascertained that with reference to bank customers, service quality was judged along the following dimensions: teller courtesy, officer courtesy, teller competence, adequate staff, branch administration, handling services, convenience, employee turnover, selling, and employee attitudes.

Zeithaml et al. (1990: 55) report from their exploratory study (Parasuraman et al. 1985) that consumers basically used ten criteria to deduce service quality. These determinants were reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles. To summarize, many of these dimensions are related to the customers's confidence in those providing the service. During the development of SERVQUAL¹³, a methodology for measuring service quality, Parasuraman et al. (1988: 41) found that some of the aforementioned ten dimensions are strongly correlated, and as a result the number of dimensions was reduced in SERVQUAL to five, namely tangibility, reliability, responsiveness, assurance and empathy.

Considering the importance of people to the delivery of service quality, it is not surprising that research (Parasuraman et al., 1988) has shown the five aforementioned determinants to be the

¹³Refer to section 4.4 for a discussion of SERVQUAL.

most important determinants of perceived service quality. Of the five service quality determinants identified by Parasuraman et al. (1991: 39-48), reliability primarily concerns the service outcome, while the others are more concerned with the service process.

Haywood-Farmer et al. (1990: 62) assert that service quality comprises of three element, namely, physical facilities, processes and procedures, personal behaviour, and professional judgement on the part of serving staff. To get good quality service, the approximate mix of these three elements must be found and carefully balanced. What constitutes an approximate mix, will in part, be determined by the relative degrees of labour intensity, service process customization, and contact and interaction between the customer and the service process (Haywood-Farmer et al., 1990: 62-67).

Of relevance to this research from the aforementioned determinants of service quality are the emphasis on the service encounter, service delivery and the role of the service employee during the service encounter. However, it is obvious that the above researchers did not fully recognize the role of the service customer in the service delivery process.

According to Berry and Parasuraman (1991: 58), two levels have to be ascertained when determining customer service expectations, namely a desired level and an adequate level. The desired level is what the customer would like to have, while the adequate level is what the customer is likely to tolerate without becoming dissatisfied with the service. The zone of tolerance, is a range of service performance that a customer perceives to be satisfactory. Performance below the tolerance zone will result in customer frustration and decrease customer loyalty. A performance level above the tolerance zone will pleasantly surprise customers and strengthen their loyalty (Berry and Parasuraman, 1991: 11).

Identifying customer expectations has to do with determining exactly what the customer expects from the company. Morgan and Parsons (1990: 54) stress that assumptions on customer expectations should not be made. Customer expectations should be determined by applying objective methods, ensuring accurate and reliable results. Once the services marketer is aware of his customers' expectations regarding service quality, he will have to manage service quality to meet (or exceed) his customers expectations. Furthermore, influencing

customer expectations is essential, as customer expectations must be brought into line with the established service levels of the company. Influencing customer expectations can be done through advertising, promising and proclaiming specific levels of customer service.

However, Berry and Parasuraman (1991: 64) caution that companies should make a concerted effort to ensure that their promises to customers reflect the actual service rather than an idealized, glorified version of it, as overpromising undermines the customers' tolerance and trust.

Bergman and Klefsjo (1994: 267) conclude that much of service quality is related to moments when the service supplier and the customer meet face to face. This moment, which is often referred to as the "moment of truth", is also a "moment of possibilities", since the supplier can really convince the customer of service excellence. According to Bergman and Klefsjo (1994: 267), the most perfect system for delivering service is worthless if things do not work at the moments of truth.

The service quality literature [briefly] reviewed does suggest that there are three underlying themes prevalent. First, it is more difficult for the customer to evaluate service quality than product quality. Second, the consumer's perceptions of service quality are developed based upon a comparison of consumer service expectations with the actual performance received by the consumer. Third, when evaluating service quality, the consumer considers the service delivery process as well as the service outcome. With reference to the delivery process, the importance of the service delivery personnel was also highlighted. It also became apparent that service quality is an iterative process that is never complete, and knowledge of quality in the goods or manufacturing sector is insufficient for an understanding of service quality. Furthermore, customer satisfaction must be monitored and reviewed continuously to identify any negative deviation from target service levels as well as any change in customer expectations. In light of the aforementioned, the focus shifts to the management of service quality.

4.3 Managing Service Performance and Service Quality

Levitt (1972: 41-52) suggested that service industries have traditionally stressed the interpersonal nature of the service encounter. This type of thinking Levitt maintains, has led to a number of failures among service firms. This researcher therefore suggested the production-line or "technocratic" approach to the provision of services and recommended that people be systematically replaced by equipment in order to remove discretion from the service employees' job. Somewhat similar to Levitt, Chase (1978: 137-142) proposed that in order to improve service quality, the marketing manager should strive to minimize the direct contact the customer has with the service system. He further suggested that the goal of service managers should be to transform high contact service systems into low contact service systems.

Lovelock and Young (1979: 168-178) argued that service productivity has traditionally been improved in three different ways, namely, by improving the quality of the labour force, by investing in more efficient capital equipment, and by incorporating technologies which automate service provision functions formerly performed by service personnel. It is therefore apparent that Lovelock and Young's suggestion was oriented towards the technological approach.

Information technology has made it possible to provide service that is personal, personalized and convenient. Information transmitted instantaneously throughout an organization can empower either the consumer or the service provider and in some cases both. For the consumer, technology-enhanced service systems are liberating because information technology has automated the service process, by empowering customers and providing them with personal, personalized and convenient service. Other communication technologies informate the service process, empowering front-line employees, who in turn empower customers.

Technology provides service staff with superior information that can be retrieved instantaneously. This information increases the service providers' overall knowledge of the service process and makes them capable of critical judgements on matters that would previously have been handled by upper-level or mid-level managers. Thus front-line employees

are granted real authority that allows them to better help their customers at the point of initial customer contact. When used creatively, new technology is a means for organizations to provide higher-quality, lower cost, more convenient personalized service, while reducing "busy work" for employees and consumers. Technology should be a liberating tool that frees service managers and employees, ultimately allowing them to pay more attention to the customer. Thus, technology is not total quality; there is still a need for the personal touch.

Rather than encouraging a strictly technological approach to improving service quality as Levitt (1972), Chase (1978) and Lovelock and Young (1979) have done, Berry (1986: 6-8) suggested that a "high touch" approach to services be implemented in conjunction with the "high tech" approach, thus implying an important role for service employees. Several researchers (Dabholkar, 1998; Parasuraman and Colby, 1998) assert that services marketing in the new millenium will not only be characterized by high-tech and high-touch strategy but also by high touch through high-tech strategy. Computer-based systems that distribute the right information on individual customers (or their possessions) to the right service provider at the right time, provide an opportunity to custom-fit the service cost-effectively.

From the above review, it is apparent that two methods of improving the performance of services, namely, the technological and humanistic approach have been identified. The technological approach stresses the manufacturing orientation toward service provision, whereas the humanistic approach recognizes the importance of the employee-customer interaction during the service provision process. However, while an industrialization approach to services, as suggested by Levitt (1972) and Lovelock and Young (1979) may seem appealing initially, by relying upon industrial management techniques the service marketer or manager is in danger of eliminating the customer orientation which is so vital during the interactive employee-customer service encounter.

Some researchers (Lovelock and Young, 1979: 168-178; Silpakit and Fisk, 1985: 117; Schneider and Bowen, 1995: 3) have argued that it is possible to improve service productivity by changing consumer behaviour and expectations.

By allowing the customer to participate in the service production process, service managers could improve the productivity of their operations. It is this view which has been incorporated in the present study. Furthermore, Silpakit and Fisk (1985: 117) assert that customer "participation" rather than customer "contact" emphasizes the active role consumers play in the service encounter. For example, employee-customer contact is non-existent when a customer conducts a banking transaction with an ATM; however, in this transaction there is a great deal of customer participation. The situation could be reversed should the customer experience problems with the ATM.

Several researchers (Bateson and Langeard, 1982: 173-176; Bateson, 1983: 50-53; Langeard et al., 1981: 81) have empirically assessed the participatory role of consumers in the service provision process. Their findings reveal substantial, identifiable and managerially useful market segments of service consumers that are willing to participate in the service provision process. However, these researchers concur that consumers differ in their degree of willingness to participate in the service encounter.

Schneider and Bowen (1995: 7) propose that service organizations should be viewed as comprising of three tiers: the customer tier, the boundary tier, and the coordination tier. This way of thinking about the service organization has some unique features. These researchers stress that management's task is not to "control" or "lead" employees to service excellence but to put together a system that actually makes it possible to deliver quality service.

Furthermore, in support of Spechler (1993), Schneider and Bowen (1995: 7) emphasize coordination through the creation of a service climate and culture as the most effective means for dealing with the unique challenges of service system integration. The coordination problem reduces to the creation, maintenance, and enhancement of a climate and culture for service excellence. This means that "hundreds of things must be put in place for employees to believe that their own business believes in service quality, and it is this belief by employees that translates into service quality for customers," (Schneider and Bowen, 1995:6).

The literature reviewed implies that the service employee-customer interaction is a very important aspect of the service encounter, and that the service customer could play a

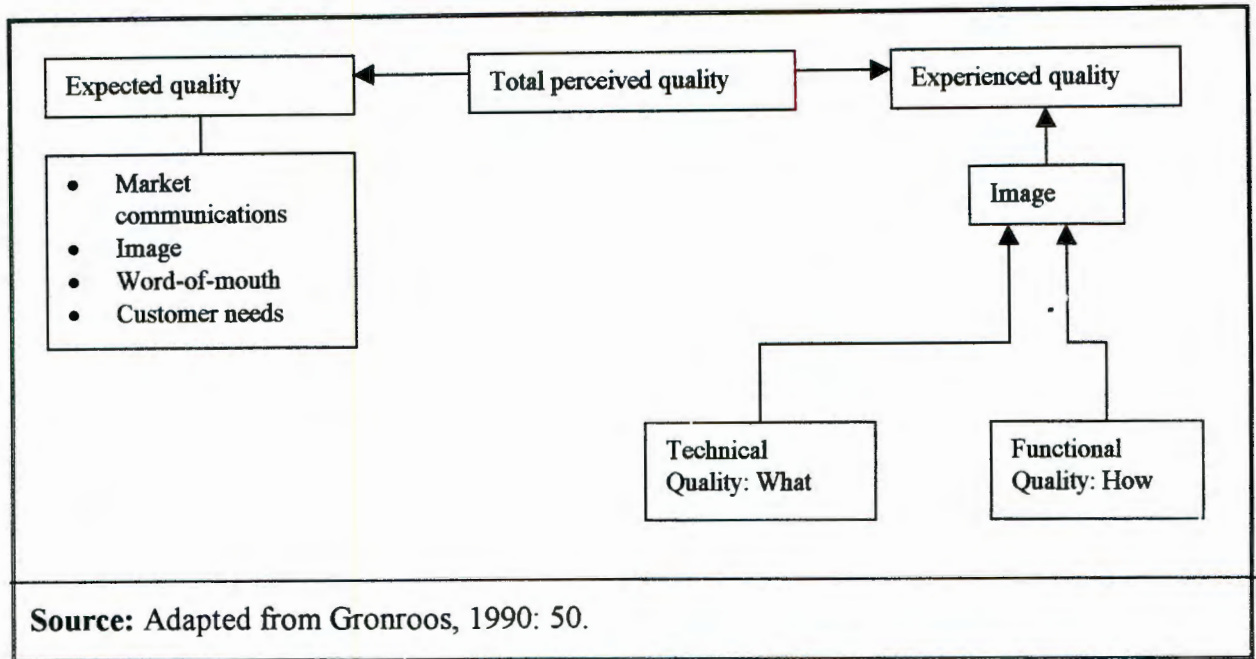
participatory role in the service provision process. It would seem that advocates of the "technological" approach to the management of service performance and quality have ignored an important factor, namely, the level of sophistication achieved by the customer or target market. For example, if a bank operates in an area in which the majority of customers are illiterate or have achieved a low level of education, there is need for more personal interaction between bank employees and customers to conclude most transactions. Furthermore, serving a semi-literate segment is bound to result in many queries emanating from a lack of knowledge about, or incorrect use of ATM's. By interacting with customers and responding to queries, bank employees are provided with "opportunities" to impress these customers.

In their attempts to both explain the concept service quality, and manage service quality, researchers, *inter-alia*, (Gronroos 1984; Parasuraman et al. 1985; Lehtinen and Lehtinen 1985; Gummesson and Gronroos 1987; Bitner 1988; Le Blanc and Nguyen 1988) have proposed various models. Since the objective of this research is to contribute to an improved management of service quality, a discussion of some of the more important models is imperative.

4.4 A Brief Review of Some Service Quality Models

Service quality as depicted in Figure 4.1, was first evaluated by Gronroos (1984: 36-44). The basic premise in Gronroos' model is that service quality is dependent upon the service which the customer expects and the perceived service. The experienced quality as reflected in Figure 4.1 consists of two dimensions, namely technical quality and functional quality. Technical quality refers to the technical ability or know-how that a company possesses; it is an objective assessment [the "What"] comprising such issues as technical solutions, machines and computerized systems. Functional quality [the "How"] is a subjective assessment comprising attitudes, internal relations, behaviour, service mindedness, appearance, accessibility and customer contacts of modern technology.

FIGURE 4.1: A MODEL OF CUSTOMER PERCEIVED QUALITY



Source: Adapted from Gronroos, 1990: 50.

Gronroos (1990: 16) maintained that technical quality could be improved by improving the technical skills of service personnel or by the increased use of modern technology, whereas functional quality could be improved by ensuring satisfying service encounters and maintaining good interpersonal relations. It is evident from Figure 4.1 that in service businesses, "the consumer is not only interested in "what" he receives as an outcome of the production process, but in the process itself. "How" he gets the technical outcome or technical quality is also important to him, and to his view of the service he has received. This view has received empirical support (Ennew, Reed and Binks, 1993: 59; Cronin and Taylor, 1994: 125). Cronin and Taylor (1994: 125-131) coined the term "SERVPERF" to highlight the importance of the service delivery process. Furthermore, Gronroos (1990: 17) considers the buyer-seller interaction, where the functional quality emerges as the more important part of marketing than traditional marketing activities. This stresses the view that the quality generating process, and especially the buyer-seller interaction, is of utmost importance to service marketing. Obviously, the functional quality dimension cannot be evaluated as objectively as the technical quality.

By placing the customer in the centre (Figure 4.1), Gronroos (1990) emphasized that it is the customer's quality assessments and perceptions that are the touchstone for the company's quality efforts. Edvardsson et al. (1994: 90) contend that managers and service staff can find this model [Figure 4.1] helpful to understand how different factors which they can influence, will affect the customer's perceptions of the quality of the organization's service.

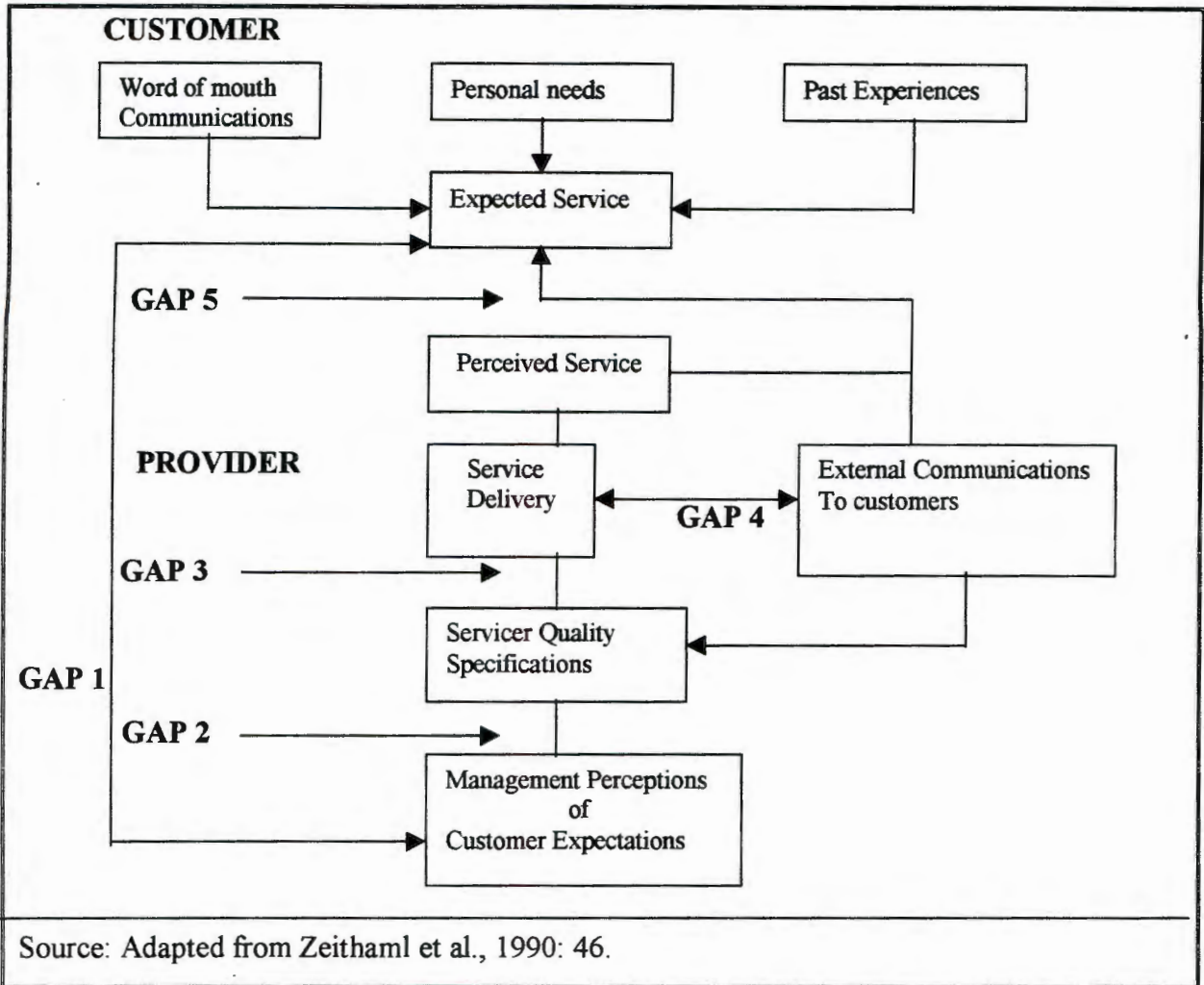
In an attempt to address some of the limitations of his model, Gronroos collaborated with Gummesson in revising his model (Gummesson and Gronroos, 1987: 35-39). Gummesson developed an holistic approach to quality (4Q's model) from extensive empirical material from a large manufacturing company. The 4Q's stand for design quality, production quality, delivery quality and relational quality. As Edvardsson et al. (1994: 91) rightfully point out, relational quality is stressed because it can in many cases counteract minor shortcomings in the other three qualities. Of relevance to the present study is the concept of relational quality, which implies that good relations between management, employees and customers are of particular importance for optimum service quality.

Based on the interactive approach to service delivery, Lehtinen and Lehtinen (1985: 110-119) suggested a two-dimensional and a three-dimensional approach to service quality. The two-dimensional approach views service quality largely from a consumer perspective and the dimensions are process quality and output quality. The concept of process quality is based on the contention that service delivery and consumption cannot be separated as the customer takes part in the production process. The level of process quality achieved will depend on the way in which both the service provider and the service customer participate in service delivery; that is, on their participation style. If their participation style is complementary, process quality is likely to be high. On the other hand, the three-dimensional approach describes service quality in terms of physical quality, interactive quality, and corporate quality. Interactive quality is the result of the interaction between the customer and interactive elements, namely, the service organization and the service employee. The model of service quality proposed by Lehtinen and Lehtinen (1985) stresses the participation of the consumer during the service encounter. Three phases of participation are identified in the model: the joining phase, the intensive phase, and the detaching phase. During the intensive phase, the actual service encounter takes place.

By also recognizing the role played by both the service employee and customer in the service delivery process, Bitner (1988: 300) proposed an extension of the traditional marketing mix (4P's). Bitner's (1988: 301) model is based on the hypothesis that there is a positive relationship between satisfaction with the service encounter and perceived quality. Bitner asserts that satisfaction with the service encounter is a pre-requisite for perception of service quality.

Other researchers (Parasuraman et al., 1985: 41-50) proposed that consumers are influenced in their expectations of services by three important factors, namely, word of mouth communications, personal needs, and past experience. When evaluating service quality, consumers compare these expectations to actual service quality, and if actual performance falls short of expectations, a "GAP" will exist (Figure 4.2). Parasuraman et al. (1985: 41-55) identified four key internal shortfalls or GAPS that could contribute to poor quality of service as perceived by customers. Their findings were developed into a conceptual model, commonly referred to as the SERVQUAL model (Figure 4.2).

FIGURE 4.2: A CONCEPTUAL MODEL OF SERVICE QUALITY [SERVQUAL]



Parasuraman et al. (1985: 41-55) argued that the key to closing Gap 5 (the service performance gap) is to close Gaps 1 through 4 and keep them closed. Furthermore, these researchers suggested that management should continuously monitor customer's expectations and perceptions; search for evidence of Gaps 1 through 4 and take corrective action where necessary. By focusing their research on the providers' side of the conceptual model, Zeithaml et al. (1990: 51-127) were able to identify key factors contributing to the Gaps 1 through 4 and also recommend methods by which these Gaps could be closed. In terms of the scope of this study, it is not necessary to discuss all the factors and suggestions; therefore only those which have a bearing on this research will be referred to briefly.

Gap 1: The Management Perception Gap

The most critical step in delivering quality service is probably determining what customers need, that is, being marketing oriented. In this regard, Bennet (1995: 288) remarked that "services must be designed for customer's needs and their willingness to pay for it." Inadequate or non-existent upward communication (from employees to managers) has been cited as a possible cause of this gap (Gronroos, 1990: 60). Research (Hartline and Ferrel, 1993: 18; Tait, 1996: 159) shows that on-going marketing research and upward communication is needed if this gap is to be closed.

Gap 2: Setting Poor Standards

Inadequate commitment or support from top management which is compounded by poor management style and organizational climate have been cited (Zeithaml et al. 1990: 89) as possible causes of this gap. These researchers maintain that top management must provide the leadership and commitment to make service quality work.

Some researchers (Howard, 1990:133-144; Reardon and Enis, 1990: 376-387) concur that when managers are committed to a group of common values, the employees come to adopt management's value system, thus uniting the organization around one common purpose. This purpose will vary from one organization to the next, but "service-mindedness," "customer-consciousness," and "product/service quality" are typical examples (Hartline and Ferrel, 1993: 18). Of pertinence to the current study from the aforementioned, is the implication that top management should create a climate for making service quality work. This contention is supported in the present study and has been incorporated in the proposed research model.

Gap 3: The Service Performance Gap

Of particular significance to this research are the key factors contributing to the service performance gap or Gap 3 as is depicted in Figure 4.3.¹⁴ Customers assess service quality by

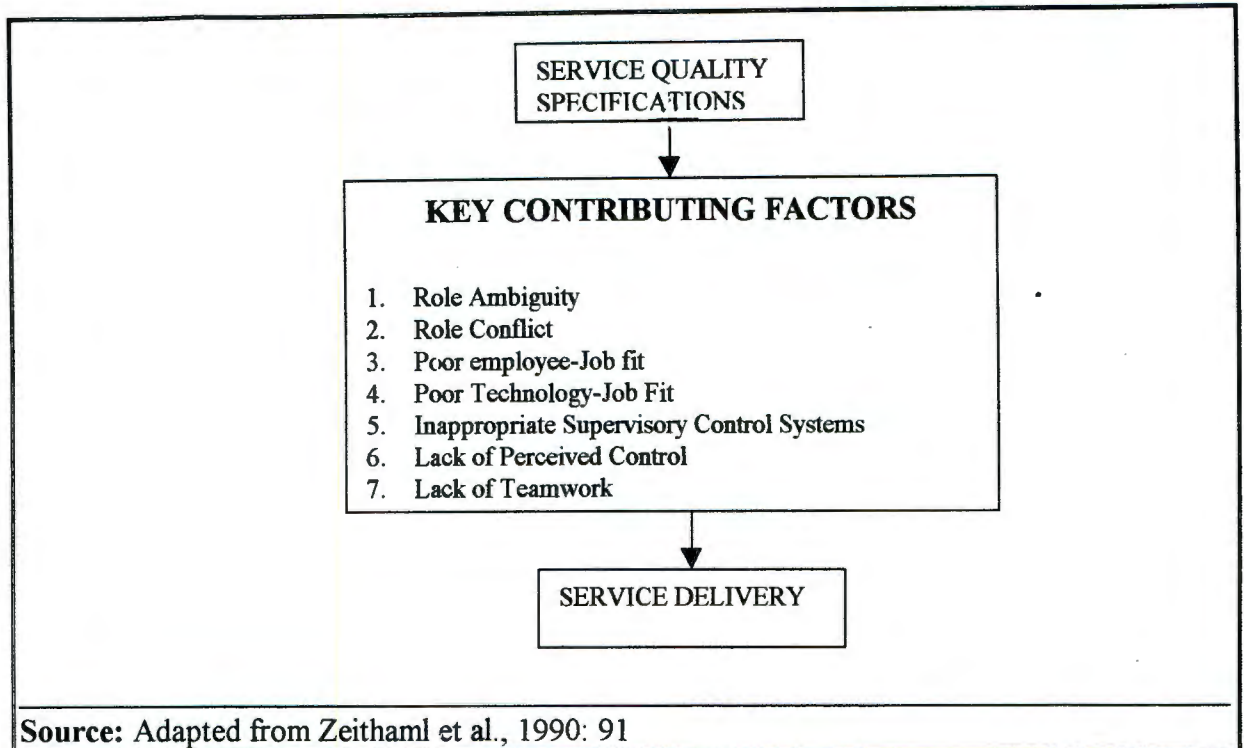
¹⁴See also Figure 2.6, section 2.3.1.

comparing what they want or expect, to what they actually get or perceive they are getting. Customers' expectations for a particular service shape their assessment of the quality of that service. When there is discrepancy between customers' expectations, perceived service quality will suffer. Even when management fully understands customer expectations, service-quality problems may occur. The difference between service specifications and the actual service is the service-performance gap (Figure 4.3). Organizations offering services that are highly interactive, labour intensive, and performed in multiple locations [for example banks] are especially vulnerable to this gap. As reflected in Figure 4.3, Zeithaml et al. (1990: 90) identified seven factors contributing to the service-performance discrepancy. The key contributing factors as depicted in Figure 4.3 have already been discussed and therefore only warrant a brief discussion here.¹⁵

Zeithaml et al. (1990: 89) contend that the service performance gap results when employees are unable and/or unwilling to perform the service at the desired level. These researchers emphasize that opportunities for mistakes and misunderstandings exist when service providers and customers interact. Moreover, these researchers argue that a greater variability is also more likely in labour intensive services than when machines dominate service delivery. For example, bank customers who use human tellers are likely to experience far more service variability than those using ATM's. Thus, Zeithaml et al. (1990: 90) assert that maintaining service quality depends not only on recognizing customer's desires and establishing appropriate standards but also maintaining a workforce of people both willing and able to perform at specified levels.

¹⁵See section 2.3.1.

FIGURE 4.3: THE SERVICE-PERFORMANCE GAP



In view of the aforementioned, Zeithaml et al. (1990: 91) suggest a number of ways by which the service performance gap could be closed. Of particular relevance to this research are the following, namely, the provision of role clarity in job descriptions and quality standards. Furthermore, these researchers also assert that employees should be properly informed about what is expected of them, and what the goals, objectives, strategies and philosophy of the organization are. This assertion, which implies the need for organizational socialization of the service employees, is of relevance to the present research and has thus been incorporated in the proposed conceptual model.¹⁶

Zeithaml et al. (1990: 91) also argue that employees who have control over their immediate job environment tend to be more committed and focused. Thus, these researchers recommend that front-line employees should be encouraged to take full responsibility for their tasks and unnecessary restrictions must be abolished.

¹⁶See Figure 4.4.

However, although Bennet (1995: 296) also argues that more freedom in the job environment will lead to improved service, Hartline and Ferrel (1995: 40) caution that empowerment of employees increases role ambiguity. Furthermore, these researchers ascertained that empowering employees without having established goals and guidelines may do more harm than good.

Gap 4: Service Delivery-Communication Gap

Through advertising and promotional campaigns, organizations sometimes promise more than they can deliver. Inadequate communication between and within departments can result in failure to deliver the advertised services. Consumers should be informed about their roles in service delivery so that they can derive the greatest benefit from the service provider. For example, bank clients who are issued with certain ATM cards should be informed that, most often, they need to be literate in order to operate the ATM machines to enjoy the convenience of conducting transactions at their leisure.

It is apparent from the review of the service quality models that "The Gaps Analysis Model" (Parasuraman et al., 1985) does offer guidance to management in finding out where the reason or reasons for the quality problem/s is/are, and in discovering ways to close the gap. It also emerged that what happens during "the moment of truth" impinges on service quality. Furthermore, because of the existence of the important functional quality dimension of total service quality, the buyer-seller interaction becomes a pivotal factor in quality perception (Gronroos, 1990: 68).

It also became evident from reports (Formby, 1996: 3, Heydenrych, 1997: 27) that (South African) financial executives who are striving to achieve a distinctive position, and a sustainable advantage in today's increasingly competitive business world had to realize the importance of delivering superior quality service. However, simply believing in the importance of providing excellent service quality is not enough. Zeithaml et al. (1990: 35) maintain that executives who are truly dedicated to service quality must put in motion a continuous process for monitoring customer's perceptions of service quality, identifying the causes of service-quality shortfalls, and taking appropriate action to improve quality.

In an attempt to address the aforementioned, a model for managing service quality is proposed.

4.5 The Proposed Service Quality Management Model

From the preceding discussion of the various service quality models, it was evident that Gronroos (1983) and Parasuraman et al. (1985) were in agreement regarding the evaluation of service quality among consumers. Both models proposed that in order for the consumer to develop a perceived level of service quality, it was necessary for expected levels of service to be compared with the levels of service actually received. Furthermore, Gronroos (1983: 13) considers overall service quality as a function of employee technical quality, employee functional quality and customer technical quality. Neither the work of Gronroos (1983) nor Parasuraman et al. (1985) considered the participatory role of the customer during the service encounter. However, Lehtinen and Lehtinen (1985) considered the notion of customer participation during the service encounter.

This research which is partly modeled around the possible causes of Gaps 2 and 3 as described in the SERVQUAL model (Zeithaml et al., 1990: 46), also incorporates the notion put forward by Lehtinen and Lehtinen (1985). On the basis of the above, and more specifically, in line with the views of Kelley et al. (1992b: 164), and Schneider and Bowen (1995: 85), this research is undertaken with the following assumption/premise: *Bank customers are members of the service organization and are thus influenced by the same organizational variables as the full time employees.*

Based upon a review of the organizational socialization literature, more specifically on Van Maanen and Schein's (1979: 213) socialization tactics, it is proposed that through formal and informal organizational socialization processes, bank management could influence service quality by influencing the behaviour of not only of their service employees, but also their customers. The literature on organizational socialization thus far only served as background to a discussion of the organizational socialization of the service employee and the service customer. A more specific discussion of organizational socialization as it pertains to the service employee and service customer thus follows.

4.5.1 Organizational Socialization and the Service Employee

Although a great deal of conceptual and empirical work has been done regarding the socialization of employees of work organizations, the process of organizational socialization and its impact upon the employees and customers involved in the service encounter has only received limited attention (Kelley, 1992b: 164; Hartline and Ferrel, 1993: 1-2). The process of socialization has been identified as an extremely important facet of the orientation for sales personnel (Dubinsky, Howell, Ingram and Bellenger, 1986: 35-62). Although the aforementioned authors concentrated on industrial salespeople, the importance of the socialization of the sales/contact personnel of the service organization can be based on the generally accepted characteristics which differentiate services marketing from product marketing. Because services are intangible, in many cases the only tangible evidence (or cue) available to compare quality and performance in a service transaction is the contact person with whom they interact (Boom and Nyquist, 1981: 172-177). Furthermore, in the service sector the contact person is also often the main cue for the customer regarding the service being sold. For example, an insurance agent influences the consumer's perception of the insurance agency, as well as the insurance being sold.

The intangibility of services places increased importance upon the organizational socialization of the contact personnel because service contact personnel may influence the customers' perception of service quality, as well as of the organization. The inseparability of production and consumption in the service sector also places added importance upon organizational socialization. The production, delivery, and consumption of the service often occur in physically and temporally inseparable environments when a consumer is purchasing a service. Because the consumer does not purchase a product *per se* which can be removed from the purchase environment, and consumed (and evaluated) later at his/her convenience, employee socialization becomes more important in the service sector.

A third characteristic of services involves high variance, or heterogeneity, in service performance. The organizational socialization of service contact personnel may help to alleviate some of the problems faced by service marketers due to heterogeneity. A workforce that has been effectively socialized (by means of formal programmes) may help to ensure a

higher degree of consistency in the behaviour of contact personnel as well as a more consistent and hopefully higher level of service quality. The aforementioned implies that proper socialization of the service employee is imperative for service organizations and can be beneficial to both the service organization and the service customer.

In view of the aforementioned, it is proposed that:

- H1: Formal organizational socialization [FS] of the bank employees is positively associated with the overall service quality [SQUAL] as perceived by the bank customers.
- H2: Informal organizational socialization [IS] of the bank employees is also positively associated with the overall service quality [SQUAL] as perceived by the bank customers.

Furthermore, since the literature emphasized that because of the intangibility of most services, the only tangible cue may be the service employee, it is also hypothesized that:

- H3: The bank customers' perception of the overall service quality [SQUAL] is positively associated with their perception of the employee service quality [EQUAL].

In view of hypothesis H3, it may also be hypothesized that:

- H4: Formal organizational socialization of the bank employees is positively associated with the employee service quality as perceived by the bank customers.
- H5: Informal organizational socialization of the bank employees is also positively associated with the employee service quality as perceived by the bank customers.

4.5.2 Organizational Socialization and the Service Customer

The organizational socialization of the service customer had been discussed to a lesser extent by Bowen and Schneider (1985), Mills (1986), and Bowen (1986). More recently, Schneider and Bowen (1995: 88) adopting a HRM perspective have argued that the service customer should be socialized into the organization. Kelley (1992: 197) on the basis of customer organization membership notion developed by Barnard (1948), and Parsons (1970), maintains that the service customer is a member of the service organization in the sense that he (she) provides resources to the service organization. The resources provided by the customer ranges on a continuum of tangibility, from intangible (information) to tangible (labour). However,

Kelley (1992: 198) cautions that the active role of partial employee played by the service customer results in the introduction of uncertainty in the service production process. Some researchers (Mills and Moberg, 1982: 467- 478, Mills and Morris, 1986: 226-235) contend that the process of organizational socialization is one method available to the service organization for reducing customer introduced uncertainty. Therefore, prior to performing the role of "part-time" employee in the service organization the service customer must have the necessary abilities, skills, and training, as well as accurate role expectations. Moreover, a customer must be sufficiently motivated to perform the role of a partial employee during the service production. Solomon et al. (1985: 99-11) maintain that the role of the customer in the service encounter is composed of a set of learned behaviour acquired through the process of socialization. Kelley (1992: 198) also argued that the process of organizational socialization provides a means by which the partial employee can attain the abilities, skills, training, and motivation necessary to develop accurate role expectations and properly perform the role.

Studies by Schneider and Bowen (1995: 88) have suggested that the socialization of customers into the service organization may impact upon customer retention, motivation, and performance through alteration of the behaviour of the customer. Solomon et al. (1985: 94-111) have proposed that when customers and service employees "read from a common script" (both are appropriately socialized into the organization), the service encounter will be more satisfying to both. The socialized customer should be more satisfied because his or her service expectations more closely approximate the actual service provided (Smith and Houston, 1983: 59-62). In view of the above discussion, it is hypothesized that:

H6: Formal organizational socialization of the bank customers is positively associated with the overall service quality as perceived by the bank customers.

H7: Informal organizational socialization of the bank customers is also positively associated with the overall service quality as perceived by the bank customers.

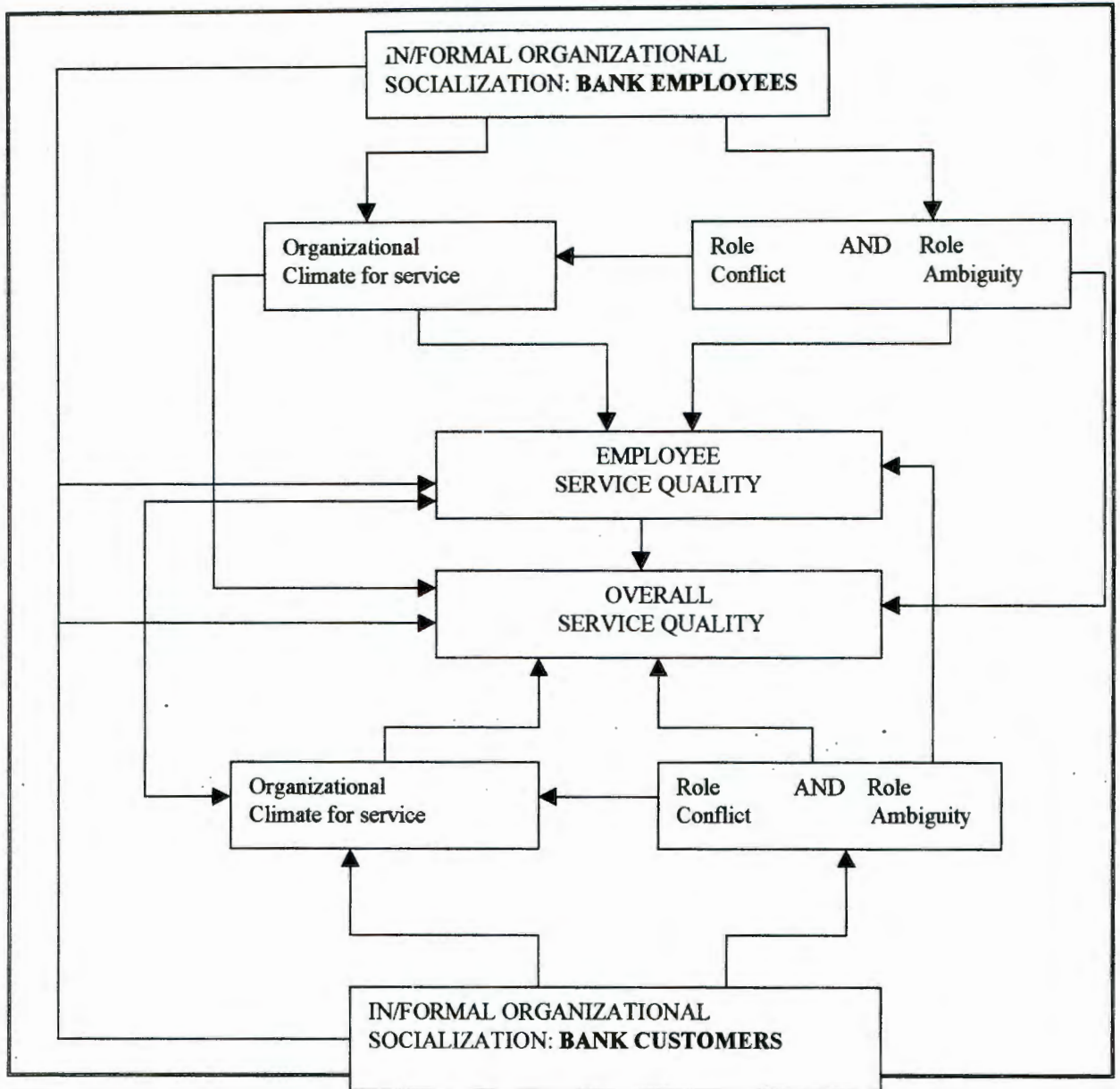
Furthermore, it can also be hypothesized that:

H8: Formal organizational socialization of the bank customers is positively associated with the employee service quality as perceived by the bank customers.

H9: Informal organizational socialization of the bank customers is also positively associated with the employee service quality as perceived by the bank customers.

From the literature [chapters 2 and 3] it was also apparent that a number of variables, *inter-alia*, the organizational climate and role perceptions are in some way associated with organizational socialization. In terms of the objective of this research, the aforementioned intervening variables will also be considered in the organizational socialization-service quality linkage. The linkage is depicted in Figure 4.4.

FIGURE 4.4: THE PROPOSED RESEARCH MODEL



The proposed model (Figure 4.4) suggests that the positive effect of organizational socialization tactics on service quality is both direct and indirect.

The type of organizational socialization affects the organizational climate for service, and the role perceptions of both service customers and employees. This in turn should translate into enhanced or poor service quality for the customer. In the section which follows, the intervening variables in the proposed model will be discussed, and various hypotheses will be proposed.

4.5.3 Organizational Socialization and the Organizational Climate for Service

Schneider, Gunnarson and Niles-Jolley (1994: 17) maintain that the organizational climate is in a sense the "personality" of the organization and includes relatively constant variables in a work environment. Various researchers (Tyagi, 1982: 40; Schneider et al., 1994: 18; McNabb and Sepic, 1995: 373) have argued that critical elements of the organizational climate are the individuals' perceptions of the organization, and it is these perceptions which govern the employees' behaviour.

Some researchers (Zemke and Bell, 1990: 307; Schneider et al., 1994: 18-20) claim that since service organization employees have face-to-face contact with customers, this type of work seems to result in increased stress and strain because employees try to meet conflicting demands from management and customers. Schneider and Bowen (1995: 238) claim that management can potentially manage employee stress by establishing a climate in which the employees' desires to give good service are made easier and encouraged.

Schneider and his colleagues (Schneider and Bowen, 1985: 423-433; Schneider, Gunnarson and Niles-Jolley, 1994: 17-30) have conducted a stream of related research on the nature, antecedents and consequences of an organizational climate. These researchers conclude that the organizational climate does impact on the performance and job satisfaction of employees. Furthermore, Mc Nabb and Sepic (1995: 374) identified various dimensions of climate in an organization which may be measured as the members' perceptions of the organizational climate. Schneider et al. (1994: 18-19) also contend that the "perceptions" are developed as a result of interaction within the organization.

Several researchers (Jones, 1986: 262-279; Robbins, 1993: 611; Srinath, 1993: 29) have argued that perceptions of the organizational climate are a result of organizational socialization. According to McNabb and Sepic (1995: 373), the process of organizational socialization results in role learning and gaining an appreciation of the climate on the part of the individual.

4.5.3.1 Formal/Informal Organizational Socialization-Organizational Climate¹⁷

Considering that formal socialization takes the choice away from employees (and customers) by providing them with organizationally accepted socializing agents, it would stand to reason that by using formal socialization methods, management can easily orientate its employees (customers) regarding the importance of the service and service quality. However, if management does not 'practice what it preaches', then the informal socializing agents would play a more important role.

Since informal socialization refers to all incidental methods by which employees (customers) become acquainted with the organization, the wrong message may get across to the employees and customers. When left to themselves, employees (and customers) will choose their own socializing agents, or be socialized by any incidental or accidental factors. For example, bank customers may learn from the bitter experiences of other customers. Through trial and error, and the 'grapevine' employees (customers) may get an incorrect perception of the organizational climate.

In order to explore the association between the type of organizational socialization and the organizational climate for service, it is hypothesized that:

H1a: Formal organizational socialization of the bank employees is positively associated with the organizational climate [OC] for service as perceived by the bank employees.

H2a: Informal organizational socialization of the bank employees is negatively associated with the organizational climate for service as perceived by the bank employees.

¹⁷ Refer also to sections 1.7.4.1, 1.7.4.2, 3.3.1 and 3.4.1.

Furthermore, considering the basic premise of this research, namely, that service customers are also subject to the same set of organizational influences as the service employees, it is hypothesized that :

H6a: Formal organizational socialization of the bank customers is positively associated with the organizational climate for service as perceived by the bank customers.

H7a: Informal organizational socialization of the bank customers is negatively associated with the organizational climate for service as perceived by the bank customers.

4.5.4 Organizational Climate for Service and Service Quality

Schneider et al. (1994: 18) assert that employees [and customers] observe what happens to them [and around them], and draw conclusions about the organization's priorities. These perceptions provide employees with "direction" and "orientation" about where they should focus their energies and competencies. Houston (1994: 520) supports a mediated relationship between supervisor behaviour, mission knowledge and customer service orientation.

Although it may be argued that there are similarities between the constructs "organizational climate" and "customer orientation", it is necessary to stress that organizational climate for service is a perceptual process regarding the whole organization, whereas, customer orientation focuses on the individual employee and his/her behaviour towards the customer.

Since service quality is in the delivery, it is the interaction between the service deliverer and the consumer which determines service quality for the consumer. Organizations can only indirectly control the interaction or "service encounter" because of the simultaneous nature of production and consumption. Thus, in the absence of direct control of the service encounter, it is posited that the climate or organizational practices and procedures that communicate service as top priority will succeed in delivering high quality service. In view of the aforementioned, the following are hypothesized:

H10: The organizational climate for service as perceived by the bank employees is positively associated with the overall service quality as perceived by the bank customers.

H11: The organizational climate for service as perceived by the bank employees is positively associated with the employee service quality as perceived by the bank customers.

H12: The organizational climate for service as perceived by the bank customers is positively associated with their perception of the overall service quality.

H13: The organizational climate for service as perceived by the bank customers is positively associated with their perception of the employee service quality.

4.5.5 Organizational Socialization and Role Perception

Certain researchers (Singh, 1993: 12; Michaels and Dixon, 1994: 63; Singh, Vebreke and Rhoads, 1996: 69) agree that 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. Furthermore, research (Babin and Boles, 1996: 63-69) has shown that organizational practices matter significantly in boundary role stress processes.

Some researchers (Mills 1983: 63; Schneider and Bowen, 1995: 77) concur that in order for the service employees and service customers to learn their roles and be able to form accurate role expectations for the service encounter, they must be socialized into the organization. In view of the aforementioned, the following hypotheses are proposed:

H1b: Formal organizational socialization of the bank employees is negatively associated with the role ambiguity [RA] experienced by the employees.

H2b: Informal organizational socialization of the bank employees is positively associated with the role ambiguity experienced by the employees.

H1c: Formal organizational socialization of the bank employees is negatively associated with the role conflict [RC] experienced by the employees.

H2c: Informal organizational socialization of the bank employees is positively associated with the role conflict experienced by the employees.

As active participants, consumers of services have important activities to perform in the production of the service output. However, prior to performing the role of the partial employee in the service organization, the service customers must have the necessary abilities, skills, and training, as well as accurate role expectations. Mills (1986: 155) strongly believes that customers will have to be socialized into the required role behaviours.

The process of organizational socialization may provide a means by which the partial employee could attain the abilities, skills, training and motivation necessary to develop accurate role expectations. Mills (1986) argued that the active role of the partial employee played by the service customer results in the introduction of uncertainty into the service production process, and through the process of organizational socialization the service organization can reduce customer introduced uncertainty. This implies that service organizations could reduce consumer turnover and realize productivity gains when the boundary between their employees and customers is reduced. This will enable the organization to establish socialization mechanisms that would prepare both the consumer and the service provider to become better participants within the operations. Thus it, it is hypothesized that:

H6b: Formal organizational socialization of the bank customers is negatively associated with the role ambiguity experienced by the customers.

H7b: Informal organizational socialization of bank customers is positively associated with the role ambiguity experienced by the customers.

H6c: Formal organizational socialization of the bank customers is negatively associated with the role conflict experienced by the customers.

H7c: Informal organizational socialization of the bank customers is positively associated with the role conflict experienced by the customers.

4.5.6 Role and Organizational Climate

Schultz (1982: 445) explains organizational climate in terms of the role theory. He describes role ambiguity as a situation that arises when the employee's work role, that is, the scope and responsibility of the job and what others expect of him or her, is so poorly structured as to be uncertain and ill-defined. This situation occurs when a person is not sure exactly what to do in executing job related activities.

Role ambiguity also may prohibit an individual from experiencing a sense of accomplishment, because the individual is unclear about what ought to be accomplished (Rowland and Ferris, 1982: 402). Several researchers (Dubinsky and Mattson, 1979: 70-86; Michaels, Cron, Dubinsky, and Joachimsthaler, 1988: 376-383) concur that role ambiguity has a negative impact on job outcomes.

In order to explore the association between the organizational climate as perceived by the bank employees and customers, and the perception of their roles, it is hypothesized that:

H14: The organizational climate for service as perceived by the bank employees is negatively associated with the role ambiguity experienced by the bank employees.

H15: The organizational climate for service as perceived by the bank employees is negatively with the role conflict experienced by the bank employees.

H16: The organizational climate for service as perceived by the bank customers is negatively associated with the role ambiguity experienced by the bank customers.

H17: The organizational climate for service as perceived by the bank customers is negatively associated with the role conflict experienced by the bank customers.

H18: The role ambiguity experienced by the bank customers is positively associated with the role conflict experienced by these customers.

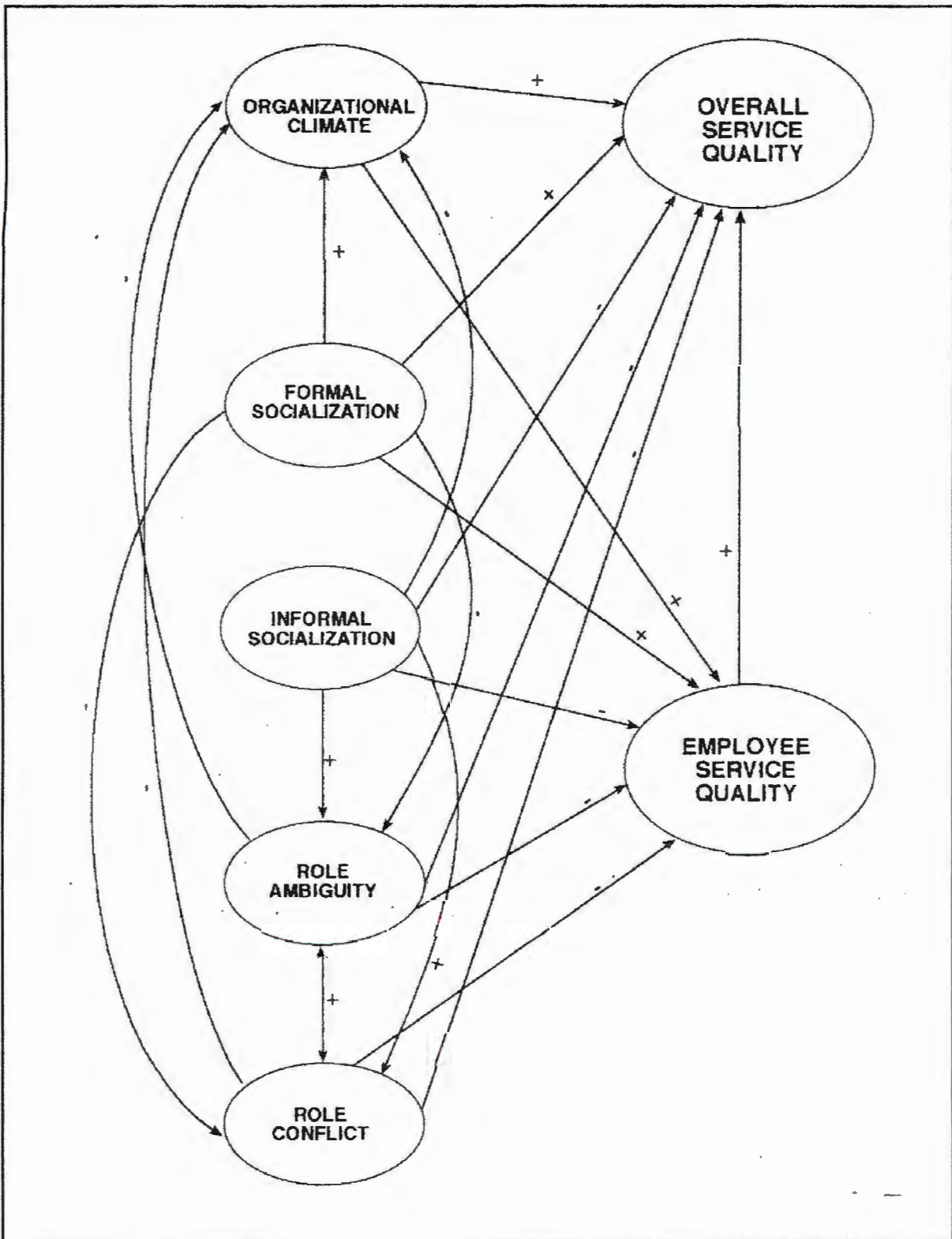
H19: The role ambiguity experienced by the bank employees is positively associated with the role conflict experienced by these employees.

4.5.7 Role and Service Quality

Lyonski (1982: 242-246) ascertained that role ambiguity has a negative influence on service quality. On the other hand, Nel, Boshoff and Mels (1994: 8) established that role ambiguity which was modeled as being responsible for Gap 3 (the service delivery gap), did not influence Gap 5 (the service quality gap). However, Boshoff and Mels (1995: 23-42) ascertained that role conflict has a negative influence on organizational commitment and thus indirectly influences service quality. Tait (1996: 266) also found that role ambiguity affects service employee performance which may spill over to the perception of service quality by the customers. Since the literature on the relationship between role and service quality is very limited, the relationship between the bank customers' and employees' perception of their role and the bank customers' perception of service quality will be explored by simply utilizing these variables as covariates in the model.

Figure 4.5 depicts the relationship among the variables.¹⁸

FIGURE 4.5: RELATIONSHIP AMONG THE VARIABLES IN THE PROPOSED MODEL



¹⁸See Tables 6.12, 6.20 and 6.29 for a summary of the hypotheses.

4.6 Summary

This chapter which provided a premise for this research evolved from the literature discussed in the previous chapters. A discussion of the concept "service quality" was followed by an overview of the various service quality models. The following key concepts/variables were also discussed, namely, the organizational socialization of service employees and service customers, the organizational climate for service, role ambiguity and role conflict. Based on the literature, a conceptual model for research was proposed. Based on the proposed model, a number of hypotheses and sub-hypotheses were postulated.

In the chapter which follows, the methodology and statistical procedures used to empirically test the hypotheses will be explained.

University of Cape Town

CHAPTER 5

RESEARCH METHODOLOGY

5.1 Introduction

This chapter provides details of the methodology employed to empirically test the research hypotheses proposed in Chapter 4. First, the research design, research instruments, and sampling procedure are discussed. Thereafter, the techniques employed to assess the reliability and validity of the measuring instruments, as well as analyze the data will be discussed.

5.2 Research Design

The survey method was employed to obtain relevant data to evaluate the proposed model (see Figure 4.4). Since the social interaction which takes place between service employees and service customers during the service encounter is stressed in this research, data was collected from bank employees and a matched sample of bank customers.

Co-operation was obtained from the head offices of three major commercial banks in South Africa to conduct research in their branches. Since it was not possible to administer the employee questionnaires during regular staff meetings, branch managers were requested to distribute the employee questionnaires after being briefed about the research. A covering letter explaining the purpose of the research and other details accompanied both the employee and customer questionnaires. Front-line bank employees (excluding tellers) who had meaningful encounters with bank customers distributed the customer questionnaires. Bank tellers/cashiers and back-office staff were excluded from this study because their encounters with bank customers would not be long enough to warrant ascertaining data relevant to this study. The bank employees were requested to hand the questionnaires 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 in previous research (Danaher and Mattsson, 1993: 8; Naumann and Giel, 1995: 207-209).

The bank customers were provided with stamped, self-addressed envelopes so that all completed questionnaires could be forwarded directly to the researcher. This procedure may have contributed to the bank customers 'feeling free' to respond as honestly as possible to all the questions. Most questionnaires completed by the bank staff were collected personally. However, after two personal visits to the banks, a responsible person was entrusted with the task of reminding employees to complete and return (by post) the questionnaires to the researcher.

Anonymity was assured, as no respondent was required to supply his or her name, staff or bank account number. Codes were inserted on the questionnaires to match the customer and employee responses.

5.3 Sample and Sampling Procedure

The nature of this research necessitated the use of a combination of convenience and judgmental sampling (Parasuraman, 1991: 546-548; Naumann and Giel, 1995: 201; Churchill, 1995: 579; Meidan, 1996: 53). The target population comprised of two groups, namely, bank employees and bank customers of commercial banks in metropolitan areas in South Africa. The names of all the commercial banks were placed in a jar and the first three drawn were approached with a request to conduct the survey in their branches. Since this request was turned down, the researcher then made a written appeal to all the other commercial banks in South Africa. After numerous letters, faxes, telephone and personal calls, permission was received from three major commercial banks to conduct the survey in their branches.

A total of 210 employee questionnaires were distributed equally among the branches of three major commercial banks situated in two metropolitan areas in the Eastern Cape Province of South Africa. Each bank employee was in turn requested to distribute five customer questionnaires, which resulted in 1050 bank customers being surveyed. This sample size recognizes the comments of various researchers (Chisnall, 1992: 93; Naumann and Giel, 1995: 181; Churchill, 1995: 628) regarding sample size, namely, the need to take cognizance of the type of statistics to be used in the analysis of the data, and the cost of data collection. The data was collected over a four-month period extending from November 1996 to March 1997.

5.4 Research Instruments

This research required the development of two research instruments, an employee questionnaire (Appendix A) and a customer questionnaire (Appendix B). Both the questionnaires included sections that assessed the individual's perceptions of the type of organizational socialization, the organizational climate, and role conflict and role ambiguity. The customer questionnaire included additional sections to assess the employee service quality (EQUAL), and the overall service quality (SQUAL).

5.4.1 The Questionnaire

Both questionnaires were divided into sections that addressed the different variables included in this research. The procedure recommended by Bless and Higson-Smith (1995: 115-122) was considered when drawing up the questionnaires. Although where possible, research instruments whose psychometric properties had been established during previous research (Kelley, 1987: 197; Hartline and Ferrel, 1993: 43-49) were used, negatively worded items were either rephrased or avoided because the pilot study revealed that respondents were ignoring negatively worded questions. Researchers such as Kamfer, Venter and Boshoff (1994: 3) support this approach.

A 5-point scale was used because the pre-test revealed that respondents could not make fine mental distinctions with respect to whatever was being measured. This view is supported by Parasuraman (1991: 427-428) who asserts that for accurate measurements, a large number of scale positions are needed only when a single-item scale is used, rather than when a multiple-item scale is used, as was in this study.

Concerning the technical aspects of the questionnaire, namely, the nature of the questions, question sequence, layout and printing, and length, cognizance was taken of the recommendations of several marketing researchers (Parasuraman 1991: 367-396; Chisnall 1992: 109-128; Churchill 1995: 396-430).

5.4.1.1 Formal/Informal Organizational Socialization

The type of organizational socialization as perceived by the bank employees and customers was measured with a 5 point Likert scale with anchors of (1) strongly disagree, (2) disagree, (3) neither agree nor disagree (neutral), (4) agree, (5) strongly agree.¹⁹ The questions that attempted to determine the type of organizational socialization were adapted from the questionnaire developed by Jones (1986: 262-279) which was based on the theoretical work of Van Maanen and Schein (1979). This section of the employee questionnaire comprised 15 questions. High scores on six items [S3, S6, S8, S10, S14 and S15] would imply "Informal" socialization. The rest of the items [S1, S2, S4, S5, S7, S9, S11-S13] in this section of the employee questionnaire were intended to measure "Formal" socialization.

In an attempt to keep the customer organizational socialization measure as similar to the employee measure as possible, the employee organizational socialization questionnaire was adapted to measure the type of organizational socialization as perceived by the service customers. The customer organizational socialization questionnaire comprised a 9-item instrument, four of which [S2, S5, S8 and S9] were intended to measure "Informal" socialization, and the rest [S1, S3, S4, S6 and S7] attempted to measure "Formal" socialization.

5.4.1.2 Organizational Climate for Service

A 22-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: 126) scale. Kelley's (1987: 121) scale was developed around the exploratory research by Parasuraman et al. (1985: 41-52). The identical questionnaire, consisting of 22 items [OC1-OC22] was administered to the bank customers²⁰ and bank employees²¹ to determine their perceptions of the organizational climate for service.

¹⁹Refer Appendix A and B, section 1.

²⁰See Appendix B, section 5.

²¹See Appendix A, section 3.

High scores on the items included in the scale would imply that a conducive climate for providing service existed in the banks.

5.4.1.3 Role Conflict and Role Ambiguity

Despite its popular use (Boshoff and Mels, 1995: 25-32; Tait, 1996: 256-259), the role conflict and ambiguity scales of Rizzo, House and Lirtzman (1970: 150-163) was not used in this study. This was due to research (King and King, 1990: 51-53; Hartline and Ferrel, 1993: 47; Shepherd and Fine, 1994: 57) which cast doubt on the validity of these scales. Instead, the conflict and ambiguity scales developed by Chonko, Howell, and Bellenger (1986: 35-48) were adapted for this research. In order to ascertain information about role conflict, employees were asked to indicate the agreement between themselves and their jobs, supervisors, and customers on a 5 point scale ranging from 1 (no agreement) to 5 (complete agreement). This section of the employee questionnaire consisted of 7 items [RC1-RC7].²² After adapting the bank employee questionnaire, the bank customer role conflict questionnaire consisted of 2 items [RC1-RC2] about which the customers had to indicate their dis/agreement with their bank.²³

For the role ambiguity scale, bank employees were asked to indicate how certain they were about each of 16 items [RA1-RA16] using a scale ranging from 1 (completely uncertain) to 5 (completely certain).²⁴ By adapting the employee role ambiguity questionnaire, a self-developed 6-item [RA1-RA6] questionnaire was used to measure the role ambiguity experienced by the service customers.²⁵ High scores would imply low levels of ambiguity and conflict.

²²See Appendix A, section 6.

²³See Appendix B, section 4.

²⁴See Appendix A, section 5.

²⁵See Appendix B, section 3.

5.4.1.4 Overall Service Quality

In most previous research, service quality has been measured as the difference between the customers' expectations of service quality and the actual perceptions they have about service quality using the SERVQUAL scale which was originally designed by Parasuraman et al. (1988: 13-40). The SERVQUAL scale is a generic instrument that has desirable psychometric properties that captures the most important aspects of consumer perceptions of service quality. Its development involved several phases beginning with an exploratory study (Parasuraman et al. 1985: 42-55) to delineate the conceptual domain, and then entailing several data-collection phases that refined the instrument. (Zeithaml et al., 1990: 370).

However, research (Carman, 1990: 55-58; Babakus and Boller, 1992: 253-268; Buttle, 1996: 8-32; Nel, Pitt and Berthon, 1997: 113-122) has uncovered a number of deficiencies in the SERVQUAL scale. The deficiencies range from problems associated with difference scores to the use of positively and negatively worded items.

In view of the deficiencies inherent in the SERVQUAL instrument, an alternative scale was used in the present study. This scale was based on the 22-items of the SERVQUAL instrument; however, it combined expectations and perceptions into one measure by asking customers whether certain aspects of service quality exceeded or fell short of expectations.²⁶

This approach which was adopted by Hartline and Ferrel (1993: 48-49) was recommended by Carman (1990: 55), Cronin and Taylor (1992: 55-68), and Parasuraman et al. (1994: 201-230). Bank customers were asked to rate each of the 22 items on a scale ranging from 1 (worse than expected) to 5 (better than expected). Higher scores imply higher perceived quality. Hartline and Ferrel (1993: 48) argued that this approach yields satisfactory results.

²⁶See Appendix B, section 6.

5.4.1.5 Employee Service Quality

Since the customers' perception of the manner in which the service is delivered [how] was also important in terms of the objectives of this research, the customer questionnaire also included a section, which attempted to ascertain the bank customers' perception of the employee service quality [EQUAL]. After adapting the SERVQUAL questionnaire, a 16-item instrument [EQ1-EQ16] was developed. Bank customers were required to indicate their dis/agreement with each of the 16 items, where 1 indicated strongly disagree and 5 indicated strongly agree.²⁷ Higher scores would imply higher employee service quality.

5.5 Measurement Reliability and Validity

The importance of the consideration of the reliability and validity of the marketing measures employed in basic and applied research has received increased attention in recent years (Churchill, 1995: 533-543). In view of the aforementioned, the validity and reliability of the measuring instruments was ascertained before the data was fitted to the research models.

5.5.1 Reliability

Generally, the reliability of a measure is concerned with the extent to which that measure is repeatable or stable over a variety of conditions and circumstances. Bless and Higson-Smith (1995: 129) define reliability as "the extent to which the empirical measures that represent a theoretical concept are accurate and stable when used for the study of the concept in several studies." An instrument that produces different scores every time it is used to measure an unchanging value has low reliability.

A variety of methods are available for the measurement of the reliability of a measure. These are: test-retest reliability, equivalent form reliability, split-half reliability and inter-scorer reliability (Bless and Higson-Smith, 1995: 131).

²⁷See Appendix B, section 8.

Although several of the methods for assessing the reliability of a measure have problems inherent in their utilization (Parasuraman, 1991: 178; Bless and Higson-Smith 1995: 131-134), a common method of assessing reliability via the internal consistency method is Cronbach's (1951) alpha (Steffens, 1995: 10). The value of the coefficient of reliability always falls between 0 and 1. An instrument with no reliability will score 0 and an instrument with very high reliability will score close to 1. Bless and Higson-Smith (1995: 135) assert that an instrument which produces a coefficient of reliability of at least 0.7 is favoured by most social scientists. Churchill (1995: 538) has recommended Cronbach's (1951) coefficient alpha as the appropriate method for assessing the reliability of marketing constructs. Furthermore, Churchill (1995: 539) recommends that Cronbach's coefficient alpha should be the first measure of reliability calculated when assessing the quality of a scale. A low coefficient alpha indicates that the measure of interest does not capture the construct which it is intended to measure, while a large alpha indicates that the scale is correlated with the true scores of interest.

The computer programme SAS PROC.CORR (SAS Institute 1990) was used to perform Stepwise Reliability Analysis (Wille 1996) for the various measuring instruments. In Stepwise Reliability Analysis (SRA), individual items are deleted from the various measuring instruments if this action improves the overall reliability of the particular measuring instrument as measured by its Cronbach's coefficient alpha (Cronbach, 1951: 297-334). The process was repeated until all the measuring instruments possessed an acceptable level of reliability.

5.5.2 Validity

Validity is concerned with just how accurately the empirical measures actually represent the concept in question or whether, in fact, they represent something else. The central aim of a research design is to establish a relationship between the independent and dependent variables on a high degree of certainty. The potential of a research design to achieve this aim is referred to as the validity of the design (Bless and Higson-Smith, 1995: 82; 135).

Bless and Higson-Smith (1995: 136) assert that although there are many types of validity, the four most important are: content validity, criterion-related validity, construct validity and face

validity. Content validity concerns the extent to which the measuring instrument measures all the essential components of any variable. In order to overcome this problem and to ensure content validity of the research instruments used in this research, operational definitions of the different variables are provided.²⁸

According to Bless and Kathuria (1995: 138), construct validity is the most important, and often most used of the various forms of validity. Parasuraman (1991: 442) asserts that construct validity relates to the question of "what is the nature of the underlying variables or construct measured by the scale?" Customer service researchers such as Naumann and Giel (1995: 99) maintain that construct validity indicates whether a question actually measures what it is supposed to measure. This is influenced by the wording of a particular question, and in the case of closed-end questions, by the scaling and measurement used.

Naumann and Giel (1995: 99) suggest that pilot testing of the questionnaire would indicate whether respondents decoded the same meaning from the question as intended by the researcher. Furthermore, the pilot study would also indicate whether the response categories are broad enough to actually capture the respondents' true responses.

After having determined the Cronbach's coefficients alpha using Stepwise Reliability Analysis [SRA], Stepwise Exploratory Factor Analysis (Wille 1996) was performed to ascertain the discriminant and construct validity of the measuring instruments. In each step of the Exploratory Factor Analysis (EFA), individual items which do not possess acceptable levels of discriminant and construct validity are deleted from the respective measuring instruments if this action improves the validity of the measuring instruments.

As recommended by Rummel (1967: 444-480), items which loaded on any one factor with loadings below 0.04 were deleted from the measuring instrument. This process was repeated until all the (remaining) measuring instruments possessed acceptable levels of discriminant and construct validity. In each step of the analysis, BMDP4M (Frane, Jennrich & Sampson 1993) was used to perform a maximum likelihood factor analysis

²⁸See Chapter 1, section 1.7.

with a direct quartimin rotation (Jennrich & Sampson, 1966: 313-323) of the unrotated factor matrix. Variances explained by the factors are irrelevant (and therefore not reported) because the aim of EFA is not data reduction, rather to assess the discriminant and construct validity of the measuring instruments (Wille 1996).

5.6 Pre-Testing, Pilot Testing and Refinement of Measuring Instruments

After the draft questionnaires were developed, they were circulated together with the objectives of the study, among academic colleagues for inputs and suggestions. After revision by means of changing the wording, scaling, overall appearance and sequence of questions, the questionnaires were referred to two academic researchers for comments. The questionnaires were revised once more before being used to conduct a pilot study in a branch of a major commercial bank.

It was intended to conduct personal interviews with both bank employees and customers in order to pilot-test the questionnaire. However, this was not possible because the bank manager was not supportive. The researcher was only allowed sufficient time to brief the bank staff about the research and request their assistance in distributing the customer questionnaires. Ten employee questionnaires and 50 customer questionnaires were distributed. After a two-week period, only four employee questionnaires and 11 customer questionnaires were returned.

Detailed statistical analysis of this data was not possible because only six customer responses could be matched with four employee responses. Any attempts to analyze the data, for example chi-square (χ^2) to determine whether the observed data supports the hypothesis, was not possible as Cochran's rules (Cochran, 1954: 417-451) regarding low cell values were being violated.

Although it became apparent from the pilot survey that the questionnaires were too long, no major changes could be made to the final questionnaire because the objectives of the study would not have been achieved. It also became evident that the researcher would have very little control over the customer response. This became apparent since all customers preferred

to complete the questionnaires at home and not in the bank, or in the presence of the bank employee. This was expected, since customers who have spent time in queues, would not be willing to "waste" more time in the bank. In the final survey, customers were therefore provided with reply paid envelopes so that they could complete the questionnaires at leisure, in the privacy of their home. It also became apparent from the pilot study that respondents were ignoring negatively worded questions. Although it would have entailed reverse-scoring, the negatively worded items were included to desist respondents from responding "mechanically" or in a set pattern. However, in the final questionnaire, the negatively worded items were rephrased.

5.7 Data Analysis and Testing of Hypotheses

Concepts such as service quality, formal and informal socialization, organizational climate, role ambiguity and role conflict cannot be directly observed, but are represented by latent variables which stand in relationship with other observable (manifest) and unobservable variables. Although latent variables cannot be observed directly, they can be constructed from a number of scales which themselves are measurable. The latent variables in this study were measured by means of items or questions.²⁹ These items which are intended to measure the latent variables are known as manifest variables. Measuring latent variables in terms of manifest variables implies dependence relationships between each latent variable and a set of at least two manifest variables. Each of these relationships is either a dependence or covariance relationship. The dependence relationship that exists between a latent and manifest variable leads to structural equations which in turn lead to mathematical models involving parameter matrices. Thus models were developed to explore the structural relationship between the manifest and latent variables in this study.

The first phase of the model building process was the identification of the latent and manifest variables. The reliable and valid items constructed to measure the overall service quality, employee service quality, formal socialization, informal socialization, role ambiguity, role conflict, and the organizational climate were incorporated into models for the customer, employee and the matched employee-customer groups.

Boshoff and Mels (1994: 17) assert that path analysis is the most appropriate statistical tool for evaluating relationships among a set of variables. The statistical method for path analysis with latent variables entails estimating all free parameters as well as obtaining measures of fit of the mathematical model (Mels 1988). Path analysis does not generate theory, but tests or evaluates theory through use of multiple regression analysis. Once a model has been specified, and the relevant data gathered, it is also possible to compare the hypothesized model to the data by means of variances and covariances. If the hypothesized process is correct, only certain values will be observed for those variances and covariances. Implications based on any assumed model are drawn for every variance and covariance of the manifest variable. Covariances which are observed outside of the set of expected ones would provide a basis for rejecting the model. The existence of unexpected covariances thus reveals the incompatibility between the model and the data.

The computer programme RAMONA (Browne and Mels 1990) was used to investigate relationship between latent variables, and to empirically evaluate the hypothesized relationships between the latent and manifest variables. RAMONA which is an improvement on LISREL, not only tests for significant deviations from zero for all parameters, but also provides for several measures of fit of the data to an hypothesized model. Browne and Mels (1990) assert that the use of LISREL to evaluate a model is sometimes problematic as it is based on assumptions of multinormality and linearity, which may often be violated. Sample size, for instance, has an important influence on the chi-square statistic, which may lead to incorrect decisions to accept or reject the model. RAMONA (RAM or near approximation), according to Browne and Mels (1990) yields several measures of fit of the models, such as sample discrepancy function values and a 90 per cent confidence interval for these discrepancy values.

A sample discrepancy function value of 0.0 or near to it, yields a goodness of fit statistic which gives the researcher an indication whether or not, the model provides a plausible representation of the data. The smaller the sample discrepancy function value, the better the fit of the data to the hypothesized model.

²⁹See Appendices A and B.

Wille (1996) proposed a stepwise procedure for the empirical evaluation of latent variable models. This procedure consists of Stepwise Reliability Analysis and Stepwise Exploratory Factor Analysis to obtain the optimal measuring instruments (in terms of reliability and validity) based on the data. Once these measuring instruments have been obtained, the corresponding structural equation model is fitted to the data. Wille (1996) showed that this method leads to an improvement of the goodness-of-fit indices for each of the ten examples that he considered. More recently, Browne, Cudeck, Mels and Tateneni (1998) provided a procedure to improve the Stepwise Exploratory Factor Analysis of Wille's (1996) method. The application of this procedure to Wille's (1996) stepwise method shows that Wille's (1996) initial results were conservative since the improvements in the goodness-of-fit indices were incredible.

In analyzing the data, the following steps were followed:

- a model was developed based on knowledge and current theory,
- patterns of associations were established among the variables in the model,
- path coefficients were calculated for the model,
- measures of fit of the model were conducted, and the results interpreted.

The data analysis was undertaken in three stages. Each data set, customer, and the employee was analyzed separately. Thereafter, the employee data was matched with the customers' to determine the effects of the encounter experience on service quality. The data from each sample was analyzed with reference to an hypothesized model, but as will become apparent the hypothesized model had to be amended to include only reliable and valid variables.

To be able to match the employees with the customers, codes were inserted on the questionnaires.³⁰ Each bank, employee and customer questionnaire was coded in order to be able to identify the respondents. Since each employee was requested to distribute five customer questionnaires, to be able to match the employees with the customers, the coding was done as follows: Bank A, Employee 1, Customers 1-1, 1-2, 1-3, 1-4 and 1-5; Employee 2, Customer 2-1, 2-2, 2-3, 2-4 and 2-5 etc. The same procedure was followed for Banks B and C.

5.8 Summary

This chapter dealt with the research design, as well as with the techniques used to assess the reliability and validity of the measuring instruments, and analyze the data. In the next chapter, the significant findings will be reported, and a discussion thereof will follow.

³⁰This was also necessary since each bank requested a report on service quality.

CHAPTER 6

EMPIRICAL FINDINGS

6.1 Introduction

This purpose of this chapter is to report and discuss the empirical findings. After commenting on the response rate, some preliminary results are reported. Thereafter, the empirical findings with reference to the hypotheses are reported and discussed under the following headings: customer sample, employee sample, and the matched customer-employee sample. For each sample, detailed illustration and explanation is provided on the procedure employed to develop reliable and valid measuring instruments.

With respect to the employee and the matched customer-employee samples, some of the measuring instruments (items) comprising the research variables were found to be unreliable and invalid. It was therefore necessary to modify the hypothesized research model (Figure 4.5) for these samples.

6.2 Response Rate

Although 210 employee and 1050 customer questionnaires were distributed, after four months, only 106 employee questionnaires (50.47 per cent) and 200 customer questionnaires (19.05 per cent) were returned. Of these, 104 (49.52 per cent) employee and 190 (18.09 per cent) customer responses were deemed usable. Since one stage of the analysis entailed matching employee and customer responses, it was only possible to match 50 employees with 166 customers. For the matched sample, the employee response was 23.81 percent, and the customer response was 15.81 per cent. In a study using a similar methodology, Hartline and Ferrel (1993: 21) reported an employee response rate of 34.1 per cent and a customer response rate of 3.8 per cent.

Considering that a mail survey was conducted, the response seems satisfactory. The customer response rate could be attributed to the research method (mail), and because customers could

not be "forced" to complete and return the questionnaires. Furthermore, employees were unable to trace the customers to whom they had given questionnaires, since this was done randomly. As a follow-up, branch managers were requested to put up notices requesting customers to complete and return the questionnaires to the researcher.

6.3 Preliminary Results

The majority of bank employees (55.7%) had been employed at the same bank for over five years. Only eleven (10.3%) employees indicated that they were employed at the same bank for less than a year. Considering that standard ten was the minimum education required to be employable at a bank, it is not surprising that in addition to the minimum level of education, a notable majority (75.5%) had also completed either a diploma or a certificate.

Only 21 per cent of the employees indicated that they would leave their present employer if they were offered a similar post at another bank, while a significant majority (54.25) indicated that they would quit their jobs at the bank if they were offered better pay for a different job.

The majority (66%) of bank customers indicated that they were using the same bank for over five years. Only an insignificant minority (7.5%) had been with the same bank for less than a year. An overwhelming majority (83%) of bank customers indicated that they were very satisfied with the overall service provided by their bank, and the bank's staff.

Since descriptive data analysis helps to summarize the general nature of the variables and their interrelationships, this was undertaken using the SAS (SAS Institute 1990) computer programme. More specifically, the PROC. UNIVARIATE procedure was performed on the research variables using the data from the 190 customer and 104 employee responses. Since the objective of this research was to test several hypotheses or perform inferential analysis, a detailed discussion of the preliminary results is not undertaken.

The results of the descriptive analysis presented in Tables 6.1 and 6.2 are self-explanatory and are included merely for the sake of completeness. Table 6.1 depicts the outcome of the initial data analysis with reference to the banks' customers.

TABLE 6.1: DESCRIPTIVE RESULTS-CUSTOMERS [N=190]

VARIABLES	MEANS	STANDARD DEVIATION	SKEWNESS	VARIANCE
Formal Socialization	2.7463	0.8146	-0.1055	0.6636
Informal Socialization	3.0487	0.9656	0.3738	0.9325
Organizational Climate	3.9983	0.7114	-1.3209	0.5060
Role Ambiguity	3.7649	0.7534	-1.1213	0.5676
Role Conflict	3.3763	1.4167	-0.8105	2.0071
Employee Service Quality	4.1164	0.8279	-2.2713	0.6854
Overall Service Quality	4.1048	0.7946	-0.9819	0.6314

Table 6.2 shows the results of the initial data analysis using the employee data.

TABLE 6.2: DESCRIPTIVE RESULTS-EMPLOYEES [N=104]

VARIABLES	MEANS	STANDARD DEVIATION	SKEWNESS	VARIANCE
Formal Socialization	3.3611	0.7334	0.0064	0.5379
Informal Socialization	3.2821	0.5793	0.0602	0.3355
Organizational Climate	4.4689	0.4705	-0.9769	0.2213
Role Ambiguity	3.8894	0.6824	-1.7735	0.4657
Role Conflict	3.4327	1.1010	-0.4937	1.2124

Considering that a 5-point scale was used, it is apparent from the preliminary results depicted in Tables 6.1 and 6.2, that:

- the bank customers perceived themselves as being more informally socialized, whereas the employees perceived both formal and informal socialization strategies as being almost equally applied,

- both the customers and employees viewed the organizational climate as being supportive customer service,
- the customers perceived the employee, and the overall service quality offered by their banks as being high, and
- the customers and employees did not experience a great deal of ambiguity and conflict.

6.4 Empirical Findings: Customer Sample

6.4.1 Reliability of Customer Measures

The Cronbach's (1951) coefficient alphas resulting from Stepwise Reliability Analysis (Wille 1996) which was performed on the various measuring instruments included in the customers' questionnaire are reported in Table 6.3. Since Nunnally (1971) recommends that instruments which have a coefficient of reliability of at least 0.70 and higher are acceptable for use, it is evident that all the customer measures are fairly reliable. However, since certain latent variables had too many measurements, it was decided to reduce the number of individual measurements by averaging individual measurements to create adapted measurements.³¹

³¹ Stepwise Reliability Analysis was performed on the original instruments before combining items.

TABLE 6.3: CRONBACH'S ALPHA COEFFICIENTS FOR THE ORIGINAL CUSTOMER MEASUREMENTS³²

INSTRUMENT	ORIGINAL ITEMS	COEFFICIENT	REFINED ITEMS	CO-EFFICIENT
Formal Socialization	S1,S3,S4,S6,S7	0.807	S1,S3,S4 S6,S7	0.807
Informal Socialization	S2,S5,S8, S9	0.763	S5,S9	0.847
Role Ambiguity	RA1-RA6	0.852	RA2,RA3,RA4, RA5,RA6	0.861
Role Conflict	RC1,RC2	0.886	RC1,RC2	0.886
Oorganizational Climate	OC1-OC22	0.950	OC7,OC9,OC10, OC11,OC12,OC13, OC16,OC17,OC18, OC19,OC20,OC21, OC22	0.961
Overall Service Quality	SQ1-SQ22	0.970	SQ6,SQ7,SQ8, SQ9,SQ11,SQ12, SQ13,SQ14,SQ15, SQ16,SQ17,SQ18, SQ19,SQ20,SQ21, SQ22	0.974
Employee Service Quality	EQ1-EQ16	0.961	EQ2,EQ3,EQ4,EQ5, EQ6,EQ7,EQ8,EQ9, EQ10,EQ11, EQ12,EQ13,EQ14, EQ15	0.963

6.4.1.1 Development of Adapted Measures: Customers

Since the indicators are on a certain scale, averaging of indicators will also yield indicators on the same scale. Wille (1996) argues that this will improve the reliability and validity (in combination) of the original measuring instruments. The items were combined to reduce the number of indicators per latent variable (factor) for the structural equation model to be fitted to the data.

³²The final reliability coefficients for the customers is reflected in Table 6.8..

Structural equation modeling is a multivariate statistical method that requires the sample size to be large with respect to the number of observed variables. Measurements (or indicators) of latent variables are observed variables. This means that the more measurements per latent variable, the larger the sample size that is required for a sensible application of structural equation modeling. Since the response rate was not very favourable, an alternate solution was sought.

It is known that adding indicators increases the Cronbach alpha coefficient of the measuring instrument (Wille 1996). However, adding of indicators leads to measurement errors, since each indicator is associated with a measurement error. The trade-off is then between the alpha coefficient and the measurement error (Wille 1996). In view of the aforementioned, James, Mulaik and Brett (1982) recommend three to five indicators per latent variable of the structural equation model. This recommendation is also supported by Wille (1996).

Adapted measurements were developed for the organizational climate for service, overall service quality and employee service quality measures. The procedure adopted is illustrated in Table 6.4.

TABLE 6.4: DEVELOPMENT OF ADAPTED MEASUREMENTS FOR THE CUSTOMERS³³

LATENT VARIABLE	ADAPTED MEASURING INSTRUMENT
Organizational Climate	$OC1=(OC7+OC9+OC10)/3$ $OC2=(OC11+OC12+OC13)/3$ $OC3=(OC16+OC17+OC18)/3$ $OC4=(OC19+OC20+OC21+OC22)/4$
Overall Service Quality	$SQ1=(SQ6+SQ7+SQ8+SQ9)/4$ $SQ2=(SQ11+SQ12+SQ13+SQ14)/4$ $SQ3=(SQ15+SQ16+SQ17+SQ18)/4$ $SQ4=(SQ19+SQ20+SQ21+SQ22)/4$
Employee Service Quality	$EQ1=(EQ2+EQ3+EQ4)/3$ $EQ2=(EQ5+EQ6+EQ7)/3$ $EQ3=(EQ8+EQ9+EQ10+EQ11)/4$ $EQ4=(EQ12+EQ13+EQ14+EQ15)/4$

³³For the adapted measures, OC1, SQ1, EQ1, etc. refer to aggregated (adapted) rather than individual measures.

The method of combining items is arbitrary rather than random. A sequential combination was performed based on the empirical fact that all items are reliable and valid indicators of the latent variables of interest. It may not mean optimal combination, since we are not aware of Monte Carlo studies that have investigated this. To ensure that the adapted measuring instruments (Table 6.4) adhered to Nunnally's (1971) standards, they were also subjected to Stepwise Reliability Analysis. This procedure resulted in item EQ1 [EQ2+EQ3+EQ4/3] being deleted because the Cronbach's (1951) coefficient alpha did not meet Nunnally's (1971) standards. It is evident from Table 6.5 that the seven latent variables are measured with acceptable levels of reliability (internal consistency) by their respective adapted measuring instruments.

TABLE 6.5: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED CUSTOMER MEASUREMENTS

INSTRUMENT	REFINED ITEMS	CO-EFFICIENT	REFINED ADAPTED ITEMS ³⁴	CO-EFFICIENT
Formal Socialization	S1,S3,S4 S6,S7	0.807	S1,S3,S4,S6,S7	0.807
Informal Socialization	S5, S9	0.847	S5,S9	0.847
Role Ambiguity	RA2,RA3,RA4, RA5,RA6	0.861	RA2,RA3,RA4,RA5, RA6	0.861
Role Conflict	RC1,RC2	0.886	RC1,RC2	0.886
Oorganizational Climate	OC7,OC9,OC10, OC11,OC12, OC13,OC16,OC17, OC18,OC19, OC20,OC21, OC22	0.961	OC1,OC2,OC3,OC4	0.949
Overall Service Quality	SQ6,SQ7,SQ8, SQ9,SQ11,SQ12, SQ13,SQ14,SQ15, SQ16,SQ17,SQ18, SQ19,SQ20,SQ21, SQ22	0.974	SQ1,SQ2,SQ3,SQ4,	0.966
Employee Service Quality	EQ2,EQ3,EQ4, EQ5,EQ6,EQ7, EQ8,EQ9,EQ10, EQ11,EQ12,EQ13, EQ14,EQ15	0.963	EQ2,EQ3,EQ4	0.933

³⁴ For the refined adapted items, OC1, SQ1 and EQ2 are aggregate or combined items.

6.4.2 Validity of the Customer Measures

To assess the discriminant and construct validity of the empirical measuring instruments, they were subjected to [EFA] Stepwise Exploratory Factor Analysis (Wille 1996). In Step 2 of EFA, the measuring instruments were subjected to a Principal Factor Analysis with a Direct Quartimin Rotation (Jenrich and Sampson 1966) of the unrotated factor matrix by using BMDP4M (Frane, Jenrich and Sampson 1993).

The results of Exploratory Factor Analysis [EFA] for the adapted customer measuring instruments [Table 6.5] are reflected in Table 6.6. Variances explained by the factors are irrelevant (and therefore not reported) because the aim of EFA is not data reduction. The aim of EFA is to assess the discriminant and construct validity of the measuring instruments (Wille 1996).

University of Cape Town

**TABLE 6.6: ROTATED FACTOR LOADING FOR THE CUSTOMER
MEASURING INSTRUMENTS**

ITEM	FACTOR 1 Organizational Climate	FACTOR 2 Overall Service Quality	FACTOR 3 Role Ambiguity	FACTOR 4 Employee Service Quality	FACTOR 5 Informal Socialization	FACTOR 6 Role Conflict	FACTOR 7 Formal Socialization
S1	-0.001	0.023	0.002	0.118	0.199	0.040	0.542*
S3	0.086	-0.044	0.143	0.141	0.258	-0.041	0.325?
S4	-0.005	-0.031	0.051	0.249	0.397?	0.102	0.364?
S6	0.023	0.096	-0.004	-0.054	-0.083	-0.065	0.754*
S7	0.016	0.021	0.000	-0.043	0.001	0.129	0.693*
S5	0.036	-0.015	0.031	-0.008	0.871*	0.040	-0.035
S9	-0.044	0.140	0.060	0.004	0.772*	0.012	0.027
RA2	0.008	0.066	0.650	0.003	0.033	0.039	-0.122
RA3	-0.030	-0.014	0.971	-0.029	-0.070	0.000	0.057
RA4	-0.013	-0.046	0.837	0.109	-0.061	0.074	0.085
RA5	0.123	0.152	0.344?	-0.043	0.274?	0.034	-0.051
RA6	0.092	0.116	0.427	-0.067	0.239	0.056	0.101
RC1	-0.025	-0.002	0.014	-0.053	0.063	0.990*	0.037
RC2	0.066	0.005	0.042	0.015	-0.049	0.778*	-0.033
OC1	0.919*	0.081	0.007	-0.027	0.006	-0.028	0.016
OC2	0.931*	0.030	-0.011	-0.055	-0.001	0.073	-0.048
OC3	0.916*	-0.129	0.036	0.051	-0.035	-0.009	0.030
OC4	0.807*	0.056	-0.068	0.106	-0.002	0.025	0.023
SQ1	0.058	0.774*	0.094	-0.050	0.035	-0.036	0.028
SQ2	-0.022	0.897*	0.046	0.092	0.030	0.001	-0.011
SQ3	0.042	0.789*	-0.029	0.106	0.002	0.061	0.103
SQ4	0.028	0.906*	-0.022	0.043	0.017	0.020	0.048
EQ2	0.133	0.084	0.007	0.738*	0.030	0.005	-0.039
EQ3	0.033	0.104	0.069	0.809*	-0.014	0.001	-0.027
EQ4	0.079	0.100	0.016	0.730*	0.008	-0.011	0.008

It is evident from Table 6.6 that the measuring instrument Formal Socialization (S1, S3, S4, S6 and S7) does not adhere to discriminant validity since item S4 loads on Factor 5 and Factor 7. It also does not adhere to construct validity since S3 and S4 have loadings less than 0.4 on Factor 7. Furthermore, the measuring instrument Role Ambiguity (RA2-RA6) also does not adhere to discriminant validity since RA5 loaded on Factor 3 and Factor 5. It also did not adhere to construct validity since it had a loading of 0.344, which is less than 0.40 (Rummel, 1967: 444-480). Thus the results in Table 6.6 suggest the (adapted) measuring instruments for the remaining latent variables as reflected in Table 6.7.

**TABLE 6.7: REMAINING ADAPTED MEASURING
INSTRUMENTS FOR CUSTOMERS**

LATENT VARIABLE	ADAPTED MEASURING INSTRUMENT
Formal Socialization	S1,S6,S7
Informal Socialization	S5,S9
Role Ambiguity	RA2,RA3,RA4, RA6
Role Conflict	RC1,RC2
Organizational Climate	OC1,OC2,OC3,OC4
Overall Service Quality	SQ1,SQ2,SQ3,SQ4
Employee Service Quality	EQ2,EQ3,EQ4

To ensure that the measuring instruments for the remaining latent variables reflected in Table 7 were reliable, they were further subjected to Stepwise Exploratory Reliability analysis. This procedure produced the results reflected in Table 6.8.

**TABLE 6.8: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED
CUSTOMER MEASUREMENTS**

INSTRUMENT	ADAPTED ITEMS	CO-EFFICIENT	FINAL ITEMS	FINAL COEFFICIENT
Formal Socialization	S1,S3,S4,S6,S7	0.807	S1,S6,S7	0.807
Informal Socialization	S5, S9	0.847	S5, S9	0.847
Role Ambiguity	RA2,RA3,RA4, RA5, RA6	0.861	RA2,RA3,RA4, RA6	0.844
Role Conflict	RC1,RC2	0.886	RC1,RC2	0.886
Organizational Climate	OC1,OC2,OC3, OC4	0.949	OC1,OC2,OC3, OC4	0.949
Overall Service Quality	SQ1,SQ2,SQ3, SQ4	0.966	SQ1,SQ2,SQ3, SQ4	0.966
Employee Service Quality	EQ2,EQ3,EQ4	0.933	EQ2,EQ3,EQ4	0.933

In Step two of the Stepwise Exploratory Factor Analysis procedure, the measuring instruments listed in Table 6.8 were subjected to a Principal Factor Analysis with a Direct Quartimin Rotation (Jennrich and Sampson 1966) of the unrotated factor matrix using BMDP (Frane, Jennrich and Sampson 1993). The resulting rotated factor matrices obtained are reflected in Table 6.9. It is evident from Table 6.9 that the remaining (adapted) measuring instruments possessed acceptable levels of discriminant and construct validity since they loaded heavily with loadings above 0.4 (Rummel, 1967: 444-480) on one factor only.

TABLE 6.9: ROTATED FACTOR LOADINGS FOR THE ADAPTED CUSTOMER MEASURING INSTRUMENTS

ITEM	FACTOR 1 Overall Service Quality	FACTOR 2 Organizational Climate	FACTOR 3 Employee Service Quality	FACTOR 4 Role Ambiguity	FACTOR 5 Informal Socialization	FACTOR 6 Role Conflict	FACTOR 7 Formal Socialization
S1	0.057	0.009	0.133	0.001	0.212	0.063	0.427*
S6	0.052	0.019	-0.030	0.014	-0.060	-0.101	0.829*
S7	-0.012	0.008	0.009	-0.007	0.037	0.151	0.721*
S5	-0.079	0.049	-0.006	0.031	0.980*	0.017	-0.049
S9	0.115	-0.051	0.035	-0.030	0.732*	-0.019	0.060
RA2	0.062	0.015	-0.033	0.638*	0.027	0.032	-0.126
RA3	-0.014	-0.014	-0.018	0.992*	-0.036	-0.028	0.056
RA4	-0.054	-0.011	0.122	0.813*	-0.030	0.071	0.074
RA6	0.146	0.013	-0.007	0.430*	0.240	0.029	0.116
RC1	-0.004	0.005	-0.039	0.079	0.064	0.842*	0.070
RC2	0.025	0.025	0.029	-0.017	-0.057	0.899*	0.040
OC1	0.102	0.902*	-0.043	0.011	0.006	-0.019	0.013
OC2	0.046	0.915*	-0.042	0.005	0.012	0.068	-0.036
OC3	-0.147	0.941*	0.074	0.041	-0.006	-0.029	0.056
OC4	0.050	0.810*	0.071	-0.060	-0.011	0.020	-0.020
SQ1	0.841*	0.053	0.020	0.085	0.046	-0.033	0.019
SQ2	0.924*	-0.036	0.048	0.022	0.009	0.013	-0.041
SQ3	0.847*	0.025	0.090	-0.039	-0.022	0.068	0.065
SQ4	0.944*	0.026	-0.013	-0.020	-0.008	-0.001	0.029
EQ2	0.040	0.092	0.810*	-0.006	0.015	-0.003	-0.046
EQ3	0.006	-0.049	0.972*	0.037	-0.013	0.017	-0.000
EQ4	0.038	0.028	0.842*	-0.005	0.011	-0.019	0.026

6.4.3 Significant Findings

After empirically assessing the internal consistency and validity of the measuring instruments, the various hypothetical models were tested using the computer programme RAMONA (Brown and Mels 1990). The resulting maximum likelihood estimates and significance information in terms of P values are shown in Figures 6.1, 6.3 and 6.5.

In addition, T-values using maximum likelihood estimates of the free parameters in the dependence and variance/covariance relationship with a 90 per cent confidence interval are reported at the end of each section of the analysis. Although this detailed reporting of results may seem a duplication of what has been presented on the path diagrams, in view of the numerous hypotheses postulated, this method seems practical to enable the reader to obtain a snapshot of the results. In Tables 6.10, 6.11, 6.18, 6.19, 6.27 and 6.28, a T-value greater than 1.96 ($p < 0.05$) or a T-value greater than 2.58 ($p < 0.01$) implies a significant influence. A T-value which is equal to or less than 1.96 ($p > 0.05$) implies that there is a non-significant influence (Browne and Mels 1990).

In interpreting the empirical findings depicted in Figures 6.1, 6.3 and 6.5, cognizance was taken of the caution sounded by Pedhazur (1982). According to this researcher, testing a path model is tantamount to testing the fit between the data and the explanatory scheme hypothesized within the model, and is not necessarily a test of the causal ordering of the variables.

The empirical results for the various (customer, employee and matched) samples depicted in Figures 6.1, 6.3 and 6.5 will be interpreted, and the decision on the relevant hypotheses will be immediately reported. A comment on the 'goodness of fit' of the models will be followed by a discussion of the important findings.

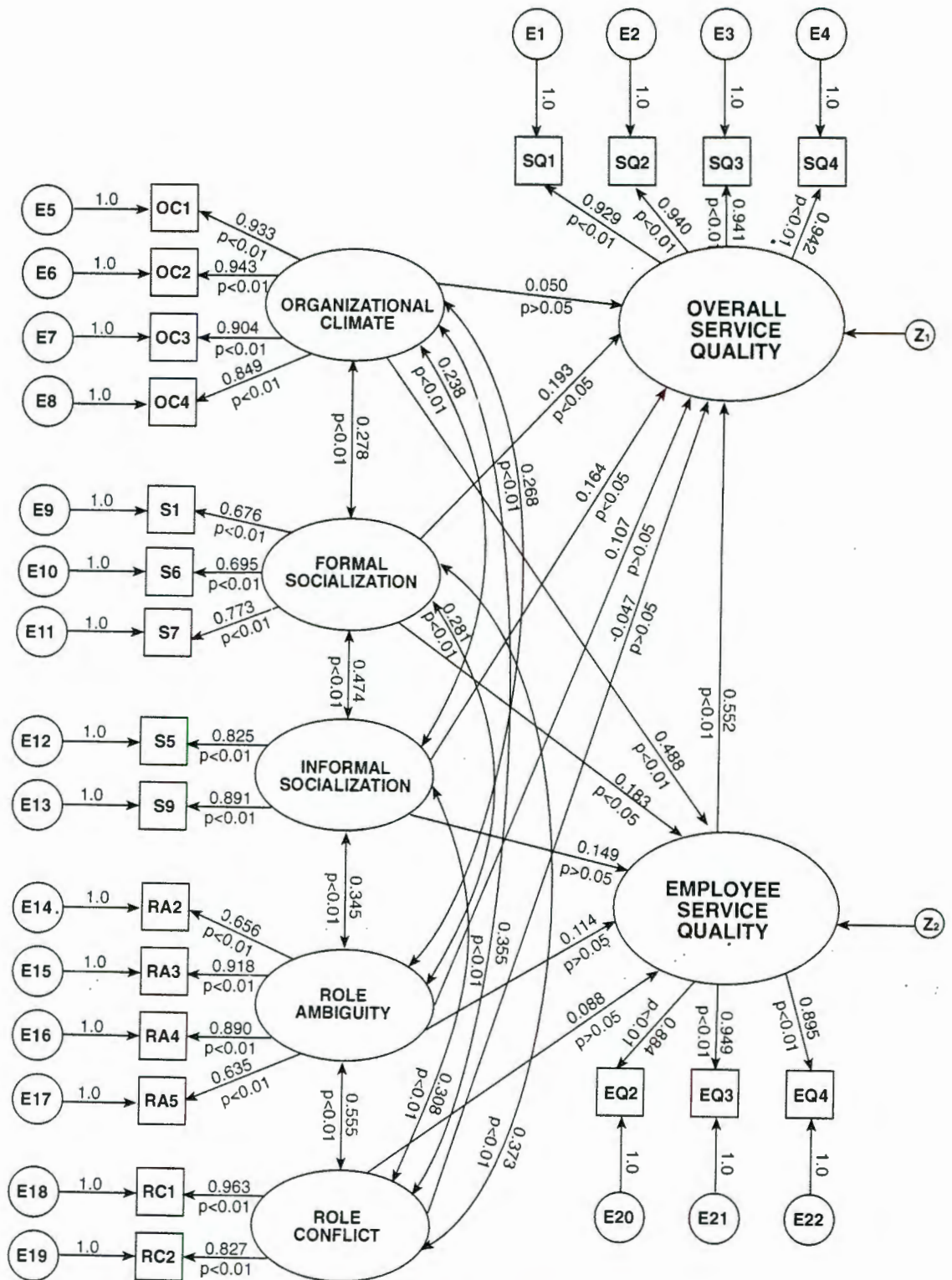
6.4.3.1 Significant Findings: Customer Sample

The hypothesized customer model as presented in Figure 4.5 was tested using the computer programme RAMONA (Browne and Mels 1990).

By specifying an analysis based on sample correlation matrix with maximum likelihood estimation, the research model was fitted to the data. The resulting maximum likelihood estimates and significance information in terms of P values are shown in Figure 6.1. It is evident from Figure 6.1, that:

- the service quality delivered by the bank's employees is strongly associated with the customers' perception of the overall service quality delivered by the bank (0.552; $p < 0.01$); hypothesis H3 is accepted.
- both formal socialization (0.193; $p < 0.05$), and informal socialization (0.164; $p < 0.05$) exert a significant positive influence on the bank customers' perception of the overall service quality; hypothesis H6 and H7 are accepted.
- formal socialization is significantly positively associated with the employee service quality (0.183; $p < 0.05$); hypothesis H8 is accepted.
- informal socialization is not significantly associated with the employee service quality (0.149; $p > 0.05$); hypothesis H9 is rejected.
- formal socialization (0.278; $p < 0.01$) is significantly positively correlated with the organizational climate as perceived by the customers; hypothesis H 6a is accepted.
- informal socialization (0.238; $p < 0.01$) is also significantly positively correlated to the organizational climate as perceived by the customers; H 7a is rejected.
- formal socialization (0.281; $p < 0.01$), and informal socialization (0.345; $p < 0.01$) are significantly positively correlated with the role ambiguity as perceived by the customers; hypothesis H6b is accepted and H7b is rejected.
- both formal socialization (0.373; $p < 0.01$) and informal socialization (0.308; $p < 0.01$) are significantly positively correlated with the role conflict perceived by the customers; hypothesis H6c is accepted and H7c is rejected.
- although the organizational climate for service is significantly associated with the employee's service quality (0.488; $p < 0.01$), its association with the overall service quality is negligible and non significant (0.050; $p > 0.05$); hypothesis H13 is accepted but hypothesis H12 is rejected.
- the role ambiguity experienced by the customers is significantly positively correlated with the organizational climate (0.268; $p < 0.01$); hypothesis H 16 is accepted.

FIGURE 6.1: EMPIRICAL EVALUATION OF THE HYPOTHESIZED CUSTOMER MODEL



$SQ1 = (SQ6 + SQ7 + SQ8 + SQ9) / 4$; $SQ2 = (SQ11 + SQ12 + SQ13 + SQ14) / 4$;
 $SQ3 = (SQ15 + SQ16 + SQ17 + SQ18) / 4$; $SQ4 = (SQ19 + SQ20 + SQ21 + SQ22) / 4$

$OC1 = (OC7 + OC9 + OC10) / 3$; $OC2 = (OC11 + OC12 + OC13) / 3$; $OC3 = (OC16 + OC17 + OC18) / 3$;
 $OC4 = (OC19 + OC20 + OC21 + OC22) / 4$

$EQ2 = (EQ5 + EQ6 + EQ7) / 3$; $EQ3 = (EQ8 + EQ9 + EQ10 + EQ11) / 4$;
 $EQ4 = (EQ12 + EQ13 + EQ14 + EQ15) / 4$

- the role conflict experienced by the customers is also significantly positively correlated with the organizational climate (0.355; $p < 0.01$); hypothesis H17 is accepted.
- the role ambiguity and role conflict perceived by the customers are significantly positively associated with each other (0.555; $p < 0.01$); H18 is accepted.

Figure 6.1 also shows that:

- although the role conflict experienced by the bank customers is negatively associated with the overall service quality (-0.047; $p > 0.05$), the association is almost negligible and insignificant;
- the role ambiguity experienced by the customers is not significantly associated with their perception of the overall service quality (0.107; $p > 0.05$), and the employee service quality (0.114; $p > 0.05$);
- the role conflict experienced by the customers is also not significantly associated with their perception of the employee service quality (-0.088; $p > 0.05$);

Tables 6.10 and 6.11 show the T-values using the maximum likelihood estimates of the free parameters in the dependence, and variance/covariance relationship among the variables in the customer model respectively. As mentioned earlier, these tables are self-explanatory, and thus do not need discussion.

TABLE 6.10: T-VALUES OF THE DEPENDENCE RELATIONSHIP AMONG THE VARIABLES IN THE CUSTOMER MODEL

PATH	P-VALUES	T-VALUES
OVERALL SERVICE QUALITY←-----:ROLE AMBIGUITY	>0.05	1.54
OVERALL SERVICE QUALITY←-----:ROLE CONFLICT	>0.05	-0.63
OVERALL SERVICE QUALITY←-----:ORGANIZATIONAL CLIMATE	>0.05	0.73
OVERALL SERVICE QUALITY←-----:EMPLOYEE SERVICE QUALITY	<0.01	8.20
OVERALL SERVICE QUALITY←-----:FORMAL SOCIALIZATION	<0.05	2.54
OVERALL SERVICE QUALITY←-----:INFORMAL SOCIALIZATION	<0.05	2.35
EMPLOYEE SERVICE QUALITY←-----:ROLE AMBIGUITY	>0.05	1.32
EMPLOYEE SERVICE QUALITY←-----:ROLE CONFLICT	>0.05	-0.97
EMPLOYEE SERVICE QUALITY ←----:FORMAL SOCIALIZATION	<0.05	2.00
EMPLOYEE SERVICE QUALITY ←----:ORGANIZATIONAL CLIMATE	<0.01	7.28
EMPLOYEE SERVICE QUALITY ←----:INFORMAL SOCIALIZATION	>0.05	1.75

TABLE 6.11: T-VALUES OF THE VARIANCE/COVARIANCE RELATIONSHIP AMONG THE VARIABLES IN THE CUSTOMER MODEL

PATH	T-VALUES*
FORMAL SOCIALIZATION←-----→ROLE AMBIGUITY	3.23
FORMAL SOCIALIZATION ←-----→ROLE CONFLICT	4.54
FORMAL SOCIALIZATION ←-----→ORGANIZATIONAL CLIMATE	3.27
INFORMAL SOCIALIZATION←-----→ROLE AMBIGUITY	4.37
INFORMAL SOCIALIZATION←-----→ROLE CONFLICT	3.85
INFORMAL SOCIALIZATION←-----→ORGANIZATIONAL CLIMATE	2.92
ROLE AMBIGUITY←-----→ROLE CONFLICT	8.96
ROLE CONFLICT ←-----→ORGANIZATIONAL CLIMATE	4.86
FORMAL SOCIALIZATION←-----→INFORMAL SOCIALIZATION	5.94

* p<0.01

Table 6.12 summarizes the aforementioned findings in terms of the hypotheses.

TABLE 6.12: SUMMARY OF THE EMPIRICAL FINDINGS: CUSTOMER SAMPLE

HYPOTHESES	DESCRIPTION	HYPOTHESIZED INFLUENCE	ACTUAL INFLUENCE	CONCLUSION
H3	EQUAL----->SQUAL	POSITIVE	POSITIVE	ACCEPTED
H6	FS----->SQUAL	POSITIVE	POSITIVE	ACCEPTED
H7	IS----->SQUAL	POSITIVE	POSITIVE	ACCEPTED
H8	FS----->EQUAL	POSITIVE	POSITIVE	ACCEPTED
H9	IS----->EQUAL	POSITIVE	NS	REJECTED
H6a	FS---->OC	POSITIVE	POSITIVE	ACCEPTED
H7a	IS---->OC	NEGATIVE	POSITIVE	REJECTED
H12	OC----->SQUAL	POSITIVE	NS	REJECTED
H13	OC----->EQUAL	POSITIVE	POSITIVE	ACCEPTED
H6b	FS--->RA	NEGATIVE	NEGATIVE	ACCEPTED
H7b	IS--->RA	POSITIVE	NEGATIVE	REJECTED
H6c	FS--->RC	NEGATIVE	NEGATIVE	ACCEPTED
H7c	IS--->RC	POSITIVE	NEGATIVE	REJECTED
H16	RA---->OC	NEGATIVE	NEGATIVE	ACCEPTED
H17	RC---->OC	NEGATIVE	NEGATIVE	ACCEPTED
H18	RA---->RC	POSITIVE	POSITIVE	ACCEPTED

NS: NOT SIGNIFICANT

To establish the extent to which the hypothesized model represents an acceptable approximation of the data, the measures of fit of the model have to be taken into account. This information is reflected in Table 6.13.

TABLE 6.13: MEASURES OF FIT OF THE CUSTOMER MODEL

SAMPLE DISCREPANCY FUNCTION VALUE	= 2.161
POPULATION DISCREPANCY FUNCTION VALUE	
BIAS ADJUSTED POINT ESTIMATE	= 0.931
90 PER CENT CONFIDENCE INTERVAL	= (0.636; 1.273)
ROOT MEAN SQUARE ERROR OF APPROXIMATION	
POINT ESTIMATE	= 0.068
90 PER CENT CONFIDENCE INTERVAL	= (0.056; 0.079)
EXPECTED CROSS VALIDATION INDEX	
POINT ESTIMATE (MODIFIED AIC)	= 3.046
90 PER CENT CONFIDENCE INTERVAL	= (2.751; 3.389)
CROSS VALIDATION (MODIFIED AIC) FOR	
SATURATED MODEL	= 3.341
CHI-SQUARE TEST STATISTIC	= 356.60
EXCEEDANCE PROBABILITIES:	
Ho: PERFECT FIT (RMSEA = 0,0)	= 0.000
Ho: CLOSE FIT (RMSEA.LE. 0,050)	= 0.008
DEGREES OF FREEDOM	= 203

From the evidence in Table 6.13, it can be deduced that although the confidence interval for the discrepancy function does not include zero as a lower bound, the theoretical model (Figure 4.5) provides a reasonable fit to the data. This contention is supported by the fact that the Root Mean Square Error of Approximation (RMSEA) of 0.07 is less than 0.08 (Browne and Mels 1990). These researchers assert that RMSEA values ranging from 0.05 to 0.08 are deemed acceptable. The RMSEA value is representative of the goodness-of-fit that could be expected if the model were estimated in the population, not just the sample drawn for the estimation. Furthermore, the Expected Cross-Validation Index (ECVI) for the model (3.0461) is less than that of the saturated model (3.345), also implying that the model provides a reasonable approximation to the data.

6.4.3.2 Discussion of the Significant Findings: Customer Sample

It became evident (Figure 6.1) that both formal and informal socialization of its customers by the banks may lead to high levels of overall service quality as perceived by the customers. This finding confirms the postulation by Solomon (1985), and Kelley (1987) that the process of socialization may provide a means for 'training' and motivating customers so that the encounter is satisfying to both parties. Although Kelley (1987: 156-160) supported the hypothesis of a positive relationship between the "level" or "degree" of organizational socialization achieved by the customers, and their perception of the service quality, no research had been conducted on the effects of different socialization strategies.

The customers' perception of the employee service quality emerged as being strongly positively associated with their perception of the overall service quality delivered by the banks. The employee service quality, which is akin to "functional" quality (Gronroos, 1990: 16), has been identified by Cronin and Taylor (1994: 125) as an important component of service quality. Furthermore, researchers such as Zeithaml and Bitner (1996: 117) also argued that the employee effort is viewed positively by the customers in their evaluation of their satisfaction with the service.

It became evident that only customers who have been formally socialized perceived the employee service quality as being positive. Since it emerged that the customers' perception of the employee service quality is the most important determinant of the overall service quality; by deduction, informally socialized customers should also have perceived the employee service quality as being high. This has not emerged from this study, and could point to the need for a replication study, perhaps, using a larger sample.

From this study, it also became evident that bank customers who have been both formally and informally socialized, perceived the organizational climate as being "warm" or supportive. Although the organizational climate as perceived by the customers is positively correlated with their perception of the employee service quality, a non significant association was ascertained between the organizational climate and the overall service quality.

It would seem that banks could influence their customers' perception of the employee service quality by creating a service climate which supports the employees in their endeavour to deliver quality service. Furthermore, since the employee service quality is strongly associated with the overall service quality, by deduction, the customers' perception of the organizational climate is (indirectly) associated with their perception of the overall service quality.

Although research (Schneider, 1980: 54) has shown that when customers feel the service climate is "warm and friendly" their perception of service quality is more positive, no attempts were made to differentiate between the overall service quality and the employee service quality, as was done in this research. It also became apparent that both formal and informal socialization of the customers is positively correlated with their role perception. This implies that the better the formal and informal socialization between the bank and its customers, the lower will be the level of role ambiguity and conflict experienced by the customers.

It was also ascertained that the organizational climate as perceived by the customers is also positively correlated with their role perceptions. This also implies that the lower the role conflict and ambiguity experienced by the banks' customers, the better they will perceive the organizational climate. The findings also revealed that there is a non-significant association between the customers' role perception and their perception of both the employee service quality and overall service quality. However, since it was ascertained that the organizational climate is positively associated with the customers' perception of the employee service quality, and the employee service quality is the most important determinant of the overall service quality, it may be deduced that the customers' perception of their role (indirectly) influences their perception of employee service quality, and the overall service quality.

It also became apparent that customers are socialized from both formal and informal sources, since both (sources) are significantly correlated. Considering that customers interact with other customers (Langeard et al., 1981: 82) during service delivery, it may be assumed that this is a source of "informal" socialization. Since it may be difficult to control the information which customers receive from "informal" sources, banks should endeavour to provide as much information as possible by way of "formal" sources.

6.5 Empirical Findings: Employee Sample

6.5.1 Reliability of the Employee Measures

Table 6.14 reflects the Cronbach's (1951) coefficient alpha of the original empirical measuring instruments, yielded by the employee data. The latent variable "Informal Socialization" was removed during Step 4 of the Stepwise Reliability Analysis process because it yielded a Cronbach's coefficient alpha of 0.64, which does not meet Nunnally's (1971) standards, and could not be improved any further.

TABLE 6.14: CRONBACH'S ALPHA COEFFICIENTS FOR THE ORIGINAL EMPLOYEE MEASUREMENTS

INSTRUMENT	ORIGINAL ITEMS	COEFFICIENT	REFINED ITEMS	CO-EFFICIENT
Formal Socialization	S1,S2,S4, S5,S7,S9,S11, S12,S13	0.811	S2,S4,S5,S7,S9, S11,S12,S13	0.814
Informal Socialization	S3,S6,S8,S10, S14,S15	0.479	DELETED	NA
Role Ambiguity	RA1-RA16	0.896	RA1-RA16	0.896
Role Conflict	RC1-RC7	0.857	RC1-RC7	0.857
Organizational Climate	OC1-OC22	0.943	OC1,OC3,OC4, OC5, OC7,OC8,OC9, OC10,OC11,OC12, OC13,OC15,OC16, OC17,OC18,OC19, OC20,OC21,OC22	0.946

6.5.1.1 Development of Adapted Measures: Employees

Since it is evident from Table 6.14 that certain latent variables also have too many measurements, it was decided to reduce the number of individual measurements by averaging individual measurements to create adapted measurements. Adapted measuring instruments were constructed for the organizational climate, formal socialization, role ambiguity and role conflict. The procedure for developing the adapted instruments is illustrated in Table 6.15.

TABLE 6.15: DEVELOPMENT OF ADAPTED MEASUREMENTS FOR THE EMPLOYEES

LATENT VARIABLE	ADAPTED MEASURING INSTRUMENT
Organizational Climate	$OC1=(OC1+OC3+OC4+OC5)/4$ $OC2=(OC7+OC8+OC9+OC10+OC11)/5$ $OC3=(OC12+OC13+OC15+OC16+OC17)/5$ $OC4=(OC18+OC19+OC20+OC21+OC22)/5$
Formal Socialization	$S1=(S2+S4)/2$; $S2=(S5+S7)/2$; $S3=(S9+S11)/2$ $S4=(S12+S13)/2$
Role Ambiguity	$RA1=(RA1+RA2+RA3+RA4)/4$ $RA2=(RA5+RA6+RA7+RA8)/4$ $RA3=(RA9+RA10+RA11+RA12)/4$ $RA4=(RA13+RA14+RA15+RA16)/4$
Role Conflict	$RC1=(RC1+RC2)/2$; $RC2=(RC3+RC4)/2$; $RC3=(RC5+RC6+RC7)/3$

To ensure that the adapted measuring instruments (Table 6.15) adhered to Nunnally's (1971) standards, they were also subjected to a Stepwise Reliability Analysis [SRA]. During SRA, items RA1 and RA2 were deleted because the Cronbach's (1951) coefficient alpha did not meet Nunnally's (1971) standards. It is evident from Table 6.16 that the four remaining latent variables are measured with acceptable levels of reliability by their respective adapted measuring instruments. Kelley (1987:154) reported a coefficient alpha of 0.92 for the similar employee organizational climate scale used in his study. Hartline and Ferrel (1993: 24) reported a coefficient alpha of 0.78 for the Role Conflict, and 0.90 for the Role Ambiguity instruments used in their study. It is therefore apparent that the instruments used in this study are as reliable as those used in previous research.

TABLE 6.16: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED EMPLOYEE MEASUREMENTS

INSTRUMENT	REFINED ITEMS	COEFFICIENT	FINAL ADPATED ITEMS ³⁵	FINAL CO-EFFICIENT
Formal Socialization	S2,S4,S5,S7,S9, S11,S12,S13	0.814	S1,S2,S3,S4	0.793
Role Ambiguity	RA1-RA16	0.896	RA3,RA4	0.849
Role Conflict	RC1-RC7	0.857	RC1,RC2,RC3	0.794
Organizational Climate	OC1,OC3,OC4, OC5, OC7,OC8,OC9, OC10,OC11,OC12, OC13,OC15,OC16, OC17,OC18,OC19, OC20,OC21,OC22	0.946	OC1,OC2,OC3, OC4	0.915

6.5.2 Validity of the Employee Measures

The resulting rotated factor matrices obtained using (Table 6.16) the adapted employee measuring instruments are reflected in Table 6.17.

TABLE 6.17: ROTATED FACTOR LOADING FOR THE ADAPTED EMPLOYEE MEASURING INSTRUMENTS

ITEMS	FACTOR 1 Organizational Climate	FACTOR 2 Formal Socialization	FACTOR 3 Role Conflict	FACTOR 4 Role Ambiguity
S1	0.125	0.708*	0.090	-0.108
S2	-0.058	0.815*	-0.064	-0.020
S3	0.036	0.512*	-0.049	0.250
S4	0.023	0.582*	0.081	0.114
RA3	0.010	0.011	0.002	0.991*
RA4	0.065	0.074	0.129	0.645*
RC1	-0.027	-0.024	0.635*	0.054
RC2	-0.003	0.026	0.792*	-0.093
RC3	0.010	0.017	0.803*	0.136
OC1	0.738*	0.100	-0.099	0.031
OC2	0.836*	0.076	0.037	-0.047
OC3	0.977*	-0.052	0.67	-0.035
OC4	0.876*	-0.070	-0.049	0.080

***: THE HIGHEST FACTOR LOADINGS**

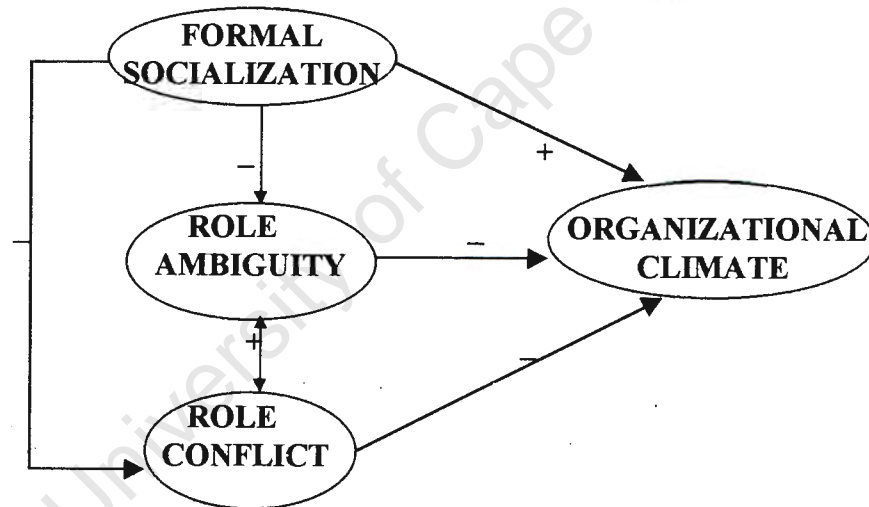
³⁵S1, RA1, RC1 and OC1 are averaged combined items.

Table 6.17 shows that with respect to the service employees, all the adapted measuring instruments possess acceptable levels of discriminant and construct validity, since they load with loadings above 0.4 (Rummel, 1967: 444-480) significantly only on one factor.

6.5.3 Significant Findings: Employee Sample

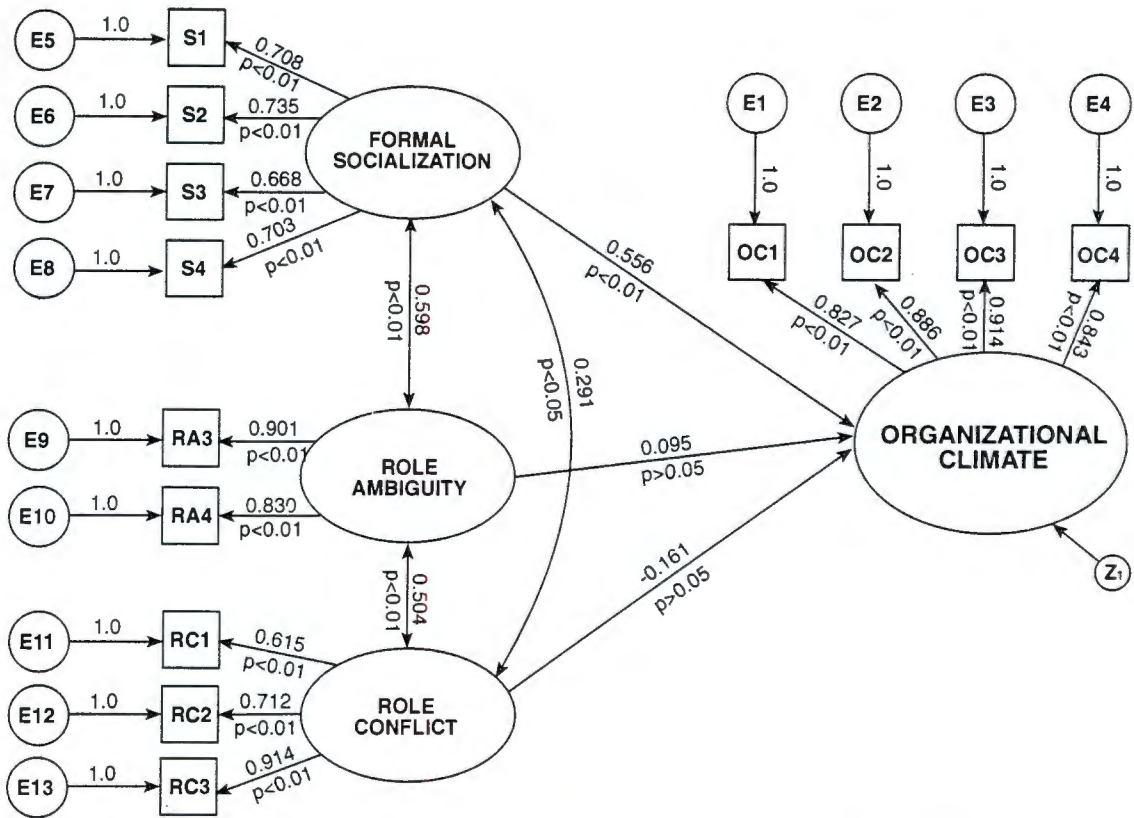
As will be evident from the matched employee-customer model (Figure 6.4), the latent variables Formal Socialization and Role Conflict were removed because their measuring instruments lacked validity. Since the theory suggested that these variables may influence employee behaviour, it was decided to develop an alternate model using the employee data. The hypothesized model presented in Figure 4.5 was adapted in terms of the latent variables and the resulting empirical factor structure (Table 6.17) to develop the revised model (Figure 6.2) for the employee sample.

FIGURE 6.2: HYPOTHESIZED EMPLOYEE MODEL



The employee model was also fitted to the observed data using the computer programme RAMONA (Brown and Mels 1990), by specifying an analysis based on sample correlation matrix with maximum likelihood estimation. The resulting maximum likelihood estimates and significance information in terms of P values are shown in Figure 6.3.

FIGURE 6.3: EMPIRICAL EVALUATION OF THE HYPOTHESIZED EMPLOYEE MODEL



$OC1 = (OC1 + OC3 + OC4 + OC5) / 4$; $OC2 = (OC7 + OC8 + OC9 + OC10 + OC11) / 5$;
 $OC3 = (OC12 + OC13 + OC15 + OC16 + OC17) / 5$; $OC4 = (OC18 + OC19 + OC20 + OC21 + OC22) / 5$

$S1 = (S2 + S4) / 2$; $S2 = (S5 + S7) / 2$; $S3 = (S9 + S11) / 2$; $S4 = (S12 + S13) / 2$

MEASURES OF FIT OF THE MODEL

SAMPLE DISCREPANCY FUNCTION VALUE	= 1.452
POPULATION DISCREPANCY FUNCTION VALUE BIAS ADJUSTED POINT ESTIMATE	= 0.662
90 PER CENT CONFIDENCE INTERVAL	= (0.342; 1.073)
ROOT MEAN SQUARE ERROR OF APPROXIMATION POINT ESTIMATE	= 0.099
90 PER CENT CONFIDENCE INTERVAL	= (0.071; 0.126)
EXPECTED CROSS VALIDATION INDEX POINT ESTIMATE (MODIFIED AIC)	= 2.313 ^a
90 PER CENT CONFIDENCE INTERVAL	= (1.993; 2.724)
CROSS VALIDATION (MODIFIED AIC) FOR SATURATED MODEL	= 2.442 ^b
TEST STATISTIC	= 124.90
EXCEEDANCE PROBABILITIES:-	
Ho: PERFECT FIT (RMSEA = 0.0)	= 0.000
Ho: CLOSE FIT (RMSEA.LE. 0.050)	= 0.004
DEGREES OF FREEDOM	= 68

It is evident from Figure 6.3 that formal socialization as experienced by the bank employees:

- exerts a significant positive influence on the organizational climate experienced by the employees (0.556; $p < 0.01$); hypothesis H1a is supported.
- is significantly correlated with the role ambiguity (0.291; $p < 0.05$), and the role conflict (0.598; $p < 0.01$) experienced by the bank employees; hypotheses H1b and H1c are accepted.

It is also evident from Figure 6.3 that:

- the role ambiguity experienced by the bank's employees does not significantly influence their perception of the organizational climate (0.095; $p > 0.05$); hypothesis H14 is not supported.
- the role conflict experienced by the bank employees does not significantly influence their perception of the organizational climate (-0.161; $p > 0.05$); hypothesis H 15 is rejected.
- the role conflict and role ambiguity experienced by the bank employees are significantly positively correlated (0.504; $p < 0.01$); hypothesis H19 is supported.

Tables 6.18 and 6.19 show the T-values using the maximum likelihood estimates of the free parameters in the dependence, and variance/covariance relationship between the variables in the employee model respectively. These tables are self-explanatory, and thus do not need further discussion.

TABLE 6.18: T-VALUES OF THE DEPENDENCE RELATIONSHIP BETWEEN THE VARIABLES IN THE EMPLOYEE MODEL

PATH	P-VALUES	T-VALUES
ORGANIZATIONAL CLIMATE ←-----: FORMAL SOCIALIZATION	<0.01	3.84
ORGANIZATIONAL CLIMATE ←-----: ROLE AMBIGUITY	>0.05	0.57
ORGANIZATIONAL CLIMATE ←-----: ROLE CONFLICT	>0.05	-1.27

**TABLE 6.19: T-VALUES OF THE VARIANCE/COVARIANCE RELATIONSHIP
BETWEEN THE VARIABLES IN THE EMPLOYEE MODEL**

PATH	P-VALUES	T-VALUES
FORMAL SOCIALIZATION←-----→ROLE AMBIGUITY	<0.01	6.42
ROLE AMBIGUITY←-----→ROLE CONFLICT	<0.01	5.07
FORMAL SOCIALIZATION ←-----→ ROLE CONFLICT	<0.05	2.40

The aforementioned findings with respect to the employee sample are summarized in terms of the hypotheses in Table 6.20.

TABLE 6.20: SUMMARY OF EMPIRICAL FINDINGS: EMPLOYEE SAMPLE

HYPOTHESES	DESCRIPTION	HYPOTHESIZED INFLUENCE	ACTUAL INFLUENCE	CONCLUSION
H1a	FS----->OC	POSITIVE	POSITIVE	ACCEPTED
H1b	FS----->RA	NEGATIVE	NEGATIVE	ACCEPTED
H1c	FS----->RC	NEGATIVE	NEGATIVE	ACCEPTED
H14	RA---->OC	NEGATIVE	NS	REJECTED
H15	RC---->OC	NEGATIVE	NS	REJECTED
H19	RA---->RC	POSITIVE	POSITIVE	ACCEPTED

NS: NOT SIGNIFICANT

The table at the bottom of Figure 6.3 shows the extent to which the data fitted the hypothesized model. It appears that the confidence interval for the discrepancy function does not include zero as a lower bound. Furthermore, the RMSEA of 0.099 also suggests a rejection of the model. However, the theorized employee model (Figure 6.2) does provide a reasonable fit to the data because the expected cross validation index of the research model (2.313) is lower than the cross validation index for the saturated model, which is given as 2.442.

6.5.3.1 Discussion of Significant Findings: Employee Sample

The empirical results indicate that bank employees who are formally socialized will perceive the organizational climate as being “warm” and supportive of customer service. This implies that banks should use formal socialization strategies in an attempt to get their employees to develop positive perceptions of the organizational climate for service. Training employees apart from the on-going work (formal socialization) may allow employees to focus on task-related knowledge and skills without interference of work activities.

It also emerged from this study that, the better the formal socialization between the bank and its employees, the lower will be the level of role ambiguity and role conflict experienced by the employee, and vice-versa. According to Wagner and Hollenbeck (1996: 284), socialization is closely related to the process of making and taking roles. Researchers such as Hartline and Ferrel (1993: 32) and Hartenian, Hadaway and Badovick (1994: 40-50) reported that socialization affects the employee role ambiguity and role conflict. Hartline and Ferrel (1993: 41) concluded that formal socialization is significant for limiting the effects of role ambiguity and role conflict. Formal socialization should increase the role clarity by providing employees with the necessary information to fulfil their organizational roles. This finding seems to imply that banks need to develop a formal socialization (training) programme for their employees in order to assist them to develop accurate role perceptions.

It also became evident from this case study that the role ambiguity and role conflict experienced by the bank employees was not associated with their perception of the organizational climate. This finding which is contrary to that reported by researchers such as Hartline and Ferrel (1993: 38) suggests a need for further research to examine this relationship.

It also became apparent that the role ambiguity and role conflict experienced by the bank employees is highly correlated. This means that employees who experience high levels of role ambiguity will also experience a great deal of role conflict and vice-versa. This finding is supported in various other studies (Hartline and Ferrel 1993; Hartenian, Hadaway and Badovick 1994; Boshoff and Mels 1995).

6.6. Empirical Findings: Matched Employee-Customer Sample

6.6.1 Reliability of the Matched Employee-Customer Measures

Table 6.21 shows the reliability coefficients yielded by the original matched employee-customer data. It is evident that for the matched sample, the original measuring instruments have acceptable levels of reliability.

TABLE 6.21: CRONBACH'S ALPHA COEFFICIENTS FOR THE ORIGINAL MATCHED EMPLOYEE-CUSTOMER MEASUREMENTS

INSTRUMENT	ORIGINAL ITEMS	COEFFICIENT	REFINED ITEMS	COEFFICIENT
Formal Socialization	S1,S2,S4,S5,S7,S9,S11,S12,S13	0.802	S2,S4,S5,S9,S11,S13	0.832
Informal Socialization	S3,S6,S8, S10,S14,S15	0.505	S6,S8,S15	0.704
Role Ambiguity	RA1-RA16	0.907	RA2,RA3,RA4,RA5,RA6,RA7,RA8,RA9,RA10,RA11,RA12,RA13,RA14,RA15,RA16	0.896
Role Conflict	RC1-RC7	0.850	RC1,RC2,RC3,RC4,RC5,RC6,RC7	0.857
Organizational Climate	OC1-OC22	0.930	OC3,OC4,OC7,OC8,OC9,OC10,OC11,OC12,OC16,OC17,OC18,OC21,OC22	0.940
Overall Service Quality	SQ1-SQ22	0.972	SQ3,SQ6,SQ7,SQ8,SQ9,SQ11,SQ12,SQ13,SQ14,SQ15,SQ16,SQ17,SQ18,SQ19,SQ20,SQ21,SQ22	0.973
Employee Service Quality	EQ1-EQ16	0.965	EQ2,EQ3,EQ4,EQ5,EQ6,EQ7,EQ8,EQ9,EQ10,EQ11,EQ12,EQ13,EQ14,EQ15,EQ16	0.967

6.6.1.1 Development of Adapted Measures: Matched Employee-Customer

From the results reflected in Table 6.21, it is also clear that several of the latent variables have too many individual indicators. Thus adapted measurements were constructed for the organizational climate, formal socialization, role ambiguity, role conflict, the overall service quality and the employee service quality. The procedure for developing the adapted instrument is reflected in Table 6.22.

TABLE 6.22: DEVELOPMENT OF ADAPTED MEASUREMENTS FOR THE MATCHED EMPLOYEE-CUSTOMER

LATENT VARIABLE	ADAPTED MEASURING INSTRUMENT
Organizational Climate	$OC1=(OC3+OC4+OC7)/3$ $OC2=(OC8+OC9+OC10)/3$ $OC3=(OC11+OC12+OC16)/3$ $OC4=(OC17+OC18+OC21+OC22)/4$
Overall Service Quality	$SQ1=(SQ3+SQ6+SQ7+SQ8)/4$ $SQ2=(SQ9+SQ11+SQ12+SQ13)/4$ $SQ3=(SQ14+SQ15+SQ16+SQ17)/4$ $SQ4=(SQ18+SQ19+SQ20+SQ21+SQ22)/5$
Formal Socialization	$S1=(S2+S4)/2$ $S2=(S5+S9)/2$ $S3=(S11+S13)/2$
Role Ambiguity	$RA1=(RA2+RA3+RA4)/3$ $RA2=(RA5+RA6+RA7+RA8)/4$ $RA3=(RA9+RA10+RA11+RA12)/4$ $RA4=(RA13+RA14+RA15+RA16)/4$
Role Conflict	$RC1=(RC1+RC2)/2$ $RC2=(RC3+RC4)/2$ $RC3=(RC5+RC6+RC7)/3$
Employee Service Quality	$EQ1=(EQ2+EQ3+EQ4)/3$ $EQ2=(EQ5+EQ6+EQ7+EQ8)/4$ $EQ3=(EQ9+EQ10+EQ11+EQ12)/4$ $EQ4=(EQ13+EQ14+EQ15+EQ16)/4$

To ensure that the adapted measuring instruments (Table 6.22) adhered to Nunnally's (1971) standards, they were also subjected to Stepwise Reliability Analysis. This procedure resulted in items RC1 and RA1 being deleted because their Cronbach's (1951) coefficient alpha did not

meet Nunnally's (1971) standards. Table 6.23 shows the results of Stepwise Reliability Analysis using the adapted customer-employee measures.

TABLE 6.23: CRONBACH'S ALPHA COEFFICIENTS FOR THE ADAPTED MATCHED EMPLOYEE-CUSTOMER MEASUREMENTS

INSTRUMENT	REFINED ITEMS	CO-EFFICIENT	FINAL ADAPTED ITEMS ³⁶	FINAL CO-EFFICIENT
Formal Socialization	S2,S4,S5,S9,S11, S13	0.832	S1,S2,S3	0.835
Informal Socialization	S6,S8,S15	0.704	S6,S8,S15	0.704
Role Ambiguity	RA2,RA3,RA4, RA5,RA6,RA7, RA8,RA9,RA10, RA11,RA12,RA13, RA14,RA15, RA16	0.896	RA2,RA3,RA4	0.889
Role Conflict	RC1,RC2,RC3,RC4, RC5,RC6,RC7	0.857	RC2,RC3	0.840
Organizational Climate	OC3,OC4,OC7, OC8,OC9,OC10, OC11,OC12, OC16,OC17, OC18,OC21,OC22	0.940	OC1,OC2,OC3,OC4	0.908
Overall Service Quality	SQ3,SQ6,SQ7, SQ8,SQ9,SQ11, SQ12,SQ13,SQ14, SQ15,SQ16,SQ17, SQ18,SQ19,SQ20, SQ21,SQ22	0.973	SQ1,SQ2,SQ3, SQ4	0.961
Employee Service Quality	EQ2,EQ3,EQ4, EQ5,EQ6,EQ7, EQ8,EQ9,EQ10, EQ11,EQ12,EQ13, EQ14,EQ15,EQ16	0.967	EQ1,EQ2,EQ3, EQ4	0.946

6.6.2 Validity of the Matched Employee-Customer Measures

The adapted measuring instruments (Table 6.23) were subjected to Exploratory Factor Analysis (Wille 1996). The results are presented in Table 6.24.

**TABLE 6.24: ROTATED FACTOR LOADINGS FOR THE MATCHED
EMPLOYEE-CUSTOMER MEASURING INSTRUMENTS**

ITEM	FACTOR 1 Overall Service Quality	FACTOR 2 Employee Service Quality	FACTOR 3 Organizational Climate	FACTOR 4 Role Ambiguity	FACTOR 5 Role Conflict	FACTOR 6 Formal Socialization	FACTOR 7 Informal Socialization
SQ1	0.922*	-0.014	-0.009	0.047	-0.003	0.020	0.010
SQ2	0.899*	0.083	-0.010	0.035	-0.031	-0.020	0.003
SQ3	0.944*	-0.020	-0.002	-0.068	-0.007	-0.001	-0.021
SQ4	0.910*	0.045	0.017	0.025	0.022	-0.032	0.013
EQ1	-0.055	0.944*	-0.021	-0.009	0.006	0.011	-0.038
EQ2	0.001	0.955*	-0.053	0.011	-0.023	0.062	-0.000
EQ3	0.117	0.803*	0.053	-0.044	0.033	-0.026	-0.021
EQ4	0.127	0.769*	0.008	-0.003	-0.034	-0.045	0.007
S1	0.009	0.006	0.236	-0.150	-0.019	0.942*	0.060
S2	0.068	-0.000	0.089	0.375	0.008	0.557*	-0.089
S3	-0.022	0.113	-0.186	0.386	0.021	0.534*	0.199
RA2	0.002	-0.064	0.208	0.605*	0.025	0.007	0.079
RA3	0.015	0.038	0.059	0.988*	0.010	-0.007	-0.058
RA4	0.091	-0.076	-0.019	0.677*	0.172	0.090	0.157
RC2	0.032	-0.046	-0.133	-0.092	1.012?	0.078	0.002
RC3	-0.070	0.036	0.152	0.208	0.701?	-0.110	0.061
OC1	0.037	0.028	0.810*	-0.029	-0.008	-0.002	0.169
OC2	-0.031	0.094	0.691*	0.145	-0.189	0.006	0.146
OC3	0.006	-0.017	0.896*	0.051	0.071	0.146	-0.211
OC4	0.073	-0.084	0.832*	0.054	0.041	0.041	-0.033
S6	-0.033	-0.047	-0.058	0.072	0.065	-0.084	0.597*
S8	0.052	0.136	-0.183	-0.013	0.114	0.013	0.456*
S15	0.051	-0.108	-0.022	-0.022	-0.101	0.219	0.907*

It is evident from Table 6.24 that the latent variable 'Role Conflict' has to be removed from the research model because its measuring instruments (RC2 and RC3) yielded a Heywood case (SAS, 1990: 796). The remaining variables were also subjected to Exploratory Factor Analysis. The results are presented in Table 6.25.

³⁶For the adapted items S1, RA2, RC2, OC1, SQ1 and EQ1 are averaged items.

TABLE 6.25: ROTATED FACTOR LOADING FOR THE ADAPTED MATCHED EMPLOYEE-CUSTOMER MEASURING INSTRUMENTS

ITEM	FACTOR 1 Overall Service Quality	FACTOR 2 Employee Service Quality	FACTOR 3 Organizational Climate	FACTOR 4 Role Ambiguity	FACTOR 5 Formal Socialization	FACTOR 6 Informal Socialization
SQ1	0.905*	0.002	-0.001	0.043	0.017	0.021
SQ2	0.833*	0.091	-0.011	0.022	-0.011	0.002
SQ3	0.960*	-0.032	-0.020	-0.069	-0.010	-0.027
SQ4	0.909*	0.045	0.013	0.033	-0.034	0.018
EQ1	-0.055	0.944*	-0.003	-0.008	0.000	-0.028
EQ2	-0.007	0.966*	-0.036	0.001	0.059	0.005
EQ3	0.138	0.780*	0.047	-0.027	-0.031	-0.025
EQ4	0.143	0.755*	0.007	-0.011	-0.036	-0.004
S1	0.027	-0.006	0.219	0.354?	0.593*	0.042
S2	0.066	0.002	0.079	0.387?	0.548*	-0.095
S3	-0.029	0.120	-0.185	0.377?	0.528*	0.201
RA2	-0.005	-0.062	0.205	0.629*	-0.005	0.062
RA3	-0.013	0.059	0.071	0.997*	-0.026	-0.071
RA4	0.084	-0.081	-0.020	0.749*	0.043	0.175
OC1	0.013	0.039	0.853*	-0.040	-0.024	0.189
OC2	-0.054	0.120	0.712*	0.075	0.040	0.116
OC3	0.026	-0.044	0.858*	0.096	0.131	-0.224
OC4	0.069	-0.092	0.845*	0.074	0.016	-0.0331
S6	-0.037	-0.050	-0.048	0.092	-0.094	0.626*
S8	0.062	0.117	-0.174	-0.032	-0.004	0.479*
S15	0.052	-0.104	0.016	-0.052	0.270	0.834*

From Table 6.25 it is evident that the latent variable ‘Formal Socialization’ also had to be removed from the analysis since its measuring instruments S1, S2 and S3 did not adhere to discriminant validity because these items loaded on Factor4 and Factor5. The measuring instrument could not be adapted further in an effort to improve the discriminant validity. Table 6.26 depicts the results of the Exploratory Factor Analysis for the remaining (adapted) variables in the matched sample.

TABLE 6.26: ROTATED FACTOR LOADING FOR THE ADAPTED MATCHED EMPLOYEE-CUSTOMER MEASURING INSTRUMENTS

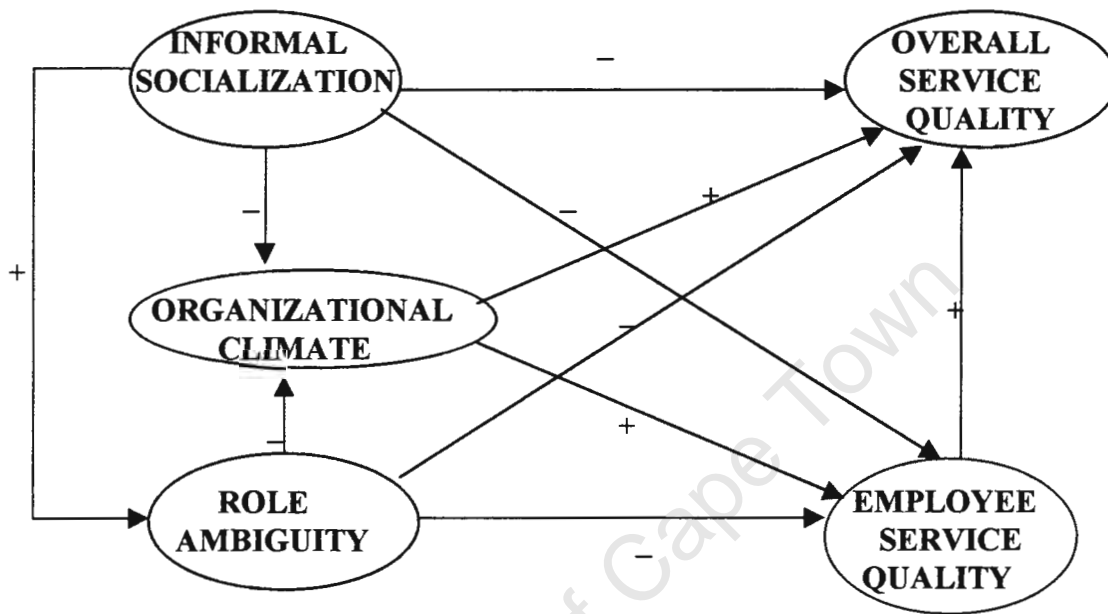
ITEM	FACTOR 1 Overall Service Quality	FACTOR 2 Employee Service Quality	FACTOR 3 Organizational Climate	FACTOR 4 Role Ambiguity	FACTOR 5 Informal Socialization
SQ1	0.907*	-0.002	0.013	0.041	0.029
SQ2	0.886*	0.085	-0.009	0.022	0.000
SQ3	0.960*	-0.034	-0.012	-0.060	-0.026
SQ4	0.910*	0.038	0.014	0.019	0.015
EQ1	-0.064	0.950*	-0.007	-0.001	-0.022
EQ2	-0.016	0.976*	-0.031	0.023	0.026
EQ3	0.132	0.783*	0.028	-0.017	-0.031
EQ4	0.138	0.758*	-0.012	-0.002	-0.019
RA2	-0.021	-0.036	0.132	0.701*	0.028
RA3	-0.020	0.076	0.022	0.968*	-0.086
RA4	0.063	-0.045	-0.092	0.834*	0.170
OC1	0.015	0.019	0.866*	-0.085	0.196
OC2	-0.053	0.110	0.740*	0.028	0.124
OC3	0.023	-0.042	0.884*	0.112	-0.207
OC4	0.071	-0.105	0.858*	0.070	-0.054
S6	-0.035	-0.056	-0.090*	0.067	0.598*
S8	0.049	0.128	0.143	0.031	0.514*
S15	0.037	-0.070	0.060*	0.015	0.821*

It is evident from Table 6.26 that all the remaining adapted measuring instruments possessed acceptable levels of discriminant and construct validity since they load significantly with loadings above 0,4 (Rummel, 1967: 444-480) on one factor only.

6.6.3 Significant Findings: Matched Employee-Customer Sample

In terms of the latent variables and the resulting empirical factor structure (Table 6.26), the hypothesized research model (Figure 4.5) was adapted to develop a revised model (Figure 6.4) for the combined employee-customer sample.

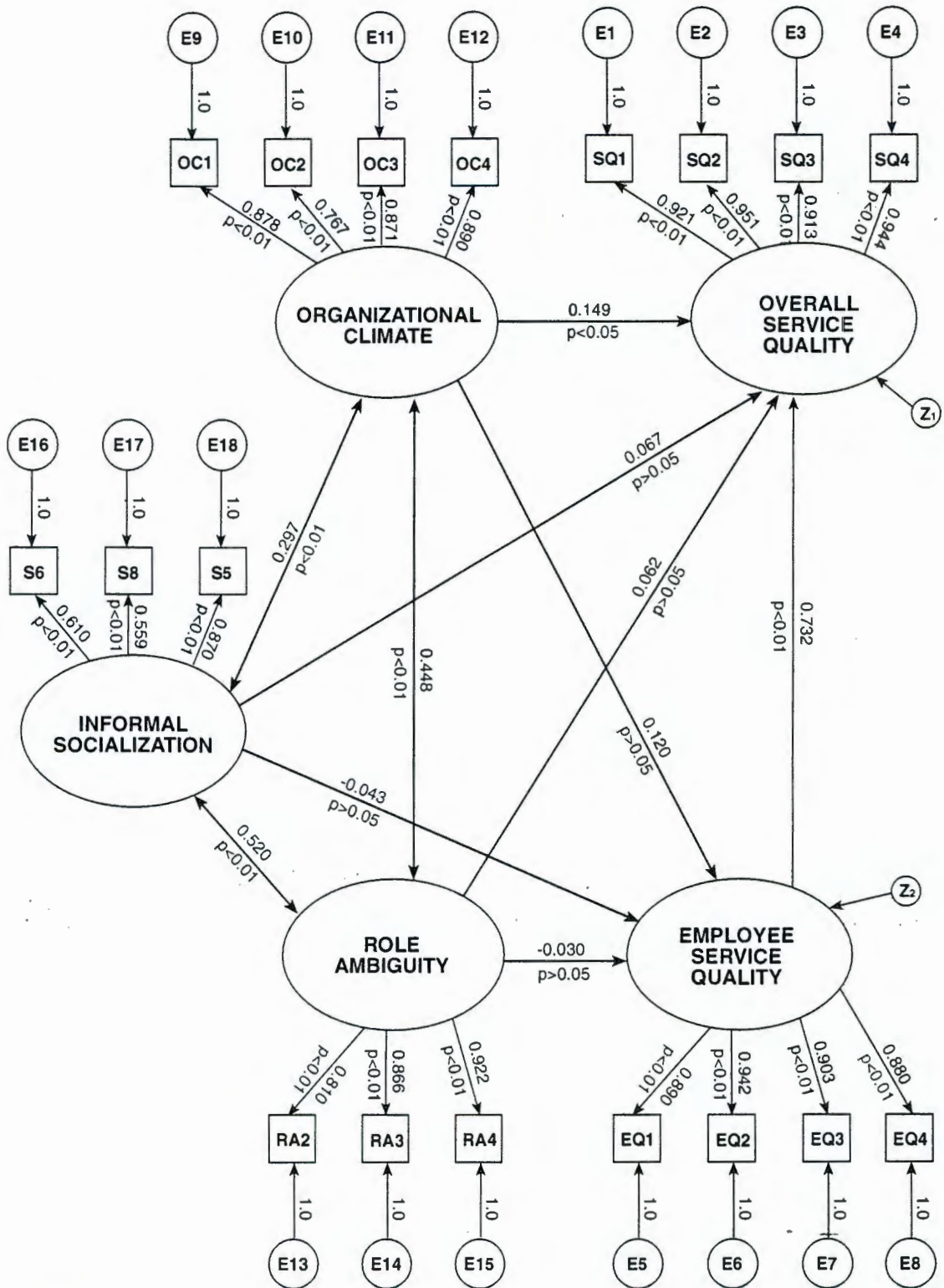
FIGURE 6.4: HYPOTHESIZED EMPLOYEE-CUSTOMER MODEL



The model depicted in Figure 6.4 was also fitted to the observed data, using the computer program RAMONA (Browne and Mels 1990), by specifying an analysis based on sample correlation matrix with maximum likelihood estimation. The resulting maximum likelihood estimates with their associated significance information in terms of P values are shown in Figure 6.5. It is evident from Figure 6.5 that informal socialization of the bank employees is not significantly associated with:

- the overall service quality as perceived by the bank customers (0.067; $p > 0.05$); hypothesis H2 is rejected, and
- the employee service quality as perceived by the bank customers (-0.067; $p > 0.05$); hypothesis H5 is rejected.

FIGURE 6.5: EMPIRICAL EVALUATION OF THE HYPOTHESIZED EMPLOYEE - CUSTOMER MODEL



$$SQ1 = (SQ3 + SQ6 + SQ7 + SQ8) / 4$$

$$SQ2 = (SQ9 + SQ11 + SQ12 + SQ13) / 4$$

$$SQ3 = (SQ14 + SQ15 + SQ16 + SQ17) / 4$$

$$SQ4 = (SQ18 + SQ19 + SQ20 + SQ21 + SQ22) / 5$$

$$EQ1 = (EQ2 + EQ3 + EQ4) / 3$$

$$EQ2 = (EQ5 + EQ6 + EQ7 + EQ8) / 4$$

$$EQ3 = (EQ9 + EQ10 + EQ11 + EQ12) / 4$$

$$EQ4 = (EQ13 + EQ14 + EQ15 + EQ16) / 4$$

$$OC1 = (OC3 + OC4 + OC7) / 3;$$

$$OC2 = (OC8 + OC9 + OC10) / 3;$$

$$OC3 = (OC11 + OC12 + OC16) / 3;$$

$$OC4 = (OC17 + OC18 + OC21 + OC22) / 4$$

Figure 6.5 also shows that informal socialization of the bank employees is significantly correlated with:

- their perception of the organizational climate (0.297; $p < 0.01$); hypothesis H2a is rejected,
- the employees' role ambiguity (0.520; $p < 0.01$); hypothesis H2b is rejected.

From Figure 6.5 it is also evident that:

- the service quality delivered by the bank's employees is highly positively associated with the customers' perception of the overall service quality delivered by the bank (0.732; $p < 0.01$); hypothesis H3 is accepted,
- the employees' perception of the organizational climate is significantly associated with the overall service quality (0.149; $p < 0.01$); hypothesis H10 is supported,
- the employees' perception of the organizational climate is not significantly associated with the employees' service quality (0.120; $p > 0.05$); hypothesis H11 is rejected, and
- the role ambiguity perceived by the bank employees is significantly positively correlated with their perception of the organizational climate (0.448; $p < 0.01$); hypothesis H14 is accepted.

From Figure 6.5, it is also evident that :

- there is a non-significant association between the role ambiguity experienced by the bank employees and the customers' perception of the overall service quality (0.062; $p > 0.05$), and
- the role ambiguity experienced by the bank employees is not significantly associated with the employee service quality (-0.030; $p > 0.05$).

The T-values and the significance information are provided in Tables 6.27 and 6.28.

TABLE 6.27: T-VALUES OF THE DEPENDENCE RELATIONSHIP AMONG THE VARIABLES IN THE EMPLOYEE-CUSTOMER MODEL

PATH	P-VALUES	T-VALUES
OVERALL SERVICE QUALITY←-----:ROLE AMBIGUITY	>0.05	0.90
OVERALL SERVICE QUALITY←-----:ORGANIZATIONAL CLIMATE	<0.05	2.51
OVERALL SERVICE QUALITY←-----:EMPLOYEE SERVICE QUALITY	<0.01	19.63
OVERALL SERVICE QUALITY←-----:INFORMAL SOCIALIZATION	>0.05	0.98
EMPLOYEE SERVICE QUALITY←-----:ROLE AMBIGUITY	>0.05	-0.29
EMPLOYEE SERVICE QUALITY ←-----:ORGANIZATIONAL CLIMATE	>0.05	1.36
EMPLOYEE SERVICE QUALITY ←-----:INFORMAL SOCIALIZATION	>0.05	-0.42

TABLE 6.28: T-VALUES OF THE VARIANCE/COVARIANCE RELATIONSHIP BETWEEN THE VARIABLES IN THE EMPLOYEE-CUSTOMER MODEL

PATH	P-VALUES	T-VALUES
INFORMAL SOCIALIZATION←-----→ROLE AMBIGUITY	<0.01	7.67
INFORMAL SOCIALIZATION←-----→ORGANIZATIONAL CLIMATE	<0.01	3.77
ROLE AMBIGUITY←-----→ORGANIZATIONAL CLIMATE	<0.01	6.89

The aforementioned findings with respect to the matched employee-customer sample are summarized in terms of the hypotheses in Table 6.29.

TABLE 6.29: SUMMARY OF EMPIRICAL FINDINGS: EMPLOYEE-CUSTOMER SERVICE QUALITY

HYPOTHESES	DESCRIPTION	HYPOTHESIZED INFLUENCE	ACTUAL INFLUENCE	CONCLUSION
H1	FS----->SQUAL	POSITIVE	XX	XX
H2	IS----->SQUAL	POSITIVE	NS	REJECTED
H3	EQUAL--->SQUAL	POSITIVE	POSITIVE	ACCEPTED
H4	FS----->EQUAL	POSITIVE	XX	XX
H5	IS----->EQUAL	POSITIVE	NS	REJECTED
H2a	IS----->OC	NEGATIVE	POSITIVE	REJECTED
H10	OC----->SQUAL	POSITIVE	POSITIVE	ACCEPTED
H11	OC----->EQUAL	POSITIVE	NS	REJECTED
H2b	IS----->RA	POSITIVE	NEGATIVE	REJECTED
H2c	IS----->RC	POSITIVE	XX	XX
H14	RA----->OC	NEGATIVE	NEGATIVE	ACCEPTED

NS: NOT SIGNIFICANT.

XX: THE RELATIONSHIP BETWEEN THE VARIABLES COULD NOT BE ASCERTAINED BECAUSE FORMAL SOCIALIZATION AND ROLE CONFLICT WERE REMOVED FROM THE EMPLOYEE-CUSTOMER MODEL DUE TO A LACK OF VALIDITY.

Table 6.30 shows that the model (Figure 6.5) does not provide a very reasonable approximation to the data since the expected cross validation index of 2.794 is higher than the cross validation index for the saturated model, which is given as 1.819. Furthermore, the RMSEA is 0.115, a value which exceeds 0.08, the upper limit for accepting the model. The model also produced small P values for the chi-square tests for a perfect and close fit.

TABLE 6.30: MEASURES OF FIT OF THE MODEL

SAMPLE DISCREPANCY FUNCTION VALUE	= 2.304
POPULATION DISCREPANCY FUNCTION VALUE	
BIAS ADJUSTED POINT ESTIMATE	= 1.639
90 PER CENT CONFIDENCE INTERVAL	= (1.322;1.997)
ROOT MEAN SQUARE ERROR OF APPROXIMATION	
POINT ESTIMATE	= 0.115
90 PER CENT CONFIDENCE INTERVAL	= (0.103;0.126)
EXPECTED CROSS VALIDATION INDEX	
POINT ESTIMATE (MODIFIED AIC)	= 2.794
90 PER CENT CONFIDENCE INTERVAL	= (2.477;3.151)
CROSS VALIDATION (MODIFIED AIC) FOR	
SATURATED MODEL	= 1.819
CHI-SQUARE TEST STATISTIC	= 433.20
EXCEEDANCE PROBABILITIES:	
Ho: PERFECT FIT (RMSEA = 0,0)	= 0.000
Ho: CLOSE FIT (RMSEA.LE. 0,050)	= 0.004
DEGREES OF FREEDOM	= 125

However, Pedhazur (1982: 18) asserts that with the path analysis technique, even if a model is consistent with the data, one cannot conclude that it automatically mirrors the 'true' causal process. Furthermore, if the data are consistent with the hypothesized model it is not a proof of the theory. Thus, despite the lack of "fit" of the model, the results of the structural relationship between the variables were reported.

6.6.3.1 Discussion of Significant Findings: Matched Employee-Customer Sample

It is evident from the findings that there is no significant association between Informal socialization as perceived by the bank employees', and the bank customers' perception of service quality.

It further became apparent that, the warmer the employee perceives the organizational climate, the better the overall service quality experienced by the customers. This finding is supported by several researchers (Schneider et al., 1994: 22; McNabb and Sepic 1995: 383). Hartline and Ferrel (1993: 34) also reported that management's commitment to quality in terms of customer consciousness is positively associated with the service quality. As was ascertained with the customer only data, the matched data also revealed that the customers' perception of the employee service quality is strongly positively associated with their perception of the

overall service quality. Several researchers (Julian and Ramaseshan, 1994: 33; Larkin and Larkin, 1996: 95) concur that the employee plays a significant role and this may influence customer satisfaction and service quality.

The literature implied that although the service employee may be the most visible aspect of poor service, the system in which the employee functions is sometimes the primary culprit. Wood (1994: 4-7) and Houston (1994: 505-520) suggested that a pleasant working environment manifested by management's commitment to a set of values regarding the service, should translate into enhanced service quality through its effects on employee behaviour. However, from this case study it emerged that the organizational climate as perceived by the banks' employees did not influence the customers' perception of the employee service quality. This became apparent despite there being a marked positive relationship between the employee service quality and the overall service quality. The aforementioned suggests a need for further research, perhaps among a larger sample, to either support or refute the suggestions in the literature.

It also became evident that, the higher the level of informal socialization perceived by the employees, the less role ambiguity the employees will experience, and vice-versa. On-the-job training in a service organization is not likely to increase employee ambiguity despite the interference of customers and other employees. Although training apart from the work context may allow the employees to focus on task-related knowledge and skills without interference of work activities, it has emerged that informal training may be effective in socializing bank employees. Consistent with the theorizing by Van Maanen and Schein (1979), and Jones (1986), Hartline and Ferrel (1993: 40) also reported that informal socialization maintained a strong negative relationship with the employee role ambiguity.

Furthermore, it also became apparent that the less role ambiguity the employees experience, the "warmer" they will perceive the organizational climate and vice-versa. This finding is also supported by previous studies (Hartenian et al., 1994: 49; Hartline and Ferrel, 1993: 38). According to Zeithaml and Berry (1996: 303-304), ineffective recruitment of service oriented employees can result in employees experiencing role conflict and role ambiguity. Although these researchers assert that role conflict and role ambiguity can contribute to the failure of the

delivery of the service as designed, in this case study no direct association between these variables and the employee service quality was ascertained. However, since the organizational climate is positively associated with the customers' perception of the overall service quality, it may be deduced that any role ambiguity experienced by the employees will spill over to influence their perception of the service climate. These perceptions which become apparent to the customer during the service encounter may influence the customers' perception of the overall service quality.

6.7 Summary

This chapter reported the detailed findings of the empirical investigation. After presenting some descriptive results and explaining the reliability and validity of the measuring instruments, the proposed models for the customer data, employee data, and the (matched) employee-customer data were tested using structural equation modeling. The empirical results for each sample were reported and discussed.

It became evident that the process of organizational socialization could be employed to effectively manage customer resource contribution to the service encounter. Formal and informal socialization tactics could be used to enhance the customers' contribution to the employee-customer-service quality linkage as well as improve the performance of service employees.

CHAPTER 7

SUMMARY OF FINDINGS AND MANAGERIAL IMPLICATIONS

7.1 Introduction

The purpose of this chapter is to summarize the main findings, and discuss the managerial implications thereof. Some limitations of this study, as well as the implications for further research are also mentioned.

7.2 Significant Findings

As stated in the introductory chapter, the purpose of this study was to address the following question: Does the type of organizational socialization of the service employees and service customers affect the customers' perception of the overall service quality and the employee service quality? More specifically, this research was conducted in an effort:

- develop a conceptual model to illustrate the relationship between the type of organizational socialization and service quality, and
- to empirically explore the relationship between the type of organizational socialization and service quality.

The relationship among some intervening variables suggested in the literature (discussed in Chapter 4), namely, the organizational climate for service and role (role clarity and role ambiguity) was also explored.³⁷

7.2.1 Formal/Informal Socialization-Service Quality

It was ascertained that both formal and informal socialization of the bank customers is positively related to their perception of the employee service quality, and the overall service quality.

³⁷ Refer also to Chapter 4, Sections 4.5.1-4.5.7.

Although, the type of organizational socialization of the bank employees is not directly related to the customers' perception of service quality, both formal and informal socialization were positively associated with employees' perception of the organizational climate. Furthermore, the employees' perception of the organizational climate is positively associated with the overall service quality as perceived by the bank customers.

7.2.2 Formal/Informal Organizational Socialization-Organizational Climate-Service Quality

Both formal and informal socialization of the service customers is positively associated with the organizational climate as perceived by the customers. The organizational climate as perceived by the employees is also positively related to the customers' perception of the overall service quality, but not with their perception of the employee service quality. On the other hand, the organizational climate as perceived by the customers is positively associated with their perception of the employee service quality.

Since the customers' perception of the employee service quality is the most important determinant of the overall service quality, it may be assumed that the customers' perception of the organizational climate is indirectly associated with their perception of the overall service quality.

7.2.3 Formal/Informal Organizational Socialization-Role-Service Quality

A positive relationship emerged between formal and informal socialization, and the role ambiguity and role conflict experienced by the banks customers. However, only formal socialization is positively associated with both the role conflict and role ambiguity experienced by the banks' employees. Informal socialization is also positively associated with the role ambiguity experienced by the employees. Since the role ambiguity and role conflict experienced by both service customers and service employees are highly correlated, formal socialization of the service employee may indirectly influence the role conflict experienced by the service employees.

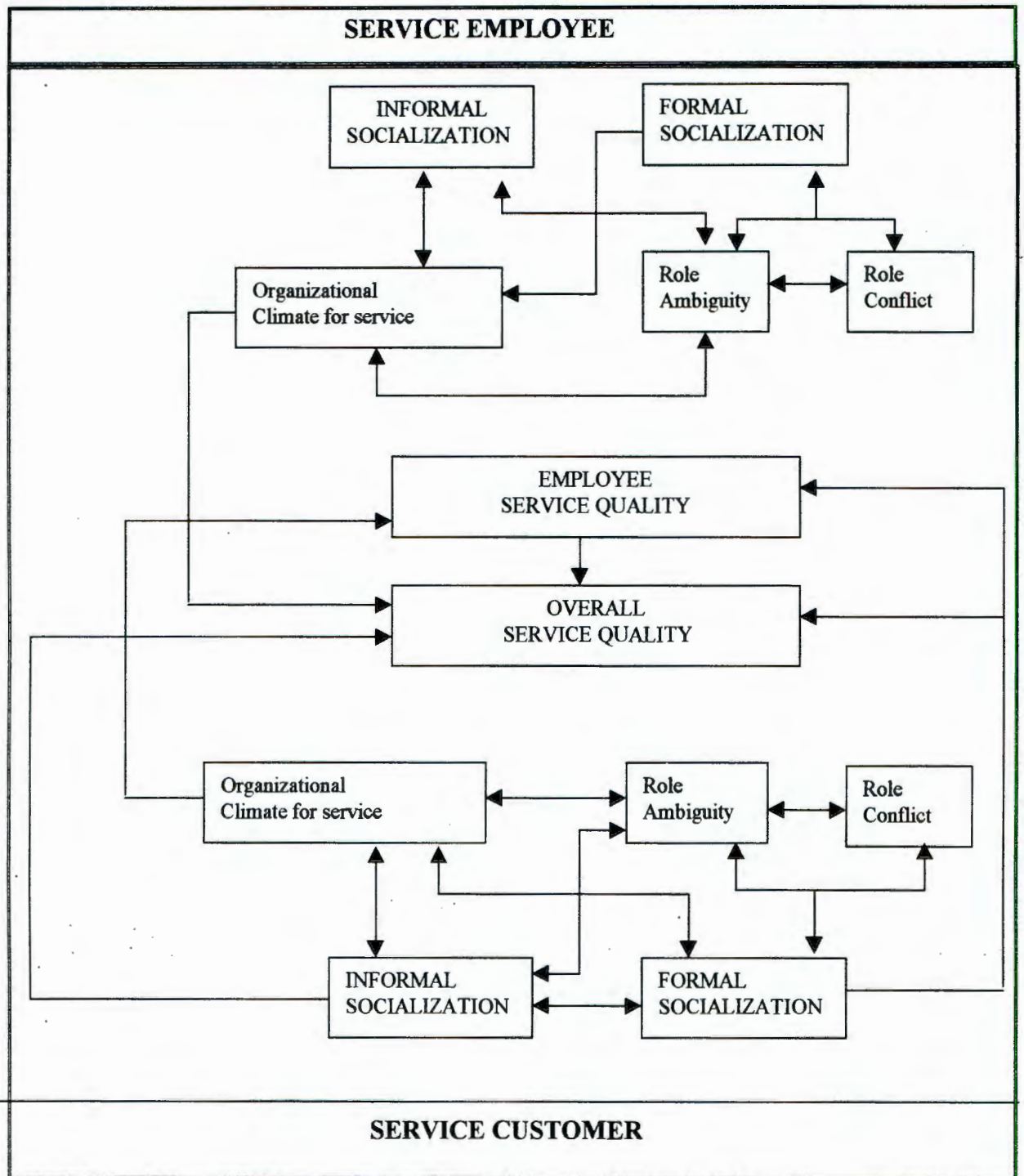
However, there is no significant association between the role ambiguity and role conflict experienced by both the customers and the employees with the customers' perception of either the employee service quality or the overall service quality.

7.2.4 Organizational Climate-Role-Service Quality

The organizational climate as perceived by the customers is strongly positively associated with the role conflict and role ambiguity experienced by the customers. Furthermore, the role ambiguity experienced by the employees is also positively associated with their perception of the organizational climate. Since the customers' perception of the organizational climate is positively associated with the overall service quality, it may be assumed that the role perception by both the employees and the customers is indirectly associated with the overall service quality perceived by the customers.

In terms of the empirical evidence, the revised organizational socialization-service quality linkage model is depicted in Figure 7.1. This figure also encapsulates the relationship among the variables.

FIGURE 7.1: REVISED ORGANIZATIONAL SOCIALIZATION-SERVICE QUALITY MODEL



7.3 Managerial Implications of Empirical Findings

Organizational socialization was defined for the purposes of this study as “the process which allows an individual to gain an understanding of the values, abilities, expected behaviours and social knowledge required for participation in an organizational role.” Since this process of socialization can be controlled to a large extent by the organization [management], from a managerial perspective, the importance of the relationships summarized above is magnified. The managerial implications of the significant findings are discussed with reference to the service customers, service employees and the service encounter.

7.3.1 Managerial Implications Regarding Service Customers

Considering that service customers often take on the role of 'partial' employees during the service encounter, it is important for the service organization to ascertain what management practices could be used to ensure that the customers have the competencies to perform their role as co-producers of the service. The more consumers tend to contribute, the higher the input uncertainty, because the bank has incomplete information about what the customer actually will do before and during the service encounter. Furthermore, the customer disposition to participate can be constrained by insufficient ability or role clarity. In other words, customers may lack the competence and role readiness necessary to participate (Winstead 1998). However, although customers are a source of input uncertainty relative to the diversity of their demands and their disposition to participate, the service organization can influence the customers by using both formal and informal socialization strategies. Since formal and informal socialization are positively associated with the customers' role perception, these socialization strategies may provide a means for the service organization to help customers develop more accurate role expectations. This may result in customers performing their roles better, which may contribute to the delivery of higher levels of service quality. Furthermore, a service firm can gain a competitive advantage if its customers perform their service role better than the competitor's customers. This may prove to be a sustainable advantage since the development of high-performance customers can be a difficult-edge for others to copy.

Strategies for managing customer behaviour in service production and delivery can be drawn from models of employee behaviour. In other words, employees behave the way they do based on *inter-alia* the following considerations:

- do they understand how they are expected to behave?
- are they able to perform as expected?
- are they willing to participate?
- are there valued rewards for performing as expected ?

Since it became evident that both formal and informal socialization strategies are positively associated with the customers' perception of service quality, managers should employ these strategies to socialize their customers. If a service organization can effectively socialize its customers into the organization, it may be possible to manage the service expectations of these customers and indirectly manage their perceptions of service quality.

However, since the banks cannot control the information which is transmitted via informal socialization (employee-employee, customer-customer) strategies should be developed and implemented to ensure that as many customers as possible are formally socialized. This may ensure that the correct message is transmitted.

In South Africa, as more and more people are using banking services, banks may need to develop customer socialization strategies which are branch-specific. For example, programmes may be necessary for branches located in an environment where the majority of clients are illiterate or poorly educated. On-site socialization could take the form of a bank official approaching customers as they enter the bank, or while they are standing in queues, enquiring about their needs, advising them about the different banking services offered, and teaching customers how to complete various forms (deposit slips, withdrawal forms, application for various services, etc.). Customer training centres or booths could be established at certain branches where customers could be trained in groups or individually, on certain days. Bank officials should also walk around the bank floor, talk to customers, enquire about their requirements and direct them to the correct queues.

Banks should also keep in touch with their customers by publishing and distributing pamphlets, brochures and newsletters on a regular basis. Although brochures are sometimes strategically placed within the banks, the customers need not have to go to their banks to learn about its products, services, and changes in policy.

Furthermore, since the organizational climate for service as perceived by both customers and employees is positively associated with service quality, it is important that when a customer enters the service organization, the perception should be that of an organization which is supportive of customer service. Service firm managers should thus strive to ensure that the service climate perceived by the employees is the same as what the customers experience.

7.3.2 Managerial Implications Regarding Service Employees

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. If a financial service company is interested in increasing profit, that company must acknowledge that the customer contact staff are the most important asset it has. An important part of this acknowledgement is to put in place a system to support the employees on a personal level. Such a system may be put into place by, *inter-alia*, the existence of a periodic employee attitude survey, and providing training as a means to achieve the company's vision.

Furthermore, since service organizations are particularly dependent on functional integration, customer contact personnel not only produce the service, but are also involved in marketing it. In turn, marketing services is very much a human resource activity, because the quality of selection and training of service personnel spills over to affect the customers' perception of the quality of service they receive. Moreover, unlike marketing managers in consumer or industrial goods firms, a marketing manager in a service organization cannot take responsibility for the product as it leaves the "factory" gate. Instead, the management of the marketing function is closely interrelated with, and dependent upon, the management of human resources and operations.

Since the socialization process begins with the recruitment and selection process, if the organization is unable to find a person with the "right" set of beliefs, assumptions and values, then it has to do a lot of formal socialization. When hiring employees, management should orientate them as to what the organization is, who the customers are and why the customers are important.

In order to have staff who are able to offer better quality service, banks should follow two strategies, namely, develop an appropriate organizational climate to elicit "good service" behaviour from staff, and develop a series of human resources management (HRM) policies and practices to provide the organization with appropriate staff for "good service" behaviour. The principal challenge for major HRM functions is to perform the functions in a manner which would create and sustain a corporate climate of service quality. Since management does not have the ability to directly control the service delivery and the moment of truth, it has to develop indirect control by creating "atmospherics" that make employees feel that the service is the predominant norm guiding their thinking and behaviour. The manager's job is to coordinate the workplace so that he/she does not have to intervene when employees encounter their customers; the appropriate behaviour will be in line with the "atmosphere" of the firm. Through internal marketing, service firm managers could create an organizational climate which may lead to service personnel performing the service in the right way.

According to Zeithaml and Berry (1996: 303-304) ineffective recruitment of service oriented employees can result in employees experiencing role conflict and role ambiguity. Although these researchers assert that role conflict and role ambiguity can contribute to the failure of the delivery of the service as designed, in this study no direct association between these variables and service quality was ascertained. However, both role ambiguity and role conflict were associated with the organizational climate; and since the organizational climate is positively associated with the employee service quality, management should foster a climate which appreciates customer service and which should make it conducive for employees to work as a team. Furthermore, limiting the negative effects of role conflict and ambiguity should be a priority for all service firm managers.

Banks should improve their employees' perception of the organizational climate by adopting both "informal" and "informal" socialization strategies. All employees should be afforded the opportunity to participate in formal and informal training offered by the head office and at branches. Both formal and informal training should be conducted on an on-going basis, and formal programmes should not be restricted to new employees only. Upon return from a formal training programme, workshops or seminars should be held at the branches to acquaint everyone within the branch. Written memos may also be used to disseminate information within the branch. Special in-branch training programmes should be developed and implemented to familiarize staff with the local conditions.

7.3.3 Managerial Implications Regarding Service Encounters

In view of the rapid changing technology, in financial services marketing there are limited opportunities to impress the customer. Contact points should be treated as opportunities; thus the opportunity to create a favourable impression must be cherished and not let to slip by. Furthermore, since customers pass judgement on the business at contact points, contact points should be managed. Moreover, since service encounters are first and foremost "social encounters" services marketers must truly understand the underlying bases of their businesses. The unit of analysis in marketing should be the relationship, the 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.

Since the organizational climate for service as perceived by both the customers and employees is positively associated with their perception of the service quality, it is important that when customers enter the service organization, they perceive it as being service oriented. Furthermore, once customers arrive at the service facility, their on-site attitudes and behaviours are added to that of the employees' as ingredients affecting organizational effectiveness. In order for customers to positively experience their organizational surroundings, service firms need to manage the climate for service.

Since the climate for service refers to the summary perceptions that customers (and employees) have of the service-related attributes and practices of the business, the service businesses must be careful to manage all the "evidence" visible to the customer. Since formal and informal socialization are associated with the organizational climate, it seems that management could influence the customers' perception of the organizational climate by using formal and informal socialization tactics.

7.4 Some Limitations of the Study and Future Research Implications

Since the main objective of this research was to develop a conceptual organizational socialization-service quality linkage model, the exploratory empirical findings should be interpreted accordingly. Furthermore, this research was conducted among customers and employees in one service industry. While this may have limited the effects of extraneous factors based on industry differences, it may also limit the generalizations of the findings to other service-oriented industries. In order to increase the generalizability of the findings from this study, future research might involve a replication of this study in a variety of service industries, and among a larger sample.

The service quality measures were high (>4 out of 5). It may be that the employees gave out questionnaires only to customers with whom they had positive encounters, or that dissatisfied customers did not return the questionnaires. Future research could be conducted using an alternative questionnaire distribution strategy. For example, customers could be interviewed at home or immediately after they have completed their transaction at the bank.

From a methodological point of view, the data in this study was obtained only from front-line employees and customers. It would be interesting to include back-office staff as well as tellers. The study provided an attempt to empirically consider the role of the service customer as a 'partial' employee in the service organization. Future research might consider other aspects of the active role played by the service customers during the service provision process. For example, the methods which service managers might use to improve the efficiency of their 'partial' employees could be explored. Some research questions that could be investigated may include whether service customers prefer to participate, and what rewards they expect for their

participation? The latent variables "Formal" and "Informal" socialization were removed from the analysis (during different stages of model testing) involving the employee sample because its measuring instruments either lacked discriminatory validity, or did not meet Nunnally's (1971) standards with regards to reliability. This may be partly attributed to the sample size, since it was only possible to match 23 employees with 166 customers. There is need for further research using larger samples, to construct more reliable and valid instruments for these employee measures.

Since banks cannot quite 'train' or socialize its clients as it can its employees because most customers are not accorded any formal 'training' as such, a possibility exists that proper formal socialization of the employees may lead to good informal socialization of the clients. Future research may be necessary to establish whether this assertion is correct.

A comparison of the associations between the socialization tactics and perception of role, the organizational climate for service and service quality at different time periods, for example, upon entry into the banks and after a year, could be investigated. Furthermore, the influence of other socialization strategies on service quality should be investigated.

This research has not been able to establish whether organizational socialization is the same for all service industries. In fact it could be more important for some banks than others. Future research could ascertain whether banks located in, and catering to a higher income group needs to do more formal socialization among its employees than those that deal with lower income customers.

The limited response rate, although satisfactory for this exploratory study, also restricts 'sweeping' generalizations to be made. The response rate may also have contributed to the present study being unable to find an acceptable model that fitted the data in respect of the matched sample. This can be attributed to the difficulty of aggregating and matching responses across respondent groups. Furthermore, the customer questionnaires were also 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. Given a favourable research budget, a possible suggestion would be to try to interview them immediately after the encounter.

7.5 Concluding Remarks

Consumer behaviour research on how customers acquire their perception of their consumption and production roles may benefit service firm managers. Understanding the service encounter is a key challenge facing service firm managers. Since clients are vital to the operations of services, they are simultaneously problematic because their behaviour cannot be predicted with a degree of regularity. This is further complicated because customers come from varying socio-cultural backgrounds. However, customers not only bring expectations, but also competencies which can be capitalized upon to enhance competitive success. The lagging productivity of the service sector could be improved by utilizing the 'resources' supplied by the customers.

Furthermore, empirical evidence on how the process of organizational socialization could be employed to effectively manage the customer resource contribution to the service encounter is also provided. More specifically by examining the effects of formal and informal socialization strategies on the customers' perception of their role, and the organizational climate for service, an association with service quality has been established.

As Human Resources Management practices for managing the climate for service are implemented more effectively, more satisfied customers and employees may be acquired. Since the employee service quality emerged as the most important determinant of the overall service quality, banks could influence their overall service quality by improving the employee service delivery. The employee service delivery may be improved by creating a healthy formal and informal socialization policy, and a "warm" organizational climate. While the preceding discussion may have suggested that the choice of socialization strategies is an either or proposition, organizations could use different combinations of practices or tactics. Thus, the service quality model conceptualized in this study will assist service firm managers to better manage their organizations and service quality.

REFERENCES

- Albrecht, K. & Zemke, R., 1985. Service America: Doing Business in the New Economy. Homewood, Illinois: Dow Jones-Irwin.
- Allen, N.J., & Meyer, J.P., 1990. "Organizational Socialization Tactics: A Longitudinal Analysis of Links to Newcomers' Commitment and Role Orientation." Academy of Management Journal, Vol. 33.
- Argyris, C. & Schon, D.A., 1978. Theory in Practice. San Francisco: Jossey Boss.
- Al-Shammari, M.M., 1992. "Organizational Climate," Leadership and Organizational Development Journal, Vol. 13, No. 6.
- Anderson, E.W., Forwell, C. & Lehman, D.F., 1994. "Customer Satisfaction, Market Share and Profitability." Journal of Marketing, Vol. 58, No. 3.
- Ashforth, B.E. & Humphrey, R.H., 1993. "Emotional Labour in Service Roles: The Influence of Identity." Academy of Management Review, Vol. 18, No. 1.
- Ashforth, B.E. & Sacks, A.M., 1996. "Socialization Tactics: Longitudinal Effects on Newcomer Adjustment." Academy of Management Journal, Vol. 30, No. 1.
- Avkiran, N.K., 1994. "Developing an Instrument to Measure Customer Service Quality in Branch Banking." International Journal of Bank Marketing, Vol. 12, No. 6.
- Azzolini, M.C. & Lingle, J.H., 1993. "Internal Service Performance." Quality, Vol. 32, No. 11.
- Babakus, E. & Boller, G.W., 1992. "An Empirical Assessment of the SERVQUAL Scale." Journal of Business Research, (May).

Babin, B.J. & Boles, J.S., 1996. "The Effects of Perceived Co-Worker Involvement and Supervisor Support on Service Provider Role Stress, Performance and Satisfaction." Journal of Retailing, Vol. 72, No.1.

Baker, W.K., 1995. "Allen and Meyer's Longitudinal Study: A Re-analysis and Re-interpretation using Structural Equation Modelling." Human Relations, Vol. 48, No. 2.

Baron, S. & Harris, K., 1995. Services Marketing. Gt. Britain: Macmillan.

Bateson, J.E.G., 1982. "The Self Service Consumer - Empirical Findings," in Emerging Perspectives on Services Marketing, Berry, L.L., Shostock, G.L. and Upah, G.D.,(eds.).

Bateson, J.E.G. & Langeard, E., 1982. "Consumer Uses of Common Dimensions in the Appraisal of Services." Advances in Consumer Research, Vol. 9.

Bateson, J.E.G., 1983. "Perceived Control and the Service Encounter." Paper Presented at the Marketing Science Institute Conference on the Service Encounter. Miami: University of Miami.

Benapudi, N. & Berry, L.L., 1997. "Customer's Motivation for Maintaining Relationships with Service Providers." Journal of Retailing, Vol. 73, No. 1.

Bennett, J.A., 1995. Managing Tourism Services. Pretoria: J.L. van Schaik.

Bergman, B & Klefsjo, B., 1994. Quality: From Customer Needs to Customer Satisfaction. Sweden: Mc Graw-Hill.

Berry, L.L., 1984. "The Employee as Customer," in Services Marketing: Text, Cases, and Readings, Lovelock, C.H. Englewood Cliffs, New Jersey: Prentice Hall.

Berry, L.L., 1986. "Big Ideas in Services Marketing." Journal of Services Marketing, Vol. 3, No. 2.

Berry, L.L., Parasuraman, A., & Zeithaml, V. A., 1988. "The Service-Quality Puzzle." Business Horizons, September-October.

Berry, L.L., Bennett, D.R. & Brown, C.W., 1989. Service Quality: A Profit Strategy for Financial Institutions. Homewood, Illinois: Dow Jones-Irwin.

Berry, L.L., Parasuraman, A. & Zeithaml, V. A., 1990. "The Service-Quality Puzzle," in Managing Service Quality: An IFS Briefing, Clark, G. (ed.). United Kingdom: IFS Publication.

Berry, L.L. & Parasuraman, A., 1991. Marketing Services: Competing Through Quality. New York: Free Press.

Berry, L.L., Parasuraman, A. & Zeithaml, V. A., 1991. Marketing Services: Competing Through Quality. New York: Free Press.

Bhowan, K., 1997. "At Your Service!" Focus, Vol. 8, No. 1.

Bisschoff, C.A., 1996. "Identifying Service Factors in the Automobile Industry." South African Journal of Economic and Management Sciences, Vol. 20.

Bitner, M.J., 1988. "Fundamentals in Services Marketing," in Add Value to Your Service: the key to Success, Suprenant, C. (ed.). Chicago, Illinois: American Marketing Association.

Bitner, M.J., Booms, B.M. and Tetreault, M.S., 1990. "The Service Encounter: Diagnosing Favourable and Unfavourable Incidents." Journal of Marketing. Vol. 54.

Bitner, M.J., 1990. "Evaluating Service Encounters: The Effects of Physical Surroundings and Employee Responses." Journal of Marketing, Vol. 17.

Bitner, M.J., 1991. "The Evolution of the Services Marketing Mix and its Relationship to Service Quality," in Service Quality - Multi-Disciplinary and Multinational Perspective, Brown, S., Gummesson, E., Edvardsson, B. and Gustavsson, B.O. (eds.). Lexington, MA: Lexington Books.

Bitner, M.J., 1993. "Servicescapes: The Impact of Physical Surroundings on Customers and Employees." Journal of Marketing, Vol. 56.

Bitner, M.J., Booms, B.B. & Mohr, L.A., 1994. "Critical Service Encounters: The Employee's Viewpoint." Journal of Marketing, Vol. 58, No. 4.

Black, S., 1992. "Organization Socialization of Expatriate Managers: Tactics, Tenure and Role Innovations." Group and Organizational Management, Vol. 17, No. 2.

Bless, C. & Higson-Smith, C., 1995. Fundamentals of Social Research Methods: An African Perspective, 2nd ed. Kenwyn, Cape Town: Juta.

Bless, C. & Kathuria, R., 1993. Fundamentals of Social Statistics: An African Perspective. Kenwyn, Cape Town: Juta.

Bolton, R.N. & Drew, J.H., 1991. "A Multi-Stage Model of Customers' Assessments of Service Quality and Value." Journal of Consumer Research, Vol. 17.

Booms, B.H. & Nyquist, J.L., 1981. "Analyzing the Customer/Firm Communication Component of the Services Marketing Mix," in Marketing of Services, Donnelly, J.H. & George, W.R., (eds.). Chicago: American Marketing Association.

Boshoff, H.C., 1990. Perceptions of Service Quality in Three Selected Service Industries. Unpublished D. Com. Dissertation. Pretoria: University of Pretoria.

Boshoff, C. & Mels, G., 1994. "The Influence of Supervision, Organizational Commitment and Job Satisfaction on Performance: A Path-Analytic Study." Management Dynamics: Contemporary Research. Vol. 3, No. 3.

Boshoff, C. & Mels, G., 1995. "Role Stress and Job Satisfaction: The Supervisory Antecedents and their Influence on Organizational Commitment." Journal of Industrial Psychology, Vol. 21, No. 1.

Boshoff, H.C. & Blem, N.H., 1995. "The Marketing of Services," in Buyer Behaviour: Strategic Marketing Applications, Du Plessis, P.J., Rousseau, G.G. and Blem, N.H., (eds.). Halfway-House, Johannesburg: Southern Books

Boulding, W., Staelin, R., Kalra, A. & Zeithaml, V.A., 1992. "Conceptualizing and Testing a Dynamic Process Model of Service Quality." Marketing Science Institute Report No. 92-121. Cambridge, MA: Marketing Science Institute.

Boulding, W., Staelin, R., Kalra, A. & Zeithaml, V.A., 1993. "A Dynamic Process Model of Service Quality: From Expectations to Behavioral Intentions." Journal of Marketing Research, Vol. 30.

Bowers, M.R., Martin, C.L. & Luker, A., 1990. "Trading Places, Employees as Customers, Customers as Employees." Journal of Services Marketing, Vol. 4.

Bowen, D.E. & Schneider, B., 1985. "Boundary-Spanning-Role Employees and the Service Encounter: Some Guidelines for Management Research," in The Service Encounter, Czepiel, J.A., Solomon, M.R. & Surprenant, C.F., (eds.). Lexington, MA: Lexington Books.

Bowen, D.E., 1986. "Managing Customers as Human Resources in Service Organizations." Human Resources Management, Fall.

Bowen, D.E., 1990. "Managing Customers as Human Resources in Service Organizations," in Service Wisdom: Creating and Maintaining the Customer Service Edge, Zemke, R. & Bell, C.R., (eds.). Minneapolis: Lakewood Books.

Bowen, D.E., Chase, R.B. & Cummings, T.G., 1990. Service Management Effectiveness. San Francisco: Jossey-Bass.

Bowen, D.E. & Cummings, T.G., 1990. "Suppose we took Services Seriously," in Service Management Effectiveness: Balancing Strategy, Organization and Human Resources, Operations, and Marketing, Bowen, D.E., Chase, R.B. & Cummings, T.G. (eds.). San Francisco: Jossey-Bass.

Bowen, D.E., 1998. "High Performance Customers as Competitive Advantage." Paper read at the American Marketing Association's "Frontiers in Services" conference, Nashville, Tennessee, September 24-26.

Bright, K. & Cooper, C.L., 1993. "Organizational Culture and the Management of Quality." Journal of Managerial Philosophy, Vol. 8, No. 6.

Brown, A.D., 1995. Organizational Culture. Great Britain: Pitman.

Browne, M.W. & Mels, G., 1990. RAMONA PC User's Guide. Unpublished Report. Pretoria: Human Sciences Research Council.

Browne, M.W., Cudeck, B., Mels, G. & Tataneni, K., 1998. "A general Approach for Standard Errors of Rotated Factor Loadings." Paper presented at the Annual Psychometric Society held in Indiana, USA.

Buchanan, B., 1974. "Building Organizational Commitment: The Socialization of Managers of Work Organizations." Administrative Science Quarterly, Vol. 19.

- Buttle, F., 1995. "Relationship Marketing: An Overview." Working Paper No. 305. UK: Manchester Business School.
- Buttle, F., 1996. "Is there a Role for Expectations in SERVQUAL?" Working Paper No. 294. U.K.: Manchester Business School.
- Buys, P., Jooste, C.J. & Schreuder, A.N., 1995. "Towards a Managed-Service Encounter as an Instrument to Improved Customer Satisfaction." Paper presented at the Sixth National Marketing Educators' Conference. Mabula Lodge, South Africa.
- Carman, J.M., 1990. "Consumer Perceptions of Service Quality: An Assessment of the SERVQUAL Dimensions." Journal of Retailing, Vol. 66, No. 1.
- Carmen, J.M. & Langeard, E., 1980. "Growth Strategies of Service Firms." Strategic Management Journal, Vol. 56.
- Chao, G.T., O Leary-Kelly, A.M., Wolf, S., Klein, H.J. & Gardner, P.D., 1994. "Organizational Socialization: Its Contents and Consequences," Journal of Applied Psychology. Vol. 79, No. 5.
- Chase, R.B., 1978. "Where Does the Customer Fit in the Service Operation." Harvard Business Review, Vol. 56.
- Chase, R.B., 1981. "The Customer Contact Approach to Services: Theoretical Bases and Practical Extensions." Operations Research, Vol. 29, No. 4.
- Chase, R.B. & Bowen, D.E., 1988. "Service Quality and the Service Delivery System: A Diagnostic Framework." Paper read at the Quis Symposium on Quality in Services. Karlstad, Sweden.
- Cheri, O. & Kozlowski, S.W.Z., 1992. "Organizational Socialization as a Learning Process: The Role of Information Acquisition," Personnel Psychology. Vol. 45, No. 4.

Chisnall, P. M., 1992. Marketing Research, 4th. ed. London: McGraw-Hill.

Chonko, L.B., Howell, R.D. & Bellenger, D.N., 1986. "Congruence in Sales Force Evaluations: Relations to Sales Force Perceptions of Conflict and Ambiguity." Journal of Personal Selling and Sales Management, Vol. 6.

Christopher, M., Payne, A. & Ballantyne, D., 1993. Relationship Marketing. Bringing Quality, Customer Service, and Marketing Together. UK: Butterworth Heinemann.

Churchill, G.A., Jr., Ford, N.M. & Walker, O.C., 1976. "Organizational Climate and Job Satisfaction in the Salesforce." Journal of Marketing Research, Vol. xiii.

Churchill, G.A., Jr., 1995. Marketing Research: Methodological Foundations. 6th ed. Florida: Dryden.

Clark, G., 1990. Managing Service Quality: An IFS Briefing. United Kingdom: IFS Publication.

Cochran, W.G., 1954. "Some Methods for Strengthening the Common Chi-Square Test." Biometrics, Vol. 10.

Cronbach, L.J., 1951. "Coefficient Alpha and the Internal Structure of Tests." Psychometrika, Vol. 16, No. 3.

Cronin, J.J., Jr. & Taylor, S.A., 1992. "Measuring Service Quality: A Re-examination and Extension." Journal of Marketing, Vol. 56.

Cronin, J.J., Jr. & Taylor, D.A., 1994. "SERVPERF versus SERVQUAL: Reconciling Performance Based and Perceptions-Minus Expectations Measurement of Service Quality." Journal of Marketing, Vol. 58.

Danaher, P.J. & Mattson, J., 1994. "Customer Satisfaction during the Service Delivery Process." European Journal of Marketing, Vol. 28, No. 5.

Denton, D. K., 1989. Quality Service. Houston, Texas: Gulf Publishing.

Dubinsky, A.J. & Mattson, B.E., 1979. "Consequences of Role Conflict and Ambiguity Experienced by Retail Salespeople." Journal of Retailing, Vol. 55, No. 4.

Dubinsky, A.J., Howell, R.D., Ingram, T.N., & Bellenger, D.N., 1986. "Sales Force Socialization." Journal of Marketing, Vol. 50, No. 4.

Dwayne, G. & Bitner, M.J., 1992. "Classifying Service Encounter Satisfaction Across Industries," in Marketing Theory and Applications, Allen, C.T., (ed.). Chicago: American Marketing Association.

Edvardsson, B., Thomasson, B. & Ovretveit, J., 1994. Quality of Service: Making it Really Work. UK: McGraw-Hill.

Ennew, C.T., Reed, G.V. & Binks, M.R., 1993. "Importance-Performance Analysis and the Measurement of Service Quality." European Journal of Marketing, Vol. 27, No. 2.

Feldman, D.C., 1976. "A Contingency Theory of Socialization," Administration Science Quarterly, Vol. 21.

Fick, G.R. & Ritchie, J.R.B., 1991. "Measuring Service Quality in the Travel and Tourism Industry." Journal of Travel Research, (Fall).

Fogarty, T.J., 1992. "Organizational Socialization in Accounting Firms: A Theoretical Framework and Agenda for Future Research," Accounting, Organization and Society, Vol. 17, No. 2.

- Formby, H., 1996. "Banking Groups Jostle for Position in Giant Deal." Sunday Business Times, December 1.
- Frane, J., Jenrich, R.I. & Sampson, P.F., 1990. 4M-Factor Analysis. In Dixon, W.J. et al., (eds.). BDMP Statistical Software Manual, Vol. 1. Berkeley: University of California.
- Garvin, D.A., 1988. Managing Quality. New York: Free Press.
- George, 1990. "Internal Marketing and Organizational Behaviour: A Partnership in Developing Customer-Conscious Employees at Every Level." Journal of Business Research, Vol. 20.
- Gerson, R.F., 1992. Beyond Customer Service: Keeping Customers For Life. Los Altos: Crisp Publications.
- Grasing, R.E. & Hessik, M.H., 1988. Achieving Quality in Financial Services Organizations: How to Identify and Satisfy Customer Expectations. New York: Quorum Books.
- Gremler, D.D., Bitner, M.J. & Evans, K.R., 1994. "The Internal Service Encounter." International Journal of Service Industry Management, Vol. 5, No. 2.
- Gronroos, C., 1981. "Internal Marketing - An Integral Part of Marketing Theory," in Marketing of Services, Donnelly, J.H. and George, W.R., (eds.). Chicago, Illinois: American Marketing Association.
- Gronroos, C., 1983. "Innovative Marketing Strategies and Organization Structures for Service Firms," in Emerging Perspectives on Services Marketing, Berry, L.L., Shostack, G.L. and Upah, G.D., (eds.). Chicago: American Marketing Association.
- Gronroos, C., 1984. "A Service Quality Model and Its Marketing Implications." European Journal of Marketing, Vol. 18, No. 4.

Gronroos, C., 1985. "Internal Marketing: Theory and Practice," in Services Marketing in a Changing Environment, Bloch, T.M., Upah, G.D. and Zeithaml, V.A., (eds.). Chicago, Illinois: American Marketing Association.

Gronroos, C., 1990. Service Management and Marketing. Managing the Moments of Truth in Service Competition. Massachusetts: Lexington Books.

Gronroos, C., 1994. "From Marketing Mix to Relationship Marketing. Toward a Paradigm Shift in Marketing." Management Decision, Vol. 32, No. 2.

Grove, S.J. & Fisk, R.P., 1997. "The Impact of Other Customers on Service Experiences: A Critical Incident Examination of Getting Along." Journal of Retailing, Vol. 73.

Gummesson, E. and Gronroos, C., 1987. "Quality of Services: Lessons from the Products Sector," in Add Value to Your Service: The Key to Success, Suprenant, C., (ed.). Chicago, Illinois: American Marketing Association.

Hartenian, L.S., Hadaway, F.J. & Badovick, G.J., 1994. "Antecedents and Consequences of Role Conflict: A Path Analytic Approach." Applied Business Research, Vol. 10, No. 2.

Hartline, M.D. and Ferrel, O.C., 1993. "Service Quality Implementation: The Effects of Organizational Socialization and Managerial Actions on Customer-Contact Employee Behaviours." Marketing Science Institute Report No. 93-122. Cambridge, MA: Marketing Science Institute.

Haywood-Farmer, J., Alleyne, A., Duffy, B. and Downing, M., 1990. "Controlling Service Quality." Business Quarterly, (Winter).

Hauser, J.H., Simester, D.I. & Wernerfelt, B., 1996. "Internal Customers and Internal Suppliers." Journal of Marketing Research, Vol. xxxiii.

- Heydenrych, F., 1997. "SA's Top Banks Rated by Financial Service Directors." Professional Management Review, (August).
- Hofstede, G. & Bond, M.H., 1988. "The Confucius Connection: From Cultural Roots to Economic Growth." Organizational Dynamics, Vol. 16, No. 4.
- Houston, B.A., 1994. "Supervisors matter more than you think: Components of a Mission-Centred Organizational Climate," Hospitality and Health Services Administration, Vol. 39, No. 4.
- Howard, R., 1990. "Values Make the Company: An Interview with Robert Haas." Harvard Business Review, Vol. 68 (September-October).
- Hui, M.K. & Tse, D.K., 1996. "What to Tell Consumers in Waits of Different Lengths: An Integrative Model of Service Evaluation." Journal of Marketing, Vol. 60 (April).
- James, L.R., Mulaik, S.A & Brett, J.M., 1982. Causal Analysis: Assumptions, Models and Data. Beverly Hills, CA: Sage Publications.
- Jap, S., 1995. "The Employee's Viewpoint of Critical Service Encounters." Stores, Vol. 77, No. 1.
- Jenrich, R.I. & Sampson, P.F., 1966. "Rotation of Simple Loadings." Psychometrika, Vol. 31.
- Jobber, D., 1995. Principles and Practice of Marketing. UK: Mc Graw-Hill.
- Johnson, M. & Zinkhan, G.M., 1991. "Emotional Responses to a Professional Service Encounter." Journal of Services Marketing, Vol. 5, No. 2.
- Jones, G.R., 1986. "Socialization Tactics, Self-Efficacy, and Newcomer's Adjustment to Organizations." Academy of Management Journal, Vol. 29.

Julian, C. & Ramaseshan, B., 1994. "The Role of Customer-Contact Personnel in the Marketing of a Retail Bank's Services." International Journal of Retail and Distribution Management, Vol. 22, No. 5.

Kamfer, L., Venter, D.J.L. & Boshoff, A.B., 1994. "The Dimensions of Employee Commitment: A South African Confirmatory Factor Analysis." Journal of Industrial Psychology, Vol. 20, No. 2.

Keaveney, S.M., 1995. "Customer Switching Behaviour in Service Industries: An Exploratory Study." Journal of Marketing, Vol. 59.

Kelley, S.W., 1987. Managing Service Quality: The Organizational Socialization of the Service Employee and Service Customer. Unpublished DBA Dissertation. Lexington, Kentucky: University of Kentucky.

Kelley, S.W., Donnelly, J.H., Jr. & Skinner, S.J., 1990. "Customer Participation in Service Production and Delivery." Journal of Retailing, Vol. 66, No. 3.

Kelley, S.W., 1992. "Developing Customer Orientation Among Service Employees." Journal of the Academy of Marketing Science, Vol. 20.

Kelley, S.W., Donnelly, J.H., Jr. & Skinner, S.J., 1992. "Organizational Socialization of Service Customers." Journal of Business Research, Vol. 25, No. 3.

Kendall, D., 1996. Sociology in our Times. Belmont, California: Wadsworth.

Keltner, B. & Finegold, D., 1996. "Adding Value in Banking: Human Resource Innovations for Service Firms." Sloan Management Review, Fall.

King, L.A. & King, D.W., 1990. "Role Conflict and Ambiguity: A Critical Assessment of Construct Validity." Psychological Bulletin, Vol. 107.

- Kotler, P., 2000. Marketing Management: Analysis, Planning, Implementation, and Control. The Millennium ed. Englewood Cliffs, New Jersey: Prentice-Hall.
- Kotter, J.P. & Heskett, J.L., 1992. Corporate Culture and Performance. Macmillan : New York.
- Kunst, P. & Lemmink, J., 1992. Quality Management in Services. Maastricht: Van Gorcum.
- Kwon, W. & Lee, T.J., 1994. "Measuring Service Quality in Singapore Retail Banking." Singapore Management Review, Vol. 16, No. 2.
- Langeard, E., Bateson, J.E.G., Lovelock, C.H. and Eiglier, P., 1981. "Services Marketing: New Insights from Consumers and Managers." Marketing Science Institute Report No. 81-104. Cambridge, Massachusetts: Marketing Science Institute.
- Larkin, T.J. & Larkin, S., 1996. "Reaching and Changing Front-line Employees." Harvard Business Review, May-June.
- Larsson, R. & Bowen, D.E., 1990. "Organization and Customer: Managing Design and Coordination of Services," in Service Management Effectiveness: Balancing Strategy, Organization and Human Resources, Operations, and Marketing, Bowen, D.E., Chase, R.B. & Cummings, T.G., (eds.). San Francisco: Jossey-Bass.
- Le Blanc, G. and Nguyen, N., 1988. "Customers' Perceptions of Service Quality in Financial Institutions." International Journal of Bank Marketing, Vol. 6, No. 4.
- Lehtinen, U. and Lehtinen, J.R., 1985. "Service Quality: A Study of Quality Dimensions." Paper read at the Second World Marketing Congress. University of Stirling. Stirling, Scotland.
- Levitt, T., 1972. "Production-Line Approach to Service." Howard Business Review, Vol. 50.

- Lewis, B.R., 1993. "Service Quality: Recent Developments in Financial Services." International Journal of Bank Marketing, No. 6.
- Lewis, D.S., 1994. "Organizational Change: Relationship between Reactions, Behaviour and Organizational Performance." Journal of Organizational Change and Management, Vol. 7, No. 5.
- Lim, B., 1995. "Examining the Organizational Culture and Organizational Performance Link." Leadership and Development Journal, Vol. 16, No. 5.
- Louis, M.R., 1980. "Surprise and Sense Making: What Newcomers' Experience in Entering Unfamiliar Organizational Settings." Administrative Science Quarterly, Vol. 25.
- Lovelock, C.H., & Young, R.F., 1979. "Look to Customers to Improve Productivity." Harvard Business Review, Vol. 57.
- Luthans, F., 1993. "Improving the Delivery of Quality Service: Behavioral Management Techniques." International Journal of Bank Marketing, Vol. 9, No. 3.
- Lyonski, S.J., 1982. "Behavioural Effects of Boundary Spanning on the Product Manager," in An Assessment of Marketing Thought and Practice, Walker, B.D., Bearden, W.O., Darden, W.R., Murphy, P.E., Nevin, J.R., Olson, J.C. & Weitz, B.A., (eds.). Chicago: American Marketing Association.
- Marcoulides, G.A. & Heck, R.H., 1993. "Organizational Culture and Performance: Proposing and Testing a Model" Organization Science, Vol. 4, No. 2.
- Martin, C.I. & Pranter, C.A., 1989. "Compatibility Management: Customer-to-Customer Relationships in Service Environments." Journal of Services Marketing, Vol. 3, No. 3.
- Martin, W.B., 1990. Managing Quality Customer Service. Gt. Britain: Kogan Page.

- McGee, G.W, Ferguson, C.E., Jr. & Seers, A., 1989. "Role Conflict and Role Ambiguity: Do the scales measure these two Constructs?" Journal of Applied Psychology, Vol. 74 (October).
- McNabb, D.E. & Sepic, F.T., 1995. "Culture, Climate, and Total Quality Management: Measuring Readiness for Change." Public Productivity Management, Vol. 18, No. 4.
- Meidan, A., 1996. Marketing Financial Services. Gt. Britain: Macmillan.
- Mels, G., 1988. "A General System for Path Analysis with Latent Variables," unpublished M Sc. Dissertation. Pretoria: University of South Africa.
- Michaels, R.E., Cron, W.L., Dubinsky, A.J. & Joachimsthaler, E.A., 1988. "Influence of Formalization on the Organizational Commitment and Work Alienation of Salespeople and Industrial Buyers." Journal of Marketing Research, Vol. 25.
- Michaels, R.E. & Dixon, A.L., 1994. "Sellers and Buyers on the Boundary: Potential Moderators of Role Stress-Job Outcome Relationships." Journal of the Academy of Marketing Science, Vol. 22, No. 1.
- Mills, P.K. & Moberg, D.J., 1982. "Perspectives on the Technology of Service Operations." Academy of Management Review, Vol. 7, No. 3.
- Mills, P.K., 1983. "The Socialization of Clients as Partial Employees of Service Organizations." Working Paper, University of Santa Clara.
- Mills, P.K., Chase, R.B. & Margulies, N., 1983. "Motivating the Client/Employee System as a Service Production Strategy." Academy of Management Review, Vol. 8, No. 2.
- Mills, P.K., 1986. Managing Service Industries: Organizational Practices in a Post-industrial Economy. Cambridge: Ballinger.

- Mills, P.K. & Morris, J.H., 1986. "Clients as Partial Employees of Service Organizations: Role Development in Client Participation." Academy of Management Review, Vol. 11, No. 4.
- Mills, P.K. & Turk, T., 1986. "A Preliminary Investigation into the Influence of Customer-Firm Interface on Information Processing and Task Activities in Service Organizations." Journal of Management, Vol. 12, No. 1.
- Mittal, B. & Lassar, W.M., 1996. "The Role of Personalization in Service Encounters." Journal of Retailing, Vol. 72, No. 1.
- Mohr, L.A. & Bitner, M.J., 1991. "Mutual Understanding between Customers and Employees in Service Encounters." Advances in Consumer Research, Vol. 18.
- Mohr, L.A. & Bitner, M.J., 1995. "The Role of Employee Effort in Satisfaction with Service Transactions." Journal of Business Research, Vol. 32, No. 3.
- Morgan, R.M. & Hunt, S.D., 1994. "The Commitment-Trust Theory of Relationship Marketing." Journal of Marketing, Vol. 58, No. 3.
- Morgan, R. M. & Parsons, L., 1990. "Listening to Your Customer." Rough Notes, Vol. 133, No. 1.
- Morris, R.M., 1992. "Effective Organizational Culture is Key to a Company's Long-Term Success." Industrial Management, Vol 34, No. 2.
- Natalie, A.J. & Meyer, J.P., 1990. "Organizational Socialization Tactics: A Longitudinal Analysis of Links to Newcomers' Commitment and Role Orientation." Academy of Management Journal, Vol. 33 (December).
- Nauman, E. & Giel, K., 1995. Customer Satisfaction Measurement and Management: Using the Voice of the Customer. Cincinnati, Ohio: Thompson.

- Nel, D., Boshoff, C. and Mels, G., 1992. "Service Quality Perceptions in Retailing Banking: A Causal Modelling Analysis." Management Dynamics, Vol. 1, No. 3.
- Nel, D., Boshoff, C. & Mels, G., 1994. "A Re-Assessment of the Extended Service Quality Model." Paper delivered at the Sixth Annual Conference of the Southern African Institute of Management Scientists. University of Western Cape: Belville.
- Nel, D., Pitt, L.F. & Berthon, P.R., 1997. "The SERVQUAL Instrument: Reliability and Validity in South Africa." South African Journal of Business Management, Vol. 28, No. 3.
- Normann, R., 1991. Service Management. Strategy and Leadership in Service Business. Chichester, Sussex: John Wiley & Sons.
- Nunnally, J., 1978. Psychometric Theory. 2nd. ed. New York: Mc Graw-Hill.
- Oakland, J.S., 1993. Total Quality Management. U.K.: Butterworth Heinemann.
- Ondrack, D. & McAteer-Early, T., 1992. "A Strategic Audit of the Contribution of HRM to a New Service Quality Strategy in a Retail Firm," in Quality Management in Services, Kunst, P. & Lemmink, J., (eds.). Maastricht: Van Gorcum.
- Ostrom, A. & Iacobucci, D., 1995. "Consumer Trade-Offs and the Evaluation of Services." Journal of Marketing, Vol. 59.
- Palmer, A., 1995. Principles of Services Marketing. London: Mc Graw-Hill.
- Parasuraman, A., Zeithaml, V.A. & Berry, L.L., 1985. "A Conceptual Model of Service Quality and Its Implications for Future Research." Marketing Science Institute Report 60-90. Cambridge, MA: Marketing Science Institute.
- Parasuraman, A., Berry, L.L. & Zeithaml, V.A., 1988. "SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality," Journal of Retailing, (Spring).

Parasuraman, A., Berry, L.L. & Zeithaml, V.A., 1990. "An Empirical Examination of Relationships in an Extended Service Quality Model." Marketing Science Institute Report 90-122. Cambridge, MA: Marketing Science Institute.

Parasuraman, A., 1991. Marketing Research. 2nd. ed. Massachusetts: Addison-Wesley.

Parasuraman, A., Zeithaml, V.A. & Berry, L.L., 1994a. "A Reassessment of Expectations as a Comparative Standard in Measuring Service Quality: Implications for Future Research." Journal of Marketing, Vol. 58.

Parasuraman, A., Zeithaml, V.A. & Berry, L.L., 1994b. "Alternative Scales for Measuring Service Quality: A Comparative Assessment Based on Psychometric and Diagnostic Criteria." Journal of Retailing, Vol. 70.

Parasuraman, A. & Yadav, M.S., 1996. "Capture and Communicate Value in the Pricing of Services." Sloan Management Review, Summer.

Payne, R.F. & Pugh, D., 1976. "Organizational Structure and Climate," in Handbook of Industrial and Organizational Psychology, Dunnette, M.D. (ed.). Chicago: Rand Mc Nally.

Pedhazur, E.J., 1982. Multiple Regression in Behavioral Research, 2nd. ed., New York: Holt Rinehart and Winston.

Perrien, J., Filiatrault, P. & Richard, L., 1993. "The Implementation of Relationship Marketing in Commercial Banking." International Journal of Bank Marketing, Vol. 22.

Pitt, L., Bromfield, D. & Nel, D., 1995. South African Marketing Cases for Decision Makers. 2nd. ed. Kenwyn: Juta.

Price, L.L., Arnould, L.J. & Tierney, P., 1995. "Going to Extremes: Managing Service Encounters and Assessing Provider Performance." Journal of Marketing, Vol. 59.

- Quick, J.C., 1992. "Crafting an Organizational Culture: Herb's Hand at Southwest Airlines." Organizational Dynamics, Vol. 2, No. 21.
- Ravald, A. & Gronroos, C., 1996. "The Value Concept and Relationship Marketing." European Journal of Marketing, Vol. 30, No. 2.
- Reardon, K.K. & Enis, B., 1990. "Establishing a Companywide Customer Orientation Through Persuasive Internal Marketing," Management Communication Quarterly, Vol.3, No. 3.
- Rentsch, J.R., 1990. "Climate and Culture: Interaction and Qualitative Differences in Organizational Meanings." Journal of Applied Psychology, Vol. 75, No. 6.
- Rizzo, J.R., House, R.J. & Lirtzman, S.I., 1970. "Role Conflict and Ambiguity in Complex Organizations." Administrative Science Quarterly, Vol. 15.
- Robbins, S.P., 1993. Organizational Behaviour. 6th. ed. Englewood Cliff: Prentice-Hall.
- Rosenbluth, H., 1991. "Tales from a Nonconformist Company." Harvard Business Review, July-August.
- Rummel, R.J., 1967. "Understanding Factor Analysis." Journal of Conflict Resolution, Vol. 11.
- Rust, R.T. & Zahorik, A.J., 1993. "Customer Satisfaction, Customer Retention and Market Share." Journal of Retailing, Vol. 69 (Summer).
- Rowland, K.M. & Ferris, G.R. 1982. Personnel Management. Massachusetts: Allyn and Bacon.
- Sandelands, E., 1994. "The Missing Link in Quality Management." Management Decision, Vol. 32, No. 5.
- SAS Institute Inc., 1990. User's Guide, Release 6.03 ed. Cary, N.C.: SAS Institute Inc.

- Schein, E.H., 1968. "Organization Socialization and the Profession of Management." Industrial Management Review, Vol. 9, No. 2.
- Schein, E.H., 1990. "Organizational Culture." Sloan Management Review, Vol. 45, No. 2.
- Schein, E.H., 1992. Organizational Culture and Leadership, 2nd. ed. San Francisco: Jossey-Bass.
- Schein, E.H., 1996. "Three Cultures in Management: The Key to Organizational Learning." Sloan Management Review, Fall.
- Schell, C., 1996. "Relationship Marketing in a Corporate Banking Context." Working Paper No. 338. UK: Manchester Business School.
- Schlesinger, L.A. & Heskett, J.L., 1991. "The Service-Driven Company." Harvard Business Review, September-October.
- Schneider, B., 1973. "The Perception of Organizational Climate: The Customer's View." Journal of Applied Psychology, Vol. 57.
- Schneider, B., 1980. "The Service Organization: Climate is Crucial." Organizational Dynamics, Vol. 9.
- Schneider, B., Parkington, J.J. & Buxton, V.M., 1980. "Employee and Customer Perceptions of Service in Banks." Administrative Science Quarterly, Vol. 25.
- Schneider, B. & Bowen, D.E., 1985. "Employee and Customer Perceptions of Service in Banks: Replication and Extension." Journal of Applied Psychology, Vol. 20.
- Schneider, B. & Bowen, D.E., 1993. "The Service Organization: Human Resources Management is Crucial." Organizational Dynamics, Vol. 21, No. 4.

Schneider, B., Gunnarson, S.K. & Niles-Jolley, K., 1994. "Creating the Climate and Culture of Success." Organizational Dynamics, Vol. 23, No. 1.

Schneider, B. & Bowen, D.E., 1995. Winning the Service Game. Boston: Harvard Business School Press.

Schultz, D.P., 1982. Psychology and Industry Today: Introduction to Industrial and Organizational Psychology. 3rd ed. New York: Macmillan.

Senge, P. M., 1990. The Fifth Discipline: The Art & Practice of The Learning Organization. New York: Double Day Currency.

Shepherd, C.D. & Fine, L.M., 1994. "Scaling and Measurement: Role Conflict and Role Ambiguity Reconsidered." Journal of Personal Selling and Sales Management, Vol.xiv, No. 2.

Shetty, Y.K., 1991. "Strategies for US Competitiveness: A Survey of Business Leaders." Business Horizons, November/December.

Shostack, G.L., 1977. "Breaking Free from Product Marketing." Journal of Marketing, Vol. 14.

Silpakit, P. & Fisk, R.P., 1985. "Participatizing the Service Encounter: A Theoretical Framework," in Services Marketing in a Changing Environment, Bloch, T.M., Upah, G.D. & Zeithaml, V.A., (eds.). Chicago: American Marketing Association.

Singh, J., 1993. "Boundary Role Ambiguity: Facets, Determinants and Impacts." Journal of Marketing, Vol. 57.

Singh, J., Vebreke, E. & Rhoads, G.K., 1996. "Do Organizational Practices Matter in Role Stress Processes? A Study of Direct and Moderating Effects for Marketing-Orientated Boundary Spanners." Journal of Marketing, Vol. 60.

- Slater, S.F. & Narver, J.C., 1995. "Market Orientation and the Learning Organization." Journal of Marketing, Vol. 59.
- Smith, R.A., & Houston, M.J., 1983. "Script-Based Evaluations of Satisfaction With Services," in Emerging Perspectives on Services Marketing, Berry, L.L., Shostack, G.L. & Upah, G.D., (eds.). Chicago: American Marketing Association.
- Solomon, M.R., Surprenant, C., Czepiel, J.A., & Gutman, E.G., 1985. "A Role Theory Perspective on Dyadic Interaction: The Service Encounter." Journal of Marketing, Vol. 49.
- Spechler, J.W., 1993. Managing Quality in America's Most Admired Companies. San Francisco: Berrett-Koehler.
- Spreng, R.A., Mackenzie, S.B. & Olshavsky, R.N., 1996. "A Re-examination of the Determinants of Customer Satisfaction." Journal of Marketing, Vol. 60.
- Spreng, R. A. & Mackoy, R.D., 1996. "An Empirical Examination of a Model of Perceived Service Quality and Satisfaction." Journal of Retailing, Vol. 72, No. 2.
- Srinath, M., 1993. "The Organizational Climate of University Libraries." Library Management, Vol. 14, No. 1.
- Stanton, W.J., Etzel, M.J., & Walker, B.J., 1991. Fundamentals of Marketing Management. 9th. ed. USA: McGraw-Hill, Inc.
- Starr, J.A. & Fondas, N., 1992. "A Model of Entrepreneurial Socialization and Organization Formation." Entrepreneurship: Theory and Practice, US: Baylor University.
- Steffens, F.E., 1995. "Initial Data Analysis." Pretoria: Centre for Statistics, Human Sciences Research Council.

Stemper, R.G., 1991. Service Selling: A Guide to Increasing Sales and Profits in Consumer Financial Services. New York: John Wiley.

Sudman, S., 1976. Applied Sampling. Academic Press.

Tait, M., 1996. "Die Invloed van Geselekteerde Bestuursveranderlikes op die Diensgehalte by Finansiële Instellings: 'n Interne Bemarkingsperspektief," Unpublished D.Com. Thesis. Port Elizabeth: University Of Port Elizabeth.

Takeuchi, H. & Quelch, J.A., 1990. "Quality is More than Making a Good Product," in Managing Service Quality: An IFS Briefing, Clark, G. (ed.). U.K.: IFS Publication.

Teas, R. K., 1993. "Expectations, Performance Evaluation, and Consumers' Perceptions of Quality." Journal of Marketing, Vol. 57.

Teas, R.K., 1994. "Expectations as a Comparison Standard in Measuring Service Quality: An Assessment of a Reassessment." Journal of Marketing, Vol. 58.

Turnispeed, D.L. & Turnispeed, P.H., 1992. "Assessing Organizational Climates: Exploratory Results with a New Diagnostic Model." Leadership and Organizational Development Journal, Vol. 13, No. 5.

Tyagi, P.K., 1982. "Perceived Organizational Climate and the Process of Salesperson Motivation." Journal of Marketing Research, Vol. xix.

Van Maanen, J., 1975. "Police Socialization: A Longitudinal Examination of Job Attitudes in an Urban Police Department." Administrative Science Quarterly, Vol. 20, No. 2.

Van Maanen, J. & Schein, E.H., 1979. "Towards a Theory of Organizational Socialization," in Research in Organizational Behaviour, Vol. 1, Staw, B.M. (ed.). Greenwich, CT: JAI.

- Wagner, J.A., & Hollenbeck, J.R., 1996. Management of Organizational Behaviour. Englewood Cliffs, New Jersey: Prentice-Hall.
- Walker, O.C., Churchill, G.A., Jr., Ford, N.M., 1993. "Reactions to Role Conflict: The Case of the Industrial Salesman." Journal of Business Administration, Vol. 3.
- Wanous, J.P., 1992. Organizational Entry. Recruitment, Selection and Socialization of Newcomers. 2nd. ed. Reading: Addison-Wesley.
- Webster, C., 1992. "What Kind of Marketing Culture Exists in Your Service Firm? An Audit." Journal of Service Marketing, Vol. 6, No. 2.
- Weitz, B.A., Sujan, H. & Sujan, M., 1985. "Knowledge, Motivation and Adaptive Behaviour: A Framework for Improving Selling Effectiveness." Marketing Science Institute, Report No. 83-110. Cambridge, MA: Marketing Science Institute.
- Wikstrom, S., 1996. "The Customer as Co-Producer." European Journal of Marketing, Vol. 30, No. 4.
- Willie G.W., 1996. "A Stepwise Procedure for the Empirical Assessment of Latent Variable Models." Unpublished M.Sc. Dissertation, Port Elizabeth: University of Port Elizabeth.
- Winstead, C., 1998. "The Service Drama: Service Behaviours that lead to Satisfied Customers." Paper read at the American Marketing Association's Summer Marketing Educators' Conference, August 15-18, Boston: Massachusetts.
- Wood, A.J., 1994. "Employee Retention," Management. Vol. 46, No. 2.
- Yavas, U., Arsan, N. & Dilber, M., 1994. "Organizational Gaps in Delivering Banking Services: A Study of Bank Employees." Journal of International Marketing Research, Vol. 20, No. 1.

Zeithaml, V.A., Parasuraman, A. & Berry, L.L., 1985. "Problems and Strategies in Services Marketing." Journal of Marketing, Vol. 49.

Zeithaml, V.A., 1988. "Consumer Perceptions of Price, Quality, and Value: A Means-End Model and Synthesis of Evidence." Journal of Marketing, Vol. 52.

Zeithaml, V.A., Parasuraman, A. & Berry, L.L., 1990. Delivering Quality Service: Balancing Customer Perceptions and Expectations. New York: The Free Press.

Zeithaml, V.A., Berry, L.L. & Parasuraman, A., 1993. "The Nature and Determinants of Expectations of Service." Journal of the Academy of Marketing Sciences, Vol. 21, No. 1.

Zeithaml, V.A. & Bitner, M.J., 1996. Service Marketing. New York: McGraw-Hill.

Zemke, R. & Schaaf, D., 1990. 101 Companies that Profit from Customer Care. New York: Plume Books.

Zemke, R. & Bell, C.R., 1990. Service Wisdom: Creating and Maintaining the Customer Service Edge. Minneapolis: Lakewood Books.

APPENDIX A

BANK EMPLOYEE QUESTIONNAIRE

CODE:

Please read the instructions in each section and circle (O) or cross (X) the option chosen by you. THERE ARE NO RIGHT OR WRONG ANSWERS. Please feel free to respond as honestly as possible. YOU CANNOT BE IDENTIFIED BECAUSE YOU ARE NOT REQUIRED TO SUPPLY YOUR NAME OR EMPLOYEE NUMBER. Please leave the completed questionnaires with the designated person for collection by me.

University of Cape Town

1. Please indicate your agreement or disagreement with each statement [1 = STRONGLY DISAGREE; 2 = DISAGREE; 3 = NEUTRAL; 4 = AGREE; 5 = STRONGLY AGREE]

EXAMPLE: If for S 1, you neither agree nor disagree, CIRCLE [O] OR [X] against option 3.

S1	My manager informed me of the cultural values that are important to this bank	1	2	3	4	5
S2	My manager explained what is expected of me on the job.	1	2	3	4	5
S3	Since joining this bank I have learnt about its history from colleagues	1	2	3	4	5
S4	My responsibilities in this bank were clarified when I joined.	1	2	3	4	5
S5	When I first joined this bank, I was thoroughly familiarized with the organizational procedures	1	2	3	4	5
S6	Much of my job knowledge has been acquired through trial and error	1	2	3	4	5
S7	I have been made aware by management of my future career path in this bank	1	2	3	4	5
S8	I have little idea when to expect a new job assignment in this bank.	1	2	3	4	5
S9	When I first started working for this bank, I was involved with other new employees in common training activities	1	2	3	4	5
S10	When I first started working for this bank, other employees were instrumental in helping me understand my job requirements	1	2	3	4	5
S11	I went through a set of training experiences that was specifically designed to give new employees a knowledge of their job	1	2	3	4	5
S12	When I first started working for this bank, I was very aware that I was learning the ropes	1	2	3	4	5
S13	I was made aware of the time it will take me to go through the various stages of my training process	1	2	3	4	5
S14	I am gaining an understanding of my role in this organization by observing my colleagues	1	2	3	4	5
S15	I have generally been left alone to discover what my role in this organization should be	1	2	3	4	5

2. With reference to the importance that YOUR ORGANISATION places upon various characteristics of the service it provides, please indicate the degree of your agreement or disagreement [1 = STRONGLY DISAGREE; 2 = DISAGREE; 3 = NEUTRAL; 4 = AGREE; 5 = STRONGLY AGREE].

OC1	Staff should ensure that customers understand the service being Provided	1	2	3	4	5
OC2	Staff should use language which the customer can understand.	1	2	3	4	5
OC3	Customers should be informed beforehand how much the service will cost.	1	2	3	4	5
OC4	It is important to honour its promises to customers.	1	2	3	4	5
OC5	Customers should be informed about what alternate services are Available	1	2	3	4	5
OC6	It is important to have operating hours which are convenient for the Customers	1	2	3	4	5
OC7	Employees should be polite and friendly to customers at all times.	1	2	3	4	5
OC8	It is important to have up to date equipment so as to provide good Service	1	2	3	4	5
OC9	It is important to keep the customer's best interest at heart.	1	2	3	4	5
OC10	The training and preparation of the employees is important.	1	2	3	4	5
OC11	Dependable service performance is important.	1	2	3	4	5
OC12	Consistent service performance is important.	1	2	3	4	5
OC13	Prompt service from its staff is stressed	1	2	3	4	5
OC14	Convenient service locations are important.	1	2	3	4	5
OC15	The appearance of employees is important.	1	2	3	4	5
OC16	Employee honesty is stressed.	1	2	3	4	5
OC17	A reputation for good service is emphasized.	1	2	3	4	5
OC18	The development of customer confidence in the service is stressed.	1	2	3	4	5
OC19	Individual customer attention is stressed.	1	2	3	4	5
OC20	A nice atmosphere for service is stressed.	1	2	3	4	5
OC21	Customers should feel free to discuss their needs.	1	2	3	4	5
OC22	The confidentiality of the service is stressed.	1	2	3	4	5

3. Please indicate how certain you are about the following:[1 = COMPLETELY UNCERTAIN; 2 = UNCERTAIN; 3 = NEUTRAL; 4 = CERTAIN; 5 = COMPLETELY CERTAIN].

RA1	How to serve customers.	1	2	3	4	5
RA2	How much time you should spend on various aspects of your job.	1	2	3	4	5
RA3	How to resolve customer complaints.	1	2	3	4	5
RA4	How to fill out required paperwork.	1	2	3	4	5
RA5	How to plan and organize your daily activities.	1	2	3	4	5
RA6	How to handle unusual problems or situations.	1	2	3	4	5
RA7	The extent to which you can bend the rules to help customers.	1	2	3	4	5
RA8	The extent to which you can make decisions without your Supervisor's approval	1	2	3	4	5
RA9	Where to get assistance in doing your job.	1	2	3	4	5
RA10	Your company's rules and regulations.	1	2	3	4	5
RA11	How your supervisor will evaluate your performance.	1	2	3	4	5
RA12	The aspects of your work – related training.	1	2	3	4	5
RA13	How satisfied your supervisor is with your performance.	1	2	3	4	5
RA14	The factors which determine your promotion.	1	2	3	4	5
RA15	How your supervisor expects you to allocate your time.	1	2	3	4	5
RA16	What your customers expect of you in performing your job.	1	2	3	4	5

4. Please indicate the agreement between yourself and your supervisor on the following continuum: [1 = NO AGREEMENT; 5 = COMPLETE AGREEMENT].

RC1	The amount of work you are expected to do and the amount you actually do	1	2	3	4	5
RC2	The number of customers you are expected to serve and the number you actually serve	1	2	3	4	5
RC3	The amount of non- work tasks you are expected to perform and the number you actually perform	1	2	3	4	5
RC4	The amount of leisure time you expect to have and the amount you actually have	1	2	3	4	5
RC5	How often you should report to your supervisor	1	2	3	4	5
RC6	How far you should bend the rules to satisfy the customer	1	2	3	4	5
RC7	How much authority you have in making decisions	1	2	3	4	5

For questions 5 - 7, place a cross [X] in the relevant column.

5. Do you consider the customer as a member of the bank?

YES	NO
-----	----

6. How long have you been employed at this bank?

Less than 1 year	
One year but less than 2 years	
Two years but less than 5 years	
More than 5 years	

7. What is your highest educational qualifications?

Standard 10 or equivalent	
Standard 10 plus diploma	
Standard 10 plus certificate	
Standard 10 plus degree	
Standard 10 plus higher degree	

THANK YOU xx ENKOSI xx DANKIE

APPENDIX B

ter

RIN

LITY

me

rr

alc

IEP

RIG FOR

VER

NTIFIE

UF

ins

University of Cape Town

1. With reference to YOUR EXPERIENCE with this bank, please indicate your agreement or disagreement with each statement [1 = STRONGLY DISAGREE; 2 = DISAGREE; 3 = NEUTRAL; 4 = AGREE; 5 = STRONGLY AGREE]

EXAMPLE: If you neither agree nor disagree with S1, CIRCLE [0] or place a cross [X] against option 3.

S1	My bank has informed me of the cultural values that are important to it	1	2	3	4	5
S2	Since becoming a customer of this bank, I have learnt about its history from other customers	1	2	3	4	5
S3	When I first became a customer of this bank, I was thoroughly familiarized with the banking procedures	1	2	3	4	5
S4	My bank has informed me as to what is expected of me as a customer	1	2	3	4	5
S5	Much of my knowledge about this bank has been acquired through trial and error	1	2	3	4	5
S6	When I first became a customer of this bank, I was involved with other new customers in common orientation activities	1	2	3	4	5
S7	I have been through a set of orientation experiences that was specifically designed to give new customers a thorough knowledge of this bank	1	2	3	4	5
S8	I am gaining an understanding of my role in this bank by observing other customers	1	2	3	4	5
S9	I have generally been left alone to discover what my role in this bank should be	1	2	3	4	5

2. Rate the following in terms of how certain you are about each [1 = COMPLETELY UNCERTAIN; 2 = UNCERTAIN; 3 = NEUTRAL; 4 = CERTAIN; 5 = COMPLETELY CERTAIN].

RA1	Your role as a bank customer	1	2	3	4	5
RA2	How to fill out the required paperwork	1	2	3	4	5
RA3	How to plan and organize your banking activities	1	2	3	4	5
RA4	How to make banking decisions	1	2	3	4	5
RA5	Where to get assistance regarding different banking transactions	1	2	3	4	5
RA6	What your bank expects of you in a transaction	1	2	3	4	5

3. Indicate the agreement between yourself and this bank on the following continuum: [1 = NO AGREEMENT; 5 = COMPLETE AGREEMENT] with regard to the following.

RC1	The amount of input (supplying information and completing forms), you are expected to make as a customer	1	2	3	4	5
RC2	The autonomy you should have in making banking decisions	1	2	3	4	5

4. In terms of YOUR perceptions of the importance that THIS BANK places upon various characteristics of the service it provides, please indicate your agreement or disagreement with each statement [1 = STRONGLY DISAGREE; 2 = DISAGREE; 3 = NEUTRAL; 4 = AGREE; 5 = STRONGLY AGREE]

IN THIS BANK, IT IS IMPORTANT THAT:

OC1	Customers understand the service being provided	1	2	3	4	5
OC2	Staff use the language which the customers understand	1	2	3	4	5
OC3	Customers be informed beforehand how much the service will cost	1	2	3	4	5
OC4	Promises to customers are honoured.	1	2	3	4	5
OC5	Customers be informed about what alternate services are available	1	2	3	4	5
OC6	Operating hours are convenient for the customers	1	2	3	4	5
OC7	Employees be polite and friendly at all times	1	2	3	4	5
OC8	Up to date equipment be used	1	2	3	4	5
OC9	Customer's best interest is at heart	1	2	3	4	5
OC10	Staff are properly trained and prepared	1	2	3	4	5
OC11	Dependable service is provided	1	2	3	4	5
OC12	Consistent service is provided	1	2	3	4	5
OC13	Staff provide prompt service	1	2	3	4	5
OC14	Convenient service locations are provided	1	2	3	4	5
OC15	Staff are properly attired	1	2	3	4	5
OC16	Staff are honest	1	2	3	4	5
OC17	A reputation for good service is emphasized	1	2	3	4	5
OC18	Customer confidence in the service is stressed	1	2	3	4	5
OC19	Individual customer attention is stressed	1	2	3	4	5
OC20	A nice atmosphere for service is provided	1	2	3	4	5
OC21	Customers are free to discuss their needs	1	2	3	4	5
OC22	Customers receive confidential service	1	2	3	4	5

5. With respect to the overall service you receive from THIS BANK, please indicate your rating on the following continuum [1 = WORSE THAN YOU EXPECTED; 5 = BETTER THAN YOU EXPECTED].

SQ1	The modernness of the equipment used	1	2	3	4
SQ2	The appearance of the physical facilities	1	2	3	4
SQ3	The appearance of the staff	1	2	3	4
SQ4	The appearance of pamphlets and statements	1	2	3	4
SQ5	The accuracy of records	1	2	3	4
SQ6	The staffs' ability to understand your needs	1	2	3	4
SQ7	The willingness of staff to help	1	2	3	4
SQ8	The courteousness of the staff	1	2	3	4
SQ9	The promptness of service offered by staff	1	2	3	4
SQ10	The convenience of operating hours	1	2	3	4
SQ11	The personal attention given by the staff	1	2	3	4
SQ12	The confidentiality with which the staff treat your transactions	1	2	3	4
SQ13	The ability of staff to answer queries	1	2	3	4
SQ14	Delivering on promises to do something by a certain time	1	2	3	4
SQ15	Having your best interest at heart	1	2	3	4
SQ16	Sincerity of staff in solving your problems	1	2	3	4
SQ17	Performing the service right the first time	1	2	3	4
SQ18	The personal attention you receive	1	2	3	4
SQ19	Never being too busy to respond to your requests	1	2	3	4
SQ20	Telling you exactly when the services will be performed	1	2	3	4
SQ21	The safety you feel in transactions with your bank staff	1	2	3	4
SQ22	The language used by the staff	1	2	3	4

6. With regard to the **BANK EMPLOYEE** who served you, please indicate the degree of your agreement or disagreement with the following: 1 = **STRONGLY DISAGREE**; 2 = **DISAGREE**; 3 = **NEUTRAL**; 4 = **AGREE**; 5 = **STRONGLY AGREE**.

THE BANK EMPLOYEE:

EQ1	Was neatly attired	1	2	3	4	5
EQ2	Understood your needs	1	2	3	4	5
EQ3	Was willing to help	1	2	3	4	5
EQ4	Was courteous	1	2	3	4	5
EQ5	Was prompt	1	2	3	4	5
EQ6	Gave you personal attention	1	2	3	4	5
EQ7	Treated your transaction confidentially	1	2	3	4	5
EQ8	Was able to answer queries	1	2	3	4	5
EQ9	Delivered on promises to do something by a certain time	1	2	3	4	5
EQ10	Had your best interest at heart	1	2	3	4	5
EQ11	Was sincere in solving your problem/s	1	2	3	4	5
EQ12	Performed the service right the first time.	1	2	3	4	5
EQ13	Was never too busy to respond to your requests	1	2	3	4	5
EQ14	Told you exactly when the service will be performed.	1	2	3	4	5
EQ15	Made you feel safe in conducting your transaction with him/her	1	2	3	4	5
EQ16	Used language which you could understand	1	2	3	4	5

7. Overall, how satisfied you are: [1 = **VERY DISSATISFIED**; 2 = **DISSATISFIED**; 3 = **NEUTRAL**; 4 = **SATISFIED**; 5 = **VERY SATISFIED**] with the service provided by:

This bank	1	2	3	4	5
The bank staff	1	2	3	4	5

8. How long have you been using this bank?

Less than 1 year	
One year but less than 2 years	
Two years but less than 5 years	
More than five years	

THANK YOU xx ENKOSI xx DANKIE

APPENDIX C

REFEREED PAPERS AND PUBLICATIONS

1. Govender, K.K., 1998. "Conceptualizing and Testing a Model to Manage Service Quality by Managing the Service Customer." Compendium of abstracts of papers delivered at the American Marketing Association's "Frontiers in Services" conference, Vanderbilt University, Nashville, Tennessee.
2. Govender, K.K., 1998. "Customers' Perception of Bank Service Quality: From SERVQUAL to EQUAL." Proceedings of the Southern African Institute for Management Scientists conference, Mpekweni Sun, Eastern Cape Province.
3. Govender, K.K., 1998. "Proposing a Model for Managing Service Quality in the Financial Services Industry." Refereed proceedings of the Australia New-Zealand Marketing Academy [ANZMAC] conference, Univesrity of Otago, New Zealand.
4. Govender, K.K., 1998. "Managing Service Quality by Managing the Service Customer." South African Journal of Business Management, 29(3).
5. Govender, K.K., 1998. "The Relationship between Organizational Socialization, Role and Organizational Climate: A Path-Analytic Study." South African Journal of Industrial Psychology, 24(3).
6. Govender, K.K., 1998. "Service Orientation and Service Quality: Customers' Perception of Commercial Banks." Management Dynamics-Contemporary Research, 7(3).
7. Govender, K.K., 1999. "Managing the Bank Service Encounter: A Conceptual Model." Refereed proceedings of the AMA Winter Marketing Educators' conference, Florida.

8. Govender, K.K., 1999. "Customers' Perception of Bank Service Quality: The Importance of Employee Service Quality." South African Journal of Economic and Management Sciences, 2(1).
9. Govender, K.K., 1999. "Managing Service Quality by Managing the Service Encounter." Refereed proceedings of the AMA SERVSIG, Services Research Conference, New Orleans.
10. Govender, K.K., 1999. "Managing Bank Service Quality: A Conceptual Model." Management Review, 11(2).
11. Govender, K.K., 1999. "Organizational Culture and Organizational Climate: A Conceptual Exploration." Transkei Journal of Economic and Management Sciences, 3(2).
12. Govender, K.K., 1999. "Employees' Perception of the Organizational Climate: Its Effect on Service Quality." South African Journal of Industrial Psychology, 25(3).
13. Govender, K.K., 1999. "Employees' Perception of Service Orientation: Does it Affect Service Quality?" Refereed proceedings of the annual Australia-New Zealand Marketing Academy [ANZMAC] conference.