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**AN INVESTIGATION INTO THE LINK
BETWEEN HUMAN RESOURCE MANAGEMENT PRACTICES
AND SERVICE-ORIENTATED BEHAVIOUR
IN SOUTH AFRICAN SERVICE ORGANISATIONS**

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March, 2003

A thesis submitted to the Graduate School of Business, Faculty of Commerce,
University of Cape Town for the degree of Doctorate of Philosophy.

DECLARATION

I, Victoria Grace Inez Browning, do hereby declare that this thesis titled

AN INVESTIGATION INTO THE LINK BETWEEN HUMAN RESOURCES
MANAGEMENT PRACTICES AND SERVICE-ORIENTATED BEHAVIOUR IN
SOUTH AFRICAN SERVICE ORGANISATIONS

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Signed by candidate

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_____ day of _____, 2003.

ABSTRACT

In line with global trends in the economy, the service industry is making an increasingly important contribution to South Africa's economy. In order to stay competitive in both the international and national economies, service organisations in South Africa face numerous challenges that have resulted from a country living through 40 years of Apartheid. A key challenge is the lack of skilled labour at both managerial and worker levels in organisations compounded by the need to manage a highly diverse workforce with different needs and expectations. Frontline employees form an integral part of the service offering of any service organisation and they carry the responsibility of projecting the image of the organisation and of creating a satisfying service experience for the customer. Service organisations can gain competitive advantage through the effective mobilisation of these employees through high quality human resource management practices.

This study aims to investigate the link between human resource management (HRM) practices in service organisations in South Africa and the service-orientated behaviour of frontline employees and the role played by organisational commitment in this relationship. Seven HRM practices were investigated, namely selection, training and human resource development, pay and rewards, performance appraisal and management support. The study focused on three service industries in South Africa, namely hospitality, retail and car rental. The four South African organisations that participated in the research are currently regarded as market leaders in each of their industries.

Data collected in the first part of the study through interviews and focus groups with managers and frontline employees contributes to our understanding of how managers and frontline employees defined the role of HRM and the seven HRM practices in their organisations. Managers focus on a more strategic role while frontline employees identify the role of HRM with that of the HRM department as one of advice and refuge. Both managers and frontline employees had a similar understanding of the role of HRM practices in service organisations but raised different issues that they saw impeding the effective implementation of these

practices. In addition managers, frontline employees and customers also identified behaviours engaged in by frontline employees that create a positive service experience for the customer. The common set of effective service-orientated behaviours that were identified across all three service industries builds on previous studies highlighting the emergence of a global understanding of what makes for effective service-orientated behaviour. The fact that managers, frontline employees and customers identified similar behaviours reinforces the dyadic nature of the service encounter and as such the significant role frontline employees play in accessing information from the customer and in managing the service experience for the customer.

The second part of the study involved piloting a questionnaire to measure frontline employees' level of organisational commitment and their perceptions of HRM practices and service-orientated behaviour in their organisations. A revised questionnaire was administered in a third part of the study to 438 frontline employees across all three of the service industries.

The main findings of the study were that HRM practices have a direct effect on the service-orientated behaviour of frontline employees in all three of the service industries and an indirect effect through organisational commitment. Affective organisational commitment, which is an individual's identification with and involvement in their organization, plays a mediating role in the relationship between HRM practices and service-orientated behaviour particularly in the retail and car rental organisations. Selection, training and performance appraisal were to have the most impact on service-orientated behaviour across all of the three service industries. Within each service organisation it was evident that particular HRM practices had more effect on service-orientated behaviour than others. In the car rental company this was primarily performance appraisal, in the retail organisation training and selection in the hospitality organisation, selection and management support.

Factors both external and internal to each organisation influenced whether particular HRM practices had more impact than others. The external factors that emerged as important in this research were the socio-political situation and national and ethnic culture. Certain HRM practices such as selection and training assume a greater degree of importance where employees have experienced the impact of social and political conditions such as limited access to education and jobs and active discrimination and

oppression. The importance that South Africa frontline employees attach to building relationships, personal interaction and mutual respect and the soft skills of management reflects the same emphasis in the African culture in 'ubuntu'. 'Ubuntu' encourages compassion for others and respect for the dignity of each individual.

Factors within the service organisations that restricted the influence of HRM practices on service-orientated behaviour were poor communication by managers, insufficient management competence to implement HRM practices effectively and the lack of transparency and innovation in pay and reward practices compounded by minimal pay. It was also evident that the way HRM practices are implemented and the behaviour of managers exercise an important influence on service-orientated behaviour.

The conclusions that emerge from this study are that HRM practices play a significant role in determining the level of service orientation exhibited by frontline employees. The commitment of frontline employees to their organisation is influenced by their perceptions of the HRM practices within the organisation, which in turn affects their behaviour towards the customer. This emphasises the importance of exploring the role of intervening variables such as organisational commitment to increase our understanding of why HRM practices influence the performance on frontline employees. A variable mix of strategic HRM and traditional personnel management needs to be followed in service organisations in South Africa in order to meet the needs of both the organisation and those of the individual employees. Service organisations need to take a more innovative approach to the HRM practices in their organisations particularly pay and rewards. Managers of service organisations need to focus on how they implement the HRM practices taking into consideration the influence of socio-political and cultural factors on the needs and expectations of their frontline employees. They also need to become more competent in the 'soft' skills of management, as it is how HRM practices are implemented that have the most impact on the performance of frontline employees.

Overall this research makes an important contribution to our understanding of the relationship between HRM practices and service-orientated behaviour and in particular as to the impact of both external factors, such the socio-political situation, and internal factors, such as management behaviour, on the nature of this relationship.

The fact that the research took place in South Africa highlights the importance of taking into consideration the context within which the service organisation operates but at the same time supports the development of a global understanding of the role of HRM in service organisations and of our understanding of service-orientated behaviour.

Key Words

Apartheid, car rental, communication, competitive advantage, customers, culture, frontline employee, hospitality, human resource management, organisational commitment, pay, performance appraisal, rewards, retail, selection, service experience, service organisation, service-orientated behaviour, socio-political situation, 'soft' skills, training,

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DEDICATION

To my parents Terence and Jean Powell

for

their unconditional love and support.

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Definitions and Terms

African-a) *pre-1995*-individual with a black skin belonging to one of the native tribes; b) *post 1995*- “someone who classifies him/herself as such” (Labour Force Survey, February, 2002:xiii)

Afrikaaner – descendents of Dutch, German and French settlers that came into being as a group by the end of the eighteenth century (Thompson, 1990)

Black- includes African, Coloured and Indian

Coloured-a) *pre-1995*-individuals of mixed race who descend in varying proportions from local Khoisan, Whites and slaves brought in by the Dutch East Indian Company from Africa, Malay and Asia (Thompson, 1990); *post-1995*-“someone who classifies him/herself as such” (Labour Force Survey, February, 2002:xiii)

Community, social and personal services- this includes public administration, defense activities, central government activities, police, education, health and social work, recreational, cultural and sporting activities and entertainment (N.Shabalala (Statistics South Africa), e-mail communication, 4 February, 2003).

Convenience sampling-people or other units are taken from those who are readily available (Leedy & Ormrod, 2001).

Dependent variable- “presumed effect of, or response to, a change in the independent variable(s) (Hair, Anderson, Tatham & Black, 1998:2)

Economically active- all workers and unemployed persons as per the strict definition of unemployment (Labour Force Survey, February, 2002:xii).

Financial and business services-financial intermediation, insurance, real estate and business service. This includes renting of transport equipment (N.Shabalala (Statistics South Africa), e-mail communication, 4 February, 2003).

Formal sector-“all business registered in any way” (Labour Force Survey, February, 2002:xiii)

Frontline employee or staff/service provider/service worker – those employees who deal directly with the customer of their organisation

Human Resources Management practices-covers the HRM activities such as selection, training, human resource development, compensation, performance management and also how managers behave and lead employees.

Human Resources Management(HRM)-“distinctive approach to employment management which seeks to achieve competitive advantage through strategic deployment of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques” (Storey, 1995:5).

Independent variable- “presumed cause of any change in the dependent variable” (Hair et al, 1998:2)

Indian-a) *pre-1995*-individuals descended from settlers and slaves from India; b) *post-1995*-“someone who classifies him/herself as such” (Labour Force Survey, February, 2002:xiii)

Informal sector- “those businesses that are not registered in any way. They are generally small in nature, and are seldom run from business premises. Instead, they are run from homes, street pavements or other informal arrangements” (Labour Force Survey, February, 2002:xiii)

Intervening variable- a presumed cause for changes in the relationship between the independent and dependent variable.

Majority group-by virtue of the largest group membership and/or has the most power.

Managers- employees who have the responsibility to manage a department and in most cases would have other employees reporting to them

Minority group-by virtue of fewer group members than the majority group and /or has less power than the majority group.

Organisational commitment-“the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday *et al*, 1979:226).

Personnel management- refers to the traditional approach to personnel management emphasising an administrative role with the principal activities of recruitment, record keeping and welfare. Tends to be reactive and is characterised by bureaucratic and mechanistic structures (Pilbeam ,S & Corbridge,M. , 2002).

Primary industries- includes “agriculture, forestry and fishing, and mining and quarrying (Labour Force Survey, February, 2002:xiv)

Purposive sampling-people or other units are chosen for a particular purpose. For example that they are typical of a group or will provide different perspectives (Leedy & Ormrod, 2001).

Reliability-“extent to which a variable or set of variables is consistent in what it is intended to measure”. The emphasis is on how it is measured (Hair, Anderson, Tatham & Black, 1998:3)

Sampling method- the way that a sample is selected or taken from the population being research.

Secondary industries- includes “manufacturing, electricity and other utilities, and construction” (Labour Force Survey, February, 2002:xiv).

Service climate- the perceptions individuals have of what is important in the organisation in terms of service quality and service delivery (Kelley, 1992; Schneider & Bowen, 1995).

Service culture- the core values, assumptions and meanings of the way the organisation functions in terms of service quality and service delivery (Kelley, 1992; Schneider & Bowen, 1995).

Service encounter- an interaction between two people within a service context (Czepiel, Solomon, Surprenant & Gutman, 1985:3).

Service sector- “ the portion of a nation’s economy represented by services of all kinds, including those offered by public and nonprofit organizations” (Lovelock & Wright, 1999:5).

Service industry- defined by the core products offered to the customer. These will include such groupings as hospitality, retail, car rental, banking and telecommunications (Lovelock & Wright, 1999).

Service organisation - a specific organization operating in a service industry.

Service-orientated behaviour- the behaviours engaged in by a frontline employee when interacting with a customer that is geared to creating a positive service experience for the customer

Services- activities, benefits and satisfactions that are for sale or are part of the sale of goods (Regan, 1963:57).

Tertiary industry- includes “trade, transport, financial and business services, and social, personal and community services” (Labour Force Survey, February, 2002:xiv).

Transport-transport (taxis, buses, railways, air transport, shipping), storage and communication (N.Shabalala (Statistics South Africa), e-mail communication, 4 February, 2003).

Unemployment (expanded definition)- As per the strict definition but a person did not need to be available for work within a week and they need not have taken any specific steps to find work (Labour Force Survey, February, 2002:xii).

Unemployment (strict definition)- those people aged between 15-65 years; who were not in paid employment or self-employed; who want to work and were available for paid employment or self-employment within a week of interview; and have taken specific steps during the four weeks prior to the interview to find paid employment or self-employment (Labour Force Survey, February, 2002:xii).

Unit- an outlet of the service organisation. For example: store, resort, hotel, casino, and rental agency.

Validity- “extent to which a measure or a set of measures correctly represents the concept of the study” and “is free from any systematic or non-random error”. The emphasis is on what should be measured (Hair et al, 1998:3)

White- a) *pre-1995*-individual with a white skin (not of Asian origin); b) *post 1995*-“someone who classifies him/herself as such” (Labour Force Survey, February, 2002:xiii)

Wholesale and trade-wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants (N.Shabalala (Statistics South Africa), e-mail communication, 4 February, 2003).

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Chapter 1

1 INTRODUCTION

Dedicated to “the thousands of frontline people who do their jobs expertly day after (often weary) day and thus make life much easier for all of us.”

(Carr, 1990:ii)

Frontline employees are critical to the success of service organizations. In the eyes of the customer they are the service providers, and carry the responsibility of projecting their organisation’s image and creating a satisfying service experience for the customer (Schneider & Bowen, 1995; Bowen & Lawler, 1992; Redman & Mathews, 1998; Bettencourt & Brown, 1997). The focus in outstanding service organizations is not on setting profit goals or developing market share but on these employees and their customers. The significance of frontline employees and the work they perform should not be underestimated (Frenkel, 2000). Service work increasingly dominates advanced economies and the interface with the customer has been radically transformed by technology and intensified international competition (Frenkel, 2000). Essentially the customer’s service experience rests in the hands of the frontline employee. It is therefore critical that these employees are competent and motivated to deliver service that will result in customer satisfaction. Meeting the needs of these employees through high quality human resource practices is critical in the pursuit of service quality (Schneider & Bowen, 1993). It forms the foundation to providing excellent customer service. Employees who feel valued and supported will actively invest their energy into providing quality service to customers.

1.1 Statement of the Problem

Service organizations throughout the world compete in an increasingly competitive global economy and as a consequence they seek to gain competitive advantage through the effective mobilization of their employees who are recognized as a valuable resource. Service organizations in South Africa are also part of this trend. As a country, South Africa has emerged from 40 years of apartheid, transformed into a multi racial society and a democracy and become a new player in the global economic and political arena. However, in order to stay competitive South African organisations

have had to overcome not only the challenges of having to become globally competitive but also the legacies of apartheid. Most frontline employees in South Africa are Black (African, Coloured and Indian) and they make up the majority of the uneducated and lesser-educated population. Sixty nine percent of service workers are Africans, 10.9% Coloured, 3.7% Indian and 16.7% are White (South Africa Survey, 2000-2001). Sixty percent of the economically active African population have less than nine years of education, 39% Coloureds, 8 % Indians compared to 2% Whites. The result is a lack of available skilled labour, particularly amongst the African population who make up 72% of the economically active population (Labour Force Survey, 2002). The IMD World Competitiveness Report (2002) ranks South Africa 46 out of 49 on the Human Development Index (economic, social and education indicators) and lists the unavailability of skilled labour as a weakness in the national competitiveness sheet. Many South African companies also suffer from low productivity and low levels of trust and motivation in their workforces (Thomas & Doak, 2000, IMD World Competitiveness Report,2002). South Africa is currently ranked 39 out of 49 countries on the world competitiveness scoreboard (IMD World Competitiveness Report, 2002). Although this is up from 42nd place in the year 2001, it is still being compromised by key challenges such as improving education and skills development, creating employment and alleviating poverty, fighting HIV/AIDS and effectively combating crime (IMD World Competitiveness Report, 2002). Ranked 30 out of 49 for business efficiency, the extent to which enterprises within the country can perform in an innovative, profitable and responsible way is being severely compromised by the lack of competent senior managers with international experience, hostile labour relations and the loss of well educated people which exacerbates the already limited pool skilled labour. Strengths that are assisting South African organisations in terms of business efficiency is an overall increase in productivity, more females in the workplace, a high level of social responsibility and the management of share holders interests (IMD World Competitiveness Report, 2002).

In line with global trends in the world economy, the service industry is making an increasing contribution to South Africa's GDP. The composition of the GDP by sector indicates that services is as high as 66% while agriculture and industry make up only 3% and 31% respectively ((World Fact Book,2002). Services accounts for 70.3% of total employment in South Africa with a shift to the tertiary rather than the secondary

sector in new job opportunities (IMD World Competitiveness Report, 2002; Labour Force Survey, 2002). South Africa is seeking to change its image as a poor service provider due to increased foreign and domestic competition and globalisation as a result of technology and reductions in trade restrictions. Today's South African customers are able to select from a product range that offers more choice, superior quality and competitive pricing. As a result, to stay competitive it is critical for South African service organizations to focus on delivering quality service to their customers. As Carr (1990:9) puts it "there are two types of businesses: customer focused businesses and targets". The customer has become the driver of the economy with organisations taking on "customer-centered" rather than "process-centered" thinking (Jones, 2000:26).

The management of service organisations in South Africa need to take a critical look at their current HRM practices and examine which practices are assisting them to overcome the challenges they face and which are impeding them in making any progress. The question that the management of service organisations need to be asking of themselves is whether the HRM practices being implemented in their organisations are in fact having any impact on the service-orientated behaviour of their frontline employees and as a consequence on the service experience of the customer. If they are, then the next question is why and which HRM practices in particular are having the most impact? It is important that managers understand what is allowing the HRM practices to influence employee performance practices that are and also what actions on their part and conditions within their organisations are creating obstacles to HRM having the required effect. This will facilitate managers taking appropriate action that could assist them to stay competitive in an increasingly important sector both nationally and internationally.

1.1.1 *Background to the problem*

The following discussion aims to present a background and a context to the scope and depth of the challenges that are faced by the managers and frontline employees of service organisations in South Africa.

1.1.1.a South Africa – An Introduction

Located at the southern most tip of Africa, South Africa is simultaneously a developing African country and a modern industrial one with an abundant supply of resources, well-developed financial, legal, communications, energy and transport sectors, a stock exchange that ranks among the 10th largest in the world and a modern infrastructure supporting an efficient distribution of goods to major urban centres throughout the region. (Urban Lombard, 1981; South Africa Government Online, 2003). It has a population 45.454 million (mid 2002 estimates), 76,7% of which African, 8,9% Coloured, 10,9% White and 2,6% Indian (0.9% unspecified) (South African Statistics, 2002). Spanning 1 219 090 km², South Africa is divided into nine provinces – Eastern Cape, Free State, Gauteng, KwaZulu –Natal, Mpumalanga, North West, Northern Cape, Northern Province and Western Cape. KwaZulu-Natal and Gauteng have the largest share of the total population, 20.5% and 18.0% respectively while the Western Cape and Mpumalanga come in at 9.6% and 7.0% respectively. The Northern Cape has the lowest percentage share of the population at 2%. In terms of the population of each province, the Northern Province has the highest proportion of Africans at 97.2%, Western Cape the highest proportion of Coloureds at 53.6%, Gauteng and the Western Cape have the greatest proportion of the White population at 24.3% and 22.9% respectively while KwaZulu-Natal is home to the largest proportion of the Indian population at 8.7% (Fast Facts, June, 2002). South Africa is currently experiencing a drop in annual population growth from 1.6% in 2000 to 1% in 2001 (World Bank Group, 2002). The impact of HIV/AIDS has resulted in the annual population growth dropping from 1.46% in the 1990s to a projected 0.46% in the period 2000 to 2010 (Simkins, 2002). As of 2001, 4,700,000 adults were living with AIDs. (Global Competitiveness Report, World Economic Forum, 2002). This drop in population growth due to rising mortality will have a negative effect on human capital with the majority of deaths taking place between the ages of 20 and 40 years of age. It is this segment of the population that makes up the bulk of the economically active population and so the country faces the prospect of a depleted skilled workforce where the economic returns of years of investment in schooling and tertiary training will not be realised (Simkins, 2002). The ability of South Africa to sustain any economic growth and for South African service organisations to remain competitive

requires them to address the daunting economic and social problems remaining from the apartheid era.

1.1.1.b The Apartheid Era

“To be an African in South Africa means that one is politicised from the moment of one’s birth, whether one acknowledges it or not. An African child is born in an Africans Only hospital, taken home in an Africans Only bus, lives in an Africans Only area and attends Africans Only schools, if he attends school at all. When he grows up, he can only hold African Only jobs, rent a house in African Only townships, ride Africans Only trains and be stopped at any time of the day or night and be ordered to produce a pass, without which he can be arrested and thrown in jail.”

(Mandela, 1994:109)

The National party coming into power in the year of 1948 was to mark the start of the apartheid era in South Africa. The Afrikaner people were now in power with a growing number of English-speaking whites supporting them. Four key ideas underpinned the apartheid system. Firstly, that there were four racial groups – White, Coloured, Indian and African. Secondly, that Whites were entitled to absolute power over the state. The following statement by D.F. Malan, the leader of the National party in 1948, emphasises the complete conviction amongst most White South Africans that they were the dominant, ‘civilised’ race entitled to absolute power over that state. “For the first time since Union, South Africa is our own. May God grant that it always remains our own.” (Rand Daily Mail cited in Thompson, 1990: 186). Thirdly, that the interests of Whites should prevail over those of Blacks and as such the state was not obligated to provide equal resources to all races. Fourthly, that the white group made up one nation and Africans ten distinct nations. This resulted in whites effectively having the largest nation and as such reinforced their already powerful position (Thompson, 1990).

Every vestige of African participation in the central political system was systematically removed and Coloured people were also marginalized by placing them in 1956 on a separate voters role giving them the right to vote in Whites to represent them (Thompson, 1990:187). Over three hundred apartheid laws were passed

building on the legislation that had been put into place between 1910 and 1948 favouring the white population (Manyoni, 1993:63). The Population Registration Act passed in 1950, Prohibition of Mixed Marriages Act (1949) and the Immorality Act (1950) effectively eroded interaction between the different race groups and categorised the South Africa population into the four race groups – White, Coloured, Indian and African. The Group Areas Act (1950), the Reservation of Separate Amenities Act (1953) and Bantu Homelands Constitution Act (1971) physically separated the four race groups so that they lived in different areas and used separate public facilities. The Bantu Education Act (1953) stopped African children attending mission schools relegating them to separate schools from White children with inadequate resources and equipment. Ten times more per capita was spent on White children than on African children. African classes were twice as big as White classes and the quality and education of most African teachers was sub standard. Coloureds and Indians were also to experience similar discrimination when the government assumed control of their education in the 1960s (Thompson, 1990). A key belief that underpinned the education of Africans was that it should not prepare them for equal participation in the economy and social life of South Africa. In a speech made to senate in 1954, Dr Verwoerd, the architect of Apartheid, was to state ‘natives’ had no place in the South African economy except as labourers and as such the education policy needed to be consistent with this (cited in Smollan, 1986). The Job Reservation Act (1954) and the Industrial Conciliation Act (1956) effectively barred Africans from legal access to managerial, professional and skilled work and the deliberate omission of Africans in the definition of an employee excluded them from the collective bargaining process. Coloureds and Indians were to be accepted into jobs slightly better than that of labourers such as clerical jobs but definitely not into the management levels in organisations. These laws were abolished based on the recommendations of the Wiehahn Commission of Enquiry in 1979 (Thompson, 1990, & Horwitz et al., 1995). However the removal of this legislation has not meant the end of discrimination and prejudice in the workplace (Horwitz et al., 1995). Laclau (1990:155-156) cautions that “we should be careful not to accept the notion of the ending of an era in any simplistic manner, for this would imply the beginning of something radically new, bearing no relation at all to what has preceded it.” The IMD World Competitiveness Report, 2002 cites discrimination still as a liability for many South Africans today.

1.1.1.c The Impact of Apartheid

The very fabric of South African society and economy has been eroded by the discrimination that took place during the Apartheid era and its effect will span several generations still to come. "It would take the combined wisdom of Solomon and a Solon, as well as the technical skills of an Archimedes and a Leonardo da Vinci to unscramble this whole mess" (Manyoni, 1993:62). The education and skills legislation has resulted in Black South Africans (Africans, Coloureds and Indians) receiving an inferior education, inadequate job opportunities and insufficient career advancement. Although there has been an active campaign by the ANC government voted into power in 1995, to provide those previously disadvantaged with better education, resources and access to jobs, the impact of the apartheid is still reflected in a distorted labour market, in the low levels of education and poverty amongst Black South Africans.

Fifty seven percent of people in South Africa in 1996 lived in poverty with Africans making up the bulk of this at 67.8% compared to Whites at 8.4%, Indians at 14.3% and Coloureds at 35.3% (South African Survey, 2000-2001). The overall poverty figure decreased to 50% in the year 2000 (World Fact Book, 2002). In 1998 Africans made up over 90% of the lowest living standards segments – LSM 1- 5. The 'Living Standards Measures' (LSM) measures the socio-economic status of the individual or group. Whites made up 79.1% of the highest LSM segment (LSM 8) with highest proportion of Coloureds and Indians in the LSM 7 segment (South African Survey, 2000-2001). The average monthly income for White urban workers in 1999 was R 7 514 for men and R 4 774 for women while for African urban workers is was R 2 204 for men and R 2 068 for women (October Household Survey, 1999). The household income in 1999 was R 500 per month with 18% of African households with an income of less than R500 per month compared to fewer than 2% of White, Coloured and Indian households (South African Survey, 2000- 2001). Eighty percent of Africans earn R 2 499 or less while 80% of Whites earn between R 4000 and R12 000 + per month (South Africa Survey, 2001 – 2002).

The figure spent on education rose from R31,8 billion in 1994, to R 51,1 billion in 2000. However while 65% of whites over 20 years of age have a high school or higher qualification, only 14% of the African, 17% of the Coloured and 40% of the Indian

population have high school or higher qualification (Garson, 2002). The backlogs of so many years of apartheid are immense with illiteracy rates as high as 30% for adults over the age of 15 years, teachers still poorly trained with 22% of them still under qualified and a matric (Grade 12) pass rate of 61.7% which although still low is an improvement on the 40% pass rate in the late 1990s (Garson, 2002;Fast Facts, June, 2002.)

1.1.1.c.i *The South African Labour Market*

The unemployment rate is steadily increasing standing at 25.8% as of September, 2000 (strict definition) and climbing to 29.5% in September, 2001 and 29.4% in February, 2002 (Fast Facts, May, 2002: Labour Force Survey, 2002). This trend is also reflected in the drop of -2.8% between those who were economically active in 2000(15 794) million and those in 2001(15 358)(Fast Facts, May, 2002). As indicated in earlier discussion 72% of those who are economically active are Africans compared to Whites, Coloureds and Indians who make up 14%, 10% and 4% respectively of the economically active population (Statistics South Africa, 2002). Sixty three percent of South Africans are employed in the formal sector (not agriculture) with Africans making up the largest proportion of elementary jobs at 78.5% as well as the service jobs at 68,5%. Coloureds and Indians make up 10.9% and 3.7% of the service jobs while whites make up 16.7% of the service jobs and 54.8% of the legislators, senior officials and managers. Africans only make up 29.1% of these senior jobs and 36.8% of professional jobs compared to Whites who make up 51.1% of the professional jobs. Coloureds and Indians make up 8.8% and 6.9% of senior jobs respectively and 6.3% and 5.2% of professional jobs respectively (Fast Facts, May, 2002;South African Survey, 2000 - 2001). Clearly, the effects of inadequate education and the lack of opportunity are still being reflected in the low percentage of Black South Africans and in particular Africans in senior jobs. Horwitz and Bowmaker (2002) point out that Whites are still disproportionately represented in management in the private sector although more balance is emerging in the public sector. They go on to refer to research by the University of Cape Town's Breakwater Monitor Project that shows that the percentage of Blacks moving into managerial jobs has only increased by 7% from 1997-2001 with Whites still occupying 70% of the management positions.

Wholesale and retail and tourism and hospitality show a 25% and 28% representation of black managers (Horwitz & Bowmaker, 2002).

While employment in the formal sector is still higher than the informal sector, the percentage of those employed in wholesale and retail trade in the informal sector accounts for 34.2% of the jobs in this sector while only 18.2% of jobs in the formal sector. This is tied in with the rise in hawkers in city centres and spaza or small retail stores opening for business in and around the townships. However employment in the informal sector does tend to fluctuate depending on how long these hawkers and small stores stay in business.

1.1.1.c.ii *The Social and Psychological Impact of Apartheid*

“See how many English words and phrases you know which use the word ‘black’ not to describe the colour, but to signify something negative. Here are a few: Black Wednesday, a black mood, the future is black, black spot, blackmail, blackball, the Black Death. None of these has anything to do with the colour-unlike black coffee, blackboard etc. Imagine what it means for a person with a black complexion.”

(Legum, 1993)

The effects of the Apartheid era have not only been felt in the economy of South Africa but at an intra-personal level for all South Africans and in their inter-personal and inter-group interactions with each other in organisations and communities. Legum (1993) maintains that racism subsumes our personal and institutional attitudes and the very language and artefacts that we use within our culture. At an intra-personal level Hofmeyr (1983) reports a lack of self-confidence amongst black South Africans in business and management roles as a result of being discouraged for years not to be assertive or to show initiative. Black South Africans have learnt to accept themselves as inferior and subordinate. Hofmeyr (1983) uses the term ‘baasskaap’ to describe the reverence that Black South Africans were expected to show their superior white bosses. As Manyoni (1993:64) points out, this led to many Black South Africans developing a survival strategy of “deliberate obsequiousness, the feigned puerile behaviour and the studied appearance of being less intelligent ... in their day-to-day interaction with whites”. This raises issues within the service context where frontline

employees are expected to be of service but at the same time to be forthcoming with the customer by greeting them first, directly questioning them about their needs and dealing assertively but diplomatically with difficult customers. For many Black South Africans this means moving from being servile to being of service, often with Whites with whom they were expected to be docile and subservient in the past. Low self-confidence amongst Africans in the workplace is also often the result of having to operate within an alien organisational culture based on Western ways of doing business. They are placed in the position of reconciling this culture with their own culture and this in many ways has proven problematic. For example for African employees there is the conflict between relating to those of authority in business and in their own culture. The latter requires subservience and no eye contact while the former requires initiative, assertiveness and direct eye contact. (Human,1981; Hofmeyer, 1983). Add to this the demands of operating in the international arena with customers from different countries with seemingly complex demands and the resulting sense of being overwhelmed it not to hard to imagine. This challenge is however diminishing as more Africans participate in business and also move from rural to urban racially integrated communities. The development of an eclectic South African management style could also provide a more familiar business culture for all South Africans to operate in.

Discrimination has also played a role in placing a barrier between effort and performance, and performance and reward. This has affected the level of motivation of many Black South Africans and also their sense of being in control of events within their environment. The expectancy theory explains motivation as a multiplicative function of expectancy that effort will result in performance, the belief that performance will lead to a reward (instrumentality) and that the reward will be of value to the recipient (valence) (Vroom, 1964 cited in Elkin & Inkson, 2000). For many Black South Africans their lack of training and job competence has resulted in a low level of performance despite their best efforts. Lower wages and lack of access to benefits has also resulted in rewards for their performance not being in line with their effort and level of performance (Hofmeyer, 1993). For many there has been a sense that personal effort does not necessarily result in equal reward due to laws and prejudices outside their control. This has resulted in Black South Africans tending towards an external locus of control especially when faced with repeated constraints

on ones effort and career opportunities (Hofmeyr, 1993). Rotter (1966) (cited in Elkin & Inkson, 2000) differentiates between those who see control over what happens to them as being within themselves (internal locus of control) to those who see the environment being in control (external locus of control). Although legislation such as the Employment Equity Act (1998) and Skills Development Act (1998) has been put in place to address inequalities in wages and access to education and jobs, discrimination still takes place in practice and many Black South Africans still have few skills to offer an organisation. The process of addressing the backlog in education and narrowing the wage gap will take time.

At an inter-group level, despite conditions for Black South Africans improving since the election of the ANC government in 1995, many still feel a sense of deprivation in comparison to White South Africans. An improvement in conditions of a minority group will, according to the relative deprivation theory, result in them comparing themselves to a greater extent with the majority group. They become more aware of inequalities and new opportunities resulting in heightened expectations (Appelgryn, 1991). Black South Africans may experience a gap between their rising expectations and the ability of both their organisation and the government to meet these expectations. A sense of deprivation in comparison to another group can lead to increased frustrations and conflict between these groups, particularly where the gap is experienced as large. In a work context this will often manifest itself in the relationship between management and labour and also at an individual level lead to dissatisfaction with working conditions and compensation. Although between 1995 and 2000 a change of 83.6% was evident in the disposable income per capita of Africans, the R 7 567 per capita income of Africans in 2000 lagged well behind those of Whites at R 50 804 per capita. Coloureds and Indians had a disposable income per capita of R 12 960 and R 25 541 per month respectively. The average monthly earnings of employees in the wholesale and retail trade, catering and accommodation in February, 2001 was R 3575 which is 30% below the total average monthly income in the formal non-agricultural sector of R 5095 (South Africa Survey, 2001 – 2002). Seventy two percent of service workers and shop and market sales workers earn less than R 2500 per month that is below the monthly average minimum wage of R 2662 per month (Labour force survey, February, 2002; Fast Facts, July, 2002). For many service workers there could well be a sense of dissatisfaction with their current wages.

Bowen, Gilliland and Folger (1999) maintain that employee' perceptions of HRM fairness has an impact on their level of organisational commitment and their willingness to exert extra effort and go beyond the call of duty. Employees judge fairness in relation to HR decisions in terms of the recruitment and selection, performance appraisals and compensation systems within their organisations.

1.2 Purpose of the Research

The service industry now accounts for 60% of the world's economic activity (Irons, 1994). This move towards a service economy means that service has increasingly become as important as the products on offer and, as such, of the jobs within an organisation (Morrison, 1996). As a key discriminator between products and services offered by organisations competing for market share, service excellence has become a critical source of competitive advantage (Horwitz & Neville, 1996). For customers, an experience of excellent service is the result of their needs and expectations being exceeded. Therefore the quality of service interactions between frontline employees and the customers are an important part of a customer's experience of service. It is this interaction that is the focus of this research.

The main objective of the research is to establish if there is a relationship between Human Resource Management (HRM) practices and the service-orientated behaviour of frontline employees in three key South African service industries – hospitality, car rental and retail. The research also goes further to establish whether organisational commitment is a partial mediator in this relationship and also if certain HRM practices have a stronger association with service-orientated behaviour than others. Managers from service organisations, frontline employees and customers understanding of effective service-orientated behaviour is also explored as is managers and frontline employees understanding of the role of HRM in service organisations.

1.2.1 Specific Objectives of the Research and Hypotheses

The specific objectives of the research are to determine:

1. If there is a relationship between frontline employees' perceptions of HRM practices in their organisation and their service-orientated behaviour.
2. Whether certain HRM practices have a stronger association with service-orientated behaviour than others.
3. If there is a difference in the understanding managers and frontline employees have of the role of Human Resources Management and Human Resource Management (HRM) practices in facilitating the service-orientated behaviour of frontline employees within a service organisation.
4. Whether organisational commitment functions as a mediator in the relationship between HRM practices and service-orientated behaviour.
5. Whether there is a difference between what managers, frontline employees and customers consider being effective service-orientated behaviour across all three service industries.

1.2.1.a Hypotheses

The following hypotheses are proposed:

1. There is a significant relationship between frontline employees' perceptions of HRM practices and their perceptions of their customers' perceptions of the service-orientated behaviour of frontline employees in their organisation.
2. Some HRM practices have a stronger association with service-orientated behaviour than others.
3. Management and frontline employees have a different understanding of the role Human Resource Management and Human Resource Management (HRM) practices play in facilitating the service-orientated behaviour of frontline employees in service organisations.
4. Organisational commitment will have a mediating effect on the relationship between HRM practices and service-orientated behaviour.

5. Managers, frontline employees and customers from the three different service industries have a similar understanding of what is effective service-orientated behaviour.

1.2.1.a.i *Variables*

The following variables would therefore be under consideration:

1.2.1.a.i.1 *Independent Variables*

Frontline employees' perceptions of HRM practices (selection, training, human resource development, pay, rewards, performance appraisal and management support).

1.2.1.a.i.2 *Intervening Variable (Independent)*

Frontline employees' level of organisational commitment.

1.2.1.a.i.3 *Dependent Variable*

Employees' perceptions of their customers' perceptions of the service-orientated behaviour of frontline employees from their organisation.

1.3 Background to the Three Service Industries

Before moving any further into the report it is important to be familiar with the service sector within South Africa and more specifically the three service industries that are under investigation in this research. Details are also provided on the four service organisations that took part in the research.

1.3.1 *The Service Sector in South Africa*

As indicated in earlier discussion, the services sector makes the most substantial contribution to South Africa's GDP and offers the most opportunity for employment. The contribution services made to South Africa's GDP has increased from 43% in 1980 to 65% in 1994. (Roux, 1997). An increase in real economic growth in 2000 can be attributed to the secondary and tertiary sectors with the percentage of total value added by the tertiary sector increasing from 64.4% in 1998 to 65.9% in 2000 (South

Africa Government Online, 2003). The GDP per person employed in services is \$ 12,851 with the overall GDP per capita at \$ 2, 555 in 2001 (South Africa Government Online, 2003). Service organisations operate both within the public and private sectors and can also be non-profit organisations. In South Africa there is a strong presence of service organisations in both the formal and informal sectors ranging in the former from huge international organisations to small family owned businesses and in the latter would include small shops and hawkers selling an array of goods and services from fruit and vegetables to haircuts. Service industries in the areas of wholesale and retail trade, transport, business services and community services employ 60.5% of those employed in the formal sector and 45.9% in the informal sector (Labour Force Survey, February, 2002). Many of the jobs in transport and community services are based in the public sector.

The discussion that follows will provide a brief introduction to each of the service industries, hospitality, retail and car rental, that were the focus of this research and background information on the four South African organisations that participated in the research. The hospitality industry was represented by Sun International and more specifically by their Sun City resort, Table Bay Hotel and Carnival City Casino. Edgars and Makro participated as part of the retail industry and Avis as part of the car rental industry. The information provided below was to a large extent accessed through company annual reports and statistics provided by the organisations that participated in the research and newspaper articles from the Business Day newspaper. The revenue and profitability figures that are presented for each participating company are intended to provide an understanding of the financial performance of the company itself and are not intended for comparison between the companies. Financial statements from different companies can be laid out differently and therefore different figures maybe reported based on their accounting policies.

1.3.2 Hospitality

The core business of hospitality industries, such as hotels, resorts and casinos, is about treating the customer as a guest and providing amenities that meet their need for accommodation, relaxation and entertainment. Hospitality can also be a group of supplementary services to the core product of a business such as waiting areas, toilets

and food and beverages (Lovelock & Wright, 1999). Hospitality industries can range in size from large international resorts to local hotels, restaurants and a bed and breakfast and also in focus, providing accommodation, entertainment and/or food and beverages.

The hospitality industry in South Africa contributes over 1.6 billion Rand in taxes every year as well as generating 50, 000 new jobs each year, many for first time workers. As an industry it is directly affected by the international economic climate and the performance of the local economy as it relies heavily on people having disposable income to spend in hotels and casinos (Sun International, 2002). As a long haul destination, the South African hospitality industry also relies on the airline industry to bring in international tourists. Inflexible regulations for granting licences to service airline routes has resulted in the industry experiencing a flat period. A large increase in the number of hotel rooms and the number of guesthouses and bed breakfasts has also contributed to the drop in hotel occupancy figures which have dropped from 61.9% between January and July, 2002 compared to 63.1% for the same period in 2000 (FEDHASA, 2003). However the South African hospitality industry stands to benefit from the South African government's efforts to address the regulatory problems and also a dramatic and sustained growth in foreign tourism (FEDHASA, 2003; Kohrs, 2000). South Africa is still the most preferred destination in Africa and is becoming a popular venue for international conferences (FEDHASA, 2003).

1.3.2.a Sun International

Sun International, founded in 1983, is the leading global leisure, entertainment and hotel group in southern Africa currently employing 8 227 people. The operations in southern Africa, include South Africa, Lesotho, Zimbabwe, Botswana and Swaziland, and are managed by Sun International Management Limited with the Head Office based in Gauteng, South Africa. The group operates in three main areas: major resorts and hotels, major urban gaming and entertainment complexes and smaller locally and regionally focused hotels and casinos. The resorts division has nine operations, with a total head count of 3 864 employees and there are 11 gaming outlets with 4034 employees. The balance of the employees who number 329, are based at the Head Office in Gauteng. Sun International is also the only significant operator of superior

luxury hotels and resorts, an initiative that began with the opening of Sun City in 1979. These resorts appeal to the international market and customers from the upper end of the local southern African market. The Sun City Resort and the Table Bay Hotel that participated in this research are internationally recognised for their excellent facilities and the Palace of the Lost City (a hotel located in the Sun City complex) and Table Bay Hotel are both members of The Leading Hotels of the World. Sun International also has extensive experience in gaming and the Gauteng based Carnival City Casino that took part in the research, boasts 1 750 slot machines and offers a broad range of gambling including Blackjack, Poker and even horse racing.

Group revenues for the year ending 30 June, 2002 were 16% ahead of the previous year at R 3.3 billion with a profit before tax of R 119 million. Sun City and Table Bay revenues for the same period were R 694 million and R 110 million respectively. Hotel and resort revenues were negatively impacted at the end of 2001 by September 11th attacks and gaming revenues were subdued largely due to a reduction in disposable income and the introduction of smoking restrictions in July, 2001. The revenue for Carnival City Casino for June, 2000 – June, 2001 was 13% down from the previous year at R 488 million mainly due to increased competition arising from the introduction of new casinos in Gauteng (Sun International, 2002 & Sun International, 2003).

1.3.3 **Retail**

Retail involves the sale of goods and services to ultimate consumers for their personal use (Mason, Mayer & Wilkinson, 1993; Levy & Weitz, 1996). Retailers increase the value of goods and services they sell to consumers by providing an assortment of products and services, breaking up bulk received from manufacturers into smaller quantities, holding stock of goods for consumers and providing additional services such as credit facilities. Retailing is one of the most important industries in our society (Levy & Weitz, 1996). The wholesale and retail industry in South Africa accounts for 20.2% of the total employment. Retail is represented in South Africa in both the formal and informal sectors, with employment in wholesale and retail in these sectors at 8.2% and 34.2% respectively. The retail industry covers a wide range of outlets from large hyper stores to the small street corner shop and also a wide range of

products from cars, machinery to household goods and clothing. Trends that are impacting on retail in the formal sector are a growth in customer empowerment, increasing expectations from the customer in terms of product and services and pressure from customers for efficient and accessible shopping. A polarisation is also occurring from functional to recreational shopping. Retailers are challenged to provide economies of scope, the store as a showroom and information point and both pleasure and time saving shopping with value for time and journey add on top of that (Retailing is evolving – Are you keeping up?, 2000.) These changes also demand more emphasis on frontline employees providing pleasant, informative service to customers. The rise in online shopping will also require retailers to take a serious look at how in store service will add value to the customer's shopping experience. In addition retailers in South Africa operate within a highly competitive market with a reduction in disposable income amongst most South Africans and the devaluation of the currency, higher interest rates and rising fuel costs impacting on their margins (EDCON, 2002). This puts pressure on them to operate efficiently, obtaining maximum employee productivity through effective HRM practices.

1.3.3.a Makro

Makro has its origins in Holland where it was owned by the multinational Steenkolen Handels-Vereeniging (SHV) group. Makro, South Africa was started by a partnership between SHV and the Rennies Group, with Makro, Germiston opening its doors in 1971. Makro is now owned by Massmart Holdings with SHV and Wooltru as major shareholders and trades through 12 urban warehouse club outlets and one free standing Makro office in South Africa and two outlets in Zimbabwe. Makro markets a range of food, liquor and general merchandise to selected commercially affiliated and upper income customers. Customers have access to the outlets through a Makro club card (Makro, 2003). Makro achieved a four-year compound growth in profit of 36% before interest and tax. Sales in South Africa grew by 14% from year 2001 at R 3903 million to R 4 460 million in 2002 with an improvement of 32% in pre-tax profits to R130 million. In August 2001 Makro introduced technology that enables it to analyse each customer transaction and in this way hopes to improve its merchandise and services to its customers (Massmart, 2002 & Makro, 2003). The number of employees employed by Makro in June, 2003 stood at 3683 (Massmart, 2002).

1.3.3.b **Edgars**

Edgars began in 1929 selling women's clothing in a Johannesburg basement. In 1999 Edgars changed its name on the Johannesburg stock exchange to EDCON (Edgars Consolidated Stores Limited). Edgars is now one of the six major retail brands belonging to the EDCON group and has 143 stores with a total of 6504 employees (EDCON, 2003; T. Eekhout, e-mail communication, 19th December, 2002). Edgars positions itself as a national department store targeting middle and upper income families offering value priced essentials and national and international brands and fashion. Clothing, footwear, textiles, accessories and cosmetics are sold in the stores. The Markinor/Sunday Times survey of 2002 rated Edgars the top clothing retail brand in terms of awareness, trust and confidence level (EDCON, 2003). In 2002, Edgars had a sales revenue of R 4 125,2 million up from R 3 675,8 million for 2001 and R 3 612,9 million for 2000. Sales per employee rose by 16% in 2001 and 7% in 2002. The latter increase was attributed by J L Spotts, Chief Executive of the Edgars Chain, to the introduction of a performance management and reward system (EDCON, 2001 & EDCON, 2002). This falls in line with the Human Resource objectives of the EDCON group to ensure that staff are fulfilled and competent, that there is equity in the workplace and that best practices are followed in terms of people management.

1.3.4 **Car Rental**

The car rental business in South Africa is considered part of business services, that accounts for 12,4% employment in the formal sector and 2,7% in the informal sector. It is a highly competitive business with international car rental companies now making their presence felt in the market. Despite this South African car rental companies feel that the market is big enough and that the competition is often more apparent in the domestic corporate market (Classen, 2002, 27th September). However the price war that has resulted has for years capped rate increases. In real terms the real cost of renting a car in South Africa has declined by 10% over the past four years. In addition from November 2000 there was an industry-wide reduction of more than 20% in inbound international rates (Avis, 2001). The car rental business is reliant on international tourists and the domestic economy. As with the hospitality industry the regulations restricting access to airline routes has limited airline seating capacity and as a consequence the number of international tourists visiting South Africa

(Maphologela, 2001). The political instability in neighbouring African countries such as Zimbabwe also has a major impact on in bound tourism and as such on the growth of car rental companies. However despite these pressures, and Grenville Wilson, Avis CEO, believes that the average daily revenue generated by vehicles has remained constant over a five year period (Claasen, 2002).

1.3.4.a **Avis**

Avis, South Africa began as Zeda Car Rental and Tours (Pty) Ltd in Bloemfontein. The acquisition of majority shareholding by Federale Volksbeleggings Beperk, a division of Sanlam, saw the rental business expanding to Johannesburg, Durban and Cape Town. In 1969, the company began operating as Avis after entering into a long-term licence agreement with Avis, USA. By 1976, Avis had become the largest national car rental company and market leader. In 1980, Avis diversified into fleet services and to this day their core business is Avis Rent-A-Car and Avis Fleet Services. In 1997 Avis listed on the Johannesburg Stock exchange as Avis Southern Africa Limited (Avis, 2003; Business Times, 2003). The Rent-A-Car operation serves the tourism and corporate sectors with a peek fleet of 16 500 vehicles operating from 360 customer service centres across Southern Africa, Norway and Sweden. The Avis Fleet Services provides value-added services to financial leases and manages in excess of 45 000 vehicles in the corporate, government and parastatal markets.

In 2002 the Avis Group had a revenue of R 1 236 723 million compared to R 1 237 730 million in 2001 with a total operating income in 2001 of R 297 032 million and R 268 514 in 2002. Avis Group consists of avis Southern Africa Limited and various other companies (J.Stiff, e-mail communication, 10 February, 2003). The revenue is derived mainly from rental and leasing of motor vehicles and in 2001 included revenues from timeshare, touring services and crash repair. These operations were sold off in 2001 (Avis, 2001 and Avis, 2002). The revenue income generated through Avis, Southern Africa Limited's Scandinavian operations also assisted the company to perform in 2001, despite the subdued domestic economy and tourist market that year (Maphologela, 2001). It is not clear from the Annual Reports why there was a drop of income before tax from R 379 845 in 2001 to R 165 822 million in 2002. However headline earnings per share increased by 27% and revenue from continuing operations increased by 17% to R 1.24 billion (Avis, 2002). The year of 2002 saw a growth in

the domestic corporate market and the leisure rental market with an increase of 20% on reservations by international inbound tourists (Claasen, 2002). Avis Rent-A-Car was still the market leader with a 40% market share in 2002 and the rental day figure, the main performance benchmark, was up 8.5% on the year 2001 (Avis, 2002). Avis Rent-A-Car South Africa that participated in this research has a headcount of 614 as of December 2002. The number of frontline staff that includes sales and reservations and operational staff stands at 496 (J.Schlachter, e-mail communication, 10 February, 2003).

1.4 Scope and Limitations of the Research

The research is directed only at three key service industries, car rental, retail and hospitality, within the service sector in South Africa. Each of these service industries is represented by one service organisation in the case of car rental and hospitality and two service organisations in the case of the retail industry. Within each organisation only specific branches or units took part in the research and these were located in the three provinces of South Africa, namely Gauteng, Mpumalanga and the Western Cape. All the service organisations that participated in the research came only from the formal sector and have more than 614 employees ruling out smaller organisations and those who operate within the informal sector.

The research only considered seven HRM practices, selection, training, human resource development, pay, rewards, performance appraisal and management support, while other areas such as industrial relations were not included. The focus of the research was on the perceptions of frontline employees who are involved in face-to-face transactions with customers over a brief space of time. As such encounters that spread over a long time period and involved building long-term relationships were not considered in this research. The input of the management of the service organisations was only considered in the first stage of the research in addressing hypotheses 3 and 5. The perspectives of the customer were solicited in defining effective service-orientated behaviour but only from three focus groups representing the three service industries. The focus on service-orientated behaviour excluded other areas of service quality such as facilities, merchandising and equipment. Lastly, the level of organisational commitment was the only possible intervening variable investigated

which still opens up opportunities for further research into the role factors such as self confidence, a sense of self efficacy, locus of control and an individual's sense of job competence can play in the relationship between HRM practices and service-orientated behaviour.

1.5 Contribution of the research

This research makes an important contribution to our understanding of the relationship between HRM practices and service-orientated behaviour and in particular as to the impact of both external factors, such the socio-political situation, and internal factors, such as management behaviour, on the nature of this relationship. By looking specifically at seven HRM practices it adds further to the findings of previous research into the impact of each HRM practice on frontline employee performance and the factors that influence their impact. The fact that the research took place in South Africa has highlighted the importance of taking into consideration the context within which the service organisation operates but at the same time supports the development of a global understanding of the role of HRM in service organisations and of our understanding of service-orientated behaviour. The research also emphasises the importance of exploring the role of intervening variables in our understanding of why HRM practices influence the performance of frontline employees. It specifically investigates the role of HRM in addressing the challenges facing South African service organisations from the perspective of both managers within these service organisations and frontline employees. As such it also enters into the debate whether HRM as practiced in South African service organisations is distinct from the more traditional forms of personnel management and how frontline employees experience it on a day- to-day basis. The specific focus on the one-on-one interaction between the frontline employee and customer is also an important one in that it is this interaction that is the make or break of a customer's service experience. By choosing the individual level of analysis and identifying service-orientated behaviour from the perspectives of the three key role players in the service encounter the research can further the understanding of what frontline employees need to do to effectively manage their interactions with customers.

The importance of this research for business managers is that it provides them with evidence of the relationship between HRM practices and service-orientated behaviour in South African service organisations. It will highlight for them which HRM practices have the most impact on service-orientated behaviour and what steps they need to take to maximise their effect. It will also provide a benchmark for effective service-orientated behaviour that could provide a springboard for industry standards and/or further customisation to suit their particular service organisation.

Chapter 1 has laid out the context and focus of the research. Chapter 2 discusses related literature and research with Chapters 3 and 4 presenting the research methodology and results respectively. Chapter 5 concludes the report with a discussion of the results and the implications of the results of this research for managers and future research.

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Chapter 2

2 LITERATURE REVIEW

2.1 Service and Service-Orientated Behaviour

2.1.1 *Service Defined*

Broadly speaking services are activities, benefits and satisfactions that are for sale or are part of the sale of goods (Regan, 1963:57). The key discriminator between products offered to customers has become not so much the features of the products but the service provided with the product (Horwitz & Neville, 1996; Peters, 1994). Customer service is not just only about handling complaints or fixing or replacing defective or broken products. It “means all features, acts and information that augments the customer’s ability to realize the potential value of a core product or service”(Davidow & Uttal, 1989:22). Service as an integral part of the product offering has also become a key component of jobs in organisations (Morrison, 1996). Service has four distinct features: intangibility, heterogeneity, inseparability and perishability (Parasuraman, Zeithaml & Berry, 1985; Morrison, 1996; Horwitz and Neville, 1996; Zemke & Schaaf, 1989). It is these features that make the total comprehension of service difficult (Regan, 1963).

A key distinction between a product and a service is the intangibility of service (Zemke & Schaaf, 1989). Essentially, service does not exist until it is called on by a customer (Zemke & Schaaf, 1989; Morrison, 1986). It cannot be touched or held or stored for future use. It is this intangibility that makes it difficult to measure, weigh or count. This obviously has implications for determining and measuring service quality. It is often difficult to get an accurate picture of what the customer has actually experienced (Parasuraman *et al*, 1985). Bowen & Schneider (1985) point out that services are doubly intangible in that they cannot be touched (palpable intangibility) and it is difficult to create in one’s mind what one has actually received as the service (mental intangibility). Customers therefore rely on their interaction with the frontline employee to determine what actually happened and how good it was. The heterogeneity of service provides challenges to the frontline employee, as no

interaction is the same since the customers involved in the interaction and the circumstances in which it takes place can differ. This is even more so where the focus is on meeting the specific needs of a customer. It is important therefore, that employees have the flexibility and skills to deal with this diversity. The production and consumption of services is inseparable and simultaneous and often occurs together with participation of and contributions from the customer. For example, a visit to the hairdresser or doctor requires the customer to provide critical information to create effective delivery of service. The service quality is therefore in the delivery of the service itself (Parasuraman *et al*, 1985). Lastly, as indicated, services cannot be stored and as such are perishable. If the service or facilities such as after-sales service are not used at a given moment then they are lost forever (Horwitz & Neville, 1996; Redman & Mathews, 1998). The management and control of service delivery essentially rests in the hands of those employees who are interacting with the customer. In fact, these frontline employees are the service (Schneider & Bowen, 1995; Davidow & Uttal, 1989). Thus, management and support of these frontline employees is critical in any service-based organisation.

Service is a very different game to manufacturing (Schneider & Bowen, 1995) and imposing industrial models on service-based organisations is problematic (Schlesinger & Heskett, 1991; Schneider & Bowen, 1995). Schneider and Bowen (1995) propose a three tier-model for service organisations, a customer tier followed by a boundary tier and a co ordination tier that emphasises the importance of the frontline employee and places a different perspective on the role of management. They state that the customer is the foundation of a service organisation and that, at a minimum; their expectations must be met if the organisation is to survive.

2.1.2 Service Quality

Customers assess the quality of service based on whether the organisation has met or even exceeded their expectations (Parasuraman *et al*, 1985, 1988; Zeithaml, Parasuraman & Berry, 1990; Zemke *et al*, 1989). Service quality is a comparison between performance and expectations and, regardless of the type of service; customers use similar criteria to evaluate service quality (Parasuraman *et al*, 1985, Parasuraman, Zeithaml, & Berry, 1988; Zeithaml *et al*, 1990). These criteria fall into

10 categories and termed by Parasuraman *et al* (1985:46 & 47) as “service quality determinants”. They

are reliability, responsiveness to the customer, competence of the frontline staff, accessibility of the service, courtesy, understandable communication of the service, credibility, security, understanding and knowing the customer and tangibles such as the physical facilities and appearance of staff. These are then mapped on to five underlying factors (Parasuraman *et al*, 1988:23) that are:

Tangibles that are the physical facilities, the equipment available and the appearance of the frontline staff.

Reliability that is the ability of the organisation to provide the promised service accurately and in a dependable manner.

Responsiveness that is the willingness to help customers and to provide them with prompt service.

Assurance that is the knowledge and courtesy of the employees and their ability to convey confidence and trust.

Empathy that is about caring and providing individual attention to the customer.

What emerges from these determinants for service quality is that they are generic across all service experiences. However customers may place more emphasis on some of the determinants for certain services than on others. For example, reliability would be key in banking and empathy in nursing. Service quality includes not only the outcome but also the way the service is delivered.

The quality of goods and services are determined against different characteristics. While goods can be assessed on tangible attributes such as smell, taste and price often prior to the purchase, service is primarily about the experience. It is only once the customer has experienced the service that quality can be assessed. Tangibles are the only determinants that can be tested to some extent before service delivery.

The interaction between the service provider and the customer is key to the customer’s assessment of service quality (Parasuraman *et al*, 1985; Schneider &

Bowen, 1995). As Schneider and Bowen (1995: 29) point out, customers' expectations of service quality are complex and multidimensional and built around the interaction between themselves and the frontline employees, and less personal deliverables such as accuracy and reliability and the facilities within which they experience the service. The power to provide quality is to a large extent in the hands of the frontline employee especially if quality is important to the customer's purchase decision and the frontline employee has the capability to provide the customer with the service required (Bitran & Hoeh, 1990:90). Zeithaml, Berry and Parasuraman (1993) find that customers' expectations of service exist at two levels: a desired level and an adequate level. A zone of tolerance that is the difference between these two levels can contract or expand depending on the customer. Schneider and Bowen (1995) differentiate between the expectations and needs of the customer. They believe in order to provide service excellence, service organisations must meet three key needs: security, esteem and justice. They point out that to an extent customers will tolerate their expectations not being met but violate their needs and you have lost a customer forever. Bowen, Gilliland and Folger (1999:14-15) build on this when they highlight the importance of fairness in service delivery. Distributive, procedural and interactional justice are important when assessing fair service delivery. Distributive justice centres on receiving reliable and better service for a good price. Procedural justice is about efficiency in following procedures and responding to unique requests. It captures the customer's often conflicting desire for consistency and flexibility. Interactional justice is about being treated fairly. It is about honesty, politeness, sensitivity, non-discrimination and showing interest in the customer.

A shortfall in meeting customer service expectations is the result of five gaps (Parasuarman *et al*, 1985; Horwitz & Neville, 1996). Gap I concerns discrepancies between what management perceive customers expect and what customers actually expect. Even if an organisation knows what the customers expectations are it may not be able to deliver to these expectations due to a lack of management commitment, resource constraints or the absence of processes to set quality goals or standards which is Gap 2. The inability for service staff to deliver service according to the service quality guidelines results in Gap 3. Gap 4 is the difference between what the organisation advertises they will do and what they actually deliver. Gap 5, the difference between what the customer perceives and what they expect, depends to a

large extent on the nature of all of the other gaps. Being customer-focused means that all areas of the organisation must contribute to the customer's overall experience of service (Carr, 1990; Jones, 2000). The service experience that the customer has with the frontline employee is only the tip of the iceberg. All of the processes that underlie this service are just as important (Shostack, 1985:245). The importance of the frontline employee is particularly evident in addressing Gap 3. To a large extent, it is these employees and not management who are in control of the interaction between them and the customer. Jon Carlson of SAS (Scandinavian Air Systems) coined the term 'moment of truth' to describe the "golden opportunities to serve the customer" (Carr, 1990:2). Normann (1991:17) maintains that perceived quality is only realised at this moment of truth when the frontline employee and the customer "confront one another in the arena" and at that moment in time they are very much on their own. Moments of truth are critical because they form the basis on which customers develop their expectations and assess service quality (Schneider & Bowen, 1995). Hallowell (1996), in his case study of Southwest Airlines, points out that employees have a direct bearing on the passengers' experiences. The interaction between the frontline employee and customer can be the make or break of the service experience for the customer. In the eyes of the customer, the frontline employees are the service and they carry the responsibility of projecting the image of the organisation and of creating a satisfying service experience for the customer (Redman & Mathews, 1998; Bowen & Schneider, 1985; Bettencourt & Brown, 1997; Jones, 2000).

2.1.3 The Frontline Employee

Service organisations only have a "flimsy and permeable boundary between themselves and their customers" (Schneider & Bowen, 1985:40). It is the frontline employee who stands at this boundary and represents both the image and acts as a source of information due to their daily contact with customers (Aldrich & Herker, 1977; Bowen & Lawler, 1992, Schneider & Bowen, 1993, 1995; Schneider, Parkington & Buxton, 1980). To perform their "information processing function", frontline employees need to have the skills to select information relevant to their organisation, and summarise and often interpret information so that it is understandable to those inside the organisation (Aldrich & Herker, 1977:218). In fact Aldrich and Herker (1977) propose that it is the ability of frontline employees to carry

out this function that in part determines the organisation's ability to adapt to changes in its environment. Having access to and being in the position to filter information also puts incredible power in the frontline employees' hands. Self-interest could lead to abuse of this power and management being misinformed. In their "external representation function", frontline employees can be involved in the acquisition and disposal of resource and establishing the legitimacy and credibility of their organisation (Aldrich & Herker, 1977:219). In performing this role, frontline employees are often constrained by inappropriate company policies and a lack of support from management who are out of touch with the real issues and expectations of customers. The work in the area of boundary spanning roles challenges the notion that organisations respond to the environment as a whole and also emphasises the dependence organisations have on the frontline employees who take on these roles (Aldrich & Herker, 1977).

2.1.3.a Service Work

Service work is very different from production work in that it involves "symbolic interaction" and it is primarily people centred. The symbolism is the result of the very nature of service itself in that the interaction between the frontline employee and customer centres on intangibles such as knowledge, attitudes, emotions and information. (Frenkel, 2000:171). However service work can differ both in terms of its complexity and substance, falling between routine and professional work. (Frenkel, Korczynski, Shire & Tam, 1999). Routine work is typically aligned with bureaucracies and professional work with knowledge based organisation. Frenkel *et al* (1999) propose that the complexity of knowledge and skills required of the mass customised service worker, sales workers and knowledge workers differs. Contextual knowledge (such as procedures and product knowledge) is a requirement of all of these jobs but the complexity differs. Where it is fine for a customer service assistant to know company procedures and to be able to describe a product, a financial advisor would be expected to know financial trends and the pros and cons of various products on offer to suit customer needs. Knowledge workers would not only be required to have more higher order contextual knowledge but to also integrate this with theoretical knowledge. Contextual knowledge is also amenable to routinisation and as such can be contained in manuals and company policies. This means that service

workers have access to this information and as such are required to engage in relatively simple problem solving, while sales and knowledge workers engage in more complex problem solving requiring them to use more of their own discretion.

The social skills required of sales and knowledge workers is also much more complex than those required of the service worker who predominantly engages in a transaction with the customer. Service workers would be required to answer queries and deal to a certain extent with irate customers. Supervisors are required to assist them with more difficult interactions such as the very difficult customer and with more complex problems. Sales and knowledge workers would be required to negotiate, influence and build trust. Knowledge workers would be using higher-level social skills often over a long period of time (Frenkel *et al.*, 1999). The degree to which service work is routinised is a function of the volume of customers, the standardisation of the product offering and the instability of the environment. Service workers handling routine tasks can deal with large numbers of customers and standardised products lead to standardised transactions. Once customisation and flexibility is required then the service work becomes less routine. However, a certain degree of routinisation is often preferred to streamline responses to customer requests and to maximise flexibility to address special cases. Routinisation also allows for some management control over the response of frontline employees to customers. However routine or complex the job, it is still the personal interaction of service work that is so critical to the customer and it is this factor which challenges the application of the industrial model in service organisations. Schlesinger and Heskett (1991:74) believe that the industrial model “flies in the face of what service-sector customers many times values most” which is the interaction with the frontline employee. They go on to state that it is this interaction that can differentiate an organisation from its competitors. It is in high contact service jobs that frontline employees are required to meet high order needs rather than just to conform to specifications (Bitran & Hoech, 1990:89).

2.1.3.b The Service Encounter

At the most basic level, the service encounter is about an interaction between two people (Czepiel, Solomon, Surprenant & Gutman, 1985:3). A broader definition of the service encounter may look at it as that period in time when the customer interacts with the service along a continuum from remote (no interaction at all) to direct

personal interaction that involves both verbal and physical interaction (Shostack, 1985: 242,248). As the basis of this research examines face-to-face interactions between frontline employees and customers, the discussion will focus on this form of service encounter. Service encounters are social situations involving two individuals. Czepiel *et al* (1985:4-6) outline seven characteristics that distinguish the service encounter from other forms of human interaction. Service encounters are purposeful and restricted to the nature of the service itself. For example, a waiter will not be expected to provide medical advice. Frontline employees are not altruistic in that they are really just doing their job when serving the customer. It is also not necessary that the frontline employee and customer have any prior acquaintance. In fact, often a level of intimacy can occur that would not necessarily characterise a 'stranger' relationship. For example, when the customer is interacting with a bartender or beautician. Although conversation with the bartender or beautician may focus on personal disclosures while a conversation with a bank teller may focus only on the task at hand, it is the service and the task itself that is most important. Lastly, the roles of customers and frontline employees are well defined and may at times require a suspension of status. For example, a doctor has a high social status while his or her clients may be street people who have a low status.

Traditionally the service encounter has been studied from the perspective of only one of the players, and these studies have failed to recognise the dyadic nature of the encounter. They can range from simple dyadic relationships to more complex ones involving a series of interactions or several participants (Solomon, Surprenant, Czepiel & Gutman, 1985:100). Service encounters are a special form of purposeful human interaction but the nature and the outcome of this interaction can differ both between customers and across different situations with the same customer. The differences are not just a function of the content of the service but of the perceptions of the client, the characteristics of the provider and the actual structure of the service such as time, location and degree of standardisation (Czepiel *et al*, 1985). McCallum and Harrison (1985) emphasise the interdependence between frontline employee and customer in that the interaction itself affects the outcome for both of them, while Bitran and Hoech (1990) propose that the service relationship is a power play. The power of frontline employees rests with their being in a unique position to offer a service and to determine the level of service, particularly when the customer cannot

back out of the service commitment. The customer's power lies in paying for the service and whether to repurchase or not. Moral, psychological, social and political power is also available to both frontline employees and customers. For example, there can be differences in social status that can cause the customer to abuse the service relationship.

Klaus (1985:24) reinforces the importance of both participants in the service encounter when he defines service quality in the context of interlocking behaviours and as a "shared experience of gain". From a customer's perspective, characteristics of service such as the purpose of the service, the necessity of the service, the cost, reversibility and the risk involved in acquiring the service, determine customer expectations, and their ultimate satisfaction with the service. The expertise, attitude and the demographic characteristics of frontline employees impacts on the satisfaction of the customer with the service experience. Time is of key consideration in this research as it focuses on short-term transactions between the frontline employee and customer. Both the frequency and duration of the encounter impact on the type of interaction, as does the physical, emotional and cognitive content. The higher the service encounter is on all dimensions the more the outcome is dependent on the interaction itself. Price, Arnould and Tierney (1995) found that extended, affective, intimate (EAI) service encounters developed into boundary open transactions with customers requiring authentic understanding and extras over and above the standard service offerings. Boundary open transactions involve frontline employees and customers meeting each other as friends in an interaction where the customer expects the employee to be interested in them as a person. They also find that the emotional work required of these frontline employees results in emotional fatigue, role stress and role conflict. Hochschild (1983:7) proposes that service jobs also require emotional labour in addition to physical and mental labour. She defines emotional labour as the "management of feeling to create a publicly observable facial and bodily display". Morris and Feldman (1996:986/7) define emotional labour as "the effort, planning, and control needed to express organizationally desired emotion during interpersonal transactions." Emotional labour is now being performed for a wage and according to set guidelines and policies. This is particularly true of service work that requires frontline employees to smile and to create a welcoming and warm atmosphere irrespective of how they are really feeling, the pressure of the job or the way the

customer is treating them. It is not only what is delivered by way of the service but also how it is delivered. Even frontline employees performing the most routine service work engaging in short encounters with customers are required to smile, have a friendly greeting at hand and make eye contact (Noon and Blyton, 1997:121). According to Hochschild (1983:5) the emotional style of offering the service is part of the service itself. Thus service providers are required as part of their work to display emotions and adopt a role to create a satisfying service experience for the customer. These emotions are what ought to be “publicly expressed” rather than what the frontline employee is actually feeling. As such emotional labour is the display of appropriate emotion (Ashforth & Humphrey, 1993:89).

Frontline employees are in fact performing “emotional labour” according to “a particular emotion script” (Noon & Blyton, 1997:123). Hochschild (1983:118-119) refers to this emotion script as “feeling rules” and Ashforth & Humphrey (1993:89) refer to it as “display rules” to emphasise that the emotion is not about real feeling but about the required emotions to be expressed. From a role theory perspective, service encounters can be seen as role performances where each participant plays a role according to a script that is often strictly defined (Solomon *et al*, 1985:101). The service providers as actors in the total performance engage in “the creation and maintenance of a credible show” (Grove, Fisk & John, 2000:338). In engaging in impression management, frontline employees must demonstrate loyalty to their organisation by not disclosing any secrets about the creation of the performance. They also must exercise discipline in learning and carrying out their parts according to the script in a credible manner (Grove *et al*, 2000). For many employees, performing emotional labour may not be a problem. However for those frontline employees who are performing emotional labour over a long time, who have to deal with abusive customers, or who feel uncomfortable expressing the required emotions there could be negative consequences. These could include job dissatisfaction, role stress, emotional exhaustion, alienation and “emotive dissonance” (Hochschild, 1983:90; Noon & Blyton, 1997; Ashforth & Humphrey, 1993; Price *et al*, 1995). Frontline employees may have a sense of being detached from their own ‘real’ feelings and this threatens their self-identity. Hochschild (1983) believes that feigning feelings one does not have over long periods of time can be very stressful and can lead to an experience of emotive dissonance. In order to cope with this dissonance, employees can either

change what they feel or what they display. When the displayed emotions are what they are being paid for it is often the employee's feelings that are brought into line with the required feelings.

Employees have developed various coping strategies that range at their simplest to retiring to a rest room, to covert strategies such as inflicting physical discomfort on an abusive customer to performing the job in a mediocre and routine way. In essence, this is about frontline employees not only taking a respite but also re-establishing a sense of control and power. Hochschild (1983:90) observed flight attendants using a 'slow down' and making minor changes to their uniforms to flaunt the display rules. The results of Wharton's (1993) study on 600 banking and health service employees challenges the understanding that all of the impact of emotional labour is negative. She discovered that employees who are engaged in emotional labour are no more likely than others to suffer emotional exhaustion. Morris and Feldman (1996) refer to emotional exhaustion as a depleted state that results from excessive emotional demands. Wharton (1993) finds that a high level of job autonomy makes it less likely that employees experience emotional exhaustion. Noon and Blyton (1997) propose that a degree of congruence between the employee's personal characteristics and the requirements of the job plus the opportunity to disengage from the work at the end of the day may also assist in reducing the impact of emotional labour on frontline employees. Ashforth and Humphrey (1993) point out that emotional labour is a means of regulating interactions with customers and avoiding embarrassing interpersonal problems. In fact, Noon and Blyton (1997) point out that many frontline employees get great pleasure out of assisting customers.

2.1.3.c Service-orientated Behaviour

Schneider and Bowen (1993:39) describe service as a "personal and psychological experience" between the frontline employee and the customer. The intangible and variable nature of this service interaction has made it difficult to systematically specify what effective service-orientated behaviour is (Morrison, 1996). In addition, what is considered as effective service-orientated behaviour could vary considerably from industry to industry and according to customer expectations (Browning, 1998). Conellan and Zemke (1993) believe that it is critical to be able to describe and specify behaviours to facilitate continuous improvement of service quality. Zerbe, Dobni &

Harel (1993:7) conceptualise service-orientated behaviour as “the nature and content of the interpersonal interaction between service providers and customers”. They find that the degree of positive behaviour that frontline employees show to their customers is strongly related to customer satisfaction. Schneider and Bowen (1995:123) outline four key areas related to motivation and competency issues when interviewing potential frontline staff for financial services. These are client service (being responsive to the client even if the client is not physically present, being patient and putting the client at ease), oral communication (listening and understanding and communicating concerns and information so that it is understood), pressure and adaptability (being able to work under pressure and adapt to change) and interpersonal sensitivity when dealing with both customers and co workers. Carr (1990) emphasises the need for frontline staff to listen effectively. This requires frontline staff to be calm and objective and to focus on the customer’s problem and not on their own problems. He expands listening to also include the skills of observing the customer so that the employee can understand the customer and respond effectively, asking the customer for more information and feeling the customer’s situation. Price et al (1995:93) find that authentic understanding and providing more than the customer expected in extended, affective, intimate (EAI) service encounters is highly related to the overall performance of frontline employees. They define authentic understanding as connecting with the customer’s life experiences and both customer and employee engaging in self-disclosure.

Ford (1994) proposes three broad categories of behaviours used by service providers: courteous service, personalised service and manipulative service. Courteous service includes smiling, eye contact and friendly greetings that present warmth and attentiveness towards a customer. Non-verbal immediacy behaviours are also used to reduce the psychological distance between service provider and customer. These include leaning towards a customer, orientation of the employee’s body towards the customer and eye contact. Personalised service moves beyond the expected to where an employee responds to a customer’s uniqueness. As with courteous service, personalised service can take many forms ranging from programmed personalised service which includes using a customer’s name to establish a perception of personal service, to meeting the specific needs of the customer by eliciting their opinions and providing personal advice. Manipulative service is achieved by strategically

manipulating customers and is most commonly used in getting the sale. Bettencourt and Brown (1997) propose that pro social organisational behaviours are helpful behaviours that promote the welfare of both the individual and organisation and can be divided into role prescribed and extra role behaviours. Morrison (1996) indicates that research into organisations that excel in customer service highlights employees engaging in role prescribed behaviour and extra role activities. Role prescribed behaviour follows the organisational guidelines and policies of how customers should be dealt with (Williams & Sanchez, 1998; Morrison, 1996). They may be contained in the implicit norms in the workplace or in job descriptions and performance standards and include showing common courtesy, greeting customers, using a customer's name, saying 'thank you', having a good knowledge of products and policies, and cross-selling the organisation's services (Bettencourt & Brown, 1997). Extra role behaviours have been aligned with spontaneous behaviour not specified as part of the employee's role and include helping customers in creative ways, 'going that extra mile' and assisting internal departments through suggestions to improve quality. Schneider, White and Paul (1997) found that interdepartmental service orientation related significantly to customers' overall perception of service quality. Extra role behaviours are in line with organisational citizenship behaviour (OCB) that Morrison (1996) proposes contribute to service excellence. He identifies five distinct dimensions that include going that extra mile, motivation to help and support others (altruism), willingness to support one's organisation (civic virtue), willingness to tolerate difficult circumstances without complaining (sponsorship) and respect and consideration for fellow employees. Above average employees have a clear understanding of the needs of the customers, will follow up on customer queries and complaints and take personal responsibility to resolve customer problems without becoming defensive (Spencer and Spencer, 1993).

Kelley (1992) finds that the appropriateness of the activities to which effort is directed and maintained (motivational direction) and not the amount of effort is positively related to customer orientation. He defines customer orientation as "the satisfaction of customer needs at the level of the employee-customer interaction" (Kelley, 1992:27). It seems that it is more effective to work smarter than harder. Frontline employees behaviours that lead mostly to dissatisfaction among customers seems to rest in how they respond to service failure and the attitudes and character of these employees.

Acknowledging the service failure and solving the problem for customers and compensating the customer in some way can turn a service disaster into a satisfactory customer experience. Employees who pay that extra attention to customers, anticipating their needs, providing that special touch with flowers for a customer's birthday, not ripping off the holidaymaker and handling the pressures of the job with grace, all leave that indelible impression on the customer of a satisfying experience (Bitner, Booms & Tetreault, 1990:76-81). Bitner *et al* (1994:98,100) find a strong similarity in the way customers and frontline employees classify sources of satisfaction and dissatisfaction in customer experiences and also similarities across service industries – hotels, restaurants and airlines. However, employees did add another group of incidents that were classified as “problem customer behaviour”. Schneider *et al* (1980) also find that employees' perceptions of the service-orientated practices in their organisations are related to customers' perceptions of the service.

2.1.3.d Determinants of Service-orientated Behaviours

Ford (1994) proposes that determinants of frontline employee behaviour during the service encounter can be divided into three broad categories: customer variables, provider variables and context variables. Under customer variables, he puts forward customer's gender, dress, race and weight as possible demographic characteristics that seem to impact on the behaviour of the frontline employee towards the customer. For example, females receive more positive non-verbals than males and the response time for over weight customers is longer. The behaviour of the customer can also influence the frontline employee. Ford (1994) provides examples of how demanding and sociable a customer is. Aggressive behaviour, drunkenness and uncooperative behaviour make it difficult for the frontline employee in dealing with a situation in a way that could create customer satisfaction. In fact, frontline employees in these situation are less likely to see these customer's requests as legitimate (Bitner *et al*, 1994 & Ford, 1994).

The way frontline employees interact with the customer can also be guided by their personal characteristics. Female employees seem to display more attentiveness and positive emotion towards customers (Ford, 1994). Specific dimensions of personality in frontline employees result in them delivering more superior customer service (Hogan, Hogan and Busch, 1984; Hurley, 1998; Williams & Sanchez, 1998). Hogan

et al (1984) developed a personality measure for 'service orientation' which they measure along three dimensions – adjustment, sociability and agreeableness – and defined as the willingness to treat customers and co-workers with tact, consideration, courtesy, being perceptive of customer needs and being able to communicate accurately and in a pleasant manner with customers. Hurley (1998:123-124) finds that frontline employees who see themselves as extrovert and agreeable are rated more highly on customer service by their co-workers. Extroversion was defined as the need for attention and social interaction and agreeableness as the need for pleasant and harmonious relations. The findings were less clear for the impact of adjustment, defined as the extent that the world is experienced as threatening and out of one's control. Adjustment can adversely affect a frontline employee's performance if it is too high or too low. Employees high on adjustment can come across as arrogant and overconfident while those low on adjustment can be self-depreciating, moody and tense.

Williams and Sanchez (1998) find that openness to experience is associated with extra role behaviour and conscientiousness with role prescribed behaviour. Williams and Sanchez (1998) also find that extroversion and agreeableness predict both role prescribed and extra role behaviour. Although there seems to be conclusive evidence that specific personality dimensions are associated with service-orientated behaviour, the magnitude of the effect seems to vary. Hurley (1998) does not find compelling evidence that the magnitude of the effect of personality in the retail setting is large. He cautions managers putting too much emphasis on dispositional defects as the cause of poor service. Schneider and Bowen (1995) highlight the dispositional approach to job satisfaction in that some people have a propensity to be upbeat and happy and bring this with them to work. They, however, also contend that predisposition only partly determines job satisfaction and that employees' workplace experiences also play a key role in determining their level of job satisfaction.

The context in which the service encounter takes place can also influence the frontline employee's behaviour. Ford (1994) provides examples of how busy the store is and the length of the service encounter itself. Extended encounters result in more non-verbal attentive behaviours and more boundary open relationships (Ford, 1994; Price *et al* 1995). In a boundary open relationship, the service provider is expected to share

feelings and become more personally involved with the customer. Context can also include the organisational culture and climate and the internal policies and practices of an organisation. A climate is distinct from culture in that it is about the perceptions individuals have of what is important in the organisation while culture is the core values, assumptions and meanings of the way the organisation functions (Kelley, 1992; Schneider & Bowen, 1995). The experiences and shared perceptions employees have indicate a theme of service that leads them to the conclusion that a climate of service exists (Schneider & Bowen, 1995). Kelley (1992:29) defines organisational climate for service "as a set of descriptive characteristics concerning service delivery and service quality that differentiate an organisation from others and influences the service-related behaviours of the individuals in the organisation". Schneider and Bowen (1995:239) see culture and climate as "two aspects of a similar concept". They outline two types of service culture, the first of which is characterised by a positive passion for service and the other a weak passion for service. In the first type of culture, employees have a passion for service and so do their managers. The second type of culture lacks a customer focus and is characterised by unsupportive management and company policies and procedures that make it difficult for customer contact staff to carry out their job.

The culture and climate is critical in determining the service-orientated behaviour of frontline employees and the satisfaction of customers (Schneider & Bowen, 1995). Kelley (1995:32) finds that employee perceptions of organisational climate for service have a positive impact on their customer orientation. The customer will experience the same culture and climate that the employee experiences (Schneider *et al* 1980; Schneider & Bowen, 1985, 1993, 1995). Zerbe *et al* (1993:4,11) find that service culture mediates the relationship between human resource management (HRM) practices and employee service-orientated behaviour. They see a service culture as a culture where there is an appreciation for good service and that good service is seen as important and the norm to deliver good service to both internal and external customers. HRM practices create and support a service culture that in turn affects the service-orientated behaviour of frontline employees.

2.2 Human Resource Management

The 1980s have seen the rise of human resource management (HRM), and a shift from a personnel management function serving a peripheral role, to that of a strategic and distinctive role underpinning business strategy and creating competitive advantage for an organisation. (Grundy, 1998, Beer, Spector, Lawrence, Mills & Walton, 1984; Pfeffer & Veiga, 1999; Huselid, Jackson & Schuler, 1997; Storey, 1995). The emergence of a more comprehensive and strategic approach to human resource management has to a large extent been a response from organisations to stay competitive (Ulrich, 1997, Pfeffer, 1998). Schneider (1991) and Redman and Mathews (1998:59) point out that organisations need to become more outwardly focused rather than internally focused and need to pay more attention to customer perceived quality or “true” quality rather than just to business process quality or “internal quality”. HRM is also taking a more central role in organisations in emerging economies such as South Africa; economies that need to become more world class and competitive (Kane & Palmer, 1995; Kane, Crawford & Grant, 1999; Wood & Els, 2000, Habir & Larasati, 1999). Competitive challenges faced by organisations that include globalisation, a need to be responsive to customers, increasing profitability through cost and growth and keeping up with technological innovation, have required the building of organisational capability “the DNA of competitiveness”. This is particularly so in “soft” capabilities such as the ability to attract and retain staff who can assist the organisation to meet these challenges (Ulrich, 1997:10). Ulrich and Lake (1990. Cited in Hallowell, 1996:552) define organisational capability as:

“(a) business’s ability to establish internal structures and processes that influence its members to create organisation-specific competencies and thus enable the business to adapt to changing customer and strategic needs”.

This places a demand on management and the human resource function through effective human resource practices to build individual competencies into organisational capability (Ulrich, 1997). Beer *et al* (1984) also identify some key internal pressures that pressurise organisations to look at their assumptions of the capacity and commitment of employees to contribute to an organisation’s success. These include the increasing education of the workforce; the changing values of the

workforce (particularly to authority) and employees' need to take into account their own individual lifestyle.

2.2.1 Human Resources Management Defined

The theme of building capacity and taking a more strategic approach to the management of employees is evident in Storey's (1995:5) definition of human resources management as a "distinctive approach to employment management which seeks to achieve competitive advantage through strategic deployment of a highly committed and capable workforce using an integrated array of cultural, structural and personnel techniques". HRM has characteristics and elements that distinguish it from the more traditional forms of personnel management (Storey, 1995; Guest 1989; Horwitz, 1988; Blyton & Turnaball, 1992; Legge, 1995).

2.2.1.a The relationship between Employees and Organisational Performance

It is the people who work for the organisation that make the difference as to whether an organisation is successful or not. As such, it is important to nurture employees within the organisation and to treat them as a resource that can add value rather than just a cost. Beer *et al* (1984) refer to human resources as social capital with the implication that employees must be seen as an investment rather than as a budgeted expense. The human resource system which includes recruitment, selection, performance appraisal and training can enhance the ability of human resources within an organisation to sustain the competitive advantage of their organisation by building up a resource that is rare, valuable and difficult for competitors to imitate (Swiercz & Spencer, 1992; Dreher & Dougherty, 2001). April (2001) emphasises that competitive advantage can only be sustained if the capabilities that create the advantage are backed up by adequate resources and this includes human resources. The human resource is the knowledge, experience, training, insight and relationships of all the employees within an organisation. There is also a concern for all levels of employees in the organisation as key stakeholders in the organisation and mechanisms to ensure their ability to influence the formulation of the HRM policies pertinent to them should be put in place (Beer *et al*, 1984). Kane *et al* (1999) emphasise a need for a multi-constituency approach when evaluating HRM effectiveness, as the ultimate survival

of an organisation rests on its ability to meet the needs and demands of all stakeholders.

2.2.1.b Human Resource Management and Corporate Strategy

HRM is of strategic importance because the human resource is so critical to the success of an organisation. The strategic approach to human resource management implies the strategic management of an organisation's human resources that underpins the corporate strategy and should be consistent with initiatives taken in other areas of the business (Anthony, Perrewé & Kacmar, 1993; Miller, 1989; Storey, 1995). As a strategic thrust, it is responsive to the competitive marketplace and global business realities, has a long term focus in terms of the style and approach of human resources management and engages in problem solving and proactively making choices and decisions committing the organisation to specific human resource approaches (Anthony *et al*, 1993). Storey (1995), Guest (1989) and Kane *et al* (1995) suggest, however, that in practice there is a lack of integration of HRM into corporate strategy and between the HRM practices themselves. Guest (1989) talks of a "piecemeal" approach and Storey (1995) a "pick-and-mix way". Kelliher and Johnson (1987) find that practice of HRM in hotels does not reflect the rhetoric of the industry's leaders nor is it as sophisticated as the literature suggests.

2.2.1.c Line Management involvement in Human Resources Management

Because of the strategic importance of HRM it is no longer the exclusive domain of human resource professionals but rather a domain where management plays a key role. Line managers are seen as the deliverers and drivers of HRM policies and practices. As such the 'management' of managers becomes critical in ensuring that HRM is effectively implemented. Line management is often defined as those managers who have direct responsibility for achieving the objectives of the organisation. There are also various layers of management from top management or general managers through to middle or department managers to supervisory levels (Heraty & Morley, 1995). Anthony *et al* (1993) propose that all managers are human resource managers in that all managers need to take responsibility for the effective and efficient utilisation of human resources within their organisation. Heraty and

Morley (1995) contend that increased competition and the resultant pressure to be more efficient place day-to-day management beyond the routine. Line managers are required to be consistently innovative in improving the way things are done. Being in touch with employees on a day-to-day basis places management in a strong position to drive HRM initiatives to empower staff to add value to the organisation. Poole and Jenkins (1997) state that a common feature in the discussions of what constitutes HRM is that line management has a key responsibility for HRM and that many of HRM's responsibilities have been decentralised to management (Stace, 1987, Heraty & Morley, 1995). As Ulrich (1997) points out, in many cases, the delivery of the four key roles of HRM may be shared between the HR professional and line management. The four key roles are: management of firm infrastructure which is the design and delivery of HR processes such as training and reward, the management of strategic human resources which is the aligning of HR strategies and practices to the business strategy, the management of employee contribution which is listening and responding to the needs and issues of employees and, lastly, the management of transformation and change which involves guiding the organisation through major transformation or ongoing change initiatives (Ulrich, 1997). To a large extent, line management's responsibility has become that of implementing these roles while HR professionals have taken on a more advisory role ensuring that these HRM roles take place as is appropriate to the organisation. Ulrich (1997) goes on to point out that the role of the management of employee contribution has undergone the most change, with line management taking on the bulk of the responsibility.

While Poole and Jenkins (1997) contend that there is strong evidence for the "hard" version of HRM becoming increasingly dominant, the emphasis management now places on listening and engaging with staff to increase their commitment also points to the emergence of a "soft" approach to HRM. The hard model stresses the importance of strategy, integration and the use of employees as a resource to achieve this strategy. "Its focus is ultimately *human resource management*" (Legge, 1995:35) the soft model on the other hand stresses treating employees as valued assets who, through their commitment and skills can add value to an organisation. The focus in this model is therefore on HRM policies and practices that empower employees to be resourceful and as such the emphasis is on "*human resource management*" (Legge, 1995:35). Storey (1995:14) reports an "impressive emergence of general 'business' managers

and line managers as key players on employment issues.” Top management support is key to the implementation of HRM (Kane *et al*, 1999). Guest (1990) cites research that innovation in HRM is more likely where line management are committed and involved. However, there are key barriers that emerge to management becoming more involved in people management rather than only the technical tasks of their jobs. The first of these is the perception by management of a dichotomy between their technical and people responsibilities that results in giving preference to the former responsibility (Shimko, 1990). The result is a lack of engagement and support for their staff that results in low staff morale and, at its worst, increased staff turnover. Many managers shy away from people management because they are ill prepared for it and do not have adequate training in both the more technical areas such as selection and training and the influence and process skills necessary to interact with staff. In fact, many feel uncomfortable managing people. Managing people requires quite specific interaction and relationship skills that we are all often ill equipped in. As a result, there is a tendency for managers to delegate their HRM responsibilities to the HR department (Shimko, 1990; Napier & Peterson, 1984; Heraty & Morley, 1995). In many cases, the HR department bring this on themselves when they exclude line management from certain HRM processes such as training and then wonder why management fail to take ownership of such initiatives. Heraty & Morely (1995) propose that issues of ownership and a fear of being substituted may be behind this.

Top management philosophy on how staff should be managed can also restrict the options management have in managing their staff (Napier & Peterson, 1984). The short-term focus adopted by many managers and the sense that they just do not have the time for these people management issues also means that long-term HRM initiatives become a low priority. Managers, in many cases, are only appraised on short-term objectives and to only a limited extent on how they have carried out their HRM responsibilities. In fact, managers who achieve good bottom line results are often assumed to be a good people manager that is not necessarily the case. This is something that an organisation can learn to its detriment latter on (Napier & Peterson, 1984; Heraty & Morley, 1995). Other barriers include managers not being able to share crucial personal information with employees and a lack of credibility of the HRM department. Also continuously introducing the latest HR fads reduces the credibility of the HR department and of HRM itself. Of course, there are also the

political agendas of managers themselves that have often impeded the implementation of HRM, for example, such as equal opportunity programmes (Kane *et al*, 1995).

2.2.1.d A Focus on Organisational Culture, Integration and Empowerment

Storey (1995) identifies three key levers that activate the HRM approach. They are managing culture rather than procedures and systems, having an integrated approach to HRM processes and practices such as selection, training and compensation, and providing an organisational structure and jobs that allow for empowerment and employees to take responsibility. There has been some debate as to whether organisations can and have taken this approach and also how appropriate and realistic it is. Storey (1995) finds evidence of grand initiatives but limited implementation. Guest (1989) identified four distinct models in practice – the HRM model, a paternalistic welfare model (caring for employees so they care for the customer), a production model (ensuring all the staff are working to consistent and clear industrial guidelines) and a professional model (the human resources department delivers high quality services). The HRM approach is also held up as fundamentally unitarist reflecting an imposition of more managerial control and jeopardising the role of trade unions (Storey, 1995; Horwitz, 1990; Guest, 1991). Storey (1995) finds a duality of approach in many British organisations where trade union activities are still upheld alongside new HRM initiatives. Horwitz (1990) states that there does seem to be an increasing shift from the collective to more individual relations and that trade union resistance to an HRM approach is more likely if unions are still developing and are less established. Trade unions can feel that managerial initiatives undermine their traditional role. He proposes, however, that South African organisations need to re-examine the more unitary interpretation of HRM and develop a more pragmatic and flexible approach that takes into account the power relations in the workplace.

Peccei and Rosenthal (2000:564/5) and Kalra (1997) raise the point that the HRM approach opens the employee to manipulation by management as a means to an end. The use of various mechanisms of control such as rewards and language to define reality and establish the 'rightness' of a culture drive any resistance out. Kalra's (1997:176) main issue is around treating human beings as merely another resource that he considers "derogatory and demeaning". This emphasis on employees as a

resource ties in with the distinction between the hard and soft normative models of HRM (Legge, 1995). A normative model prescribes an ideal approach. As Legge (1995) points, out these approaches are not mutually exclusive and most normative statements on HRM considers them both. Kane *et al* (1999) find a strong relationship between the strategic and developmental aspects of HRM in both developed and emerging economies. They originally assumed that organisations in developed economies would emphasis the soft approach to HRM as they find it difficult to only compete on the basis of cost-minimisation. Their evidence points to the need for a balanced approach for HRM to be effective. They measured HRM effectiveness by the perceptions of management and non-management to the strategic emphasis on HRM, the integration of HRM policies and practices, the long-term focus of HRM and whether HRM motivated staff, ensured fair treatment and assisted staff in developing to their full potential. In support of the soft approach to HRM, Kalra (1997) proposes that discussion should be about human potential management where policies, systems and interventions at both a macro and micro level create an environment where employees can fully realise their potential.

Up to this stage, the discussion has centred on human resource management but it is important to note the distinction between this approach and the more traditional personnel management approach. There has been some argument as to whether there is actually a difference or whether the use of the term human resource management is merely a new title for personnel management (Legge, 1995; Armstrong, 1987; Keenoy, 1990; Storey, 1995; Guest, 1989, 1991; Horwitz, 1988, 1990). As Legge (1995) contends the soft normative model of HRM is many ways quite similar to the normative model of personnel management. However she like Armstrong (1987), Keenoy (1990), Storey (1995), Guest (1989) and Horwitz (1988, 1990) contends that HRM is more of a senior management strategic activity where line managers are business managers and HRM forms an integral part of their pursuit of good bottom line results. Guest (1991) distinguishes between personnel management and HRM around the issue of control, with personnel management involving more compliance-based systems while HRM is more aligned with commitment. This translates into personnel management being more concerned with a fair day's work for a fair day's pay, employee relations being pluralist, collective and low-trust and the organising principles being formal with defined roles and a top-down approach. The focus is also

on efficiency and cost minimisation while for HRM, it is on adapting to fit the workforce and creating an empowering environment for employees to add as much value as they can. The contract between employer and employee is also essentially reciprocal and has a more unitarist approach to the relationship, strongly emphasising the individual and trust. The organising principles are also more organic and flexible allowing for more employee participation in decision making. Ellig (1997) believes that in many ways personnel management is characterised by the employee advocate and administrative role taken up by the HRM department. Storey (1995) spins the distinction out even more and the following discussion is worth noting in the context of this research. From a strategic perspective, the key relationship in HRM is between the business and the customer while in personnel management it is between management and labour. The customer focus is evident in that HRM takes its lead from what the business needs with roles and rules being flexible to these needs. Personnel management, on the other hand, focuses on consistency of rules and clearly delineated roles. Keenoy (1990) and Horwitz (1990), however, both make the point that personnel management and HRM are really complementary rather than mutually exclusive practices. Horwitz (1990) proposes that a more holistic approach to HRM is to have a more strategic perspective and to have supportive systems and procedures. Keenoy (1990:7) talks of “the patchwork quilt of HRM” which is made up of a variable mix of conventional operational personnel management, line management responsibility for people management and a strategic and integrated approach to HRM. Wood and Els (2000) find that, in practice, in the South African context, the approach to HRM needs to take into consideration the realities of the situation within which the organisation finds itself. Although five organisations in their research take a more holistic approach to HRM, closer to the definitions proposed, in most cases, a hybrid of HR-industrial relations practices was adopted. Guest (1990:380) finds that although, in the American context, HRM has been the preferred approach, “the rhetoric and enthusiasm” could run ahead of practice. Storey (1995:9), in a study of 15 mainstream organisations in the United Kingdom, reports “an extensive adoption of many ... HRM-style approaches”. Blunt (1990) and Kane *et al* (1999), however, highlight the fact that only a handful of organisations seem to have translated HRM approach into practice.

Kane *et al* (1999) highlight three possible barriers to the implementation of HRM. Firstly, top management placing a low priority on the role of HRM and taking a short-term view on HRM issues. Secondly, HRM staff not having the necessary knowledge and skills to catalyse and support an HRM thrust in the organisation and thirdly, the scepticism held by management as to the viability and real impact of HRM on the business. In research on organisations in Australia, New Zealand, the United States and Canada, Kane *et al* (1999) find that the lack of support of top management and inadequate skills of HRM staff to develop and implement a more strategic HRM approach hampers the effectiveness of HRM. Wood and Els (2000) find that effective and militant trade unions and autocratic management attitudes undermine the HRM approach, resulting in the HRM practitioner taking on a somewhat peripheral role. Ulrich (1997:24) contends that in order to add value HRM professionals need to take up multiple roles. They need to fulfil both strategic and operational roles, to monitor and collaborate with management and achieve both short-term and long-term goals. Both Ulrich (1997) and Ellig (1997) argue the need for a balance between these roles. The complexity of HRM in organisations demands HRM professionals play “increasingly complex and, at times, even paradoxical roles”. In terms of day-to-day deliverables, they need to build an efficient infrastructure and increase employee commitment and capability by listening and responding to employees and providing resources for them. In terms of a strategic, long-term focus they need to partner management in aligning HRM and business strategy and managing transformation and change. Legge (1978, cited in Guest, 1991:159) describes this latter role as that of a ‘deviant’ innovator with an emphasis on the catalyst role of the HRM professional. As Guest (1991) points out, the role in reality tends to be one of support in implementing change rather than initiating change. Legge (1978 cited in Guest, 1991:161) proposes that HRM professionals can more realistically seek to develop the HRM activities so that they can add the most benefit to organisational success. She terms this ‘conformist innovation’. Both Guest (1989) and Hutton (1987) emphasise the supportive role of the HRM professional to management. Hutton (1987) believes that in order to gain any real credibility the HRM professional needs to provide facts and figures that provide management with an accurate picture of the impact of the HRM policies and practices. This reinforces Kane *et al*’s (1999) finding that management will continue to question the credibility of HRM until they can see the real impact of HRM initiatives.

In conclusion, our understanding of HRM up to now has to a large extent been based on United States theoretical models steeped in the related American value system. Sparrow and Wu (1998:26) contend that HRM as an Anglo-Saxon construct in continental Europe is been “grafted on” to management rather than “taken root.” They raise concern as to the relevance of HRM in a cross-national context. Zeffane and Rugimbana (1995) caution multinational organisations and those seeking to conduct business in less developed countries such as Africa to be more sensitive to cultural differences. The emerging understanding of African management needs consideration if the assessment of the impact of HRM in the South African context is to be considered valid and relevant. Lessem (1993) emphasises the contribution of South African black culture to a humanistic approach to management. Humanism in African culture embodies feelings and community. It is best described by the concept of Ubuntu that expresses the belief that a man can only be a man through others. Mbigi and Maree (1995) outline the key values of Ubuntu as group solidarity, conformity, compassion, respect, human dignity and collective unity. A convivial management style emerges from this orientation and as such there is an emphasis on relationship building and teamwork.

2.3 The Link Between HRM and Organisational Performance

A number of studies have linked high performance HRM policies and practices to organisational performance (Huselid, 1994; Huselid, Jackson & Schuler, 1997; Wright, McCormick, Sherman & McMahan, 1999; Haynes & Fryer, 2000; Hoque, 1999). Fitz-enz (2000) emphasises that investment in an organisation’s human capital can have an impact on the financial performance of an organisation. Much of the research highlights the importance of a match between HRM and the business strategy and the implementation of a combination of HRM practices that support and are consistent with each other. Dreher and Doherty (2001) contend that human resource systems should have both a horizontal fit (internal congruence/consistency) and a vertical fit (match with the business strategy). Huselid (1994) finds that the use of sophisticated human resource policies has a substantial and positive effect on a company’s financial performance. Sophisticated HRM policies involve all employees being exposed to a combination of “best practices” in selection, performance

appraisal, compensation, grievance procedures, information sharing, attitude assessment and labour management participation. Wright *et al* (1999) find that selection, compensation and appraisal are positively related to refinery financial performance but only where highly participative work systems are in place. Employee participation is measured in terms of the degree to which operators feel they are involved in various activities such as resolving customer complaints, recording process variation and performance. Schneider (1994) contends that there has been a lack of focus on the service outcomes as a measure of the impact of HRM on organisational performance. In their study on a luxury hotel in Auckland, Haynes and Fryer (2000) find that not only do aligning HRM policies and strategies with the business strategy better their financial performance but it also impacts positively on guest satisfaction. Hoque (1999:419) finds that hotels that focus on both HRM and on a business strategy emphasising quality enhancement, in particular HRM as “an integrated and coherent package” perform the best in terms of service quality and financial performance compared to the hotel industry average. It should be noted that research that only focuses on the impact of one HRM practice is criticised for producing misleading results and suffering from methodological weaknesses (Worsfold, 1999).

2.3.1 HRM and Service Quality

The key question is whether HRM policies and practices influence service-orientated behaviour and in turn service quality and under what conditions. As discussed earlier service provider behaviour has a substantial influence on a customer’s assessment of service quality. (Parasuraman *et al* 1985; Schneider & Bowen, 1995; Bitran & Hoeh, 1990:90). Research by Zerbe *et al*, 1993; Bowen & Lawler, 1992; Schneider & Bowen, 1985, 1993; and studies on Delta Airlines (Ulrich, 1992) and Southwest Airlines (Hallowell, 1996) highlight the importance of the relationship between human resources management and employee attitudes and the impact this has on their service-orientated behaviour and ultimately on organisational effectiveness. Employees who have a positive perception of the internal structures and practices display positive service-orientated behaviour towards customers (Schneider & Bowen, 1985, 1993; Zerbe *et al*, 1993). How employees are treated within their organisation influences the way they behave towards the customer thereby impacting on the

customer's experience of service. Much of what happens inside an organisation cannot be hidden from the customer (Schneider & Bowen, 1993). Customers have a strong sense of what is going on in an organisation (Schneider, 1991; Schneider *et al*, 1997). Schneider and Bowen (1985) find a significant correlation between customers' perceptions of service quality with employees' human resource perceptions. This is particularly so in relation to customers' perception of employee morale and branch administration. Employees' perception of work facilitation is most consistently related to customers' service perceptions. Work facilitation items focus on organisational and job conditions that inhibited work performance.

Eaton (2000:606) finds that service quality improves in nursing homes that use innovative HRM practices such as team work and cross training and comes from a core philosophy termed "regenerative" that is characterised by a high level of employee empowerment and collaboration with clients and the community. Heskett, Sasser and Schlesinger (1997:10) challenge the "cycle of failure" that many service organisations find themselves in, where managers and employees are paid low wages and offered little training and support. They contend that a factor most often associated with high profits and rapid growth is customer loyalty and that the strongest relationships in the service profit chain are between employee loyalty and satisfaction and customer loyalty and satisfaction. The service profit chain emphasises links between high quality support for employees, the resulting employee satisfaction and the positive impact this has on customer satisfaction and loyalty and organisational profitability and growth (Heskett, Jones, Loveman, Sasser & Schlesinger, 1994). Heskett *et al* (1997:11&114) propose a "cycle of capability" which is based on selecting frontline employees for the right attitude, providing excellent training, empowering these employees to carry out their job effectively, providing "well-engineered" support systems and rewarding a job well done.

Schmit and Allscheid (1995) find support for a strong association between an underlying emotional response and employees' evaluations of service climate and ultimately in the intention to serve. They distinguish between a climate of well being which are employees' assessments of policies and practices that result in positive experiences and emotions and a climate of service that involves an employee's assessment of the policies and practices that support them in providing quality

customer service. Respect for each individual employee and fair management of performance, combined with a genuine caring for people, seems to be the magic and effective combination of ingredients in the case of Southwest and Delta Airlines (Hallowell, 1996 & Ulrich, 1992). It required a paradigm shift within the minds of management to view employees with the potential to add value rather than as a cost to the organisation. The focus is on the human side of people management and viewing employees as an asset. This, combined with the effective management of that asset, plays a key role in creating the service excellence and a competitive advantage of these organisations.

Schneider (1991:156, 1994) cautions against the “overly simplistic” and universal expectation of a relationship between employees and customer attitudes and profitability. HRM practices need to be appropriate to the market and market segment in which the organisation operates. Schneider (1991) proposes specific conditions that allow for employees and customer attitudes to be reflected in profitability. Organisations that have been in the business a while are more likely to show profits while newer organisations will not despite employee satisfaction due really to being the new ‘boys on the block’. He points out that efforts to select effective employees, and train and compensate them appropriately tend to have more of a long-term effect. Other factors are low employee absenteeism and turnover, the willingness of employees to go the extra mile and organisations that not only have providing excellent service as a key focus but also share this vision across all departments in the business.

Thomas and Doak (2000) find that a negotiated common set of organisational values was a useful tool in managing and guiding employee behaviour not only in terms of decision-making and cross-cultural interactions within a diverse workforce but also externally towards customers. Lashley (1998) emphasises the contingency approach to HRM by proposing four approaches to HRM based on the degree of customisation of the service on offer and the amount of control vested in management over employee performance. The four types are involvement, professional, participative and command and control. Haynes and Fryer (2000) find that a match between HRM policies and practices with the involvement style gradually improved employee satisfaction and reduced staff turnover. Bowen and Lawler (1992) also propose that

more than one approach to HRM can be taken in service organisations. They believe that the empowerment approach may not be appropriate for some organisations and may in fact lead to customer dissatisfaction. They identify two possible approaches to delivering service excellence. The production line approach is characterised by simple tasks, a clear division of labour, the use of technology and systems instead of employees and limited decision-making and discretion allowed to employees. The empowerment approach involves sharing information with employees, giving rewards based on organisational performance, providing employees with the knowledge to enable them to contribute to organisational performance, and lastly, allowing employees to make decisions that influence the direction and performance of an organisation. A production line approach is used by companies such as McDonalds in line with providing efficient and standardised service particularly over a short period of time. An empowerment approach is key for organisations that require flexibility to customers' needs and need to build relationships over a long period of time in a highly competitive and unpredictable market. Horwitz and Neville (1996) point out that, in reality most organisations will adopt an approach that lies somewhere between these two extremes.

Bowen and Lawler (1992) believe that empowerment is not an either/or alternative but rather a choice of three options that reflect degrees of empowerment. Moving a small shift away from the production line approach the option of suggestion involvement encourages employees to provide suggestions while the job involvement option offers employees, through job redesign and teams, the opportunity to handle whole tasks and decide how to do their work. High involvement organisations involve and share information with employees extensively. Batt (2000) also questions the universal application of high involvement systems. She describes high involvement systems where high relative skills are required, where jobs provide the opportunity for employees to use these skills in collaboration with other workers and, lastly, incentives are designed to induce discretionary effort. She finds that high involvement systems do lead to better performance but are more likely to be adopted by higher value-added markets where cost restraints are not such an issue. There are costs to adopting an empowerment approach in terms of investment in selection and training to get the right person who can make the right decisions and higher labour costs and slower and more inconsistent service. It seems that congruence and fit are also

important in service industries as in any other industry, to ensure that HRM positively impacts on service quality and organisational performance.

2.3.2 Specific HRM Practices and Service Quality

Both Pfeffer (1998) and Schneider and Bowen (1995) highlight several key HRM practices that they believe can impact on the quality of service delivered by the service provider. Both emphasise the importance of a combination of selective hiring, ongoing and extensive training and contingent rewards. Each of these HRM practices including performance appraisals and management support and their impact on service is now discussed.

2.3.2.a Recruitment and Selection of Frontline Employees

Recruitment is about attracting a pool of suitable candidates. Selection involves deciding from a short list of candidates who has the most appropriate knowledge, skills and attributes and who is likely to fit well with the organisation and future work colleagues (Rudman, 2002). Recruitment and selection is the gateway into the organisation and, in many ways at this stage the relationship between employee and the service organisation has already begun. Effective recruitment and selection is critical to the success of a service organisation particularly to those organisations that rely on contact between employees and customers (Schneider & Bowen, 1995). High performing organisations, including those in the service industry, take recruitment and selection seriously (Pfeffer, 1998; Frenkel *et al*, 1999).

Firstly, they have a large applicant pool from which they selectively hire (Pfeffer, 1998; Frenkel *et al*, 1999). Schneider and Bowen (1995) emphasise the importance of increasing the depth of the applicant pool, as it is the key to accessing the best quality candidates. Davidow and Uttal (1989) maintain that companies that produce good service use innovative ways to tap likely groups of potential employees. Some such as Guest Quarters get involved in the community. Amway Grand Plaza targets retrenched or handicapped workers who take well to the intensive training they offer. Normann (2000: 92) also notes the importance of fitting with the life situation and life stage of the applicant. This is integral to what he terms the company's "personnel idea" that matches individual's needs to the business needs. He maintains employees

only mobilize their energy for the organisation if they feel their needs are being met within the context or setting of the business.

Secondly, high performing organisations know what the key attributes are that result in an employee exhibiting service-orientated behaviour and which suit their particular market and expectations of their customers. They hire for attitude and train for skills (Heskett *et al*, 1997; Pfeffer, 1998; Frenkel *et al*, 1999; Hoque, 2000). Pfeffer (1998) emphasises that organisations should select for attributes that it is difficult to train for and that clearly differentiate amongst those in the applicant pool. Peccei and Rosenthal (2000) suggest that selection for service orientation should be a priority as this facilitates the success of programmes to strengthen customer orientation. Schneider and Bowen (1995) state that service disposition is measurable and predicts service effectiveness and as such must be rigorously tested for. Heskett *et al* (1997) contend that successful service encounters are the result of hiring the right people in terms of their motivation and ability to interact with people. Cardy, Gove, and DeMatteo (2000) propose that selection should be based on both general and specific attitudes and skills of applicants in order to improve individual performance, team performance and customer satisfaction. General characteristics include agreeableness and conscientiousness and these influence a wide variety of tasks. Specific attitudes and skills match an applicant to specific tasks and constituents such as other team members and internal and external customers. Gitell (2000) finds that selection for teamwork in service settings significantly predicts more frequent problem solving communication and the sharing of goals and knowledge and mutual respect across functions. This is particularly important where work processes require what Gitell (2000:518) termed "relational co-ordination". This is characterised by collaborative problem solving under time constraints and the sharing of information and knowledge.

Thirdly, applicants in high performing organisations are selected for cultural fit (Davidow & Uttal, 1989; Schneider & Bowen, 1995; Pfeffer, 1998). This is clearly consistent with an HRM approach (Wood, 1994). Fourthly, they use appropriate selection techniques that allow for accurate and fair selection such behavioural-based interviews and validated psychometric tests (Hoque, 2000, Schneider & Bowen, 1995). Many of them also use non- traditional approaches such as the matching of life

themes (Heskett *et al*, 1997). Schneider and Bowen (1995:128) point out that attention to the quality of people selected pays off both in the long and short-term. In the short-term, bringing in service-orientated people rubs off on the overall climate of the organisation and, in the long-term, it means winning the service game.

At an individual level, employees' perceptions of the recruitment and selection practices in an organisation does impact on their service-orientated behaviour. Schneider and Bowen (1993) find a strong correlation of .64 ($p \leq .05$) between the hiring process, i.e. who gets hired and how it takes place, and employees' passion for service. Bowen *et al* (1999) report on research that suggests that an applicant's perception of how fairly they have been treated during the recruitment and selection process has an impact on their initial commitment to the organisation, which ultimately spills over into their interactions with customers. Employees more often than not have limited, if any, factual information or expertise available to them to evaluate HRM practices. They therefore often rely on perceived fairness to evaluate the HRM practices. Their perspective is to a large extent driven by their need for fairness and equality (Bowen *et al*, 1999).

2.3.2.b Training and Human Resource Development within Service Organisations

Although training and development are often referred to as one concept, they essentially encompass two separate processes. Training aims to improve employees' performances by providing knowledge, skills and attitudes related to a particular job. Human resource development, on the other hand, is a much broader process involved in developing the potential of an employee (Macky & Johnson, 2000:360).

2.3.2.b.i Investing in Training

In her article "How Fidelity invests in service professionals", McColgan (1997:137) states "(i) t's hard enough bringing new hires up to speed in any industry, but when your business is service delivery there is little room for error". It is with this understanding that customer satisfaction is based on the competence of the frontline employee to provide the expected level of service and no less, that has prompted organisations that take delivery of service excellence seriously to invest in the training

and development of their frontline staff. As Jones (2000) states customers enjoy having a well-trained, knowledgeable person who can deal with their concerns or orders. It is not uncommon to find not only a high monetary investment in training but also a substantial amount of employee and management time dedicated to training (Pfeffer, 1998; Schneider & Bowen, 1995). Companies can typically allocate up to 5% of their total business unit budget to training (Frenkel *et al*, 1999; Martinez, 1992).

Although not specifically focused on service industries, research from 10 European countries reported by Holden and Livian (1992), does raise questions as to whether this level of expenditure is really that common and whether often the high priority given to training and development is not translated in operational terms. They find that there are still many organisations, except in Sweden and France that are spending below 2% of their salaries and wages bill on training. McGunnigle and Jameson (2000) find that amongst hotels surveyed in their research, that provision for training fits into budgets as opposed to budgets being developed to fit long-term training needs. However, what is clear from the examples of successful organisations reported on by writers such as Pfeffer (1998), Schneider and Bowen (1995) and Davidow and Uttal (1989), is that training and development is taken seriously and cascaded throughout the organisation, including not only frontline employees but support staff and managers and supervisors who form part of the service system. Training is seen as a long-term investment rather than a cost factor.

2.3.2.b.ii *Training and Human Resource Development in Practice*

Hoque (2000) found that hotels that implement HRM practices place a lot of emphasis on the training and development of their staff and on the role of department managers as coaches and trainers. They also emphasise the concept of continuous development. However, hotels that perform best in terms of financial performance and service quality have extensive induction programmes and also implement cross-functional training. McGunnigle and Jameson (2000) in their research on HRM in UK hotels, find that the predominant focus is on job-related skills rather than on the external development of employees in non-job related transferable skills. Heskett *et al* (1997) find that many of the outstanding service organisations viewed training as both an end and a means. It prepares employees to do their job better but also actively seeks to

improve employees' self-confidence, pride and ability to cope with life. Horwitz (1999) contends that there is a critical need to move from only providing narrow technical skills to developing competencies in a wider range of skills. Frenkel *et al* (1999) finds however that the training of service workers in call centres of companies that exhibited strong competitive performance emphasised narrow contextual knowledge such as company products and systems and customer service skills. For these employees, their knowledge and skills is primarily gained from these formal training courses and then from colleagues and supervisors. Disney also uses cross-utilisation training where employees volunteer to train new recruits in its initial Traditions I programme.

2.3.2.b.iii *Focus of Training in Service Organisations*

Normann (1991) suggests that the three tasks of the universities and schools set up by the service industry should be teaching technical skills, interactive skills and infusing employees with company values. Schneider and Bowen (1985) find that employees' perceptions of new employee socialisation has a significant positive relationship with customers' assessments of employee morale and overall service quality. The socialisation process includes orientation and formal training. Rainbird (2000) states that the workplace is a significant place for learning both through formal and informal opportunities that result from the nature of work and the social interactions that take place. In their book "Winning the Service Game", Schneider and Bowen (1995) distinguish between formal and informal training. While formal training focuses on providing job-related knowledge and skills, informal training is about learning the culture of the organisation (Davidow & Uttal, 1989; Schneider & Bowen, 1995). However, companies like Disney have formalised this process. Orientation and learning the basic skills of the job are implemented as an integrated package. "The most important day of training is day one – attending Traditions 1, the initial orientation program for all levels of employees, ... This is where pride in the company is developed." (Martinez, 1992:56). In describing what frontline employees should be trained in, Schneider and Bowen (1995) emphasise the importance of training in knowledge and skills that is suited to the nature of the business and the strategy of the business. Fidelity's FIRSCo division, which manages corporate retirement plans, educates its Service Delivery University students in the hierarchy of

customer needs (McColgan, 1997). Certain customer needs have to be met before moving onto the next level of needs. The company's market research shows that the first of these needs is timeliness and accuracy; followed by availability, responsiveness, credibility and finally partnership. It is also important to train employees to maintain and enhance the customer's sense of self-esteem, their sense of security and their feeling of being treated fairly. As discussed earlier, it is the gratification of these needs that leads to customer satisfaction (Schneider & Bowen, 1995).

Fiebelkorn's (1985:209) research highlights communication difficulties between frontline employees and customers. He suggests that training should focus on making employees competent communicators. He raises some concern about teaching employees specific scripts to follow as this he feels can come across as "plastic". Davidow and Uttal (1989) also point out that formal social training only really works for jobs that are highly standardised. Communication training should involve helping employees anticipate the types of exchanges they could encounter, expanding their repertoire of possible responses to these exchanges and developing rules by which they could make decisions as to appropriate responses to various situations. Teamwork is also a reality in many service organisations and training in interpersonal skills, empowerment and how to work in a team is key to making these initiatives effective (Schneider & Bowen, 1995). Redman and Mathews (1998) propose that the extent of training in "soft" areas such as teamwork and interpersonal skills is positively related to an increased level of customer perceived service quality. The rise of team work and also the flexibility expected from service providers by customers has necessitated multi-skilling employees. Davidow and Uttal (1989) find that companies that lead their industries in customer service emphasise cross training either vertically or horizontally in their training programmes. Organisations with a high passion for service provide cross training in operations to improve service (Schneider & Bowen, 1995). Inter-functional "cross-exposure" training is also an important part of team building (Hoque, 1999). How to handle diversity in areas such as language, cultural, age, gender and race should also be a key focus of training for both frontline employees and their managers (Schneider & Bowen, 1995; Baum, Amoah & Spivack, 1997).

2.3.2.b.iv *Factors Leading to the Effectiveness of Training in Service Organisations*

In reflecting on what increases employees receptivity to training, strong individual service orientation in an employee is as important as is the perceived relevancy of the training to the job. Peccei and Rosenthal (2000) find four main predictors for the response of employees to customer orientation programmes. In order of importance they are: an individual's level of organisational commitment, their social desirability disposition, their perceived level of competence, and the strength of their affective orientation to customer service. In fact, in an earlier article, Peccei and Rosenthal (1997) report that employees' perceived level of job competence and their clear understanding of what high quality customer service entails and how best it can be provided, has a significant positive impact on employees' commitment to customer service. This research reinforces the importance of customer service training. Conditions of the job and management need to reinforce the training if it is going to have any long-term impact.

Normann (1991) emphasises the importance of reinforcing training. Support from senior management is also critical and compensating management for their efforts in training and developing employees pays off (McCologan, 1997). Rainbird (2000:1-2) highlights the absence of a 'champion' at board level and a tendency to handle training and development at an operational rather than a strategic level as reasons for difficulties in implementing effective training and learning strategies in the workplace. Ashton and Felstead (1995) state that, despite training and development being integrated into the wider business strategy in companies at the forefront of the HRM movement, this is not indicative of the general trend where little seems to have changed. Horwitz (1999) contends that the state of play of HRD is mainly at an operational rather than a strategic level. Good training according to McColgan (1997) is connected to an organisation's strategic and financial objectives and the primary responsibility for development should rest with line managers. She contends that line management involvement in training and development indicates top management commitment and that managers are the best people to do this as they know the business best. Kelliher and Johnson (1987) find that line management involvement in training is a function of the size of the hotel with line management more involved in smaller hotels. Horwitz (1999) raises concern as to whether line management have the

appropriate knowledge to be involved in the development of their employees. In addition they also have workloads and financial and short-term objectives that in reality relegate training and development to a low priority.

2.3.2.b.v *Career Planning and Development in Service Organisations*

In a review of articles published in 1996, Blum (1997) cites research by Donnellan (1996) that highlights career development as one of the five core principles for developing a culture of service excellence. Frenkel *et al* (1999) observe that service workers have a bureaucratic career orientation that favours internal labour market progression. Internal career ladders exist for service workers but these are not supported by formal rules and are limited in their range. They also find that only about half of the service workers expect to get promoted internally and only 38% report being satisfied with their career prospects. Female service workers from Japan report even less satisfaction with prospects for career promotion and their job security. Promotion from within, and a structured process of career development is also observed by Hoque (2000) in the hotels who emphasise HRM. Rudman (2002) highlights that career development is concerned with helping people develop the means to achieve their career goals. He believes that the current meaning of career development moves beyond the more traditional one of advancement and promotion to one of continuing growth and the exercise of a person's potential towards achieving personal life goals. Tuckman (1974) suggests that career development involves developing an individual's self-awareness, an understanding of the environment in which an individual lives and an ability to make career choices.

The achievement of job and personal satisfaction is also implicit in both career development and in career planning. The latter is a process in which both the organisation and individual engage in to identify a sequence of jobs and learning experiences and training to allow the individual to achieve their potential and job satisfaction. Burack (1977) distinguishes between organisation and individual career planning. The former focuses on the logical progression of an employee between jobs and the latter concerns the wants, skills and goals of an individual. An employer's role in the career planning process is to provide job information, offer education and training and provide supporting HR systems and processes such a developmentally orientated performance management system. A manager's role is to supply

information, appraise performance, coach, counsel and provide feedback and support. An employee's role is to engage in self-assessment, gather relevant information, set goals, develop a career plan, work with the manager, continuously engage in self-development and training, and be open to opportunities as and when they come up (Rudman, 2002; Leibowitz, Farren, & Kaye, 1986). Schneider and Bowen (1985) find a significant positive relationship between career facilitation and overall service quality, and branch administration and employee morale from a customer's perspective. Career facilitation measures an employee's perception of an organisation's practices concerning employee career growth and development. Branch administration focuses on the customer's perception of how well the branch seemed to be administered and run, while employee morale focuses on their perception of how good the morale of the branch staff is (Schneider & Bowen, 1993). Zerbe *et al's* (1993) results point to a significant association between career opportunities and service-orientated behaviour.

2.3.2.c Compensation Practices in Service Organisations

Cherrington (1995) states that total compensation consists of three key components: pay, incentives and benefits. Rudman (2002) and Torrington, Hall and Taylor (2002) shy away from using the word compensation with the possible meaning of making amends for something, and propose using the word remuneration which is more straightforward and describes all of the elements of financial and non-financial remuneration. Financial rewards can be either direct cash such as wages, salaries, commissions and bonuses, or indirect including benefits such as medical insurance, retirement policies and childcare. Non-financial remuneration includes aspects of the job itself such as being provided with challenging tasks and responsibility, or recognition and promotion. The organisational context such as competent supervision, collegiality and a safe working environment are also an important facet (Stone, 2002 & Schneider and Bowen, 1995). Pilbeam and Corbridge (2002) propose using the term reward as a more holistic term to reflect an approach that is more dynamic and flexible. They suggest that it represents a portfolio of management practices of financial and non-financial elements that are flexibly directed at rewarding and enabling employees to add value to an organisation in the interests of creating competitive advantage. They also distinguish between 'new pay' and 'old pay', where

the former seeks to integrate pay with business strategy and emphasises pay for performance, and flexibility to the needs of both the organisation and individual. There is a focus on managing financial reward to send the right messages about performance and corporate values. Lawler (1995) maintains that 'new pay' is not a set of new compensation practices but a philosophy that encourages organisations to identify pay practices that enhance organisational effectiveness. Frenkel *et al* (1999) find that reward systems for service workers combine position-related features and performance-related criteria. This indicates that the more traditional 'old pay' still exists in practice with some evidence of performance-related pay. They also report that service workers tend to emphasise extrinsic rewards such as pay and promotion over intrinsic rewards such as the opportunity to develop challenging tasks and responsibilities. This could be related to the bureaucratic orientation of many of the service workflows.

Frenkel *et al* (1999) identify that reward systems in bureaucracies have a high fixed element; pay raises are based on seniority, experience and skill acquisition, and career opportunities are mainly internal. Research reveals that Japanese female service workers' rewards are based on seniority rather than performance and that to a large extent they are dissatisfied with their pay (Frenkel *et al*, 1999). Holbeche (2001) believes that competitive pressures on organisations have necessitated the revision of remuneration systems towards becoming more flexible and supporting high performance work practices such as teamwork, employee empowerment and participation in decision making. However, Holbeche (2001) and Redman and Mathews (1998) raise a concern that the practice in organisations is to pay for individual performance at the expense of teamwork. This is one of the key problems raised by critics of performance-related pay. Other criticisms are that employees develop a narrow focus to work and ratings can be subjective and inconsistent and demotivating to employees if they do not match their rating of performance. Another key problem is that employees rarely have total control over the factors that influence their performance (Stone, 2002; Holbeche, 2001; Torrington *et al*, 2002; Pfeffer, 1998; Storey & Sisson, 1998). An employee's control and influence over the end results is referred to as 'line of sight'. The more immediate the line of sight the more link the employee will see between the performance and their reward (Torrington *et al*, 2002). However, the link between performance and pay, more specifically the

level of pay, is often unclear. The amount of incentive is often seen to be too minimal to have any lasting motivational impact on performance (Storey & Sisson, 1998). Hoque (2000) finds that fewer hotels use merit based-pay systems than manufacturing companies. Perkins (1991) of Federal Express asserts that linking compensation to performance for employees at entry level as well as at the top is one of the key elements that leads to employee satisfaction.

Schneider and Bowen (1995), however, propose that the design of the job and supervisory style be seen as a source of reward. They find a significant association between supervision and overall service quality, and employee morale and branch administration as assessed by the customer. Supervision includes establishing reward contingencies (Schneider & Bowen, 1985). They also find that frontline employees who talk passionately about service also speak favourably about internal equity of compensation (Schneider & Bowen, 1993). The question that Schneider and Bowen (1995) then raise is: What really drives service workers to deliver service-orientated behaviour? They propose that as with customers, service providers' need security, esteem and fairness and justice. Results from research conducted by Bettencourt and Brown (1997) finds that workplace fairness is an important antecedent of frontline employee pro social behaviour. They also find significant positive relationships at branch level between pro social behaviour and customer satisfaction. Workplace fairness accounts for more variance in extra-role behaviour than in role-prescribed behaviour. It would appear that perceptions of fairness are more likely to influence behaviours of a discretionary nature and those that rely on the extra effort of the employee. The concept of social exchange would seem to be at play here where voluntary actions on the part of employee are based on reaping personal benefits even if they are only in the long-term. Morrison (1996) proposes that, to the extent that HRM practices establish identification with the objectives of organisation and empowerment, so they impact on the level of organisational citizenship behaviour and on service-orientated behaviour. Bettencourt and Brown (1997) find that the key predictors of pro social behaviour are fairness of pay rules, pay administration and job supervision. The key concerns for frontline employees are with the rules for pay rises and promotions and how management implements them. Raises and promotions are seen as just rewards in the long run for going that extra mile for the customer.

A key issue in relation to pay is equity of which there are three types: external, internal and individual equity. Equity is an important principle in distributive justice. As highlighted earlier, frontline employees' sense of internal equity impacts on their passion for service. Internal equity is based on comparing one's pay with the pay for different jobs and levels in the same organisation. However, as Bowen *et al* (1999) point out, the way decisions about pay are made and communicated can often offset distributive injustice. Distributive justice principles, of which equity is one, define what is fair in the way of pay outcome. This involves allocating rewards consistently across people and over time (consistency principle), objectively (bias suppression principle) and based on accurate information and facts. Communicating why certain inequities exist and why certain changes have been made can go a long way to alleviate employees' sense of unfairness. Secrecy around pay can give rise to mistrust and cynicism in the whole compensation system (Stone, 2002; Bowen *et al*, 1999; Pfeffer, 1998). Schneider and Bowen (1995) also find that frontline employees frequently raise issues around fairness and equity of the reward system. Frontline employees who believe that they are being treated fairly also believe that they work for service-orientated organisations. More often than not, this translates into superior customer service and customer satisfaction. Essentially the impact of remuneration on the behaviour of service providers rests not only on the pay or reward itself but also on how the remuneration system is implemented. It is asserted that service organisations fail to utilise the full range of available rewards, under emphasise the intrinsic reward of goal accomplishment, reward behaviours that run counter to good customer service and, all in all, do not understand how to utilise reward systems effectively to motivate and energise their employees (Schneider & Bowen, 1995; Dreher & Doherty, 2001).

There is a whole range of rewards available to organisations to use. Pay or money is often the preferred reward used by organisations. More often than not, however, employees see it as not being directly linked to their performance. They get paid for coming to work but not necessarily for smiling more times at the customer than their colleague. Indeed, Zerbe *et al* (1993) find that employee satisfaction with financial rewards is not associated with service-orientated behaviour. The reason for this could rest in organisations not rewarding the intangible aspects of service-orientated behaviour such as building good relationships with customers and displaying positive

emotions to the customer (Schneider & Bowen, 1995 & Zerbe *et al*, 1993). Where financial incentives are used they seem, according to Redman and Mathews (1998) to have little impact on and, often are counterproductive to, the implementation of total quality management and the co-operative behaviour required. However, Burns (1992) reports on a bonus plan that does promote customer service. The success of the plan rests on three specific features. Firstly, superior customer service is rewarded immediately, there is flexibility in the selection of the award criteria relevant to the business unit and, lastly, the plan is made highly visible to all employees emphasising the importance of customer service. Holbeche (2001:131) maintains that reward schemes “carry enormous symbolic significance for employees”. They teach employees what is and what is not valued in an organisation. Schneider and Bowen (1995) cite Steve Kerr who proposes that rewards, to be effective, need to be available, flexible, reversible, contingent on performance, visible, timely, and motivate over the long-term. Money fails on many of these criteria.

Service businesses find it difficult to use money effectively as a motivator but do not explore alternative rewards (Schneider & Bowen, 1995). Pilbeam and Corbridge (2002) point out that reward as a more holistic concept should include non-financial elements such as quality of supervision, interpersonal relationships and recognition, achievement, potential for growth and quality of working life. Employees who work in organisations with ‘high’ service orientation provide ample examples of feedback from their managers and awards and parties recognising their performance (Schneider & Bowen, 1995). Award ceremonies are a characteristic of many excellent service organisations and are a formal way of recognising and praising employees for excellent customer service. However, it is important that the selection of winners must be clearly linked to the customer perception of service quality, otherwise employees see the process as being tainted by favouritism (Davidow & Uttal, 1989; Macaulay & Cook, 1994). Macaulay and Cook (1994) point out that non-monetary rewards, such as a thank you letter or a meal out, can be beneficial motivators. Recognition and feedback is inherently linked to a sense of self-esteem and of belonging and being accepted in an organisation (Schneider & Bowen, 1995). To impact on employee performance, a combination of various approaches to reward needs to be taken and factors such as good relationships between management and staff and a service-orientated culture also need to be in place.

2.3.2.d The Role of Performance Management in Service Organisations

Performance management is defined by Spangenberg (1993:29) as “an approach to managing people that entails planning employee performance, facilitating the achievement of work related goals, and reviewing performance as a way of motivating employees to achieve their full potential in line with the objectives of the organisations. Performance management aims to align and improve individual employee’s performance to have an impact on organisational objectives (Macky & Johnson, 2000; Cheung & Law, 1998). This is underpinned by the belief that individual employees can add positive economic value to their organisation. The potential also exists to develop a performance culture where employees take responsibility for managing their own performance and for engaging in organisational citizenship behaviours that go beyond what is prescribed. Other strategic outcomes expected of performance management are: building a flexible and capable workforce through development activities, actualising potential performance in the delivery of goods and services, building attitudinal and behavioural commitment and ensuring fair and defensible dismissals (Macky & Johnson, 2000; Frenkel *et al*, 1999; Macaulay & Cook, 1994; O’Neal & Palladino, 1992). The process of integrating the management of people with the strategic objectives places performance management within the human resources camp (Pilbeam & Corbridge, 2002).

Despite these laudable claims, the whole system of performance management and, in particular, performance appraisal has a negative image amongst managers and employees and is often feared and hated by both (Rudman, 2002; Markowich, 1994). Farr (1998) maintains that the lower you go in the organisational hierarchy, the more disenchantment you are likely to pick up. Ironically, it is these frontline employees who we expect to be happy and positive with the customer. O’Neal and Palladino (1992) identify multiple flaws such as objectives that are not clearly linked to and supportive of key organisational objectives such as customer satisfaction, an over reliance on behavioural traits, inexperienced and untrained managers, the lack of support of top management, and poor linkage to reward systems. Debate has revolved around what should be the key objective of the performance management system. Is it about performance, reward or development? Is the manager a judge or helper? (Rudman, 2002). The choice of outcomes in service industries is mixed. Hoque

(2000) maintains that the hotel industry tends to use performance management appraisals for developmental or communicative purposes and not for reward purposes, particularly those organisations that have implemented HRM.

Frenkel *et al* (1999) find an emphasis in the appraisals of service workers on providing information and advice on their performance. Appraisals are also used to make promotion decisions and to select employees for project work. Pettijohn, Pettijohn and Taylor (1999) find that when managers believe they are conducting performance appraisals in a way designed to improve performance, then the levels of retail sales force performance increase and there is a lower level of sales force turnover. Active focus on performance in this case includes both a developmental focus and the setting of clear performance goals and expectations. They also find that using the performance appraisal to determine rewards is significantly related to higher levels of performance and does adversely affect sales force turnover. Performance appraisal is an area in the performance management process that often raises the most concern for both managers and employees. One issue is the time it takes to complete the appraisal discussion and documentation. This results in managers treating the performance appraisal as a bureaucratic exercise and relegating it to the bottom of their list of priorities (Taylor, Pettijohn & Pettijohn, 1999; Pettijohn, Pettijohn, Taylor & Keillor, 2001). The relevancy of the criteria used for evaluation and the rating process has also come under criticism.

Outcome criteria that include specific and quantifiable results have the advantage of being simple, objective, readily available and requiring limited monitoring time from management (Taylor *et al*, 1999). Schneider (1994), however, believes that HRM's internal focus in service industries has resulted in an over-emphasis on the more tangible aspects rather than the less tangible consequences of employee behaviour. Output measures should consider both service quality and the more tangible performance aspects such as sales volume and number of calls taken or customers served (Bowen & Schneider, 1985). Bowen and Schneider (1985) caution relying on output criteria when frontline employees are delivering a highly intangible service. Service functions that are routinised and well understood lend themselves to a combination of both output and behavioural measures. Those that rely primarily on the behaviour of the employee to define the service experience are more suitably

measured with behavioural measures. Employees are therefore evaluated on how they behave or act towards the customer and in this way are incentivised to engage in behaviours conducive to providing quality service (Hartline & Ferrell, 1996). Employees are also in more control of the outcome of their evaluations as many of the outcome measures such as sales volume or profit can be influenced by factors out of the control of the employee (Taylor *et al*, 1999, Bowen *et al*, 1985 & Hartline & Ferrell, 1996). Hartline and Ferrell (1996) find the use of behavioural criteria decreases frontline employee role conflict, increases their adaptability and was used primarily where management had a strong commitment to service. Adaptability is the ability of the frontline employee to adjust their behaviour to meet the needs and demands of the customer.

One of the benefits of performance management is that it can reduce role ambiguity and conflict by ensuring that performance expectations and goals are agreed up front. Parkington and Schneider (1979) report that customers of branches of banks where role ambiguity and conflict are low report receiving superior service. Qualitative criteria such as the attitude, skills, characteristics and aptitude of an employee have received criticism for the possibility of management bias and increasing role ambiguity (Taylor *et al*, 1999). Taylor *et al* (1999) find however that the criteria rated as most important by sales people and sales managers are attitude, product knowledge, communications and sales volume, appearance and manner. Salespeople prefer to be rated on qualitative criteria and they see the criteria as more important in the process than do managers. This could indicate some ambiguity as to what criteria their appraisals are really being based on. Markowich (1994) believes that, when management use a system based on subjective criteria, that employees might often not know what the manager wants as it really is a matter of opinion. He believes that you cannot train a manager to evaluate performance based on subjective criteria. The first step is to clearly define what the employee needs to do and to develop objective ways to measure performance. Rating scales that include options such as outstanding, exceptional and marginal require some clarification as to their meaning. Behavioural-based scales go some way to making the rating process more specific. Bush, Bush, Ortinau and Hair (1990) have developed a behavioural-based scale that they believe is reliable and demonstrates strong indices of predictive and concurrent validity. This provides managers with a more guided and objective way to assess the day-to-day

activities of their sales people. Pettijohn, Pettijohn, Taylor & Keillor (1999) find that it is not so much the type of criteria used but the explicitness of the criteria that impacts on retail sales staff performance. They recommend that the criteria should be specified upfront, that sales staff should be able to identify with the criteria and that they should be applied in a consistent manner. The emphasis is therefore on the process rather than on the criteria themselves.

Markowich (1994), Taylor *et al* (1999) and Gomez-Mejia (1990) come out strongly in favour of the participation of the service employee in the setting of goals and criteria and the assessment process. Within a service environment, service goals need to be set in consideration of the needs and expectations of the customers (Schneider, 1994; Kaiser, 1997). Schneider and Bowen (1995) believe that receiving feedback and the achievement of specific service goals can be rewarding in itself. Service employees' perceptions of performance appraisal feedback is significantly associated with their passion for service and with customers' perceptions of overall service quality, branch administration and employee morale (Schneider & Bowen, 1985, 1993). It is important not only that feedback is provided but also it is important how that feedback is provided. Gomez-Mejia (1990) maintains that feedback needs to be specific and focused on relevant performance, behaviour or outcomes and not on the individual. Non-judgemental language should be used and managers should be helpful and supportive of the employee. It is also important that the performance review discussion involves not only feedback from the manager but opportunity for the employee to talk freely about their concerns and goals (Markowich, 1994). The reason many managers shy away from conducting performance reviews is because they find it difficult and uncomfortable to provide feedback and to engage in a discussion on performance (Macaulay & Cook, 1994). The key to a large extent is in training managers on how to set goals with employees and how to monitor and review performance. This is more likely to lead to a constructive and more comprehensive exchange of views and more clarity and commitment to the goals and actions agreed on (Gomez-Mejia, 1990; Macaulay & Cook, 1994). The 360-degree appraisal systems take the pressure off the manager as the sole source of feedback and rating. Milliman, Zawachi, Schulz, Wiggins and Normann (1995) maintain that feedback provided by customers and peers is often more insightful than feedback from managers. Frontline employees need to have a clear understanding of customer expectations if the

feedback and ratings are to be meaningful and fair. Engaging in multiple feedback requires a lot of effort and good communication skills, and managers can often be called in to resolve conflicts. Bowen *et al* (1999) highlight the importance of communication and interpersonal treatment in fostering perceived fairness of the appraisal process. Both Farr (1998) and Bowen *et al* (1999) emphasise that both formal and informal feedback should be frequent to avoid any surprises. Pettijohn *et al* (1999) find that increasing the frequency of performance appraisals increased performance levels but it also increased staff turnover. They feel that, in many ways, an increase in turnover is not a bad thing if it means 'non performers' leave. Frequent appraisals allow managers to identify non-performers and to take corrective action. Written rather than oral reviews are also evidence that management takes the appraisal process seriously (Taylor *et al*, 1999). The discussion up to this point indicates that performance management appraisals that are conducted well can have a positive impact on service employees' performance. However, Zerbe *et al* (1993) find no significant relationship between performance appraisal and service-orientated behaviour.

2.3.2.e Management Support of Frontline Employees

Support by management is significantly associated with service-orientated behaviour and customers' perceptions of service quality (Schneider & Bowen, 1985, 1993; Schneider *et al*, 1997; Zerbe *et al*, 1993; Adsit, London, Crom & Jones, 1996; Johnson, 1996; Hoffman & Ingram, 1992; Weitzel, Schwartzkopf & Peach, 1989; Yoon, Beatty and Suh, 2001). Management support includes providing information and resources to frontline employees and developing and implementing systems and procedures to assist frontline staff in assisting customers. In their study of 28 bank branches, Schneider and Bowen (1985) find frontline employees' perceptions of work facilitation are significantly associated with customers' perceptions of service quality and, more specifically, with their perceptions of the courtesy and competence of tellers. Work facilitation is negatively scored and measures the employees' perceptions of organisational and job conditions that inhibit them from carrying out their jobs. Supervision that included sharing information with employees is also significantly associated with customers' perceptions of overall quality and also with customers' perception of employee morale and branch administration. Service passion

is high among employees who have a positive perception of office conditions, facilities and automation systems (Schneider & Bowen, 1993).

Management support also involves supportive supervision such as listening and responding to employees' concerns and problems and providing guidance and help. Zerbe *et al* (1993) find that the service-orientated behaviour of passenger service agents and flight attendants is significantly associated with their satisfaction with leadership and direction. For Yoon *et al* (2001), supportive management involves management creating a facilitative climate for support, trust and helpfulness. They find the perceptions of employees' of supportive management of several branches of a South Korean retail bank were an important determinant of their work efforts and job satisfaction that in turn impact on customers' evaluations of employee service quality. Implicit is the active engagement of managers to ensure that frontline employees can get on with the job without unnecessary restriction. As Schneider and Bowen (1993) put it, when employees' work is being facilitated they can get on with meeting the demands of the customer. Leading service organisations believe that employees deserve all the support they can be provided with. They invest in state-of-the-art technology, facilities, materials and methods (Heskett *et al*, 1997). Working for management who are committed to service excellence and also take the time and effort to create a work environment that facilitates employees delivering quality customer service is satisfying in itself (Schneider & Bowen, 1995). Hartline and Ferrell (1996) find that managers who are more committed to service quality are more likely to empower their staff. What does this all mean for the management of service organisations? The obvious answer is that support of frontline employees is critical as it impacts on the service they provide to customers and influences customer satisfaction. But it also means that the behaviour and actions of managers of frontline employees have an enormous impact on the performance of frontline employees. Fitzenz (2000:236) believes that it is the immediate environment and not the corporate culture that has the most impact on the satisfaction of employees. How a manager behaves is more important than anything else. As he points out, "(e)mloyees quit their supervisors, not the company."

In conclusion, the research highlighted in Section 2.3.2 supports the contention that employees' satisfaction with HRM practices is important. How they are treated

impacts on how they interact with the customer and ultimately determines customer satisfaction. Bowen *et al* (1999) and Schneider and Bowen (1993) very strongly support what they term the “spillover effect” where service employees’ attitudes have a significant influence on the attitudes of customers. However, it is critical to note that each HRM practice does not work in isolation and often the influence it exerts is impacted on by another HRM practice (Schneider *et al*, 1997; Schneider, 1994.) They also need to support service policies and systems. Lastly, it re-emphasises the need to move from HRM with a focus on internal standards of employee effectiveness to what Schneider (1994) terms “customer-focused HRM” or “strategic HRM” that takes the lead from the expectations and needs of customers.

2.4 The Influence of Organisational Commitment on Employee Performance in Service Organisations

Organisations value commitment amongst their employees. Within a service context, high commitment of frontline employees has many benefits including increased motivation, lower turnover, lower absenteeism and a willingness to exert extra effort on behalf the organisation resulting in improved service quality (Pitt, Foreman & Bromfield, 1995; Wiesner & Millett, 2001; Peccei & Rosethal, 1997; Hui, Lam & Schaubroeck, 2001; Zeithaml *et al*, 1990; O’Reilly & Chatman, 1986; Caldwell, Chatman & O’Reilly, 1990; Steers, 1977).

2.4.1 Defining Organisational Commitment

There is a proliferation of foci, types, definitions and measures of organisational commitment (Mathieu & Zajac, 1990). Morrow (1983) highlights the fact that many researchers have developed their own definition of work commitment rather than using the existing approach to commitment. She identifies 30 forms of work commitment and their formulators such as Protestant work ethic, career commitment, job involvement and union commitment. She stresses the importance of understanding the fundamental nature of commitment and suggests that it might be more appropriate to tease out the different foci rather than subsume them under one general concept of work commitment. Reichers (1985) and Hunt and Morgan (1994) argue for a multiple commitments approach as employees experience several different commitments to multiple groups. Hunt and Morgan (1994) find that constituency-specific

commitments influence global organisational commitment that in turn influences organisational outcomes. However, the mediating role of global organisational commitment is strengthened as the focus of the constituency-specific commitment becomes more closely associated with the organisation. For example, commitment to top management is more closely associated to the organisation itself than commitment to the supervisor. It is therefore important to clarify the foci, types and definitions of commitment in research if it is to be meaningful and also if the strength of the findings are not to be jeopardised (Mathieu & Zajac, 1999; Randall, 1990).

The definitions and measurements of organisational commitment do have a common theme in that organisational commitment it is seen as an individual's psychological attachment to an organisation that can take several forms (O'Reilly & Chatman, 1986; Mcclurg, 1999; Eisenberger, Fasolo & Davis-LaMastro, 1990; Steers, 1977; Mathieu & Zajac, 1990). An emotion-based view is where affective commitment means a feeling of belonging to an organisation and of sharing its values and goals (Porter, Steers, Mowday & Boulian, 1974; Mowday, Steers & Porter, 1979; Eisenberger *et al*, 1990; O'Reilly & Chatman, 1986; Allen & Meyer, 1990). It encapsulates a sense of unity with the organisation and includes three key components. "(1) A strong belief in and acceptance of the organisation's goals and values (2) a willingness to exert considerable effort on behalf of the organization: and (3) a strong desire to maintain membership in the organization" (Porter *et al*, 1974:604). O'Reilly and Chatman (1986) propose that the last two components are, in fact, consequences of commitment and suggest that the lack of strong findings linking commitment to outcomes might be a consequence of this. Affective commitment measured using the Organisational Commitment Questionnaire (OCQ) includes both attitudinal commitment and commitment-related behaviours (Mowday *et al*, 1979). Attitudinal commitment represents a state whereby an individual identifies with an organisation and its goals and also wished to maintain memberships in order to facilitate these goals (Mowday *et al*, 1979). Commitment-related behaviours are overt manifestations of commitment. Calculative or compliance commitment is related to the cost of leaving the organisation (Allen & Meyer, 1990; Hackett, Bycio & Hausdorf, 1994; McGee & Ford, 1987; Mcclurg, 1999; Penley & Gould, 1988; Kanter, 1968). It is based on the rewards received such as pay, recognition and the threat of losing them.

Employees are more likely to stay with an organisation based on the magnitude and/or the number of investments (side bets) that they have made and also due to the perceived lack of alternatives (Allen & Meyer, 1990). According to Becker (1960) individuals will take side bets on an action they take that increases the costs of them staying on in the organisation. If the time and energy they have invested pays off, for example, in studying further for a specific skill the organisation needs, they need to stay in the organisation to reap the benefits (promotion, increase in salary). The larger the side bet and the more side bets they make, the more likely they will stay with the organisation (Allen & Meyer, 1990). Recognition of the costs of leaving an organisation is a psychological state reflecting an individual's relationship with an organisation and as such can be considered as a component of attitudinal commitment. Normative commitment encapsulates the sense the individual feels duty bound to stay with the organisation (Allen & Meyer, 1990; Hackett *et al*, 1994). This form of commitment is influenced by familial/cultural socialisation and organisational socialisation. It is expected that employees have a higher form of this commitment where significant people in their lives impress on them the importance of staying loyal to the organisation and organisational socialisation processes make employees believe that loyalty is expected of them. Allen and Meyer (1990) propose that each of these forms of commitment should be seen as components rather than as types of attitudinal commitment.

Affective and continuance commitment are not entirely different concepts and one can lead onto the other. For example, individuals may join an organisation for the pay and rewards (continuance commitment) but over time may identify with and want to maintain their membership of the organisation (affective commitment). McGee and Ford (1987) find that affective commitment and continuance commitment may not operate totally independently from each other. They find that there are two sub-components to continuance commitment: perceived lack of alternatives to employment and personal sacrifice related to leaving. There is a significant positive relationship between affective commitment and the sacrifice associated with leaving an organisation. Employees who are emotionally committed to their organisation are less likely to leave because of a perceived lack of alternatives but are more likely to perceive a sacrifice in leaving the organisation. However, affective and continuance commitment are sufficiently distinct to be viewed as two distinct forms of

commitment (Mathieu & Zajac, 1990). Normative commitment tends to overlap with affective commitment (Allen & Meyer, 1990; McGee & Ford, 1987). Organisational commitment is therefore multi-dimensional and all the forms of commitment need to be considered (Allen & Meyer, 1990; Penley & Gould, 1988; Caldwell *et al*, 1990; McGee & Ford, 1987; O'Reilly & Chatman, 1986). Inherent in the concept of organisational commitment is also the norm of reciprocity or social exchange (Mowday *et al*, 1979; Eisenberger *et al*, 1990). Individuals attach themselves to an organisation in anticipation of being rewarded or paid for their commitment. Steers (1977) proposes that, when an organisation provides employees with an opportunity to satisfy their needs and utilise their abilities, then commitment increases.

2.4.2 Antecedents to Organisational Commitment

What influences the level of employees' organisational commitment? The antecedents to organisational commitment are quite diverse in their nature and origin. Steers (1977) groups antecedents of commitment into three main categories – personal characteristics (need for achievement, age, gender and tenure), job characteristics (job challenge, opportunity for social interaction, feedback) and the nature and quality of employees' work experiences (group attitudes, personal importance to the organisation, rewards and the realisation of expectations). Mathieu and Zajac (1990) also add in role states (role ambiguity, conflict and overload) and group/leader relations and organisational characteristics. The correlation between personal characteristics and organisational commitment is fairly small and a number of personal variables may share a common variance. For example, age, tenure and job level (Mathieu & Zajac, 1990). Specific personal characteristics that emerge are the need for achievement, perceived personal competence, Protestant work ethic, age and tenure (Mathieu & Zajac, 1990; Steers, 1977; Hackett *et al*, 1994). Education is inversely related to organisational commitment (Steers, 1977; Mcclurg, 1999; Allen & Meyer, 1990). Highly educated employees are more mobile and have more alternatives available to them outside the organisation. These employees are less committed to their organisation and often more committed to their profession. The converse would be true of employees with a lower education level. Mcclurg (1999) finds that lower education in temporary staff in the service industry significantly influenced affective commitment.

In terms of role states frontline employees are more committed to the organisation when they are unambiguous about their role in service delivery and where they perceive themselves as part of a team (Pitt *et al*, 1995). Task identity and feedback are important job characteristics that correlate with commitment (Steers, 1977). Pettijohn *et al* (2000) find that appropriate evaluation criteria are important in relation to sales people's organisational commitment. Mathieu and Zajac (1990), however, find that job characteristics taken as an aggregate offer promise as an antecedent to organisational commitment. There is some question as to the direction of the relationship. A positive perception of job characteristics might rather be influenced by organisational commitment. More committed employees could perceive their jobs as more fulfilling. Leaders initiating structure and consideration behaviours also correlates positively with commitment. However, a leader's behaviours are likely to be moderated by such factors as subordinate characteristics and the work environment (Mathieu & Zajac, 1990).

Out of all the three antecedent categories, work experiences are the most closely related to affective commitment (Steers, 1977; Hackett *et al*, 1994). More specifically this refers to group attitudes towards the organisation, organisational dependability, the value the organisation places on employees and meeting employees' expectations about the realities of the job (Steers, 1977). Mcclurg (1999) finds that perceived service support was one of the key factors to predict affective commitment. Service support is a non-monetary benefit that is indicative of employees' assessment of how much they feel the organisation cares for them and recognises their achievements. Monetary support in the form of benefits is not significantly associated with commitment. Eisenberger *et al* (1990) also find that employees' perceptions that the organisation cares about and values them are positively related to their affective and calculative involvement. Mathieu and Zajac (1990) point out that although the influence of organisational characteristics on commitment is generally weak, they may in fact act to shape the nature of relationships, behaviours and belief systems within an organisation. For example, the groups that work together and the nature of the communication structure.

Each form of organisational commitment has specific antecedents. Allen and Meyer (1990) find that feeling important to the organisation (personal importance), job

challenge and perceiving that the organisation is dependable are the three antecedents with the highest correlations with affective commitment. These are followed by role clarity, employees being treated equally and being allowed to participate in decisions regarding their own work. They find that affective commitment shows the strongest correlations with antecedents out of all three forms of commitment. Key antecedents to continuance commitment are transferability of formal education to other organisations, the extent that the pension would be reduced on leaving the organisation and availability of alternative employment. The proportion of time that an employee had spent in the community, the likelihood that they would have to relocate should they leave the organisation, and role and goal clarity were all significant antecedents of normative commitment. The extent to which employees feel the organisation expects their loyalty does not significantly correlate with normative commitment. Allen and Meyer (1990) put this down to the general nature of the measure used.

Caldwell *et al* (1990) find that well-developed recruitment and socialisation processes and well-defined organisational value systems result in higher levels of identification and internalisation amongst employees. They define commitment in terms of an individual's psychological attachment to an organisation as distinct from antecedents and outcomes of organisational commitment. Identification is an attachment based on a desire to be a member of an organisation while internalisation refers to a matching between individual and organisational values. Early organisational experience plays a critical role in building employees' commitment to an organisation (Meyer, Paunonen, Gellatly, Goffin & Jackson, 1989; Caldwell *et al*, 1990). O'Reilly and Chatman (1986) point out that identification and affiliation with an organisation takes time, with new employees initially basing their commitment on compliance in exchange for extrinsic rewards. Orpen (1993) finds that recruitment processes and socialisation efforts only increase employees' commitment if they are supported by clear, consistent and well-enforced norms. Compliance or continuance commitment was facilitated by well-articulated reward systems. Caldwell *et al* (1990) and Meyer *et al* (1989) warn that while a clear formal reward system can reinforce a calculative or compliance form of commitment, it can undermine employees identification with and internalisation of the values of the organisation.

It is important that organisations examine the HRM policies and practices they implement. Binding employees to the organisation through benefits, rapid promotion and organisational specific training may keep them but does not necessarily mean that they have the desire to make a constructive contribution to the organisation. Fenton-O'Creevy, Winfrow, Lydka and Morris (1997) find employees' expectations that a company meets and would continue to meet their career expectations is linked to both affective and continuance commitment, while belief in the future survival of the organisation is associated more strongly with affective commitment. Their research also brings in the aspect of external factors impacting on organisational commitment. However, antecedents that are more immediate to employees are likely to have more of an influence on organisational commitment. For example, job characteristics have more impact than organisational design or size (Mathieu & Zajac, 1990).

A particular way of handling HRM practices may also be associated with particular forms of organisational commitment. This may be the type of personality and values the organisation selects for, the reward systems, the leadership style of managers and the organisational culture itself (Caldwell *et al*, 1990; Penley & Gould, 1988). As indicated earlier, reward systems can reinforce calculative forms of commitment while selecting employees with values congruent with those of the organisation can facilitate the development of affective commitment.

2.4.3 Outcomes of Organisational Commitment

The relationship between organisational commitment and outcome variables such as job performance, job effort, attendance, punctuality and turnover, is generally weak but positive (Steers, 1977; Randall, 1990, Mathieu & Zajac, 1990). Organisational commitment seems to be more highly correlated to effort, coming to work on time and remaining with the organisation (Randall, 1990) and associated with organisational adaptability, turnover (negative) and tardiness rate (Angle & Perry, 1981). Whether organisational commitment is conceptualised as affective or continuance commitment seems to account for more of the explained variance (Randall, 1990). Affective commitment seems to have a stronger relationship to work outcomes than continuance commitment. In fact, the relationship between continuance commitment and work outcomes could be negative (Randall, 1990). This would also indicate that how the

researcher chooses to conceptualise organisational commitment might impact on the nature and strength of the relationship between organisational commitment and work outcomes.

The nature of this casual relationship is also a complex one involving other factors. An individual's ability, role clarity and organisational systems play a role in influencing work performance (Steers, 1977). The employees who are committed to an organisation may not necessarily be the good performers (Steers, 1977; Angle & Perry, 1981). An organisation might be retaining "settlers" or moderate to low performers who are loyal and value the job security offered while the high performers seek challenge elsewhere. He also proposes that our concept and therefore measurement of organisational commitment focuses primarily on an attitude rather than behavioural intentions. The fact that we feel committed might not be translated into behaviour that shows our commitment. Employees could experience a passive form of commitment or loyalty that does not get translated into active commitment. The ability for employees to become more actively committed rests with an organisational culture that emphasises a high standard of performance complimented by employees who fully understand and accept their organisational roles. It also requires employees to have the appropriate skills and knowledge to carry out their jobs (Steers, 1977:54,55). The nature of the outcome itself needs to be considered. For example, is turnover voluntary or non-voluntary? One would expect that turnover would be non-voluntary for highly committed employees and the converse to be true for employees with low commitment levels (Randall, 1990).

O'Reilly and Chatman (1986) do, however, find strong links between affective commitment and prosocial behaviour while continuance commitment is only significantly associated with the intent to leave. This indicates that the processes of identification and internalisation are critical to facilitate spontaneous extra-role behaviour. Peccei and Rosenthal (1997) find that normative and, in particular, affective customer service orientations have an influence on commitment to customer service. Commitment to customer service is defined as "the relative propensity of an individual to engage in continuous improvement and exert effort on the job for the benefit of customers" (Peccei & Rosenthal, 1997:69). Pitt *et al* (1995) find that, if service employees do not feel personally involved and committed, then they fail to

work together as a team and service delivery is adversely affected. The nature of the link between commitment and job-related behaviour is also likely to be dependent on the implications of that behaviour for employment. If performance in a specific area has little to do with continued performance then organisational commitment will have little if any influence on it. For example Pitt *et al* (1995) find that continuance commitment is negatively correlated with recommendations. Failure for bus drivers to obtain recommendations does not jeopardise their continued employment. Hackett *et al* (1994) and Angle *et al* (1981) also point out that any impact of employee commitment on organisational effectiveness depends on the specific types of behaviours that employees are committed to.

Mathieu and Zajac (1990) propose that several variables such as job satisfaction and motivation, which includes job involvement and occupational and union commitment, act as correlates in their relationship to organisational commitment. Blau and Boal (1987, 1989) maintain that various combinations of organisational commitment and job involvement have distinct consequences for organisation. Employees who have a high level of commitment and high job involvement (institutional stars) would be the least likely to leave while those with low commitment and low job involvement (apathetics) would be most likely to leave the organisation voluntarily. They also describe those with high job involvement and low commitment as lone wolves and low job involvement and high commitment as corporate citizens. It would seem that the relationship between organisational commitment and employees' behaviours is a complex one and could be mediated or moderated by other factors. Organisational commitment might also have a more direct influence on behavioural intentions rather than the behaviour itself (Mathieu *et al*, 1990).

Organisational commitment may also act as a mediator in specific relationships. The most common use of organisational commitment in a casual model has been as a mediator of the influences of personal characteristics and work experiences on employee turnover (Mathieu and Zajac, 1990). Organisational commitment mediates the influence of organisational formalisation and role ambiguity on the alienation among professionals and non-professionals (Podsakoff, Williams & Todor, 1986). Ferris (1981) finds that the nature of the mediation differed between junior and senior level accountants. While increased job tenure and perceived utility of rewards impacts

on the willingness of junior accountants to exert effort which increases their performance, utility of rewards and occupational commitment influences senior accountant's need to maintain organisational membership and this has a positive influence on their performance levels.

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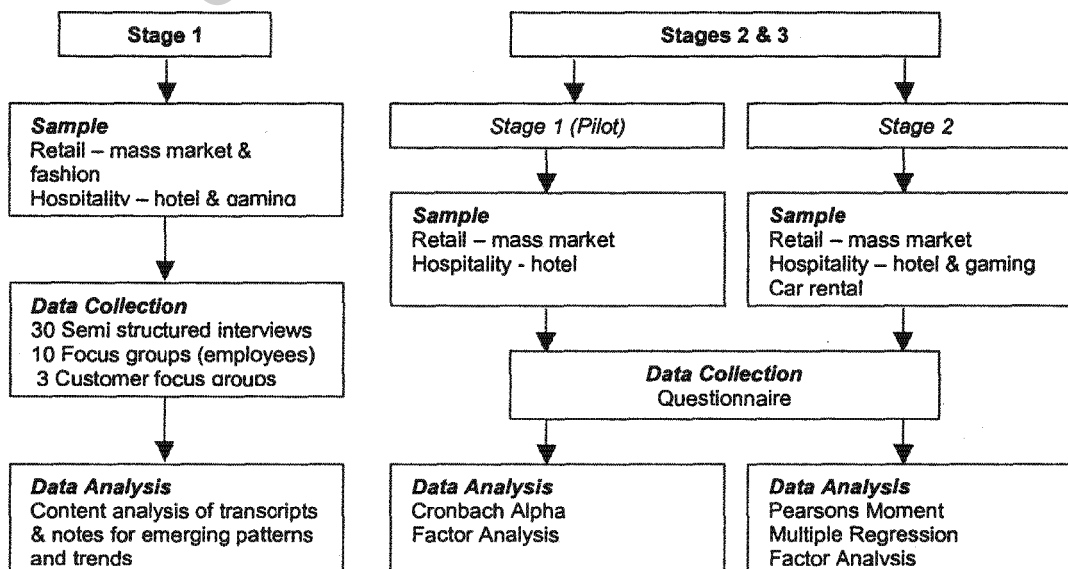
Chapter 3

3 METHODOLOGY

3.1 Introduction

There were three stages to the research with the objective of the first stage to collect information that would inform the development of a questionnaire. The second stage of the research involved piloting the questionnaire to identify any issues or problems in that might crop up when administering the questionnaire. In stage 3 a revised version of this questionnaire was administered to measure the frontline employees' perceptions of HRM practices in their organisations, their level of organisational commitment and their perception of the service-orientated behaviour of frontline employees in their organisation (Churchill, 1979). The research took both a qualitative and a quantitative approach to the collection and analysis of the data. The reason for this approach rests in one of the key objectives of methodological triangulation, which is to combine the strengths of both approaches and as such offset the weaknesses of each method. Leedy (1993) emphasises that research studies are enhanced by a combined approach. A qualitative approach was taken in Stage 1 and quantitative approach in stages 2 and 3. Figure 1 below provides a detailed breakdown of the stages of the research.

Figure 1: The Stages of the Research



3.1.1 *Sampling procedure*

A list of possible organisations that could participate in the research was generated from several sources. Firstly, from those organisations that participate in the Breakwater Monitor research project based at the Graduate School of Business, University of Cape Town. Secondly, from those organisations who had sent delegates on short executive courses offered by the Graduate School of Business in 1998/1999. Thirdly, from contacts provided by students from the 1999 part time MBA class at the Graduate School of Business and lastly, from the researcher's client base. The decision of which organisations to finally approach was based on whether the researcher had worked with managers from these organisations before and also on the recommendations from the convenor of the Breakwater Monitor project, Professor Frank Horwitz and those MBA students who had provided the contacts as to possible willingness of the organisation to participate in the research. The organisations also needed to span several service industries to allow for comparisons to be made between various industries. Telephone, e-mail and personal contact was made with the HR Director or a senior manager in the human resources department of each of these organisations. A summary of the research, outlining the benefits to their organisation and the specific action required from their organisation, was provided to them (Appendix 1.1A & B, pages 201 and 205). The final decision as to which service industries to focus on was dictated to a large extent by those organisations that agreed to participate in the research.

Four organisations participated in the research, namely, Avis, South Africa (car rental), Sun International (hospitality) and Edgars and Makro (retail). The units from each of these organisations that participated in each stage of the research were chosen by the HR Director of each of the organisations. Larger units were chosen over smaller units and some were chosen that were close to the home of the researcher. Units from various geographical locations were also chosen so that different race groups could be represented. For example frontline employees from the Western Cape are predominantly Coloured while those upcountry in Gauteng are a mix of white and African. The Indian representation in the sample is limited, as units in Kwa-Zulu Natal did not take part in the research. It was difficult in terms of expense and time for

the researcher to travel to this province as well. Essentially the sampling method for all the stages of the research was more in line with purposive sampling where a conscious effort was made to get as representative sample as possible within the limitations of organisations and specific units agreeing to participate in the research. Details of the sampling process for each sample will be provided in the discussion of each stage of the research. Each stage of the research will be now be discussed separately providing details of the sample and the data collection and analysis methods used.

3.2 Stage 1 of the Research

3.2.1 Sample

3.2.1.a Management and Frontline Employees

A total of 33 managers and 62 frontline employees took part in this stage of the research. Those who participated from Avis came from the Johannesburg Airport and Cape Town Avis rental agencies, Cape Town regional office and Avis Head Office. Managers and frontline employees drawn from the Milnerton (370 total employees) and Centurion Makro stores and Makro Head Office and the Waterfront (56 total employees), Adderley Street (164 total employees), Tygervalley (148 total employees) and Constantia (5 total employees) Edgars stores and Edgars Head Office made up the retail sample. Flagship and large units and stores were primarily chosen because of easy access to most employees at one location. Both The Sun City resort (1583 total employees), the Table Bay Hotel (193 total employees) and Head Office (329 total employees) from the Sun International group contributed to the hospitality sample. Details of the management and frontline sample and the sampling method are discussed below and provided in Table.1a below.

3.2.1.a.i Management

A selection of Directors, senior managers from head office and unit levels, department managers and human resource and training managers from each of the four participating organisations were interviewed on a one-to-one basis. Directors and senior managers were selected in consultation with the human resource directors

while the unit/ branch managers selected managers from various departments who managed frontline staff. The managers provided a line management and operational perspective while the human resource director and unit human resource and/or training managers were chosen by the human resource director to provide a human resource professional perspective. Directors, with the exception of the HR director, and senior managers were not available from Edgar's Head Office to be interviewed.

3.2.1.a.ii *Frontline Employees*

The human resource or training managers from the units that participated in this stage of the research were asked to select frontline employees who had direct contact with customers for the focus groups. The reason for this was that they were aware of the availability of frontline employees as many work on a shift system and they were also based at the units so the logistics of organising employees was easier. The opportunity for each frontline employee to be part of the sample was based on them being available when the focus groups were taking place and also on their willingness to take part in the research. The fact that the sample was to some extent based on the availability of the employees would put the sampling method more in line with convenience. However the human resource managers were also asked to select frontline employees across various departments and to include a mix of race, gender, age and job functions which is more a purposive sampling method in terms of seeking groups that could present more diverse perspectives on the issue to be explored in the focus groups (Leedy & Ormrod, 2001). It was felt important to get as representative a sample of frontline employees as possible. In the case of Avis the frontline employees who participated in two focus groups were rental agents, handlers and product specialists. The frontline employees who participated in three focus groups from Edgars and three focus groups from Makro were sales assistants, receptionists and till operators and from Sun International in two focus groups were waiters, housekeepers, receptionists and employees from guest services. Three human resources employees also participated in the focus group that took place at the Sun City. The number who participated in each focus group ranged between 4-8 employees.

Table 1a: Stage 1- Sample (Managers and frontline employees)

	Car rental						Retail						Hospitality					
	<i>n</i>	<i>a</i>	<i>c</i>	<i>w</i>	<i>m</i>	<i>f</i>	<i>n</i>	<i>a</i>	<i>c</i>	<i>w</i>	<i>m</i>	<i>f</i>	<i>n</i>	<i>a</i>	<i>c</i>	<i>w</i>	<i>m</i>	<i>f</i>
Managers	5	1		4	3	2	19	1	5	13	8	11	9			9	9	
Frontline Employees	10		4	3	4	6	38	8	19	11	7	31	14	8	4	2	9	5
Totals	15	1	4	7	7	8	57	9	24	24	15	42	23	8	4	11	18	5

Key

n = number interviewed or focus group participants; *m* = male, *f* = female
a = african, *c* = coloured, *w* = white

3.2.1.a.iii *Customers*

Customers of the three key service industries (car rental, retail and hospitality) participating in the research were recruited for focus groups by recruiters experienced in marketing research. Two of the recruiters were white females and one was an african female. The recruiters were briefed as to the objectives of the research and the criteria for the recruitment of customers (Appendix 1.4, page 215). In developing the criteria for each service industry, the marketing directors or a manager within the marketing department from each of the participating organisations were contacted and asked to describe their target customer (Appendix 1.5, page 216, lists the questions asked). The Living Standards Measure (1998) categories 6-8 were also used as guideline. Edgars, Makro and Sun International use this as a guide to understand their customers (Appendix 1.6, page 217). The recruiters phoned individuals who fitted the required profile for each focus group and recruited very strictly to the criteria set shown in Appendix 1.7A-C, pages 229-231. A focus group was run for each service industry (retail, car rental and hospitality) and the basic criteria for all three focus groups were that the potential participants needed to be the main user of the service/product, they needed to be able to communicate in and understand basic English and have a real interest in customer service. Recruiters were asked to avoid recruiting overly dominant or passive individuals so that all focus group participants would actively participate and express their own opinions. The customers recruited were a mix of gender, race, age and income and all residents from Cape Town or its surrounding suburbs. Refer to Table 1b below for details of the customer focus groups.

Table 1b: Sample (Customers)

Service industry	Gender			Race			Age				Income per Month			
	n	m	f	a	w	c	20+	30+	40+	50+	2000+	4000+	9000+	15000+
Car rental	5	3	2		3	2	1	1	2	1		1	1	4
Retail	8	3	5	2	4	2	2	3	2	1	1	2	5	
Hospitality	6	4	2		4	2		3	2	1	Bus	L	G	
											2	2	2	

Key

n = number of participants in the focus group
 m = male
 f = female
 a = african
 w = white
 c = coloured

Bus = Business
 L = Leisure
 G = Gaming

3.2.2 Data Collection

The procedure followed in conducting the one-on-one interviews and focus groups with the managers, frontline employees and customers is outlined below. All the interviews and focus groups were conducted on the premises of the organisation except the customer focus groups that were conducted at the Graduate School of Business, University of Cape Town.

3.2.2.a Managers and Frontline Employees

Pre-interview and pre-focus group briefing documents were provided to interviewees and focus group participants to ensure they were comfortable in providing honest and accurate information that expressed their own opinions (Appendix 1.2A & B, pages 206 and 208, for pre-interview and pre-focus group briefing documents).

A structured interview format was followed for both the interviews and focus groups, with specific open questions asked of the participants to explain HRM and what they understood as the role of Human Resources Management. They were also asked to describe specific HRM practices and effective service-orientated behaviour (Appendix 1.3A & B, pages 209 and 212). Bailey (1987) emphasises that the interview is very appropriate for the exploratory stages of research. The managers were interviewed as it was expected that they would respond better in a one-on-one interaction and would be more open to provide their individual opinion than when in a

focus group with other managers. Logistically it is also very difficult to get senior managers together in one place at one time. Frontline employees participated in focus groups as this allowed for several participants to be interviewed at a time. This increased the number of people who participated in the research and facilitated the ability to generalise the results. Bless and Higson-Smith (1995:113) believe that one of the advantages of focus groups is that participants are able to share their experiences and to reach some kind of consensus. However, this in itself can be a disadvantage in that individuals may feel reluctant to express their own opinion. To overcome this, the researcher emphasised that a difference of opinion was acceptable and checked that each participant had an opportunity to respond.

Seven key HRM practices were chosen (selection, training, development, pay, rewards, performance appraisal and management support). The HRM practices of training, development, pay and rewards were probed separately to see if respondents described them as playing different roles within their organisation. When responding participants were allowed to freely discuss their ideas and perceptions. This information could then provide direction and language for the questionnaire. The specific questions provided structure to the process and allowed for a standardised approach across all interviews and focus groups. Where appropriate the questions were clarified when the respondents in the focus groups did not understand what was being asked of them. Bless and Higson-Smith (1995:111) cite this as one of the advantages of interviews in that the interviewer can ensure that the respondents correctly understand the questions. This is particularly relevant in South Africa where English (the language used for the interviews and focus groups) is often the respondents' second language.

The respondents were also asked to provide input on the HRM activities engaged in by their organisations under the specific HRM practices being investigated in the research. However, this was not a detailed audit of practices within the organisations but merely to gain some insight into the organisation's practices and it also helped the frontline employees to identify more strongly with the HRM practice under discussion. Many issues relevant to the implementation of these HRM practices also emerged. The critical incident technique (CIT) was used to collect data on service-orientated behaviour. Respondents were asked to think of frontline employees they

had observed in their organisation who provide excellent customer service and what these employees do and say that is different from those employees who provide average and below average customer service. They were also asked to describe a good customer service interaction they had experienced as a customer and, lastly, to specify anything they thought customers would like from frontline employees that they were currently not receiving. Bitner *et al* (1990:73) suggest the critical incident technique is useful to collect data for an area where there is limited documentation of specific categories. They define CIT as “specific interactions between customers and service firm employees that are especially satisfying or especially dissatisfying”. The questions used in the interviews and focus groups for this research were set along the same lines but focused on the positive experiences (Appendix 1.3A & B. pages 209 and 212). The interviewer was specific about what the respondents must recount. Flanagan (1954) asserts that the interviewer must specify the incident, the specific type of behaviour that is relevant to the interview, and what is important enough to report. The CIT technique is useful in providing a rich source of information on the perspective of the respondents (Chell, 1998:69). Allowing respondents to relate these critical incidents also allows them to focus on real life behaviours rather than on a wish list. This then elicits information on behaviours which frontline employees are actually engaging in and that have had a positive impact on the customer.

The responses to the interviews and focus groups were recorded and transcribed at a later stage. Detailed notes were also taken. Peräkylä (1997) maintains that the accurate and detailed recording of interactions by tape recordings and transcripts enhances the reliability of research based on them. She goes on to assert that reliability is enhanced: by selecting from the recordings information that is directly related to the research problem; by good technical quality and by recordings that are adequately transcribed. In this research, the recorded answers were those in response to questions directly related to the research problem. The quality and accuracy of the recording of the responses was enhanced by the use of a high quality microcassette-transcriber. Peräkylä (1997:207,209) also raises the point that the “talk-in-interaction” is studied as a phenomenon in itself and this gives “a distinct shape” to the issue of validation. One issue is “validation through next turn” where the analyst can assess the accuracy of his/her interpretation from the participants’ response to each other’s statements. Co-participants will often respond by interpreting the point made by the

person preceding them. In this research, the responses in the focus groups were analysed for a common pattern and for their reinforcement of the themes that were emerging. Another issue is that of deviant cases, which Peräkylä (1997) believes are useful in testing the hypothesis. In this study, both similarities and differences were noted when analysing the transcriptions. Peräkylä (1997) also states that it is important in ensuring validity, that the data is relevant to the context i.e. the institution in question. Questions focusing the respondents on their organisations and on the specific practices and interactions under research ensured that the responses were connected to the institution and the research in question.

3.2.2.b Customers

The customer focus groups were conducted according to a structured interview format focusing only on the area of service-orientated behaviour. Customers were asked questions similar to those asked of managers and frontline employees (Appendix 1.8. page 234). The customers met in their groups at the Graduate School of Business, University of Cape Town and were offered refreshments to make them feel comfortable. They were also paid a fee for taking part in the focus group.

3.2.3 Data Analysis

The process followed to analyse the data on human resource management practices and service-orientated behaviour obtained through the one-on-one interviews and focus groups is described below.

3.2.3.a Human Resource Management Practices

The detailed notes and transcriptions of the interviews with managers and focus groups with frontline employees were analysed through a process of content analysis. Kerlinger (1986:477) describes content analysis as “a method of studying and analyzing communications in a systematic objective, and quantitative manner to measure variables”. The units of analysis were the sentences and key words that repeated themselves or stood out as distinctly different. Common understandings and differences between the managers and frontline employees as to the role of HRM in their organisations were identified within and across the three service industries. The

data was grouped into the following areas: what is meant by HRM and its role in their organisation, the role of the HRM department in their organisation, and what is meant by selection, training, development, pay, rewards, performance appraisal and management and the role of these practices in their organisation. The issues or themes highlighted by managers and frontline employees within each service industry were noted. Lastly, where provided, the specific activities engaged in by their organisation in the seven HRM practices were recorded.

3.2.3.b Service-Orientated Behaviour

Again, a process of content analysis was followed in analysing the detailed notes and transcriptions of the interviews with managers and the focus groups with frontline employees and customers. The focus of the analysis was the behaviour of frontline employees outlined in the critical incidents and the lists of what frontline employees could still provide the customer. Initially major groupings were identified and then similarities and differences between managers, frontline employees and customers were recorded within these three groupings or service-orientated behaviour categories which were titled: communicating with the customer, attending to the customer, and knowledge of products and services. Bailey (1987:302) specifies that the categories need to reflect the purpose of the research. Care was taken to record the respondents' actual wording and to capture the richness of their contributions. Bitner *et al* (1990:73) emphasise the important contribution that content analysis makes by providing an accurate and consistent record of peoples' responses without losing the power and richness of their responses.

3.3 Stages 2 and 3 of the Research

The same organisations, with the exception of Edgars, that participated in stage 1 of the research also agreed to be part of stages 2 and 3 of the research. A pilot questionnaire was administered in Stage 2 and a revised second questionnaire in Stage 3. The units/branches who contributed to Stage 1 did not take part in Stage 2. The sample and the process followed for the data collection and data analysis for Stages 2 and 3 are now outlined separately.

3.3.1 Stage 2

The objective of Stage 2 was to pilot the questionnaire that was developed based on data obtained from the focus groups and interviews conducted in Stage 1 of the research.

3.3.1.a Sample

The Table Bay Hotel from the Sun International group and the Milnerton branch of Makro took part in this pilot stage. Both the hotel and the retail store are based in Cape Town. The human resource managers based at these units selected the frontline employees and arranged for the questionnaire to be administered. The selection of which employees would be part of the sample was based on their availability at the time the questionnaire would be administered and their willingness to take part in the research. The human resource managers were also asked to select only frontline employees and to include a range of races and ages and both gender groups. The fact that subjects used were those staff that were available at the time the questionnaire was distributed indicates a convenience sampling method. Purposive sampling is also indicated by the fact that efforts were made to choose a sample that was typical of frontline employee not so much in terms of numbers but in terms of a mix of race groups, gender and age (Leedy & Ormrod, 2001). It was hoped that this would highlight the range of possible issues and problems that might arise when the respondents answered the second revised questionnaire. The sample consisted of 94 frontline staff from the Table Bay Hotel including waitrons, receptionists, housekeeping employees and, from the Milnerton store, 55 sales assistants and customer service employees. Questionnaires that were incomplete were not recorded onto the excel spreadsheet. The final number of questionnaires used was 69 from the Table Bay Hotel and 41 from the Milnerton store.

3.3.1.b Data Collection

A pilot questionnaire was developed based on the information provided in the interviews and focus groups by the managers, frontline employees and customers. Using detailed notes and transcriptions; the responses to the questions were recorded under the seven HRM practices and three service-orientated behaviour categories. The

definitions for the HRM practices and the three service-orientated behaviour categories were informed by the data provided in the interviews and focus groups.

The seven HRM practices were:

Selection – a set of practices including interviewing and testing that ensures potential employees with the right attitude and skills are selected fairly and without discrimination.

Training – a set of practices including instructor-led workshops and on the job training that provides regular and up-to-date training in required job knowledge and skills for both the employee's current job and for other jobs in the department.

Human Resource Development – a set of practices including resource centres, leadership training programmes, career planning and extra study that develops the whole person by growing knowledge and skills for future jobs and careers.

Pay – a wage or salary that provides financial payment for job performance and is comparative to salaries within the industry.

Rewards – a set of practices both financial (bonuses, merit increases) and non-financial (praise, hampers, letters, awards) that provides recognition for a job well done.

Performance appraisal – a series of discussions between a manager and an employee where performance expectations are agreed on and feedback is provided on the employee's work performance over a period of time.

Management Support – the provision by managers of resources and support to assist employees to effectively perform their job.

The three service-orientated behaviour categories were:

Communicating with the customer – verbal and non-verbal communication (listening, questioning and statements) and presentation of frontline staff to the customer.

Attending to the customer – how the frontline employees provide assistance to the customer.

Knowledge of products/services – the knowledge the frontline employees have of the organisation, the systems, the procedures, the services and the products.

The definition for organisational commitment is provided by Porter et al (1974) and Mowday *et al* (1979) as their questionnaire was used in this research to measure this variable. **Organisational commitment** is defined as “the relative strength of an individual’s identification with and involvement in a particular organization” (Mowday *et al*, 1979:226). The reason that this questionnaire was chosen is because it has a good level of reliability and validity. Mowday et al (1979) report in terms of measures of reliability, high coefficient α scores ranging between .82 and .90, inter-item correlations ranging between .36 and .72 supported by a single factor resulting from the factor analysis. Test-retest reliabilities were $r=.72$ and $.62$ for retail management trainees for 2 and 3 months periods respectively. They also reported an acceptable level of discriminant validity with common variance shared with other measures generally less than 25% and across several studies evidence of a relationship between organisational commitment and performance in the predicted direction.

The pilot questionnaire was divided into three sections and a covering page that explained the participant’s role in the research and what would happen with the data that was collected. This was important in order to get the cooperation of respondents. The questionnaires were customised replacing the word ‘organisation’ with the name of the organisation in question to facilitate respondents identifying more closely with the questions being asked (Appendix 1.9A, page 234). Instructions on how to complete the questionnaire were set out at the beginning of each section of the questionnaire. Section 1 was designed to measure the perception of frontline employees of the human resource management practices in their organisation. Section 2 measured their level of organisational commitment and Section 3 their perceptions of their customers’ perceptions of the service-orientated behaviour of frontline employees from their organisation. Section 3 relied on frontline employees putting themselves into the position of their customers. This method of third person interviewing is used in both marketing and psychological research and assessment. The technique requires respondents to project themselves into the thoughts and

feelings of a third person, in this case the customer. Tull and Hawkins (1984) believe that answers obtained through the third person technique often reveal more than is revealed by a response from a direct question. The limitation of this technique is that it may reveal more about the underlying attitudes of the respondent. Bias is also a possible issue. To overcome this, respondents were asked to assess the perceptions of customers of the service-orientated behaviour of frontline employees in general from their organisation rather than specifically of themselves. In their study, Zerbe *et al* (1993) rely on the self-assessment of flight attendants of a display of positive emotion towards passengers. Schneider *et al*'s (1980) review of boundary-spanning literature supports the view that employees and customers' perceptions are strongly related.

Section 1 of the questionnaire contained 32 statements that reflected the common understanding of the managers and frontline employees of the seven HRM practices obtained in stage 1 of the research (Appendix 1.9B, page 239). The Organisational Commitment Questionnaire (OCQ) developed and validated by Porter and his colleagues was used as Section 2 (Porter *et al*, 1974; Mowday *et al*, 1979) (Appendix 1.9A, page 234). The nine positively worded items were used. Mowday *et al* (1979) report that results from reliability and item analysis indicate that the nine-item short form is acceptable where the length of the questionnaire is a consideration. No difference in the validity of the nine and fifteen item questionnaires has been found (R.M. Steers, e-mail communication, 5/11/1999). The wording of the nine items was simplified to suit South African respondents. Section 3 was made up of 23 statements based on the responses of and reflecting the actual wording used by managers, frontline employees and customers in stage 1 of the research and reflected the operational definitions of the three service-orientated behaviour categories outlined earlier (Appendix 1.9B, page 239). This was to ensure that the questionnaire was relevant and to improve the face validity of the questionnaire. Face validity is the extent to which the instrument looks like it is measuring a particular characteristic. This form of validity is important to ensure the co-operation of the respondents (Leedy, 2001). It was also important that the words were easily identifiable by the respondents. It was anticipated that many respondents to the questionnaire would only have between 10 to 12 years schooling and that English would be their second language.

A four-point Likert scale with faces was used to keep the choices simple for the respondents. It was felt that providing too many choices would confuse respondents most of whom would have only a basic knowledge of English. A decision was made to not have a mid point as would be the case in a three point or seven point scale to encourage the respondents to make a definite choice rather than revert to a neutral standpoint. This was informed by discussions and feedback in the focus groups that the respondents could tend to take a neutral stance so as not to jeopardise their jobs. The Likert scale is a summated rating scale that aims to measure respondents' attitudes on a continuum of disagreement or agreement to an attitude item (Kerlinger, 1986; Leedy & Ormrod, 2001). The scores of the items are summed or summed and averaged to determine an individual respondent's degree of agreement or disagreement. (Kerlinger, 1986). As with most rating scales used in survey research, the scale used in this research is on an interval scale of measurement (Leedy & Ormrod, 2001). This allowed for the use of parametric statistics in this research in line with one of the common assumptions that the data reflect an interval or ratio scale (Leedy & Ormrod, 2001). The frontline employees were required to answer all three sections of the questionnaire. The human resource managers were asked to explain the questionnaire to the respondents and to be available to answer any queries.

3.3.1.c Data Analysis

Two estimates of reliability were carried out on the pilot questionnaire – a Cronbach alpha and factor analysis. Determining the reliability of an instrument is important as it influences the extent to which one can draw meaningful conclusions from the research (Leedy & Ormrod, 2001). Measures of reliability determine the extent to which variables are consistent in what it purports to measure (Hair et al,1998). Cronbach alpha a model of internal consistency based on the average inter-item correlation (SPSS 10.1). The coefficient alphas are reported in Table 2. Factor analysis examines the homogeneity of the items by examining the pattern of correlations within a set of observed variables (SPSS 10.1). It also assists in determining the meaning underlying variables and in this way allows one to examine the construct validity of the instrument (Kerlinger, 1986). The factor analyses are set out in Appendix 1, 10A, B & C, pages 242-244). The Statistica Version 6 software programme was used to carry out these procedures.

Table 2: Cronbach Alpha scores (pilot questionnaire)

Scale	Cronbach Alpha	Inter-item Correlation
Selection	.81	.52
Training	.62	.35
Development	.79	.44
Performance Appraisal	.90	.60
Management Support	.90	.49
Organisational commitment	.91	.56
Communicating with the customer	.88	.52
Attending to the customer	.78	.47
Knowledge of products /services	.72	.47

Amongst the HRM practices, the selection, performance appraisal and management support scales come out favourably, although management support does have a low inter-item correlation. Training has the lowest Cronbach alpha score of .62 that is on the lower level of acceptability that falls between .60 -.70. The lower limit of .60 is acceptable in exploratory research (Hair et al, 1998). The inter-item correlation of .35 for training is also low. The pay and reward scales were not calculated as the Cronbach alpha procedure does not allow for less than three variables. The Cronbach alpha score for organisational commitment compares favourably with the median score of .90 reported by Mowday *et al* (1979). This would indicate that simplifying the words did not jeopardise the reliability of the instrument and could be suitable for use with South African frontline employees. The Cronbach alpha scores for the service-orientated behaviour categories are also acceptably high ranging from .72 for the knowledge of products/services scale to .88 for communicating with the customer.

A principal component factor analysis (varimax normalised) was completed for Part 1 and 3 of the questionnaire. Varimax normalised was not possible in the factor analysis on Part 2, organisational commitment, as only one factor emerged. The component factor model is appropriate when the aim of the analysis is about the minimum

number of factors needed to account for the maximum portion of variance represented in the original set of variables (Hair et al, 1998). Variance maximising is used as the goal of the rotation is to maximise the variance of the 'new' variable (factor) while at the same time minimising the variance around the new variable (Statistica Version 6 Electronic Manual). Rotation allows for easier interpretation of the results. The factor analysis on Part 1, HRM practices, reveals six factors (Appendix 1.10A, Table 3, page 242). It seems that Factor 1 accounts for most of the variance with an eigenvalue of 14.03961. However, all of the other factors are above one and therefore need to be considered. The highest loadings of each variable are in bold and it seems practices that empower, support and show respect for employees load on Factor 1. Pay and recognition seems to be the theme of Factor 2, training and career development the theme of Factor 3. Providing feedback, resources and setting performance expectations is the theme of Factor 4 while the selection items load on Factor 5. Except for item 25, the other two items loading highest on Factor 6 also load relatively high on another factor. This would indicate a set of underlying dimensions or constructs that are not necessarily in line with those set out in the construction of the questionnaire. All organisational commitment items load on one factor above .70, except for items 1 and 2. (Appendix 1.10B, Table 4, page 243). Mowday *et al* (1979:232) also report finding a single factor that supports the conclusion that the items are measuring a single construct. This supports the validity of the simplified version used for South Africa frontline employees. The service items loaded on three factors (Appendix 1.10C, Table 5, page 244). Items from the three categories seemed to be mixed across all three factors. The theme of Factor 1 seemed to be that of 'going that extra mile' and 'doing something special' for the customer while Factor 2 seemed to contain items that could be perceived as representative of standard practice in providing customer service. Factor 3 seemed to have no definite theme. As with Part 1 of the questionnaire, it would seem that there are underlying dimensions or constructs that are emerging that do not directly tie in with the categories as set out in the questionnaire.

The selection of the items for the questionnaire for Stage 3 of the research was partially informed by the factor analysis and Cronbach alpha results. It is important that other factors such as the original input from the managers, frontline employees and customers also be taken into consideration. Out of the three items that loaded less

than .50 on all of the factors, two were discarded (Appendix 1.9A, Part 1, Q 7 and Part 3, (Q17) while one (Q 17), page 234) was kept in as the staff interviewed in the stage 1 of the research emphasised that the manager actively improving their situation for them was important. Ambiguous and double-barrelled items, and repetitious items were either removed or reworded. Ambiguous items were picked up by analysing those questions that were left unanswered and from those questions respondents identified as ambiguous. Kerlinger (1986:415) recommends that addressing ambiguity is one way of improving reliability. For example, both items in the pay category were re-worded in a clearer and simpler way (Appendix 1.9B and Appendix 1.11B, pages 239 and 250). Items that had been left out by several of the respondents were re-worded or discarded, especially if respondents also gave feedback that they did not understand the question. For example, many of the respondents found the negatively worded questions difficult to answer and these were left out. Steenkamp and Burgess (2002) also find problems due to negatively scored items. The rewording of items and removal of ambiguity from items is also important to improve the face validity of the questionnaire as is keeping within the wording provided from the input of managers and frontline employees.

In the construction of the second questionnaire a decision was made to keep the same seven HRM categories as this was in line with the research objective to measure the impact and influence of these practices on service-orientated behaviour. It was also likely to provide more meaningful and practical guidance to service organisations on the specific HRM practices that would require more emphasis in their organisation if the service-orientated behaviour of their frontline employees was to be positively influenced. No changes were made to the items measuring organisational commitment. The three service-orientated behaviour categories were also retained as they were strongly supported by the input from managers, frontline employees and customers in stage 1 of the research and it was believed that further testing of these categories would be useful (See Appendix 1.11A & B, pages 245 and 250 for the second questionnaire and the breakdown of questions into categories).

3.3.2 Stage 3

3.3.2.a Sample

The second questionnaire (revised) was completed by frontline employees across all rental agencies of Avis in South Africa, from the Carnival City Casino (Gauteng) and Sun City Resort (Mpumpulanga) part of the Sun International group and from the Woodmead, Centurion and Germiston, Makro stores that are all Gauteng based. The human resource managers from each of the organisations were asked to hand out the questionnaires to all frontline employees. They were given no specific criteria as to which frontline employees should participate as part of the sample. In the case of the Avis, 217 questionnaires were sent out to frontline employees, 135 were received back, a 62% return rate. Unfortunately, the Makro stores and Carnival City casino did not supply the total figure of questionnaires sent out despite numerous requests asking them to do so. The Sun City resort could not administer the questionnaire to all of their frontline staff as they were going through a major retrenchment programme. Seventy two questionnaires were sent out to receptionists from the hotel and to casino employees as the retrenchment programme did not affect them. Fifty two were returned which is a 72% return rate. Table 6, below, provides details of the sample for stage 3 of the research. The sampling method would be more in line with convenience sampling in that those employees who completed the questionnaires were those available at the time the questionnaire were given out at the units and offices. In retrospect it would have been more appropriate to have randomly selected frontline employees based on staff numbers and in this way get a more representative sample. However research conducted in organisations is limited by the willingness of management to assist in the research and often the researcher needs to be content with using employees who are easily accessible.

Table 6: Stage 3- Sample. (Frontline employees)

Service industry	Job Titles	Units/Location	Total n
Car rental	Handlers, Drivers, Rental agents.	All regional offices	135
Hospitality	Hotel receptionists, casino staff	Resort – Mpumpulanga (n = 52) Casino – Gauteng (n = 71)	123
Retail	Sales assistants, shelf packers, customer service staff	Store 1 – Gauteng (n = 64) Store 2 – Gauteng (n = 67) Store 3 – Gauteng (n = 49)	180

3.3.2.b Data Collection

The human resource managers who administered the questionnaires were asked to explain to the respondents how to complete the questionnaire and also if possible to be available to handle any queries. This was particularly important where frontline employees had low levels of education and a limited command of English. This procedure took place in Makro and to some extent in Sun International. In Avis, the questionnaires were sent out through internal mail to the various rental agencies and regional managers and agency supervisors handed them out to the staff. However employees in most Avis frontline staff have a higher level of education and better command of English and as such could handle answering the questions on their own. Responses on the returned questionnaires were captured on an Excel spreadsheet. No questionnaires were discarded this time but those with missing data were not used in the correlation, multiple regression or factor analysis. It was thought that this was a cleaner, more efficient method and imputation methods such as substitution with the mean could distort the outcome (Hair *et al*, 1998:52-55). The final sample numbers used for the latter three analyses were: total sample – 335, car rental – 93, retail – 150 and hospitality – 92.

3.3.2.c Data Analysis

Pearson Moment correlation and multiple regression analysis, including forward stepwise regression, were used to analyse and build an understanding of the relationships between the variables. The latter method allowed for the examination of the contribution of each HRM practice to the variance of the dependent variable, service-orientated behaviour (Hair *et al*, 1998:178). Pearson Moment correlation was chosen to explore the nature of the relationship between the HRM practices and service-orientated behaviour. Multiple regression analysis was chosen to predict the influence of the various HRM practices on service-orientated behaviour. Structured equation modelling (SEM) and principal component regression (PCR) was attempted but the data was unsuitable for this analysis. SEM is particularly sensitive to the normal distribution and kurtosis (skewness) of the data. Some cross correlations between the latent variables exceeding .70 made it difficult to interpret the results of a PCR where the latent variables are required to be relatively independent to obtain meaningful results.

A principal factors analysis was used in preference to principal components analysis to examine the underlying structure represented in the variables. It was felt important to explore further the underlying constructs that emerged in the pilot study. The factors were rotated to a simple structure using varimax normalised, with the exception of organisational commitment and service-orientated behaviour, as only one factor was extracted in both these cases. The Statistica Version 6 was used.

3.3.2.c.i *Scale Reliability and Validity*

The reliability and validity of the second questionnaire were tested using Cronbach Alpha and confirmatory factor analysis. Confirmatory factor analysis is useful for measuring construct validity (Hair *et al*, 1998:617). The reliability of the scale 'attending to the customer' increased substantially and both 'management support' and 'organisational commitment' increased slightly (Table 2 & Table 7, below). The inter-item correlation for both 'management support' and 'attending to the customer' has also increased substantially. The Cronbach alpha scores for the other scales decreased slightly except for selection where the score dropped from .81 to .69. The scale for training and knowledge of products/services could not be analysed as it only had two items. Although the reliability measures (except selection) are above the threshold value of .70, it seems important to revisit the original questionnaire and re-examine the questions that were omitted and changed. For example, the item omitted from the selection scale added substantially to the total item correlation and the alpha reduced substantially when this item was deleted. Including this item in future questionnaires could increase the reliability of this scale. Kerlinger (1986:415) suggests the reliability can also be increased by adding more items of "equal kind and quality". For example, items could be added to the training and knowledge of products/services scales that only have two items at this stage.

Table 7: Cronbach Alpha scores. (Second Questionnaire)

Scale	Cronbach Alpha	Average Inter-item Correlation
Selection	.69	.44
Development	.72	.47
Performance appraisal	.87	.57
Management Support	.92	.61
Organisational commitment	.92	.55
Communicating with the customer	.86	.60
Attending to the customer	.94	.61

A confirmatory factor analysis (CFA) was completed on each scale using only the total sample data. The covariance matrix was used and the generalised least squares estimation procedure followed by maximum likelihood estimation. One of the loadings for each scale was set to the fixed value of 1.0 to standardise the indicators of the construct (Hair *et al*, 1998:619). This involved Question 7 for selection, Question 3 for development, Question 6 for performance appraisal, Question 1 for management support, Question 26 for organisational commitment, Question 36 for communicating with the customer and Question 38 for attending to the customer. Offending estimates, i.e. loadings greater than 1.0 (Hair *et al*, 1998:620) were removed from management support (Question 16) and organisational commitment (Questions 30, 31, 32 & 34) (Appendix 1.11A, page 245). The training and knowledge of products/services scales are not reported as the CFA procedure does not consider scales with 2 or less items. The fit indices for performance appraisal, management support, and attending to the customer scales are acceptable. Sharma (1996:160) indicates that researchers traditionally use the cut-off value of .90. Performance appraisal CFI .921 and GFI .927, management support CFI .943 and GFI .924 and attending to the customer CFI .935 and GFI .922 (Table 8, below). The chi square statistics are not significant and the RMSEA indices are not acceptable for all of the scales (values between .05 & .08 are acceptable Hair *et al*, 1998:656).

Scale	Chi square - X ²	RMSEA	CFI	GFI
Selection	(1) 71.98 p=.00	.39	.659	.884
Development	(1) 39.46 p=.00	.31	.819	.927
Performance Appraisal	(6) 65.96 p=.00	.16	.921	.927
Management Support	(15) 92.72 p=.00	.12	.943	.924
Organisational commitment	(1) 15.22 p=.00	.25	.887	.713
Communicating with the customer	(3) 99.90 p=.00	.25	.837	.886
Attending to the customer	(36) 181.22	.09	.935	.922

Key

RMSEA root mean square error approximation (Steiger-Lind)
CFI comparative index (Bentler)
GFI goodness of fit index (Joreskog)

The results of the confirmatory factor analysis suggest that, in general, the data does not fit well to the proposed models. In confirmatory factor analysis, the “overall

model fit portrays the degree to which the specified indicators represent the hypothesized constructs” (Hair *et al*, 1998:621).

The way forward is to re-examine the indicators of the proposed constructs. A re-examination of the original qualitative data that informed the construction of the original questionnaire is useful as is reviewing the items omitted and changed for the second questionnaire. This also increases the reliability of the scales as measures of reliability assume uni-dimensionality (Hair *et al*, 1998:611). Combined with this, the underlying structure indicated by the principal factor analysis could inform the construction of the scales. This might mean measuring variables that are not set according to the HRM practices as we know them in organisations and in most of the literature on HRM but rather according to the way frontline employees are seeing HRM operating in their organisations. The principal factor analysis identified two factors in HRM practices in the total sample (Appendix 2.7, Table 17, page 278). The first factor contains items related to the “soft” aspects of HRM, while the second factor relates to the “hard” aspects of HRM i.e. the implementation of the HRM practices themselves. Kane *et al* (1999) find similar factors in their research into the implementation of HRM practices and the barriers to their implementation. A confirmatory factor analysis was conducted on these factors plus the single factors for organisational commitment and service-orientated behaviour indicated by the exploratory factor analysis. Hair *et al* (1998:617) emphasise the benefits of using factor analysis “to complement theory in specifying the appropriate factor loadings. Only factor loadings above .60 from the total sample were used (Appendix 2.2, Table 11, page 255 & appendix 2.7, Table 17, page 278). Hair *et al* (1998:111) recommend a factor loading of plus .50 to be considered practically significant. The first factor of HRM practices was named Performance facilitation and the second factor named HRM practices. The one factor for service-orientated behaviour was named as such. Again, the covariance matrix was used and the generalised least squares estimation procedure followed by maximum likelihood estimation. Both ‘performance facilitation’ and ‘service-orientated behaviour’ come out with acceptable fit indices while, for ‘organisational commitment’ and ‘service-orientated behaviour’, the RMSEA index is just over the maximum acceptable level but both the CFI and GFI indices are acceptable above .90 (Table 9 below). The RMSR for all the scales are

acceptable except for HRM practices which indicates less of a fit between the model and data. The chi squares of all the scales are not significant.

**Table 9: Confirmatory Factor Analysis/Cronbach Alpha
(based on Factor Analysis) (Second Questionnaire)**

Scale	Chi Square - χ^2	RMSEA	CFI	GFI	RMSR	Cronbach Alpha	Average Inter-item Correlation
Performance facilitation	(54) 150.10 p=.00	.08	.97	.93	.03	.95	.61
HRM practices	(3) 17.43p=.001	.11	.96	.98	.18	.78	.47
Organisational commitment	(20) 83.26 p=.00	.10	.96	.94	.03	.91	.58
Service-orientated behaviour	(104) 236.35 p=.00	.06	.97	.92	.03	.96	.59

Key

RMSEA root mean square error approximation (Steiger-Lind)

CFI comparative index (Bentler)

GFI goodness of fit index (Joreskog)

The reliability (Cronbach alpha) scores are high except for the HRM practices scale. Interestingly, the 'organisational commitment' scale still has a score of .91 despite the removal of one of the nine items. The results indicate that re-examining the scales could lead to the development of valid and reliable scales. All of the scales, except HRM practices, would be acceptable to test with respondents and to incorporate into a causal model to be tested. Before applying these scales, however, it is important to ensure they have sound theoretical basis and link with the original qualitative data.

Chapter 4

4 RESULTS

This following section outlines the key results of this research. The results from stage 1 of the research are presented first as these informed the development of the questionnaire and also served to define the variables such as service-orientated behaviour under consideration in stages 2 and 3 of the research. The key service-orientated behaviours identified by managers, frontline employees and customers is discussed initially, including the similar and different observations of these three groups across the three service industries. Discussion of managers and frontline employees understanding of the role of HRM and the seven HRM practices in their organisations follows. The results of stage 3 of the research that measured the perceptions of frontline employees of HRM practices in their organisation, their level of organisational commitment and the service-orientated behaviour of frontline employees in their organisation is discussed in the last part of this chapter.

4.1 Service-orientated Behaviour

Hypothesis 5 postulates that managers, frontline employees and customers would identify similar service-orientated behaviours across all three service industries. Outlined below are firstly, the service-orientated behaviours identified by all three groups across all three service industries and, secondly, the different behaviours identified by these groups and different service industries. The behaviours have been presented under the three different categories of service-orientated behaviour used in the questionnaire. A summary appears in Appendix 2.1, Table 10, page 254.

4.1.1 *Communicating with the Customer*

Definition: verbal and non-verbal communication (listening, questioning and statements) and presentation of frontline staff to the customer.

4.1.1.a Similarities

Greets the customer first, confidently with a smile

Car rental customers emphasise that frontline employees need to be genuinely happy to see you and the fact that they are under pressure should not be evident. There is an acknowledgement amongst all three groups that the customer must feel welcome and invited in. Frontline employees from Sun City resort, find it difficult to greet a customer first. It goes against their culture where respect is shown by deferring to a person of authority and not greeting them first. Frontline employees for this resort are mainly recruited from the Tswana tribe most of whom have not moved out of this rural area. This is a common dilemma faced by most Africans in South Africa particularly those who have come from the rural areas and who have had limited exposure to European and American cultures.

Acknowledges and recognises the customers as being there

This might involve a nod, a greeting or a smile that says, "you are a person, welcome." This is very typical of most African greetings that acknowledge the person both verbally and non-verbally. Managers in Makro termed this "visible hospitality" – letting the customer know that some one is there for them. The interaction might move on to a conversation between the frontline employee and customer or it might mean the employee continues to be present in an unobtrusive way. Customers feel that the frontline employee must acknowledge them and not ignore them. As one of the hotel managers emphasises employees should not have a "don't disturb me look" about them.

Uses the customer's name

Both customers and staff feel that the use of a customer's name is important. Frontline employees from hospitality feel that using a customer's name allows one to personalise the interaction and to start building a relationship with the customer, however, short the contact time is with the customer. Managers in Avis emphasised that frontline employees use the customer's name for customers who use their service frequently.

Makes eye contact

The effective service provider is “the guy who is walking along with his head up and looks you in the eye” (manager, hospitality). As with making the initial approach, eye contact with persons considered superior is viewed by most black South Africans as rude. Dealing with international customers with expectations of eye contact raises challenges for these frontline employees. The managers from the Sun City casino find both hesitancy in making eye contact and in greeting the customer problematic in the gaming area where international customers expect employees to be assertive and outgoing.

Listens and clarifies the needs of the customer

This is particularly emphasised by the managers who see listening as more than just hearing what the customer has to say. It is also about listening to the customer’s non-verbal behaviour and keeping one’s “ear pricked up.” (manager, car rental) Another manager from car rental highlights that effective frontline employees identify the customer’s needs by not necessarily asking questions but by watching the customer and picking up on his/her moods and responding accordingly. Clarification involves checking with the customer that his/her needs are understood accurately.

4.1.1.b Differences

4.1.1.b.i Car rental/Hospitality (Managers and Frontline Employees)

Uses a positive and sincere tone of voice

This is emphasised by both managers and frontline employees. The tone of voice used makes the customer feel special.

It is “how you say it, not what you say.”(frontline employee, car rental).

Frontline employees from hospitality also point out that they need to be conscious of the words used as words could turn a customer off.

4.1.1.b.ii *Retail*

4.1.1.b.ii.1 *Frontline Employees and Retail Customers*

Keeps work area and personage clean and tidy

Retail frontline employees highlight this and customers who feel it is important that employees who deal with customers keep their areas tidy and are themselves tidy and clean. The customers, however, emphasise that even if a shop is untidy and dirty they still expect the same level of service.

4.1.1.b.ii.2 *Frontline Employees*

Asks if can provide any additional assistance

Retail frontline employees mention that it is important that they try to find out if a customer wants anything else.

4.1.1.b.ii.3 *Customers*

Customers were also asked if the ability to communicate in their language is important. Car rental customers feel that frontline employees need to be bilingual (English and Afrikaans). It would be unlikely for an employee to be able speak all eleven official languages but at least they need to be able to call on someone if they cannot speak the customer's language. Hospitality customers emphasise that access to different languages is a facility that should be available to customers. However they did point out that English as the international language must be spoken by all frontline employees.

4.1.2 *Attending to the Customer*

Definition: how the frontline employee provides assistance to the customer.

4.1.2.a *Similarities*

Focuses specifically on the customer and does not get distracted

Again it is managers from the retail sample who coin a term, “positive attentiveness” which in this case describes the ability of a frontline employee to engage with a customer and to give him or her their complete attention.

“Even though there are a hundred people behind that person you just concentrate on the one in front of you.” A “whole world of time for them.” (frontline employees, car rental.)

Customers from car rental emphasised that frontline employees need to give customers their full attention and that, as a customer, they must not feel a nuisance. Retail customers state that packers and cashiers having a conversation between themselves while serving the customer are not paying attention to the customer.

Takes personal responsibility to see that the customer is assisted

This means ensuring that the customer is served even if they are not in the frontline employee’s department and following up that the customer has been helped. Retail customers talk about frontline employees avoiding the “hot potato” syndrome where problems tend to be passed on from department to department without the problem being resolved to the satisfaction of the customer. They feel that they could accept inconveniences as long as the frontline employee is making an effort. Taking personal responsibility also means coming back to the customer with an answer and keeping promises.

A manager from hospitality emphasises that it is important that frontline employees take responsibility to solve problems “because unless they do this it does not matter how efficient or smiling you are.” Customers emphasise that it is up to the frontline employee to solve the problem. “I don’t mind if they have to go to someone else to solve the problem, as long as they don’t make it my problem” (customer, car rental). Employees also need to show initiative and “stick their necks out” (manager, hospitality). Car rental customers feel that frontline employees need to pre-empt problems they know can arise.

Goes that extra mile

The term a “double bagging” attitude is used by a manager from retail. Double bagging refers to the act of using two bags instead of one to pack the wine bottles at the checkout. It is making that extra bit of effort to resolve a problem or to make the customer feel special. A retail customer gives an example of a sales assistant that gave him her own umbrella when it was raining outside. Frontline employees from hospitality speak a lot about granting even the most ridiculous requests from guests. Frontline employees from retail give examples of securing supplies from another branch for a customer. A manager from car rental states that effective frontline employees should be willing to do whatever it takes to make the customer happy.

Deals empathetically with a customer's complaint

Frontline employees from hospitality emphasise the importance of empathising and apologising to the customer. Employees from car rental stress the importance of involving customers and explaining the situation to them so they understand where the frontline employees are coming from as well (reverse empathy). However, customers may not take to this. One hospitality customer states that he does not care what the problem is that the frontline employee faces. Turning a customer's problem into an opportunity to provide excellent service is highlighted.

“My best customers are the customers that have had a bad experience and I have looked after them, and they would never ever leave (us)” (manager, car rental).

“The guests are not a problem but essential to the success of the business” (manager, hospitality).

It seems customers may not be so forgiving – “From a business point of view I go for a top class company that will back me anywhere anytime and if they let me down once I never go back” (customer, car rental). Retail customers feel that an exceptional provider makes sure that “you are happy and thinks long-term.”

4.1.2.b Differences

4.1.2.b.i Car rental/Hospitality

Assesses the customer's mood and responds accordingly

Car rental managers emphasise the importance of commenting on the customer's mood and trying to cheer them up. Frontline employees from car rental feel it is important to read the customer's mood – "you can tell if they want to chat or to go go." Managers from hospitality state that it is important that frontline employees change their 'personality' to deal with the specific needs of the customer. Hospitality customers state that frontline employees need to be able to read the customer's body language and act at the same level as the customer in their use of language and to meet their needs.

Deals with business and leisure customers differently

In both of these service industries, in particular in car rental, business and leisure customers have different expectations of frontline employees. Customers on business expect prompt and accurate service with "just a little bit of attention" and that employees will use their name so that they feel recognised. One of the car rental customers, however, mentions that being thorough is also important even if it meant going slower. Customers on holiday need a whole lot more. They expect frontline employees to spend time with them to meet their needs. "Our normal internationals take 10 minutes while corporates take about 45 seconds and that is the difference" (regional manager, car rental). They also want frontline staff to show patience, warmth and caring. Hospitality customers feel that holidaymakers are more relaxed and therefore can be more accommodating and wait. Business customers are tired and less likely to put up with situations. Dealing with business customers effectively can have spin-offs for the leisure business.

"If I am treated well as a business man I am likely to use one of the brands for leisure. I won't go looking for a little man. I will stick with what is reliable." (car rental customer).

4.1.2.b.ii *Retail/Hospitality*

Does not hang around or bug a customer

This is an extension of “visible hospitality” where the customer is aware that the frontline employee is there but does not feel under pressure to interact with them unless they choose to. A manager from retail explains that this means that frontline employees are not too submissive or too chatty. A frontline employee from retail states that they are always aware of the presence of the customer without being obtrusive. A hospitality customer feels that it is important that the waitrons are there so that he could call on them when he needs them.

“Not hovering around you like a butterfly but being in attendance” (manager, hospitality).

4.1.2.b.iii *Retail*

Displays honesty

This is emphasised by the frontline employees who in providing examples of good customer service they had experienced, are particularly impressed by “rare displays of honesty” when sales assistants kept a handbag they had left behind and would not sell them garments where stitching had been badly done.

4.1.2.b.iv *Customers/Hospitality*

Provides that ‘personal’ touch

Customers across all three service industries emphasise the importance of creating a personal experience for the customer. This reinforces Schneider and Bowen’s (1993:39) contention that service is a “personal experience”. A retail customer in the focus group says she goes to a cashier she knows because it is a personal experience. Hospitality customers particularly emphasise the ‘personal’ touch. They feel frontline employees should call customers by their names and welcome them back. Even if they don’t know the customer well they should still be able to make them feel comfortable. Gambling customers state that effective frontline employees know which slot machines they are on and, in ‘closed’ gambling (very serious gambling), they will

know what customers are drinking and replenish their drinks. Frontline employees from hospitality also emphasise the need for employees to give that special touch to the customer. For example, sending flowers to a guest who is not well.

Customers were also asked if they expect different service from frontline employees from different race and gender groups and from different service industries or outlets. Car rental customers feel that both male and female rental agents and handlers should provide the same service except that males should know more about the mechanics of the car. Retail customers also feel that the same service should be provided by all but that the frontline employees themselves should be sensitive to the differences among customers such as differences in their culture. For example, they should be aware of what is considered polite in different cultures. Hospitality customers state that different amenities should not affect the way customers are served. They feel that frontline employees should do the best they can whoever they are serving.

4.1.3 Knowledge of the Products and Services

Definition: the knowledge frontline employees have of the organisation, the systems, the procedures, the services and the products.

4.1.3.a Similarities

Provides accurate information

In all three service industries it is considered important that frontline employees be able to provide accurate information on their organisation's products and services. In car rental this involves explaining everything about insurances, conditions and how the car works (e.g. its alarm system). A manager from car rental points out that explaining terms and conditions has to be handled sensitively as some customers can get offended. Car rental customers emphasise that the car agent must ensure that the customer understands everything about insurance, filling the tank etc. This is something they often fail to do. Car rental customers also expect frontline employees to walk with them and show them the car. In this way, any problems are not their problem. Again, particularly in car rental and hospitality, holidaymakers require additional information on directions and what to see and do.

“I normally spend 10 to 15 minutes with all my guests. I tell them about the different things they can do here, Table Mountain, the wine route, things like that. Tell them about the places they can go to and tell them about certain wines and so on” (waiter, hospitality).

It is also expected that general information on South Africa be given such as information on safety and crime. In dealing with their problems and complaints, customers also expect employees to be able to explain how the systems and procedures operate in their organisation and who is in charge of what.

Gives good advice

Customers expect frontline employees to give them accurate advice on the use of an organisation's products and services. This is particularly evident in retail where customers expect advice on the latest fashion or on the best fridge to buy. Frontline employees in retail emphasise that the employee must never guess. Advice also extends to suggesting better options to the client. In car rental and hospitality, advice on the best restaurants to go to or the safest route to take is also expected from customers.

In the total sample, and across all three service industries, the service-orientated behaviour items loaded on one factor above .60 significant at the .05 level (Hair *et al*, 1998:111-112); (Appendix 2.2, Table 11, page 255). This indicates that there is one key underpinning general concept in regard to service-orientated behaviour. Intercorrelations of the variables are all above .30 indicating a degree of multicollinearity (Hair *et al*, 1998:99); (Appendix 2.4, Tables 13a-d, pages 257 to 260). On analysing the higher factor loadings (+.80), ‘checking understanding of the customer’s needs’ emerges as a key theme in all three service organisations, as does ‘providing efficient and accurate service’. This latter theme has the highest factor loading for both car rental and retail. ‘Making customers feel special’ has the highest factor loading for hospitality followed ‘by being there for the customer’ and ‘making sure the customer is always helped’ also has a high loading. In examining the communalities, car rental has none below .50 (Hair *et al*, 1998:113) but the two that are close are ‘not bugging the customer’ and ‘asking the customer if they can give extra help’. These behaviours are not highlighted as important in the interviews or

focus groups. In retail, 'not bugging the customer' contributes little to Factor 1 as does 'keeping their promises'. This is interesting, as both customers and staff consider these behaviours important. 'Greeting the customer and eye contact' also contribute little to the service Factor 1 in hospitality. Although these behaviours are emphasised in this industry, they are considered problematic for frontline employees (Appendix 2.3, Table 12, page 256).

In summary, it would seem that there are number of similarities as to the service-orientated behaviours identified by all three groups across all three sectors (Appendix 2.1, Table 10, page 254). Differences are also evident and it is interesting to note how car rental and hospitality share several of these differences. Hypothesis 5 postulates managers, frontline employees and customers across all three service industries identify similar behaviours. This is supported to a large extent although differences, particularly between service industries, are noted.

4.2 Human Resources Management in the Service Sector

4.2.1 *The Role of HRM in Facilitating Service-orientated Behaviour*

4.2.1.a Human Resources Management in Service Organisations

Management across all three service industries emphasise the role played by Human Resource Management (HRM) in supporting the strategic objectives of the organisations. They believe that the role of HRM is derived from business strategy instead of being developed together with business strategy. Many of them highlight the role of HRM in creating and sustaining competitive advantage for their organisations. HRM to most of them is a competitive tool for differentiation and for creating better value for all stakeholders. Barney (1991) argues that the HRM system is an organisational resource that has the potential to become a source of competitive advantage. One of the senior executives interviewed in the hospitality sector emphasises that the role of HRM is "to build an ethical culture that delivers customer service".

Frontline employees do not have a sense of the strategic role of HRM. This could be due to their lack of contact with the strategic level of organisational issues. Insufficient communication between management and staff regarding business strategy and the role of HRM in supporting the strategy of the organisation could also be a contributing factor. Management in both car rental and retail emphasise the facilitative rather than controlling role of HRM and place the emphasis on building relationships. Both management and employees' belief that a key role of the HR department is to facilitate relationships between management and employees further reinforce this. The organisations that highlight the importance of HRM energising and optimising the human resource within the company seem to have a strong strategic orientation to HRM in their company and speak a lot about human resources systems such as performance appraisal releasing energy rather than controlling employees.

“It has got to be viewed by managers as an energy releasing process.” (HR Director – Retail.)

However, the reality is sometimes different. For example, some of the managers interviewed and the employees who participated in the focus groups feel that managers still control performance and use the performance appraisal system to check up on and police staff.

4.2.1.b The Role of the Human Resources Management Department in Service Organisations

The employees and some of the managers who participated in this research do not distinguish between the role of HRM as a function within the organisation and the role of the HR department. For many, they were synonymous. Therefore, although a question was not directly asked as to how they saw the role of the HR department in their organisation, the following information was volunteered.

The HR department was seen to play four key roles. Firstly, to guide and keep managers and staff informed as to best practice. Secondly, to ensure compliance to company policy and legislation relevant to the management of staff. An emphasis on this role could be due to management's lack of familiarity with the complexities of South African Labour laws. Thirdly, frontline employees from retail and car rental highlight the importance of the HR department being available to counsel and support

staff. They see it as a place of refuge and somewhere to go where they could express their views and be understood. Fourthly, the personnel role of the HR department receives more emphasis at the operational level of the business. Although head office may have a strategic focus to HRM, at the branch level the realities of staff meeting basic survival needs thrusts the HR department into a very clear personnel role, centering on hygiene, job context factors, industrial relations and employee welfare. Out of all of the organisations that took part in this phase of the research, it is the car rental company that places the most emphasis on HRM being the function of the line manager and the HR department playing a more consultative role.

4.2.1.c Human Resource Management (HRM) Practices in Service Organisations

The following section discusses the points identified by managers and frontline employees when asked to describe the role of specific HRM practice in their organisations. A table for each practice summarises the key points they highlight followed by a detailed discussion integrating examples of how these practices are implemented in these organisations and the problems raised by both managers and frontline employees. The two different retail organisations that participated in this phase of the research are reported separately. Retail 1 is Makro and Retail 2 is Edgars.

4.2.1.d Selection of Frontline Employees

Management from the hospitality sector recognise the role of the selection process supporting their core business and the culture of their organisation (Table 14.a below. Note mgt. stands for management). Managers and frontline employees across all three service industries see selection as the choice of the right person for the right job. The fit of the person for the job is described as being based on knowledge, skills and attitude. Many of these organisations emphasise the selection process using competency-based selection and psychometric testing to ensure that employees meet the criteria. Psychometric testing is not only used to gain insight into personality factors but basic numeracy tests are also used. The setting up of criteria for selection purposes is highlighted as key to the success of the selection process by car rental and hospitality. They place an emphasis on developing a sense of the right attitude and not just skills and knowledge criteria. This is in line with the emphasis Peccei and

Rosenthal (2000), Schneider and Bowen (1995) and Heskett *et al* (1997) believe should be placed on attitude. Frontline work is not always as glamorous as it sounds and much of the work can be boring and repetitious. The HR director of the hospitality organisation feels it is important that employees selected for these jobs be able to deal with this. In emphasising the importance of personal interaction in the service relationship, the operations director from the car rental company believes that there is a certain type of person who takes pleasure in serving others.

“(They) are people who need to make other people feel good. Even in their personal life they are the people that will sacrifice in order to make somebody else feel good in their personal interaction. By being in the service industry they take pleasure to be the person who is delivering the service and who seems to be delivering the best.”

This is supported by hospitality customers who state that you cannot make someone smile. It takes a certain type of person and no amount of training gives someone the right type of personality. They feel that being in a service job is a vocation. Managers are also concerned with the need to get the right person for the job to avoid dealing with the consequences of a poor performer. Apart from the impact the wrong choice would have on customer service, South African managers are very aware of and careful to meet the requirements of the Labour Relations Act 1995. The Act has direct implications on fair selection procedures and due process before an employee can be dismissed. Car rental and Retail 1 also highlight the importance of selecting employees who fit the culture and image of the organisation. Frontline employees from the car rental organisation highlight the need for an individual to “fit with the image of (the) business”. This is understandable when one considers the professionalism and the ‘aesthetic appeal’ customers seem to demand of car rental people in South Africa.

Table 14a: Selection – Understanding of Managers and Frontline Employees

	Selection							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Support core business/vision							•	
Right attitude and skills	•	•	•	•	•	•	•	•
Culture fit	•	•	•		•			
Potential		•	•	•				
Non discriminatory	•						•	•
Criteria					•		•	•

Employees in particular emphasise the need to identify potential and train for skills. This is most evident in the retail and hospitality industries where frontline jobs are often the entry point for semi-skilled labour into the industry. The lack of access to education for many of the black people of South Africa has left many potential employees with little to offer other than attitude and potential to learn.

The interview is used by all organisations as a key selection tool with Retail 1 involving the union. The frontline employees from this company feel that this had improved the transparency and fairness of interviews. They say that in many cases “it was not what you know but who you know” that influences the selection decisions. The hospitality organisation involves other stakeholders, such as the equity officer and HR manager, in a panel interview. However, casuals do not go through the same stringent process as permanent staff. In Retail 2, the casuals also do not go through a thorough orientation process and, according to the permanent frontline employees, this results in poor performance.

4.2.1.e Training for Service

Both managers and frontline employees across all three service industries view training as developing the appropriate attitudes, knowledge and skills for the specific job performed by the employee (Table 14.b below). The HR director of the car rental company believes that training “enables an organisation to do all activities at the level they are at the moment” while development “enables the organisation to take quantum leaps to the future”. Managers from Retail 1 feel that, in many ways, training and development tend to overlap in terms of the process and that training, in a sense, is

development. South African organisations are engaged in basic literacy and numeracy training to address the lack of education amongst Black South Africans, a legacy of the previous government. Many of the managers, particularly in the hospitality industry, consider training a continuous learning process. This is reinforced by the National Qualifications Framework and the Skills Development Act 1998 that emphasises the importance of recognising life-long learning and the standardisation of training and qualifications within industries. Sun International, and in particular the Sun City Resort, has been recognised for implementing competency-based training for frontline employees that allows them to achieve nationally recognised qualifications within the National Qualifications framework. They also provide Adult Basic Education and Training (ABET) that allows employees the opportunity to learn to read and write and to attain school qualifications as adult learners.

Table 14b: Training – Understanding of Managers and Employees

	Training							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Job specification – attitude/behaviour/skills	•	•	•	•	•	•	•	•
Orientation			•	•				
Multi-skilling								•
Prepare for promotion	•	•					•	
Empowerment/enablement		•	•			•		
To cope with change			•		•		•	
Employee's responsibility							•	
Line manager's responsibility			•			•	•	•
Ongoing process		•					•	

Many of the employees across all three service industries believe that training and development gives them the confidence to interact with the customer. As one employee from Retail 1 says “the employee does not look like an idiot in front of the customer.” Peccei and Rosenthal (1997) identify that job competence and employees’ understanding of customer service requirements significantly impacts on their capacity to engage in continuous improvement and to exert effort on behalf of customers. Training for them is synonymous with empowerment and enablement. Managers emphasise the important role of training in equipping employees to be able to deal with changes in the organisation and to be able to meet the demands placed on them as their organisation competes in the global marketplace. The recognition of the

role of managers in providing the training depended on the degree of centralisation of the training function and the amount of emphasis placed by the organisation on the responsibility of employees for initiating and obtaining their own training. However, despite an emphasis for example in the hospitality industry on employees accepting responsibility for their own learning, employees consider training as management's responsibility. Where the basic skills training is centralised, frontline employees emphasise the coaching and mentoring role of the manager. Employees from Retail 1 see the quality of training as often being compromised by trainers and managers who are not fully capable to train. Both managers and frontline employees from hospitality emphasise multi-skilling. Customers require frontline employees to deal with a variety of demands. Bowen and Waldman (1999) believe that face-to-face contact with customers requires frontline employees to perform multifunctional tasks. All in all, managers see training as critical to the business: "One of the success factors in our business." (operations director, car rental).

4.2.1.f Human Resource Development of Frontline Employees

Both managers and frontline employees see human resource development as a process of broadening skills, and developing potential for a higher level of responsibility within their organisation (Table 14c below). Employees from the hospitality organisation mention that the only way to get better salaries is vertical progression. For managers, human resource development is about building capacity for the future. "If you are not developing your people you are consuming your seed core". (senior executive, hospitality). Development not only has a short-term spin off in making employees more effective in their day-to-day work but also in building capacity to deal with change and to create competitive advantage. In all organisations, development is seen as an integral part of the performance management process.

In the car rental organisation, where a strong emphasis is placed on ongoing training, frontline employees viewed training and development as an integrated activity. For them, development also empowers frontline employees to take the initiative and to make their own decisions. Employees from the retail organisations see both training and development as a form of recognition. Managers from the hospitality organisation state that development for employees is often more important than financial benefits. This could be due to the importance that Black South Africans place on access to

education, having been denied it for many years. Education provides them with the opportunity to improve their lifestyle. Frontline employees from the retail and hospitality sectors consider development as largely driven by employees. They, however, express some frustration with management's lack of drive to initiate and involve them in career development discussions and also to provide support for self-study programmes. The development process is less structured than the training process in the car rental organisation that offers study grants and cultural diversity training as part of development. Training, on the other hand, followed a very structured process of building from more fundamental skills to more advanced skills and providing job specific training. Subsequent to the interviews and focus groups, Avis Rent-A-Car introduced in 2002 the Brand Ambassador programme that is an attitudinal and behavioural workshop designed to equip employees to exceed customer expectations. "The Brand Ambassador programme shows us that our personal behaviour plays a crucial part in how Avis performs and how it is perceived" (Grenvill Wilson, CEO, Avis Annual Report, 2002).

Table 14c: Human Resource Development – Understanding of Managers and Frontline Employees

	Development							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Develop the person	•	•	•	•		•	•	•
Building capacity – future forecast	•		•	•	•		•	
Involves career development	•		•	•	•		•	
Line management responsibility	•	•				•		•
Employee's responsibility		•				•	•	

4.2.1.g Pay and Reward Practices in Service Organisations

Both managers and frontline employees view pay as remuneration for a job done – as an income (Table 14d,below). "That's why we work" (employees, hospitality). Pay for the frontline employees from retail formed part of a contract: "If the employer does not look after me, why should I look after her." In fact, both management and employees from the retail organisations mention that good pay often minimises theft. Whether one can assume that this is a comeback on the employer not adequately

fulfilling their part of the contract is worth considering. Employees from both retail organisations highlight the role of pay to both attract and retain employees. There is a strong feeling in Retail 2 that management does not acknowledge this role and that this impacts on getting the right people in the organisation. The “company is not always able to afford the best so often goes for second best.” While pay was viewed primarily in financial terms, rewards were seen as non-financial, and to include praise and acknowledgement from management (Table 14e,below). Management from Retail 1 describe rewards as a “softer issue” of thanking the employee. Retail frontline employees describe rewards as “praise, a party, a thank you, certificates of merit, a pat on the back, free meals, employee of the month, promotion.”

Table 14d: Pay – Understanding of Managers and Frontline Employees

	Pay							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Financial	•	•	•	•	•		•	
Reflects what you are worth			•		•	•	•	•
Motivates			•	•	•			•
Attracts				•	•	•		
Retention				•		•		
Recognition		•	•		•	•		•
Fulfilment of a contract				•	•			

All the organisations also give awards in the form of certificates and/ or money. Avis has company wide award ceremonies twice a year. Employee of the month awards are also common. In the retail environment, vouchers, days off and hampers of food are also common practice. Compliments and letters of praise from customers are also used in retail but employees from Retail 1 feel that for management to receive this form of feedback is more extraordinary than common practice. Complaints are more often received than praise. This means that much of the positive feedback from customers is not brought to the notice of management. This does not lend credibility to incentives schemes based on customer feedback. Customers either give immediate verbal feedback to the frontline employee or no feedback at all. Horwitz and Neville (1996) highlight the intangible nature of service and the fact that service is produced

and consumed simultaneously. Both of these factors make it difficult for managers to monitor and measure the quality of service delivery. Retail 2 uses a system of “bricks and bouquets” and an honour roll for good service. This is then integrated into the performance appraisal process. Avis has incentive schemes based on group performance, walk up incentives in the agencies and an accident free bonus for drivers.

It is the perception that rewards encourage employees to work harder and to go beyond the specific requirements of the job.

“Like if you don’t have them why would you work harder”.

As one senior manager put it, rewards “start to challenge (employees) to try and achieve beyond what the organisation expects of them.”

Table 14e. Rewards – Understanding of Managers and Frontline Employees

	Rewards							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Non financial	•		•	•		•		
Makes you feel worthwhile	•		•	•	•			
Attracts							•	
Motivates	•	•	•	•	•	•	•	•
Transparency								•
Recognition	•	•	•	•	•	•	•	
Builds relationships			•	•		•		

The perceptions of the capacity for pay to motivate employees are mixed. Management from Avis and Retail 1 feel that pay can only function as a short-term motivator. Pay “makes people happy at the time” (HR director, car rental).

“Leadership is a better motivator. But if you are stuck on the breadline then wage is a motivator” (management, Retail 1).

The training manager from Avis points out that for pay to have any motivational impact employees need to feel that they have control over their performance. The

issue of performance linked to pay does emerge in the interviews with management from Retail 1. The concern is that performance-based pay could exacerbate short-term thinking. The feeling is that there is a need to set up a process that results in sustainable improvements. It becomes evident in discussions with both management and frontline employees that the area of rewards has not been fully explored and that the systems are still rudimentary.

There is also a sense that rewards aid in building a relationship of trust between management and employees and can contribute to building commitment and loyalty to the organisation. However, some frontline employees point out that if the rewards are to have any impact at all, there needs to be clear communication from management on the criteria for selecting employees to receive rewards. Any hint of favouritism essentially nullifies the motivational role of rewards. It becomes evident that frontline employees are often unaware not only of the salary structure and job grading system (Retail 2) but also of the criteria used to give the awards (hospitality). Management from Sun International believe that the employees are fully aware of the criteria used and cannot understand why employees do not attend award ceremonies. Frontline employees, on the other hand, feel that there is a great deal of favouritism with the same employees receiving awards all the time and as such do not feel inclined to support the ceremonies. This example underlines the importance of clear and transparent communication and of not assuming too much.

Both pay and rewards play an important role in providing recognition for good performance or in the case of rewards for “extraordinary performance” (management, Retail 1). They are also both linked to the contribution made by the employees to the organisation and to job satisfaction and status. For many managers and employees, what they are compensated is indicative of the value the organisation places on their contribution and is closely tied with a person’s sense of self-worth (Table 14d). “They uplift you”, “make you feel important”.

4.2.1.h Performance Appraisals within Service Organisations

Performance appraisals are seen as a process to provide feedback to employees on their performance and as an opportunity to discuss the development of the employee

(Table 14f below). Providing clarity and direction is highlighted as an important role of the performance appraisal system.

“You can’t perform if you don’t know what you are doing.”

Frontline employees from Retail 1 emphasised the importance of employees being assessed against common standards as fair, rather than against individually based standards.

As one of the managers puts it, performance appraisals play an important role as they provide “guidance, direction and ... (an opportunity) for interaction of ideas.”

This underpins the idea that a performance appraisal should be a two-way discussion. Managers and employees from the car rental organisation emphasised that the performance appraisal should provide a safe environment for this discussion to take place and that it should provide a boost to the employee and build confidence. “It is speaking like a friend” (employees, car rental). In practice, however, the situation can often be quite different. Managers from Retail 1 find that employees feel very insecure with the performance appraisal particularly the older employees who are scared that they will not make the grade and will lose their jobs. Much of this problem could be as a result of limited communication about the role of the performance appraisal system. Ahmed (1999) in his exploratory study of the effectiveness of a performance appraisal system, finds that 29% of the respondents see the objective of the performance appraisal as being to communicate performance expectations, only 7% see it as improving the supervisor – subordinate relationship while 61% feel an important goal of performance appraisal is to inform promotion and salary decisions. In this study, only employees from the car rental organisation highlight performance appraisal as playing a role in promotions.

**Table 14f: Performance Appraisal
Understanding of Managers and Frontline Employees**

	Performance Appraisal							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Identifies good/unsatisfactory performance against targets	•	•	•	•				•
Identifies areas for development and facilitates action	•	•	•	•	•	•	•	•
Provides clarity and direction	•	•			•		•	
A safe environment – understood and builds confidence	•	•					•	
Provides feedback on performance			•	•	•	•	•	•
Observing/monitoring work in progress		•	•	•			•	
Recognition		•		•	•			
Common standards to assess performance				•				
Opens opportunity for promotion		•						
Opens up communication							•	
Continuous process of managing performance			•				•	
A two-way discussion			•	•	•			•

Performance appraisals are also seen as a system for observing and monitoring work done. Managers tend to see it as a guidance and coaching mechanism. For many frontline employees across the sample, the performance appraisal is seen as a “double-edged sword”, with too much emphasis on under-performance rather than good performance. Both management and employees from Retail 1 feel that the performance appraisal is often too control orientated and negative rather than a development process.

Managers from the hospitality organisation believe that the performance appraisal system is critical to the functioning of an organisation and a key responsibility of managers. Frontline employees believe that performance appraisals have a positive role to play in providing them with a focus and in assisting them in dealing with areas for improvement. However, it is felt that this is marred by a lack of objectivity,

managers not skilled to carry out performance appraisals and time constraints that limit the opportunity for in depth discussion.

4.2.1.i Management Support of Frontline Employees

A common theme that emerges is that management support is 'being there' for the employees (Table 14g,below). "Being there but not necessarily stepping in all the time" (manager, hospitality). "It is about being on your side" and "Not just saying you will be there but really being there" (employees, Retail 1). It is being approachable and visible. "A manager is not performing his function if he is stuck away in his office, is not there with his troops, is not out there talking to his troops, not encouraging them or egging them on or challenging them on." The same senior executive sees this as the primary role of managers of frontline employees. Management support is about "supporting employees in order that they can get out there and they can perform the function they are there for" (senior executive, hospitality).

Training, coaching and mentoring is also seen as important as is assisting employees to deal with difficult customers.

"Saving employees from the wrath of customers when things go wrong" (manager, Retail 1).

**Table 14g: Management Support
Understanding of Managers and Frontline Employees**

	Management Support							
	1	2	3	4	5	6	7	8
	Car rental		Retail 1		Retail 2		Hospitality	
	Mgt	Employee	Mgt	Employee	Mgt	Employee	Mgt	Employee
Training/coaching/mentoring	•	•	•	•	•		•	
Providing feedback	•						•	
Being there for you	•	•	•	•		•	•	
Assisting with difficult customers	•	•	•					
Empathic to personal needs	•			•	•		•	
Show an interest in employee as a person	•			•			•	
Recognition/praise	•							•
Building team spirit								
Providing equipment/technical support		•	•				•	•
Sharing information				•		•		•
Building relationships		•	•	•			•	
Assist in problem solving	•				•	•		

Frontline employees from the retail organisations complain, however, that managers often contradict them in front of customers. They find this humiliating and demoralising. Managers often do not have all the right facts at hand. They point out that managers need to understand the job and be hands on if they are to be of support. Managers also need to set parameters for decision making and assist employees to solve problems rather than taking over.

Management support is also seen as providing the right tools to do the job in the form of equipment such as computers and information such as data bases, brochures, briefing on customers and products and product and skills training on an ongoing basis. Sharing information about the business i.e. respondents from the retail organisations also highlight being transparent. Retail 1 and the hospitality organisation have briefing meetings to discuss progress in the business and to plan for the day ahead. Retail 2 has road shows three times a year when the CEO briefs employees on the state of the business. However, management support is more than equipment and meetings. It is about building relationships. This entails managers listening and assisting employees with both work and personal problems. Recognition and feedback on performance needs also to be provided on an ongoing basis.

Frontline employees tend to emphasise the more informal aspects of management support. The day-to-day interaction with managers is more important to them as is managers being available and there as moral support. Employees are looking for personal engagement from their managers. Frontline employees emphasise that the human touch is often overlooked by management who tend to focus in practice on the more formal aspects of management support such as meetings, team briefings, job information sharing and training.

The results from the interviews and focus groups presented above supports to some extent the contention of Hypothesis 3 that management and frontline employees have a different understanding of the role of HRM in a service organisation. There is to a large extent a common description of the role of HRM practices in facilitating the service-orientated behaviour of frontline employees in service organisations. However the management and frontline employees within the same organisation and between the three service industries highlighted different factors that they believe are creating obstacles to these HRM practices having a positive influence on the service-orientated behaviour of frontline employees.

4.3 The Relationship Between Human Resource Management (HRM) Practices and Service-Orientated Behaviour

This section outlines the key results from stage 3 of the research. The perceptions of frontline employees of HRM practices in their organisations will be presented followed by their perceptions of the service-orientated behaviour of frontline employees of their organisation. The relationship between perceptions of HRM practices and service-orientated behaviour is discussed and the correlation and multiple regression results set out.

4.3.1 *Perceptions of Human Resource Management Practices and Service-Orientated Behaviour*

The tables discussed in this section reflect the mean of all the respondents to the specific questions. The respondents for Retail come only from Retail 1 and as such the perceptions of Retail 2 are not reflected.

Ratings for HRM practices reflected in Appendix 2, Table 15, page 263, range between poor and good with frontline employees from all three service industries rating training the highest and pay the lowest. Car rental also rate management support as high as training while hospitality rate selection and management support at the same level as pay. The ratings by retail are the lowest for all of the HRM practices. Despite the lower ratings for HRM practices, service-orientated behaviour is rated as good with retail again having the lower ratings except for 'knowledge of products and services'. Employees from retail tended to be more critical of their organisation's HRM practices and the service-orientated behaviour of the frontline employees. 'Organisational commitment' is also rated good except by retail.

4.3.1.a Perceptions of HRM Practices

4.3.1.a.i *Perceptions of Selection*

Both hospitality and car rental rate selection higher than retail. Frontline employees in hospitality and retail rate their organisations highest for providing the opportunity to staff to apply for vacancies while car rental rate the selection of the right skills and attitudes the highest. Frontline employees from retail are particularly critical of the ability of their organisation to select fairly (Appendix 2.5, Table 15a, page 262)

4.3.1.a.ii *Perceptions of Training*

Car rental rated training slightly higher than hospitality and retail (Appendix 2.5, Table 15b, page 263). Frontline employees from Hospitality rate regular training as good, with retail and car rental also rating regular training higher than their organisations' commitment to multi-skilling.

4.3.1.a.iii *Perceptions of Human Resource Development*

Hospitality and car rental have higher ratings of human resource development than retail (Appendix 2.5, Table 15, page 261). During the focus groups with retail frontline employees, it became evident that many of the employees feel ill-informed about development programmes and that the content of the programmes in general are quite difficult. They also feel that their managers do not support them doing extra courses, while respondents from hospitality and car rental are more positive about

this. This is evident in their ratings. Frontline employees from hospitality rate their organisation as good for assisting staff in career development while retail still rate their organisation lower (Appendix 2.5, Table 15c, page 264).

4.3.1.a.iv *Perceptions of Pay and Rewards*

Across all three service industries, pay rates the lowest particularly in the retail and market-related. Unlike retail and car rental, respondents from hospitality feel more positive about their pay being linked to their performance (Appendix 2.5, Table 15d, page 265).

Rewards are rated higher than pay by all respondents (Appendix 2.5, Table 15, page 261). The perception from respondents of all three organisations was between poor and good that the rewards they receive motivate them to work harder and serve the customer better. Managers are, however, seen as praising and encouraging staff, particularly in Hospitality (Appendix 2.5, Table 15e, page 266).

4.3.1.a.v *Perceptions of Performance Appraisal*

Performance appraisal is rated highest by car rental followed by hospitality and retail (Appendix 2.5, Table 15, page 261). Car rental has the highest ratings for all of the items on performance appraisal except on the item of feedback being motivating. Discussing training and development needs during the performance appraisal has the lowest rating in hospitality. As highlighted earlier, participants in the hospitality focus group feel that the limited time given for the performance appraisal review does not allow for adequate discussion. Respondents from retail rate as one of the lowest items the manager listening to what they have to say in the performance appraisal. Interestingly, it is one of the focus groups from Retail 1 that emphasises the need for managers to interact and communicate more with frontline employees (Appendix 2.5, Table 15f, page 267).

4.3.1.a.vi *Perceptions of Management Support*

As indicated earlier, the overall perception of respondents from the car rental organisation of management support is the most positive across all three service

industries and lies between good and very good (Appendix 2.5, Table 15, page 261). Providing the right equipment, enough information and being treated with respect all rate as good. Respondents from retail again have the lowest ratings except for two items that are 'managers actively seeking to improve things' and 'the managers listening to employees' personal problems'. These are rated by respondents from hospitality as between very poor and poor and poor and good respectively (Appendix 2.5, Table 15g, page 268).

4.3.1.b Perceptions of Service-Orientated Behaviour

All the ratings for service-orientated behaviour are above 3 except for hospitality frontline employees' ratings of providing good advice to customers which rates 2.8 (Appendix 2.5, Table 15j, page 271).

4.3.1.b.i *Communicating with the Customer*

Frontline employees from hospitality feel that the customer is particularly satisfied with their ability to greet them immediately and ask if they can assist them. Frontline employees from car rental and retail feel that customers rated their service-orientated behaviours that fall under this category pretty much on par with ratings from the other categories. Car rental employees rate lowest 'listening to the customer and clarifying their understanding' while retail employees rate lowest their 'ability to offer additional help' (Appendix 2.5, Table 15h, page 269).

4.3.1.b.ii *Attending to the Customer*

Frontline employees from hospitality ratings are higher than those of the other two industries. Frontline employees from all three industries feel that customers would rate them much the same on all of the service-orientated behaviours that fall into this category, with retail employees again having slightly lower ratings than Hospitality and Car rental. The ratings provided by the respondents from Retail indicate that customers feel that the frontline employees tend to bug them (Appendix 2.5, Table 15i, page 270).

4.3.1.b.iii *Knowledge of Products and Services*

Car rental and retail frontline employees believe that the customers' perceive their ability to give good advice as between good and very good, while they feel that customers rate their abilities to give information on other departments lower. Frontline employees from hospitality feel that customers would rate them high on this service-orientated behaviour (Appendix 2.5, Table 15j, page 271).

In summary, the perceptions reflected in Table 15 (Appendix 2.5, page 261) seem to indicate a trend where practices such as selection, training, human resource development (in the case of hospitality and car rental), rewards and performance appraisal could be influencing service-orientated behaviour while pay would seem to have a limited impact. The section that follows outlines the nature and strength of the relationships between HRM practices and service-orientated behaviour.

4.3.2 ***The Relationship between Human Resource Management (HRM) Practices and Service-Orientated Behaviour***

The following section presents the correlation and regression results on the relationship between HRM practices (total score) and service-orientated behaviour (total score). Sections 4.3.3a-c present the results for each of the seven HRM practices and the three service categories. The sample sizes are smaller than those reflected in Table 15 (Appendix 2.5, page 261) as all questionnaires with missing data are excluded. Frontline employees' perceptions of HRM practices are significantly associated with their perceptions of service-orientated behaviour across **all three service industries** (total sample) who participated in the research ($r=.28, p\leq.01$) and also within each specific service industry (**car rental** $r=.48, p\leq.01$ and **retail and hospitality** $r=.19$ and $r=.24$ respectively at $p\leq 0.5$) (Table 16a, below). In the **total sample** selection, training and performance appraisal have the highest correlations with service-orientated behaviour ($r=.27, p\leq.01$) followed by management support ($r=.26, p\leq.01$) (Table 16a, below). In a forward stepwise regression of the seven HRM practices on service-orientated behaviour, selection accounts for the most variation in service-orientated behaviour followed by training (Table 16h, below). In **car rental**, the correlations to service-orientated behaviour are consistently higher for all the

HRM practices compared to retail and hospitality (Table 16a, below). Performance appraisal has the strongest association with service-orientated behaviour ($r=.48$ at $p\leq.01$) followed by management support ($r=.46$ at $p\leq.01$) and training ($r=.45$ at $p\leq.01$). A forward stepwise regression reveals that performance appraisal accounts for most of the variation of service-orientated behaviour (Table 16h, below).

The correlation between rewards and service-orientated behaviour is highest in car rental but rewards do not seem to impact significantly on service-orientated behaviour (Table 16g, below). The most significant relationship in retail is between training and service-orientated behaviour ($r=.24$ at $p\leq.01$ level) (Table 16a, page 140). A forward stepwise regression shows that training accounts for almost all of the variation in service-orientated behaviour (Table 16h, below).

Selection has the highest correlation ($.31$ ($p \leq .01$)) in **hospitality** followed by management support ($.25$ ($p \leq .01$)). The regression results however indicate that it is selection that predicts the variance in service-orientated behaviour (Tables 16a & h, below). While training had stronger associations with service-orientated behaviour in the other service industries, the relationship in hospitality is not significant (Table 16a, below). This is surprising considering the major emphasis on training in this particular organisation. This may have been due to the hands-off approach that managers took to training. They emphasised that the responsibility was on employees to initiate training while employees felt that managers needed to be responsible for providing training.

Neither pay nor financial rewards have a significant relationship with service-orientated behaviour. When looking at Table 15 (Appendix 2.5, page 261) it is evident that although, on average, frontline employees from retail rate pay as poor and rewards between poor to good, the ratings for service-orientated behaviour are in the good to very good range. The forward stepwise regression indicates pay's contribution to the variation in service-orientated behaviour is not significant and, in fact, negative (Table 16h below). It would seem therefore that pay and rewards have a limited impact on service-orientated behaviour.

TABLE 16(a)

HRM Practices and Service-Orientated Behaviour – Correlation of Variables

Independent Variables

Dependent Variables

HRM Practices	Total Sample n=335				Car rental n=93				Retail n=150				Hospitality n=92			
	Comm	Attend	Know	Service	Comm	Attend	Know	Service	Comm	Attend	Know	Service	Comm	Attend	Know	Service
selection	.27 ^a	.26 ^a	.24 ^a	.27 ^a	.43 ^a	.36 ^b	.32 ^b	.40 ^a	.16 ^d	.11	.15 ^d	.14 ^d	.26 ^c	.32 ^b	.28 ^b	.31 ^b
training	.27 ^a	.26 ^a	.22 ^a	.27 ^a	.47 ^a	.42 ^b	.38 ^a	.45 ^a	.24 ^b	.24 ^b	.17 ^c	.24 ^b	.08	.10	.10	.10
development	.21 ^a	.20 ^a	.17 ^b	.21 ^a	.38 ^a	.39 ^a	.34 ^a	.41 ^a	.16 ^c	.11	.06	.12	.15	.18 ^d	.24 ^c	.19 ^d
pay	.11 ^c	.13 ^c	.08	.12 ^c	.22 ^c	.24 ^c	.09	.23 ^c	.02	.02	-.01	.02	.14	.18 ^d	.19 ^d	.18 ^d
rewards	.18 ^a	.17 ^b	.13 ^c	.17 ^b	.39 ^a	.39 ^a	.36 ^a	.41 ^a	.11	.08	-.01	.08	.14	.15	.20 ^d	.16
performance appraisal	.27 ^a	.26 ^a	.21 ^a	.27 ^a	.45 ^a	.48 ^a	.37 ^a	.48 ^a	.22 ^b	.19 ^c	.13	.20 ^c	.21 ^c	.19 ^d	.23 ^c	.21 ^c
management support	.26 ^a	.25 ^a	.21 ^a	.26 ^a	.43 ^a	.44 ^a	.39 ^a	.46 ^a	.21 ^c	.15 ^d	.09	.16 ^c	.21 ^c	.24 ^c	.28 ^b	.25 ^b
total HRM	.28 ^a	.27 ^a	.23 ^a	.28 ^a	.46 ^a	.47 ^a	.39 ^a	.48 ^a	.22 ^b	.17 ^c	.12	.19 ^c	.21 ^b	.23 ^b	.27 ^b	.24 ^b

Notes

- a .001
- b .01
- c .05
- d .10

Key

- Comm = Communicating with the customer
- Attend = Attending to the customer
- Know = Knowledge of products and services
- Service= Total service-orientated behaviour

TABLE 16 (g)

HRM Practices and Service-Orientated behaviour – Standard Regression Results

Independent Variables HRM Practices	Dependent Variables															
	Total Sample n=335				Car rental n=93				Retail n=150				Hospitality n=92			
	Comm	Attend	Know	Service	Comm	Attend	Know	Service	Comm	Attend	Know	Service	Comm	Attend	Know	Service
Selection	.204 ^b	.179 ^c	.206 ^b	.198 ^b	.236	-.000	.069	.072	.107	.083	.193 ^d	.109	.314 ^c	.419 ^b	.279 ^d	.391 ^b
Training	.163 ^c	.152 ^c	.130 ^d	.159 ^c	.306 ^d	.161	.281 ^d	.227	.220 ^c	.255 ^c	.193 ^d	.249 ^c	-.122	-.127	-.142	-.132
Development	-.144	.139	-.114	-.144	-.222	-.034	-.033	-.085	-.085	-.133	-.174	-.133	-.250	-.133	-.026	-.151
Pay	-.094	-.048	-.095	-.070	-.076	-.011	-.198	-.058	-.131	-.128	-.118	-.134	-.026	.009	-.006	-.001
Rewards	-.062	-.083	-.088	-.082	.150	.040	.181	.094	-.078	-.066	-.175	-.088	-.069	-.108	-.050	-.095
Performance Appraisal	.152	.170	.118	.166	.130	.365 ^c	-.040	.261	.163	.240	.235	.230	.130	-.168	-.134	-.098
Management Support	.124	.107	.117	.118	.011	-.010	.133	.018	.073	-.030	.002	.002	.263	.399 ^d	.381 ^d	.379 ^d
r ²	.121 ^a	.109 ^a	.090 ^b	.119 ^c	.265 ^c	.237	.201 ^d	.255 ^a	.095 ^c	.090 ^d	.086 ^d	.096 ^c	.103	.147 ^d	.123	.139 ^d
HRM Practices (Total Score)																
r ²																

Notes

a ≤.001
b ≤.01
c ≤.05
d ≤.10

Key
Comm = communicating with the customer
Attend = attending to the customer
Know = knowledge of products and services

TABLE 16 (h)

HRM Practices and Total Service-orientated behaviour – Forward Stepwise Regression Results

Independent Variables HRM Practices	Dependable Variables							
	Total Sample		Car rental		Retail		Hospitality	
	Beta	R2	Beta	R2	Beta	R2	Beta	R2
Selection	.202 ^b	.075 ^a					.314 ^b	.099 ^b
Training	.161 ^c	.096 ^b	.208	.249	.231 ^c	.057 ^b		
Development	-.135	.109						
Pay	-.089	.115			-.131	.080		
Rewards								
Performance appraisal	.209 ^c	.103	.321 ^c	.231 ^a	.136	.067		
Management support								
r ²		.115 ^a		.249 ^a		.080 ^b		.099 ^b

Notes

- a ≤.001
- b ≤.01
- c ≤.05
- d ≤.10

Key

- Comm = Communicating with the customer
- Attend = Attending to the customer
- Know = Knowledge of products and services
- Service= Total service-orientated behaviour

This is not surprising considering that employees from retail, catering and accommodation earn on average R 3 575.00 per month which is the second lowest average monthly income bar construction and the change in average real monthly earnings February, 2001 vs February 2000 was -7.2% (South Africa Survey, 2001/2002).

Three key conclusions emerge from the results at this stage. Firstly, frontline employees' perceptions of HRM practices do have a significant relationship with service-orientated behaviour. This supports Hypothesis 1. Secondly, the HRM practices that explain variance in service-orientated behaviour vary between the total sample and the three service industries and between the three industries as well. Thirdly, out of all the HRM practices, selection, training and performance appraisal seem to have the most significant impact on the service-orientated behaviour.

This supports hypothesis 2 that stated that certain HRM practices would be more positively related to customer satisfaction with service-orientated behaviour than others. The results presented below highlight the impact of the seven HRM practices on each of the service-orientated behaviour categories, beginning with communicating with the customer.

4.3.3 *HRM Practices and Service-Orientated Behaviour Categories*

4.3.3.a Communicating with the Customer

In the **total sample**, all of the HRM practices are significantly associated with communicating with the customer and, in fact, have the highest correlation scores compared to those of the other two service-orientated behaviour categories (Table 16a). A regression of the seven HRM practices on communicating with the customer indicates that selection and training have a significant impact on this service category (Table 16g). A forward stepwise regression reveals that selection accounts for most of the variation in this service-orientated behaviour category followed by training (Table 16i, below). The three selection variables, the opportunity to apply for vacancies (selection-apply), fair and non-discriminatory selection (selection-fair) and selection

based on attitudes and skills (selection – attitudes) all correlate significantly with communicating with the customer (Appendix 2.6, Table 16b, page 272).

Selection-apply has the highest correlation with communicating with the customer ($r=.26$, $p\leq .01$) and with a specific communication service-orientated behaviour - the ability for staff to listen carefully to the customer and to ask questions to check their understanding (communication-clarify), $r=.29$, $p\leq .01$ (Appendix 2.6, Table 16c, page 273). A forward stepwise regression of the HRM practices on the specific service-orientated behaviours highlights that 'the manager improving things so frontline staff can get their job done', (sup – imp) contributes the most to the variation on communicating with the customer followed by providing employees with the opportunity to apply for vacancies (sel – apply) (Appendix 2.6, Table 16j, page 277). In **car rental**, it is the HRM practice of training that has the most impact on the frontline employee's ability to communicate with the customer (Table 16i below). The practice of multi-skilling frontline employees has the highest correlation with communicating with the customer ($r=.40$ at $p\leq .01$) followed by providing training on a regular basis ($r=.37$, $p\leq .01$). In fact, it is the only organisation that shows a significant association between regular training and service-orientated behaviour (Appendix 2.6, Table 16b, page 272). The car rental organisation that participated in the research placed a lot of emphasis on training new staff that go through a very structured programme with several training courses over the period of a year. In examining the impact of the specific HRM practices on communicating with the customer it is evident that the manager listening (pa –listen) and providing motivating feedback (pa-motivate) during the performance appraisal and building team spirit (support –team) have the most impact (Appendix 2.6, Table 16j, page 277).

In **retail** it is also training that has the most significant impact on communicating with the customer (Tables 16g & i). It has the strongest relationship with service-orientated behaviour and with both communicating with and attending to the customer ($r=.24$ at $p\leq .01$) (Table 16a). Multiskilling (train – multi) accounts for most of the variation on communicating with the customer followed by the opportunity to apply for a vacancy (sel–apply)(Appendix 2.5, Table 16j, page 277).

TABLE 16 (i)

HRM Practices and Service-Orientated Behaviour – Forward Stepwise Regression Results

Independent Variables HRM Practices	Dependable Variables																							
	Total Sample n=335						Car rental n=93						Retail n=150						Hospitality n=92					
	Comm		Attend		Know		Comm		Attend		Know		Comm		Attend		Know		Comm		Attend		Know	
	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²
selection	.208 ^b	.075 ^a	.183 ^c	.087 ^c	.210 ^b	.059 ^a										.193 ^d	.065	.281 ^c		.322 ^c		.229 ^d	.081 ^b	
training	.165 ^c	.096 ^b	.153 ^c	.096 ^d	.131 ^d	.069 ^c	.294 ^c	.217 ^a	.146	.236	.288 ^d	.169	.218 ^c	.057 ^c	.231 ^c	.056 ^b	.193 ^d	.028 ^c						
development	.129	.118	-.134	.102	-.108	.085																		
pay	-.111 ^d	.112 ^d	-.068	.105	.115 ^d	.076																		
rewards	-.129																							
performance appraisal	.208	.103	.205	.069 ^a	.157 ^d	.082	.225	.238	.366 ^c	.227														
management support													.121	.149									.239 ^d	.116
r ²		.118 ^a		.105 ^a		.085 ^a		.238 ^a		.236 ^a		.199		.084 ^c		.077 ^d		.086 ^c		.068		.104 ^c		.116 ^c

Notes
a ≤ .001
b ≤ .01
c ≤ .05
d ≤ .10

Key
Comm = Communicating with the customer
Attend = Attending to the customer
Know = Knowledge of products and services
Service = Total service-orientated behaviour

Interestingly, many of the HRM practices have a significant association with the ability of the frontline employee to listen to the customer and to check their understanding of the customer's needs (clarify, Q39) (Appendix 2.6, Table 16e, page 275). It is the HRM practice of selection that impacts the most on communicating with the customer in **hospitality** (Tables 16g & i). The forward stepwise regression of specific HRM practices on communicating with the customer indicates also that providing feedback on performance in a performance appraisal contributes the most to variations in this service-orientated behaviour, followed by the opportunity to apply for vacancies (selection – apply) (Appendix 2.6, Table 16j, page 277). Both performance feedback and selection-apply are associated significantly with communicating with the customer ($r = .31$ at $p \leq .01$) and more specifically have the highest correlations with the ability of the frontline employee to listen carefully to the customer and to check understanding (comm. – clarify) ($r = .35$ and $r = .42$ respectively at $p \leq .01$). In fact, most of the HRM practices as with Retail have a significant association with comm – clarify (Appendix 2.6, Tables 16b & f, pages 272 and 276). Being clear about what is expected of one in regard to performance seems to impact favourably on the frontline employee's effectiveness in communicating with the customer as does the practice of allowing staff to apply for internal vacancies. This may indicate the inherent fairness frontline employees feel in this process.

4.3.3.b HRM Practices and Attending to the Customer

In the **total sample**, the HRM practices of selection and training impact on attendance to the customer (Table 16g). In the forward stepwise regression it is performance appraisal followed by selection and training which contribute the most to the variation in this service-orientated behaviour (Table 16i). The specific HRM practices of managers improving things to make sure frontline staff can do their job well (sup – improve), providing the opportunity to apply for vacancies (sel – apply) and multiskilling (train – multi) have the most impact on attending to the customer in the total sample (Appendix 2.6, Table 16j, page 277).

In **car rental** it is only the HRM practice of performance appraisal that significantly creates an impact on attending to the customer (Table 16i). It has the highest correlation score with service-orientated behaviour and with attending to the customer

($r = .48$ at $p \leq .01$) (Table 16a). Out of all the practices linked with performance appraisal, the manager listening to an employee in the performance appraisal (pa – listen) and the manager providing feedback in the performance appraisal that motivates frontline staff (pa-motivate) have the most impact on the frontline employee attending to the customer (Appendix 2.6, Table 16j, page 277). Both these performance appraisal practices have significant strong relationships with attending to the customer (pa – listen $r = .50$ and pa-motivate $r = .48$ at $p \leq .01$). Delving a bit deeper into what is contributing to this strong relationship, it is evident that their relationships with all the specific attending to the customer behaviours are significant at the .01 level. The highest score for both of these practices is with frontline staff making sure that the customer is helped even if it is not their department (attend – help), (pa – listen $r = .48$ and pa – motivate $r = .54$ at $p \leq .01$) (Appendix 2.6, Table 16d, page 274).

In **retail**, it is training and multiskilling that have the most significant impact on the frontline employee attending to the customer (Tables 16g, 16i & Appendix 2.6, 16j, page 277). Multiskilling is significantly associated with attending to the customer ($r = .27$ at $p < .01$) while providing regular training does not have a significant relationship with attending to the customer (Appendix 2.6, 16b, page 272). Many of the HRM practices are significantly associated with making the customers feel special (Appendix 2.6, Table 16e, page 275 – customer special). It is selection and selection-apply that have the most significant impact on the frontline employee in **hospitality** in attending to the customer. Management support and building team spirit (support – team) also contribute significantly to any variation in this behaviour (Tables 16g, 16i & Appendix 2.6, 16j page 277).

4.3.3.c HRM Practices and Knowledge of Products and Services

In the **total sample**, selection and training contribute the most to the ability of the frontline employees to engage knowledgeably with customers about products and services (Tables 16g & i). When examining the impact of specific HRM practices on this service-orientated behaviour, it is the management support behaviour of managers finding out problems frontline employees have at work and assisting them to fix them (sup – fix) that has the most impact on this service-orientated behaviour. This is followed by the opportunity to apply for vacancies (sel – apply) and multiskilling

(train-multi) (Appendix 2.6, Table 16j, page 277). In **car rental**, it is the HRM practice of training that impacts on frontline employees' knowledge of products and services (Tables 16g & i). The specific HRM practice of listening to employees in a performance appraisal (pa -listen) contributes the most out off all of the specific practices to variations in this service-orientated behaviour (Appendix 2.6, Table 16j, page 277). Pa - listen has a correlation of .47 at $p \leq .01$ with knowledge of products and services that is the second to highest correlation score of all the specific HRM practices and service-orientated behaviour categories in this industry (Appendix 2.6, Table 16b, page 272).

In **retail**, selection and training impact on knowledge of products and services both with a beta score of .193 at $p \leq .10$ (Table 16g). In the forward stepwise regression, it is training and multiskilling (train - multi) that make the most significant contribution to this service-orientated behaviour (Tables 16i & Appendix 2.6, Table 16j page 277). It seems that being trained in other jobs in their department assists frontline employees to provide the necessary and relevant information and advice on the products and services within their department to the customer.

Selection and management support have the most impact on frontline employees' knowledge of products and services in **hospitality** (Table 16g). The management support practice of building team spirit (sup - team), and providing the opportunity to apply for vacancies (sel - apply) contribute the most to the effectiveness of this service-orientated behaviour (Appendix 2.6, Table 16j, page 277). Feeling part of a team and knowing they have each other's support assists frontline employees with this service-orientated behaviour. Building team spirit (sup - team) has the highest correlation with this service-orientated behaviour followed by the manager actively improving things at work (sup - improve), ($r = .31$ and $r = .28$ respectively at $p \leq .01$) (Appendix 2.6, Table 16b, page 272). Both management support practices have significant relationships with frontline staff being able to provide information to customers on other departments (knowledge - information on other departments) ($r = .34$ and $r = .30$ respectively at $p \leq .01$) (Appendix 2.6, Table 16f, page 276). The forward stepwise regression also highlights the contribution of both these practices to this service-orientated behaviour as does the practice of the opportunity to apply for jobs (sel-apply) (Appendix 2.6, Table 16j, page 277). Most of the HRM practices have

significant associations with this service-orientated behaviour category (Appendix 2.6, Table 16b, page 272). This indicates that HRM practices in hospitality are more consistently related to frontline employees being able to provide appropriate and accurate information to customers. An explanation for this could be the emphasis by this organisation on acquiring technical information. "It is important to attain technical efficiency and then one can focus on being friendly and amiable with the customer" (management, hospitality). Multiskilling impacts negatively on this service-orientated behaviour which indicates that training frontline employees in other jobs in their department does not necessarily have a positive effect on providing knowledge of products and services (Appendix 2.6, Table 16b, page 272).

The following conclusions emerge at this stage. Firstly, specific HRM practices are associated more with certain specific service-orientated behaviours than others. Across all three service industries these are selection and training. For car rental, it is training and performance appraisal, in retail primarily training and in hospitality, selection and management support. This adds further support to Hypothesis 2. Secondly, pay and in particular perceptions of market-related pay (pay-comp) and managers suggesting staff for promotion (dev – prom) have negative beta scores, some significant usually at the .05 or .10 level, over most of the service-orientated behaviour categories and within all three service industries (Tables 16g,16i & Appendix 2.6, Table16j page 277). This indicates that both of these practices when significant are not having a positive impact on service-orientated behaviour. The HRM practices of pay, rewards and development do not seem to play a key role in influencing service-orientated behaviour. This may be due to the nature of these practices within these industries rather than the practices themselves. From the interviews and focus groups it was evident that the strategic possibilities of these three practices were not fully explored and that in general frontline employees felt far removed from them and they had little impact. In car rental, development and rewards had the strongest association with service-orientated behaviour out of all the three industries (Appendix 2.6, Table 16b, page 272). This is interesting because, out of all the organisations, their development practices were the least structured. It seems that the perception of frontline employees was that the organisation did provide opportunities for growth. In the other organisations although more structured programmes were in place, frontline employees either did not know about them and/or

felt that they were out of their reach. The rewards in the car rental organisation primarily consist of a very public biannual award ceremony. However, it is praise and encouragement from managers (reward-praise) that seems to have the stronger association with frontline employees' service-orientated behaviour ($r = .41$ at $p \leq .01$) (Appendix 2.6, Table 16b, page 272). This reinforces the importance of the use of "soft" skills by managers rather than the practices themselves.

4.3.3.d The Impact of "Soft" and "Hard" HRM Practices on Service-orientated Behaviour

A distinction similar to that made by Legge (1995) is evident in this research. Firstly, the use of "soft" skills by managers which motivate effective employee work performance and an organisation's implementation of "hard" HRM systems to facilitate work performance. A factor analysis of the HRM variables resulted in two factors in the total sample and each of the three organisations (Appendix 2.7, Table 17, page 278). Most of the factor loadings are significant at .05 level (Hair *et al*, 1998:111-112) except providing regular training for car rental and hospitality, multi-skilling for retail and hospitality, career development for car rental and hospitality, paying market-related salaries for hospitality, rewards motivating performance for car rental, retail and hospitality.

The first factor in all of the samples mainly contains variables that involve manager's taking action and behaving in a way that facilitates effective service-orientated behaviour i.e. soft skills. These are behaviours such as providing informal feedback, building team spirit, listening to staff, supporting and assisting staff to improve their work environment. The second factor contains variables that involve the organisation taking action and providing HRM systems to facilitate work performance. For example, pay practices, implementing selection processes, providing regular training and multi-skilling and the opportunity for career planning and development. Factor 1 accounted for substantially more of the variance in service-orientated behaviour than Factor 2. This indicates that variations in service-orientated behaviour could be primarily due to the soft behaviours of management rather than the HRM systems themselves. It is how the HRM practices are carried out rather than what is put in place. Referring back to the correlations between HRM practices and service-orientated behaviours it is evident that some of the highest and most significant scores

are between behaviours such as providing feedback, listening, assisting and clarifying performance expectations and service-orientated behaviours (Appendix 2.6, Table 16b, page 272). From the focus group discussions, it is evident that frontline employees were primarily concerned about how the managers carried out practices such as performance appraisals and rewards rather than the systems themselves. The performance appraisal needs to be carried out as objectively as possible by managers who are well trained and who can deal with the process in a constructive manner. There needs to be clear communication of the criteria for selection for rewards to have the desired impact on employees. Employees also emphasised the informal side of management support of building relationships and communicating with staff on a daily basis. Kane *et al* (1999) cite several studies that state that although effective approaches are discussed in literature, many organisations fail to translate what is effectively a theoretical discussion into practice. Results from this research indicate that the soft skills are being used in practice and have the most impact on service-orientated behaviour. The question is whether all managers are aware that by using these soft skills they are assisting employees?

4.3.4 **Organisational Commitment as a Mediator**

Hypothesis 4 postulated that organisational commitment would act as a partial mediator in the relationship between HRM practices and service-orientated behaviour. For mediation to be established four key conditions needed to be met. Firstly, the independent variable must affect the mediator (a), secondly, the independent variable must affect the dependent variable (c), thirdly, the mediator must affect the dependent variable (b) and fourthly, the affect of the independent variable must be less when the dependent variable is regressed on the independent variable and mediator (b) (Baron & Kenny, 1986).

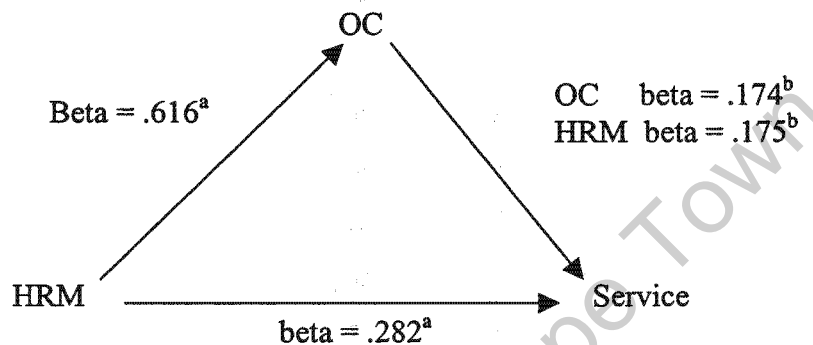
In the **total sample** as outlined in Figure 2a, below, HRM practices have a significant effect on both organisational commitment and service-orientated behaviour, $b = .616$ and $b = .282$ respectively both at $p \leq .001$ (Appendix 2.8, Table 18, page 280). Organisational commitment also has a significant impact on service-orientated behaviour, ($b = .174$ at $p \leq .01$) and the beta coefficient of HRM practices in relation to service-orientated behaviour drops by 62% to $b = .175$ at $p \leq .01$ level, when

organisational commitment is part of the equation. Baron and Kenny (1986:1176) state that a significant reduction indicates that the mediator is potent but is not necessarily a sufficient condition for an effect to occur. Complete mediation would require that the relationship between HRM practices and service-orientated behaviour becomes insignificant when organisational commitment is added to the equation. Organisational commitment can therefore be said to function as a partial mediator in the relationship between HRM practices and service-orientated behaviour. It seems that as frontline employees' perceptions of HRM practices in their organisation change so does their level of organisational commitment that in turn impacts on the effectiveness of their service-orientated behaviour. This supports the hypothesis that what happens in HRM practices in an organisation takes "on internal psychological significance". (Baron & Kenny, 1986:1176). In retail organisational commitment acts as a complete mediator in the relationship between HRM practices and service-orientated behaviour.(Figure 2b – d, below and Appendix 2.8, Table 18, page 280). The beta coefficient reduces by 41% when organisational commitment is considered in the relationship from $b = .188$ at $p < .05$ to a beta coefficient of $.078$ that is not significant. This indicates a complete mediation and evidence for organisational commitment being a dominant mediator (Baron & Kenny, 1986). In car rental the beta coefficient of the HRM practices in relations to service-orientated behaviour drops by 19.5% to $b = .386$ at $p \leq .01$ level, when organisational commitment is part of the equation. As with the total sample this indicates that organisational commitment is a partial mediator in this organisation. In hospitality, the effect of organisational commitment is not significant and there is a negative beta coefficient of $-.171$ that indicates that organisational commitment could have a negative effect on service-orientated behaviour. However, this relationship is not significant and therefore probably not worth exploring at this stage. Therefore, Hypothesis 4 holds for the total sample and for retail and car rental but not for hospitality. The question is why does it have more of an impact in retail and car rental and not in the hospitality organisation. This suggests certain conditions might need to be present for organisational commitment to function as a mediator. Certain interventions at a strategic and operational level within the organisation could be indicated.

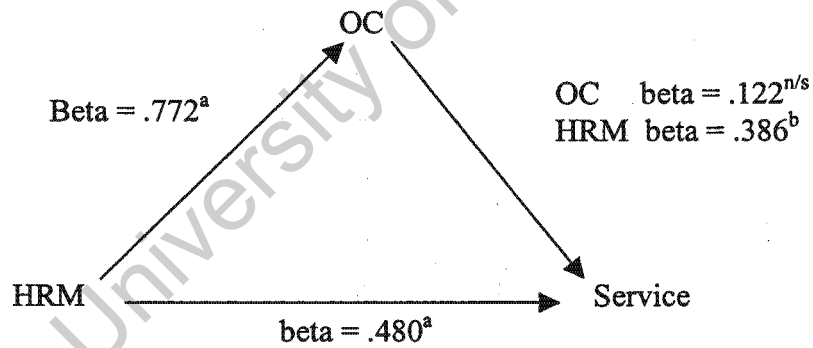
FIGURE 2

Mediation of Organisational Commitment

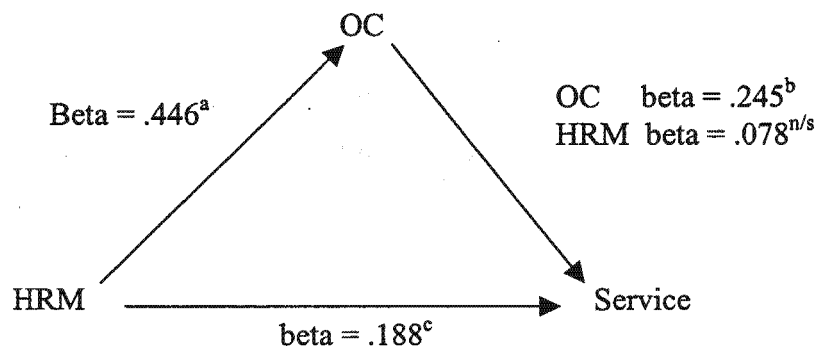
a) Total Sample



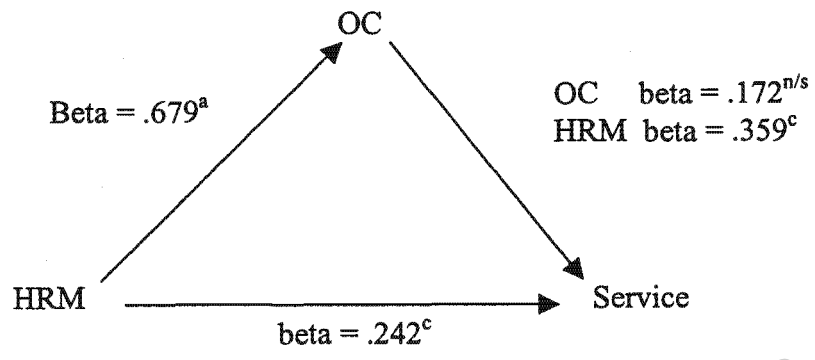
b) Car rental



c) Retail



d) Hospitality



University of Cape Town

Chapter 5

5 DISCUSSION

5.1 Discussion of Results

The purpose of this research was to establish if there is a significant positive relationship between employees' perceptions of HRM practices and their service-orientated behaviour. The mediating role of organisational commitment was also explored as was managers and frontline employees' understanding of HRM and HRM practices within service organisations. In addition the similarities and differences in the service-orientated behaviours identified by managers, frontline employees and customers are highlighted. The results support and build on previous research into employees' perceptions of human resource practices and customer service (Schneider *et al*, 1980, Schneider & Bowen, 1985, 1993; Bowen & Lawler, 1992; Zerbe *et al*, 1993). It also adds some new conclusions from a South African perspective.

5.1.1 *Service-orientated Behaviour*

The research focused on the encounter between the customer and the frontline employee. Many of the service-orientated behaviours identified support those identified in the literature and previous research (Schneider and Bowen, 1995; Carr, 1990 and Bitner *et al*, 1990). The behaviours identified support the notion put forward by Schneider and Bowen (1995) that frontline employees need to enhance a customer's sense self esteem, security and of being treated fairly. For example, "acknowledging and recognising the customer as being there" would enhance a customer's self esteem and "taking personal responsibility to see the customer is assisted" allows customers to feel they are being treated fairly. They also reflect the five underlying factors of service quality proposed by Parasuraman *et al* (1988). They are a mix of courteous and personalised service behaviours and role prescribed and extra role behaviours (Bettencourt & Brown, 1997; Morrison, 1996; Ford, 1994). The complexity and level of personalisation is minimal compared to the behaviours required of a sales or knowledge worker. This is not surprising as the frontline employees surveyed were primarily involved in short transactions with customers.

Many of the service-orientated behaviours identified in this research reflect the basic social skills identified by Frenkel et al (1999). Personalised behaviours are more evident in the category Attending to the customer and in the different behaviours highlighted by managers, employees, customers and across the three service industries (Bettencourt & Brown, 1997; Morrison, 1996; Ford, 1994). The service-orientated behaviours highlighted also include elements of both service delivery and service recovery behaviours (Bitner *et al*, 1994).

Factors that impact on the different behaviours identified by service staff (managers and employees) and customers seem to reflect the nature of the service industry and the expectations of their particular clients (Parasuraman *et al*, 1988; Kelley, 1992). For example, retail employees are expected to keep their work area and themselves clean and tidy and car rental and hospitality employees are expected to be able to deal with international visitors and business and leisure customers differently. "Visible hospitality" evident in retail and hospitality captures the customer's expectation that frontline employees such as waitrons and sales assistants will be available when needed by the customer. The 'personal' touch, warmth and caring for the customer reflected the personalised service value of the exclusive hotel that participated in the research (Bitner *et al*, 1990). The type of customer and situation are influencing the specific service-orientated behaviours expected of frontline employees (Czepiel *et al*, 1985). The similarity of the service-orientated behaviours identified by customers and service employees supports the findings of Schneider *et al* (1980), Parasuraman *et al* (1988) and Bitner *et al* (1990). The identification of similar behaviours could be the result of a common understanding of role expectations and well-defined and rehearsed scripts (Bitner *et al*, 1994). This could also be the reason for the emphasis on role-prescribed behaviours. Frontline employees as boundary staff also have direct access to customer expectations and needs (Schneider *et al*, 1980, Schneider & Bowen, 1985, 1993). Managers who are responsible for frontline staff also have a good sense of what customers require. A generic understanding of service-orientated behaviour across the three service industries emphasises the common language of service and that customer expectations may not alter significantly from industry to industry when it comes to their interactions with frontline employees.

Three other interesting issues emerge. Firstly, “positive attentiveness” is about making eye contact and focusing specifically on the customer in a caring way without becoming distracted by telephones and other staff. However, eye contact and approaching the customer raises an issue for Africans. In their culture, direct eye contact with people viewed as their superior is considered rude as is making the initial approach. Some one in authority needs to recognise them first before they greet them. Dealing with international customers with expectations of direct eye contact and assertive approaches by frontline employees challenges both managers and frontline employees to meet these expectations but at the same time to be sensitive to the cultural norms of the employee. This seems to be a particular challenge when frontline staff are drawn from a rural community, as is the case of the Sun City resort. Many frontline employees in South African service organisations also need to move beyond the subservience and servility drummed into them during the Apartheid era to becoming more assertive and forthcoming when dealing with customers. Secondly, the requirement to display socially acceptable emotions such as smiling, empathy, warmth, caring and being sensitive to the moods of a customer indicates the involvement of emotion in the encounter and also links to Hochschild’s (1993) concept of emotional labour. She emphasises that how employees express their emotions has a strong impact on the level of customer satisfaction. Thirdly, customers require cultural rather than gender sensitivity from frontline employees. This could be influenced by the stronger emphasis on ethnic culture in South Africa in the aftermath of apartheid.

The behaviours identified indicate that training of frontline employees needs to be in skills to communicate effectively with the customer. For example skills in listening and appropriate questioning so they can listen and clarify what the customer needs. Employees need to also be able to anticipate the nature of the encounter and respond accordingly (Davidow & Uttal, 1989). The importance of training in this area is further supported by the results from this research that training does impact on the ability of frontline employees to communicate with their customers.

5.1.2 ***The Role of HRM and HRM Practices in Service Organisations***

Managers of the service organisations view the role of HRM as supporting the strategic objectives of the organisation and creating competitive advantage by optimising the contribution of employees within their organisation (Anthony *et al*, 1993; Miller, 1989 & Storey, 1995). Frontline employees, on the other hand, acknowledge the strategic role of HRM but place more emphasis on the administrative functions of the HRM department and the role played by HRM personnel in providing advice and a refuge. The HRM department seems to play the role of employee advocate (Ellig, 1997). Welfare is seen as an important activity of the HRM department and this might reflect the remaining vestiges of paternalism and also the particular needs of employees (Kelliher & Johnson, 1987; Guest, 1989). Most frontline employees in South Africa are surviving day-by-day and come from violent and crime ridden communities.

What top management espouses at a strategic level is also not necessarily experienced by employees at an operational level. This raises the question of whether strategic HRM is really taking hold or is it only rhetoric spouted by management? (Anthony *et al*, 1993; Storey, 1995; Guest, 1989; Kane & Palmer, 1995). Managers and frontline employees have a common understanding of what HRM practices are but have different experiences of these practices. Employees do not necessarily experience what management say they do. There seems to be two key reasons for this. Firstly, management do not communicate effectively about the HRM processes and programmes available to employees. For example, in Makro the senior managers spoke very proudly of the development programme they had but few frontline employees knew about the programme. Secondly, line management do not have the commitment or skill to take on their HRM role. This falls in line with the findings of the IMD World Competitiveness Report, 2002, where the lack of competence of senior managers was identified as a weakness in regard to business efficiency (IMD World Competitiveness Report, 2002). For example, many frontline employees in the focus groups complained that managers are ill equipped to conduct performance appraisals effectively. The result is that many employees do not experience the full benefit of HRM practices being developed and implemented in their organisations. This could influence the strength of the associations between HRM practices and

service-orientated behaviour in this research. Employees' perceptions are based on their immediate experience of workplace practices. It is interesting to note that in Avis where the associations between HRM practices and service-orientated behaviour were the strongest, line managers in the operational units are very involved in HRM. This challenges management to take a critical look at the role they are playing and the training of managers to equip them to play this role more effectively.

The common understanding of most of human resource practices that exists across all three of the service industries and between management and frontline employees bears witness to the strong influence of American and European thinking on management. Sparrow and Wu (1998) also find little evidence of national culture influencing the understanding of HRM and HRM practices. The question is, is the lack of influence of national culture due to a lack of real national preference or to an erosion and substitution of values around HRM by US values promulgated through education and training? The debate taking place on the emergence of a new and eclectic South Africa style of management (Horwitz & Bowmaker-Falconer, 2002) could inform the practice of HRM in South African service organisations.

5.1.3 The Relationship Between HRM Practices and Service-Orientated Behaviour

Employees' perceptions of HRM practices have a significant direct effect on service-orientated behaviour as well as an indirect effect through organisational commitment. This supports those who advocate that a focus on HRM in organisations does have an impact on the quality of service provided by employees of an organisation (Zerbe *et al.*, 1993; Bowen & Lawler, 1992; Schneider & Bowen, 1985, 1993, 1995; Ulrich, 1992; Hallowell, 1996). Employees' perceptions of HRM practices also influences their organisational commitment, which in turn affects their service-orientated behaviour. This indicates that employees' perceptions of HRM practices brings about an altered attitudinal state within the employees that in turn influences their performance. This has important implications for organisations in that they need to focus on the impact that HRM practices and the work environment have on employees' emotional attachment and identification with the organisation. It also highlights why HRM practices affect service-orientated. It is not only about employees' positive perceptions of HRM practices but the fact that this impacts on

their commitment to the organisation that in turn motivates them to provide quality customer service to the customer.

The three HRM practices that have the most impact on service-orientated behaviour are selection, training and performance appraisal. Different HRM practices affect service-orientated behaviour in each of the service industries. In car rental, it is performance appraisal and in retail and hospitality training and selection respectively. The differences across the three service industries could reflect the particular need of the employees of these organisations. For example, employees in Avis receive very structured up front training and as such the knowledge and skills to do the job are a given. What would seem important to them is that managers listen to them and boost them by giving them feedback on their performance. For employees in retail, training is important in building their self-confidence to deal with a customer who is often more educated than themselves and who has various demands that they as employees need to feel competent to meet. Table 15 (Appendix 2, page 263) shows that retail employees rated training the highest out of all the HRM practices. Multiskilling also came out an important practice in retail. Davidow and Uttal (1989) indicate that multiskilling is linked to service quality. Selection for employees from hospitality is about giving them a fair and square opportunity to better themselves. Many of the employees for this particular organisation are drawn from rural or under-privileged communities where limited employment is available. The relative impact of these HRM practices could also be as a result of employees perceiving that they are more effectively implemented in their organisation than others. Those HRM practices that raised some concern for employees, such as the implementation of the performance appraisal systems in hospitality, do not have the expected impact in that particular organisation.

5.1.3.a Selection

In examining the specific HRM practices that contribute in the area of selection, the one that most consistently emerges is the opportunity to apply for internal adverts for vacancies, followed by non-discriminatory selection and then selection for the right attitudes. Clearly the issue of procedural fairness is emerging here. Bettencourt and Brown (1997) find that service employees' workplace fairness perceptions are positively related to service-orientated behaviour, in particular, to extra-role

behaviour. As Bowen *et al* (1999) indicate, employees prefer selection procedures that allow them the opportunity to demonstrate their abilities and experience and also that are standardised providing equal treatment for all job applicants. Selection for specific attitudes does not come out as strongly as it does in the literature. It is only employees from car rental who rate it highly (Appendix 2, Table 15, page 263). Selecting for the right image and personality is a theme that emerged in the focus groups and interviews conducted in Avis. The sense emerging from this study is that fairness is a bigger issue than person-job fit. Although the importance of the latter was emphasised in the focus groups it seems that it is more important to employees that they are given a fair opportunity to have access to jobs. This is not surprising where the majority of South Africans have been actively discriminated against when applying for jobs and have limited education and relevant experience to offer prospective employers. This indicates that a country's socio-political issues could influence the relative impact of specific HRM practices. Also Schneider and Bowen (1995) point out that frontline employees also need to have a sense of security and fairness and justice.

The role of the service personality is proposed by managers as a key driver for service-orientated behaviour and reflects the dimensions of agreeableness and sociability identified by Hogan *et al* (1984) in their personality measure of 'service orientation'. Schneider and Bowen (1995) and Hurley (1998) caution managers on placing too much emphasis on personality. They propose that personality is only one of the factors to consider. Selection practices reported by the organisations who participated in the research tend to reflect best practices such as selecting for attitudes and ensuring the process was fair and equitable by using psychometric tests and structured interviews involving other stakeholders such as union officials. What employees highlighted is the lack of rigour in selecting casual staff. The consequence is casual staff who lack service orientation. Since customers do not distinguish between casual and permanent staff, casuals are just as much ambassadors of the organisation as permanent staff.

5.1.3.b Training

Training also emerges as an HRM practice that had a significant impact on service-orientated behaviour. This is supported by the insistence of the managers who were interviewed that training was critical to their business. It also reinforces frontline

employees' input (particularly in retail) that training provides them with the necessary skills to interact with the customer and an understanding of what high-quality customer service entails. In a sense training is building employees' self confidence to deal with customers by providing them with the skills that will assist them to perform at the standard required. In this way the barriers to performance faced by many Black South Africans such as insufficient education and training is being addressed. This finding also supports Peccei and Rosenthal's (1997) assertion that training has a significant impact on employees' commitment to customer service. Training is also seen as a reward in itself. Both managers and employees in the focus groups indicated that many frontline employees see training and development as a reward and as such it could be impacting on service-orientated behaviour in this capacity.

The specific practice of multiskilling emerges as a significant HRM practice. This could be equipping frontline employees to meet the broad spectrum of customer needs and demands. It also leads to a sense of empowerment amongst frontline employees to carry out their job with limited referral to their supervisor and colleagues. The action of an organisation actively multiskilling their staff can also communicate their commitment to providing opportunities for development and career progression. Although providing regular training does not emerge as having a significant impact on service-orientated behaviour overall, it was highlighted in the focus groups as important and also rated highly by employees from all three of the service industries.

5.1.3.c Performance Appraisal

Activities in the process of performance appraisal that seem to have the most influence on service-orientated behaviour are managers providing feedback that motivates employees and listening to employees' input. Both these management behaviours indicate recognition from managers. Providing feedback recognises the efforts of employees while listening shows respect and acknowledgment for the employee. As with training, these activities in the performance appraisal can be seen as a reward and as such exercise influence over the performance of frontline employees (Schneider & Bowen, 1995). In the focus groups, both managers and employees emphasised the importance of the interaction between manager and employee. Much of the value of the performance appraisal process can, however, be lost when managers do not communicate effectively or implement the process

objectively. As Bowen *et al* (1999) point out the nature of the communication and interpersonal treatment is important for fostering perceived fairness of the process.

This reinforces the finding that it is the soft skills of management that have a key influence over the service-orientated behaviour of frontline employees. Sparrow and Wu (1998) also find evidence of employees' need for an emphasis on the soft approach to HRM. However, this does not negate the importance of the HRM practices themselves. What is, however, important is how these practices are carried out and also the message that they communicate to employees. The selection needs to be fair and training needs to build the competence of frontline employees, providing them with relevant job skills and empowering them to meet the complex demands of customers. These HRM practices also indicate to employees that management care not only about their future but employees as human beings who need to be recognised and have their needs acknowledged. The impact of these HRM practices can also be to create a sense of self-worth and dignity that in turn influences their performance.

Pay, rewards, development and management support, highlighted by the literature as important HRM practices, do not appear to have a significant influence on service-orientated behaviour.

5.1.3.d Pay and Rewards

Frontline employees in the focus groups reported that they see rewards as making a positive contribution to their work performance. However, they stress that there needs to be clearer communication of the criteria for selection for rewards, so that they have the desired impact for employees. As indicated by Bowen *et al* (1999), communication can alleviate a sense of unfairness. Insufficient communication of the criteria for selection for rewards was evident, particularly in hospitality, and could account for rewards not having as much of an influence over service-orientated behaviour as they could. Another factor that could account for the lack of influence of pay and rewards is that employees may not be able to see a direct link between pay and rewards and customer service performance. A strong theme emerging in the focus groups was that pay was for "just doing your job". There is a need to pay and reward employees not just for turning up but to directly link both pay and rewards to the intangibles such as dealing with customers with empathy and providing that personal

touch (Schneider & Bowen, 1995). Employees can also feel that they lack control over information such as feedback from customers that informs decisions on their bonuses and awards.

The pay or financial rewards may also be too minimal to have any motivational impact. This is not surprising considering the monthly nominal earnings for employees in the wholesale and retail trades and accommodation and catering fall 30% below the average monthly wage (Fast Facts, July, 2002). This also has repercussions on the quality of frontline employee selected into the service organisation. Frontline employees from retail feel that the pay is too low to attract the best candidates and their organisation often made do with second best. In many ways, the pay and rewards that employees receive does little to reciprocate in the employee's eyes the effort they have invested in providing good customer service. It breaks the psychological contract that the employee has made with the employer where certain returns are expected for their work. It also raises the issue of equity where employees expend effort commensurate with rewards. Schneider and Bowen (1995) highlight that internal equity of compensation is linked to passion for service. Pay will have an impact on service-orientated behaviour only if employees perceive that they are well compensated for their efforts. Again this emphasises the importance of the rewards having value for the employee if it is to have any motivational impact (Vroom, 1964 in Elkin & Inkson, 2000) Zerbe *at al* (1993) also proposes that HRM practices influence service-orientated behaviour when employees work hard to restore equity when they perceive that they are being well treated. However, the converse is also true. Where employees feel that they are not receiving their just deserts then they are not motivated to perform in the interest of the organisation. Bettencourt and Brown (1997) find that perceived fairness in pay practices is a key predictor for customer service-orientated behaviours.

Another key reason for the lack of impact of pay and rewards could be insufficient innovation and exploration of the full scope of alternative pay and reward practices to motivate service-orientated behaviour. Schneider and Bowen (1995) contend that service companies do not design or manage reward systems in way that direct employee behaviour towards service excellence. Connellan and Zemke (1993) identify insufficient reward, inadequate training, low morale and lack of team spirit as

key barriers to providing quality service. Other activities such as training and management behaviour seem to act as more powerful rewards than the pay and incentive systems currently in place. This corresponds with Schneider and Bowen's (1985, 1995) and Zerbe *et al's* (1993) findings that leadership and supervisory style and behaviour have a significant impact on perceived quality of service and service-orientated behaviour. It also indicates that certain HRM practices can assume a role of another HRM practice in the eyes of employees if their expectations are not met.

5.1.3.e Human Resource Development

The ability for the HRM practice of development to have an influence seems to be diluted by several factors. Firstly, a frontline employee not knowing what development programmes are available and not receiving the full benefit of these activities. Secondly, by an unstructured approach to development activities within the organisation. Thirdly, insufficient support from management in facilitating career planning and supporting extra study. Lastly, by the conflict of whose responsibility it is to initiate development. Clearly if an employees feels that management needs to take more responsibility in this area and they do not, then he or she will have a more negative perception. It is, therefore, important to communicate to staff on an ongoing basis about the development programmes and involve them sooner rather than later in the programmes. In this way the development programmes would be more accessible to them. It is important to have a more structured approach to development and to clarify responsibilities in the area of development. The negotiation of responsibility might take some time in South African organisations. The general attitude amongst the less privileged that dominate service work is that they are owed education and development to make up for what they could not have in the past.

5.1.3.f Management Support

Although the importance of management support was stressed in all interviews and focus groups and was rated reasonably high by employees (Appendix 2, Table 15, page 263), overall it does not have a significant influence on service-orientated behaviour. The specific management support activity of building team spirit, however, does have a significant impact on attending to the customer and knowledge of company/ procedures and products in hospitality. This can be linked to the importance

placed on teamwork in the hotel and casino environments. Improving systems and problem solving with employees are also specific activities that impact on service-orientated behaviour. Schneider and Bowen (1995) strongly emphasise that the onus of providing quality service is not only on the service provider but also relies on back up and support systems and on the commitment of management to service. The managers interviewed particularly emphasise the importance of supporting frontline employees. It seems, however, that the support provided by management is not having the expected influence on service-orientated behaviour. One of the reasons for this could be that management are providing support in a way that is not seen as important by employees. For example, being there for the employee when there is a difficult customer is very important to employees and many employees commented in the focus groups that managers fail to do this.

5.1.3.g Organisational Commitment

The fact that only affective commitment has been measured may contribute to the significant mediating role that organisational commitment plays in the relationship between employee perceptions of HRM practices and service-orientated behaviour. Continuance commitment is not significantly associated with pro social behaviour or commitment to customer service (Peccei & Rosenthal, 1997; O'Reilly & Chatman, 1986). It could also mean that the HRM practices that are impacting on service-orientated behaviour such as performance appraisal in car rental and training in retail are also impacting on organisational commitment. Although organisational commitment was rated higher by frontline employees from the hospitality organisation than by the frontline employees from the other two organisations it did not seem to play a mediating role in this organisation. A key reason could be that the HRM practices that influenced service-orientated behaviour in this organisation, that is mainly selection, does not have an effect on employees' organisational commitment.

Another reason could be that the frontline employees are passively rather than actively committed to their organisation (Steers, 1977). As such, they say they are committed possibly out of loyalty or because they feel they should be committed but this does not translate into making an effort for the customer. This indicates that the organisational environment may not be providing enough support and motivation for

employees to translate their commitment into action (Steers, 1997). Aligning organisational commitment with loyalty is more in line with normative commitment. Maybe if this had been measured organisational commitment might have played a stronger role in the relationship between perception of HRM practices and service-orientated behaviour. However normative commitment does tend to overlap with affective commitment (Allen & Meyer, 1990 & McGee & Ford, 1987). Employees might also feel that they do have not an alternative but to stay with the organisation. Their limited skills base means that they will not easily find employment elsewhere and there are many more potential job incumbents waiting in line to replace them should they leave. This would translate into continuance commitment which as indicated earlier is not associated with pro social behaviour or commitment to customer service (O'Reilly & Chatman, 1986 & Peccei & Rosenthal, 1997). Another reason could be the nature of the commitment that is being measured. Measuring a constituency-specific commitment such as commitment to customers or customer service may be a more appropriate than a global measure of commitment (Reichers, 1985; Hunt & Morgan, 1994).

5.2 Conclusions

HRM practices have a direct effect on the service-orientated behaviour of frontline employees in all three service industries. This supports the findings of Schneider and Bowen (1985, 1993) and Zerbe et al (1993) that human resource management policies and practices do have a direct impact on employee performance. The fact that this finding is within the South African context is important as it emphasises that the relationship between HRM practices and service-orientated behaviour is also evident in third world countries with developing economies. Selection, training and performance appraisal were the HRM practices to have the most impact when all three service organisations were considered together. Within each service organisation however it was evident that particular HRM practices influenced service-orientated behaviours. In car rental these HRM practices were performance appraisal, training in retail and selection in hospitality. The fact that certain HRM practices were found to have more influence than other practices in specific service industries not only builds on the results from Schneider and Bowen's (1985, 1993) and Zerbe et al's (1993) research but cautions one against applying a universal recipe to all service industries.

The impact of HRM practices is specific to each service organisation. This supports the approach taken by Schneider (1991), Bowen and Lawler (1992) and Lashley (1998) that specific factors will determine which HRM practice will have the most influence on employee performance within the service organisation. Specific factors both external and internal to each service organisation make certain HRM practices more significant than others. An external factor that emerges as important in this research is the socio-political situation of a country both from an historical and current perspective. Certain HRM practices assume a greater degree of importance where employees have experienced the impact of social and political conditions such as limited access to educational opportunities and jobs, discrimination and oppression as is the case in South Africa. An emerging theme in this research is one of fairness, particularly in the selection process and the implementation of rewards. Fairness is about equal opportunity and providing access to jobs. It is also about transparency and clear, ongoing communication from management. For frontline employees who have experienced ongoing discrimination and unfair treatment, fairness becomes important in the workplace. The fact that Bowen et al (1999) and Bettencourt and Brown (1997) also highlight workplace fairness as an antecedent of service-orientated behaviour emphasises its importance as an underpinning principle in the design and application of HRM practices. Frontline employees' perception of fairness exercises a key influence on their service-orientated behaviour. Training and development also assumes a significant level of importance for frontline employees who have limited education and skills and who face the prospect of unemployment on an ongoing basis. The opportunity to acquire marketable skills and to develop oneself acts as a more powerful reward than the pay and rewards on offer. Training, and in particular multi-skilling emerges as key to building a frontline employee's competence and self confidence to deal with complex customer demands. Davidow and Uttal (1989) and Schneider and Bowen (1995) also highlight the importance of multi skilling or cross training in improving customer service. Peccei and Rosenthal (1997) come out in support of training building both competence and self-confidence in frontline employees to provide quality service. This will rub off on the customer who as Jones (2000) points out, enjoys dealing with a competent and knowledgeable employee.

National and ethnic culture, another external factor, has a role in determining the appropriateness of the leadership style and management behaviour within a service

organisation. The importance South African frontline employees attach to building relationships, personal interaction and mutual respect and the soft skills of management, reflects the same emphasis in the African culture. This is the concept of 'ubuntu' discussed earlier that emphasises compassion, respect and human dignity. Managers who lead or behave in way that contradicts the expectations of frontline employees limit the positive influence they can have on how employees interact with customers.

Pay, rewards and development had no significant impact on service-orientated behaviour. The reason for this seems to rest to a large extent with how management went about communicating about and implementing these practices. This raises issues of internal factors within a service organisation that determine the influence specific HRM practices have on service-orientated behaviour. Both managers and employees perceived pay as having a limited capacity to motivate performance in the long term. Kerr (cited in Schneider & Bowen, 1995) and Storey and Sisson (1998) also point out that pay can have limited long term motivational impact particularly if the amount is minimal. Managers and frontline employees on the other hand perceived rewards as having the capacity to encourage employees to work harder and go that extra mile. However frontline employees felt that this was compromised by managers not being transparent about criteria used for selecting employees for rewards. Bowen et al (1999), Stone (2002) and Pfeffer (1998) also emphasise the importance of transparency, cautioning that secrecy can lead to mistrust and cynicism in the allocation of pay and rewards. The service industry needs to improve their pay and reward systems if they are to have any impact on frontline employee performance. It is important to bear in mind that for many frontline employees what they are compensated is indicative of the value that they perceive the organisation places on their contribution and as such is inextricably tied in with their sense of self worth. Schneider and Bowen (1995) also point out that service organisations have not fully explored the various pay and rewards alternatives and, as such, have not capitalised on the power of these HRM practices to motivate service-orientated behaviour. Pay and rewards also need to focus on the 'intangibles' that lead to customer satisfaction if they are to have any influence on service-orientated behaviour. This point is also made by Schneider and Bowen (1995) and Zerbe et al (1993) that financial rewards to

have maximum impact on frontline employee performance need to reinforce the intangible aspects of service-orientated behaviour.

In the absence of appropriate pay and rewards, as Schneider and Bowen (1995) propose, supervisor behaviour acts as a powerful source of reward. This reinforces the notion that certain HRM practices can assume a role of another HRM practice should the expectations of employees not be met. The act of providing feedback and listening to frontline employees has a strong association with service-orientated behaviour. This reinforces the findings of Schneider and Bowen (1985, 1993) who also found a significant association of these management behaviours to frontline employees' morale and passion for service and to customer's perception of service quality. The importance placed on the management behaviours of providing motivational feedback and taking the time to listen to the input of employees reinforces the role of "soft skills" in influencing service-orientated behaviour. 'Soft' behaviours such as providing informal feedback, building team spirit, listening to and supporting staff have the most impact on service-orientated behaviour. As Fitz-enz (2000) and Schneider and Bowen (1993:43) emphasise as well the importance of the employee's immediate environment and of creating "a climate of well-being".

Insufficient commitment and communication from management and a lack of clarity of roles are two internal factors that compromise the impact of training and development on service-orientated behaviour. Management needs to communicate more to frontline employees about the development programmes available to them and also to be committed to the development of their employees. This falls into line with Burack's (1977) thinking that it is the manager's role to supply information and provide support. There also needs to be clarity as to what role managers and employees play in the training and development of employees. As Burack (1977) highlights each of these roles contributes significantly to the development of the employee. Managers need to provide information, guidance, mentorship and counselling. Employees need to engage in self-assessment and to be committed to taking on training and development opportunities and taking action of feedback from their managers.

Inadequate training and the limited competence of managers, was also highlighted as an obstacle to the positive impact of training and development and performance

appraisal on employee behaviour. Frontline employees cited insufficient knowledge and skills as a key reason for managers not carrying out performance appraisals and training effectively. This supports Kane et al (1999), Gomez-Mejia (1990), Macaulay and Cook (1994) and Horwitz (1999) contention that a lack of knowledge and skills in managers is one of the barriers to the effective implementation of HRM in an organisation. This challenges service organisations to actively train and equip managers to take on their human resource management role. It also requires the HRM department to act in a consultative role empowering and supporting managers. Ulrich (1997) emphasises as well the possibility of line managers and HR professionals sharing in the effective design and implementation of HR strategies and practices into organisations and the supportive role of the HRM department for management. A high standard of professionalism, knowledge and skills is therefore required from the HRM department if they are to add value to service organisations. The fact that certain HRM practices contribute in other ways to motivating staff, such as training being seen as a reward, and feedback and listening as recognition, challenges the idea of making a distinction between HRM practices and supports the idea that HRM practices act as an integrated package mutually reinforcing each other. This supports Storey's (1995), Guest's (1989) and Kane et al's (1995) proposal that HRM practices need to come across as an integrated package. Employees do not distinguish between different HRM practices but rather between "soft" and "hard" HRM practices. The day-to-day interaction with managers is more important to them as is managers being available and 'there' as 'morale' support. Clearly, how HRM practices are implemented within service organisations by management is the key in influencing the impact they have on service-orientated behaviour.

For many managers and frontline employees in service organisations, the HRM department is synonymous with HRM in service organisations. They play a strong advisory role to both managers and employees and at unit level focus on the welfare of employees and assist them with their day-to-day needs. Frontline employees expect the HRM department to take on a strong advocacy role and to be their listening post and place of refuge. At unit level, the HRM department takes on less of a strategic role and more of an employee champion role managing employee contribution through listening and addressing employee issues (Ulrich,1997). Clearly, frontline employees are also asking line managers to assume this role more actively in

partnership with the HRM department. The reality is also that HRM remains at a strategic level while traditional personnel management is prevalent at an operational level in service organisations. Pilbeam and Corbridge (2002) discuss strategic HRM and traditional personnel management being on two ends of a continuum with traditional personnel management focusing on an administrative and the employee champion role and strategic HRM focusing on a strategic partnership between the HRM department and line management and on change management. The implications of this are that frontline employees do not experience the full benefit of the initiatives in HRM that have been taken within their organisation. The fact that decisions on HRM remain at a strategic level and do not cascade down to operational units is problematic. It is important that frontline employees are made fully aware of the HRM policies and practices and that management and HRM people at unit level are trained and empowered to implement them. However, taking into consideration the realities of the workforce within the service industry in South Africa a variable mix of traditional personnel management, line management responsibility and a strategic and integrated approach might be more appropriate (Keenoy, 1990; Wood & Els, 2000).

Managers and frontline employees have a similar understanding of the role of HRM practices in service organisations but have some differences on the issues that they see as impeding the effective implementation of these HRM practices. In selection, a prospective job incumbent's fit for the job and culture of the organisation is seen as important. The appropriate attitude and a 'service personality' is a critical antecedent to service-orientated behaviour. This falls in line with Hogan et al (1984), Hurley (1998) and Williams and Sanchez (1998) who strongly advocate the importance of frontline employees having a measure of 'service orientation'. In a country where the majority of the population has been denied access to education and training, recruitment for potential and training for skills is emphasised by frontline employees. This obviously has implications for the types of selection tools used that need to tap into potential rather than skills. As discussed earlier training becomes a means to build competence in frontline employees to deal with customers. The role of training in service organisations is seen as building specific job skills and attitudes while development is about broadening frontline employees' skills and developing them to take on more responsible jobs. These practices overlap and form an integral part of a continuous learning process for employees. Pay is seen in service organisations as

mainly a financial transaction for work performed on a day-to-day basis. Rewards are both financial and non financial and are important for motivating employees to work harder and smarter. Compensation, in particular pay, is seen as an important means for service organisations to attract and retain good frontline employees. Frontline employees feel however that this is compromised by low pay rates and rewards practices that are not innovative. Managers and frontline employees describe performance appraisals as an important opportunity for providing feedback on performance and discussing development plans for the employee. However, frontline employees believe that insufficient communication on the benefits of the performance appraisal and the lack of commitment and skill of managers to implement the process effectively reduces the positive impact that performance appraisal can have on employee performance. Frontline employees describe management support as more than just providing information and resources. In their eyes it is fundamentally about being available to frontline employees when they need the support and guidance from their managers. It is also about taking a personal interest in and building relationships with frontline employees. This links into the importance that frontline employees attach to the 'soft' skills of management.

Employees' perceptions of HRM practices impacts on their level of organisational commitment and this in turn affects the way they interact with the customer. This supports the belief that employees' perceptions of the way they are treated impacts on them psychologically, which in turn influences the way they serve the customer. Organisational commitment therefore plays a key role in the relationship between frontline employee perceptions of HRM practices and service-orientated behaviour. By building a sense of competence and self confidence within frontline employees and by recognising and rewarding the contributions of frontline employees HRM practices are increasing the level of employees' commitment to the organisation and as such to delivering excellent customer service. This supports the findings of Steers (1977), Hackett et al (1994), Mcclurg (1999), Eisenberger et al (1990) and Caldwell et al (1990) that work experiences and organisational practices influence employees' level of organisational commitment. Service organisations are well advised to build an internal climate that emphasises that they care and support their staff. Employees will respond by showing more commitment to the values and survival of their organisation and this will spill over into their interactions with the customer.

Service-orientated behaviour is seen as an integrated set of activities engaged in by the frontline employee. This service experience starts with recognising and acknowledging the customer, to actually serving the customer and providing the appropriate product knowledge and information of services and ending off with meeting the expectations of the customer or passing the customer onto the appropriate department or person. A common understanding of service-orientated behaviour also emerged across all three service industries from all of the three key stakeholders in the service experience - the customer, the frontline employee and the management of the service organisations. This reflects a shared understanding of role expectations and well-defined and rehearsed scripts. These service transactions, which are short-lived interactions, are a form of human interaction where frontline employees and customers play out roles according to a specific script. This reinforces the notion put forward by Solomon et al (1985) and Grove et al (2000) that service encounters are role performances according to a well-defined script. The identification of behaviours such as smiling and coming across with warmth also reinforced the understanding that interacting with customers requires frontline employees to engage in emotional behaviour to a script. The fact that the behaviours identified by all three stake holders within South Africa are similar to those identified by researchers such as Schneider and Bowen (1995), Ford (1994), Bettencourt and Brown (1997) and Bitner et al (1990) in America and Europe supports the notion of an internationally accepted set of service-orientated behaviours and the fact that these have become the accepted norm within the South African context. The shared understanding of service-orientated behaviours also reinforces the dyadic nature of the service encounter and the importance of frontline employees as boundary employees who have direct access to the customer's service experience and collaboration with customers to create a satisfying service experience. Solomon et al (1985), McCallum and Harrsion (1985) and Klaus (1985) recognise the dyadic nature of the service encounter where both frontline employees and customers are important participants in a two-way interaction. This also challenges Black South African frontline employees to take up this more dynamic role rather than the more subservient role they are used to. Schneider and Bowen (1993) and Aldrich and Herker (1977) also emphasise the important role the frontline employee plays in providing access for the service organisation to the expectations and needs of the customer. The similar service-orientated behaviours identified across all three service industries and three

stakeholders were a mix of role prescribed and extra role behaviours (Morrison, 1996; Williams & Sanchez; Bettencourt & Brown,1997) and reflect the basic social skills identified by Frenkel et al (1999). This is evidence of the short transactional nature of the service encounters considered in this research. Both Frenkel et al (1999) and Price et al (1995) propose that the length of time over which the frontline employee and customer interact influences the nature of the service-orientated behaviours required of the frontline employee. The different behaviours highlighted by each service industry on the other hand were primarily extra-role behaviours and reflected the nature of the industry and the expectations of their customers. This supports Czepiel et al (1985) contention that service encounters differ between customers and across different situations.

5.3 Limitations and Future Research

5.3.1 *Limitations*

As with any study, some limitations exist with the present research. These need to be recognised and the implications of the results seen within this context. Firstly, the sampling method of managers and frontline employees being selected by senior managers and human resource managers might have resulted in some bias. Managers and staff who supported the senior manager and the status quo might have been selected. This could have resulted in similar rather than different attitudes being exposed. Also the employees who took the trouble to complete the questionnaires might have been those that were either very satisfied or very dissatisfied with the organisation and as such a diversity of opinion may not have been reflected. Although the human resource managers were encouraged to select a mix of race, age and gender groups particularly in stages 1 and 2 of the research this could have been more systematic, perhaps based on proportional sampling, to ensure that the sample adequately represented the population. This is important considering the debate around the impact of Apartheid on Black frontline employees. It is therefore important to ensure that they are more adequately represented in the sample. However the fact the majority of frontline employees are Black would have ensured to a large extent that they were well represented.

Secondly, only one or two organisations per service industries were used in the research and combined with the small sample sizes the generalisability of the results to the whole service industry is limited. This indicates that future research needs to include more interviews and focus groups from more than one organisation per service industry. In fact, what is called for is a more extensive multi-organisation multi-sector research project to test the results obtained from this research. Caldwell *et al* (1990) believe that multi-firm studies are desirable to pick up adequate variation in firm practices. Although the customer focus groups were selected carefully to reflect diversity, the small number of these sessions, that is one per service industry, again challenges the generalisability of these results.

Thirdly, the nature of the focus group itself lends itself to participants influencing each other's opinions. Great care was taken to ensure that participants of all the focus groups felt at ease to vent their personal opinions and to be comfortable with expressing different opinions. Not only were they reassured of the anonymity of their contribution but also that different opinions were very acceptable. The researcher encouraged all participants to participate by inviting them to contribute and by controlling dominant participants.

Fourthly, although it was specifically decided to have four points to the rating scales for ease of response, this resulted in a binomial distribution of the responses. In a sense, the respondents were forced to choose between bad and good without any middle-of-the-road response available to them. This could have led to less variance in their response. It is also important that the choices between 'bad' and 'good' are both equally socially desirable otherwise these choices could be influenced by social desirability rather than the true attitude of the respondent (Ray, 1990). Using a five point scale could assist in rectifying these concerns. Jacoby and Matell (1971) find however that both reliability and validity are independent of the number of scale points used on a Likert scale. However, it is important that the issue of social desirability is attended to. The mean scores for both organisational commitment and service-orientated behaviour were both high and this could have been due to respondents' tendency to mark choices based on their social desirability. The fact that frontline employees in South African service organisations come mainly from economically disadvantaged communities where the unemployment is high and that

they also have limited education and skills, makes finding alternative employment difficult. It is therefore not unreasonable to assume that they would rate their performance high to reflect themselves in a positive light. A tendency to mark only the high scores results in a skewed distribution rather than a normal distribution. This could again result in the true variation in perceptions being eroded. An underlying assumption of multi-variate statistics like multiple discrimination is that of normal distribution and as such interpretation of these results needs to be sensitive to this problem. It is possible to reduce but not remove the influence of social desirability in responses by preparing the respondents carefully. If measures such as anonymity, confidentiality and encouraging participation, had not been taken in this research, to make the respondents feel 'safe' to air their opinions the impact of social desirability could have been stronger. Arnold *et al* (1981) suggest, as an alternative, the use of a method of measurement that is not only more objective but has inferred weights that the respondent is unaware of.

Fifthly, there is a need to re-examine the indicators of the proposed constructs to improve the construct validity of the questionnaire. This could be achieved by revisiting the qualitative data collected in the current study and also building on this data through additional focus groups and interviews. Further content analysis on the data involving a team process, including further attempts at coding, could assist in surfacing additional data to assist with this. Schneider, Wheeler and Cox (1992) propose that one-researcher conclusions may compromise the quality of the data extracted. Re-designing the HRM practices section of the questionnaire to reflect "hard" and "soft" HRM practices rather than specific HRM practices would also improve the construct validity of the questionnaire and result in more significant results. Overall a revised questionnaire needs to be tested using various techniques for reliability and validity before it is used in future research.

5.3.2 Future Research

Future research could be developed in several directions. Firstly, the scope of the research could be broader involving a wider selection of service sectors and/or have more depth involving more organisations within each service industry. Research could also involve a comparison across service industries in the formal and informal

sector. This would allow for a more representative sample of the South African service sector as a whole. The link between HRM practices and service-orientated behaviour could be investigated further establishing, as discovered in this research, if specific HRM practices have more influence on service-orientated behaviour than others and under what conditions. It could also explore more thoroughly the influence of variables such as the gender, age and race of frontline employees on their perceptions of HRM practices in their organisations and the influence this has on their service-orientated behaviour. Also the impact of the type of service industry and the type of customer on the expectations of the service-orientated behaviour required of frontline employee could also be researched further. The profile of service-orientated behaviour identified in the current research could be added to and further investigation conducted into the extent of the common understanding between key stakeholders (customers, managers and frontline employees) of the service experience across more service industries. It would also be important to determine whether the external and internal factors identified in this research have as much impact in other service industries. The influence of different geographic locations and the related socio-political factors on the relative impact of HRM practices in service organisations would be worth researching further. For example would selection have more impact in service organisations based in provinces or countries that are experiencing a high level of unemployment?

Secondly, the distinction frontline employees make between “hard” and “soft” approaches to HRM is important to investigate further. Rather than the current distinctions made between HRM practices such as selection and training, a more integrated approach to human resource management may be more appropriate. The importance frontline employees attach to the “soft” approach to HRM is worth exploring further to establish what frontline employees need from HRM practices and from management and the impact this has on service-orientated behaviour. This would also identify the specific practices and behaviours management need to engage in to provide support to their employees.

Thirdly, cross-cultural research could identify the influence of national and ethnic culture on frontline employee expectations of leadership style and management behaviour within service organisations. This could also extend to the influence of

these factors on customers' expectations around service-orientated behaviour. Future research could challenge the notion of a global understanding of service-orientated behaviour by conducting research with frontline employees and customers across various cultures outside America and Western Europe.

Fourthly, the obstacles impeding the influence of pay and rewards on service-orientated behaviour need to be more explicitly identified to provide guidance to managers on the steps that need to be taken to address this area. Fifthly, research measuring the role of other intervening variables such as self-efficacy or perceived job competence would provide further understanding into why HRM practices have an impact on service-orientated behaviour. Lastly, further research could investigate further into other forms of commitment, such as commitment to customer service.

5.4 Implications of the research

This research has important implications for the management of service organisations. They need to recognise that both frontline employees and customers are important participants in the service encounter. Frontline employees are a valuable source of information for management on customer expectations and needs. Zeithaml *et al* (1990) emphasise that one of the strategies to know what the customer expects is to open up the channels of communication between frontline employees and top management. Prahalad and Ramaswamy (2000) encourage organisations to think of customers as active rather than passive players. They are part of the network and co-developers with whom active dialogue can take place. Whiteley (1991) urges organisations to become customer driven by communicating face-to-face with customers and to walk in their customer's shoes.

The service-orientated behaviours identified provide a guide to assist in the selection, training and communication of performance expectations with frontline employees. Zeithaml *et al* (1990) propose that steps towards closing the service performance gap are about communicating to employees exactly what is expected of them and ensuring that the right people are selected for customer service jobs. Teaching frontline employees what customers expect, better equips them and gives them the self-confidence to deal with customers. "Good training enables people to engage in and sustain the right kind of behaviour on the job – quickly" (Whiteley, 1991:104). In

fact, we need to teach them to think like customers and to act accordingly. As a standardised profile across several service industries it could also inform the development of a service industry competency-training programme. These skills would be transferable into various industries and service experiences and therefore make frontline staff more marketable and a valued asset for service organisations. However management do need to be sensitive to the particular needs of their customers within their service industry and train their employees to be aware and have the skills to meet these needs.

Employees' perceptions of HRM practices do influence their service-orientated behaviour and as such management need to commit themselves to implementing these practices in a way that they build employee's self-confidence, enhance their sense of self-worth and communicate that they care about their employees. They need to be sensitive to the needs of employees and what is actually driving service-orientated behaviour. This includes the socio-political issues that influence the importance employees attach to certain HRM practices and how they are carried out inside the organisation. Fairness is a key underpinning principle that management need to consider when designing and implementing HRM practices. Selection needs to be fair and provide employees with adequate opportunity to apply for the job and to show their knowledge and skills. The selection tools used in service organisations need to focus on measuring for service orientation and the potential to learn skills. Training and development needs to be structured and regular and develop multiple skills in the employees so that they have the self-confidence to deal with the various demands of customers. In this way, the type of training provided to employees is informed by the needs of the customer who requires an employee who can answer various questions and respond to various demands. Frontline employees need to be capable of handling diversity in their customers and not feel overwhelmed. Training can focus on creating awareness in diversity in its broadest sense and how to deal sensitively and appropriately with the different needs of customers. Development needs to be accessible to employees in that the development programmes available are communicated on an ongoing basis to employees. Even the lowest level of frontline employees needs to have access to development programmes and not just supervisors. Management and employees need to negotiate their responsibility for training and development on an ongoing basis rather than abdicate responsibility to the other party.

Performance appraisals need to provide employees with the opportunity to be heard and managers need to ensure that their feedback is constructive and motivational. This means allowing enough time for the performance appraisal to take place so meaningful dialogue can take place. Organisations must also train their managers in interpersonal skills such as listening attentively and giving constructive feedback. They also need to reinforce the importance of managers recognising the efforts of employees on an ongoing basis. Recognition by managers needs to be an integral part of the reward system in a service organisation. Other forms of non-financial reward need to be explored and they need to be of value to employees if they are to have any impact on performance. It is therefore important that management consult with employees as to the rewards that would motivate their performance. Importantly, employees need to see a direct link between the rewards and their customer service performance. They need to also be rewarded for the intangibles such as keeping commitments to the customer or taking responsibility for and resolving customer complaints. The criteria for achieving a reward need to be communicated clearly to employees and the process of selecting employees to receive a reward needs to be transparent. At best, employees could be involved in setting up the criteria and participate in selecting employees to be rewarded.

Serious attention needs to be paid to both the pay and reward systems, as they are currently a barrier to recruiting and retaining key frontline staff. Despite the high unemployment rate in South Africa, frontline employees cannot be considered expendable. It is not easy to replace the attitude and skills of the good performers even in the most standardised of jobs. Employees who leave also take with them an insider's understanding of the organisation that is difficult to replicate quickly in new recruits. Schneider (1991) reports that customers' perceptions of service quality are low when employee turnover is high. A much more innovative approach needs to be taken to pay levels and types of reward in service industries if these HRM practices are to have any positive influence on employee performance.

Frontline employees are looking for personal engagement from their managers. It seems for frontline employees in South African service organisations, the human touch is often overlooked by management who tend to focus in practice on the more formal aspects of management support such as meetings, team briefings, information

sharing and training. The emphasis by frontline employees on the more informal personal side of a management behaviour should encourage managers to concentrate on building relationships and communicating on a day to day basis with their staff. Lessem (1993) challenges management to learn from the African culture by developing a management style that respects the dignity of the individual and builds relationships rather than only focusing on the “hard” side in which management views employees as a resource to be used dispassionately and in a rational manner. The lack of emphasis on “soft” skills can result in what Storey (1995:15) calls a “calculative approach” and a limited impact on employee organisational commitment and financial performance. Managers need to create a supportive work environment that increases employees’ organisational commitment and, in turn, affects their service-orientated behaviour. There is a strong message to managers in service organisations to leave their offices and physically work with and interact with their staff at the coalface.

Top management need to facilitate the implementation of strategic decisions on HRM practices. They need to be committed to the HRM practices being filtered down and implemented effectively to the frontline. Line management needs to take their HRM role more seriously and ensure that the HRM practices are carried out effectively. Service organisations need to implement HRM practices that support their strategy but at the same time address the expectations and basic needs of their frontline employees. In support of this the HRM department needs to balance their employee advocate role with that of business partner guiding management in best practice. A more integrated approach to HRM also needs to be taken where the HRM practices compliment and support each other. For example, pay and reward systems acknowledge employees who engage in the service-orientated behaviour they have been trained in. In this way, the training gains credibility, the employee’s self-confidence is enhanced and behaviour that provides quality service to customers is maintained. The result: a satisfied customer that leads to profitability and increased benefits for all stakeholders.

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University of Cape Town

Appendix 1

APPENDIX 1.1A

Creating Service Excellence Through Human Resource Management Practices

INTRODUCTION

The Graduate School of Business at the University of Cape Town has recognised the importance of conducting research into the area of service excellence and in particular on the impact of management practices on the performance of service staff.

As a key player in the service industry, we would most grateful for your involvement in this research. This will allow you access to important information on factors which impact on the service provided by your staff, and will allow you to manage even more effectively the service delivered to your customers.

This document outlines the aim and the process of the research and the benefits of your organisation participating in the study.

THE AIM OF THE RESEARCH

The research aims to establish:

- the impact of human resource practices on the service-orientated behaviour of service staff.
- the similarities and differences across different sectors of the service industry of human practices, their impact on the performance of service staff and the understanding of what effective service-orientated behaviour is, with particular reference to the South African context.

The focus will be on frontline staff, such as till operators, shop assistants, tellers, customer service staff and front desk and housekeeping staff, whose interaction with customers is primarily through brief interactions or transactions rather than long term relationships.

The organisations that are being asked to participate come from retail, hospitality, banking, car rental and cellular industries.

AREAS OF FOCUS IN THE RESEARCH

The research will, through the development of and administration of a questionnaire, focus on five key areas:

1. Frontline employees' perception of human resource practices within their organisation.

Pilot research conducted by the Graduate School of Business and research by Schneider and Bowen (1985,1993), Schneider et al (1997) and Zerbe et al (1993) identify the following human practices as having the most impact on service-orientated behaviour:

- Selection
- Training and development
- Compensation and rewards
- Work facilitation (access to information, resources and morale support)

These practices, including performance management, will be focused on in the research. Practices that are important to participating organisations could also be included.

2. The impact of frontline employees' perception of human resource practices on their level of organisational commitment, commitment to customer service and how they perceive their level of competence to provide good customer service.
3. The impact of the perception of human resource practices on the service-orientated behaviour of frontline employees.
4. The different impact of specific human resource practices.
5. An understanding of what is considered as effective service-orientated behaviour across different sectors of the service industry.

PHASES OF THE RESEARCH

The following outlines the different phases of the research and the involvement of your organisation.

Phase 1: Questionnaire Development

Objective

To develop an instrument for measuring the perception of frontline employees which is valid for South African organisations.

The involvement of your organisation

- To provide the researcher access to between 10 – 15 line managers, supervisors and human resource practitioners for semi-structured interviews.
- To provide the researcher access to 15- 20 frontline employees for focus group sessions of 5 employees at a time.

It would be preferable if the above managers and employees came from different branches. The groups of frontline employees need to preferably be mixed in terms of race, age and gender.

Phase 2: Pilot of the Questionnaire

Objective

To administer the questionnaire to a sample of frontline employees from participating organisations to ensure that it is an accurate and reliable measure of the perceptions of frontline employees.

The involvement of your organisation

- To provide access to the researcher to 30 frontline employees. It would be preferable for the employees to come from different branches and be mixed in terms of race, gender and age.

Phase 3: Administration of the Questionnaire

Objective

To administer the questionnaire to frontline employees of the participating organisations to assess the impact of human resource practices on service-orientated behaviour.

The involvement of your organisation

- To provide access to the researcher to 300 frontline employees across different branches.

BENEFITS TO YOUR ORGANISATION

1. An accurate and reliable measure of the impact of your Human Resource practices on the:
 - service-orientated behaviour of your frontline employees
 - the level in frontline employees of organisational commitment, perceived competence to perform and commitment to the concept of customer service
2. Identified Human Resource practices that are having the most impact on the performance of your frontline employees. This will allow you to be selective on the emphasis you put on certain practices and guide you in your budgeting to provide human resources services and interventions.
3. An insight into the understanding your line management, human resource practitioners and frontline employees have of the role and activities of certain human resource practices. Is there a difference and if so, to know what to communicate to ensure a common understanding of these practices. A shared understanding of what role and impact human resource activities can have in the workplace will facilitate a common focus and more effective communication between management and employees.

4. An understanding of what is considered as effective service-orientated behaviour both within and across service industry sectors. This will allow you to focus your customer service training.
5. Access to data within and across service industry sectors as to:
 - the impact of Human Resource practices on the performance of frontline employees
 - the Human Resource practices present in the industry
 - the generic and unique characteristics of effective service-orientated behaviour

(Organisations participating in the research will only be identified by service industry sector.)

University of Cape Town

APPENDIX 1.1B



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Telephone: 27-21-406-1420
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Email: vickybro@gsb2.uct.ac.za

SERVICE EXCELLENCE RESEARCH

Thank you for agreeing to meet with me to discuss the research project being undertaken by the Graduate School of Business into the impact of Human Resource practices on service excellence.

This research forms part of my PhD research that focuses particularly on the link between the perception of service staff of the human resource practices and their service-orientated behaviour. My supervisor is Professor Frank Horwitz.

As a key player in the service industry you are being invited to participate in this research that will provide you access to important information both within your organisation and your industry, and across service industry sectors. Please find attached a detailed outline of the research.

An article has also been included that expands on the importance of research in this area, the most recent research results and the implications these have for the management of service staff in your organisation.

I would anticipate that our meeting would allow me to provide you with more details and clarity on the research.

I look forward to our meeting and to your participation in this research initiative.

Yours sincerely,

Vicky Browning
Senior Lecturer, Human Resources Management

APPENDIX 1.2A

Pre Interview Briefing Document for Managers

Thank you for providing the time for the interview that forms part of the research that is being undertaken by the Graduate School of Business, University of Cape Town.

I have outlined below for your information, the questions that I will be asking you during the interview. I hope this will provide you with the opportunity to familiarise yourself with the questions. I am particularly interested in your input and as such would ask that you not discuss the questions with other respondents. It is not necessary for you to do lot of research; it is your opinion that is important.

The information you provide in this interview will be used primarily to put together a questionnaire that will be sent to a sample of frontline employees in all the organisations participating in the research. The information will be kept confidential and only used for research purposes. Feedback to the organisation will be in the form of general responses.

As you can see the questions are about the human resources practices in your organisation and the behaviour expected from service staff in their interaction with their customers.

Human Resource Management Practices

1. Human resource management includes such activities as recruiting and selecting staff, training and development, pay and performance appraisal.

What do you believe is the **role of Human Resource Management** in your organisation?

2. How would you **describe** the following Human Resource Management activities:

- Selection
- Training
- Development
- Compensation and Rewards
- Performance appraisal
- Management support

3. What do you believe is the **role of these Human Resource Management activities** in your organisation:

- Selection
- Training
- Development
- Compensation and Rewards
- Performance appraisal
- Management support

4. What **activities** take place in your organisation for frontline staff under the following Human Resource Practices:

- Selection
 - Training
 - Development
 - Compensation and Rewards
 - Performance appraisal
 - Management support
-

Service-orientated behaviour

In this part of the interview I would like to focus on the interaction between your service staff and the customer i.e.: how your frontline staff talk to and what they do when serving the customer.

1. Think of a particular frontline staff member in your organisation who **provides excellent customer service**. What does he/she say and do differently in the interaction with the customer than a frontline staff member who is providing average or below average customer service.
2. Tell me about a time that as a customer you **experienced good customer service** in a rental car agency. Tell me exactly what the frontline staff member said and did.
3. Is there anything that customers would like your frontline staff to say and do that **they are not saying or doing already?**

Thank you for your time and valuable input.

APPENDIX 1.2B

Pre Focus Group Briefing Document



8.12.1999

Dear Focus Group participant,

Thank you for being part of the focus group discussion.

Your organisation was asked to select staff who could assist the Graduate School of Business of the University of Cape Town to carry out research into service excellence.

As a key player in the car rental industry, (name of organisation) has agreed to this research that will provide them with important information to improve their management practices.

Your input in the discussion will give us very valuable information for putting together a questionnaire to measure how employees feel about the human resource practices, such as training, in their companies and about customer service.

During the focus group discussion you will be asked a few general questions. There are no right or wrong answers. We are interested in what you have to say. Only the general summaries of the answers will be used in the research and no one will be named. The information is only for research purposes.

I look forward to meeting with you.

Regards,

Vicky Browning
Senior Lecturer, Human Resource Management

APPENDIX 1.3A

Human Resources Management Practices and Service-orientated behaviour Interview Schedule

One on one interviews

Introduction

Thank the manager for his/her time and indicate that the interview should take approximately one hour.

Introduce your self – reason why you are involved in the research

Confidentiality – will not be quoted – only general patterns of response will be reported in the research report.

Motivation for the research – it is emerging that how employees feel about how they are treated in their organisation has an impact on the way they interact and serve their customers. This research aims to explore how employees in South African organisations feel about the human resource practices such as selection and training in their organisations and whether this has an impact on their behaviour towards their customers.

The Graduate School of Business, University of Cape Town, is conducting the research. (Name of organisation) has been chosen to participate as one of the leading (insert service industry name e.g.: retail.). Other participating organisations are from retail, car rental companies, and the hotel industry.

A questionnaire will be sent out to service staff in (insert name of the relevant organisation). The information you provide in this interview will be used to put this questionnaire together.

I will be asking you **some questions** about the human resources practices in your organisation and the behaviour expected from service staff in their interaction with their customers. I will be taping our interview in order to keep an accurate record of your input. The tapes will be recorded over once the interview has been typed up. Do you have any concerns about the taping?

Human Resource Management Practices

Human resource management includes such activities as recruiting and selecting staff, training and development, pay and performance appraisal.

1. What do you believe is the **role of Human Resource Management** in your organisation?
2. How would you **describe** the following Human Resource Management activities:
 - Selection
 - Training
 - Development
 - Compensation and Rewards
 - Performance appraisal
 - Management support
3. What do you believe is the **role of these Human Resource Management activities** in your organisation:
 - Selection
 - Training
 - Development
 - Compensation and Rewards
 - Performance appraisal
 - Management support
4. What **activities** take place in your organisation for (insert job titles of staff in focus group) under the following Human Resource Practices:
 - Selection
 - Training
 - Development
 - Compensation and Rewards
 - Performance appraisal
 - Management support

Service-orientated behaviour

In this part of the interview I would like to focus on the interaction between your service staff and the customer i.e.: how (insert relevant job titles for organisation) talk to and what they do when serving the customer.

1. Think of a particular (insert relevant job titles for the organisation) in your (branch/hotel/agency) who **provides excellent customer service**. What does he/she say and do differently in that interaction with the customer than a (insert relevant job titles for the organisation) who is providing average or below average customer service.
2. Tell me about a time as a customer you **experienced good customer service** in a (insert shop, car rental agency or hotel – relevant to the service industry from which the manager comes from). Tell me exactly what the (insert relevant job title) said and did.
3. Is there anything that customers would like (insert relevant job titles) to say and do that **they are not saying or doing already**?

Thank you for your time and valuable input.

University of Cape Town

APPENDIX 1.3B

Human Resources Management Practices and Service-orientated behaviour Focus Group Schedule

Focus groups

Introduction

Thank the participants for their time and indicate that the discussion should take approximately one and half-hours.

Introduce your self – reason why you are involved in the research

Confidentiality – will not be quoted – only general patterns of response will be reported on in the research report.

Motivation for the research – it is emerging that how employees feel about how they are treated in their organisation has an effect on the way they serve their customers. This research aims to explore how employees in South African organisations feel. The Graduate School of Business, University of Cape Town, is conducting the research. (Name of organisation) has been chosen to participate as one of the leading (insert service industry name e.g.: retail, banks). The other organisations that are participating come from retail, car rental companies, and the hotel industry.

A questionnaire will be sent out to service staff in (insert name of the relevant organisation). The information you provide in this focus group discussion will be used to put this questionnaire together.

As a focus group discussion I will ask you questions, to which I would like you to respond. There are no right or wrong answers. What ever you think, feel or say is important to us. Not everybody has the same opinion and you may not necessarily always agree with what is said by other group members – and this is fine. I am interested in everyone's opinions. I will be recording the discussion so I can keep an accurate record of what you all say. These tapes are taped over once the information has been typed out. No one will be named. Does anyone have any concerns about the taping?

Human Resource Management Practices

Human resource management includes such activities as recruiting and selecting staff, training and development, pay and performance appraisal.

1. What do you believe is **the role of Human Resource Management** in your organisation?
2. How would you **describe** the following Human Resource Management activities:
 - Selection
 - Training
 - Development
 - Pay
 - Giving rewards
 - Performance appraisal
 - Management support
3. What do you believe is **the role of these Human Resource Management activities** in your organisation:
 - Selection
 - Training
 - Development
 - Pay
 - Giving rewards
 - Performance appraisal
 - Management support
4. What have you **experienced** in your organisation as (insert job titles of staff in focus group) in the following Human Resource Practices:
 - Selection
 - Training
 - Development
 - Pay
 - Rewards
 - Performance appraisal
 - Management support

Service-orientated behaviour

In this part of the group discussion I would like to focus on how (insert relevant job titles for organisation) talk to and what they do when serving the customer.

1. Think of a customer and a (insert relevant job titles for the organisation) in (insert name of relevant organisation.) What would a (insert relevant job titles for the organisation) who is **providing very good customer service** say and do differently from a (insert relevant job titles for the organisation) who is providing not such good customer service – average or below average customer service.
2. Tell me about a time as a customer you **experienced good customer service** in a (insert shop, bank, car rental agency or hotel – relevant to the service industry from which the focus group comes from). Tell me exactly what the (insert relevant job title) said and did.
3. Is there anything that customers would like (insert relevant job titles) to say and do that they are **not saying or doing already**?

Thank you for your time and valuable input.

University of Cape Town

APPENDIX 1.4

Recruiters Briefing Document

Motivation for the research – The research aims to explore how employees in South African organisations feel about the human resources practices in their organisations and whether this has an impact on their behaviour towards their customers. Using a questionnaire we will assess how the employee sees the interaction between themselves and the customer.

We will be recruiting a focus group of (insert relevant industry) customers. The information they, as the customers, provide us with will assist us in the structure of the questionnaire. It is therefore very important the information they provide us with is a true reflection of their experiences and opinions, as (insert relevant industry) customers.

As recruiters we must pay meticulous attention to the recruiting criteria in order to recruit the correct mix of participants and to recruit participants who will be able to give us accurate and relevant input.

- The participants should expect to spend two hours, but may be finished in one and a half hours at the group.
- An audiotape will be used to record the focus group discussion; these tapes are taped over once the discussion is transcribed.
- Refreshments will be served.
- A "thank you" of R100.00 per participant will be paid.
- A recruiting incentive of R60.00 per successful recruitment will be paid.

APPENDIX 1.5

Industry Target Market: Customer Profile

In order to construct Part 3 of the questionnaire that assesses service-orientated behaviour; we are running focus groups with customers.

In order to recruit “typical customers” to take part in these “customers expectations” focus groups we need to get a feel for the proportion of customers that would fall into the following categories.

Categories

- Please could you indicate proportions in percentages for each category.
 - Only banking and car rental need provide information for Category 1.
1. Leisure and Business (e.g.: 63 % leisure and 27% business = 100 % market)
 2. Male and female.
 3. White / Black /Coloured / Asian.
 4. Family income – could you indicate the range of your **target market** (e.g. 3000 per month – 25000 per month) and the split within the range in percentages (e.g. 3000 – 6000: 20%, 6001-12000: 40%, 12001 – 20 000: 22%, 20001 – 25000: 18% = 3000 – 25000: 100 %)
 5. Age – could you indicate the range of your target market (e.g.: 20`s – 50`s) and the split within the range in percentages.

You may send this information by return e-mail to vickybro@gsb2.uct.ac.za or fax to (021) 406 1420.

Many thanks for your assistance.

APPENDIX 1.6

AMPS LSM Descriptions (1998)

The following provides details of LSM levels 6 – 8 that were used as a reference for the criteria developed to select the customer focus group.

SAARF LSM – 6

13.8% of the adult population

Demographics

Whereas SAARF LSMs 1 to 5 are made up almost entirely of Black people, and SAARF LSM 8 is 80% White, SAARF LSM 6 is the first of two SAARF LSMs to present a racially mixed profile. Though Blacks still predominate (76%), Coloureds account for 15%, leaving 4% each for Whites and Indians. The group is essentially urban (rural = 15%), and the first in which more than half (53% with above average increase in Gauteng and the Western Cape) live in metropolitan area. It contains the highest proportions (52%) of males, and of the 25-34 age group (31%). Only one in five (22%) hasn't been to high school, a quarter have got to matric level, and for the first time tertiary education begins to appear (technikon: 3%). Though managerial jobs are rare, 5% classify themselves as 'professional and technical', and household monthly incomes average out at R2196. While claimed unemployment, at 22%, is still far above the SAARF LSM 7 and 8 levels, it is well down on those in preceding groups.

Residence

The mix of dwelling types is similar to the preceding SAARF LSM 5, except that there are fewer squatters (4%) and, for the first time, flats (9%) are a significant element. Electricity and water are almost universally available (though nearly a third rely on an outside supply of the latter), and 41% have a hot water supply – a major jump from the 15% in SAARF LSM 5. Everyone has a toilet, and only one in twenty doesn't flush. More than half (55%) have a kitchen sink in the home.

Products

Quite a number of fmcg items are consumed or bought by above average numbers of SAARF LSM 6s; indeed, for some of these they record the highest incidences. Examples where they lead as purchasers are whole chickens, canned vegetables, fruit squashes, margarine in foil, fresh and long life milk, powdered milk blend, regular soups, gel and regular toothpaste, and indigestion tablets. Examples where consumption is more widespread than in other groups are polony, hand-held ice cream, potato chips, sweets in general, vienna sausages, acne/blemish creams and roll-on deodorants.

Financial Services

This is the SAARF LSM group that first begins to make substantial use of formal sector products: 56% have a savings account and 38% an ATM card. Other banking products are hardly used, but insurances become more frequent: around one in ten have medical aid, the same proportion a life policy, and 14% have funeral insurance. Retirement annuities and endowment policies record incidences of about one in twenty. This is similar to the monthly stokvel attendance rate of 6%, which here, reflecting the group's income level and hence larger amounts of discretionary income, is at its highest level.

Durables

SAARF LSM 6 homes are becoming reasonably, if not lavishly, equipped with appliances. Radio and TV both reach 90% incidence here, while a number of durables hitherto largely absent begin to register: VCRs at 21% (and M-Net 4%), sewing machines 13%, twin tub washing machines 9% (and front loaders 4%), vacuum cleaners 7%, deep freezers 14%, and microwaves 6%. Two thirds live in a home with an electric stove, and 80% have a refrigerator.

Shopping Habits

While bulk shopping is still order of the day for this group (53% of them), more have the leisure – or the access – to classify themselves as non-bulk shoppers (28%). Supermarkets from the major chains dominate with Hypers at a low level. Several clothing and shoe categories are bought more often than average by this group, although the figures are well below those recorded for the two top SAARF LSMs.

Lifestyle

Tourism is not yet a significant lifestyle activity, for although 15% of the group took a holiday during the past year (up from the 10% in previous groups), relatives and friends remain the most usual accommodation (11%). However, more than one in ten (12%) spent over R1000 on home maintenance during the year, and 18% did some interior painting. 16% claim to be active gardeners, and the same proportion take exercise deliberately.

Media

Three-quartered of SAARF LSM6 watch TV or listen to the radio on any one day. On TV, SABC 1 and 2 attract the larger followings (59% and 41%), but the more thoughtful fare of SABC 3 is clearly beginning to find a foothold among viewers, with 13% viewing it each day. SABC African Language service radio stations are listened to by 43% - a noticeable drop on previous groups, though still well ahead of English or Afrikaans stations the most popular being GHS at 4%. The popularity of Radio Metro climbs to 21%. Of the African ethnic stations, Umhlobo Wenene FM, Radio Mmabatho, Motswedding FM and Lesedi FM fare best relative to average levels. Newspaper usage climbs to 54% (read or paged through an average issue), with

magazines slightly down at 47%. Cinema attendance in the past 12 weeks at 15% is at almost double that of SAARF LSM 5.

SAARF LSM – 7

12.7% of the adult population

SAARF LSM 7 is the first group with a substantial (37%) White component – which slightly overtops the Black contingent (35%). Both Coloureds and Indians marshal their largest contingents here, forming respectively 20% and 8% of the total. The group is thus highly multicultural. The sex and age profiles are very close to average (a slight tilt towards the 50+ group is discerned), while average household income has climbed to R4676. Education centres on high school and tertiary institutions, instead of primary schools, and only 10% claim to be unemployed.

Residence

Four out of five live in a conventional house, and nearly all the balance in flats, which means virtually all have electricity and water laid on to the home. Virtually all SAARF LSM 7s have a flushing toilet. This is the first group to own swimming pools in any number (7%), as well as mortgage bonds (28%).

Financial Services

More or less the full range of financial products flourishes among SAARF LSM 7s. Apart from savings accounts and ATM cards, which were widespread if not universal in earlier SAARF LSMs, cheque accounts appear (16%), along with transmission accounts (9%). So too does a wide range of insurance products: 40% have medical aid, 28% a life policy, 13% a retirement annuity, and so on. Still largely missing from the list are stock exchange investments. Credit card ownership is still marginal (6, and so, therefore are petrol cards (2%).

Durables

Most appliances and basic electric goods are well represented. Only a few – dishwashers and personal computers are the main examples – whilst above average remain few and far between. The rest (apart from the basics, like refrigerators (95%), and electric stoves (91%), televisions and radios (both 96%) – are broadly available to between 20 and 50% of the group.

Shopping Habits

While Supermarkets remain the most popular food and grocery shops Hypermarkets are above average at 5-6%. Other outlets are all insignificant players for this SAARF LSM group: 22% still buy fruit and vegetables from hawkers and stalls. All classes of footwear and clothing are bought more frequently than average by this group, a feature shared with SAARF LSM 8.

Lifestyle

It is in this group that travelling makes its first significant appearance as a lifestyle factor. One in twenty undertakes air travel within South Africa each year, and over a three year period the same number fly to a foreign country. Nearly a third go away on holiday each year, and of these only about half stay with relatives or friends with time share flats accounting for 7%. Each year, 18% spend R1000 or more on home maintenance or improvements, with 21% doing some interior painting. This is a mobile SAARF LSM group: 16% move house during the course of a year (and 7% change jobs).

Media

Every day, about 81% watch television and 76% listen to the radio. SABC 3, though still trailing its two sister channels, is watched by 29%. M-Net raises an audience of 23%. Because of the much lower Black component of this SAARF LSM, African Language services on radio attract substantially lower audiences than in preceding groups (down to 19%). Radio Metro falls too, to 14%, with the remaining audience spread across the national and regional stations. The main audiences are for 5FM (9%), Radiosondergrens (7%), and Good Hope FM (6%). Print media achieve large publicities in this SAARF LSM: 61% read at least one average issue of a newspaper, with the magazine figure being 60% (the majority 51% being English or Afrikaans publications). Purchases of 'luxuries' such as jewellery, CD's, watches and tapes etc, are above average, as are eating out at restaurants. The propensity to aspire to be a 'millionaire' increases with the purchase of lottery tickets rising to almost 1 in 3. 1 in 4 claimed to have attended a cinema in the past 12 weeks.

SAARF LSM – 8

12.6% of the adult population

Demographics

SDAARF LSM 8 is predominantly white (80%), with the other three races present in roughly equal numbers. (In fact, 65% of all Whites are incorporated here). It is therefore (like SAARF LSMs 6 and 7) essentially metropolitan (57%). Its profile is distinctly older than the average – 62% are over 35; better educated – 38% have some kind of tertiary education, which is twice the SAARF LSM 7 level; and richer – average household income is R8372 per month. Claimed unemployment is extremely low, at 2%, and two thirds employ domestic help (in SAARF LSM 7 the figure is 22%).

Residence

All this group live in formal housing (the breakdown is: house 83%, flat 11%, town house 4%, cluster home 1%), with electricity and water (both hot and cold) universal. 79% are owner occupiers, with 43% servicing bonds. One in four has a pool.

Products

This SAARF LSM can afford all the fmcg goods covered by AMPS, which in many instances (though certainly not all) record their highest penetrations here. Table wines in particular are focused in SAARF LSM 8: their levels are double those of the preceding group. Coffee creamers, at 41%, are a striking exception, for this is half the rate recorded as early as SAARF LSM 4. Laxatives are another: their 26% purchase rate is well down from the 65% achieved in SAARF LSM 4. Some other noticeable differences are beer (up from 35% in SAARF LSM 7 to 46% here) and other alcoholic drinks – liqueurs are double the SAARF LSM 7 level (30%); self medications in general (usually down on earlier levels, though multivitamins (46%) are up on SAARF LSM 7's 34%); and powdered milks – about half the SAARF LSM 7 figures.

Financial Services

As expected, given the wealth and situation of this group, all formal financial services achieve above average utilisations. However the size of the gulf between SAARF LSMs 7 and 8 is striking: cheque account usage goes up from 16% to 55%; cards 6% to 35%; petrol/garage cards 2% to 19%; ATM cards 51% to 71%; medical aid 40% to 69%; short term insurance 10% to 39%; life insurance 28% to 52%; and endowment policies from 19% to 46%. Investments on the Stock Exchange has its highest level at 9%.

Durables

Wealth and situation again mark off SAARF LSM 8 quite strikingly from SAARF LSM 7. Some durables only occur significantly in SAARF LSM 8, such as dishwashers (22% - 6% in SAARF LSM 7) and PCs (36%, up from 10%). Others (the majority) move from modest to extensive penetrations. As examples: microwaves 88% from 41%; deep freezers from 38% to 68%; vacuum cleaners from 51% to 96%; tumble dryers from 17% to 53%; and VCRs from 52% to 80%.

Shopping Habits

The habit of not buying in bulk reaches its highest here (36%), but the contrary, bulk shopping, is still higher (46%). Supermarkets remain the most popular stores, but Hypers reach their highest level at almost 1 in 5 patronising them. Other stores play negligible roles as 'usual' shops. Clothing and footwear buying reaches its highest frequency here in all sectors, though nowhere strikingly different from SAARF LSM 7.

Lifestyle

Travel, like financial services, comes into its own in this SAARF LSM. 18% flew to a foreign country within the last three years (in SAARF LSM 7 the figure is 5%), and the same contrasting proportions fly within South Africa in the course of a single year. Three in five take a holiday each year, but only one in five stay with friends or

relatives. As many stay in Timeshare accommodation, which 10% actually own. In addition, 1 in 4 take weekend trips where they stay in hotels. One in three (30%) spend over R1000 on home improvements each year, and 23% on DIY materials. Other lifestyle indicators that are particularly focussed within this SAARF LSM are cell phones (22%), CD buying (41%), gym membership (14%), use of home security services (20%) and an active interest in gardening (33%).

Media

Daily TV and radio usage reaches its zenith in this SAARF LSM – 82% and 80% respectively. SABC 3 (39%) overtakes channels 1 and 2 (31% each), but M-Net (42%) overtakes all three. In fact, just over half (51%) of this SAARF LSM have M-Net subscriptions. 4% have satellite dish, with DSTV subscriptions (3%) a little ahead of Astrasat reception (2%). 5FM attracts the largest daily audience (15%), followed by Radiosondergrense at 12% and SAFM at 6%. Every day, one in ten listens to a community radio station. Readership of an average issue newspaper reaches 70% (10% up on SAARF LSM 7) and of magazines, 74% (14% up). This group has the highest electronic media consumption with an above average incidence of high TV (4 hrs +) and Radio (5 hrs +) users. Over 1 in 3 (37%) attend a cinema in a 12 week period.

SAARF LSM – 7(L)

5.7% of the adult population

Demographics

SAARF LSM 7-L is a strongly multiracial group, though Blacks (47%) are in a majority. Age distribution is average. Literacy is virtually universal, with only 12% having ended their schooling at the primary level. However, 14% describe themselves as unemployed, and average monthly household income is R3635. The two largest employment categories are clerical and sales (14%), and service occupations (10%), both of which are above average levels. There are substantial, and significantly above average concentrations of SAARF LSM 7-Ls in Western Cape (20% - the Coloured component influencing this) and Gauteng (29%).

Residence

95% live in houses or flats; about 2% live in hostels, compounds or boarding establishments. They virtually all have flushing toilets, electricity and water (though 7% have to bring in their water from an outside tap).

Products

Here (and in SAARF LSM 8-L) cigarette smoking is most prevalent (34%), but most alcoholic drinks are close to average. Most fmcg items dealt with in the survey are used or purchased extensively, though not often at the highest percentage levels. Those that are higher here fit (if at all) into a 'convenience/self indulgence' pattern: pure fruit juice (91%), hand held ice creams (79%), sweets (85%), viennas (84%) and canned vegetables (70%), as well as fresh milk (95%) and deodorants (81%).

Financial Services

While savings accounts (66%) AND ATM cards (50%) are widely held, only 10% have cheque accounts and 2%, credit cards. A third (32%) are covered by medical aids, one in four have a funeral policy, and the same proportion has some kind of life insurance. Only 9% have taken out a retirement policy (though 13% have an endowment product), with 6% having short term insurance.

Durables

Television and radio penetration is at 95%. In the kitchen, electric stoves (88%) and refrigerators (93%) are similarly widespread. Apart from hi-fi/music centres (73%) all other appliances are at around one-third market penetration, or less. Examples are microwaves 27%; deep freezers 28%; vacuum cleaners 33%; twin tubs 28%; and sewing machines 25%. Dishwashers, tumble dryers and PCs lie in the 3-7% range.

Shopping Habits

Chain Supermarkets are the principal grocery outlets with Hyperstores starting to make an impact. A relatively high 30% buy fruit and vegetables from hawkers and stalls. Clothing and footwear purchases take place at a higher incidence than average in all categories, generally by about 1 ½ times.

Lifestyle

This SAARF LSM sub-group undertakes very little overseas travelling (3% of them in three years), nor do they use internal air flights much (3% of them in a year). However, one in four takes an annual holiday, with around 10% staying in commercial accommodation. In any one year, 15% spend over R1000 on home enhancements or upkeep, with 20% doing at least some interior painting; 16% move home each year. More buy take away food (7%) than go to restaurants (5%), and although 19% claim to take exercise, only 5% do so in gyms.

Media

Radio reaches three out of four every day, and TV four out of five. SABC 1 dominates the TV scene (60%), followed by SABC 2 (44%) and SABC 3 (24%). M Net viewer ship (17%), whilst 4 times that of SAARF LSM 6, is the lowest of the 4 main stations. A quarter listen to one or more African Ethnic services each day – Ukhozi FM (8%), Lesedi FM (6%) and Umhlobo Wenene FM (5%) attracting the largest listenerships. Radio Metro outpaces them all (16%), with 5FM and Good Hope FM both reaching 7%, and community radio stations collecting 8%. Magazine and newspaper readership of an average issue, are above average, at 55% and 57% respectively.

Demographics

Whites make up half of this group, with Blacks the next largest segment at 25%. There's a slight tilt towards the 50+ age group, so that singles are below average, while marrieds are above. Education is above average (57% have got to matric or beyond). While 6% claim to be unemployed, average monthly household income is R5455, and for 15% of them it is over R9000. The largest – and above-average – employment category is 'clerical and sales' (16%). A third live in Gauteng, and a fifth in the Western Cape.

Residence

Like SAARF LSM 7-L, all but a tiny handful live in conventional houses or flats. Electricity is universal and 99% have a water supply inside the home – 94% have hot running water too. One in ten has a swimming pool.

Products

Though their incidence of using and purchasing most products is above average, and often close to the highest levels in the market, there are none on which they actually lead the field. Their use of boxed and bottled table wine (respectively 23% and 27% incidence) is still well below the peaks of 46% and 60% met in SAARF LSM 8-H. Beer, too, lags (36% vs 52%), and a number of other alcohol categories show similar differences.

Financial Services

Cheque accounts begin to make an impact with this group: 21% have them (only 10% in SAARF LSM 7-L). In contrast, credit cards have not penetrated very deeply (9%) – though ATM cards are used by 53%. Nearly half (47%) have medical aid, while a third (31%) are covered by life insurance. Other types of policy are fairly common, if well below SAARF LSM 8 levels: endowment 24%, retirement 16%, short term 13% and funeral 25%.

Durables

Basic kitchen and entertainment equipment (electric stoves, refrigerators, radios, TVs) are present at over the 90% levels. More sophisticated appliances are somewhat lower (for instance: microwaves 53%). Nearly half (47%) have medical aid, while a third (31%) are covered by life insurance. Other types of policy are fairly common, if well below SAARF LSM 8 levels: endowment 24%, retirement 16%, short term 13% and funeral 25%.

Shopping Habits

Grocery outlets for this group mirror that of SAARF LSM 7-L with 1 in 20 making use of Hypers. In most instances, clothing and shoes are bought with much the same frequency as in both SAARF LSMs 7-L and 8-L.

Lifestyles

The number of fliers in this group is more than double the SAARF LSM 7-L figure: 8% flew internally in the last year, and 7% externally in the last three. Annual holidays are up too – from 24% in 7-L to 37% here – though the varieties of accommodation remain in similar proportions (19% stay with friends or relatives, 10% in timeshare flats). One in five spends over R1000 on home maintenance each year, a similar proportion does some interior painting, and one in seven (14%) spends over R500 on DIY materials. Exercise and gardening interest about one in five, while 29% buy lottery tickets. Nearly one in ten (9%) eats in a restaurant during the average month, much the same proportion as is found in SAARF LSM 8-L and 8-H.

Media

Three-quarters listen to the radio each day, and 81% watch television (2% have a satellite dish). SABC 1 is favoured (45%), but SABC 3 here attracts almost as many viewers every day (32%) as SABC 2 (36%). M-Net is close behind on 28%. Of the sound stations, Radio Metro attracts the largest single audience (12%), closely followed by 5FM at 11%. Nearly one in ten (9%) are listening to community radio. Two thirds (64%) are exposed to newspapers, and the same percentage to magazine.

SAARF LSM – 8(L)

7.7% of the adult population

Demographics

This SAARF LSM is predominantly White (76%), with Coloureds the next most numerous (11%). Males are slightly above average, and the 35+ group accounts for 59% (average is 46%). With 1 in 3 of the group having some form of post-matric training, their average monthly household income of R7332, and claimed unemployment level of only 3%, are not unexpected. Nearly one in three (30%) in fact lives in a household where the combined incomes exceed R9000 a month. Those jobs which are nominally office-based (professional, technical, clerical, etc.) outnumber the rest nearly two to one.

Residence

Town houses (4%) begin to appear in this group as a type of residence, but houses (82%) and flats (13%) constitute the bulk. Services are effectively universal, and one in five has a pool.

Products

Being a relatively affluent group there is little in the way of fmccg and related products that SAARF LSM 8-L cannot buy if it chooses, and the high penetrations for most products bears this out. Table wine and books are two products, however, where their interest levels are closer to SAARF LSM 7-H than to SAARF LSM 8-H. They exhibit the highest incidence of usage or purchasing for just one product (by a slim margin): cigarette (34%); while for hot cereals (76%) they share top slot with SAARF LSM 8-H).

Financial Services

Savings/transmission accounts reach their apogee here, with a penetration of 78%, making this SAARF LSM group the one which has the largest stake in basic savings. Two-thirds (65%) have ATM cards, but credit cards are still relatively sparse (19%). Insurance products are widely utilised, having penetrations generally in the 25-30% range (or sometimes higher). Thus, for example, medical aids cover 61%, and 30% have some short term insurance. Medical insurance also reaches a level of 17% in this group.

Durables

Most durables are within their financial reach, so that most penetrations are near their maximum. There are a few exceptions where a noticeable gap between this SAARF LSM and the next (8-H) remains: microwaves 83% (compared to SAARF LSM 8-H's 96%); dishwashers (16% vs 31%); tumble dryers (46% vs 64%); and VCR (74% vs 90%) are examples. This is the first SAARF LSM category in which vacuum cleaner ownership (at 93%) approaches saturation.

Shopping Habits

Although Supermarkets remain the most favoured grocery outlets, Hypers attract almost 1 in 5. The frequency of buying clothing and shoes is well above average in all categories, but still below the figures recorded for SAARF LSM 8-H – to a ratio of 1 in 3.

Lifestyle

Air travel becomes more common in this SAARF LSM: 13% fly internally every twelve months, and the same percentage flies to another country over a three year period. Half the group (51%) takes an annual holiday, two thirds of them going to a coastal venue. The proportion of 'holiday takers' staying with friends or relatives drops to just under two in five (it was 52% in SAARF LSM 7-H) with hotels and motels picking up one in five. Every year, one in four (26%) spends over R1000 improving their home, and almost as many (24%) paint at least part of the interior. This is also the most mobile SAARF LSM: 18% move home every year. Nearly a quarter (24%) take exercise, though only half that number (13%) try to lose weight. A

third (34%) are active gardeners, while a similar same proportion (33%) buy scratch cards and lottery tickets during the year.

Media

Daily exposure to radio and TV is slightly up SAARF LSM 7-H, at 78% and 82% respectively. This is the first SAARF LSM in the sequence where SABC 3 outpaces the other two channels (38%, vs 34% and 32%), but it is also the point at which M-Net overtakes all three (40%). The radio stations attracting the largest audiences in this SAARF LSM are 5FM (15%), Radiosondergrens (12%), Jacaranda (9%) and Highveld Stereo (8%). Several others occupy the 4-6% range, including Radio Metro, strong in SAARF LSM 7-H, but here only 5%. Community radio finds its highest audience level here: 11%. Newspaper penetration is near its peak, at 69%; magazines are slightly ahead at 71%.

SAARF LSM – 8(H)

4.9% of the adult population

Demographics

Whites are strongly dominant here (88%), the other three races occurring in roughly equal proportions. It is the most metropolitan group (59%), the oldest (68% over 35), the richest (household incomes average out at R9938 a month), and the best educated (86% have reached matric or better, with 18% having been to university). A quarter (24%) are in professional or technical jobs, with a further 23% in sales or clerical positions. Only 1% claim to be unemployed, and job mobility is at its highest (every year, 9% move to a new job). 84% employ domestic help.

Residence

One in twenty lives in a town house – almost as many as in flats (8%); the latter figures in particular differs from SAARF LSM 8-L's 13%. Basic services are universal, and 35% have a pool. 84% are owner occupiers, and mortgages (bonds) are at their maximum incidence – 52%.

Products

Many usage and purchase penetrations are (naturally) at their highest in this SAARF LSM. Some, however, tail off towards this end of the spectrum, among them chewing gum, bottled cool drink (although diet cool drinks increase), hand-held ice cream, polony, viennas, canned vegetables, coffee creamers and powdered milks of all kinds. Alcohol in general – and especially wine – shows a substantial increase over earlier SAARF LSMs, though cigarettes (33%) fall back slightly from the highs of the immediately preceding groups.

Financial Services

Most financial products are at their most widespread in this group. This particularly applies to credit cards (60%) and petrol/garage cards (31%), both over three times

higher than the SAARF LSM 8-L levels. Consistent with high employment rates, 80% are covered by medical aid; 30% have medical insurance. A half have retirement policies, 63% have life insurance, and 60% endowment policies. In any one year 14% invest in stocks or shares. Over half (53%) have some sort of short term insurance.

Durables

Money is generally no barrier to acquiring durables for this group, but a few items have yet to reach 50%, principally dishwashers (31%) and PCs (48%). (Individual washing machine types also fall into the sub-50% category, but as a group their penetration is virtually 100%). Microwaves (96%), dishwashers (31%), tumble dryers (64%) and VCRs (90%) are all a significant step above SAARF LSM 8-L levels. One in three (32%) has a cell phone.

Shopping Habits

In line with greater family mobility and (probably) greater control over working patterns, two in five (the highest level of any SAARF LSM) buy their food and groceries in smaller, more frequent quantities. Hypers have their greatest incidence in this group. People in this group are, by a substantial margin, the most frequent buyers of all types clothing and shoes.

Lifestyle

Most leisure activities record their highest levels in SAARF LSM 8-H. Air travel penetration reaches one in four (26% internal flight in 12 months; 25% flying to a foreign country every three years), and 68% take at least one annual holiday. Of the latter, nearly half are spent in time-share accommodation, with a further third or so spent with friends or relatives. Though nearly 9% visit game park venues, the bulk (49%) trek to the coast. Home maintenance (>R1000) reaches 37% here, with 30% painting interiors, 22% exteriors, and 31% spending over R500 on DIY materials each year. Over a quarter (27%) have arrangements with domestic security firms. One in five (19%) is a member of a gym, and 40% take an active interest in gardening – these are both higher levels than in other SAARF LSMs. Exactly a third buy lottery tickets or scratch cards during the year.

Media

Again, there is a marginal increase in exposure to radio and TV (each 83%) in this group compared to preceding ones. Satellite dish penetration reaches 6%. With two thirds of these having access to DSTv. M-Net attracts 45% of the potential audience, and SABC 3 39% - well ahead of SABC 1's 27% AND 2'S 29%. The most popular radio stations are 5FM and Jacaranda (both 14%) followed by Radiosondergrense (12%) and Highveld Stereo (10%). Wealth and education combine to provide print with its highest penetrations: magazines 81% and newspapers 73% combining at 96% for any print medium.

END

APPENDIX 1.7A

Recruitment Criteria – Car rental

NAME **BUSINESS/LEISURE (Income)** **AGE** **M/F** **RACE**
25-34 35-44 45-54 55+ Wh/Bl/Col or Asian

PARTICIPANTS NAME:

- **In an average year how often do you hire a car?**
(If less than 1 a year, not often or very rarely : close)
- **Have you hired a car for business and/or leisure in the past year (Jan 99 to Jan 00)?**
(If no : close)
- **Which do you do most – hire for business or leisure?**
(Put into correct quota)
- **If for leisure – who interacts with the car rental agent (desk clerk)?**
(Recruit that person from the family)
- **Are you passionate about or enjoy discussing customer service?**
- **Does bad customer service irritate you ?**
(If no or not really : close)
- **Recruiters please ensure the participant is able to understand and respond in English.**
- **Recruiters please ensure the participant is a suitable personality for a discussion group.**

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APPENDIX 1.7 B

Recruitment Criteria – Retail Shopping

NAME	SPECIALTY/FASHION	INCOME				AGE			
	3	2000-3999	4000-6999	7000-8999	9000+	20-29	30-44	45-54	55+
		1	2	3	2	2	3	2	1
	M/F	RACE							
		Wh/Bl/Col or Asian							
		4	2						

Note: the numbers under the various categories indicate where a specific split was decided on in terms of the mix of the group.

PARTICIPANTS NAME:

- In an average week how often do you go shopping, in stores other than cafes and petrol station convenience stores?
(If less than once a week, not often or very rarely : close)
- Are you passionate about or enjoy discussing customer service?
(If no or not really : close)
- Recruiters please ensure the participant is able to understand and respond in English.
- Recruiters please ensure the participant is a suitable personality for a discussion group.

APPENDIX 1.7C

Recruitment Criteria – Hospitality and Gaming

NAME	GAMING (SLOT AND/OR FLOOR)	HOTELS BUSINESS/LEISURE	AGE 25-34 35-44 45-54 55+
	3	3 2	
	M/F	RACE Wh/Bl/Col or Asian	

Note: the numbers under the various categories indicate where a specific split was decided on in terms of the mix of the group.

PARTICIPANTS NAME:

- In an average year how often do you go gaming?
(If less than once a year, not often or very rarely do not use for gaming quota.(skip next question)
- Have you been gaming this year?
(If no do not use for gaming quota)
- Have you stayed in a hotel, for 5 nights or more, for business and/or leisure in the past year (Jan 99 to Jan 00)?
(If no do not use for hotel quota. – skip next 2 questions)
- Which do you do most – stay for business or leisure?
(Put into correct quota)
- If for leisure – who interacts with the hotel receptionist / waitrons / housekeeping staff?
(Recruit that person from the family)
- Are you passionate about or enjoy discussing customer service?
- Does bad customer service irritate you?
(If no or not really : close)
- Recruiters please ensure the participant is able to understand and respond in English.
- Recruiters please ensure the participant is a suitable personality for a discussion group.

APPENDIX 1.8

Customer Expectations – Service-orientated behaviour Interview Schedule

Focus Group

Introduction

Thank the participants for their time and indicate that the discussion will not take longer than two hours.

Introduce myself - my involvement in the research.

Motivation for the research – The research aims to explore how employees in South African organisations feel about the human resources practices in their organisations and whether this has an impact on their behaviour towards their customers. Using a questionnaire we will assess how the employees' sees the interaction between themselves and the customer. The information you, the customer, provide us with today will assist us in the structure of the questionnaire. It is therefore very important the information you provide us with is a true reflection of your experiences and opinions, as a (insert relevant industry) customer.

During the focus group discussion I will ask you questions, to which I would like you to respond. There are no right or wrong answers. Whatever you think feel or say is important to us. Not everybody has the same opinion and you may not necessarily always agree with what is said by other group members - and this is fine. I specifically want to draw out differences in opinion, if any that may exist due to our differences. I am interested in everyone's opinions. I will be recording the discussion so I can keep an accurate record of what you all say. These tapes are taped over once the information has been typed out. Does anyone have any concerns about the taping?

Customer expectations

1. As (name industry) customers we have expectations in respect of service that we will receive whilst (name consumer activity).
 - What would a (insert frontline employee title) who is providing you with excellent customer service do differently than from one who is providing you with average or below average customer service.

I'd like you to specifically focus on behaviour - what does the (insert frontline employee title) say and do?

- Thinking about what you would consider excellent service-orientated behaviour - better than the average or below average. Tell me about a time you have seen or experienced excellent customer service. Tell me exactly what the (insert frontline employee title) **said** and **did**.

Summarise

2. I'd like you to list the characteristics of excellent behaviour – keeping our focus on very first interactions with (insert frontline employee title).

Probe :-

- body language
- facial expression
- verbal skills (basic ability to communicate in customers language)
- presentation (appearance, dress code etc)
- ability to use discretion/ solve problems
- knowledge of company /procedures and products

Summarise

3. Thinking about different sectors/outlets of the market do your expectations change according to
 - the outlet within the industry or
 - the race or gender of the service provider.
4. Do you as an individual expect different behaviour from (insert frontline employee title)
 - when you go into (give examples of different sectors/outlets)
 - when you are served by (give examples of different race and gender service providers)

Summarise

5. Lastly is there anything you the customer would like (insert frontline employees titles) to **say** or **do** that they are **not saying** or **doing already**.

Thank you for your time and valuable input.

APPENDIX 1.9 A

PILOT QUESTIONNAIRE



SERVICE EXCELLENCE QUESTIONNAIRE

This questionnaire forms part of research being conducted by the Graduate School of Business, University of Cape Town into service excellence.

Your organisation has kindly agreed to be part of the research so that they may provide more support to you.

You have been selected to answer this questionnaire because you have the important job of serving customers. We would be most grateful for your help.

Please could I ask that you answer the questionnaire honestly so I can give your organisation the best advice possible to assist you in your job. Your answers will be kept confidential. Your organisation will only receive a summary of the results. The company will not be able to identify who has completed the questionnaire.

Please could I ask you to complete all three parts of the questionnaire and to answer all the questions.

































































Thank you very much

Vicky Browning
Senior Lecturer, Human Resources

PART 1.

Instructions

- Tick the face that best shows how you feel about each statement.
- Each time you see the word staff think only of staff who serve customers.

	Very Good	Good	Poor	Very Poor
1. My manager makes sure we have the right equipment to do our job.				
2. My manager gives us enough accurate information so we can do our job well.				
3. Our organisation helps us to plan and grow our career.				
4. We feel confident to serve customers because we are given the right training to do our job properly.				
5. The rewards we get for doing our job well makes us want to work harder and serve the customer better.				
6. My manager uses the performance appraisal to give us feedback on what we are doing well and what we need to do better.				
7. My manager supports us in front of a customer.				
8. We are given the opportunity to learn new skills so we can be promoted.				
9. My manager will listen to our personal problems and help us.				
10. Our organisation has clear guidelines on who is the right person for the job.				
11. My manager often gives feedback on how we are doing.				
12. All staff know about vacancies and can apply for them.				
13. We are given regular training so our knowledge and skills are current and up to date.				
14. My manager praises and encourages us.				
15. The performance appraisal also deals with our training and development needs.				
16. We are paid market related salaries.				





































PART 1. (continued)

	Very Good	Good	Poor	Very Poor
17. My manager is always improving things so we can do our job well.	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>	<input type="radio"/> <input type="radio"/>
18. The performance appraisal allows us to know what we are expected to do in our job.				
19. The way my manager gives feedback makes us want to do our job better.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. New staff are selected fairly and without discrimination.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21. My manager builds our team spirit.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. My manager suggests us for promotion if we have the ability.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23. Our organisation selects people who have the right attitude and skills.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24. My manager listens to what we have to say in the performance appraisal.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. My manager <u>does not</u> stay in the office and is with us to help us.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. We are paid according to how we perform in our jobs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27. We are trained to do other jobs in our department so we can help each other.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. My manager treats us with respect and dignity.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29. All staff have the same opportunity to develop in our organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30. My manager <u>does not</u> change the decisions we have made to suit the customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31. My manager finds out the problems we have in our work and suggests ways we can fix them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32. My manager supports us when we are doing extra courses.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 2

Instructions

- Tick the face that best shows how you feel about each statement

	Very Good	Good	Poor	Very Poor
1. I am willing to put in lot of extra effort order to help my organisation to be successful.				
2. I talk about my organisation to my friends as a great organisation to work for.				
3. I would do almost any job so I can to stay in my organisation.				
4. I find that my values are almost the same as my organisation's values.				
5. I am proud to tell others that I am part of my organisation.				
6. My organisation really makes me want to do my best in my job.				
7. I am very glad that I chose this organisation to work for and not another one.				
8. I really care about what happens to my organisation.				
9. For me this is the best of all possible organisations to work for.				













































PART 3

Instructions

- Now think of yourself as one of your customers.
- Tick the face that best shows how you think your customer would feel about the customer service in your organisation.
- Each time you see the word staff think only of staff who serve customers.

	Very Good	Good	Poor	Very Poor
1. Staff keep themselves and their area of work clean and tidy for the customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Staff make customers feel welcome by using their name and smiling and greeting them in a friendly and polite way.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Staff can give the customer good advice on how to use the services and products.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Staff greet the customer immediately and ask if they can assist them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Staff ask if they can give customers extra help with anything.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Staff will always report back to the customer and not just leave them waiting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Staff listen carefully to a customer and ask questions to check that they understand the customer's needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Staff will turn a customer's problem into a happy experience for the customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Staff wait until a customer is ready and do not hang around them or bug them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Staff make sure that the customer is helped even if it is not in their department.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Staff make eye contact when they are talking to a customer.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Staff will always make the customer feel special by trying to meet each customer's special needs.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PART 3 (continued)

	Very Good	Good	Poor	Very Poor
13. Staff <u>do not</u> answer telephones and chat to each other while a customer is waiting.				
14. Staff can see if the customer is upset and will be extra caring and helpful.				
15. Staff will always follow up that the customers needs have been met even if some one else had to assist them.				
16. Staff know where to get the right information quickly for the customer.				
17. Staff will help the customer even before the customer has asked.				
18. Staff are quick and efficient when helping customers.				
19. Staff keep their promises to customers.				
20. Staff are always there to serve the customer.				
21. Staff will say sorry to the customer when they make a mistake.				
22. Staff can give customers information on other departments				
23. When a customer is upset staff will smile and explain clearly what the situation is and how they can assist them.				

THANK YOU FOR YOUR ASSISTANCE

APPENDIX 1.9B

Pilot Questionnaire – Questions in Categories

SERVICE EXCELLENCE QUESTIONNAIRE

Questions per category

The numbers are related to the number of the question in the questionnaire.

PART 1. Human Resource Practices

Selection

- (23) Our organisation selects people who have the right attitude and skills.
 - (10) Our organisation has clear guidelines on who is the right person for the job.
 - (12) All staff know about vacancies and can apply for them.
 - (20) New staff are selected fairly and without discrimination.
-

Training

- (4) We feel confident to serve the customers because we are given the right training to do our job properly.
 - (13) We are given regular training so our knowledge and skills are current and up to date.
 - (27) We are trained to do other jobs in our department so we can help each other.
-

Human Resource Development

- (3) Our organisation helps us to plan and grow our career.
 - (8) We are given the opportunity to learn new skills so we can be promoted.
 - (29) All staff have the same opportunity to develop in our organisation.
 - (32) My manager supports us when we are doing extra courses.
 - (22) My manager suggests us for promotion if we have the ability.
-

Remuneration/Pay

- (26) We are paid according to how we perform in our jobs.
- (16) We are paid market related salaries.

Rewards

- (5) The rewards we get for doing our job well makes us want to work harder and serve the customer better.
 - (14) My manager praises and encourages us.
-

Performance Appraisal

- (6) My manager uses the performance appraisal to give us feedback on what we are doing well and what we need to do better.
 - (18) The performance appraisal allows us to know what we are expected to do in our job.
 - (11) My manager often gives feedback on how we are doing.
 - (15) The performance appraisal also deals with our training and development needs.
 - (19) The way my manager gives feedback makes us want to do our job better.
 - (24) My manager listens to what we have to say in the performance appraisal.
-

Management Support

- (7) My manager supports us in front of a customer.
- (9) My manager will listen to our personal problems and help us.
- (2) My manager gives us enough accurate information so we can do our job well.
- (21) My manager builds our team spirit.
- (25) My manager does not stay in the office and is with us to help us.
- (1) My manager makes sure we have the right equipment to do our job.
- (17) My manager is always improving things so we can do our job well.
- (28) My manager treats us with respect and dignity.
- (30) My manager does not changes the decisions we have made to suit the customer.
- (31) My manager finds out the problems we have in our work and suggests ways we can fix them.

PART 2: Organisational Commitment

(9 items of Organisational Commitment Questionnaire (Porter, Steers, Mowday & Boulian, 1974; Mowday, Steers & Porter, 1979))

PART 3: Service-orientated behaviour

Communicating with the Customer

- (11) Staff make eye contact when they are talking to a customer.

- (7) Staff listen carefully to a customer and ask questions to check that they understand the customer's needs.
- (14) Staff can see if the customer is upset and will be extra caring and helpful.
- (1) Staff keep themselves and their area of work clean and tidy for the customer.
- (2) Staff make customers feel welcome by using their name and smiling and greeting them in a friendly and polite way.
- (4) Staff greet the customer immediately and ask if they can assist them.
- (5) Staff ask if they can give customers extra help with anything.

Attending to the Customer

- (9) Staff wait until a customer is ready and do not hang around them or bug them.
- (10) Staff make sure that the customer is helped even if it is not in their department.
- (6) Staff will always report back to the customer and not just leave them waiting.
- (12) Staff will always make the customer feel special by trying to meet each customer's special needs.
- (15) Staff will always follow up that the customer's needs have been met even if someone else had to assist them.
- (17) Staff will help the customer even before the customer has asked.
- (18) Staff are quick and efficient when helping customer.
- (19) Staff keep their promises to customers.
- (20) Staff are always there to serve the customer.
- (13) Staff do not answer telephones and chat to each other while a customer is waiting.
- (21) Staff will say sorry to the customer when they make a mistake.
- (8) Staff will turn a customer's problem into a happy experience for the customer.
- (23) When a customer is upset, staff will smile and explain clearly what the situation is and how they can assist them.

Knowledge of Company/Procedures and Products

- (16) Staff know where to get the right information quickly for the customer.
- (3) Staff can give the customers good advice on how to use the service and products.
- (22) Staff can give customers information on other departments.

APPENDIX 1.10A

**Table 3
Factor Analysis HRM Practices
(Pilot Questionnaire)**

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Question 1 - Management support	0.362413	-0.054279	-0.040059	0.556819	0.258580	0.116186
Question 2 - Management support	0.335155	0.120379	-0.108024	0.683375	0.204396	0.057491
Question 3 - Development	-0.219432	0.376128	0.643522	0.175798	0.255860	0.131681
Question 4 - Training	0.194834	0.201224	0.235454	0.548096	0.205235	-0.366920
Question 5 - Rewards	0.202054	0.543342	0.426732	0.365120	0.075132	-0.043919
Question 6 - Performance Appraisal	0.301802	0.182133	0.194137	0.736642	0.082698	0.245241
Question 7 - Management Support	0.491051	0.000490	0.183963	0.159845	0.255082	0.492027
Question 8 -Development	0.282448	0.015716	0.522869	0.105572	0.450976	0.304713
Question 9 -Management Support	0.715675	0.094194	0.067685	0.287247	0.051137	0.029888
Question 10 -Selection	0.083061	0.405544	0.218811	0.248709	0.820121	0.145955
Question 11 - Performance Appraisal	0.622828	0.071390	0.210821	0.446443	0.176182	0.087669
Question 12 - Selection	0.125307	0.146058	0.058638	0.170903	0.783886	-0.005142
Question 13 - Training	0.361729	0.010367	0.770837	0.004281	0.114168	-0.074535
Question 14 - Rewards	0.696690	0.222587	0.269179	0.309931	0.037372	0.179242
Question 15 - Performance Appraisal	0.280000	0.147413	0.538606	0.454792	0.083934	0.131432
Question 16 - Pay	0.225713	0.745075	0.023430	0.029847	0.222358	-0.015397
Question 17 - Management Support	0.472209	0.169523	0.151076	0.491349	0.180697	0.243840
Question 18 - Performance Appraisal	0.206244	0.156356	0.259250	0.697003	0.098888	0.210872
Question 19 - Performance Appraisal	0.701590	0.284928	0.128733	0.340865	0.023763	0.216387
Question 20 - Selection	0.424178	0.235329	0.076852	0.145799	0.575113	-0.040232
Question 21 - Performance Appraisal	0.701228	0.295736	0.080957	0.351729	0.114265	0.235402
Question 22 - Development	0.566653	0.293781	0.275245	0.314835	0.209319	0.281106
Question 23 - Selection	0.032991	0.328186	0.253629	0.152881	0.631850	0.343109
Question 24 - Performance Appraisal	0.478237	0.198095	0.177497	0.528947	0.165605	0.292228
Question 25 - Management Support	0.240819	0.225763	-0.045596	0.313738	0.128311	0.599118
Question 26 - Pay	0.221179	0.760907	0.137362	0.117831	0.198426	0.099132
Question 27 -Training	0.664157	0.093616	0.253766	0.114723	0.359143	0.053217
Question 28 -Management Support	0.775877	0.292336	-0.060971	0.182135	0.181378	0.044812
Question 29 - Development	0.246330	0.572629	0.225541	0.123274	0.368508	0.247548
Question 30 - Management Support	0.401264	0.502534	-0.163608	0.321432	0.092530	0.245753
Question 31 - Management Support	0.548575	0.344507	0.135295	0.291803	0.093393	0.303354
Question 32 - Development	0.543682	0.100689	0.189937	0.160694	0.071397	0.588549
Expl.Var	6.399388	3.298234	2.579232	4.276513	2.833936	2.074508
Prp.Totl	0.199981	0.103070	0.080601	0.133641	0.088561	0.064828
Eigenvalues	14.03961	2.3733	1.51202	1.3124	1.14877	1.0757

APPENDIX 1.10B

Table 4
Factor Analysis Organisational Commitment
(Pilot Questionnaire)

	Factor 1
Question 1	-0.589771
Question 2	-0.788496
Question 3	-0.643309
Question 4	-0.759830
Question 5	-0.850320
Question 6	-0.811031
Question 7	-0.861711
Question 8	-0.865087
Question 9	-0.776308
Expl.Var	5.435136
Prp.Totl	0.603904
Eigenvalues	5.435136

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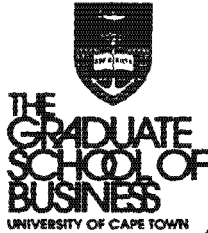
APPENDIX 1.10C

Table 5
Factor Analysis Service-Orientated Behaviour
(Pilot Questionnaire)

	Factor	Factor	Factor
Staff keep themselves and their area of work clean and tidy for the customer.	0.168953	0.716469	0.039429
Staff make customers feel welcome by using their name and smiling and greeting them in a friendly and polite way.	0.210023	0.829765	0.106040
Staff can give the customer good advice on how to use the services and products.	0.263800	0.779938	0.153417
Staff greet the customer immediately and ask if they can assist them.	0.724198	0.331177	-0.006002
Staff ask if they can give customers extra help with anything.	0.707014	0.310825	0.144179
Staff will always report back to the customer and not just leave them waiting.	0.735193	0.351839	-0.025940
Staff will listen carefully to a customer and ask questions to check that they understand the customer's needs.	0.473213	0.676426	0.150356
Staff will turn a customer's problem into a happy experience for the customer.	0.637930	0.492420	0.036529
Staff wait until a customer is ready and do not hang around them or bug them.	0.506432	0.594145	0.116548
Staff make sure that the customer is helped even if it is not in their department.	0.752196	0.284153	0.206319
Staff make eye contact when they are talking to a customer.	0.749092	0.390771	0.082314
Staff will always make the customer feel special by trying to meet each customer's special needs.	0.859435	0.144695	0.076978
Staff do not answer telephones and chat to each other while a customer is waiting.	-0.158877	-0.028083	0.698712
Staff can see if the customer is upset and will be extra caring and helpful.	0.653627	0.259887	0.375571
Staff will always follow up that the customers' needs have been met even if some one else had to assist them.	0.636585	0.211892	0.297621
Staff will know where to get the right information quickly for the customer.	0.228266	0.589824	0.434164
Staff will help the customer even before the customer has asked.	0.461297	0.343956	0.488167
Staff are quick and efficient when helping customers.	0.327018	0.533991	0.431064
Staff keep their promises to customers.	0.596374	0.284459	0.454528
Staff are always there to serve the customer.	0.605908	0.058359	0.542738
Staff will say sorry to the customer when they make a mistake.	0.337332	0.452766	0.565261
Staff can give customers information on other departments.	0.536175	0.232259	0.475040
When a customer is upset staff will smile and explain clearly what the situation is and how they can assist them.	0.586848	0.238344	0.454997
Expl.Var	7.158016	4.712287	2.734445
Prp.Totl	0.311218	0.204882	0.118889
Eigenvalues	11.5613	1.57803	1.46546

APPENDIX 1.11A

Second Questionnaire (revised)



SERVICE EXCELLENCE QUESTIONNAIRE

This questionnaire forms part of research being conducted by the Graduate School of Business, University of Cape Town into service excellence.

Your organisation has kindly agreed to be part of the research so that they may provide more support to you.

You have been selected to answer this questionnaire because you have the important job of serving customers. We would be most grateful for your help.

Please could I ask that you answer the questionnaire honestly so I can give your organisation the best advice possible to assist you in your job. Your answers will be kept confidential. Your organisation will only receive a summary of the results. The company will not be able to identify who has completed the questionnaire.

Please could I ask you to complete all three parts of the questionnaire and to answer all the questions.

































































Thank you very much

Vicky Browning
Senior Lecturer, Human Resources





































PART 1

Instructions

- Tick the face that best shows how you feel about each statement.
- Each time you see the word staff think only of staff who serve customers.

	Very Good	Good	Poor	Very Poor
1. My manager makes sure we have the right equipment to do our job.				
2. My manager gives us enough information so we can do our job well.				
3. Our organisation helps us to plan and grow our career.				
4. The rewards we get for doing our job well makes us want to work harder and serve the customer better.				
5. My manager will listen to our personal problems and help us.				
6. My manager often gives feedback on how we are doing.				
7. All staff know about vacancies and can apply for them.				
8. We are given regular training so our knowledge and skills are current and up to date.				
9. My manager praises and encourages us.				
10. We discuss our training and development needs in our performance appraisal.				
11. We are paid the same salaries as employees of other retail companies.				
12. My manager is always improving things so we can do our job well.				
13. The performance appraisal allows us to know what we are expected to do in our job.				
14. The way my manager gives feedback makes us want to do our job better.				
15. New staff are selected fairly and without discrimination.				
16. My manager builds our team spirit.				

PART 1 (continued)





































	Very Good	Good	Poor	Very Poor
17. My manager suggests us for promotion if we have the ability.				
18. Our organisation selects people who have the right attitude and skills.				
19. My manager listens to what we have to say in the performance appraisal.				
20. We are paid for doing our jobs well.				
21. We are trained to do other jobs in our department so we can help each other.				
22. My manager treats us with respect and dignity.				
23. All staff have the same opportunity to develop in our organisation				
24. My manager finds out the problems we have in our work and suggests ways we can fix them.				
25. My manager supports us when we are doing extra courses.				

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PART 2

Instructions

































































- *Tick the face* that best shows how you feel about each statement

	Very Good	Good	Poor	Very Poor
26. I am willing to put in lot of extra effort in order to help my organisation to be successful.				
27. I talk about my organisation to my friends as a great organisation to work for.				
28. I would do almost any job so I can to stay in my organisation.				
29. I find that my values are almost the same as my organisation's values.				
30. I am proud to tell others that I am part of my organisation.				
31. My organisation really makes me want to do my best in my job.				
32. I am very glad that I chose this organisation to work for and not another one.				
33. I really care about what happens to my organisation.				
34. For me this is the best of all possible organisations to work for.				

PART 3

Instructions

- Now think of yourself as one of your customers.
- Tick the face that best shows how you think your customer would feel about the customer service in your organisation.
- Each time you see the word staff think only of staff who serve customers.

	Very Good	Good	Poor	Very Poor
35. Staff can give the customer good advice on how to use the services and products.				
36. Staff greet the customer immediately and ask if they can assist them.				
37. Staff ask if they can give customers extra help with anything.				
38. Staff will always report back to the customer and not just leave them waiting.				
39. Staff listen carefully to a customer and ask questions to check that they understand the customer's needs.				
40. Staff will turn a customer's problem into a happy experience for the customer.				
41. Staff wait until a customer is ready and do not hang around them or bug them.				
42. Staff make sure that the customer is helped even if it is not in their department.				
43. Staff make eye contact when they are talking to a customer.				
44. Staff will always make the customer feel special by trying to meet each customer's special needs.				
45. Staff will always follow up that the customers needs have been met even if some one else had to assist them.				
46. Staff are quick and efficient when helping customers.				
47. Staff keep their promises to customers.				
48. Staff are always there to serve the customer.				
49. When a customer is upset, staff will smile and explain clearly what the situation is and how they can assist them.				
50. Staff can give customers information on other departments.				

THANK YOU FOR YOUR ASSISTANCE

APPENDIX 1.11B

Second Questionnaire (revised) – Questions in Categories

SERVICE EXCELLENCE QUESTIONNAIRE

Questions per category

The numbers are related to the number of the question in the questionnaire.

PART 1. Human Resource Practices

Selection

- (18) Our organisation selects people who have the right attitude and skills.
- (7) All staff know about vacancies and can apply for them.
- (15) New staff are selected fairly and without discrimination.

Training

- (8) We are given regular training so our knowledge and skills are current and up to date.
- (21) We are trained to do other jobs in our department so we can help each other.

Human Resource Development

- (3) Our organisation helps us to plan and grow our career.
- (23) All staff have the same opportunity to develop in our organisation.
- (25) My manager supports us when we are doing extra courses.
- (17) My manager suggests us for promotion if we have the ability.

Remuneration/Pay

- (26) We are paid according to how we perform in our jobs.
- (20) We are paid for doing our job well.

Rewards

- (4) The rewards we get for doing our job well makes us want to work harder and serve the customer better.
- (9) My manager praises and encourages us.

Performance Appraisal

- (13) The performance appraisal allows us to know what we are expected to do in our job.
- (6) My manager often gives feedback on how we are doing.
- (10) We discuss our training and development needs in our performance appraisal.
- (14) The way my manager gives feedback makes us want to do our job better.
- (19) My manager listens to what we have to say in the performance appraisal.

Management Support

- (5) My manager will listen to our personal problems and help us.
- (2) My manager gives us enough information so we can do our job well.
- (16) My manager builds our team spirit.
- (1) My manager makes sure we have the right equipment to do our job.
- (12) My manager is always improving things so we can do our job well.
- (22) My manager treats us with respect and dignity.
- (24) My manager finds out the problems we have in our work and suggests ways we can fix them.

PART 2: Organisational Commitment

(Mowday, Steers and Porter's 9 item questionnaire)

I am willing to put in lot of extra effort in order to help my organisation to be successful.

I talk about my organisation to my friends as a great organisation to work for.

I would do almost any job so I can stay in my organisation.

I find that my values are almost the same as my organisation's values.

I am proud to tell others that I am part of my organisation.

My organisation really makes me want to do my best in my job.

I am very glad that I chose this organisation to work for and not another one.

I really care about what happens to my organisation.

For me this is the best of all possible organisations to work for.

PART 3: Service-orientated behaviour

Communicating with the Customer

- (43) Staff make eye contact when they are talking to a customer.
- (39) Staff listen carefully to a customer and ask questions to check that they understand the customer's needs.
- (36) Staff greet the customer immediately and ask if they can assist them.
- (37) Staff ask if they can give customers extra help with anything.

Attending to the Customer

- (41) Staff wait until a customer is ready and do not hang around them or bug them.
- (42) Staff make sure that the customer is helped even if it is not in their department.
- (38) Staff will always report back to the customer and not just leave them waiting.
- (44) Staff will always make the customer feel special by trying to meet each customer's special needs.
- (45) Staff will always follow up that the customer's needs have been met even if some one else had to assist them.
- (46) Staff are quick and efficient when helping customer.
- (47) Staff keep their promises to customers.
- (48) Staff are always there to serve the customer.
- (40) Staff will turn a customer's problem into a happy experience for the customer.
- (49) When a customer is upset, staff will smile and explain clearly what the situation is and how they can assist them.

Knowledge of Company/Procedures and Products

- (35) Staff can give the customers good advice on how to use the service and products.
- (50) Staff can give customers information on other departments.

Appendix 2

APPENDIX 2.1. TABLE 10

Service-orientated behaviour – Behaviours of Effective Frontline Employees

Service-orientated behaviour Categories	Similarities	Differences
Communicating with the customer	<ul style="list-style-type: none"> • Greets the customer first, confidently with a smile • Acknowledges and recognises the customers as being there • Uses the customer's name • Makes eye contact • Listens and clarifies the needs of the customer 	<p>Car rental/Hospitality (Managers and Employees)</p> <ul style="list-style-type: none"> • Uses a positive and sincere tone of voice <p>Retail (Employees and Customers)</p> <ul style="list-style-type: none"> • Keeps work area and personage clean and tidy <p>Retail (Employees)</p> <ul style="list-style-type: none"> • Asks if can provide any additional assistance <p>Customers</p> <ul style="list-style-type: none"> • Ability to communicate in English and customer's language or have access to someone that can.
Attending to the customer	<ul style="list-style-type: none"> • Focuses specifically on the customer and does not get distracted • Takes personal responsibility to see the customer is assisted • Goes that extra mile • Deals empathetically with a customer's complaint 	<p>Car rental/Hospitality</p> <ul style="list-style-type: none"> • Assesses the customer's mood and responds accordingly • Deals with business and leisure customers differently <p>Retail/Hospitality</p> <ul style="list-style-type: none"> • Does not hang around or bug a customer <p>Retail</p> <ul style="list-style-type: none"> • Displays honesty <p>Customer/Hospitality</p> <ul style="list-style-type: none"> • Provides that 'personal' touch
Knowledge of the products and services	<ul style="list-style-type: none"> • Provides accurate information • Gives good advice 	

APPENDIX 2.2. TABLE 11

Service-Orientated Behaviour – Factor Loadings (Second questionnaire)

Service-orientated behaviour – Statements from the Questionnaire	Total Sample n=335	Car rental n= 93	Retail n=150	Hospitality n=92
Frontline staff greet the customer immediately and ask if they can assist them.	-0.747863	-0.767440	-0.769583	-0.65269
Frontline staff ask if they can give customers extra help with anything.	-0.771317	-0.716532	-0.798021	-0.76306
Frontline staff listen carefully to a customer and ask questions to check that they understand the customer's needs.	-0.820364	-0.816419	-0.808628	-0.84723
Frontline staff make eye contact when they are talking to a customer.	-0.731321	-0.653404	-0.781070	-0.69730
Frontline staff always report back to the customer and do not just leave them waiting.	-0.747307	-0.747995	-0.743820	-0.74535
Frontline staff will turn a customer's problem into a happy experience for the customer.	-0.809959	-0.779704	-0.819152	-0.81612
Frontline staff will wait until a customer is ready and do not hang around them or bug them.	-0.722405	-0.714890	-0.681087	-0.82254
Frontline staff make sure that the customer is helped even if it is not in their department.	-0.794603	-0.790704	-0.775413	-0.84590
Frontline always make the customer feel special by trying to meet each customer's special needs.	-0.779017	-0.785769	-0.750364	-0.86091
Frontline staff will always follow up that the customers needs have been met even if some one else had to assist them.	-0.784991	-0.755838	-0.781214	-0.81906
Frontline staff are quick and efficient when helping customers.	-0.830055	-0.852932	-0.831189	-0.80646
Frontline staff keep their promises to customers.	-0.746071	-0.744472	-0.720686	-0.80076
Frontline staff are always there to serve the customer.	-0.782268	-0.803210	-0.744205	-0.84817
When a customer is upset, frontline staff will smile and explain clearly what the situation is and how they can assist them.	-0.778441	-0.782804	-0.777662	-0.78856
Frontline staff can give the customer good advice on how to use the services and products.	-0.707175	-0.762333	-0.669448	-0.74217
Frontline staff can give customers information on other departments.	-0.736308	-0.734993	-0.690043	-0.83946
Eigenvalues	9.458670	9.349320	9.248991	10.12638
Prp.Totl	0.591167	0.584333	0.578062	0.63290

APPENDIX 2.3. TABLE 12

Service-Orientated Behaviours – Communalities (Second questionnaire)

Service-orientated behaviours – Statements from the Questionnaire	Total Sample		Car rental		Retail		Hospitality	
	From 1	r2	From 1	r2	From 1	r2	From 1	r2
Frontline staff greet the customer immediately and ask if they can assist them.	0.559299	0.596136	0.588964	0.662301	0.592259	0.659093	0.426010	0.548701
Frontline staff ask if they can give customers extra help with anything.	0.594930	0.616022	0.513417	0.579962	0.636837	0.688806	0.582255	0.624929
Frontline staff listen carefully to a customer and ask questions to check that they understand the customer's needs.	0.672996	0.681854	0.666539	0.728410	0.653879	0.686357	0.717801	0.789216
Frontline staff make eye contact when they are talking to a customer.	0.534831	0.534421	0.426936	0.546121	0.610070	0.639190	0.486232	0.544723
Frontline staff always report back to the customer and do not just leave them waiting.	0.558468	0.581911	0.559496	0.643087	0.553268	0.583787	0.555553	0.698188
Frontline staff will turn a customer's problem into a happy experience for the customer.	0.656033	0.661149	0.607938	0.684680	0.671010	0.685511	0.666055	0.746490
Frontline staff will wait until a customer is ready and do not hang around them or bug them.	0.521869	0.531223	0.511067	0.578033	0.463879	0.513168	0.676580	0.717712
Frontline staff make sure that the customer is helped even if it is not in their department.	0.631394	0.638260	0.625212	0.678928	0.601265	0.636683	0.715546	0.763934
Frontline always make the customer feel special by trying to meet each customer's special needs.	0.606867	0.604626	0.617433	0.660261	0.563046	0.600580	0.741160	0.806665
Frontline staff will always follow up that the customers needs have been met even if some one else had to assist them.	0.616211	0.614598	0.571290	0.677206	0.610295	0.651607	0.670858	0.742351
Frontline staff are quick and efficient when helping customers.	0.688991	0.688522	0.727493	0.749898	0.690874	0.735372	0.650380	0.681980
Frontline staff keep their promises to customers.	0.558622	0.568956	0.554239	0.660247	0.519389	0.572790	0.641222	0.682343
Frontline staff are always there to serve the customer.	0.611943	0.622932	0.645146	0.701943	0.553842	0.609043	0.719394	0.765342
When a customer is upset, frontline staff will smile and explain clearly what the situation is and how they can assist them.	0.605971	0.614330	0.612783	0.709809	0.604758	0.644329	0.621822	0.667811
Frontline staff can give the customer good advice on how to use the services and products.	0.500096	0.522207	0.581152	0.630603	0.448160	0.508634	0.550820	0.634915
Frontline staff can give customers information on other departments.	0.542150	0.571968	0.540214	0.622802	0.476160	0.562904	0.704694	0.781250

APPENDIX 2.4. TABLE 13(a)

Service-Orientated Behaviour – Intercorrelations of variables (Second questionnaire)
(Total Sample)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 know advice																
2 comm greet	.62															
3 comm extra help	.56	.67														
4 attend report back	.53	.60	.61													
5 comm clarify	.60	.62	.65	.69												
6 attend turn problem	.55	.61	.62	.64	.71											
7 attend do not bug	.48	.49	.54	.54	.59	.61										
8 attend to all	.54	.57	.65	.55	.60	.65	.61									
9 comm eye contact	.51	.52	.54	.52	.61	.62	.57	.63								
10 attend customer special	.55	.60	.60	.56	.65	.59	.55	.62	.55							
11 attend follow up	.56	.56	.56	.56	.63	.63	.55	.63	.57	.63						
12 attend quick	.58	.59	.64	.62	.67	.64	.58	.68	.60	.68	.64					
13 attend keep promises	.54	.52	.51	.58	.60	.62	.55	.56	.53	.57	.60	.67				
14 attend always there	.48	.57	.61	.56	.63	.62	.63	.65	.56	.61	.61	.70	.58			
15 attend explain	.54	.55	.57	.52	.61	.65	.56	.61	.58	.63	.64	.63	.61	.61		
16 know information	.56	.50	.55	.53	.55	.54	.50	.60	.55	.57	.66	.60	.57	.57	.64	

Notes
n = 335
r > .40
p ≥ .001

Key
Know – knowledge of products and services
Comm – communicating with the customer
Attend – attending to the customer

APPENDIX 2.4. TABLE 13(b)

Service-Orientated Behaviour – Intercorrelations of variables (Second questionnaire)
(Car rental)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 know advice																
2 comm greet	.61															
3 comm extra help	.59	.59														
4 attend report back	.57	.57	.49													
5 comm clarify	.59	.68	.63	.68												
6 attend turn problem	.54	.55	.62	.55	.63											
7 attend do not bug	.61	.55	.52	.52	.53	.53										
8 attend to all	.56	.53	.57	.52	.61	.69	.61									
9 comm eye contact	.50	.49	.52	.47	.58	.46	.52	.57								
10 attend customer special	.52	.64	.50	.57	.69	.62	.52	.64	.50							
11 attend follow up	.58	.46	.43	.63	.58	.62	.58	.64	.46	.58						
12 attend quick	.61	.67	.61	.71	.73	.63	.56	.70	.61	.67	.61					
13 attend keep promises	.56	.55	.42	.55	.53	.55	.43	.57	.49	.60	.69	.66				
14 attend always there	.60	.62	.57	.55	.66	.57	.58	.62	.41	.68	.58	.69	.64			
15 attend explain	.56	.66	.57	.48	.54	.71	.59	.59	.51	.66	.56	.60	.59	.67		
16 know information	.68	.52	.54	.61	.58	.54	.51	.54	.37	.51	.54	.61	.59	.65	.56	

Notes
n = 93
r > .40
p ≥ .001

Key
Know – knowledge of products and services
Comm – communicating with the customer
Attend – attending to the customer

APPENDIX 2.4. TABLE 13(c)

Service-Orientated Behaviour – Intercorrelations of variables (Second questionnaire)
(Retail)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 know advice																
2 comm greet	.61															
3 comm extra help	.53	.72														
4 attend report back	.50	.61	.67													
5 comm clarify	.60	.61	.66	.68												
6 attend turn problem	.53	.64	.63	.63	.72											
7 attend do not bug	.39	.46	.51	.51	.59	.61										
8 attend to all	.51	.60	.67	.55	.56	.65	.57									
9 comm eye contact	.52	.56	.54	.53	.61	.69	.58	.67								
10 attend customer special	.52	.60	.62	.54	.58	.54	.49	.57	.57							
11 attend follow up	.52	.64	.60	.56	.62	.63	.44	.55	.61	.61						
12 attend quick	.53	.57	.67	.58	.63	.63	.57	.66	.61	.71	.65					
13 attend keep promises	.49	.48	.51	.55	.60	.61	.56	.52	.56	.49	.51	.65				
14 attend always there	.38	.56	.60	.56	.57	.59	.56	.63	.57	.55	.58	.71	.51			
15 attend explain	.51	.53	.57	.52	.62	.63	.52	.55	.63	.59	.66	.62	.62	.57		
16 know information	.48	.48	.50	.46	.47	.53	.41	.52	.60	.50	.65	.57	.51	.47	.66	

Notes
n =150
r > .40
p ≥ .001

Key
Know – knowledge of products and services
Comm – communicating with the customer
Attend – attending to the customer

APPENDIX 2.4. TABLE 13(d)

Service-Orientated Behaviour – Intercorrelations of variables (Second questionnaire)
(Hospitality)

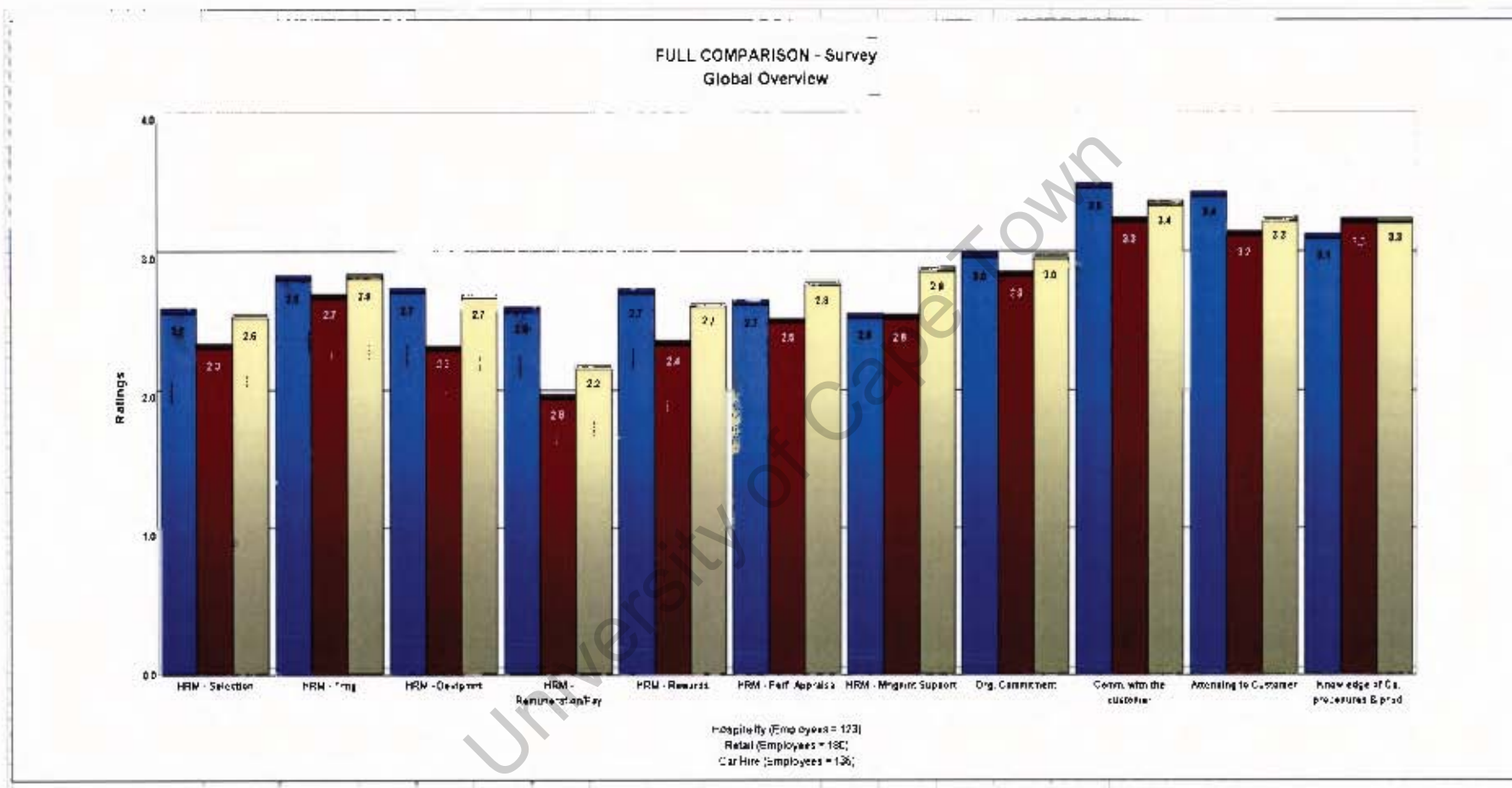
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1 know advice																
2 comm greet	.64															
3 comm extra help	.63	.62														
4 attend report back	.49	.58	.60													
5 comm clarify	.58	.54	.63	.72												
6 attend turn problem	.56	.55	.57	.72	.75											
7 attend do not bug	.58	.45	.58	.61	.67	.72										
8 attend to all	.58	.52	.67	.58	.66	.63	.70									
9 comm eye contact	.47	.41	.56	.50	.61	.60	.59	.59								
10 attend customer special	.65	.53	.65	.60	.80	.66	.71	.72	.56							
11 Attend follow up	.60	.46	.59	.46	.67	.60	.70	.77	.58	.75						
12 attend quick	.66	.53	.57	.61	.67	.66	.64	.68	.55	.63	.66					
13 attend keep promises	.62	.52	.59	.64	.66	.68	.67	.62	.48	.71	.66	.69				
14 attend always there	.61	.49	.62	.57	.73	.71	.76	.71	.68	.67	.68	.71	.68			
15 attend explain	.58	.47	.56	.54	.63	.64	.62	.76	.51	.68	.69	.68	.61	.66		
16 know information	.57	.49	.66	.58	.66	.56	.70	.79	.60	.79	.76	.63	.66	.71	.69	

Notes
n =92
r > .40
p ≥.001

Key
Know – knowledge of products and services
Comm – communicating with the customer
Attend – attending to the customer

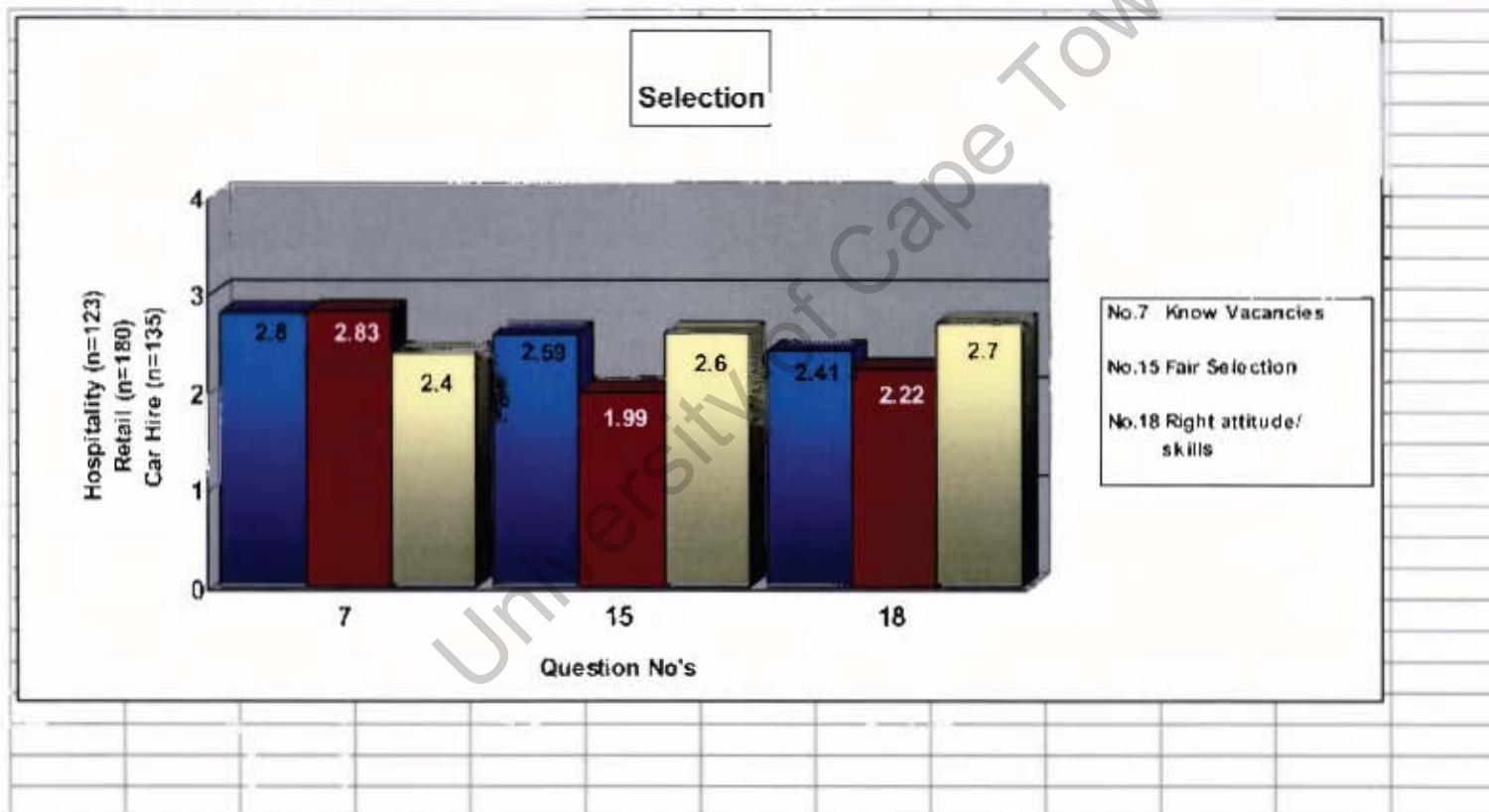
APPENDIX 2.5. TABLE 15

PERCEPTIONS OF HRM PRACTICES: ORGANISATIONAL COMMITMENT AND SERVICE



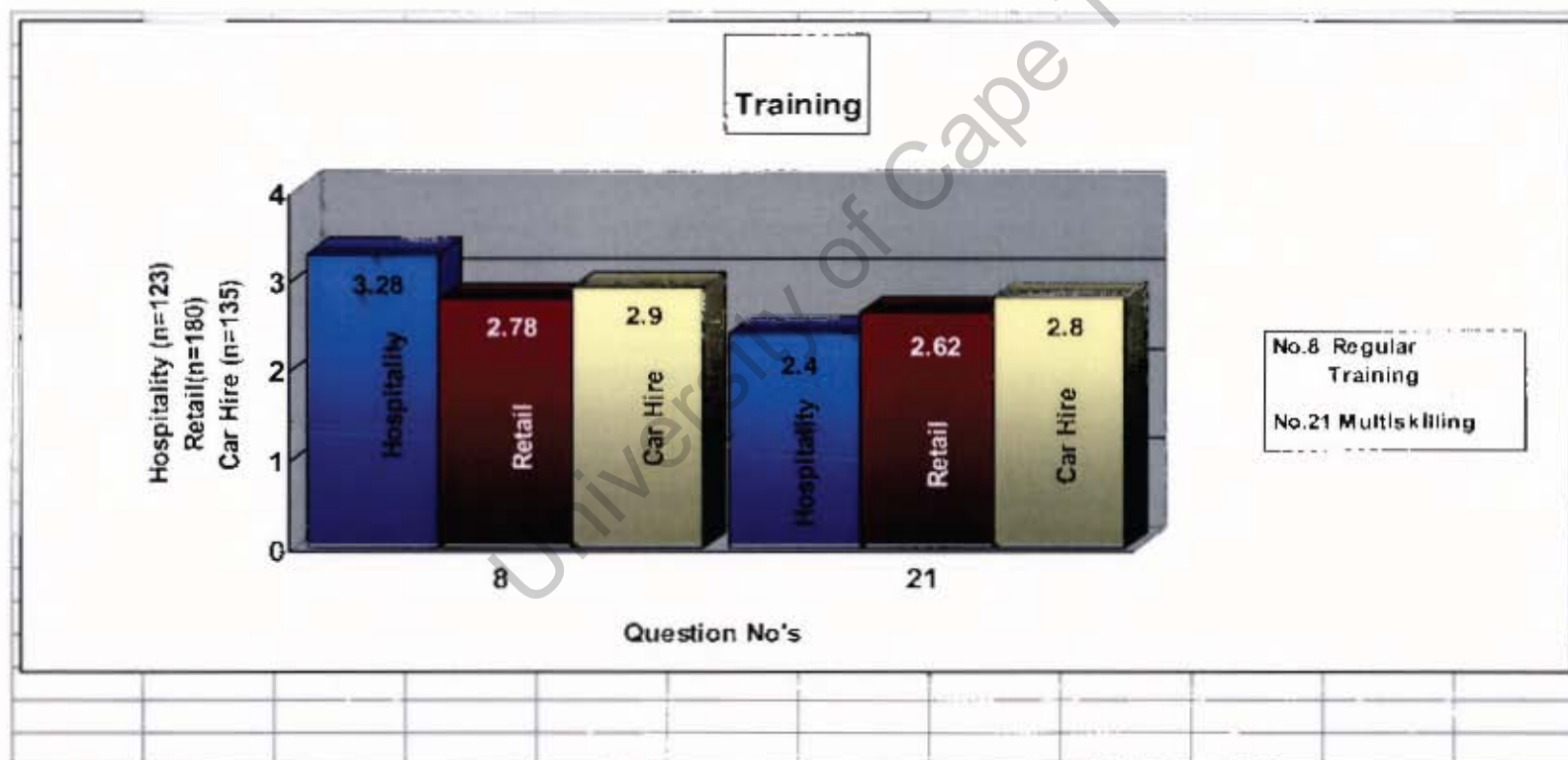
APPENDIX 2.5.TABLE 15(a)

Perceptions of Selection
(Total Sample)



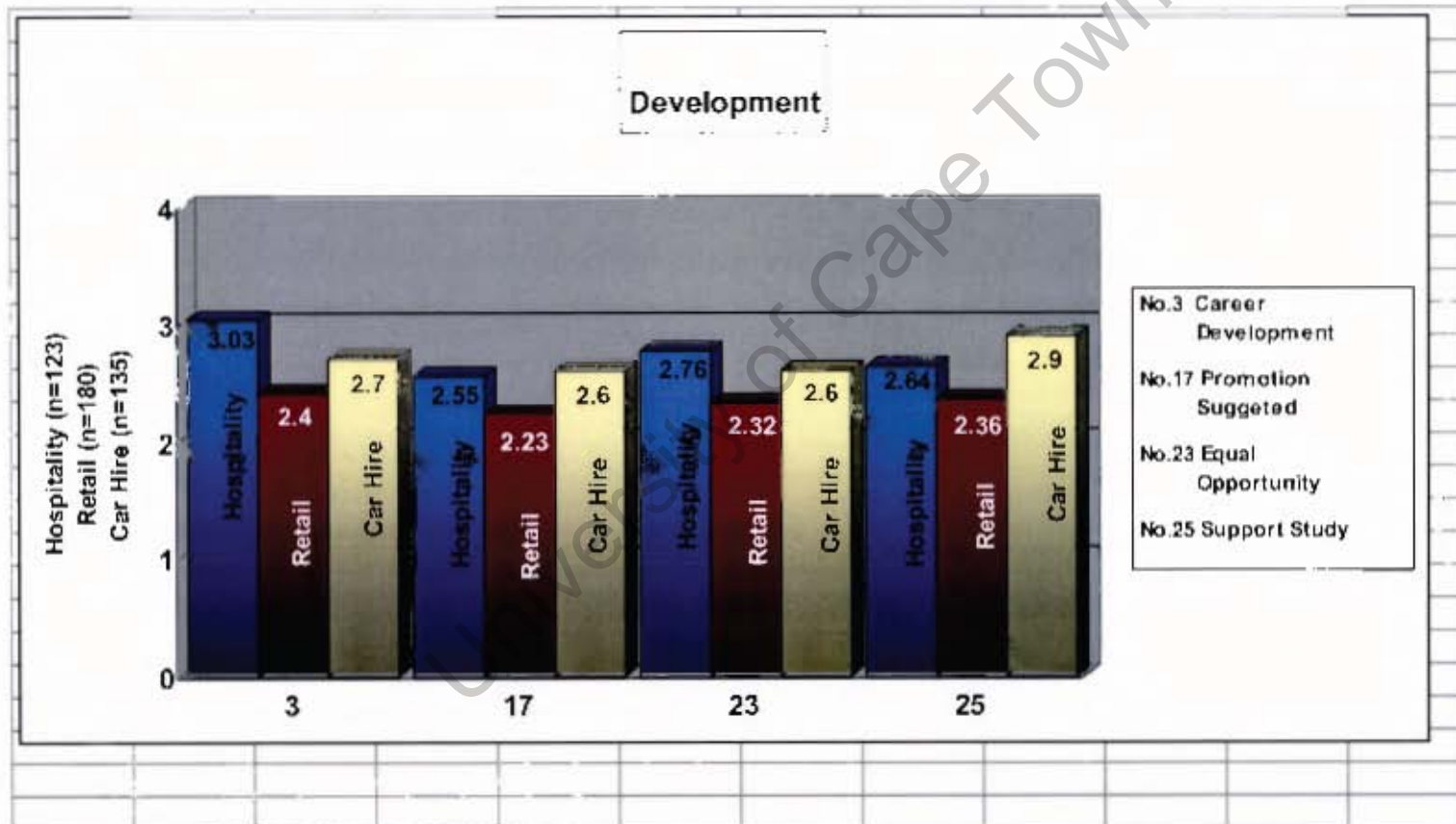
APPENDIX 2.5. TABLE 15(b)

Perceptions of Training
(Total Sample)



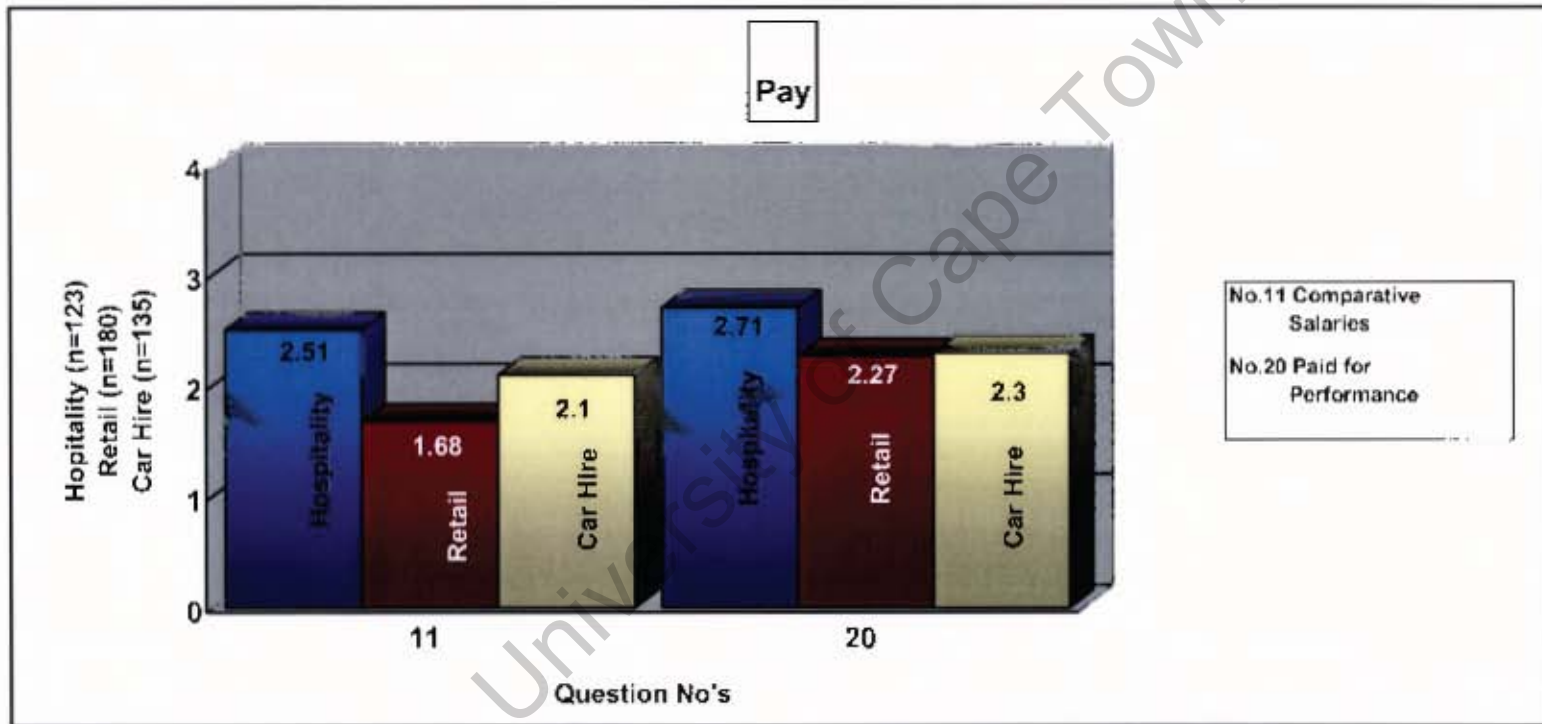
APPENDIX 2.5. TABLE 15(c)

Perceptions of Human Resource Development
(Total Sample)



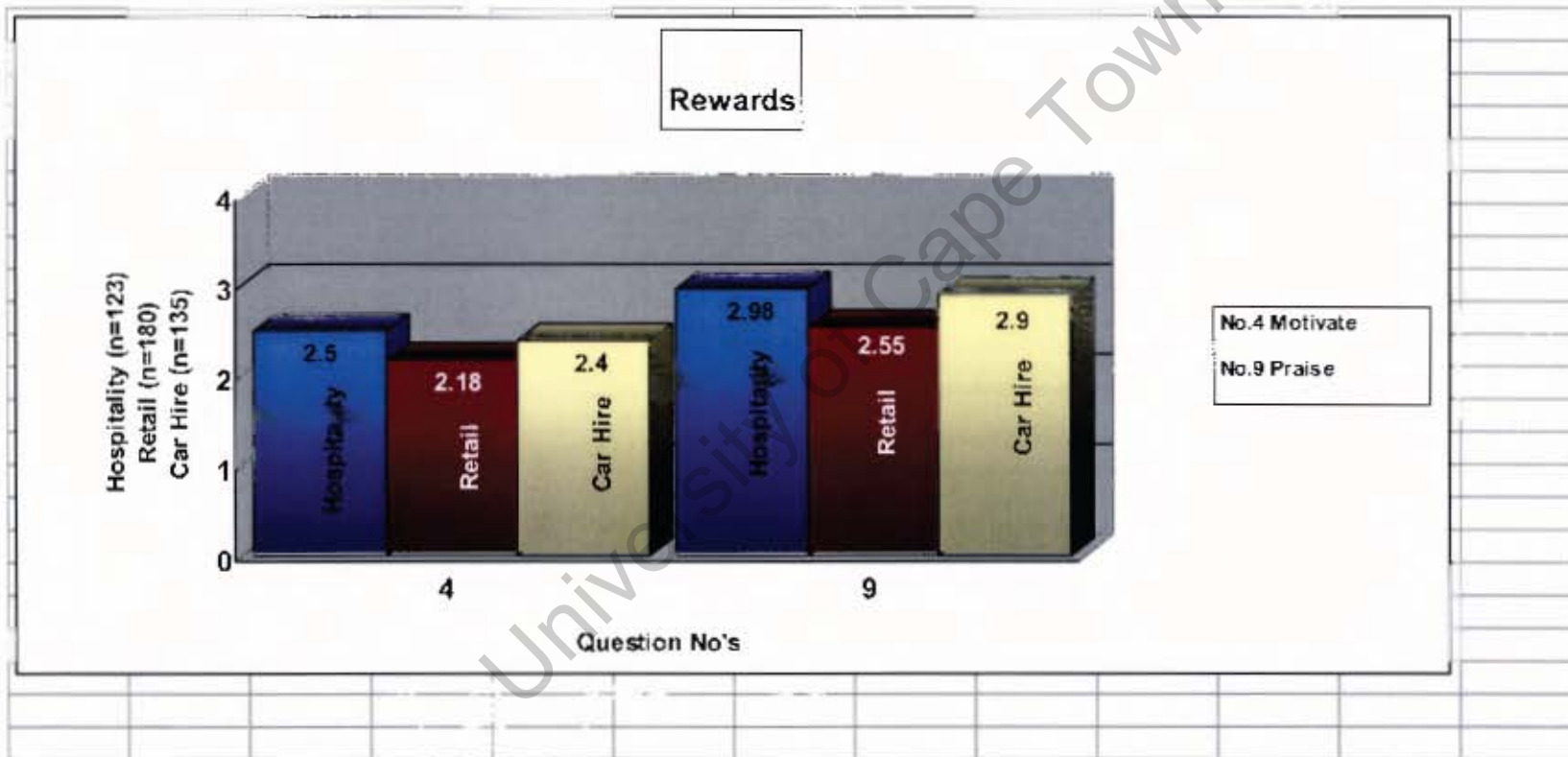
APPENDIX 2.5. TABLE 15(d)

Perceptions of Pay
(Total Sample)



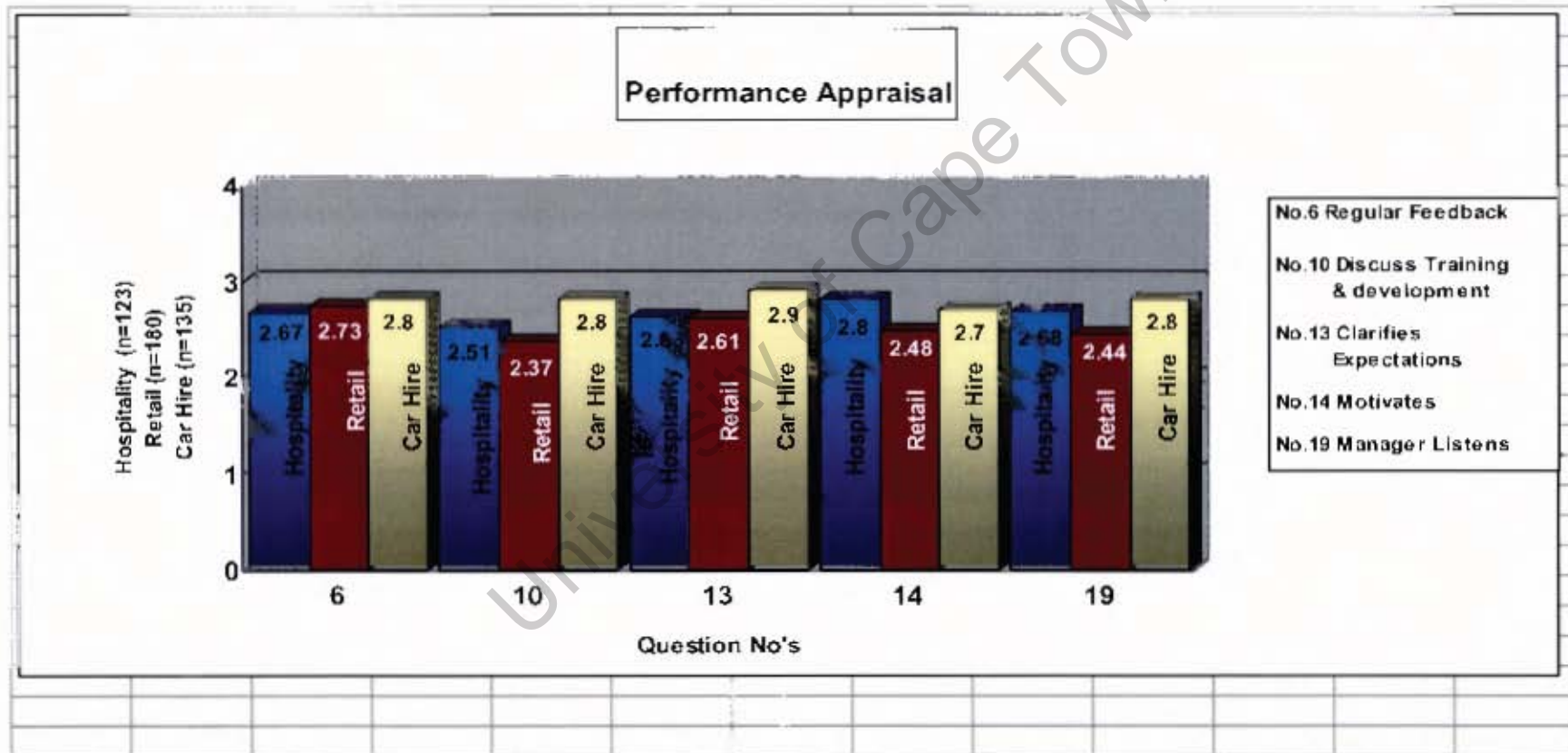
APPENDIX 2.5. TABLE 15(e)

Perceptions of Rewards
(Total Sample)



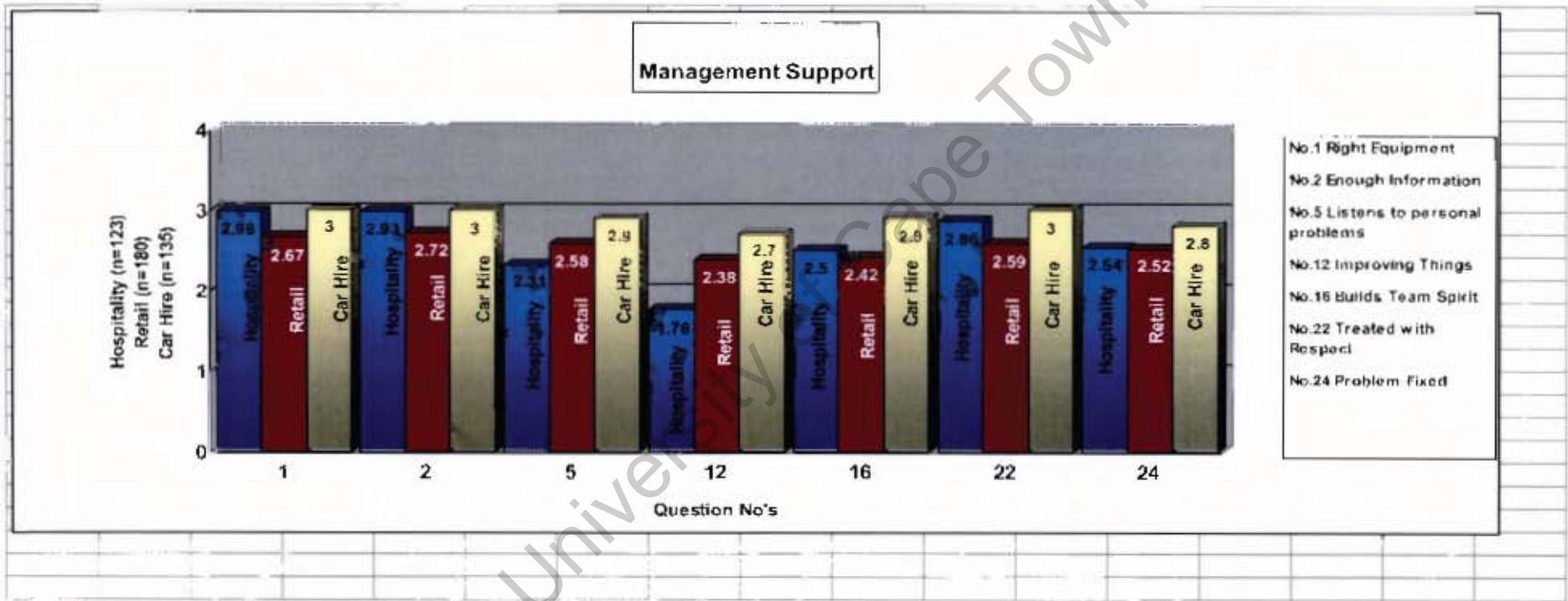
APPENDIX 2.5. TABLE 15(f)

Perceptions of Performance Appraisal
(Total Sample)



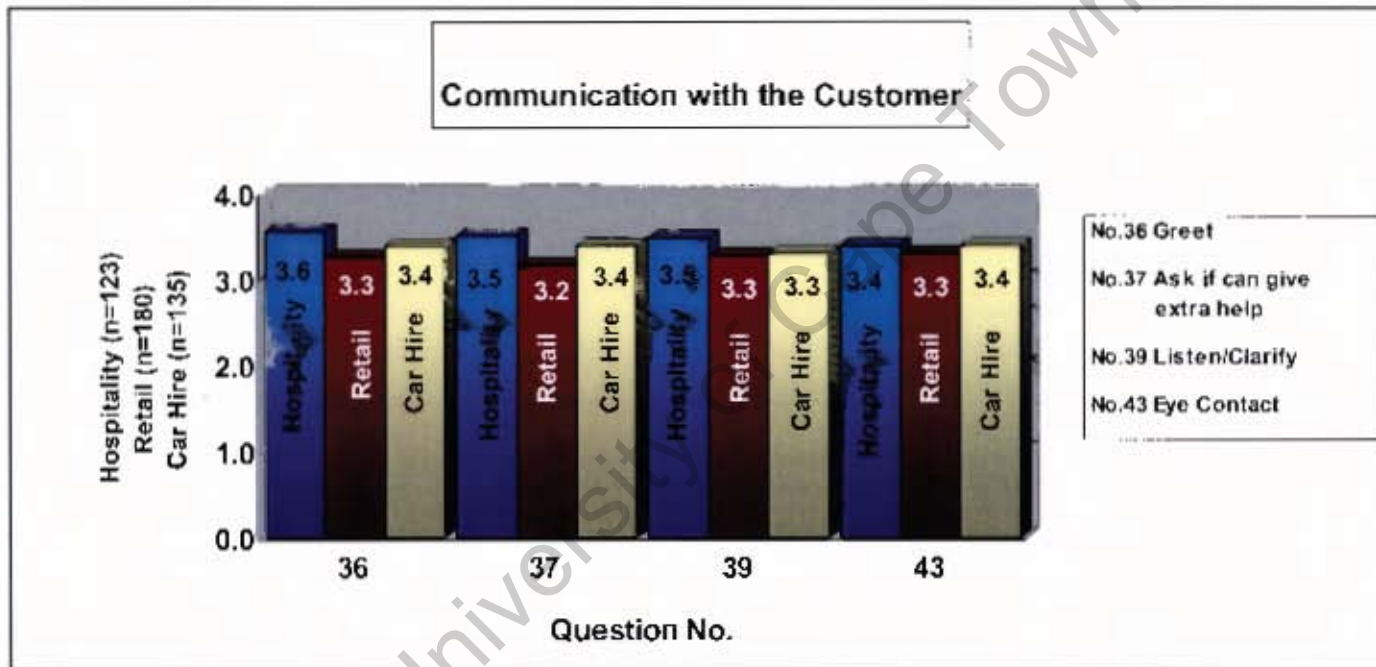
APPENDIX 2.5. TABLE 15(g)

Perceptions of Management Support
(Total Sample)



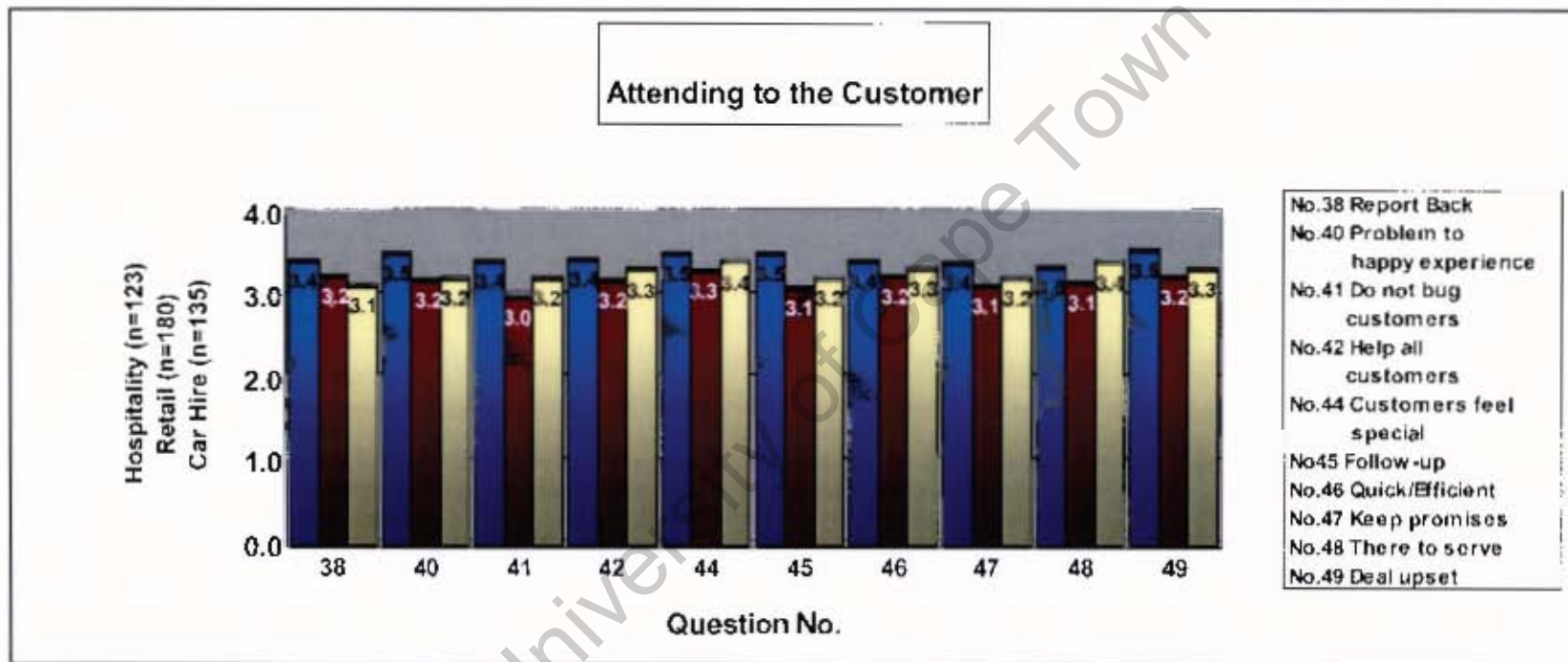
APPENDIX 2.5. TABLE 15(h)

Perceptions of Service-Orientated Behaviour



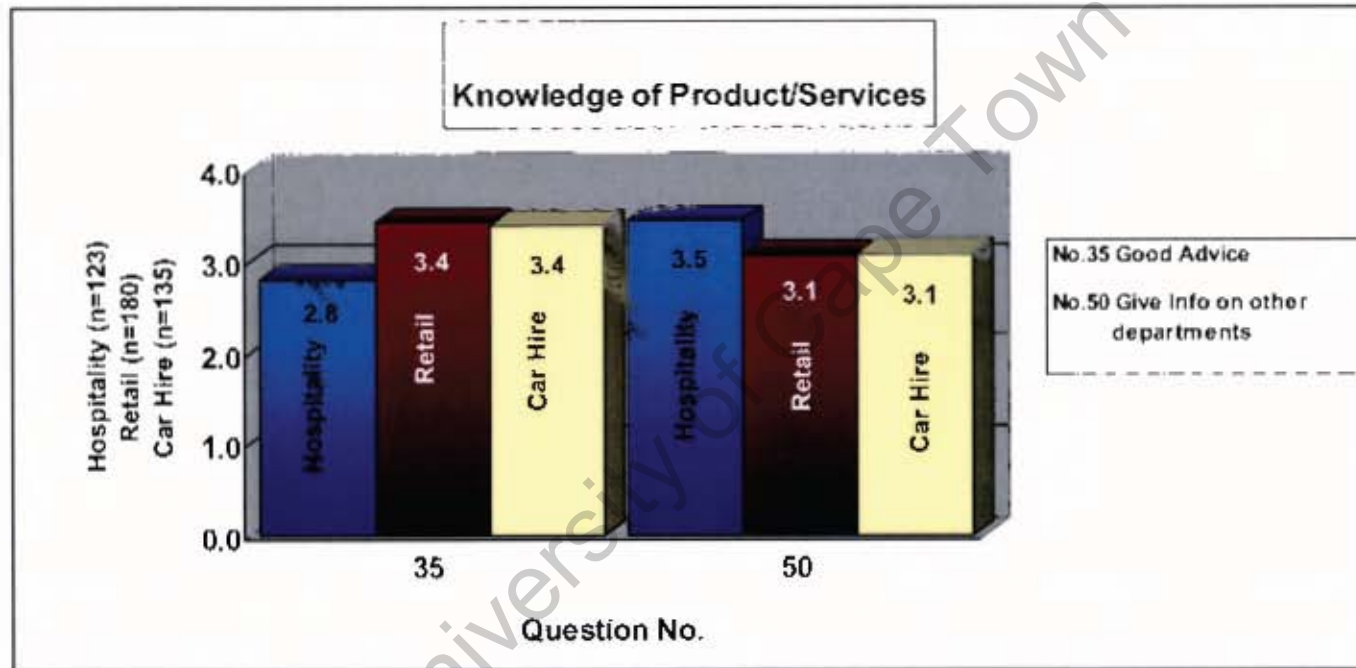
APPENDIX 2.5. TABLE 15(i)

Perceptions of Service-Orientated Behaviour



APPENDIX 2.5. TABLE 15(j)

Perception of Service-orientated Behaviour



APPENDIX 2.6. TABLE 16(b)

Specific HRM Practices and Service-Orientated Behaviours – Correlation of Variables

Independent Variables HRM Practices	Dependent Variables															
	Total Sample n=335				Car rental n=93				Retail n=150				Hospitality n=92			
	Comm	Attend	Know	Service	Comm	Attend	Know	Service	Comm	Attend	Know	Service	Comm	Attend	Know	Service
selection - apply	.28 ^a	.22 ^a	.27 ^a	.24 ^a	.29 ^a	.21 ^a	.14	.23 ^c	.19 ^c	.13	.19 ^c	.16 ^c	.31 ^b	.31 ^b	.28 ^c	.31 ^c
selection - fair	.18 ^a	.19 ^a	.18 ^a	.20 ^a	.36 ^a	.37 ^a	.34 ^a	.39 ^a	.09	.06	.11	.08	.15	.21 ^b	.17	.19 ^d
selection - attitude	.21 ^a	.21 ^a	.17 ^b	.21 ^a	.42 ^a	.32 ^b	.30 ^b	.36 ^a	.08	.08	.04	.08	.21	.28 ^b	.25	.27 ^b
training - regular	.20 ^a	.19 ^a	.16 ^b	.20 ^a	.41 ^a	.34 ^a	.28 ^b	.37 ^a	.15 ^d	.12	.07	.12	.08	.15	.18 ^d	.14
training - multi - skilling	.25 ^d	.25 ^d	.21 ^a	.26 ^a	.40 ^a	.30 ^b	.38 ^a	.41 ^a	.24 ^b	.27 ^a	.20 ^c	.27 ^a	.06	.03	.01	.03
development - grow	.17 ^b	.17 ^b	.16 ^b	.18 ^a	.35 ^a	.36 ^a	.42 ^a	.39 ^a	.10	.07	.01	.07	.16	.19 ^d	.20 ^d	.19 ^d
development - promotion	.12 ^c	.13 ^d	.07	.12 ^b	.25 ^b	.27 ^b	.15	.26 ^c	.06	.02	-.06	.02	.09	.17 ^d	.23 ^c	.17
development - opportunity	.22 ^a	.22 ^a	.19 ^a	.23 ^a	.36 ^a	.40 ^a	.32 ^b	.40 ^a	.18 ^c	.14 ^d	.13	.16 ^d	.14	.16	.19 ^d	.16
pay - compare	.03	.07	.03	.05	.13	.18 ^d	.02	.15	-.08	-.06	-.04	-.07	.10	.16	.17	.15
pay - perform	.16 ^b	.16 ^b	.10 ^d	.16 ^b	.25 ^c	.24 ^c	.14	.24 ^c	.11	.08	.03	.09	.14	.15	.17	.16
reward - motivate	.10 ^d	.12 ^c	.09	.11 ^c	.27 ^b	.25 ^c	.29 ^b	.28 ^b	.03	.06	-.03	.04	.07	.09	.12	.09
reward - praise	.20 ^a	.16 ^b	.13 ^c	.18 ^b	.40 ^a	.41 ^a	.31 ^b	.41 ^a	.15 ^d	.07	.01	.09	.18 ^d	.17	.24 ^c	.19 ^d
pa - feedback	.20 ^a	.20 ^a	.15 ^b	.20 ^a	.26 ^c	.31 ^b	.16	.29 ^b	.12	.10	.07	.10	.31 ^b	.26 ^c	.31 ^b	.29 ^b
pa - train	.18 ^b	.18 ^b	.13 ^c	.18 ^b	.30 ^a	.27 ^a	.23 ^c	.29 ^a	.14 ^d	.14 ^d	.08	.14 ^d	.12	.15	.15	.15
pa - expectations	.24 ^a	.26 ^a	.22 ^a	.26 ^a	.38 ^b	.46 ^b	.35 ^b	.45 ^b	.20 ^b	.21 ^b	.20 ^b	.21 ^b	.19 ^a	.16	.18 ^d	.18
pa - motivate	.23 ^a	.20 ^a	.15 ^b	.21 ^a	.48 ^a	.51 ^a	.37 ^a	.51 ^a	.17 ^b	.13	.04	.14 ^d	.12	.10	.18 ^d	.12
pa - listen	.25 ^a	.23 ^a	.22 ^a	.25 ^a	.50 ^a	.50 ^a	.47 ^a	.53 ^a	.19 ^c	.16 ^d	.13 ^c	.17 ^c	.12	.13	.18 ^d	.14
support - equipment	.21 ^a	.19 ^a	.15 ^b	.20 ^a	.38 ^b	.38 ^a	.35 ^b	.40 ^a	.13	.08	.02	.10	.16	.14	.18 ^d	.16
support - information	.23 ^a	.21 ^a	.18 ^b	.22 ^a	.41 ^a	.38 ^a	.37 ^a	.41 ^a	.15 ^b	.12	.05	.12	.13	.15	.18 ^d	.16
support - personal	.16 ^b	.17 ^b	.14 ^c	.17 ^b	.30 ^b	.34 ^a	.32 ^b	.34 ^a	.13	.09	.04	.10	.10	.17	.19 ^d	.16
support - improve	.27 ^a	.26 ^a	.20 ^a	.26 ^a	.41 ^a	.36 ^a	.31 ^b	.39 ^a	.20 ^c	.20 ^c	.08	.19 ^c	.27 ^b	.26 ^c	.33 ^b	.28 ^b
support - team	.23 ^a	.22 ^a	.16 ^a	.22 ^a	.34 ^a	.39 ^a	.28 ^b	.38 ^a	.17 ^b	.10	.01	.11	.29 ^b	.29 ^b	.36 ^a	.31 ^b
support - respect	.21 ^a	.19 ^a	.17 ^b	.20 ^a	.32 ^b	.35 ^a	.28 ^b	.35 ^a	.18 ^c	.14	.12	.15	.14	.14	.17	.15
support - fix	.21 ^a	.20 ^a	.23 ^a	.22 ^a	.38 ^a	.39 ^a	.36 ^a	.41 ^a	.19 ^c	.10	.18 ^c	.14 ^d	.13	.22 ^c	.23 ^c	.21 ^c
support - study	.17 ^b	.13 ^c	.12 ^b	.15 ^b	.33 ^b	.31 ^b	.25 ^c	.33 ^b	.12	.07	.07	.09	.09	.07	.14	.09

Notes

- a .001
- b < .01
- c < .05
- d < .10

Key

- Comm = Communicating with the customer
- Attend = Attending to the customer
- Know = Know edge of products and services
- Service = Total service-oriented behaviour score
- PA = performance appraisal
- Support = management support

APPENDIX 2.6. TABLE 16(c)

Specific HRM Practices and Specific Service-Orientated Behaviours – Correlation of Variables
(Total Sample)

	Communicating with the Customer				Attending to the Customer											Knowledge of Products and Services	
	Give: Q36	Extra Help Q37	Clarify Q39	Eye contact Q43	Report back Q38	Turn problem Q42	Don't bug customer Q41	Attend to all Q42	Customer special Q44	Follow up Q45	Quick Q46	Keep promises Q47	Always there Q48	Explain Q49	Advised Q35	Info on departments Q50	
Sel - Apply Q7	.19 ^a	.19 ^a	.29 ^a	.21 ^a	.18 ^a	.23 ^a	.18 ^a	.17 ^a	.19 ^a	.17 ^a	.19 ^a	.13 ^b	.16 ^b	.15 ^b	.23 ^a	.16 ^b	
Sel - Fair Q15	.15 ^b	.13 ^b	.17 ^a	.17 ^a	.12 ^c	.16 ^b	.24 ^a	.15 ^b	.13 ^b	.11 ^c	.14 ^b	.14 ^b	.16 ^b	.14 ^b	.17 ^b	.15 ^b	
Sel - Attitude Q18	.16 ^a	.16 ^b	.23 ^a	.15 ^b	.13 ^b	.22 ^a	.22 ^a	.17 ^a	.19 ^a	.11 ^c	.14 ^b	.16 ^b	.20 ^a	.16 ^a	.16 ^b	.14 ^b	
Train - Regul Q8	.17 ^a	.13 ^b	.23 ^a	.16 ^b	.11 ^c	.23 ^a	.11 ^c	.19 ^a	.22 ^a	.13 ^b	.12 ^b	.07	.18 ^a	.13 ^b	.14 ^b	.14 ^b	
Train - Multi Q21	.18 ^a	.22 ^a	.21 ^a	.22 ^a	.15 ^b	.25 ^a	.20 ^a	.20 ^a	.28 ^a	.18 ^a	.20 ^a	.15 ^b	.21 ^a	.20 ^a	.16 ^b	.20 ^a	
Dev - Grow Q3	.15 ^b	.14 ^b	.15 ^b	.13 ^b	.06	.21 ^a	.13 ^b	.18 ^a	.18 ^a	.15 ^b	.12 ^c	.09	.15 ^b	.11 ^c	.15 ^b	.13 ^c	
Dev - Prom. Q17	.06	.12 ^b	.15 ^b	.07	.04	.07	.11 ^c	.11 ^c	.19 ^a	.11 ^c	.09	.10 ^a	.10 ^a	.13 ^b	.08	.05	
Dev - Oppo. Q23	.14 ^c	.16 ^a	.23 ^a	.19 ^a	.11 ^b	.19 ^a	.18 ^a	.16 ^b	.20 ^a	.21 ^a	.13 ^b	.06	.22 ^a	.19 ^a	.16 ^b	.18 ^b	
Pay - Comp. Q11	.05	.02	.03	-.02	.03	.09	.05	.05	.05	.06	.04	.05	.05	.05	.04	.01	
Pay - Perf. Q20	.15 ^b	.10 ^d	.19 ^a	.11 ^c	.08	.16 ^a	.14 ^b	.13 ^b	.12 ^c	.15 ^a	.11 ^c	.11 ^c	.13 ^c	.12 ^c	.07	.11 ^a	
Rew - Motiv. Q4	.12 ^c	.07	.15 ^b	-.01	.09 ^d	.12 ^c	.08	.05	.14 ^b	.08	.08	.05	.15 ^b	.08	.08	.07	
Rew - Praise Q9	.16 ^a	.20 ^a	.17 ^a	.13 ^b	.05	.11 ^d	.12 ^c	.17 ^a	.19 ^a	.16	.15 ^b	.08	.15 ^a	.13 ^b	.13 ^c	.10 ^d	
PA - feedback Q6	.11 ^d	.14 ^b	.25 ^a	.19 ^a	.13 ^b	.16 ^b	.11 ^c	.17 ^b	.20 ^a	.21 ^a	.15 ^b	.14 ^b	.15 ^a	.15 ^b	.12 ^c	.14 ^b	
PA - Train Q12	.12 ^c	.19 ^a	.15 ^b	.13 ^b	.06	.16 ^b	.19 ^a	.16 ^b	.17 ^b	.10 ^d	.16 ^b	.09	.19 ^a	.11 ^c	.12 ^c	.11 ^c	
PA - Expect. Q13	.16 ^a	.24 ^a	.22 ^a	.16 ^b	.15 ^b	.24 ^a	.21 ^a	.21 ^a	.26 ^a	.19 ^a	.22 ^a	.18 ^a	.24 ^a	.17 ^b	.23 ^a	.17 ^b	
PA - Motiv. Q14	.16 ^a	.23 ^a	.22 ^a	.15 ^b	.09	.14 ^b	.13 ^b	.18 ^b	.27 ^a	.14 ^b	.20 ^a	.14 ^b	.21 ^a	.16 ^b	.17 ^b	.10	
PA - Listen Q19	.19 ^a	.24 ^a	.26 ^a	.16 ^b	.16 ^b	.22 ^a	.19 ^a	.18 ^b	.25 ^a	.19 ^a	.19 ^a	.20 ^a	.17 ^b	.17 ^b	.21 ^a	.18 ^a	
Sup - Equip Q1	.17 ^b	.17 ^b	.24 ^a	.15 ^b	.12 ^c	.18 ^b	.14 ^b	.16 ^b	.16 ^b	.15 ^b	.16 ^b	.16 ^b	.15 ^b	.15 ^b	.21 ^a	.07	
Sup - Info Q2	.16 ^b	.17 ^b	.25 ^a	.15 ^b	.13 ^b	.15 ^b	.16 ^b	.15 ^b	.24 ^a	.16 ^b	.21 ^a	.17 ^b	.17 ^b	.17 ^c	.20 ^a	.12 ^c	
Sup - Personal Q5	.11 ^d	.16 ^b	.18 ^b	.09	.07	.12 ^c	.10 ^d	.17 ^b	.20 ^a	.13 ^b	.17 ^b	.07	.15 ^b	.15 ^b	.12 ^c	.11 ^c	
Sup - Imp. Q12	.19 ^a	.25 ^a	.27 ^a	.17 ^b	.12 ^c	.25 ^a	.21 ^a	.20 ^a	.24 ^a	.21 ^a	.20 ^a	.17 ^b	.25 ^a	.21 ^a	.21 ^a	.15 ^a	
Sup - Team Q16	.17 ^b	.23 ^a	.24 ^a	.14 ^b	.13 ^b	.19 ^a	.14 ^b	.21 ^a	.24	.16 ^b	.19 ^b	.11 ^c	.23 ^a	.14 ^b	.16 ^b	.13 ^b	
Sup - Respect Q22	.15 ^b	.18 ^a	.22 ^a	.13 ^b	.10 ^d	.14 ^b	.15 ^b	.13 ^b	.27 ^a	.17 ^b	.14 ^b	.16 ^b	.16 ^b	.15 ^b	.14 ^b	.15 ^a	
Sup - Fix Q24	.16 ^b	.17 ^b	.23 ^a	.16 ^b	.11 ^c	.16 ^b	.17 ^b	.15 ^b	.21 ^a	.15 ^b	.19 ^a	.13 ^c	.18 ^b	.16 ^b	.22 ^a	.18 ^a	
Sup - Study Q25	.11 ^d	.16 ^a	.14 ^b	.14 ^b	.07	.06	.06	.12	.15 ^b	.12 ^c	.12 ^c	.08	.16 ^b	.10 ^d	.13 ^b	.09	

Notes

- a ≤ .301
- b ≤ .21
- c ≤ .125
- d ≤ .10

Key

- Se = selection
- Dev = develop
- Rew = reward

- PA = performance appraisal
- Sup = management support
- Regul = regular

- Oppo = opportunity
- Perf = performance
- Motiv = motivate

APPENDIX 2.6. TABLE 16(d)

Specific HRM Practices and Specific Service-Orientated Behaviours – Correlation of Variables (Car rental)

	Communicating with the Customer				Attending to the Customer											Knowledge of Products and Services	
	Greet Q33	Exit Help Q37	Clarify Q38	Eye contact Q33	Report back Q38	Turn problem Q40	On returning customer Q41	Attend to all Q42	Customer special Q44	Follow up Q45	Quick Q46	Keep promises Q47	Always there Q48	Explain Q49	Advice Q55	Info on Decarimis Q56	
Sel - Actly Q7	.18 ^a	.24 ^b	.20 ^a	.32 ^b	.39	.25 ^a	.26 ^a	.22 ^a	.16	.19 ^a	.15	.12	.06	.21 ^b	.22 ^b	.33	
Sel - Fair Q15	.20 ^a	.33 ^b	.27 ^a	.39 ^b	.29 ^a	.31 ^b	.33 ^b	.35 ^b	.20	.27 ^a	.30 ^a	.31 ^a	.33 ^b	.30 ^a	.39 ^b	.28	
Sel - Attitude Q18	.20 ^a	.40 ^b	.33 ^b	.40 ^b	.16	.28 ^b	.30 ^b	.28 ^b	.28 ^b	.20 ^a	.20 ^a	.28 ^a	.29 ^a	.24 ^a	.31 ^a	.24 ^a	
Team - Royal Q8	.26 ^a	.33 ^b	.43 ^b	.30 ^b	.25	.30 ^a	.28 ^a	.27 ^a	.34 ^b	.30 ^a	.27 ^a	.22 ^a	.20 ^a	.29 ^a	.26 ^a	.24	
Team - Multi Q21	.28 ^a	.35 ^b	.30 ^a	.40 ^b	.24	.30 ^a	.28 ^a	.28 ^a	.34 ^b	.32 ^a	.33 ^a	.32 ^a	.30 ^b	.42 ^b	.30 ^a	.30 ^a	
Dev - Grow Q2	.24 ^a	.35 ^b	.30 ^b	.28	.34 ^a	.37 ^a	.25 ^a	.31 ^a	.28 ^a	.30 ^a	.28 ^a	.33 ^a	.30 ^b	.2 ^a	.39 ^a	.37 ^a	
Dev - Prom. Q17	.19 ^a	.22 ^a	.18 ^a	.24 ^a	.18	.20 ^a	.20 ^a	.21 ^a	.22	.24 ^a	.21 ^a	.24 ^a	.17 ^a	.22 ^a	.18 ^a	.29	
Dev - Oppo. Q23	.21 ^a	.33 ^b	.25 ^a	.38 ^b	.22 ^a	.42 ^b	.32 ^a	.22 ^a	.30 ^a	.37 ^a	.24 ^a	.33 ^a	.33 ^b	.32 ^b	.35 ^b	.28 ^a	
Pay - Comp. Q11	.26	.20 ^a	.26	.31	.15	.27 ^a	.21 ^a	.23 ^a	.13	.26 ^a	.22	.12	.05	.14	.00	.04	
Pay - Perf. Q23	.15	.23	.24 ^a	.18 ^a	.21 ^a	.22 ^a	.27	.18 ^a	.22 ^a	.19 ^a	.14	.22 ^a	.16	.18 ^a	.08	.17	
Res - Mot. Q4	.10 ^a	.21 ^a	.22 ^a	.19 ^a	.20 ^a	.14	.16	.16 ^a	.21 ^a	.16	.25 ^a	.24 ^a	.05	.24 ^a	.24 ^a	.29 ^a	
Res - Phase Q2	.21	.32 ^b	.35 ^b	.45 ^b	.27 ^a	.35 ^b	.28 ^a	.29 ^a	.29 ^a	.30 ^a	.34 ^b	.31 ^a	.31 ^b	.31 ^b	.32 ^b	.25 ^a	
FA - feedback Q2	.15	.16	.26 ^a	.20 ^a	.22 ^a	.28 ^a	.29 ^a	.33 ^a	.24 ^a	.33 ^a	.20 ^a	.20 ^a	.24 ^a	.22 ^a	.17	.13	
FA - Train Q12	.24 ^a	.27 ^a	.28 ^a	.22	.27	.26 ^a	.35 ^b	.32 ^a	.21 ^a	.19 ^a	.16	.14	.23 ^a	.22 ^a	.25 ^a	.16	
FA - Expec. Q13	.25 ^a	.42 ^b	.32 ^b	.27 ^a	.32 ^a	.44 ^b	.34 ^a	.44 ^b	.41 ^b	.37 ^a	.31 ^b	.30 ^a	.41 ^b	.32 ^b	.35 ^b	.27 ^b	
FA - Motiv. Q14	.31 ^b	.41 ^b	.48 ^b	.43 ^b	.34 ^a	.40 ^b	.40 ^b	.54 ^b	.43 ^b	.42 ^a	.43 ^a	.30 ^a	.44 ^b	.39 ^b	.41 ^a	.28 ^a	
FA - Listen Q18	.37 ^b	.47 ^b	.40 ^b	.42 ^a	.31	.46 ^b	.40 ^b	.49 ^b	.40 ^b	.35 ^a	.41 ^a	.39 ^a	.40 ^a	.39 ^a	.41 ^a	.40 ^a	
Sup - Equip Q11	.20 ^a	.31 ^a	.33 ^a	.30 ^a	.31 ^a	.27 ^a	.27 ^a	.36 ^a	.25 ^a	.25 ^a	.30 ^a	.31 ^a	.30 ^a	.24 ^a	.36 ^a	.27 ^a	
Sup - Info Q2	.25 ^a	.31 ^a	.34 ^a	.42 ^a	.26 ^a	.24 ^a	.21	.39 ^a	.26 ^a	.26 ^a	.33 ^a	.32 ^a	.33 ^b	.25 ^a	.42 ^a	.29 ^a	
Sup - Personal Q9	.21 ^a	.26 ^a	.24 ^a	.28 ^a	.10	.31 ^a	.22	.40 ^a	.28 ^a	.28 ^a	.22 ^a	.28 ^a	.26 ^a	.22 ^a	.35	.20 ^a	
Sup - Imp. Q12	.26 ^a	.30 ^a	.35 ^a	.34 ^a	.13	.40 ^b	.20 ^a	.35 ^a	.25 ^a	.24 ^a	.27 ^a	.24 ^a	.31 ^a	.31 ^a	.37 ^a	.21 ^a	
Sup - Team Q12	.22 ^a	.29 ^a	.30 ^a	.31 ^a	.24 ^a	.33 ^a	.30 ^a	.37 ^a	.32 ^a	.30 ^a	.29 ^a	.27 ^a	.34 ^a	.33 ^b	.29 ^b	.25 ^a	
Sup - Respect Q22	.26 ^a	.26 ^a	.24 ^a	.30 ^a	.20 ^a	.30 ^a	.24 ^a	.35 ^a	.24 ^a	.23 ^a	.25 ^a	.31 ^a	.28 ^a	.30 ^b	.22 ^a	.22 ^a	
Sup - Fix 24	.31 ^b	.31 ^a	.32 ^a	.33 ^a	.24 ^a	.35 ^b	.34 ^a	.41 ^b	.29	.30 ^a	.32 ^b	.30 ^a	.30 ^a	.28	.37 ^a	.28 ^a	
Sup - Study Q25	.16	.35 ^b	.25 ^a	.31 ^a	.23 ^a	.27 ^a	.11	.30 ^b	.25 ^a	.27 ^a	.27 ^a	.20 ^a	.30 ^b	.22 ^a	.25 ^a	.20 ^a	

Notes

- = < .01
- a < .05
- b < .05
- c < .10

Key

- Reg. = regular
- Dev = develop
- Res = reward

- PA = performance appraisal
- Sup = managerial support
- Regul = regular

- Oppo. = opportunity
- Perf = performance
- Mot. = motivate

APPENDIX 2.6. TABLE 16(e)

Specific HRM Practices and Specific Service-Orientated Behaviours – Correlation of Variables (Retail)

	Communicating with the Customer							Attending to the Customer							Knowledge of Products and Services	
	Groom: Q36	Extra Help Q37	Clarify Q39	Eye contact Q43	Report back Q38	Turn problem Q40	Do not bug customer Q41	Attend to all Q42	Customer special Q44	Follow up Q45	Quick Q46	Keep promises Q47	Always there Q48	Explain Q49	Advise Q35	Info on departments Q50
Se - Apply Q7	.14 ^d	.15 ^d	.25 ^a	.10	.13	.16 ^c	.08	.13	.16 ^c	.06	.16	.01	.06	.05	.10 ^c	.14 ^d
Rel - Fair Q15	.05	.01	.11	.14	.04	.07	.14 ^b	.02	.03	.02	-.03	.03	.04	.07	.12	.07
Sel - Attitude Q18	.05	.02	.15 ^d	.06	.03	.11	.10	.07	.06	.02	.05	.04	.04	.06	.07	.00
Tran - Regul. Q8	.14 ^d	.08	.16 ^d	.13	.05	.17 ^c	.01	.16 ^c	.16 ^c	.05	.08	-.04	.13	.11	.07	.05
Tran - Multi Q21	.16 ^d	.24 ^a	.23 ^b	.20 ^c	.12	.22 ^a	.24 ^a	.28 ^a	.26 ^a	.19 ^b	.27 ^a	.07	.19 ^b	.21 ^b	.13	.22 ^a
Dev - Grow Q3	.11	.03	.09	.10	-.09	.12	.02	.13	.10	.10	.05	-.06	.07	.10	.02	.00
Dev - Prom. Q17	-.05	.09	.13	.05	.04	-.04	-.03	.05	.11	-.01	.02	.06	-.02	.05	.06	-.08
Dev - Oppn. Q23	.10	.12	.23 ^b	.17 ^c	.10	.07	.05	.12	.14 ^b	.18 ^b	.10	.10	.11	.18 ^b	.10	.12
Pay - Comp. Q11	-.01	-.09	-.03	-.14 ^d	-.06	-.04	-.07	-.09	-.09	-.05	-.03	-.03	.03	-.05	.03	-.09
Pay - Perf. Q20	.10	.04	.15 ^d	.08	-.02	.12	.13	.04	.08	.11	.06	.05	.04	.05	.03	.02
Rev - Motiv Q4	.16	.15	.12	.09	.03	.01	.00	.05	.15	.15	.11	.01	.02	.04	.05	-.03
Rev - Prais. Q9	.08 ^d	.01 ^d	.12	-.11	.06	.08	.04	.04	.10 ^b	.06 ^d	.04	-.02	.12	.05	.00	-.05
PA - feedback Q5	.07	.07	.13 ^c	.14 ^d	.11	.04	-.05	.07	.09	.18 ^b	.12	.08	.03	.08	.04	.07
PA - Tran. Q10	.07	.16 ^c	.13	.10	.11	.06	.07	.14 ^a	.17 ^c	.06	.20 ^c	.07	.13	.07	.06	.08
PA - Expect. Q13	.16 ^d	.19 ^d	.19 ^d	.12	.11	.19 ^b	.13	.16 ^c	.23 ^b	.18 ^b	.28 ^a	.14 ^d	.12	.19 ^b	.22 ^a	.12
PA - Motiv. Q14	.11	.18 ^c	.17 ^c	.12	.05	.07	-.01	.07	.22 ^b	.09	.19 ^c	.13	.11	.11	.11	-.02
PA - Listen. Q19	.13	.17 ^c	.24 ^a	.11	.17 ^c	.11	.06	.06	.27 ^b	.17 ^c	.17 ^c	.16 ^d	.04	.11	.16 ^d	.07
Sup - Equip. Q1	.11	.06	.19 ^c	.08	.02	.13	.04	.05	.10	.08	.09	.08	.03	.10	.15 ^d	-.09
Sup - Info. Q2	.09	.00	.22 ^b	.11	.09	.05	.06	.04	.17	.07	.17 ^c	.11	.05	.12	.12	-.03
Sup - Personal. Q5	.07	.14 ^d	.16 ^d	.05	.07	.02	.06	.06	.17 ^c	.10	.14 ^b	-.06	.09	.06	.07	.00
Sup - Imp. Q12	.10	.17 ^c	.27 ^a	.12	.13	.17 ^c	.13	.12	.19 ^c	.17	.20 ^c	.11	.18 ^b	.15 ^d	.11	.04
Supl - Team. Q16	.10	.19 ^c	.19 ^c	.10	.03	.10	-.02	.11	.14 ^b	.08	.13	.02	.11	.01	.06	-.03
Sup - Respect. Q22	.11	.16 ^c	.23 ^b	.10	.07	.05	.04	.04	.25 ^b	.05	.20 ^c	.15 ^d	.11	.05	.13	.14 ^d
Supl - Fix. Q4	.11	.12	.23 ^b	.15 ^c	.10	.06	.03	.04	.15 ^d	.12	.12	.04	.03	.11	.23	.10
Sup - Sinc. Q25	.06	.05	.14 ^d	.12	.08	.01	-.04	.05	.11	.09	.12	.03	.05	.05	.14 ^d	-.01

Notes

- a <.001
- b <.01
- c <.05
- d <.10

Key

- Se = selection
- Dev = develop
- Rev = reward

- PA = performance appraisal
- Sup = management support
- Regul. = regular

- Oppn. = opportunity
- Perf. = performance
- Motiv. = motivate

APPENDIX 2.6. TABLE 16(f)

Specific HRM Practices and Specific Service-Orientated Behaviours – Correlation of Variables (Hospitality)

	Communicating with the Customer				Attending to the Customer								Knowledge of Products and Services				
	Green Q3E	Extra Help Q3F	Clarity Q3G	Cynical Q3H	Report back Q3R	Talk problem Q3U	Don't bother customer Q3I	Apologise Q3L	Customer Service Q3A	Special Q3B	Follow-up Q3C	Quick Q3D	Keep promises Q3V	Always there Q3W	Exclude Q3Y	Admire Q3Z	Info or departments Q5a
Sel - Apply Q7	.18 ^d	.17	.42 ^a	.23 ^c	.22 ^d	.28 ^b	.19 ^c	.17	.31 ^a	.22 ^c	.28 ^b	.30 ^b	.40 ^a	.22 ^c	.23 ^c	.26 ^c	
Sel - Fair Q15	.15	.08	.16	.01	.22 ^d	.24 ^b	.13	.20 ^d	.15	.20 ^d	.14	.24 ^c	.18 ^d	.12	.13	.08	.20 ^d
Se - Attitude Q18	.21 ^c	.13	.25 ^b	.09	.27 ^d	.37 ^a	.21 ^c	.24 ^c	.24 ^c	.13	.14	.23 ^c	.30 ^b	.24 ^c	.15	.28 ^b	
Train - Regul. Q11	.10	.03	.13	.03	.11	.20 ^d	.12	.12	.15	.05	.03	.10	.22 ^c	.08	.10	.20 ^d	
Train - Motiv. Q21	.04	.02	.07	.07	.10	.16	-.03	-.03	-.01	.00	-.02	.08	.08	-.06	-.02	.03	
Dev - Grow Q3	.14	.15	.19 ^d	.05	.11	.24 ^b	.21 ^c	.18 ^d	.23 ^c	.14	.11	.13	.16	.06	.20 ^d	.17	
Dev - Prom. Q17	.12	.03	.17 ^d	-.03	.02	.15	.15	.11	.25 ^b	.19 ^d	.08	.17	.18 ^d	.17	.15	.25	
Dev - Oppo. Q23	.08	.10	.20 ^d	.05	.05	.19 ^d	.18 ^d	.10	.17	.12	.05	.11	.24 ^c	.10	.13	.20 ^d	
Pay - Comp. Q11	.16	.02	.10	.07	.11	.15	.06	.19 ^d	.15	.06	.17	.12	.17 ^d	.15	.13	.17	
Pay - Part. Q20	.18 ^d	.24	.18 ^d	.06	.11	.15	.10	.15	.14	.12	.13	.04	.17	.16	.09	.19 ^d	
Rev - Motiv. Q4	.11	.02	.10	-.01	.05	.12	.04	.15	.08	.01	.07	.00	.11	.10	.09	.12	
Rev - Praise Q9	.14	.18 ^d	.17 ^d	.08	.01	.12	.20 ^d	.18 ^d	.38 ^a	.11	.07	.06	.28 ^b	.16	.14	.27 ^c	
PA - feedback Q5	.24 ^c	.22 ^c	.35 ^a	.22 ^c	.12	.27 ^d	.21 ^c	.21 ^c	.34 ^a	.18 ^d	.17	.18 ^d	.26 ^b	.21 ^c	.25 ^b	.29 ^b	
PA - Team Q10	.06	.10	.11	.13	.08	.25 ^b	.17 ^d	.09	.11	.07	.11	.09	.21 ^c	.09	.11	.14	
PA - Expect. Q13	.12	.14	.21 ^c	.17	.09	.22 ^c	.15	.11	.17	.08	.07	.16	.26 ^b	.08	.15	.16	
PA - Motiv. Q14	.22	.12	.15	.00	.01	.08	.08	.11	.16 ^d	.04	.01	.05	.18 ^d	.10	.11	.20 ^d	
PA - Listen Q16	.08	.11	.19 ^d	.02	.04	.19 ^d	.14	.03	.14	.05	.03	.13	.18 ^d	.09	.11	.19 ^d	
Sup - Equip Q2	.10	.13	.20 ^d	.00	.11	.15	.03	.16	.15	.05	.11	.13	.14	.15	.15	.17	
Sup - Info Q2	.10	.11	.14	.08	.05	.17 ^d	.14	.12	.21 ^c	.08	.11	.08	.13	.16	.10	.20 ^d	
Sup - Personal Q6	.08	.05	.21 ^c	.00	.04	.17	.12	.12	.20 ^d	.10	.10	.15	.18 ^d	.23	.09	.23 ^c	
Sup - Imp. Q12	.28 ^b	.24 ^c	.25 ^b	.14	.15	.26 ^b	.17	.22 ^c	.30 ^b	.17	.13 ^c	.24	.27 ^b	.25 ^b	.27 ^b	.30 ^b	
Sup - Team Q16	.27 ^b	.23 ^c	.32 ^a	.13	.17	.24 ^b	.23 ^c	.28 ^b	.33 ^b	.19 ^d	.21 ^c	.19 ^d	.32 ^a	.24 ^c	.29 ^b	.34 ^a	
Sup - Respec. Q22	.10	.09	.22 ^c	.05	.10	.18 ^d	.14	.09	.23 ^c	.09	.01	.13	.18 ^d	.07	.03	.23 ^c	
Sup - Fix Q1	.11	.10	.21 ^c	.01	.11	.25 ^b	.22 ^c	.14	.23 ^c	.13	.18	.16	.28 ^b	.18	.13	.25 ^b	
Sup - Study Q25	.12	.28	.05	.05	-.04	.09	.08	.09	.08	.07	-.03	-.01	.12	.06	.23	.18 ^d	

Notes

- a > .01
- b < .05
- c < .05
- d < .10

Key

- Sel = selection
- Dev = development
- Rev = reward

- PA = performance appraisal
- Sup = managerial support
- Regul = regulate

- Oppo. = opportunity
- Prom = performance
- Motiv. = motivate

APPENDIX 2.6. TABLE 16(j)

Specific HRM Practices and Service-Orientated Behaviour – Forward Regression Results

Independent Variables	Dependent Variables																							
	Total Sample n=330						Car rental n=93						Retail n=156						Hospitality n=92					
	Comm		Altend		Know		Comm		Altend		Know		Comm		Altend		Know		Comm		Altend		Know	
	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²
Sel - Apply Q7	.221 ^a	.112 ^a																						
Sel - Fair Q15			.147 ^b	.093 ^b	.175 ^b	.085 ^b	.117	.309 ^a					.165 ^b	.083 ^b	.094	.138	.141	.063 ^a	.289 ^a	.137 ^a	.260 ^a	.093 ^b	.270 ^a	.171 ^c
Sel - Attitude Q18							.235 ^a	.399													.154	.276		
Train - Regul Q8							.134	.440																
Train - Multi Q21	-.121 ^a	.142 ^a	-.129 ^c	.108 ^c	.124 ^a	.095 ^a			.154	.374	.203 ^a	.341 ^a	.144	.059 ^b	.158 ^c	.074 ^a	-.117	.181	-.187 ^a	.307				
Dev - Grow Q3											.262 ^c	.317 ^a									.270 ^a	.216	-.323 ^a	.216 ^a
Dev - Prom Q17	-.133 ^a	.158 ^c	-.119 ^c	.135	-.186 ^b	.108 ^b	-.253 ^a	.417	-.185	.347 ^a	-.273 ^c	.272 ^a	-.118	.137	-.162 ^a	.170	-.231 ^a	.082	-.257 ^a					
Dev - Oppo Q23																								
Pay - Comp Q11	-.153 ^a	.129 ^a	-.095	.121 ^a	-.102 ^a	.123 ^a					-.104	.397 ^a	-.218 ^a	.103 ^a	-.183 ^a	.090								
Pay - Perf Q20																								
Rew - Motiv Q4																					-.174	.262		
Rew - Praise Q7							.157	.424									-.136	.138						
PA - feedback Q6																					.171	.187	.462 ^c	.097 ^b
PA - Train Q10					-.107	.146			-.181	.361														
PA - Expect Q13		.115	.114		.123	.140	-.189	.431					.105	.130	.150	.086	.226 ^c	.150						
PA - Motiv Q14	.127	.182					.446 ^b	.292 ^a	.474 ^a	.514 ^a	.161	.382									-.319 ^a	.264	-.202	.291
PA - Listen Q19	-.140 ^a	.148	.107	.130	.147 ^a	.116 ^a	.610 ^a	.202 ^a	.496 ^a	.557 ^c	.589 ^a	.221 ^a	.102	.144				.129	.209					
Sup - Equip Q1																								
Sup - Info Q2												.149	.417											
Sup - Personal Q5	-.078	.165					-.219	.395																
Sup - Imp Q12	.181 ^a	.071 ^a	.167 ^c	.066 ^a										.140	.123 ^a	.165 ^a	.131 ^a							
Sup - Team Q18							-.387 ^a	.347 ^b	-.190	.381														
Sup - Respect Q22																								
Sup - Fix 24					.204 ^b	.052 ^a																		
Sup - Study Q25			-.02	.128	-.106	.135																		
r ²	.154 ^a		.138 ^a		.146 ^a		.440 ^a		.381 ^a		.417 ^a		.144 ^a		.158 ^c		.215 ^c		.364 ^a		.276 ^a		.217 ^a	

Signs

- a ≤ .001
- b ≤ .01
- c ≤ .05
- d ≤ .10

Key

- Comm = Communicating with the customer
- Altend = Attending to the customer
- Know = Knowledge of products and services
- Service = Total service-oriented behaviour

APPENDIX 2.7. TABLE 17

HRM Practices – Factor Analysis

HRM Practices – Statements from Questionnaire	Total Sample n=335		Car-rental n=93		Retail n=150		Hospitality n=92	
	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2
All staff know about vacancies and can apply for them.	0.073509	0.451855	0.16599	0.209031	0.063670	0.523586	0.024192	0.606953
New staff are selected fairly and without discrimination.	0.300312	0.538782	0.64180	0.461453	0.217623	0.428333	0.306073	0.601193
Our organisation selects people who have the right attitude and skills	0.358172	0.678136	0.60842	0.467437	0.257425	0.677340	0.367916	0.676017
We are given regular training so our knowledge and skills are current and up to date.	0.222421	0.691920	0.53769	0.421215	0.132124	0.670463	0.277285	0.545984
We are trained to do other jobs in our department so we can help each other.	0.377030	0.479989	0.47109	0.613714	0.373336	0.351945	0.355410	0.521111
Our organisation helps to plan and grow our career.	0.338850	0.538094	0.53068	0.460361	0.191214	0.523889	0.516429	0.452374
My manager suggests us for promotion if we have the ability.	0.641828	0.367168	0.73453	0.332694	0.614172	0.226867	0.570895	0.505180
All staff have the same opportunity to develop in our organisation.	0.434475	0.612803	0.50896	0.671196	0.377945	0.536820	0.490340	0.602408
We are paid the same salaries as employees of other retail companies.	0.175118	0.522640	0.11997	0.584780	0.024963	0.546463	0.352714	0.510876
We are paid for doing our jobs well	0.220176	0.622072	0.24020	0.654759	0.140689	0.584972	0.392692	0.615744
The rewards we get for doing our job well makes us want to work harder and serve the customer better.	0.380284	0.470924	0.54292	0.272315	0.331545	0.439506	0.450050	0.508213
My manager praises and encourages us.	0.738734	0.293709	0.71403	0.377600	0.713550	0.199439	0.715756	0.431872
My manager often gives feedback on how we are doing.	0.712598	0.241747	0.70322	0.348093	0.700942	0.039015	0.732893	0.424760
We discuss our training and development needs in our performance appraisal.	0.522525	0.495813	0.69864	0.341381	0.473945	0.411948	0.462855	0.628126
The performance appraisal allows us to know what we are expected to do in our job.	0.569976	0.474086	0.66718	0.462014	0.510725	0.394469	0.576683	0.513261
The way my manager gives feedback makes us want to do our job better.	0.773725	0.283664	0.74630	0.338171	0.783209	0.166788	0.738554	0.424708
My manager listens to what we have to say in the performance appraisal.	0.690055	0.362151	0.83539	0.229230	0.606358	0.256922	0.717990	0.431719
My manager makes sure we have the right equipment to do our job.	0.668575	0.316021	0.67205	0.387877	0.695850	0.185139	0.619521	0.371412
My manager gives us enough information so we can do our job well.	0.729861	0.303613	0.78055	0.264522	0.738028	0.256877	0.762669	0.258307
My manager listens to our personal problems and help us.	0.738473	0.227511	0.79521	0.199404	0.739347	0.145776	0.741527	0.242011
My manager is always improving things so we can do our job well.	0.699882	0.377803	0.71487	0.428349	0.636506	0.294105	0.786121	0.335296
My manager builds our team spirit.	0.766364	0.305222	0.80640	0.303571	0.698237	0.175926	0.795182	0.393465
My manager treats us with respect and dignity.	0.747151	0.288953	0.79476	0.192203	0.732661	0.200203	0.781387	0.310001

HRM Practices – Statements from Questionnaire	Total Sample n=335		Car rental n=93		Retail n=150		Hospitality n=92	
	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2	Factor 1	Factor 2
My manager finds out the problems we have in our work and suggests ways we can fix them.	0.756477	0.276907	0.73860	0.291762	0.777745	0.204410	0.763408	0.272522
My manager supports when we are doing extra courses.	0.598452	0.357087	0.35327	0.609992	0.588215	0.281581	0.720395	0.308067
Expl.Var	8.207003	4.850245	10.10715	4.874675	7.382073	3.798294	8.883361	5.665063
Prp.Totl	0.328280	0.194010	0.40429	0.194987	0.295283	0.151932	0.355334	0.226603
Eigenvalues	11.806	1.25125	13.78471	1.88712	9.310233	1.870134	13.42757	1.12585

Notes: Scores high in factor 1 are in bold

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APPENDIX 2.8. TABLE 18

Mediation of Organisational Commitment – Standard Regression Results

	Total Sample n=335						Car rental n=93						Retail n=150						Hospitality n=92					
	Path a		Path b		Path c		Path a		Path b		Path c		Path a		Path b		Path c		Path a		Path b		Path c	
	OC		Service		Service		OC		Service		Service		OC		Service		Service		OC		Service		Service	
	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²	beta	r ²
HRM	.616 ^a	.379 ^a	.212 ^d	.080 ^d	.175 ^b	.009 ^d	.772 ^a	.597 ^a	.480 ^a	.231 ^a	.386 ^b	.237 ^a	.446 ^a	.120 ^a	.188 ^a	.035 ^d	.078	.083 ^c	.679 ^a	.461 ^a	.242 ^c	.059 ^e	.359 ^c	.075 ^c
OC			.174 ^b	.099 ^d							.122	.237 ^a					.245 ^b	.083 ^b					-.175	-.075 ^c

Notes

- a ≤ .001
- b ≤ .01
- c < .05
- d < .10

Key

- HRM - total score for all HRM practices
- OC - total score for organisational commitment
- Service - total score for all service orientated behaviours

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